

# Final Dedicated Schools Grant Outturn 2014-15

Schools Forum

Date: 7<sup>th</sup> July 2015

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| Author:            | Finance Manager – Education   |
| Wards:             | All   |
| Locality Affected: | All   |
| Settings Affected: | As the DSG is ring fenced funding provided by the DfE to meet the educational needs of early years, school age and all 0 to 25 year old high need pupils. Any decisions on how the grant is utilised indirectly affects all settings. |

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## 1. Purpose and Reasons

- 1.1 To advise Schools Forum members on the final 2014-15 Dedicated Schools Grant (DSG) outturn position following closure of the Local Authority's (LA's) 2014-15 final accounts.
- 1.2 This report provides Forum Members with information on the final spend against the 2014-15 centrally retained budget including commentaries on those areas of the budget where forecast figures proved to be inaccurate. Although there is demand-led pressure in many areas of the retained budget, the LA is continuing to take action wherever possible to reduce centrally retained budgets in order to maximise the value of DSG that can be distributed to Schools and Academies via the local fair funding formula.
- 1.3 The retained DSG budget is monitored in accordance with standard Swindon Borough Council (SBC) budgetary control procedures and a report is submitted to the Economy and Attainment Leadership Team each month. Updates are also periodically provided to Corporate Board, Cabinet and the Children and Young Peoples Overview and Scrutiny Committee.
- 1.4 The LA is required to report the position on the DSG budget to the Schools Forum throughout the year and at the financial year end. In accordance with grant conditions, the year-end DSG balance (whether positive or negative) is ring-fenced and must be carried forward to the following year, and the Schools Forum must be consulted on how the surplus or deficit is managed.

## 2. Recommendations

The Schools Forum is recommended to:

- 2.1 Note that the final outturn on the 2014-15 centrally retained DSG budget is an overspend of **£0.109m**.
- 2.2 Note that after taking account of the brought forward balance, the in-year overspend and allocations of funding previously agreed by the Schools Forum, the total DSG balance available for redistribution as at 31<sup>st</sup> March 2015 is **£1.098m**.

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Further information on the subject of this report can be obtained from Anne Mackay on 01793 465742 or amackay@swindon.gov.uk.

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## 3. Detail

### Final Outturn Position 2014-15

- 3.1 At the 17<sup>th</sup> March 2015 Schools Forum meeting members were advised that the LA had anticipated finishing the 2014-15 financial year with a surplus of £0.491m but the final in year position is an overspend of £0.109m which is £0.600m lower than was expected.
- 3.2 The significant variance of £0.600m is due in the main to an increase in the amount recouped by the EFA for Direct Funding of High Need Places £0.655m.
- 3.3 During 2014-15 the LA received an allocation of £0.510m of EFA Post 16 funding allocated for pupils at Uplands School. The LA believed the Post 16 funding was in addition to the DSG allocation and it was not clear that this funding would be matched by a reduction in the DSG of £0.486m by the EFA for Direct Funding of High Need Places for Post 16 pupils at Uplands School.
- 3.4 Further adjustments to the High Needs recoupment figure were for places in academies Pre 16 £0.049m & Post 16 £0.038m, non-maintained special schools Pre 16 £0.047m and Post 16 £0.031m and a small adjustment of £0.004m
- 3.5 The EFA adjustments will have an effect on future years funding as the LA will need to budget for an increase in the EFA recoupment to cover the cost of High Need places for Post 16 in all settings and Pre 16 in non-maintained special schools. This will be covered later in the Schools Forum Agenda.
- 3.6 As a result of the changes in funding detailed above, officers took the decision not to repay £0.500m of the equal pay liability and to add this amount to the DSG balance to help mitigate the impact of this funding change in 2015/16. This leaves £0.500m of equal pay liabilities to still be paid.
- 3.7 The unallocated DSG balance carried forward at 31<sup>st</sup> March is £1.098m and all expenditure funded from this balance will need to be allowed under the early years and school finance regulations and be agreed by Schools Forum.
- 3.8 Attached at **Annex A** is the report issued to the Education Leadership Team on 9th June which provides commentaries on the main under and overspends on 2014-15 budgets.
- 3.9 It is important that budgets are managed effectively and that forecasts are as reliable as possible. The variance on the DSG income was not anticipated but the majority of the other centrally retained budgets did not vary significantly to the end of February projections; the overall net variance for all other retained budgets was £0.056m. Is it clear to Forum members what the difference between centrally retained and all other retained budgets are?

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- 3.10 In accordance with grant conditions, the year end DSG overspend was funded from reserves and the balance carried forward, Table 4 in Annex A shows the current position reflecting costs that were agreed by Schools Forum (a primary BPPE increase and the payment of double top up costs for the new Ridgeway ASC unit and Redoaks SRP alterations to leave an unallocated balance of £1.098m.

**Schools Forum is asked to note the following:**

- the reduction of the DSG by the EFA for Direct Funding of High Need Places for Post 16 Pupils
- the final position on the 2014-15 retained budget was an in year overspend of £0.109m
- that £0.500m equal pay liability is still outstanding and
- the final DSG balance carried forward and uncommitted is £1.098m.

## 4. Alternative Options

- 4.1 The LA could distribute the full value of the retained underspend in 2015-16 but an equitable method for allocation would need to be agreed which complied with the new school finance regulations. Furthermore use of the DSG balance can only really be on one off items and it is difficult to allocate this via the local formula without locking in commitments via the MFG mechanism.

## 5. Implications, Diversity Impact Assessment and Risk Management

### Financial and Procurement Implications

- 5.1 Various financial implications are included in this report relating to management of the retained DSG budget

### Legal and Human Rights Implications

- 5.2 There are no legal or human rights implications arising from this report.

### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 This report does not make any recommendations that affect these areas.

### Links to One Swindon, Plans and Policies

- 5.4 Utilisation of the DSG has a direct link to two of the Council's five priorities – "Right skills, right jobs in the right place" and "Make the best use of Swindon's resources inside and outside the Council".

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## Diversity Impact Assessment

- 5.5 As there are no proposals in this report, a DIA has not been completed.

## Risk Management

- 5.6 There are no specific risk management implications not highlighted in the body of the report.

## **6. Consultees**

- 6.1 The Board Director Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

- 7.1 None

## **8. Appendices**

- 8.1 Annex A –Dedicated Schools Grant Final 2015-16 Outturn report issued to the Education Leadership Team on 9<sup>th</sup> June 2015