

**Report to:** Schools Forum  
**Subject:** DSG 2012/13 and use of Contingency Provision  
**Date of meeting:** 3<sup>rd</sup> October 2012  
**Report by:** Julian Wooster – Director for Children’s Services  
**Written by:** Richard Webb

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### **Purpose of report**

1. The purpose of this report is to inform and update the Schools Forum of the final Dedicated Schools Grant settlement and the latest position regarding the contingency funding available. It also seeks the Schools Forum approval to the intended use of the available funding.

### **Recommendations**

2. It is recommended that the Schools Forum :
  - a. note the final DSG settlement and the latest available contingency funding,
  - b. agree the proposed usage of contingency funding.

### **Dedicated Schools Grant (DSG)**

3. The DSG is a ringfenced grant for education, which is allocated to local authorities based on pupil numbers. Whilst the Guaranteed Unit of Funding (GUF) is published in advance to allow an estimate of DSG to be calculated, the final allocation can vary significantly from the estimates. This variation is often due to the calculated “full time equivalent” numbers of pupils in Early Years provision. The estimate of Portsmouth’s DSG allocation for 2012/13 is £123.138m (excl. Charter) and the approved budget has been based on this estimate.
4. The final DSG allocation for 2012/13 was published on the 4<sup>th</sup> September at a value of £123.171m [excluding Academy recoupment]. This meant that there was very little variation between the settlement and the budget figure – additional funding of £33,000.

### **Contingency provision**

6. At its meeting on 11<sup>th</sup> July 2012, the Schools Forum noted the revised contingency level of £934,000, following an increased underspend in 2011/12, approval of grants to voluntary organisations and provision for pressures through hard to place pupils. It was also agreed to review the position once the final settlement was available.

7 The current position and proposals for the use of the contingency are set out below:

	£'000's	£'000's
Contingency provision 2012/13		500
Add:		
Increase in DSG brought forward – previously explained	560	
Additional DSG from final settlement	33	
		593
		1,093
Less:		
Grants to voluntary organisations approved 25/04/12	-26	
Provision to meet central LACSEG recoupment	-28	
“underspend” brought forward relating to “Every Child a Reader” allocation	-82	
Provision for reduced income and growth in requirements for “out of city” placements	-221	
	-357	
<b>Remaining contingency provision</b>		<b>736</b>

8. As can be seen from the table above and based on information available, there is currently an uncommitted balance of around £736,000 within the contingency fund. Whilst the £33,000 has added to the contingency value, there has been a further increase in the pressures caused by hard to place pupils, an allowance to meet the anticipated recovery of central LACSEG and the element of the brought forward balance related to “Every Child a Reader” activity.
9. The budget report to Schools Forum in January 2012 identified that the budget, and hence the allocation to schools, incorporated the balance brought forward of £1.6m and identified the risk this posed by incorporating “one off” funding into a core allocation to schools.
10. The school funding reform proposals are also going to present a period of funding instability for schools and it is proposed that the remaining contingency, together with any additional savings that may materialise during the year, should be carried forward to 2012/13 to assist the introduction of the new arrangements.

## **Conclusion**

11. The final allocation of DSG has not affected the budget arrangements for 2012/13.
12. The future funding situation for both schools and the local authority remain uncertain at this point. Consultation on proposals for school funding reform, with initial changes to the current system intended for 2013/14, in line with Government requirements has been issued and will be presented to the Schools Forum at its next meeting.

13. In these circumstances it is considered prudent to retain any available funding and carry it forward to assist in the implementation of the new funding arrangements during 2013/14.