

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	14 May 2015	AGENDA ITEM:	4
TITLE:	Dedicated Schools Grant (DSG) 2014/15 Outturn, 2015/16 DSG and 2015/16 Budget Blocks		
SERVICE:	Education & Children's Services	WARDS:	All
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1. PURPOSE AND SUMMARY OF REPORT

- 1.1 This report identifies the position on the provisional outturn for the schools budget in 2014/15. It also identifies the latest position with regard to the DSG in 2015/16 and any other schools budget related budget issues.

2. RECOMMENDED ACTION FOR SCHOOLS FORUM

To note:

2.1 The provisional financial outturn position for 2014/15 (Table 1 refers)

2.2 The funding of the High Needs Deficit for 2015/16. (Table 2 refers)

2.3 The carry forward of DSG into 2015/16 (Table 1 & para 5.7 refers), noting that the majority of this funding relates to the early years block. There is very little flexibility on the budget going forward and it is important that the High Needs Funding Sub Group develops a savings plan for the July meeting to address the £0.9m funding gap in 15/16 otherwise schools budget shares could be seriously impacted for 16/17 and beyond.

2.4 The DSG grant allocations by block 15/16 post recoupment (Table 4 Refers)

2.5 To advise on two additional funding requests made by Schools from the Growth Fund (Section 7 refers)

3 POLICY CONTEXT

3.1 The Council has strategic aims to establish Reading as a learning city and a stimulating and rewarding place to live and visit, to promote equality, social inclusion and a safe and healthy environment for all. Education and the funding of education is a key factor in the achievement of this aim.

4 BACKGROUND

4.1 The DSG funds schools and is ring fenced for school pupil activity. The DSG is based upon actual pupil numbers from the October pupil count preceding the actual financial year. The grant received is split between the:

- Individual School’s Budget - the ISB or delegated budget - this is formula driven;
- Centrally Retained School’s Budget - the non delegated budget.

4.2 Overspends on the DSG are carried forward and are a first call on the new year’s allocation of DSG. Underspends on the DSG are carried forward to support the future year’s school’s budget.

4.3 The Authority must ensure that DSG is correctly spent and needs to describe the outturn position as to inform the impact upon the new year’s budget position. The budget monitoring of the Authority distinguishes between how services are funded, namely by DSG or by the Local Authority.

5 PROVISIONAL OUTTURN ON SCHOOLS BUDGET 2014/15

5.1 The table below is the provisional outturn position as at the end of 2014/15. Accounts closure work is still ongoing therefore the figures are subject to change. The unaudited figures will be reported to the next meeting of the Schools Forum in July.

Table 1: RBC’s provisional outturn position on the Schools Budget as at 31 March 2015

	Budget (£m)	Outturn (£m)	Variance (£m)
brought forward DSG surplus (Non 2YO)	0.000	(0.371)	(0.371)
brought forward DSG surplus (2YO)	0.000	(1.281)	(1.281)
Schools Block	49.818	49.762	(0.056)
High Needs Block	14.655	15.875	1.220
Early Years Block	9.758	8.928	(0.830)
Total	74.231	72.913	(1.318)

Attributed to:

brought forward DSG surplus (Non 2YO)	0.000
carried forward DSG surplus (2YO)	(1.318)

- 5.2 All delegated funds are transferred to schools, and any overspends or underspends on individual schools budgets are carried forward on the schools budget. There is a separate report on the agenda on Individual Schools Budget outturn (part of the Schools Block) called schools balances as at 31 March 2015.
- 5.3 The in year variances on the Centrally Retained Budget are highlighted in Appendix 1. The provisional outturn position was largely in line with the forecasts being made with regard to underspending and overspending budget areas at the March meeting of Schools Forum. As forecast there has been a significant pressure on the High Needs Block of £1.2m during the year and there will be a verbal report in the meeting on the progress of the working group set up to address the funding pressures in this area.
- 5.4 There is an underspend on the Early Years Block of £0.8m largely associated with the later phasing of 2 year old places.
- 5.5 In addition there has been a small underspend on the Schools Block in year of £0.1m.
- 5.6 In order to fund the deficit of £1.2m on the high needs block the following action has been taken by the LA, as agreed previously with Schools Forum:

Table 3: Financing of the High Needs Block Deficit 14/15 as determined by the LA in consultation with Schools Forum and the EYSFF Sub Group

	(£m)
High Needs Deficit	1.2
B/F DSG Surplus 13/14 applied	(0.4)
Schools Block Underspend 14/15 applied	(0.1)
Early Years Block Underspend 14/ 15 applied	(0.7)
Balance Carried Forward	0

- 5.7 The carry forward of DSG into 15/16 will be £1.3m and whilst this is un-ring-fenced it is anticipated that there are significant commitments and contingency requirements (with the move to participation funding in 15/16) within the early years block for up to £1.2m.

5.8 The impact of the above is that going forward there is very little flexibility within the DSG to sustain another in year deficit on the high needs block. As Schools Forum will recall all available DSG headroom was transferred to the high needs block for 2015/16, however there is still a budget gap on the high needs block of circa £0.9m. Without measures coming forward from the working group to address the gap it is likely that budget shares for schools will be directly reduced in 2016/17 onwards. It is therefore imperative that there is a fully costed package of saving measures from Sept 2015 are ready to be presented to Schools Forum in July for consultation.

6 DSG 2015/16

6.1 The final allocations of DSG have now been notified and this is summarised in the table below. This will be broken down in further detail at the July meeting of Schools Forum.

Table 4: RBC's final DSG allocations for Schools and Early Years Blocks for 2015-16

	Allocations after recoupment (£m)
Schools Block (includes ISB)	51.4
Early Years Block	9.4
High Needs Block	14.6
Total	75.4

7 SCHOOLS BUDGET 2015/16

7.1 Schools have now been notified of their budgets and are due to make returns by 31 May.

7.2 There have been a number of schools requesting additional funding from the Growth Fund as per the below:

- St Michaels School have enquired about drawing upon the contingency with the Growth Fund for expanding schools (see email attached as Appendix 2 to the report)
- St Martins Schools have enquired about drawing upon the Growth Fund for expanding schools (see attached email attached as Appendix 3 to the report)

7.3 Schools Forum is asked to consider these requests and schools have been invited to attend the meeting to make their case. Officers will be available to advise on the criteria for accessing these funds.

8 HIGH NEEDS BLOCK 2015/16

8.1 There will be a verbal report at the meeting.

9 EARLY YEARS BLOCK 2014/15

9.1 There is another report on the agenda which provides an update in this area.

Appendix 1: 2014/15 DSG BUDGET MONITORING (£m)

Description	Total Budget	14-15 Outturn	14-15 Variance	Early Years	High Needs Block	Schools
Behaviour support services	0.135	0.135	0.000	-	-	-
Support to UPEG and bilingual learners	0.085	0.063	(0.022)	-	-	(0.022)
Staff costs supply cover	0.051	0.051	0.000	-	-	-
Top up funding - maintained providers	4.697	5.449	0.752	-	0.752	-
Top up funding - Academies and Colleges	2.641	2.885	0.244	-	0.244	-
Top up and other funding - independent	2.801	3.190	0.389	-	0.389	-
Other AP provision	0.100	0.100	0.000	-	-	-
SEN support services	1.008	0.914	(0.094)	-	(0.094)	-
Hospital education services	0.111	0.111	0.000	-	-	-
Elective Home Education	0.016	0.016	0.000	-	-	-
Support for inclusion	0.508	0.437	(0.071)	-	(0.071)	-
Central expenditure on children under 5	0.470	0.470	0.000	-	-	-
Contribution to combined budgets	0.605	0.605	0.000	-	-	-
School Admissions	0.101	0.101	0.000	-	-	-
Servicing of schools forums	0.020	0.020	0.000	-	-	-
Termination of employment costs	0.025	0.025	0.000	-	-	-
Capital expenditure from revenue (CERA)	0.197	0.197	0.000	-	-	-
Prudential borrowing costs	0.050	0.050	0.000	-	-	-
Equal pay - back pay	0.550	0.550	0.000	-	-	-
Pupil growth/ Infant class sizes	1.027	0.993	(0.034)	-	-	(0.034)
SEN transport	0.100	0.100	0.000	-	-	-
Exceptions agreed by Secretary of State	0.082	0.082	0.000	-	-	-
Total	15.380	16.544	1.164	0.000	1.220	(0.056)

Outturn and Budget Update

Individual Schools Budget	50.337	50.337	0.000	-	-	-
SEN Placements (First 10k)	2.230	2.230	0.000	-	-	-
Early Years 2-3 year old Funding	6.045	5.215	(0.830)	(0.830)	-	-
Central Establishment Charges	0.239	0.239	0.000	-	-	-
13-14 C/FWD (Surplus) - Non 2YO	0.000	(0.371)	(0.371)	-	(0.371)	-
13-14 C/FWD (Surplus) - 2YO	0.000	(1.281)	(1.281)	(1.281)	-	-
Total	58.851	56.369	(2.482)	(2.111)	(0.371)	0.000
Total ALL	74.231	72.913	(1.318)	(2.111)	0.849	(0.056)
			Adjustment	0.793	(0.849)	0.056
			TOTAL	(1.318)	0.000	0.000

Appendix 2 Email from Head at St Michaels Primary School

Hi Russell,

I remember from a previous school's forum, that you informed us there was a contingency for the expanding schools. We are hitting a bit of a block at the moment with this and struggling to shave a deficit.

Can you let me know the process to apply for this.

Best wishes
Anne

REQUESTED MORE INFOR FROM SCHOOL

Appendix 3 – Email from the Head of St Mary's RC Primary

Dear Kevin,

As a result of the expansion I am putting forward a case for transitional funding for St Martin's.

We are losing out on Infant Class funding but have gained a similar amount as transition funding. However, due to having 7 teachers from September, instead of 6 our budget will not balance.

Funding will be based on our current numbers until the information from the next census comes through later in the school year.

The cost of a main scale teacher for 7 months (Sept to March) is £26,000.

We are a small school and do not have the funds to support this. As a result we will need extra funds to support transition to a one form entry school.

I look forward to hearing from you,

Kind Regards

Margot Buller

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St Martin's and St Anne's Primary Schools
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