

Report to: Schools Forum
Subject: Dedicated Schools Grant (DSG) 2012/13 Outturn Position
Date of meeting: 17 July 2013
Report by: Director for Children's Services
Written by: Finance Manager

Purpose of report

1. The purpose of this report is to inform and update the Schools Forum of the final position on Dedicated Schools Grant (DSG) spending in 2012/13 and confirms the carry forward funding brought into 2013/14.

Recommendations

2. It is recommended that the Schools Forum note:
 - a. The reasons behind the substantial £2.445m carry forward of DSG funding in 2012/13
 - b. That this funding is not available on an ongoing basis

DSG Outturn Position 2012/13

3. In October 2012 schools forum received a report on the movements in contingency indicating a possible year end contingency balance to carry forward in the region of £0.8m. It was reported at subsequent meetings that the carry forward balance was likely to increase and the forum agreed that the eventual carry forward sum would be used to assist the continued introduction of the funding reform and meet pressures arising in 2013/14.
4. Following the completion of the year-end end closedown process, it can now be reported that the final balance available to carried forward from 2012-13 into 2013-14 is £2.445m.
5. A separate report on this agenda sets out the detailed proposals for the use of the carry forward balance within the requirements of the new funding formula arrangements.

6. The table below sets out the items that resulted in the available carry forward and the paragraphs following the table offer some explanation for the specific items.

Table 1 :DSG carry forward to 2013/14

	£000's	£000's
Original Contingency Provision	500	
Adjusted for:		
Grants to voluntary organisations [approved 25/04/12]	-26	
SEBD Recharge / Special ISB support [approved July 2012]	-156	
“Every Child a Reader” allocation	-12	
LACSEG Recoupment and other minor variations	-36	
Additional DSG from final settlement	35	
Additional saving brought forward from 2011/12	560	
Closing Contingency Provision		865
ASC & 16+ developments - not introduced		200
Capacity funding requirements		317
Provision for PVI/Nursery numbers not required		300
St Richards NNDR savings		149
Special Pay/maternity coverage		172
Carbon Credit Payment		21
Early Years Central quality assurance		19
Provision for reduced income and growth in requirements for “out of city” placements		402
		<u>2,445</u>

7. The 2012/13 budget contained provision to increase the ASC and 16+ developments at a cost of £200,000. However this funding was not utilised due to the difficulty in identifying appropriate school sites on which to locate the units.
8. When establishing the Individual School budgets for 2012/13 £300,000 was identified as potential funding towards delivery of increased capacity from September alongside £120,000 funding for advanced skills teachers to be distributed when numbers were known. The capacity funding was not utilised and only £103,000 was distributed for advanced skills teachers, leaving an in year saving of £317,000. In 2013/14 there is no ability to make additional in year allocations and so this provision has not been replicated with all ISB funding being fully allocated
9. The requirement for 3 and 4 year old placements is difficult to predict, and especially so from September. Consequently the budget incorporated a provision for an anticipated increase in numbers. Whilst numbers did increase it was not as significant as anticipated and this has released a further £300,000

10. During the course of the year the Trust status of St Richards School was identified as reducing the liability to, and funding of, the National Non-Domestic Rates (NNDR). This produced a saving which amounted to £149,000 in 2012/13.
11. Expenditure on maternity coverage and other special staffing payments, such as jury service coverage, together with carbon credit charges were below expectations. Also staffing vacancies have produced savings in the early years quality assurance activities.
12. Spending on children with special needs placed in Non-City schools is particularly volatile and unpredictable. In December a potential funding requirement of £221,000 was indicated, whilst in January it was considered likely that spending would be at the budgeted level. The eventual numbers were lower than estimated and, together with cost reductions associated with lower needs requirements and an over provision for anticipated 2011/12 recoupment payments to other authorities, an eventual saving of £402,000 was delivered.

2013/14 Provision

13. The 2013/14 budget, as returned to the DfE, only anticipated carry forward funding of £220,000 intended to fund Hospital recoupment payments. Nothing further was incorporated in the budget due to the level of uncertainty around the balance and the fact that such funding is “one-off” and not sustainable on an ongoing basis.
14. The likelihood of a greater balance was recognised, even if not budgeted for, alongside the underlying pressures on High Needs funding within the 2013/14 budget. Consequently it was anticipated by the Forum that any eventual carry forward would assist in offsetting high needs expenditure in excess of that budgeted in 2013/14, with the position being reviewed during the year.

Conclusion

15. The final sum carried forward into 2013/14 was substantial and arose for a variety of reasons. The carry forward balance will provide some flexibility to manage the introduction of the new revenue funding arrangements, particularly in light of some of the financial uncertainties highlighted.