

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	SCHOOLS FORUM 17 September 2014	Agenda Item	6
Report Title	Dedicated Schools Grant Outturn 2013-14		
Decision/ Discussion/ Information	For Information		
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Appendices	Appendix A: DSG Balances Appendix B: Schools Reserves as at 31.03.2014		

1. SUMMARY

- 1.1 This report updates School Forum on the final Outturn for the Dedicated Schools Grant (DSG) for the financial year 2013-14 and gives an update on the DSG notified by the DFE on 17 July 2014 for financial year 2014-15.
- 1.2 The final Outturn for financial year 2013-14 was an underspend on the DSG of **£4.535 million**. **Appendix A** sets out the detail for the underspend balances.
- 1.3 Cumulative underspends brought forward of **£5.287 million** make the total cumulative underspend available **£9.822 million**.
- 1.4 Commitments from previous Schools Forum decisions and anticipated spend of **£5.968 million** leave a cumulative unallocated underspend of **£3.854 million**.
- 1.5 Schools revenue reserves totalled **£12.975 million** as at 31 March 2014.

- 1.6 The latest notification of the 2014-15 DSG is **£180.276 million** after deductions for Academy recoupment and changes in the High Needs Block.

2. RECOMMENDATIONS

Schools Forum is asked to note:

- 2.1 The final Outturn position for 2013-14 of **£4.535 million** underspend, comprising:
- Schools Block £0.909 million
 - Early Years Block £1.261 million
 - High Needs Block £2.365 million
- 2.2 These underspends from 2013-14, together with DSG balances brought forward of **£5.287 million** total **£9.822 million** carried forward into 2014-15. **Appendix A** sets out the 2013-14 areas of underspend, brought forward balances of **£5.287 million**, commitments and proposed usage.
- 2.3 The latest DSG allocation of **£239.213** million for 2014-15 before deductions for academy recoupment. After these adjustments the DSG receivable is **£180.276 million** comprising:
- School Block £133.579 million
 - Early Years Block £ 26.413 million
 - High Needs Block £ 20.284 million.
- 2.4 Schools reserves balances as at 31 March 2014 as shown in **Appendix B**

3. REASON

- 3.1 September School Forum usually receives a report on the updated DSG for the current year and the Outturn position for the previous financial year so as to inform the budget setting process for the coming financial years.
- 3.2 In keeping with the new arrangements for Schools Forum, decisions around the use of underspends was delegated to the Strategic Board by Schools Forum in June 2014 to consider and make recommendations to Schools Forum on the use of the DSG underspend. This is a separate report on the agenda.

4. BLOCK OUTTURNS FOR 2013-14

SCHOOLS BLOCK

- 4.1 The final Schools Block (SB) allocation for 2013-14 was **£181.094 million** before deductions for recoupment; **£135.995 million** after

deductions for recoupment, other adjustments and brought forward underspends from 2010-11 to 2012-13, resulted in the overall SB for 2013-14 of **£139.424 million**.

- 4.2** From 2013-14, schools funding arrangements have fundamentally changed. The Schools Block provides the funding for schools with pupils and students from 5 to 16 years old.
- 4.3** The full underspend from 2012-13 on the SB amounted to **£3.429 million**. In September 2013, Schools Forum agreed on the use of this balance. After payments made in respect of commitments, **£1.787 million** remained committed for 2014-15 and **£1.000 million** for 2015-16. The remaining uncommitted balance carried forward into 2014-15 is **£0.473 million**.
- 4.4** The in-year 2013-14 underspend was **£0.909 million**. Table B below shows the final headline variances. The total underspend of the SB in balances including brought forward figure amounted to **£4.169 million**.

Table A-Summary of Major Underspends in the Schools Block	
	£(000)
Admissions and Appeals	67
CERA	187
Contingency	240
Occupational Health	2
Carbon Reduction Commitment	97
Terminations	243
Unallocated Balances	73
Total	909

EARLY YEARS BLOCK

- 4.5** The Early Years Block (EYB) allocation for 2013-14 was **£13.926 million** plus 2 Year old funding of **£3.987 million** and balance brought forward from 2012-13 resulted in the overall EYB in 2013-14 of **£18.331 million**. This is after an interblock transfer of **£0.445 million** to the High Needs Block.
- 4.6** From 2013-14, schools funding arrangements have fundamentally changed. The EYB provides the funding for settings with 2, 3 and 4 year olds.
- 4.7** The full underspend from 2012-13 on the EYB amounted to **£0.864 million**. In September 2013, Schools Forum agreed on the use of this balance on 2013-14. This was fully utilised in 2013-14 in support of payments to 3 and 4 year olds. In February 2014, Schools Forum were informed that there will be a likely overspend on the Budget for 3 and

four year olds. The final overspend as the end of 2013-14 amounted to **£0.858 million**.

- 4.8** The funding for 2 year olds was underspent by **£2.118 million** together with the over spend of **£0.858 million** giving a net underspend of **£1.261 million** on the Early Years block. An additional allocation of **£0.333 million** based on the January 2014 census for 3 and 4 year was received in 2014-15 to confirm the final EYB for 2013-14. This reduces the 2013-14 overspend to **£0.525 million**. The final reconciliation for 2013-14 has been finalised and this will recover a further **£0.783 million**. A report will be presented to Schools Forum in November detailing these adjustments.

HIGH NEEDS BLOCK

- 4.9** The final High Needs Block (HNB) allocation for 2013-14 was **£32.916 million** before deductions for recoupment; **£30.047 million** after deductions for recoupment. Other adjustments and brought forward underspends from 2010-11 to 2012-13, this resulted in the overall HNB for 2013-14 of **£33.113 million**.
- 4.10** From 2013-14, schools funding arrangements have fundamentally changed. The High Needs Block is largely responsible for the funding arrangements for Special Needs pupils and students from 0 to 25 years old.
- 4.11** The cumulative uncommitted underspend on SEN placements in the three financial years 2010-11 to 2012-13 amounted to **£1.603 million**. In September 2013 a report comprising a breakdown of the proposals agreed by the High Needs Task and Finish (HN T&F) Group, on the use of the underspend was approved by Schools Forum. A further **£0.300 million** from the underspend on SEN in 2010-11 was agreed by Schools Forum in January 2013 for a contribution to meet the capital cost of the special resource provision project in Chingford Foundation Secondary School.
- 4.12** At the end of 2013-14, **£1.447 million** of the above underspend was unallocated and brought forward into 2014-15. These are marked committed as follows; **£0.200 million** towards SEND reforms; **£0.350 million** towards post 16 education reforms to identify gaps in post 16 provision and possible solutions to developing the local offer; the remaining uncommitted SEN underspend of **£0.897 million** is held as a contingency within the High Needs Block 2014-15 and future years.
- 4.13** The in-year 2013-14 underspend was **£2.365 million**. In January 2014 Schools Forum was made aware of the potential underspends in 2013-14. Table B shows the final headline variances and the main reasons for these underspend.

Table B: 2013-14 HNB Underspend and Overspends

Budget Heading	£m	Reason
Post-16 place led funding in special schools	0.746	Provision double-counted in both special schools and post-16 cost centres-reported to Schools Forum in September 2013
SEN block grant	0.544	Unallocated - remains uncertain if this is recurring
Adjustments by EFA following post 16 place submissions	0.156	Additional money received was £0.187, partly allocated to post 16 college places
Independent and SEN placements	0.439	Vacant places in high cost non-maintained special school places, projected residential places lower than planned. 2014-15 Plan adjusted accordingly
Special Resource Provisions	0.354	Lower takeup of places than anticipated
Integration programmes, centres of excellence	0.121	Unallocated outreach service/funding
Inter authority income 2012-13	0.110	Excess income achieved than projected
Special school places	0.103	In year joiners, leavers, resource level changes, in and out of borough movements
CRC and terminations	0.084	High needs block contribution
Mainstream schools	0.067	Dependent on new statements, resource levels, joiners leavers.
SEN Alternative provision and other	0.056	Lower uptake of places than projected
Cross border mainstream and special schools	0.048	Dependent on cross border joiners, leavers
Protection through MFG	0.040	Belmont Park funding reduction limited to -1.5%
Social Inclusion	0.013	Fair Access Panel underspend
Total Underspends	2.881	
Less:		
Academies	0.516	Requirement to fund academies at 2012-13 rates until September 2013
Total Overspends	0.516	
Net Underspend	2.365	

- 4.14** Following the new regulations for 2013-14 Local authorities are now responsible for post-16 education for learners with learning difficulties and disabilities. The Local Authority (LA) has been in collaboration with local schools and colleges and is gradually adopting new practices to streamline the processes to ensure that funding is appropriately allocated colleges and further education institutions.
- 4.15** Post-16 education remains a risk area until a review of the full impact of an academic year (September 2013 to August 2014) is analysed by the LA. This is in respect of both funding and place allocations to colleges and further education institutions.
- 4.16** Whitefield Special Academy has received approval from the EFA through the Targeted Bid Programme to expand provision for ASD pupils. This expansion will take place on the current Joseph Clarke site as part of the new academy arrangements for the two schools. This should increase the capacity for ASD pupils within Waltham Forest from April 2015. The LA may be successful in securing revenue funding from the EFA for the additional places. However, that funding is for place-led funding; with the LA required to find the top-up funding from its HNB for Waltham Forest Pupils.
- 4.17** The LA reviewed its position on the balance of age range in special schools, to enable an accurate mix of pre-16 and post-16 pupils in its

submission to the EFA in December 2013. The LA was successful in receiving approval for all the places submitted except for post-16 places in Belmont Park School. This is because Belmont Park is not a post-16 base. The school and LA are working together to seek approval from the EFA for a post-16 re-designation for the school. Until an approval is granted by the EFA, the school will have to be supported for its place-led funding for post-16 Waltham Forest students. The LA will request approval from Schools Forum in November 2014 to support the school from the HNB.

- 4.18** In light of the SEND reforms which introduced the Children and Families Act this September the LA has looked at the resources available for High Needs Low Incidence pupils. The Assessment and Education Health and Care Planning Work stream identified that there is a funding gap for High Needs High Incidence (HNHI) pupils in the LA and there is a more efficient way of using resources to meet needs. The LA will consult with Schools Forum in November 2014 to support the HNHI funding from HNB. The LA envisages that this will be cost neutral in the long run, as this process should reduce the requests for EHC plans.
- 4.19** For special resourced provision in mainstream schools, the LA requires 6 extra SEBD places at the PRU. A separate report has been prepared for members to review. The LA expects to meet the costs for funding the additional places from within the HNB.
- 4.20** From September 2015 the place led funding for Pupil Referral Units (PRU's) will be in line with specialist provisions. Currently PRUs and AP's receive £8,000 per place from the HNB. This will change to £10,000 per place in a PRU from 1 September 2015. The part year effect is an additional **£0.158 million**; annually this will cost the HNB an extra **£0.272 million**.

5. RESERVES

- 5.1** As at the end of 2012-13, maintained schools held balances of **£7.44 million**. At the end of 2013-14, schools reported retained balances of **£12.975 million**. See **Appendix B**. This is an increase of 7.8%. It is good practice that schools have clear plans on the use of retained balances.