

MEETING:	SCHOOLS FORUM
DATE:	6TH JULY 2012
TITLE OF REPORT:	DEDICATED SCHOOLS GRANT
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To inform Schools Forum of the Dedicated Schools Grant (DSG) for 2012/13 and the outturn for 2011/12. It is hoped that final notification of the DSG will be available from the DfE for the meeting.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Schools Forum:

- (a) note the allocation of DSG for 2012/13 subject to final confirmation by the Department for Education
- (b) invite the Budget Working Group to comment on the options for the prioritisation of DSG underspend, working with officers from the local authority

Key Points Summary

- For 2012/13 the Individual Schools Budget (ISB), which includes newly delegated SEN funding but excluding funding for sixth forms from the Young People's Learning Agency, is the amount distributed direct to schools and has increased overall by 0.6%. Primary budgets have increased by 3.2%, high school budgets have reduced by -2.9% and special school budgets have increased by 7.7%
- In comparison pupil numbers have increased by 1.3% in primary, increased by 6.4% in special schools but reduced by 1.7% in secondary schools, resulting in an overall increase of 19 pupils for 2012/13 from 2011/12

Further information on the subject of this report is available from
Malcolm Green, Senior Finance Manager (01432) 260818

- The total 2011/12 DSG underspend is £840k mainly due to savings arising from fewer pupils with complex SEN needs (£384k), use of carried forward grant for early years (£329k) and charitable rates relief from converting academies (£152k). The underspend is less than 1% of DSG. The options for the prioritisation of the underspend will be undertaken with the Budget Working Group and local authority officers in line with the guiding principles for the Herefordshire Learning Community before making recommendations to the Cabinet member.
- Overall school balances total £5,789k, an increase of £982k after adjusting for academy transfers. Five schools and two PRUs are in deficit with a total deficit of £532k, an increase of £165k from the previous year.

Alternative Options

- 1 No alternative options for this report are proposed

Reasons for Recommendations

- 2 The recommendations inform Schools Forum of the 2012/13 position and proposes steps to ensure considered decisions are taken for the use of the DSG underspend from 2011/2012.

Introduction and Background

- 3 The report provides an update on the DSG funding for 2012/13 and clarifies the full breakdown of the DSG carry-forward balances from 2011/12.
- 4 The report is in two parts as follows;
 - A The Budget 2012/13
 - B The DSG Outturn for 2011/12

Key Considerations

A. The Budget 2012/13

- 5 A single year budget for 2012/13 has been calculated and issued to schools. Due to the national school funding formula it is not possible to issue accurate budgets for 2013/14 and 2014/15. The Section 251 Education Budget Statement has been completed for financial year 2012/13 and submitted to the Department for Education (DfE) and will be used by the DfE to assess funding requirements for the Schools Block and the High Needs block in the new funding regime from April 2013. Full details of all the Section 251 (previously section 52) tables have been published on the Council's website. A summary table setting out an overview of school and central expenditure is attached as Appendix 1.
- 6 The Schools Budget was based on pupil numbers of 22,678 (including early years and alternative provision) and the DSG has been planned at a total of £107.12m. The final grant allocation for DSG has not yet been confirmed by the DfE but is expected by mid-July and based on these pupil numbers, it is possible that the DSG has been overestimated by up to 19 pupils equivalent to approximately £90k.
- 7 School budgets have been calculated on the following pupil numbers (excluding nurseries and sixth forms and the Steiner Academy). The table shows that primary and special school numbers have increased but secondary numbers have fallen by 1.7%. Overall numbers have increased by 19 pupils from 2011/12.

Pupil Numbers	2012/13	2011/12	2010/11
Primary	12,004	11,854	12,001
High	8,990	9,140	9,209
Special	265.8	246.5	231
Total	21,259.8	21,240.5	21,441

8. Analysis of 2012/13 school budgets indicates that after adjusting for the increased delegation of SEN and changes in pupil numbers the “per pupil funding” passed through to primary schools increased by +1.5%, high schools reduced by -1.7% and special school increased by +1.2%. Proportionately more of the delegated SEN funding has been passed through to primary schools.

B. DSG Outturn 2011/12

9. Through compliance with DSG grant regulations, an underspend of £840k has been carried forward to 2012/13 It is proposed that the Budget Working Group consider the options for recommendation to Schools Forum working with senior officers of the Council. The Schools Forum will then need to make a recommendation to the Cabinet Member for a decision. In addition the music service has a deficit of £145k for which there is an approved recovery plan. The DSG underspend of £840k represents less than 1% of the overall DSG. An explanation of the budget variances in excess of £50k are shown in the table below

Over spends	Amount	Reason
School Sickness Absence Scheme	£50k	Provision has been set aside for maternity and sickness payments due in March 2012 but not to be paid to schools until the new financial year
PRU and Hospital/Home teaching team	£56k	Payment of the vulnerable children grant to Aconbury PRU has been met by DSG
Underspends		
Early Years	£329k	Carry forward of early years grant from three and four year old – originally reserved to cover for the £0.5m loss of standards fund grant but not now required as the £0.5m was received.
Complex Needs	£384k	Fewer pupils than expected due to transfers to other local authorities.
Banded funding	£81k	Fall off in applications from schools pending delegation in Band 3 and 4 from April 2012
Academy recoupment	£152k	Recoupment less than expected due to savings from charitable rates relief and overall recoupment from DSG less than predicted.

10. Schools Forum agreed in January 2012 that “in principle the future policy should be that any underspend should be allocated to schools and early years settings based on pupil numbers”. The 2011/12 DSG underspend has largely arisen from savings in the Complex Needs budget and there are already indications that additional budget will be needed to be found in 2013/14. The balance of the savings largely arose from limited use of early years grant. School Balances of £5,960k at 31st March 2012 have been carried forward to the new financial year compared with balances of £6,002k at 31st March 2011. However, the 2011 school balances include £1,195k relating to schools that have subsequently transferred to academy status; adjusting for these academy conversions shows a like for like comparison of an increase in balances of £982k from £4,807k in March 2011 (adjusted) to £5,789k in March 2012.
11. At the end of 2011/12 five schools and two PRUS were in deficit and the total deficit was £537k compared previously with 5 schools and a total deficit of £372k. Recovery plans will be agreed with those schools newly entering a deficit position, discussions to commence in the coming weeks.

Community Impact

12. No direct impact

Financial Implications

13. As set out in the report. The allocation of DSG carry forward will be determined by Schools Forum at a later date following the advice of the Budget Working Group and senior education officers.

Legal Implications

14. These proposals comply with the Council's legal duties.

Risk Management

15. A strategic view on the use of the DSG underspend will be taken in order to minimise future financial risks.

Appendices

Section 251 Budget Statement 2012/13

Background Papers

None