

Dedicated Schools Grant (DSG) UPDATE PAPER

Purpose of the Report

1. To inform Schools Forum of the final Dedicated Schools Grant (DSG) settlement for 2011/12.
2. To present budget monitoring information against the DSG for the financial year 2011/12 as at 31st August 2011.
3. To update Schools Forum on the final allocation of Pupil Premium Grant for 2011/12
4. To give initial consideration to proposals for achieving the required savings against DSG in 2012/13.

Background

DSG Settlement 2011/12

5. In January 2011 Schools Forum set a schools budget for 2011/12 of £274.653 million based on estimated DSG income of £273.117 million (after Academy recoupment) and utilisation of 2010/11 underspend of £1.536 million. It was agreed that savings would need to be identified in 2012/13 to recover this one off funding.
6. In June 2011 a report was considered by Schools Forum giving an estimate of the final DSG for 2011/12. This report suggested there would be a shortfall in the overall DSG allocation (including Academies) of £0.165 million compared with the initial estimate on which the budget was based. Net of Academy recoupment that shortfall increased to £0.239 million. Schools Forum agreed in June that this shortfall should be met from the underspend rolled forward from 2010/11.

Pupil Premium Grant 2011/12

7. Following the announcement by the Government of the new Pupil Premium Grant (PPG) from April 2011, provisional allocations were notified in with school Funding Certificates. The notes sent to schools with their budgets stated that these allocations were provisional, pending confirmation of the final PPG figures from the DfE and the funding values from 2012-13 onwards. This paper deals with the 2011-12 position only. It also does not deal with the grant received for Looked After Children (LAC), as those pupils were excluded from the provisional allocations and are subject to different payment arrangements.
8. The PPG Free School Meals element is allocated on the basis of £430 per pupil for each full time equivalent pupil recorded on the January 2011 school census as eligible for FSM in Year groups R to 11 in mainstream schools; and £200 per pupil for each full time equivalent pupil recorded on the January 2011 census, as a Service child in Year R to 11 in mainstream schools.

Main Considerations

Final DSG Settlement 2011/12

9. The final DSG settlement was received in July 2011 giving a total DSG (including Academies) of £293.255 million, a shortfall of £0.140 million (30.5 pupils) compared with the initial estimate. The final impact of academy recoupment is still to be bottomed out but it is recommended that the final DSG settlement can be managed as agreed by Schools Forum in June.

Budget Monitoring 2011/12

10. Appendix 1 to this report outlines the budget monitoring summary as at 31st August 2011. At this point in the year an underspend of £0.903 million is projected against the overall schools budget. Key variances are as follows:
 - a. *Independent Special School Placements* – this budget is currently projected to underspend by £0.821 million. The forecast is based on all current placements and includes young people for whom a placement has been agreed by the Joint Complex Needs Panel but which may not yet be in place. The underspend arises from reduced numbers of placements and reflects the increased number of pupils who can be provided for within Wiltshire schools. It is expected that further placements will be made during the remainder of the year and that as a result the projected underspend will reduce.
 - b. *Other Targeted Services* – underspends within the EMAS and Traveller Education Service have arisen due to vacancies and due to the maximisation of the standards funds within the EMAS Team.
 - c. *Early Years Free Entitlement for 3 & 4 year olds* – an underspend of £0.108 million is projected against the Early Years Single Funding Formula. This projection is updated termly based on the uptake of the free entitlement across settings.
 - d. *Premature Retirement Costs* – the PRC budget is expected to overspend by £0.122 million based on redundancy cases up to 31st August. Costs up to the end of August would normally represent the bulk of the spend against this budget however indications from HR are that there will be further costs incurred through the year and thus this overspend is expected to increase.

Pupil Premium Grant 2011/12

11. In July 2011 the DfE wrote to all LAs to confirm the grant allocations for 2011-12. This included adjustments for schools that became academies between January 2011 and April 2011. The total PPG grant income for Wiltshire is £2,818,559 (excluding the LAC element and allocations in respect of schools that converted to academy status between January and April.). The provisional PPG allocations totalled £2,881,990(excluding LAC and adjusting for those schools that converted to academy status between January and April) and using finalised FSM and Service data the final allocations total £2,810,640.
12. The DfE grant exceeds the total grant requirement derived from the LAs latest data by £7,919 but the DfE will not supply the LA with a school by school breakdown of their total PPG allocation, so it is not possible to identify the individual school funding differences.
13. The final LA data gives a total PPG requirement which is £71,350 less than the provisional allocations. There are differences in both the FSM and service pupil counts when compared to the provisional allocations. These differences are mainly due to the inclusion of pupils in the provisional allocations that should not have been counted as they do not attract the grant e.g. pupils under four years old and pupils above 15 years old as at 31/8/10.
14. Appendix 2 lists those schools (and some schools that have become academies since April 2011) where there is a difference between the provisional and final allocations.
15. If the provisional allocations are not adjusted there will be a shortfall against the grant received of £71,350.
16. The following options are therefore to be considered by Schools Forum:
 - a. Revise the provisional PPG allocations to reflect the latest entitlement.
 - b. Overspend the grant allocation against DSG.

17. As there is no DSG available in 2011-12 to offset the overspend it is recommended that the individual school allocations are adjusted. This will leave a surplus of £7,919 which will have to be repaid to the DfE.

Proposals for DSG Savings 2012/13

18. In setting the budget for 2011/12 Schools Forum recognised that savings would need to be achieved in 2012/13 to balance the use of one off funding in 2011/12. In total £1.930 million one off funding was utilised in balancing the 2011/12 budget.
19. The DfE has notified local authorities that the school funding system is to remain unchanged for 2012/13 and it is therefore possible to assume that, as in 2011/12, there will be no inflationary increase applied to the schools budget and that there will be a minimum funding guarantee in schools of -1.5%. In setting the budget for schools in Wiltshire for 2011/12 zero inflation was applied however in other neighbouring authorities negative inflation, in line with the MFG, was applied across the delegated budget. This is something that Schools Forum will need to consider for 2012/13 in order to achieve the necessary savings.
20. Initial proposals for savings across DSG budgets can be summarised as follows:

Option	Potential Saving £m
Procurement Opportunity Assessment to review potential for savings in ISS budget. Opportunity Assessments have been targeting 10% savings from procurement budgets	0.440
Review of likely uptake of free entitlement against Early Years Single Funding Formula – current projection is budget will underspend by £0.108m but only based on 1 st term's numbers	0.200
EOTAS Recoupment – new CAMHS contract should reduce need for expensive placements, for example, Marlborough House. Also Service Director for C&P looking at appropriate split between Health and DCE contribution to placements	0.050
Budget Centralisation – take saving in advance of centralising any DSG budgets eg., Comms, Legal, etc	??
Delete Assisted Places Budget – budget to fund places at outdoor education centres etc for families on limited incomes. Other neighbouring authorities are looking at this option	0.048
Income generation – outcome of review of core and discretionary services in the Inclusion Service	??
Apply negative MFG to schools delegated budget in 2012/13. Estimate saving achieved from -0.5% MFG	1.094
Uncommitted underspend 2010/11	0.700

21. These proposals need further work to develop the detail but give an indication of the service areas that could be considered whilst minimising the impact on front line service delivery across support services for the more vulnerable young people. Schools Forum are invited at this stage to give a steer on the savings identified above and to identify if there are other areas that should be considered.
22. The estimated DSG will be brought to Schools Forum at the December meeting and this will enable more detailed consideration of the savings required.

Proposals

23. Schools Forum are asked to consider the following proposals:
- That the shortfall arising from the final DSG settlement should be funded from the DSG underspend rolled forward from 2010/11 as agreed at the June meeting.
 - Schools Forum should note the budget monitoring position at the end of August 2011.

- c. That individual schools allocations for the Pupil Premium are adjusted in line with the final data
- d. That Schools Forum considers the initial savings proposals for DSG in 2012/13.

CAROLYN GODFREY
DIRECTOR, CHILDREN & EDUCATION

Report Author: Liz Williams, Head of Finance (DCE)

Tel: 01225 713675 e-mail: elizabetha.williams@wiltshire.gov.uk

Appendix 1 - budget monitoring summary as at 31st August 2011

Appendix 2 – schools where there is a difference between the provisional and final allocations.