

SCHOOLS FORUM - 16 JUNE 2015

Title of paper:	2015/16 DEDICATED SCHOOLS GRANT - OUTTURN REPORT
Director(s)/ Corporate Director(s):	Alison Michlaska, Corporate Director for Children and Adults Geoff Walker, Chief Finance Officer
Report author(s) and contact details:	Ceri Walters, Head of Commercial Finance 01158 764 128 ceri.walters@nottinghamcity.gov.uk
Other colleagues who have provided input:	Sarah Molyneux Legal Service Manager and Solicitor 01158 764 335 sarah.molyneux@nottinghamcity.gov.uk
Summary This report sets out the 2015/16 Dedicated Schools Grant (DSG) outturn and the updated reserve balance.	
Recommendation(s):	
1	To note that the 2015/16 financial outturn position of the DSG was an underspend of £1.373m and the reasons for the material underspend are set out in Table 3 .
2	To note that this under spend has been allocated back to the Statutory Schools Reserve (SSR) resulting in a closing balance of £11.997m for 2015/16, as per Table 4 .
3	To note that based on current commitments which the SSR balance by 31 March 2022 should be £4.201m, as per Table 4 .

1. REASONS FOR RECOMMENDATIONS

- 1.1 Enabling the formal monitoring of progress against the 2015/16 DSG budget.
- 1.2 Confirm the impact on the SSR as a result of the 2015/16 outturn.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2015/16 schools budget totalled £238.276m and gained approvals throughout the budget process. These approvals are set out in **Table 1** below:

TABLE 1: ANALYSIS OF APPROVALS	
	Date
De - Delegated Budgets	
Behaviour Support	18 December 2014
Ethnic Minority Achievement	16 October 2014
Trade Union Senior Representative Cover Time	16 October 2014
Sports Safe Gym Maintenance Services	16 October 2014
Building Maintenance Services	18 December 2014
Central Budgets	
Schools and Early Years	18 December 2014
Overall Budget	
Executive Board	17 March 2015

The final budget was presented to Schools Forum on 12 February 2015.

- 2.3 The initial DSG allocations included in the approved reports can change throughout the year as pupil numbers change, grants are allocated and the full impact of academisations is known. These figures are reported by the Education funding Agency (EFA).

Table 2 below provides a summary of these budgets including the actual spend.

TABLE 2: 2015/16 DSG FUNDING UPDATES				
	Budget as at April 2015 £m	Final Budget £m	Actual Spend £m	(Under)/ Over Spend £m
Budgets	219.737	223.226	221.644	(1.582)
Headroom		0.143		(0.143)
Central Expenditure	13.264	13.801	14.153	0.352
Sub Total	234.646	237.170	235.797	(1.373)
Plus: 2 Year Old Funding	3.630	3.630	3.630	
TOTAL	238.276	240.800	239.427	(1.373)

2.4 The underspend of £1.373m has been 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 3** provides a high level summary of the material variances which constitute 88.9% of the total value.

TABLE 3: UNDER SPENDS - SUMMARY		
	(Under) Spend £m	Details
3 & 4 year old contingency	(0.278)	Pupil premium, to be paid back to the DfE in 2016/17
BSF slippage	(0.619)	Slippage in capital programme.
Pupil growth slippage	(0.099)	Slippage to support 2015/16 growth as per report presented to SF 23 April 2015. To be allocated to support 2016/17 spend as per DfE financial regulations.
Early Years Contingency	(0.125)	No longer required.
Exclusions	(0.281)	Primary exclusions.
Home Tuition	(0.100)	Not required in 2015/16.
Special Schools Contingency & Transition	(0.166)	Underspend of contingency and transitional costs.
Special Education Needs	(0.116)	Staffing vacancy levels higher in year
Headroom	(0.143)	Unallocated balance of final settlement.
Education cost of placements	0.322	Increase in complexity and growth in population.
Cross Border Top ups	0.385	Demand driven increase.
TOTAL MATERIAL UNDERSPENDS	(1.220)	

2.6 The SSR balance as at 1 April 2015 was £14.885m. After in year movements the opening balance as at 1 April 2016 is £14.260m.

2.7 **Table 4** below sets out:

- The forecast position as at 31 March 2015;
- The actual position as at 31 March 2016;
- The uncommitted balance based on current approvals.

TABLE 4: RESERVE ANALYSIS		
	Forecast £m	Actual £m
Opening Balance as at 1 April 2015*	(14.885)	(14.885)
Less: 2015/16 Commitments	5.826	4.261
Add: 2015/16 Under spends		(1.373)
Closing Balance as at 31 March 2015	(9.875)	(11.997)
Less: 2015/16 & 2016/17 Commitments	4.212	7.796
Less: 2 Year old Funding	4.405	
Uncommitted Balance	(1.258)	(4.201)

Appendix A sets out the commitments/ring fenced funding from the SSR resulting in an unearmarked balance of £4.201m.

- 2.8 The uncommitted element of the SSR is 1.7% of the 2015/16 DSG budget. There is no statutory requirement for this reserve however this percentage does align with the Local Authorities Medium Term Financial Strategy.
- 2.9 All recommendations within this report align to the Schools and Early Years Financial Regulations 2015. Future use of the reserve needs to align to the following expenditure categories set out in **Table 5.**

TABLE 5: EXPENDITURE CATEGORIES
HIGH NEEDS BUDGET Top-up funding – maintained schools Top-up funding – academies, free schools and colleges Top-up and other funding – non-maintained and independent providers Additional high needs targeted funding for mainstream schools and academies SEN support services Hospital education services Other alternative provision services Support for inclusion Special schools and Pupil Referral Units (PRU's) in financial difficulty PFI/ BSF costs at special schools and AP/ PRUs Direct payments (SEN and disability) Carbon reduction commitment allowances (PRUs)
EARLY YEARS BUDGET Central expenditure on children under 5
CENTRAL PROVISION WITHIN SCHOOLS BUDGET Contribution to combined budgets School admissions Servicing of schools forums Termination of employment costs Falling Rolls Fund Capital expenditure from revenue (CERA) Prudential borrowing costs Fees to independent schools without SEN Equal pay - back pay Pupil growth/ Infant class sizes SEN transport Exceptions agreed by Secretary of State Other Items

2.10 A risk register was valued in February 2015 and presented to SF on 23 April 2015. Until more work is undertaken with Schools Forum Sub Group it is recommended that the risk valuation remains at £0.818m detailed in **Table 6** below:

TABLE 6: RISK ASSESSMENT			
POTENTIAL RISK	Worse Case £m	Assessment of risk £m	Estimated exposure £m
Academy DSG recoupment Impact on services provided by Local Authority. Risk of reduction of services in conjunction with academisations.	0.700	H	0.630
Deficit Balances for sponsored academy conversions 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
TOTAL	1.076		0.818

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 2015/16 outturn position and to confirm the opening balance of the SSR for 2016/17.

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 2015. 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

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 21 April 2016 – Alternative Provision Model 2016/17

10.2 Schools Forum 22 March 2016 – Schools Budget 2016/17

2014/15+ RESERVE COMMITMENTS								
No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £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).		0.537 0.240	0.753 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	Educational Investment Fund	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	2017/18 £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 0.008	0.100		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 2016/17.
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	2017/18 £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			Replaced

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Other Comments
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				
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.	0.037 0.019	0.018	0.018		Slippage into 2016/17.
13	Behaviour Support Team Underwrite	5 Dec 2013 - Agenda Item 8	Support of the non statutory element within this service in 2014/15.	0.106	0.106			Slippage due to service underspends. Will support 2016/17 business case.

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Other Comments
14	Sustainable Schools Co-ordinator (Sep 14 - Aug 16)	26 August 2013 - Agenda Item 7	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • £42,000 energy savings pro rata inclusive of CRC • 132 tonnes of CO₂ savings pro rata 	0.033	0.067 0.060	0.034		
15	Exclusions – Primary	DfE financial regs		0.022	0.033	0.033		Review requirement as part of Schools Forum Sub Group. Funding transferred to 2016/17.
16	Exclusions – Secondary	DfE financial regs		0.353	0.431	0.431		Review requirement as part of Schools Forum Sub Group. Funding transferred to 2016/17.
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.	0.484	0.484	0.484		Academisation of schools in late 2016/17 will impact on achievement of service reduction.
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.	0.029				Funding no longer required as included in formula for 2014/15+.

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Other Comments
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.	0.386 0.188	0.240	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	0.013	Slippage to 2017/18.
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			
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 0.246	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	0.270	0.324 0.031			Currently estimated. Payment potentially required in 2015/16. Included in risk register.
27	Business Rate Funding	DfE	Backdated business rate charge to Farnborough	0.206				The DSG has to fund the cost of business rates.

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Other Comments
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 – 24 Sept 2015 – Agenda item 8	Increased costs of AP (April – July) and an increase in pupil growth for 2015/16.		1.109 1.600			Report approved at SF 24 Sept 2015 and EB 22 Dec 2015
31	Secondary Fair Access	5 Nov 2015 – Agenda item 7	NCSEP Fair Access funding support and managed move strand		0.157			
32	St Mary's temporary classroom funding	21 January 2016 – Agenda item 6	Funding to support temporary accommodation at Bulwell St Mary's CE Primary School		0.035		0.267	Funding period is Sept 2015 to July 2020.
34	Split site funding	DfE	Djanology split site funding for 2015/16		0.050			
35	Alternative Provision – New model	21 April 2016 – Agenda item	New model for alternative provision for Nottingham. Funding to support 2016/17 to 2021/22.			5.565		
36	High Needs 2015/16 slippage	DfE financial regs	Slippage on high needs can be carried forward to following year.			0.221		
37	Early Years Pupil Premium	DfE financial regs	This unallocated amount may be clawed back by the EFA			0.278		

No		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Other Comments
TOTAL COMMITTED				2.898	5.826 4.262	4.212 7.516	0.280	