

Final Dedicated Schools Grant Settlement 2012-13

Schools Forum

3 July 2012

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Parish / Wards Affected: All

Purpose

- To advise Schools Forum members of Swindon's final Dedicated Schools Grant (DSG) settlement covering the 2012/13 financial year.
- To advise Schools Forum that the LA has "technically breeched" the 2012/13 central expenditure limit.

Recommendations

The Schools Forum is requested to:

- Note that Swindon's final DSG settlement covering the 2012/13 financial year is £140.199m and that this represents additional funding of £0.361m over and above the Local Authority (LA) estimate
- Note that a total of £0.277m specifically relates to Early Years and agree that this one-off funding is retained by the LA to build capacity in early years settings
- Agree that the residual additional DSG funding of £0.084m is retained for future use, probably redistribution across the local formula in 2013/14
- Note that the LA has "technically breeched" the Central Expenditure Limit when setting the 2012/13 retained budget.

1. Reasons

- 1.1 The DSG grant conditions require each LA's Chief Financial Officer to report the final settlement figure to their Schools Forum and to certify to the Department for Education (DfE) that this has been done by 30th September each year. The LA received confirmation of the 2012/13 DSG on Wednesday 27th June, hence this late report.

2. Detail

Final DSG Settlement Details 2012/13

- 2.1 The value of each Local Authorities Dedicated Schools Grant and Pupil Premium settlement is determined by a calculation of eligible pupils (as at January PLASC [Pupil Level Annual School Census]) multiplied by the relevant guaranteed unit of funding. Final figures are confirmed by the DfE usually in July each year after they have validated the January PLASC data submitted by each LA. This year's DSG confirmation has come slightly earlier than previous years although we have yet to receive Pupil Premium confirmation.

Further information on the subject of this report can be obtained from Steve Haley on 01793 465794 or Email shaley@swindon.gov.uk.

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- 2.2 In order for individual school budgets to be allocated prior to the start of the financial year the LA has to forecast its DSG and Pupil Premium settlements during January/February. Assumptions for 2012/13 were reported and approved at the 6th March 2012 Schools Forum meeting and commentaries between the LA estimates and final grant allocations are provided below.
- 2.3 A summary of the LA's estimates compared to final grant details are shown in Table 1 below;

<u>Table 1 - 2012/13 DSG</u>				
	Forecast Settlement	Final Settlement	Variance Pupils	Variance £
School / Alternative provision census	27,690	27,708	+ 18	+ £0.084m
Early Years census	2,085	2,144	+ 59	+ £0.277m
Total DSG eligible pupil numbers	29,775	29,852	+ 77	+ £0.361m
Guaranteed Unit of Funding	£4,696.48	£4,696.48		
Total value of DSG	£139.838m	£140.199m		

- 2.4 The LA will therefore receive additional DSG funding of £0.361m over and above the value assumed at the 6th March 2012 meeting. This equates to 77 pupils a (0.3% under estimate) and mostly relates to the early year's census. The LA's underestimation primarily relates to a technical adjustment that is done which ensures funding is allocated for at least 90% of each LA's projected 3 year old population. A similar underestimation was made last year.
- 2.5 As reported elsewhere on today's agenda as part of the school funding reform programme DfE are phasing the Early Years adjustment out over the next two years and future funding will be entirely dependent on actual take up each term. The additional DSG receivable this year relating to Early Years equates to £0.277m is therefore one-off funding.
- 2.6 In setting the Early Years Single Funding Formula budget for 2012/13 initial projections reflected the fact that spending would be less than the funding available and the Forum agreed that a contingency of £0.390m (the balance of early years DSG) should be held by the LA to increase provision. In addition the LA has allocated core funding of £0.250m from its Early Intervention Grant to meet the Government's ambitious target of increasing take up of free nursery provision for disadvantaged 2 year olds.

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There are currently 850 places available across the Borough which must increase to 1,200 places (to achieve 40% take up) by September 2013.

- 2.7 In some cases the same settings are commissioned by the LA to provide 2 year old and 3 and 4 year old provision. Both areas fall under the responsibility of the Head of Commissioning, Economy and Attainment and a strategy is being developed to stimulate the market to expand early year's provision across the Borough. This may include capital investment and a detailed expansion plan will be shared with Forum Members at the 9th October 2012 meeting.
- 2.8 As Early Years DSG funding in future years will be entirely dependent on take up the LA will need to expand capacity in those parts of the Borough where demand is high. In light of the additional DSG being received the Forum is asked to support the allocation of the Early Years element of £0.277m towards the overall expansion plan. The remaining balance of £0.084m relates to additional school age pupils and, unless urgent cost pressures arise during the year, it is likely that this funding will, along with any in year underspend on the retained budget, be distributed across the local formula in 2013/14. The Schools Forum is asked to:
- ***Note the final DSG allocation for 2012/13 is £140.199m***
 - ***Agree that additional funding of £0.277m is allocated to the Early Years expansion plan***
 - ***Agree that the additional funding of £0.084m relating to schools and alternative provision is retained for future use***

Central Expenditure Limit

- 2.9 Shortly after agreeing the allocation of DSG each year the LA submits the statutory Section 251 budget statement which is used by DfE to monitor spending levels across the country. The statement also calculates whether the central expenditure limit (CEL) has been breached i.e. whether retained spending is increasing by a greater proportion than delegated spending. This is only allowed if approved by the Schools Forum.
- 2.10 As Schools Forum members will be aware, over the last two years the LA has been committed to reducing retained spending to increase the value of DSG that can be delegated to Schools and Academies. For 2012/13 a retained budget of £18.015m was set compared to £19.323m in 2011/12 and the LA was surprised to receive notification that, according to the DfE calculation, the CEL has been breached.

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- 2.11 The LA has determined that the breach relates entirely to a technical issue within the DfE calculation which does not reflect Academy conversions. In summary the breach arises from the following calculation:

	Central Spend	Delegated Spend
2011/12	£19.323m	£118.307m
Less DfE Adjustments (Early years etc)	- £7.150m	+ £7.150m
Adjusted Expenditure	£12.173m	£125.457m
2012/13	£18.615m	£122.413m
Less DfE Adjustments (Early years etc)	-£6.947m	+£6.947m
Less Academy delegations etc.		-£47.766m
Adjusted Expenditure	£11.668m	£81.594m
Year on Year increase/ (Decrease)	-4.2%	-35.0%

- 2.12 It is clear from the above calculation that annual delegated funding values are not like for like comparisons and after challenging this DfE have confirmed that they are aware of the issue and are considering how it will be addressed in the future. They are however asking LAs to advise their Schools Forum that a technical breach has occurred although no further action needs to be taken. The Schools Forum is asked to:

- ***Note that in setting the 2012/13 budget the LA has committed a technical breach of the Central Expenditure Limit.***

Alternative Options

There are no alternative options presented in this report.

Risk Management

Financial and Procurement Implications

- The conditions attached to the Dedicated Schools Grant require Schools Forums to be formally notified of each year's final grant allocations.

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 affect services.

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Consultees

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

Background Papers and Appendices

None

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