

## SCHOOLS FORUM - 18 June 2015

<b>Title of paper:</b>	<b>2014/15 DEDICATED SCHOOLS GRANT - OUTTURN REPORT</b>
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<b>Summary</b> This report sets out the 2014/15 Dedicated Schools Grant (DSG) outturn and the updated DSG reserve balance.	
<b>Recommendation(s):</b>	
<b>1</b>	Note that the 2014/15 financial outturn position of the DSG was an underspend of £5.815m and the reasons for the underspend are set out in <b>Table 2</b> and detailed in <b>Appendix A</b> .
<b>2</b>	Note that this under spend has been allocated back to the Statutory Schools Reserve (SSR) resulting in a closing balance of £15.698m, as per <b>Table 3</b> .
<b>3</b>	Note that based on current commitments which includes the ring-fenced funding for 2 year olds, the SSR balance by 31 March 2017 should be £5.660m, as per <b>Table 3</b> .
<b>4</b>	Agree on the principle of the Local Authority exploring how the SSR balance, aligning to Early Years, may be utilised for specific schemes.

### **1. REASONS FOR RECOMMENDATIONS**

- 1.1 Enabling the formal monitoring of progress against the 2014/15 DSG budget.
- 1.2 Confirm the impact on the SSR as a consequence of the 2014/15 outturn.
- 1.3 Explore how the Early Years underspend could be utilised to support specific revenue and capital schemes/pressures.

### **2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The 2014/15 budget was approved through 3 reports during January, April and July 2014 as set out in Section 10 of this report. This report summarises the DSG outturn in relation to these reports.
- 2.2 All recommendations within this report align to the Schools and Early Years Financial Regulations 2014.
- 2.3 The DSG and other associated funding streams included in the budget reports are based on a point in time. These figures change throughout the year as pupil numbers are finalised, grants are allocated from government departments, reserves are drawn down to manage pressures and academy recoupment values are confirmed by the Education funding Agency (EFA).

**Table 1** below provides a summary of the initial 2014/15 budget; the updated 2014/15 budget and the actual spend.

<b>TABLE 1: DSG FUNDING UPDATES</b>			
	<b>As at April 2014 £m</b>	<b>Updated Budget £m</b>	<b>Spend £m</b>
<b>DSG Funding</b>	227.716	228.843	223.029
<b>Reserve draw down</b>			
<ul style="list-style-type: none"> <li>• BSF Wave 5</li> <li>• Business Rates</li> <li>• Pupil Growth</li> <li>• 3 &amp; 4 year old adjustment</li> </ul>		0.173 0.010 1.391 0.137	0.173 0.010 1.391 0.137
<b>EFA income for Post 16 pupils</b>		0.657	0.657
<b>Academy recoupment</b>		(1.965)	(1.965)
<b>TOTAL FUNDING (As per Appendix A)</b>	<b>227.716</b>	<b>229.246</b>	<b>223.431</b>
<b>UNDER SPEND</b>		<b>(5.815)</b>	

2.4 The outturn position has resulted in an underspend of £5.815m which will be allocated back to the SSR. Some of the under spend is ring fenced in accordance with Department for Education (DfE) guidelines or approvals at Schools Forum (SF).

2.5 **Table 2** provides a high level summary of the material reasons for the underspend.

<b>TABLE 2: UNDER SPENDS - HIGH LEVEL SUMMARY</b>		
	<b>(Under) Spend £m</b>	<b>Details</b>
<b>2 Year old provision</b>	(3.220)	Service is budgeted for maximum potential eligibility as per DfE data however; take-up as at the Spring term was around 48%. The Local Authority is projecting a 10% increase in take up per year (Nottingham Plan). This amount remains ring fenced in the SSR as per DfE requirements.
<b>BSF slippage</b>	(0.740)	Slippage in capital programme.
<b>Pupil growth slippage</b>	(0.099)	Slippage to support 2015/16 growth as per report presented to SF 23 April 2015.
<b>Children &amp; Families Act Contingency</b>	(0.558)	No longer required.
<b>Cross Border Top ups</b>	(0.386)	Paid from reserves in 2014/15.
<b>TOTAL MATERIAL UNDERSPENDS</b>	<b>(5.003)</b>	

- 2.5 More detail for each budgeted item is contained within **Appendix A** with explanations for variances.
- 2.6 The 2014/15 underspend is allocated to the SSR which increases the opening balance as at 1 April 2015 to £15.698m. Any slippage of reserve funded schemes will also impact on the opening balance. **Table 3** below summarises this position:

<b>TABLE 3: RESERVE ANALYSIS</b>	
	<b>£m</b>
Opening Balance as at 1 April 2014	12.781
Less: 2014/15 Commitments	(2.898)
Add: 2014/15 Under spends	5.815
<b>Closing Balance as at 31 March 2015</b>	<b>15.698</b>
Less: 2015/16 & 2016/17 Commitments	(5.633)
Less: 2 Year old Funding	(4.405)
<b>Closing Balance as at 31 March 2017</b>	<b>5.660</b>

- 2.7 Some of the 2014/15 under spends are ring fenced in accordance with DfE guidelines or approvals at SF. **Appendix B** sets out the commitments/ring fenced funding from the SSR resulting in an unearmarked balance of £5.660m to mitigate risks.
- 2.8 A review needs to be undertaken to consider the use of ring fenced funding in future years on revenue or capital schemes/pressures. This consideration will be brought back to SF during 2015/16 and a request may be needed to the Secretary of State.
- 2.9 A risk register was valued in February 2015 and presented to SF on 23 April 2015. The risk valuation remains at £0.818m detailed in **Table 4** below:

<b>TABLE 4: RISK ASSESSMENT</b>			
<b>POTENTIAL RISK</b>	<b>Worse Case £m</b>	<b>Assessment of risk £m</b>	<b>Estimated exposure £m</b>
<b>Academy DSG recoupment</b> Impact on services provided by Local Authority. Risk of reduction of services in conjunction with academisations.	0.700	H	0.630
<b>Deficit Balances for sponsored academy conversions</b> LA has to pick up deficits for academies converting with a sponsor. Worse case is based on the total projected year-end deficits.	0.376	M	0.188
<b>TOTAL</b>	<b>1.076</b>		<b>0.818</b>

**3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 No other options were considered as part of this report.

**4. OUTCOMES/DELIVERABLES**

4.1 To provide SF with the 2014/15 outturn position and to confirm the opening balance of the SSR for 2015/16.

**5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

5.1 This report contains financial implications.

**6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2014. The spend from the SSR needs to align with the requirements of the Regulations.

**7. HR ISSUES**

7.1 Not applicable

**8. EQUALITY IMPACT ASSESSMENT**

8.1 An EIA is not needed as the report does not contain proposals or financial decisions.

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

x

Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in the EIA.

**9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 None

**10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 Schools Forum 17 July 2014 – High Needs budget 2014/15

10.2 Schools Forum 13 January 2015 – Schools Budget 2014/15

10.3 Schools Forum 24 April 2015 – Schools Budget 2014/15

## 2014/15+ RESERVE COMMITMENTS

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
1	Re-phased BSF Wave 5 funding	29 March 2012 - Agenda Item 12-03-10		0.174	0.740		See comment above in Appendix A. 2015/16 spend is carried forward from 2014/15 underspends.
2	Early Years – 2 Year old funding	DfE	Ring fenced funding and underspend in central expenditure carried forward as per financial regulations 2014, Part 2, Chapter 1 paragraph (8).		<del>0.537</del> 0.240	<del>0.753</del> 4.165	2015/16 drawdown aligns to the 2014/15 budget report and has been updated to reflect the confirmed funding from the DfE.  The 2016/17+ figure includes 2014/15 underspends on Early years of £3.115m
3	Strategic Partnership Bids	24 Jan 2013 - Agenda Item 7		0.061	0.061		This is the balance remaining from the £0.500m initially earmarked within this reserve for one off educational investment.  Slippage
4	Inclusion Strategy	21 March 2013 - Agenda Item 9	Partnership's inclusion strategy to support young people displaying challenging and/or antisocial behaviour in schools and the community. The report stated that this would be achieved by empowering the Partnership to provide a range of services which would fulfil the statutory duties of the Local Authority.	0.677			Balance recouped from school exclusions – element to be allocated to Nottingham City Secondary Education Partnership. £0.190m for Fair Access for 2014/15 comes from DSG annual budget. £0.867m paid in total.
5	E-learning Centres	27 Jan 2011 - Agenda Item 11-01-17	To underwrite the service until fully traded. The allocation was £0.456m in 2011/12 and £0.364m in 2012/13.	0.150			Slippage in spend due to income received from schools however changes to this service are being implemented, no income being received and this balance is required to fund the changes and underwrite a traded post to address the new primary curriculum.

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
6	Development of Modern Languages and International Education	29 March 2012 - Agenda Item 12-03-07	The retention of a post responsible for International Dimension and Modern Languages as a means of providing schools with the necessary expertise and support to develop their curriculum and external outlook. Agreed at £0.060m per annum for 2012/13 and 2013/14.	0.120 0.012	0.108		Will be spent during 2014/15 and 2015/16. The full underwrite was not required during 2012/13 and 2013/14, however due to the requirements of the new national curriculum this underwrite will be required over the next 2 years. No further underwrites will be requested.  Slippage into 2015/16.
7	School Improvement	30 Sept 2010 - Agenda Item 10-09-10	£0.270m to ensure the continuation of teaching and learning consultant support for primary schools. This funding was to mitigating any balance in income generated up to that value.	0.090			
8	Communication, Language and Literacy Development	27 Jan 2011 - Agenda Item 11-01-14	The amalgamation of grants into the DSG in 2011/12 resulted in funding received funds the cost of a CLLD Consultant. This funding ceased and it was agreed that the post of CLLD Consultant is extended for a further 3 years to focus on the transition between the Early Years Foundation Stage (EYFS) and Year 1, as Year 1 indicates lower progress than at other transition points. Funding was for £0.055m per annum for 2011/12 – 2013/14.	0.038			Slippage into 2014/15, no further funding required after this funding is used.  Update: Unspent and funding no longer required.

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
9	Sustainable Schools Co-ordinator (Apr 14 – Aug 14)	29 March 2012 - Agenda Item 12-03-08	<p>In March 2010 Schools Forum released funding to recruit two Sustainable School Coordinators to develop, support and deliver sustainability projects, and provide guidance and support to the 101 Nottingham City Schools, over a two-year period. It was decided to focus this work on the internationally recognised Eco-School programme as a sustainable framework within which schools can be accredited for their work. For the top award, the Green Flag Award, there is a clear requirement to develop work on Energy Management.</p> <p>In summer 2009 Nottingham City Council set an ambitious target to reduce its own carbon emissions by 31% by 2016. The Council is a participant in the national CRC Energy Efficiency scheme, and therefore failure to achieve our carbon target will bring a substantial fine for the Council. Schools account for 35% of carbon dioxide emissions from Nottingham City Council buildings, so any work undertaken in schools saves money as well as carbon. Funding was for £0.067m per annum for 2012/13 and 2013/14.</p>	0.030			Slippage of £0.030m due to a delay in recruitment.
10	Nottingham City Secondary Education Partnership (NCSEP) – Capital Expenditure	21 March 2013 - Agenda Item 8	A number of sites have been identified to house the PRU from September onwards and discussions are still being considered to secure the most appropriate site for the PRU.		0.825		
11	Safety on school visits	24 April 2014 - Agenda Item 8	Continuation of access to advice and guidance from Education Partnerships to ensure that a consistent approach to the management of off-site visits across schools in the City is maintained and that both schools and employers are compliant with their health and safety obligations. Funding was for £0.030m for 2014/15.	0.030			

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
12	Increased capacity at Westbury School	18 July 2013 - Agenda Item 7	The Local Authority (LA) has increasingly limited capacity in specialist maintained provision for pupils with social, emotional and behavioural difficulties whose needs cannot be met within mainstream schools. This issue is further compounded by the rising birth rate which is already putting significant pressure on primary places across the City. Without increasing the capacity of Westbury School, the LA will need to commission independent specialist day provision to meet the needs of this growing cohort of young people. £0.094m will be required to fund a modular building to accommodate 16 additional learners at Westbury. Spend in 2014/15 academic year.	<del>0.037</del> 0.019	0.018		Slippage into 2015/16.
13	Behaviour Support Team Underwrite	5 Dec 2013 - Agenda Item 8	Support of the non statutory element within this service in 2014/15.	<del>0.106</del>	0.106		Slippage due to service underspends. Will support 2016/17 business case.
14	Sustainable Schools Co-ordinator (Sep 14 - Aug 16)	26 August 2013 - Agenda Item 7	The approval for this funding was originally for 2 posts for 2 years. Due to delays in recruitment the current approved funding is sufficient to fund the posts up to September 2014. The additional two years funding being requested will enable the officers to continue and develop their program until September 2016. The funding will enable implementation of technical and behavioural change measures, coupled with teaching from foundation aged children upwards and advice sessions for adults, using available data, over a six month period the project has reported the following savings: <ul style="list-style-type: none"> <li>• <b>£42,000 energy savings</b> pro rata inclusive of CRC</li> <li>• <b>132 tonnes of CO<sub>2</sub> savings</b> pro rata</li> </ul>	0.033	0.067	0.034	



No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
15	Exclusions – Primary	DfE financial regs		<del>0.022</del>	0.033		Review requirement as part of Schools Forum Sub Group.  Funding transferred to 2015/16 and there has been an increase due to an underspend of £0.011m in 2014/15.
16	Exclusions – Secondary	DfE financial regs		<del>0.353</del>	0.431		Review requirement as part of Schools Forum Sub Group.  Funding transferred to 2015/16 and there has been an increase due to an underspend of £0.078m in 2014/15.
17	Fixed Costs for split site kitchens	12 Feb 2015	To support the fixed costs associated with split site kitchens	0.083			This is incorporated in the formula from 2015/16 onwards.
18	Education Service Grant reduction	23 Feb 2012	Aligns to academising schools and the impact to LA services.	<del>0.484</del>	0.484		Academisation of schools in late 2014/15 will impact on 2015/16.
19	Nethergate place funding	BSF Wave 5	Seven additional places from September 2013. £0.041m allocated in 2013/14 and £0.029 in 2014/15.	<del>0.029</del>			Funding no longer required as included in formula for 2014/15+.
20	Inter authority recoupment	DfE financial regs	This relates to children who cross borders to attend special schools. There will be no new commitments associated with this based on the new funding formula and any future charges will relate to outstanding charges from other authorities.	<del>0.386</del> 0.188	0.240		2014/15 under spend carried forward to 2015/16 to support future liabilities.
21	Contribution to Nottingham Safeguarding Children's Board	5 Dec 2013 - Agenda Item 6	Approve an annual contribution of £13,000 from the Dedicated Schools Grant to the NCSCB on an ongoing basis to ensure the shortfall between the income generated by the Schools and Education Safeguarding Team through the safeguarding training and the £33,000 committed is met.	0.013	0.013	0.013	
22	Funding to support an expanding school – exempt report	24 April 2014 - Agenda Item 14	Funding to support an expanding school	0.164	0.117		

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
23	Late Admissions to Schools	DfE	Requirement to fund any pupils admitted late to schools.	0.290			
24	Additional growth funding	16 Oct 2014 – Agenda item 10	To fund the shortfall of funding required so support the growth of school places in 2014/15.	0.513	0.099		Slippage of £0.099m from 2014/15 into 2015/16 as per report to Schools Forum 23 April 2015. Underspend included in £5.815m.
25	Funding to support an expanding school – exempt report	16 Oct 2014 – Agenda item 14	Funding to support an expanding school	0.165	0.150		
26	Deficit Funding	DfE	Deficit budgets from converting schools	<del>0.270</del>	0.324		Currently estimated. Payment potentially required in 2015/16.
27	Business Rate Funding	DfE	Backdated business rate charge to Farnborough	0.206			The DSG has to fund the cost of business rates.
28	Enhancing Capacity	23 April 2015 – Agenda item 8	Fund the support required to undertake specific work required to enhance and deepen the support and challenge we can provide in relation to securing improvements in the effectiveness of our city schools and academies.		0.061		
29	Strategic Alliance Activity	23 April 2015 – Agenda item 9	Develop a citywide strategic alliance and fund focussed improvement activities. City Council has agreed to match fund £0.600m to the project.		0.600		
30	Alternative Educational Provision Increased Costs	DfE	Increased costs of AP (April – July) and an increase in pupil growth for 2015/16.		1.109		A report needs to be presented to SF in September to provide an update on this position.
<b>TOTAL COMMITTED</b>				<b>2.898</b>	<b>5.826</b>	<b>4.212</b>	
<b>CUMULATIVE TOTAL</b>				<b>12.936</b>			
<b>BALANCE REMAINING</b>				<b>5.747</b>			