

Title of meeting: Schools Forum

Date of meeting: 16th July 2014

Subject: Dedicated Schools Grant Outturn 2013-14

Report from: Julian Wooster, Director of Children's and Adults Services

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. This purpose of this report is to inform Schools Forum of the final position of the Dedicated Schools Grant (DSG) spending in 2013-14 and confirms the carry forward funding brought into 2014-15

2. Recommendations

- 2.1. It is recommended that Schools Forum:
- a. Note the reasons for the under and overspends within the DSG budget in 2013-14.
 - b. Acknowledge that the carry forward funding is not available on an ongoing basis

3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. At the Schools Forum meeting in December 2013 Members were provided with a projected forecast for the year-end, based on the underlying position as at 31st October 2013.
- 3.3. Following the completion of the year-end closedown processes, it can now be reported that the final balance available to carry forward from 2013-14 into 2014-15 is £2.313m

4. Dedicated Schools Grant

4.1. The table below sets out the final DSG as at the 31st March 2014.

DEDICATED SCHOOLS GRANT	<i>Original Estimate 2013/14 £'000's</i>	<i>Revised Estimate 2013/14 £'000's</i>	<i>Outturn £'000's</i>	<i>Over/ (under) spend £'000's</i>
DSG : Devolved				
Nursery ISB	7,446	7,571	7,629	58
Primary ISB	56,097	52,542	52,542	0
Secondary ISB	41,191	38,611	38,611	0
High Needs ISB	7,024	6,011	6,064	53
Total Devolved DSG	111,758	104,735	104,846	111
DSG : Retained				
De-Delegated Budgets & Growth Fund	2,152	2,233	2,285	52
High Needs	8,307	8,728	8,951	223
Other centrally retained	3,416	3,416	2,606	(810)
DSG and other Specific Grants	(125,413)	(118,556)	(118,556)	0
DSG Brought Forward	(220)	(2,445)	(2,445)	0
DSG Carried Forward	0	1,889	2,313	424
Total Retained DSG	(111,758)	(104,735)	(104,846)	(111)
TOTAL Dedicated Schools Grant	0	0	0	0

4.2. The over and underspend variances within the table above are explained in more detail below.

Nursery ISB

4.3. During 2013-14 there was an increase in the number of children aged 3 and 4 which required funding for Nursery Places in Private, Voluntary and Independent (PVI) settings (134 summer term, 96 autumn term, 134 spring term). As a result of this increase in activity, an overspend on this budget was expected and reported in December to Schools Forum. Based on these increased numbers, the final overspend on PVI provision was £262,000, although this has been partially offset by an underspend of £204,000 in the cost of the maintained nursery units where there was a reduction in number of pupils.

4.4. This increase in the level of activity is forecast to continue into 2014-15, and is expected to continue to place a financial pressure on this area of the Dedicated Schools Grant in future years.

4.5. In setting the original budget for 2013-14, the Early Years Block funding from the Department for Education was based on the January 2012 census. This was subsequently revised following the completion of the January 2013 census and an additional £125,000 was allocated to

Portsmouth. In anticipation of the increased Nursery provision, a corresponding increase in this budget was also reflected.

Primary & Secondary ISB

- 4.6. Since setting the budget in February 2013, there were 4 Academy conversions (3 Primary Schools, 1 Secondary School) during the financial year 2013-14. As a result of these Academy conversions the budget for the Individual Schools Budgets (ISBs) has been adjusted to reflect only the period that they are maintained by Portsmouth City Council. The adjustments amounted to £3.6m for the Primary Schools and £2.6m for the Secondary Schools. Following conversion to Academy status, the schools received their funding direct from the Education Funding Agency.

High Needs ISB

- 4.7. The High Needs ISB, included a budget provision for the place funding required in respect of Special Schools, Resourced Units and Alternative Provision Settings.
- 4.8. In November and December 2013, Mary Rose and Cliffdale Special Schools converted to Academy status. Following conversion to Academy status, the schools received their place funding direct from the Education Funding Agency, therefore the budget and actual funding requirements were reduced to reflect this change.
- 4.9. The small overspend on the High Needs ISB, mainly reflects the costs arising from the creation of the new Resourced Unit in the Craneswater Annex; as agreed by Schools Forum in September 2013. These places were initially funded directly by the Council, but will be funded via the Education Funding Agency in the future as they are operated by Mary Rose School.

De-Delegated Budgets & Growth Fund

- 4.10. As with the ISB's, when schools convert to Academy status the de-delegated budgets need to be adjusted. The Authority can only retain any de-delegated funding after conversion until the following September or April, whichever comes first.
- 4.11. At the Schools Forum meeting on 17th August it was agreed that an additional amount of £186,900 would be allocated to the Growth Fund from the carry forward balance. This amount was allocated to Mayfield School to support the conversion to become an 'all through school' as approved at that meeting.
- 4.12. The remaining growth fund was established to support schools with 'sustained and significant growth' that met the approved criteria. The final

allocation from this fund amounted to £309,000 compared to an initial budget allocation of £200,000. The funding was provided to 8 schools which met the approved criteria.

- 4.13. There were other small under and overspends on the remaining de-delegated budgets, but the most significant underspend was on the Special Staff cost budgets (which includes union duties) amounting to £74,000, which partly offset the overspend on the growth fund.

High Needs

- 4.14. The High Needs budget was revised upwards by £200,000, to reflect the additional funding approved by Schools Forum at its meeting in July 2013. This funding was to be allocated to Schools in exceptional circumstances where the funding formula does not adequately reflect the number of pupils with statements of special educational need. The Element 3 Top-up budget received an additional allocation following the announcement by the DfE of the final high needs funding for 2013-14.

- 4.15. In the December report to Schools Forum, an overspend had been forecast in respect of the 'out of city placements' budget and it was highlighted that there were growing pressures in other budget areas. The final overspend on the High Needs budget amounted to £223,000 and was mainly comprised of the following:

- £173,000 in respect of an increase in out of city placements.
- £151,000 in respect of additional Element 3 top-up payments to Special Schools, Resourced Units and Alternative Provision settings
- £(72,000) income from the final 2012-13 recoupment adjustments with other Local Authorities
- £(29,000) other small variances

- 4.16. It is expected that the costs of the High Needs budget will continue to rise in future years as more pupils with complex needs require support. Therefore it will be necessary to consider increasing the budget allocation set-aside for high needs services in setting future budgets.

Other centrally retained budgets

- 4.17. The other centrally retained budgets include the 2 year old place and trajectory funding totalling £2.4m. The DfE estimated number of children eligible for a place was 617. As at 31 March 2014, 530 children were in funded places. As previously reported, it was expected that there would be an underspend on the place funding budget, as the number of children in placements grew throughout the year. The final underspend on the place funding in 2013-14 amounted to £447,000.

- 4.18. In addition, to the place funding the DfE allocated £700,219 of trajectory funding to support Local Authorities in developing provision to meet the growth in places. A report was presented to Schools Forum in February 2014 by the Early Support Commissioning Manager. It was agreed that any underspend on the Trajectory funding in 2013-14 would be carried forward and allocated to the Trajectory budget in 2014-15 to support the continued investment.
- 4.19. At the end of 2013-14, there was an underspend of £420,630 on the Trajectory funding budget. This will be carried forward into 2014-15 and allocated to the trajectory budget for 2014-15.
- 4.20. The other significant underspend in this area related to the Carbon Credit Reduction. This was the last year of the scheme for schools and the charges were less than originally expected. In setting the 2014-15 we reported that although the DSG would no longer be charged for this scheme, the DfE also deducted the funding from the DSG allocation to Local Authorities.
- 4.21. Lastly, in finalising the surplus/deficit balance for the City of Portsmouth Girls School, it was identified that the closing balance of the School was a deficit balance of £167,000. As this was a sponsored Academy conversion, the deficit cannot be transferred to the Academy Trust.

DSG Grant

- 4.22. The table below shows the original DSG budgets that were reported to Schools Forum in February 2013, together with the final DSG allocation (excluding Academies):

DSG Allocation 2013-14:

	Original Estimate (excluding Academies) £m	Final Allocation (excluding Academies) £m
Early Years Block*	8.026	8.151
Schools Block	100.236	93.931
High Needs Block*	14.632	13,955
<i>Additional Funding in 2013-14:</i>		
2 Year Old Funding	2.484	2.484
Newly Qualified Teachers	0.035	0.035
TOTAL	125.413	118,556

- 4.23. The Revised allocation reflects adjustments to the DSG received by the Council. The main adjustments reflect the reduction in funding as a result of schools converting to Academy status, as this is now paid to schools via the Education Funding Agency.

4.24. The Early Years Block, has been adjusted, as anticipated to reflect the number of pupils in Early Years settings based on the January 2013 census.

4.25. The high needs block funding reflects the anticipated adjustments in relation to the growth in the high needs places as well as the impact of Academy conversions.

5. Reasons for recommendations

This report is for information only, therefore Schools Forum is asked to note the contents of the report.

6. Equality impact assessment (EIA)

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

7. Legal comments

Legal comments have been included within the body of this report

8. Head of Finance's comments

Finance comments have been included within the body of this report.

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Signed by:

Appendices:

None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
DSG Budget Monitoring Information	Education Finance

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: