

Schools Forum

9th July 2014

Dedicated Schools Grant (DSG) Outturn 2014/15

1. Introduction

The purpose of this report is to set out the final expenditure position in relation to the 2014/15 Dedicated Schools Grant (DSG) and to recommend how the remaining DSG should be used.

2. Background

The DSG funding regulations require that any surplus arising from a particular year is carried forward and spent on items within the Schools Budget. The Authority, in consultation with the Schools Forum, is required to decide how the surplus should be used. Similarly any deficit within the DSG would be carried forward and would be the first call on future years' allocations.

3. Dedicated Schools Grant 2014/15

Appendix 1 sets out the outturn position in respect of the DSG for 2014/15 (subject to external audit). The table below summarises the final position for 2014/15:

Summary of DSG Expenditure 2014/15	£M
Total Schools Budget 2014/15	116.607
Total Expenditure 2014/15	114.699
Underspend in respect of 2014/15	1.908
Add in-year Business Rates refund	0.137
Add DSG adjustment re: 2013/14	0.140
Unspent DSG to be carried forward	2.185

The major variations are set out below:

- a number of services are provided to schools on a 'buy-back' arrangement eg absence cover for maternity and long-term sickness, school meals provision. There was an overall underspend of £266k in respect of these services (Line 1.0.1 Individual Schools Budget);
- the cost of non-maintained, independent and further education providers (Line 1.2.3) was underspent by £234k. This was due to lower than expected costs in respect of top-up payments for pupils in post-16 provision;
- central expenditure on children under 5 (Line 1.3.1) was underspent by £1.157m. Additional funding was included in local authority 2015/16 DSG allocations for the cost of extending the free nursery education offer to 2 year

old children. The amount included in DSG allocations was based on national estimates of the number of children locally who would be entitled to places. Providers are funded according to the number of sessions attended and the underspend represents actual levels of take-up across the borough;

- pupil growth / infant class sizes funding (Line 1.4.10) was underspent by £115k. The main reasons for this were that no schools had significant increases in pupils in September 2014 that would trigger additional funding; and that extra funding allocations associated with increases in Published Admission Numbers were lower than expected;
- in addition to the variations described above, a number of backdated refunds in respect of school rates costs (£137k in total) were received during the year. Also, an adjustment to the previous year's DSG allocation was received from the Department for Education. This resulted in additional income of £140k.

4. Proposals for Use of Available DSG

As set out in section 3 above, the unspent 2014/15 DSG that is available is £2.185m. It is proposed that this is allocated as follows:

- it is apparent that some schools continue to experience financial pressures in respect of supporting pupils with Special Educational Needs, particularly in the case of newly admitted pupils. Although schools receive top-up payments for these pupils, it is often the case that existing school resources for the support of SEN are already allocated and this can make it difficult, in some cases, to provide the first £6k of additional support for which schools are responsible. It is proposed, therefore, that £250k is earmarked for top-up costs in 2015-16, where it can be demonstrated that the extra support costs for a pupil with additional educational needs are causing a significant budget pressure for the school;
- the department continues to work with schools across phases to further develop practice and leadership through a programme of support which includes commissioning a range of high quality external support. It is intended that £200k is allocated to maintain the support programme;
- a key priority of the department is to deliver a sustained improvement in the educational achievement of Looked After Children. An appointment to the part-time role of virtual head teacher has been made and it is proposed that additional short-term capacity is made available in order to accelerate the implementation of quality assurance, training and monitoring processes to improve outcomes for this cohort of pupils. The cost of this additional capacity is £30k;
- significant budget pressures are apparent within special schools and there are concerns about the financial sustainability of the current cohort of places. An additional issue is that demand for special school places is in excess of current provision. It is intended that a review of provision is undertaken by an external, independent party to provide an objective comparison of the costs of provision and a consideration of alternative models of provision. In order to allow for a reasonable timescale for the implementation of potential recommendations it is intended that a contingency of £400k is set aside to deal with the forecast 2016/17 budget pressures;

- there are a number of outstanding reimbursements due to schools in respect of premises and utility costs, SEN support and early years provision. The total cost of these outstanding reimbursements is £200k;
- at the request of primary school head teacher colleagues a review of the school funding formula is being undertaken. The main impetus for the review is concern about relative per pupil funding levels and the ability of some schools to maintain a staffing structure that, as a minimum, comprises a teacher and learning support assistant per class of pupils. Proposed formula changes and a timetable for implementation are yet to be agreed. It is not currently possible therefore to be clear about the extent to which the financial pressures of specific schools may be alleviated by changes in the funding formula. It is proposed that a contingency of £250k be retained should the need for targeted support arise;
- there continue to be short-term budgetary pressures associated with secondary school pupil numbers although the overall secondary population is now beginning to rise. Approximately £400k has been allocated in the current financial year (2015/16) to address school budget pressures and current predictions indicate that further allocations will be required in the financial year 2016/17. It is proposed that £300k is earmarked to address these pressures;
- it is proposed that the remaining £555k is earmarked to be included in the 2016/17 school budget calculations.