

REVENUE BUDGET OUTTURN REPORT 2012-13 – DEDICATED SCHOOLS BUDGET

Purpose of the Paper

1. To report on the outturn position for the dedicated schools budget in 2012-13.

Main Considerations

Outturn 2012-13

2. Appendix 1 shows expenditure as at 31st March 2013, the figures show an **underspend against DSG of £1.493 million**. This is a favourable movement of £0.888 million compared with the previous report to Schools Forum. This is a significant movement and can be explained by a number of large one off underspends occurring late in the financial year, including rates revaluations and LACSEG recoupment. The key variances and movements from the previous report are outlined below.

HR Related Budgets

3. The premature retirement costs budget was overspent by £0.030 million. From April 2013 DSG will no longer be utilised to fund redundancy costs as no new commitments are permitted against centrally held schools block budgets. The funding held centrally for this purpose has been delegated to schools and the responsibility for redundancy costs that meet the criteria for central funding will lie with the local authority.
4. The Schools Maternity Costs budget overspent in 2012-13 by £0.209 million.

Special Educational Needs Services

5. The Independent Special Schools budget underspent by £0.461 million, in line with previous projections. The recoupment budget (for placements in other local authority special schools and non-school placements) overspent by £0.122 million giving an overall underspend on placement budgets of £0.339 million.
6. Expenditure on Named Pupil Allowances showed an overspend of £0.124 million.
7. Budgets for high needs placements will be reported differently in 2013-14 as they will include budgets for top-up payments to maintained schools and academies (mainstream and special), payments to independent special schools and to other local authority schools and payments to FE colleges and Independent Specialist Providers for post-16 placements. The responsibility for funding post-16 placements will come in to effect from September 2013 and is a new responsibility for the local authority, and a new cost to be managed within DSG. Work is ongoing to finalise the expected commitments against placement budgets and an analysis will be brought to the October meeting as part of the budget monitoring report.

Early Years

8. Early Years budgets underspent by £0.286 million against the overall budget for the free entitlement for 3 & 4 year olds. The total budget for the free entitlement is £14.626 million and the take up of places through the year was slightly lower than projected.

Schools Contingency

9. The Schools Contingency underspent by £0.658 million in 2012-13. This variance had not been anticipated during the year and relates to a late rates adjustment following a review of mandatory rate relief across Wiltshire schools. This review resulted in a refund to the schools budget relating to 2012-13 and previous years. Schools had been funded at the value of the original rates bills and so the underspend accrues to the general schools budget.

LACSEG Recoupment Reserve

10. In setting the budget for 2012-13 savings were implemented across central DSG funded services in order to meet the expected reductions in DSG from the Local Authority Central Spend Equivalent Grant (LACSEG) recoupment. The total savings to be achieved were calculated based on LACSEG guidance and an estimate of the number of academy conversions to take place during the financial year, and the estimated dates of those conversions. The savings achieved were then held in a LACSEG "reserve" to enable recoupment from the EFA through the year.
11. Academy recoupment for 2012-13 was estimated at £1.220 million. At the end of the year the actual LACSEG amount recouped in relation to academy conversions was £0.747 million resulting in an underspend of £0.473 million.

Utilisation of DSG Underspend

12. Any under or overspend against the Dedicated Schools Grant is to be carried forward in to the following financial year. The underspend of £1.493 million will therefore be transferred to an earmarked DSG Reserve. This gives a total DSG balance held within earmarked reserves of £2.389 million taking in to account unallocated funds rolled forward from previous years.
13. A debit balance is currently held on the Council's Balance Sheet arising from the net deficit balances of closing schools. This includes balances from schools converting to sponsored academy status under the fast track conversion process. The total outstanding balance is £210,230 and should be a call against the Council's DSG allocation.
14. It is therefore proposed that the deficit balance be written off against the overall DSG underspend from 2012-13. Balances from closing schools will need to be reviewed on an annual basis.
15. If the write off is implemented a balance of £2.178 million will remain in the earmarked DSG reserve.
16. In the January meeting Schools Forum considered the use of some of this reserve to support financially vulnerable schools and asked that proposals be brought to the June

meeting once the outturn was finalised. We have since received clarification from the Education Funding Agency (EFA) on how any balances brought forward from 2012-13 may be used in accordance with the schools finance regulations:

- a) DSG balances from previous years may be moved in to the High Needs or Early Years blocks to support spending in those areas.
 - b) Any DSG balances not moved in to Early Years or High Needs must be retained until 2014-15 and then delegated to schools, or allocated to the contingency fund and schools consulted on delegation or de-delegation.
17. The reason for retaining balances until 2014-15 before allocating is that central Schools Block budgets cannot be increased and delegated budgets cannot be re-determined during the year so additional funding could not be delegated during 2013-14.
 18. For the reasons outlined above it would not be possible to retain any funding from the 2012-13 underspend to enable support for financially vulnerable mainstream schools during 2013-14.
 19. It would be possible to allocate part of the existing de-delegated school contingency for this purpose, to support maintained schools, however the total de-delegated funding is less than £90,000.
 20. It would be possible to allocate an amount from the 2012-13 underspend to the high needs block to support special schools. Schools Funding Working Group discussed this possibility and recommended that if funds are to be allocated for this purpose they should be utilised to support transition to the new funding mechanism for special schools and not to specifically preserve previous funding levels.
 21. Schools Forum will need to consider utilisation of the 2012-13 underspend as part of the budget setting discussions for 2014-15.

Proposal

22. Schools Forum is asked to:
 - a) Note the outturn position for the Dedicated Schools Budget in 2012-13.
 - b) To recommend that the net deficit balances from closing schools be written off against the overall DSG reserve for 2012-13.
 - c) To note the remaining level of the earmarked DSG reserve available to roll forward to 2013-14.
 - d) To consider whether a proportion of the 2012-13 underspend should be moved in to the high needs block to support special schools in financial difficulty.
 - e) To consider whether a proportion of the 2012-13 underspend should be moved in to the high needs block to support other specific cost pressures or risks.

- f) Consider whether funding from the existing de-delegated contingency should be used to support maintained schools made more financially vulnerable through the change to the funding formula.

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