

SCHOOLS FORUM - 22 JUNE 2016

Title of paper:	2016/17 DEDICATED SCHOOLS GRANT - OUTTURN REPORT
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Summary This report sets out the 2016/17 Dedicated Schools Grant (DSG) outturn and the updated reserve balance.	
Recommendation(s):	
1	To note that the 2016/17 financial outturn position of the DSG was an underspend of £1.464m and the reasons for the material underspend are set out in Table 2 .
2	To note that this under spend has been allocated back to the Statutory Schools Reserve (SSR) resulting in a closing balance of £11.101m for 2016/17, as per Table 3 .
3	To note that the uncommitted balance on the SSR balance is £5.721m , as per Table 4 .

1. REASONS FOR RECOMMENDATIONS

- 1.1 Enabling the formal monitoring of progress against the 2016/17 DSG budget.
- 1.2 Confirm the impact on the SSR as a result of the 2016/17 outturn.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2016/17 initial schools budget totalled £243.280m and gained approvals throughout the appropriate budget process. This budget was later confirmed at £243.076m.

2.2 The initial DSG allocations changed as pupil numbers and grant values become confirmed and the full impact of academisations are known. These figures are reported by the Education funding Agency (EFA).

Table 1 below provides a summary of these budgets including the actual spend.

TABLE 1: 2016/17 DSG FUNDING UPDATES				
	Budget as at April 2016 £m	Final Budget £m	Actual Spend £m	(Under)/ Over Spend £m
Budgets	230.354	233.526	232.643	(0.883)
Headroom		(0.009)	0.012	0.021
Central Expenditure	13.876	10.510	9.908	(0.602)
Sub Total	244.230	244.027	242.563	(1.464)
Less: Funding not included in DSG settlement	(0.951)	(0.951)	(0.951)	-
TOTAL	243.280	243.076	241.612	(1.464)

2.3 The total underspend of £1.464m 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).

2.4 **Table 2** provides a high-level summary of the material variances that contribute to the total underspend of £1.464m, with explanations and a comparison with 2015/16.

TABLE 3: MATERIAL BUDGET VARIANCES			
	(Under)/ Over Spend 2015/16 £m	(Under)/ Over Spend 2016/17 £m	
3 & 4 year old Pupil Premium	(0.278)	0.034	Funding is lagged and the adjustment is reflected in future years allocations.
BSF slippage	(0.619)	(0.582)	Slippage in capital programme now reflected in the 2017/18 budget.
Pupil growth slippage	(0.099)	(0.304)	Annual review undertaken in each year.
Unallocated HN Level 5+		(0.072)	Demand driven.
Early years		(0.430)	Underspend due to: 1. £0.246m in year adjustment on 2 year old funding. 2. £0.184m demand driven.
Early Years Contingency	(0.125)	(0.071)	Demand driven.
Early Years for PVI's		0.155	Demand driven.
Exclusions	(0.281)	0.140	Primary and secondary exclusions.
Home Tuition contingency	(0.100)	(0.035)	Not budgeted in 2017/18 as HT budget reflects actual activity.
Special School & Special Resource Unit top up's	(0.166)	(0.165)	In year adjustments. In 2017/18, budget is based on all places being filled.
Special Education Needs	(0.116)	(0.075)	Staffing vacancy levels higher in year. 2017/18 budget based on 2016/17 levels.
Headroom	(0.143)		Unallocated balance of final settlement.
Cost of vulnerable pupils	0.322	0.164	Increase in complexity of Children in Care and growth in population. The budget for 2017/18 is based on 2016/17 levels; this may create a risk for 2017/18.
Cross Border Top ups	0.385	-	Demand driven increase, budgeted for 2017/18.
Hard to place primary pupils		(0.036)	Demand driven. 2017/18 budget is set in accordance with exempt schools forum report dated 23 Feb 2017.
Copyright licences VAT reclaim		(0.034)	Reclaimed VAT for copyright licences.
TOTAL MATERIAL UNDERSPENDS	(1.220)	(1.311)	

2.5 The SSR balance as at 1 April 2016 was £14.260m, after in year movements and commitments the unearmarked balance is £5.721m.

2.6 **Table 3** below sets out:

- The expected position of the reserve;
- The actual position and;
- The uncommitted balance based on current approvals.

TABLE 3: RESERVE ANALYSIS	
	Actual £m
Opening Balance as at 1 April 2016*	(14.260)
Less: 2016/17 Commitments (see Appendix A)	4.208
Add: 2016/17 Under spends (See Table 3)	(1.464)
Closing Balance as at 31 March 2017	(11.516)
Less: Future Commitments (see Appendix A)	5.795
Uncommitted Balance as at a 1 April 2017	(5.721)

Appendix A sets out the commitments/ring fenced funding from the SSR resulting in an **unearmarked balance of £5.721m.**

- 2.7 The uncommitted element of the SSR is 2.36% of the 2016/17 DSG budget; this was 1.7% as at 31 March 2016. There is no statutory requirement for the levels of this reserve however; this percentage does align with the Local Authorities Medium Term Financial Strategy that is between 3-5%.
- 2.8 All recommendations within this report align to the Schools and Early Years Financial Regulations 2017. Future use of the reserve needs to align to the following expenditure categories set out in **Table 4.**

TABLE 4: 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

2.9 A risk register needs establishing with the Schools Forum Sub Group by September 2017.

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 2016/17 outturn position and to confirm the opening balance of the SSR for 2017/18.

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 2017. 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 21 April 2016 – Alternative Provision Model 2016/17

10.2 Schools Forum 19 January 2017 – Schools Budget 2017/18

APPENDIX A

2016/17+ RESERVE COMMITMENTS						
No		Date Approved	Funding Narrative	2016/17 £m	2017/18 £m	Other Comments
1	Re-phased BSF Wave 5 funding	29 March 2012 - Agenda Item 12-03-10		0.620	0.582	2016/17 spend is carried forward from 2017/18 underspends.
2	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.	0.100 0.040		No further underwrites will be requested. Slippage into 2016/17.
3	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. £0.094m will be required to fund a modular building to accommodate 16 additional learners at Westbury.	0.018		Slippage into 2016/17.
4	Sustainable Schools Co-ordinator (Sep 14 - Aug 16)	26 August 2013 - Agenda Item 7	The funding will enabled the 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"> • £42,000 energy savings pro rata inclusive of CRC • 132 tonnes of CO₂ savings pro rata 	0.034		Service now ceased.
No		Date	Funding Narrative	2016/17	2017/18	Other Comments

		Approved		£m	£m	
5	Education Service Grant reduction	23 Feb 2012	Aligns to academising schools and the impact to LA services.	0.484 0.137	0.347	Academisation of schools late in year affects achievement of service reduction.
6	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.	0.240 0.111	0.129	Under spend carried forward to support future liabilities.
7	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	
8	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.	0.099 0.335	0.304	Slippage of £0.099m from 2014/15 into 2015/16 as per report to Schools Forum 23 April 2015. Underspend included in £5.815m.
9	Secondary Fair Access	5 Nov 2015 – Agenda item 7	NCSEP Fair Access funding support and managed move strand	0.157	0.057	
10	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	0.052	0.217	Funding period is Sept 2015 to July 2020.
11	Alternative Provision – New model & contingency (£0.750m)	21 April 2016 – Agenda item	New model for alternative provision for Nottingham. Funding to support 2016/17 to 2021/22.	5.565 2.488	3.827	

No		Date Approved	Funding Narrative	2016/17 £m	2017/18 £m	Other Comments
12	Early Years Pupil Premium	DfE financial regs	This unallocated amount may be clawed back by the EFA	0.278	0.278	
14	Funding to support an expanding school – exempt report		Funding to support an expanding school	0.146		
15	Forest Fields Primary business rates adjustment 15/16 & 16/17	DfE financial regs	Material in year business rate changes in accordance with financial regulations.	0.024	0.016	
16	Heathfield Primary business rates adjustment 16/17	DfE financial regs	Material in year business rate changes in accordance with financial regulations.	0.033		
17	Fair Access contingency	23 Feb 2017 Agenda item 7	Contingency for emergency expenditure incurred by primary & secondary in year		0.025	This is on on going annual commitment with any in year under usage being allocated back to the SSR.
TOTAL COMMITTED			Estimate at 2014/15 outturn Estimate at 2015/16 outturn 2016/17 outturn commitment	4.212 7.516 4.208	5.795	