

# **Retained Dedicated Schools Grant Budget Position 2012-13**

Schools Forum 15 January 2013

**Author:** Head of Finance – Education and Innovation

**Parish / Wards Affected:** All

## **Purpose**

- To advise Schools Forum members of the latest position on the 2012/13 retained Dedicated Schools Grant budget and on the value of funding carried forward from previous years

## **Recommendations**

*The Schools Forum is requested to note that:*

- *Based on information available at the end of November, an in year underspend of approximately £1.5m is projected against the 2012/13 retained DSG budget.*
- *A total of £0.333m remains available from 2010/11 and 2011/12.*
- *The LA is provisionally forecasting that a total of £1.833m will be carried forward at the end of this financial year.*
- *As previously supported by School Forum, 50% of the available funding (£0.900m) will be distributed to schools as part of the 2013/14 budget setting process and approximately £0.933m will be redistributed in 2014/15.*

## **1. Reasons**

- 1.1 This report provides Forum Members with the latest information on spending against the retained budget. Although there is demand led pressure in some areas, the LA is continuing to take action wherever possible to minimise spending in order to maximise the value of DSG that can be distributed to Schools and Academies via the local fair funding formula.
- 1.2 This report includes proposals to manage risks arising from the 2013/14 school funding reform programme by strategically utilising the projected underspend on the retained budget by enhancing school funding over the next two years.

## **2. Detail**

### Current Year Budget Position 2012/13

- 2.1 At the 6<sup>th</sup> March 2012 Schools Forum meeting the value of the retained DSG budget for 2012/13 was agreed at £18.015m. At the 3<sup>rd</sup> July 2012 meeting the LA reported that following DfE verification, the final 2012/13 DSG settlement provided an additional £0.361m primarily due to increased early years funding. This brings the value of the retained budget to £18.376m.

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

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- 2.2 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 provided to Corporate Board, Cabinet and the Children and Young Peoples Overview and Scrutiny Committee.
- 2.3 Attached at Annex A is the report presented to the Economy and Attainment Leadership Team in December which was based on information at the end of November. This indicates that an underspend of £1.5m is projected due to various factors which are explained in the report. The value of any unspent funding on the retained budget will be automatically carried forward at the end of the financial year. Although the precise amount will not be confirmed until May 2013, it is envisaged that £1.5m will be available for distribution as part of the 2013/14 budget setting process. This is an improvement of £0.5m over the end of August position which was reported to the Schools Forum in October and will continue to be reviewed. A further update will be provided to the March 2013 Forum meeting.

***Schools Forum is asked to note that, based on information available at the end of November, an in year underspend of £1.5m is projected against the 2012/13 retained DSG budget***

Funding Available from 2010/11 & 2011/12

- 2.4 In the 9<sup>th</sup> October 2012 Schools Forum report the LA advised that there was provisionally up to £0.333m of funding available from previous years for distribution in 2013/14. The latest information to December 2012 does not suggest that any further potential commitments will be required against the brought forward balance.
- 2.5 The LA is still pursuing the recovery of the £0.222m one off transitional funding that has been recouped by the DfE for Academies. The recovery of this funding is not guaranteed and therefore the LA has continued to exclude this funding from its calculations.

***Schools Forum is asked to note that that the LA can now confirm that £0.333m carried forward from 2010/11 and 2011/12 will be available for redistribution to schools via the local formula in 2013/14 and 2014/15***

Total Funding Available for distribution in 2013/14

- 2.6 At this stage the LA is provisionally assuming that a substantial amount of one off funding of up to £1.833m will be available from the current and previous years for distribution in 2013/14. The exact value will not however be known until May 2013 after the 2012/13 final accounts have

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been closed. If the LA overestimates the 2012/13 underspend, this would have to be repaid from the DSG in 2014/15.

- 2.7 In establishing a new formula in accordance with DfE requirements, despite striving to minimise turbulence, the LA is estimating that a number of schools will be detrimentally affected by the changes and will be eligible for Minimum Funding Guarantee (MFG) payments in 2013/14. This is reported elsewhere on today's agenda and whilst the LA cannot directly fund MFG from the retained budget, any allocation of funding from the retained budget will increase overall school funding thereby reducing losses per pupil and therefore the final cost of MFG.
- 2.8 It is important to recognise that this is one-off funding only and, if used entirely in 2013/14, may result in the LA setting local formula rates in 2013/14 which may not be affordable in 2014/15. There is a possibility therefore that funding rates in 2014/15 would need to be reduced, which in turn may impact upon the cost of the Minimum Funding Guarantee.
- 2.9 To mitigate against uncertainty as previously agreed by the Schools Forum the LA will manage this risk over two years by redistributing only a proportion of the one-off funding available in 2013/14 and allocating remaining funds in 2014/15. This will use the one-off funding over two years and will help to limit the cost of the Minimum Funding Guarantee. There is a high degree of confidence that 50% of the funding (now £0.900m) can be redistributed in 2013/14 – an increase of £0.250m over the October estimate.

***Schools Forum is asked to note that the LA is assuming that £0.900m will be carried forward for distribution as part of the 2013/14 budget setting process and that approximately £0.9330m will be available for distribution in 2014/15.***

### **Alternative Options**

The LA could distribute the full value of the retained underspend in 2013/14 but this would most likely lead to school funding rates having to be reduced in 2014/15.

#### **Risk Management**

##### *Financial and Procurement Implications*

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

##### *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

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Diversity Impact Assessments

- As there are no proposals in this report, DIA's have not been completed.

**Consultees**

The Board Director – Finance, Revenues, Benefits 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 – Budget Monitoring report presented to the Economy and Attainment Leadership Team dated 10th December 2012

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