

DERBYSHIRE COUNTY COUNCIL**SCHOOLS FORUM****June 12th 2014****Report of the Strategic Director for Children and Younger Adults****DSG REVENUE OUT-TURN 2013/14****1. Purpose of Report**

To inform the Schools Forum of the Dedicated Schools Grant (DSG) outturn for 2013-14.

2. Information and Analysis**2.1 Summary Position**

The Dedicated Schools Grant (DSG) is a ring-fenced grant which is allocated either for the direct expenditure of schools (the Individual Schools' Budget – ISB) or for other educational expenditure under the control of the LA (the Central Budget). Any underspend or overspend on the grant can be carried forward to future years.

Schools Budget spending financed by the Dedicated Schools Grant (DSG) was £427,801k compared to grant income of £434,527k, a surplus of £6,726k. The table below shows the areas in which this underspend arose and the later paragraphs provide a brief narrative on the reasons for the key variances.

	Allocated Resources £k	Expenditure £k	(Under)/over spend in year £k
High Needs Block	53,119	48,715	(4,404)
Central Early Years	2,038	1,870	(168)
Other central budgets	6,287	6,100	(187)
Schools' pooled budgets	3,809	3,205	(604)
Rates	6,450	6,414	(36)
Schools' Individual School Budgets	364,909	364,909	0
2 year old provision	5,641	2,427	(3,214)
3 & 4 year olds in Private Voluntary and Independent (PVI) settings	11,800	12,319	519
Unallocated Post 16 threshold grant	131	0	(131)
DSG + post 16 grant	(454,184)	(452,685)	1,499
Total	0	(6,726)	(6,726)

2.2 High Needs Block

The underspend on central DSG budgets was £4,404k of which £2,393k was on payments for high needs places and top-ups in schools. Top-up payments for pupils in mainstream schools was £1,333k below the allocation and this is thought to be related to schools now having to contribute up to £6,000 to each high needs student at their school.

2.3 Central Early Years

The underspend is mainly due to lower staffing costs than anticipated when the budget was set due to vacancies not being filled.

2.4 Schools' pooled budgets

The budget is resourced by contributions from maintained schools for items which the Schools' Forum has determined shall be paid for centrally such as maternity cover and insurance. The underspend has been carried forward and will be used to offset the cost of pooled budget contributions in future years.

2.5 Early Years - 2 year old provision

Resources were allocated by the DfE within the DSG to fund the provision of free early years education to the 20% most deprived two year olds, from September 2014 this rises to cover the 40% most deprived. Despite the take-up of this offer by eligible families increasing, the grant allocation in 2013-14 was significantly underspent.

2.6 Early Years - 3 and 4 year old provision

The overspend is due to an increase in the number of children accessing this provision in the spring term 2014 compared to the previous year. The 2014-15 DSG payable by the government will include any adjustment between actual and estimated attendance but this will not be calculated until July 2014.

2.7 Unallocated Post 16 threshold grant

The Authority received Post 16 threshold grant for those schools which have converted in year to become academies. The Authority has been advised that academies are receiving the correct funding from the Education Funding Agency (EFA) so this funding is being held in anticipation of a recovery by the EFA at some point in the future.

2.8 Overall resources and forward look

The overall DSG balances at 31st March 2014, excluding individual schools' balances, were £29.6m. However, there are significant actual and potential calls against this resource and these are listed below.

	£k	
Single Status – Reserve	5,000	£3m allocated 2014-15
Single Status - Additional Requirement	1,000	Support for two years will exceed £5m reserve
Support for MIS	1,000	Approve by S Forum
Schools' budgets support 2014-15	4,721	Actual allocation
Schools' budgets support 2015-16	3,500	Estimate – net of MFG saving
Schools' budgets support 2016-17	3,000	Estimate – net of MFG saving
Teaching & Learning Consultants allocation (2014-15 only)	1,000	Actual allocation
Total	19,221	

In addition to the above items there is the potential for significant costs in respect of Equal Pay claims from school staff. The Authority is currently considering its response to the claims submitted and it is proposed that a more detailed report on this issue be brought to the Schools Forum in the autumn. In order to avoid the costs of any successful claims falling on individual schools' budgets, the autumn report is likely to propose that, subject to affordability, these [one off] costs are met from central DSG underspends. Schools Forum permission to this approach will be required.

Depending on the outcome of the Equal Pay settlement, and notwithstanding the need to retain a reasonable uncommitted DSG balance, the Authority would wish to work with the Schools Forum to identify potential options for utilising any residual DSG funding. Options might include invest to save schemes, including investment in school buildings, and/or support for specific projects. Any such support would have to comply with national DSG spending rules.

2.9 Individual Schools' Balances

Individual School Budgets underspent in year by a total of £3,776k. The following table shows an analysis of schools' balances as at 31st March 2014 compared to the position at 31st March 2013.

	Nurs £000's	Prim £000's	Sec £000's	Spec £000's	PRU £000's	Total £000's
Balance as at 31 st March 2014	398	21,477	12,165	1,162	268	35,470
Balance as at 31 st March 2013	304	18,226	11,584	1,734	0	31,847
Net Increase/(Decrease) £000's	94	3,251	581	(572)	268	3,623
March 2014 surplus balances £000's	398	21,830	12,607	1,226	314	36,375
March 2013 surplus balances £000's	330	18,485	12,408	1,778	0	33,000
March 2014 deficit balances £000's	0	354	442	63	46	905
March 2013 deficit balances £000's	26	260	824	43	0	1,153

	Nurs	Prim	Sec	Spec	PRU	Total
March 2014 number of schools with a surplus	8	329	29	8	9	383
March 2013 number of schools with a surplus	7	325	28	9	0	369
March 2014 number of schools with a deficit	0	18	2	2	2	24
March 2013 number of schools with a deficit	1	23	3	1	0	28

In addition to the £35,470k held by schools, £2,167k was held in the Schools' Capital Reserve account (up from £2,084k at 31st March 2013). This reserve holds earmarked funds for future capital developments at individual schools in order to minimise the distorting effect of holding these funds within their school balances.

Schools have been encouraged to hold separate earmarked reserves pending the impact of Single Status on school staff. As at 31st March 2013, the total reserve was £364k and this was released to schools during 2013-14 when Single Status was implemented.

Schools have also separately notified the Authority of identified funds that they are holding on behalf of clusters of schools. The value of this earmarked reserve at 31st March 2014 was £901k, down from £1,393k at 31st March 2013.

3. Background Papers

Files held in CAYA Resources - Accountancy section.

4. OFFICERS' RECOMMENDATIONS

That Schools Forum:

- (i) note the DSG outturn, including schools, for 2013-14;
- (ii) note the potential claims against the central DSG balance;
- (iii) agree to receive a further report on Equal Pay claims affecting schools; and
- (iv) agree to receive further reports on the use of the DSG underspend.

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