Summary

1. This report provides an update on the Dedicated Schools Grant (DSG) budget since the last meeting of the Forum.

Recommendations:

2. I recommend the Forum to:
   i) note the outturn position on the DSG for 2018/19
   ii) note the surplus balance of £1.068m to be carried forward to 2019/20;
   iii) note the S251 Budget Statement for 2019/20;
   iv) note and approve the latest budget for 2019/20;
   v) approve payment of the NNDR in-year adjustments for 2019/20;
   vi) approve payment of additional funding allocation to all schools based on pupil numbers;
   vii) approve the repayment of the de-delegated budget for Schools in Financial Difficulties for 2019/20 (primary maintained only)

Background

3. Spending decisions on the DSG were agreed by the Schools Forum in June 2018 for the financial year 2018/19. This report refers to issues that have arisen since the last meeting that took place on 12 February 2019 and provides details of the latest DSG budget for 2019/20.

DSG Budget 2018/19 – latest allocation and outturn

4. The latest DSG allocation for 2018/19 is £97.592m. This includes a net in-year adjustment for Early Years of £406k which is estimated additional funding for 2018/19, based on the Early Years census data for January 2019. Confirmation of any adjustment to Sutton’s 2018/19 funding is due to be notified by the ESFA in July 2019 and therefore this adjustment is not guaranteed at this stage.

5. The DSG balance brought forward as at 1 April 2018 was a deficit of £40k. The DSG outturn position for 2018/19 is an underspend of £1.108m, resulting in a planned carry forward of £1.068m to 2019/20. The outturn position is as detailed in Appendix A.

6. The DSG underspend is primarily due to a one-off receipt of backdated business rate adjustments for eight maintained primary schools (£547k) and additional Early Years income (£503k). There is also an underspend of £97k on the high need block that factors in a transfer of £737k from the Schools block and an additional allocation of £506k from the DfE. These underspends are offset by an overspend of £141k on the Central Schools Services (CSS) block due to a reduction in academy reimbursement for annual compensation payments.
As announced in July 2018, the department requires a recovery plan from all local authorities that have an overall cumulative DSG deficit of 1% or more at the end of the 2018 to 2019 financial year. The 1% calculation is based on the latest published total DSG allocations for 2018 to 2019, gross of recoupment, as at the end of the 2018 to 2019 financial year. Sutton's DSG is in a positive financial position so does not require a recovery plan. There is no requirement at present to report separately on the blocks.

**Budget 2019/20**

8. The latest DSG allocation for Sutton for 2019/20 is £207.981m, as shown on the S251 Budget Statement, prior to High Needs recoupment of £5.413m and Academy recoupment of £104.664m. The net DSG is £97.904m. The S251 Budget Statement submitted to the ESFA on the 30 April 2019 is attached at Appendix B.

9. The draft budget for 2019/20 was agreed at the last meeting of the Forum on the 12 February 2018. There has been further adjustments by the DfE/ESFA since the statement was completed and the budget updated accordingly. The latest budget is attached at Appendix C, for noting and approval, as appropriate.

10. There are no significant variations to report as at month 2.

**NNDR Payments**

11. A number of schools have received variations to their NNDR charges since their budgets were submitted on the Authority Pro-forma (APT) and delegated budgets notified to individual schools. The net amount is £6,308 and details are attached at Appendix D. There is a balance available in the Schools block that will be used to fund these adjustments in-year. The remaining balance will be allocated to schools based on a per pupil amount, as previously agreed, as detailed at Appendix E.

**De-Delegated Budget – Maintained Primary**

12. At the Schools Forum meeting on the 4 December 2018 it was recommended and agreed by maintained primary schools to continue to de-delegate the funding for Schools in Financial Difficulty in 2019/20. The charge per school is based on a per pupil amount of £7.38. The total budget for 2019/20 is £66,500. Subsequently Primary Heads contacted the Local Authority to challenge the decision with a request to reverse the decision and arrange for repayment. The details of the de-delegated allocations are as shown at Appendix F.

**Financial Implications**

13. This report highlights DSG issues that have arisen since the last meeting of the Forum.

**Influence on the Council’s Corporate Core Values and Objectives**

14. One of the core values is working with partners. Setting the budget for the Dedicated Schools Grant, and considering related issues, is an important part of the budget process that fully involves schools as partners and particularly recognises the important role of the Schools Forum.

**Background Papers**