

## Schools Forum

24<sup>th</sup> June 2014

### Dedicated Schools Grant Outturn 2013/14

This report relates to maintained schools and academies

#### Recommendation

The School Forum is recommended to:

- Note the financial outturn position of the Dedicated School Grants (DSG) as included as part of the authority's financial accounts for 2013/14.
- Agree that the General DSG Reserve is retained in full to assist in offsetting in part the spending pressures in 2014/15.

#### 1. Introduction

1.1 The total DSG allocation for 2013/14 was £255.212m of which £196.300m (77%) was allocated to WCC maintained schools. While this is a slight reduction against the 2012/13 percentage, this change relates to DSG funding being recouped by the Department for Education for those schools that transferred to Academy status during the year.

#### 2 DSG Outturn Position

2.1 The final expenditure position against these allocations is set out in the table below. Warwickshire County Council maintained schools overspent their allocations by £1.407m, while there was an under-spend against non-school budgets of £0.966m, however this was only achieved by the support of £2.5m of one-off resources.

Description	2013/14 Budget £m	2013/14 Out-turn £m	Variance Overspend or (Underspend) £m
Schools ISB	196.300	197.707	1.407
Centrally Managed Services	58.912	57.946	(0.966)
<b>Total DSG</b>	<b>255.212</b>	<b>255.653</b>	<b>0.441</b>

### 3 Centrally Managed Expenditure

- 3.1 The 2013/14 outturn against non-ISB budgets is an under-spend of £0.966m. Although the bottom line outturn position is an under spend, before allowing for the use of one-off resources, the ongoing position is an over spend. When the increasing demand for some services is also factored in, the ongoing position is a significant over spend as reported to the Schools Forum in March. Proposed plans and approaches to meeting this over spend are the subject of other reports to the Schools Forum.

<b>Detail of the Central DSG Services</b>	<b>2013/14 Budget £m</b>	<b>2013/14 Outturn £m</b>	<b>Variance Overspend (Underspend) £m</b>
In year Statements & Mainstream SEN Top Ups	5.072	4.925	(0.147)
Special School Top Ups	8.564	8.403	(0.161)
Out of County	10.551	13.536	2.985
Post 16 Top Ups	2.607	3.034	0.427
IDS Teaching & Learning	3.647	3.579	(0.068)
ABP's & Residual PRU	2.755	3.069	0.314
2 Year old Funding	3.616	1.967	(1.649)
3 & 4 Year Old Provision	11.860	12.228	0.368
Central Management Overheads	2.032	2.032	0.000
Other	5.637	4.830	(0.807)
School Forum Agreements	2.571	2.843	0.272
<b>Sub Total – Before One Off Funding Is Counted</b>	<b>58.912</b>	<b>60.446</b>	<b>1.534</b>
One Off Funds	0.000	(2.500)	(2.500)
<b>Total – After One Off Funding is Counted</b>	<b>58.912</b>	<b>57.946</b>	<b>(0.966)</b>

#### Explanation of Variances

- 3.2 There has been a higher than expected take up of the additional hours of free education for 3 & 4 year olds, these DSG over-spends were planned to be offset by under-spends from known lower than expected levels of 2 year old Nursery demand and development.
- 3.3 There is an ongoing increased unit cost of educating small numbers of very specialised and unique needs children in out of county settings and post 16 settings.
- 3.4 The DSG funding for the Area Behaviour Partnerships (ABP) is allocated on an academic year basis and therefore any over or underspends reported at the end of this current financial year will be carried forward to the Summer Term '14 i.e. the start of the next financial year.

- 3.5 There are various other compensating minor under & over-spends with a balance of £0.807m under-spend. The more significant variations within this are (a) Hospital Tuition recoupment finished in 2012/13 and the final bills have come in less than the estimate resulting in a £0.120m under-spend. (b) The Early Years Training & Recruitment service held off expenditure in order to aid the overall DSG position, in part this was possible through reduced demand (c) The demand for Childrens Mental Health services was not as great as expected.
- 3.6 The overspend relating to Schools Forum agreements is mostly driven by school adjustments and over allocation of funds for exceptional pupil numbers.
- 3.6 £2.5m of one off resource has been used to support the budget. This resource originates from 2011, when an allowance was made for future costs for which the Local Authority DSG may have been liable. However, it has now transpired that the original level of provision is no longer required and has been written back to the DSG this year.

#### 4 Reserves and Balances

- 4.1 The effect of the outturn financial position on reserves is set out in the table below:

<b>Reserve</b>	<b>Opening Balance £m</b>	<b>Movement £m</b>	<b>Closing Balance £m</b>
Schools Reserve	18.943	(1.407)	17.536
General DSG reserve	0.229	0.966	1.195
<b>Total</b>	<b>19.172</b>	<b>(0.441)</b>	<b>18.731</b>

- 4.2 The Individual School Balances began the year at £18.943m. As a result of the final out-turn position with Individual School Budgets (ISB) the WCC Maintained school balances at year end are £17.536m (these are the balances for schools that were maintained by WCC on 31<sup>st</sup> March 2014). There are currently 15 Warwickshire County Council maintained Schools with negative balances.

#### 5 Conclusion

- 5.1 There continues to be significant spending pressures and the need to identify significant savings from centrally managed DSG budgets, and there is a degree of uncertainty regarding future funding. As such, it is proposed that the general DSG reserve is retained to mitigate this financial risk.

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