

Final Dedicated Schools Grant Outturn 2011-12
Schools Forum **3 July 2012**

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Parish / Wards Affected: All

Purpose

- To advise Schools Forum members of issues arising from the closure of the Local Authority's (LAs) 2011/12 Accounts.

Recommendations

The Schools Forum is requested to:

- Note that the LA has **£49,000** available from 2010/11 and underspent it's 2011/12 retained budget by **£508,108**
- Note that the LA has a balance of unspent Standards Fund grants totalling **£428,542**.
- Note the existing and potential commitments against the sums available from previous years and agree to
 - Support payments to three schools which employ Advanced Skills Teachers totalling **£42,032**
 - Support the payment of **£17,000** to Gorse Hill regarding their claim for discretionary flat rate funding relating to their amalgamation
 - Support the retention of all remaining funding in recognition of potential pressures arising from managing the retained budget.

1. Reasons

- 1.1 The LA is required to report the position on the centrally retained Dedicated Schools Grant (DSG) budget to the Schools Forum throughout the year and at the financial year end. This report also provides information on the Standards Fund (SF) Grant which members will be aware ceased although the cash equivalent of most funding streams was amalgamated within the DSG with effect from 2011/12.

2. Detail

Final position on the centrally retained 2011/12 budget

- 2.1 The LA has provided updates throughout the year to the Schools Forum and Children and Young Peoples Overview and Scrutiny Committee on the centrally retained budget position. At the 6th March 2012 Schools Forum, members were advised that £49,000 remained available from the LAs 2010/11 centrally retained underspend and that further funding should be available based on the 2011/12 forecast outturn position.
- 2.2 Following closure of the LA's 2011/12 accounts final spending against the retained DSG budget of £19.323m has been confirmed at £18.815m producing a net underspend of £508,100 which equates to 2.6%. The

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position is therefore more favourable than anticipated and explanations on the major variances are included in Annex A.

Final Position on the Standards Fund

- 2.3 At the 6th March 2012 meeting the Forum was also advised of the uncertainty relating to the final Standards Fund position. The LA had initially expected to lose the final 5% allocation of the 2010/11 Standards Fund instalment (valued at £516,000) following the mainstreaming of Standards Fund into the DSG. Subsequent correspondence from the Department for Education (DfE) stated that the final grant instalment would be received if the LA could demonstrate that eligible expenditure had been incurred. Following contradictory correspondence from DfE this did not prove possible although a total of £428,542 was secured and remains available.

Total Funding Available from 2011/12

- 2.4 The final overall position regarding funding available in 2012/13 from previous years compared to the March 2012 estimate is as follows;

<u>Table 1 – Summary of one off funding available</u>	Estimated Value March 2012	Final Value
2010/11 retained budget underspend	£49,000	£49,000
2011/12 retained budget underspend	£300,000	£508,108
2010/11 Standards Funds Grant	£477,366	£428,542
Total one-off funding available in 2012/13	£822,366	£985,650
Less provision to mitigate against the risk of uncertainties @ 28.3%	(£232,366)	-
Total funding carried forward from 2011/12	£590,000	£985,650

- 2.5 In March the Forum agreed the LAs proposal that the estimated balance available of £590,000 would be allocated in 2012/13 within the local formula as one-off transitional protection funding to limit the loss of funding arising from the redistribution of former Standards Fund Grants and Ministerial Priority Funding to a maximum of 2.5%. Funding was subsequently allocated to 12 primary settings and 3 secondary settings totalling £589,451 leaving £396,199 which remains available.

Potential Commitments against the Funding Available from 2011/12

- 2.6 The LA has identified the following areas which may require funding;

A) Advanced Skills Teachers (AST's)

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- 2.7 During the consultation meetings leading up to the 2012/13 formula redistribution the LA acknowledged that those schools which were employing AST's may need financial support towards redundancy or salary protection costs. Although transitional support and/or additional small schools protection funding was provided in 2012/13 to minimise the overall loss of all former standards fund grants (including AST's), as reported to the 6th March 2012 Schools Forum meeting, the LA agreed to look at the impact on individual settings and develop funding proposals.
- 2.8 In accordance with the previous terms of the Standards Fund grant the LA provided the following funding up to 31st March 2012;
- To cover the additional salary costs incurred by schools in employing AST's (which varied between £6k and £18k depending on salary of the individual concerned)
 - To cover backfill costs incurred by the host school whilst the AST was delivering an outreach service (standard funding of £6,843 was allocated to each setting).
- 2.9 Following meetings between HR officers and the schools involved three AST's are being retained and the teachers involved will be entitled to 3 year's salary protection which is payable from 1st September 2012. The LA believes that funding at 50% should be provided to meet these costs but that funding for backfill should not be provided. Each school has scope to "sell" their AST services via the Teaching School or Music Service as an alternative to DSG funding being allocated, effectively, as a top slice from all schools. It is relevant to recognise that under the new school funding reform arrangements there is no scope within the new range of formula factors to provide AST funding. Fortuitously there is scope to provide one-off funding from the 2011/12 retained underspend.
- 2.10 The table below provides information on how each setting was affected by the formula redistributions and includes LA proposals on the level of additional funding that should be payable;

<u>Table 2 – Financial Implications of Formula / AST Redistributions</u>	
Setting	Impact of funding changes / LA Proposal
South Marston (ICT)	<ul style="list-style-type: none"> • Lost a total of £39,992 arising from Standards Fund re-distribution of which £14,376 specifically related to lost AST funding • Received additional small schools protection of £60,441 (specifically to compensate for the formula redistribution changes) which should have provided permanent funding to more than cover their AST funding reduction but this is not allowed from 2013/14 onwards as small school protection is not a permitted factor under the school

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	<p>funding reform changes</p> <ul style="list-style-type: none"> • Overall school funding increased in 2012/13 by £19,041 which equates to 4.3% (1 less pupil) • Annual additional salary costs of employing their AST are £7,533 and back fill funding of £6,843 was paid up to 31st March 2012. • 31st March 2012 balances were £84,392 which equates to 18% of annual funding • Proposal; <ul style="list-style-type: none"> ○ No further funding should be provided relating to 2012/13 ○ Allocate one-off funding to meet 50% of additional AST costs covering the period 1st April 2013 to 31st August 2015 = £9,102
Oaktree (Behaviour & Music)	<ul style="list-style-type: none"> • Lost a total of £66,560 arising from Standards Fund re-distribution of which £25,388 specifically related to lost AST funding – • Received one-off transitional support funding of £37,773 (specifically to compensate for the formula redistribution changes) to limit loss to 2.5% • Overall school funding increased in 2012/13 by £47,561 which equates to 4.3% (18 extra pupils) • Annual additional salary costs of employing their AST are £18,545 and back fill funding of £6,843 was paid up to 31st March 2012. • 31st March 2012 balances were £114,835 which equates to 10% of annual funding • Proposal; <ul style="list-style-type: none"> ○ No further funding should be provided relating to 2012/13 ○ Allocate one-off funding to meet 50% of additional AST costs covering the period 1st April 2013 to 31st August 2015 = £22,410
Even Swindon (Maths)	<ul style="list-style-type: none"> • Lost a total of £13,449 arising from Standards Fund re-distribution of which £15,548 specifically related to lost AST funding –) • No transitional support or small school protection funding allocated as loss overall loss was less than 2.5% • Overall school funding increased in 2012/13 by £26,660 which equates to 1.6% (15 extra pupils) • Annual additional salary costs of employing their AST are £8,705 and back fill funding of £6,843 was paid up to 31st March 2012. • 31st March 2012 balances were £112,034 which equates to 6.7% of annual funding

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	<ul style="list-style-type: none"> • Proposal; <ul style="list-style-type: none"> ○ No further funding should be provided relating to 2012/13 ○ Allocate one-off funding to meet 50% of additional AST costs covering the period 1st April 2013 to 31st August 2015 = £10,520
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- 2.11 In making proposals the LA has attempted to provide a degree of financial support which recognises the fact that AST's were established under a national initiative and that contracts were offered by schools in good faith on the basis that dedicated funding was made available via the Standards Fund. It is relevant to note that the coalition government removed all ring fencing on the Standards Fund and many settings have experienced funding reductions as a consequence of this. Two other settings may well have anticipated funding reductions and deleted their AST posts to mitigate this risk. The LA is also mindful of the balances held by the three schools above which, although not excessive, do not suggest imminent financial health problems.
- 2.12 Letters detailing these proposals have been sent to each setting and, assuming Schools Forum support the proposed funding each setting will consider their options. If any setting chooses to cease their AST contracts the LA will consider requests for redundancy funding in accordance with the policy i.e. funding will be provided centrally if an individual setting cannot meet costs without going into deficit.

<i>Schools Forum is recommended to support the payment of AST funding from the retained funding available as follows;</i>		
<i>- South Marston £9,102</i>	<i>)</i>	
<i>- Oaktree £22,410</i>	<i>)</i>	<i>£42,032</i>
<i>- Even Swindon £10,520</i>	<i>)</i>	

B) Gorse Hill Discretionary Flat Rate Funding

- 2.13 Since amalgamation the LA has provided 2 terms of flat rate funding in 2011/12 and a further term in 2012/13 leaving a maximum of two terms of discretionary funding valued at £34,000. Following discussions at previous Forum meetings it was envisaged that this matter would be reviewed by a special meeting of the Schools Forum Sub Group which would make a recommendation to the Director of Children Services on whether discretionary flat rate funding should be payable. On 16th March 2012 the LA sought an update on the financial implications of the school's amalgamation costs and after a reminder was sent on 24th April a partial response was received on 9th May which is summarised at Annex B.

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- 2.14 In summary Gorse Hill hold the view that they were led to believe by the LA and Schools Adjudicator that discretionary funding would be payable regardless of the school's financial position. The LA has paid 3 full terms of funding in accordance with the policy, but the school's relatively healthy financial position (see annex B) indicates that further discretionary funding may not be required. In the circumstances a compromise is suggested that 50% of the discretionary amount is payable. The Chair of Governors at Gorse Hill has made it clear that they intend to submit a complaint if anything less than the full value is allocated. The LA acknowledges the schools position and their right to complain but believes that the compromise represents a reasonable, pragmatic and defensible solution to a difficult issue which recognises this request in the context of the limited funding available for distribution across all Swindon Schools and Academies.

Schools Forum is recommended to support the payment of 50% of the discretionary funding i.e. £17,000.

C) Retained Budget 2012/13

- 2.15 Although the LA has managed to underspend the retained budget for the last 2 years this cannot be assumed for 2012/13. The 2012/13 budget was reduced to £18.015m and the annual risks of managing Out of Borough placement costs and Academy conversion grant losses remain.

D) Retained Budget 2013/14 and School Funding Reform Implications

- 2.16 As reported elsewhere on this agenda the LA is concerned at some of the implications arising from the school funding reform on the operation of the retained budget. In particular DfE have imposed a restriction on the level of funding that can be retained for contingencies in future years to cover school expansion, equal pay and redundancy costs. As things stand the LA will not be permitted to retain any contingency funding from future years DSG above the level retained in 2012/13. The underspend carried forward from 2011/12 could therefore provide a degree of flexibility to meet any such costs in future years.

Schools Forum is recommended to allow the continued retention of the balance of funding available subject to regular updates being provided to the Forum on the retained budget position and related risks.

Continued Monitoring

- 2.17 The LA will continue to robustly monitor the retained budget throughout 2012/13 and will provide updates to meetings of the Schools Forum.

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Based on information so far this year a break even position is forecast on the retained budget of £18.015m

Alternative Options

The Schools Forum is asked to support various payments which are described in the report but other options are available.

Risk Management

Financial and Procurement Implications

- The conditions attached to the Dedicated Schools Grant require Schools Forums to be formally notified of the year end position on the centrally retained DSG.

Legal / Human Rights Implications

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

Links to Corporate Plans and Policies

- Scheme for Financing Swindon Schools

Diversity Impact Assessments

- A Diversity Impact Assessment (DIA) has not been completed as this report does not make any recommendations that directly affect services

Consultees

The Board Director – Finance, Benefits, Revenues and Property (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers and Appendices

Annex A – Retained DSG 2011/12 outturn summary

Annex B – Summary of Gorse Hill Amalgamation Costs and impact on balances

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