

Report to: Schools Forum

Subject: Proposed use of Dedicated Schools Grant (DSG) carry forward

Date of meeting: 17th July 2013

Report by: Director for Children's Services

Written by: Finance Manager

Purpose of report

1. The purpose of this report is to seek agreement from Schools Forum in respect of the proposed use of the Dedicated Schools Grant (DSG) carry forward balance from 2012-13.

Recommendations

2. It is recommended that Schools Forum:
 - a. Note the contents of this report.
 - b. Acknowledge that the Council is not permitted to make changes to the schools funding formulae once the funding period has commenced.
 - c. Endorse the proposal to allocate additional funding on a one-off basis from the carry forward balance when developing the schools revenue funding formula for 2014-15.
 - d. Agree the proposal to allocate additional funding of £150,000 on a one-off basis to support schools with the introduction of the new revenue funding arrangements in 2013-14 in respect of meeting the new 'local offer', as set out in paragraphs 8 and 9.

Proposed use of DSG carry forward

3. Agenda item 7, identified that the balance available to carry forward from 2012-13 into 2013-14 is £2.445m. This report details the proposed use of the carry forward balance.
4. On the 13th February 2013, Schools Forum agreed to a one-off funding allocation of £220,000 for Hospital Tuition in 2013-14, which was to be funded from the available carry forward balance.

5. Also at the meeting in February 2013, it was reported to schools forum that the Council's responsibilities are changing or being re-defined (including financial responsibilities) as a result of the school revenue funding reform. Although a significant amount of work had been undertaken to prepare for the changes, it was highlighted that substantial uncertainty remained whilst preparing the budget for 2013-14. The main areas of uncertainty related to: (a) high needs support for post 16 pupils in education with special educational needs, (b) the new funding arrangements in relation to Special Schools, (c) funding to support pupils with statements of special educational needs, and (d) the impact of schools converting to academy status.
6. It was therefore agreed by schools forum that any carry forward balances from 2012-13 be used to assist with the continued introduction of the funding reform changes and fund any financial pressures arising during 2013-14.
7. Under the new funding arrangements the Council is not permitted to make changes to the schools funding formulae once the funding period has commenced. Therefore it is not possible to amend the schools budget shares during 2013-14. In developing the funding formula for 2014-15 the Council will seek to allocate additional funding from the carry forward balance within the formula on a one-off basis.
8. In December 2012, schools forum agreed to the introduction of a mechanism to target additional funding, in exceptional circumstances, to schools and academies with a higher proportion of 'low incidence high cost statements'. The criteria for this allocation are based on the percentage of pupils with these statements compared to the Number on Roll (NOR). The table below shows the current criteria:

% of pupils with low incidence high cost statements compared to NOR	Primary Schools indicative additional funding per pupil with a low incidence high cost statement £	Secondary Schools indicative additional funding per pupil with a low incidence high cost statement £
Over 1.4%	700	800
Over 1.75%		1,200
Over 2%	1,700	1,550
Over 2.25%		1,800
Over 2.5%	1,950	2,050
Over 3%	2,200	
Over 3.5%	2,600	

9. It is proposed that additional funding from the high need block, of £150,000, is provided on a one-off basis through this mechanism. This will be to support schools with the introduction of the new revenue funding arrangements in 2013-14 in respect of meeting the new 'local offer'. The new allocation would require the 'per pupil funding values' in 2013-14 to be amended to those shown in the table below in order to target the additional funding to schools, whilst maintaining balance of distribution between the primary and secondary phases.

% of pupils with low incidence high cost statements compared to NOR	Primary Schools indicative additional funding per pupil with a low incidence high cost statement £	Secondary Schools indicative additional funding per pupil with a low incidence high cost statement £
Over 1.4%	700	800
Over 1.75%		1,400
Over 2%	2,000	2,000
Over 2.25%		2,700
Over 2.5%	2,700	3,000
Over 3%	4,000	
Over 3.5%	4,800	

10. Within the Mayfield School report at agenda item 8, it was recommended that £186,900 of the carry forward balance be used on a one-off basis to increase the Growth Fund provision, in order to support the initial set-up costs of the 'all-through school'.
11. The table below identifies the current proposals for usage of the sum carried forward.

DSG Outturn 2012/13 carry forward to 2013/14	
	£000
Amount brought forward	2,445
Allocation for Hospital Tuition [approved Feb 13]	(220)
Allocation to increase the Growth Fund provision	(187)
Additional to schools for 'low incidence high cost statements'	(150)
Balance retained	<u><u>1,888</u></u>

Conclusion

12. The carry forward balance from 2012-13 provides some flexibility to manage the introduction of the new revenue funding arrangements, particularly in light of some of the financial uncertainties highlighted. The financial position will continue to be monitored closely throughout the year as part of the budget monitoring processes and will be reported regularly to Schools Forum.
13. In setting the budget for 2014-15 we will consider the options for developing the schools funding formula to allocate additional available funding from the carry forward balance on a one-off basis.