

Schools Forum 19 September 2012

Update Report on Dedicated Schools Grant (DSG) for 2012/13 including central under-spends in 2011/12 and current spend on contingency funding for 2012/13. - For information and decision.

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1.0 Executive Summary:

The purpose of this report is to update Schools Forum on:

- the final DSG for 2012/13 as announced by DfE in June 2012 is **£220,558,292** and a revised Control Total for 2012/13;
- the under-spend from 2011-12 of **£1.858m** which includes Special Educational Needs (£0.716m) and LMS contingency (£0.412m)
- spend to date on contingency funding 2012/13

The report highlights that the lower than expected final DSG has meant a reduction in the control total, however this will not impact upon funding delegated to schools and has been offset against LMS contingency in central expenditure.

The Local Authority wishes to seek Schools Forum approval to use **£0.716m** arising from underspend on SEN to carry forward into 2013-14 to mitigate against risks associated with the implementation of the new High Needs Block.

2.0 Final DSG for 2012/13

The DSG for a Local Authority [LA] is determined by the pupil count carried out in January each year. Data is submitted to DfE for Schools, PVI's and the Local Authority (for children not in maintained schools and receiving alternative provision). This initial count has then to be verified for errors such as duplication. This feeds into the final DSG calculation announced in June 2012. It is the final figure that is taken into account when confirming the level of funding delegated to schools and PVI's.

The schools finance team estimated that on the basis of the unverified pupil count the DSG for 2012/13 would be **£220,979,132**. This was after making a deduction of **£730,000**; an allowance for approximately 125 duplications, which has been a standard practice over the last few years. The final DSG notified by DfE in June 2012 was **£220,558,292**. The census breakdown that sets the DSG is set out in **Table 1** below:

Table 1: Final DSG Allocation June 2012

	Original Count	Verified Count	Difference
3 year olds	1,003	999	-4
4 -15 year olds	36,674	36,547	-127
Alternative Provision	275	209	-66
Total Pupils	37,952	37,755	-197
	£	£	
DSG funding at £5,841.83 per pupil	£221,709,132	£220,558,292	
Less provision for duplications	£730,000	£0	
Baseline Funding	£220,979,132	£220,558,292	420,840

There were two main reasons for the difference in pupil count. Firstly, a non-recognition to remove post 16 pupils in Special Schools from the count data as they are funded through YLPA SEN post 16 grant. Secondly, the inclusion of PRU pupils under Alternative Provision when they should have been shown under the School Census Count. Thus after correcting for these errors the net change would only have been minus 84. These errors have been corrected in the forecasts for the School Census Count for October 2012 on which the report on Schools Block is based.

3.0 DSG Control Total

From the Dedicated Schools Grant (DSG) the Local Authority calculates the Control Total, being the amount of funding available to be delegated to schools. Money held centrally is deducted from the gross funding as explained in **Table 2** below. The table sets out the Control Total that was original estimate and the revised DSG Control Total based on updated information received in June 2012

In order to balance resources, LMS contingency was reduced by **£356,075** (£420,840 less unallocated balances £64,765). In addition, there was an adjustment of £118,500 for duplications into LMS contingency resulted in a final net adjustment of £237,575 on central expenditure.

Table 2: Comparison of Original and Revised DSG Control Total

DSG Control Total for 2012/13	Original	Revised	Difference
	£	£	£
Estimated DSG	221,709,132	220,558,292	1,150,840
Less: Duplications	730,000	0	730,000
Less: Central Expenditure	14,134,530	13,896,955	237,575
Control Total Available to Schools	206,844,602	206,661,337	183,265
Schools Allocation including Academies	206,779,837	206,661,337	-118,500
Un-allocated balance	64,765	0	64,765

4.0 Adjustment of School Budget Shares for removal of Duplications

The PVIs calculation has to be made prior to the deadline for PVIs to submit their data (it is a later deadline than for schools, although it affects the same funding stream). However, in the case of schools, schools are advised in writing in the "School Budget Document" that they need to be aware that when these duplications have been resolved, adjustments will be made to their school budget shares where the pupil count has changed. Total adjustments amounted to **£118,500**.

There is no reduction in funding for PVIs and nursery classes since they are funded on historic data on an average for three terms and the verified data for January 2012 will be taken into account when adjusting budgets for 2012/13 in February 2013 and setting budgets for 2013/14.

5.0 DSG Outturn of 2011-12 and Funds Available for 2012-13

The total under spend brought forward from 2011-12 is **£1,858,100** made up of £466,600 roll forward from 2010-11 and £1,391,500 from 2011-12. Of this the balance of carbon reduction commitment of **£32,000** and the Early Years Spend for head count of **£231,600** are committed at this stage and a sum of £237,575 has been off set to meet the net impact of the lower than forecast DSG figure resulting in a figure of **£1,391,500** that can be used to support spend in 2012-13 and 2013-14. It is proposed to roll forward **£715,900** into 2013-14 in support emerging risks highlighted in the report on the High Needs Block. The remaining balance of £640,925 will be held in contingency for 2012-13. **Table 3** below shows an analysis of underspend.

Table 3: DSG Outturn 2011/12 and Roll Forward from 2010-11

	£
Rolled forward unused SEN underspend from 2010-11(part of the original £755,800)	466,600
Brought Forward balances From 2011-12	
Carbon reduction commitment underspend carried forward to meet final carbon allowances to be advised	32,000
Early years underspend for Jan-March Head Count changes payable in 2012-13	231,600
SEN underspend from 2011-12	715,900
LMS Underspend	412,000
Total of 2011-12 Underspend	1,391,500
Total Underspend Brought Forward into 2012/13	1,858,100

6.0 LMS Contingency Fund 2012/13

Schools Forum approved that a sum of **£1.850 million** would be held as central contingency for 2012-13. After adjusting for the carry forward balances, the revised contingency figure is **£3,560,075**. Appendix 1 sets out the budget changes that have arisen due to the final settlement of the DSG and the carry forward of the underspends from 2010-11 and 2011-12. The Appendix also sets out the spend to date and commitments. Actual payments totalling **£236,680** have been made to date and there are commitments of **£705,750**. There is a current underspend of **£1,901,745** at this stage of the year, if the proposal to carry forward **£715,900** into 2013-14 is accepted. There will be a further monitoring report in January 2013, when the Outturn position is clearer.

Action by Schools Forum

That Schools Forum:

- 1. Notes that where there have been confirmed duplication in names of pupils on roll, adjustments have been made to in-year funding of schools, as agreed for previous years.**
- 2. Approves the carry forward of £715,900 into 2013-14 to mitigate against emerging risks in the High Needs block.**
- 3. Notes the current position for LMS Contingency as summarised in Appendix 1 and the forecast of a £1.9m underspend**