

**Schools Forum 23 February 2010**

**Report of the Director of Children's Services**

**Dedicated Schools Grant (DSG) Financial Monitoring – Schools Budget - 2009/10 Financial Year**

**Purpose of Report**

1. To provide Schools Forum with the latest budget monitoring data in respect of the Dedicated Schools Grant for the 2009/10 financial year.

**Budget Working Group Discussed**

2. No.

**Schools Forum Role and Responsibilities**

3. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).
4. The Forum is the 'guardian' of the local Schools Budget and its distribution among schools and other bodies, and should therefore be aware of the in year budgetary position.

**Action for Schools Forum**

5. To note the 2009/10 financial projections in respect of the Dedicated Schools Grant and the proposed allocation of any under spend.
6. A further update will be presented to the May 2010 meeting.

**Attachments to Report**

7. 2009/10 DSG Budget monitoring summary – Appendix A.

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**Dedicated Schools Grant (DSG) Financial Monitoring – Schools Budget – 2009/10 Financial Year**

1. To provide Schools Forum with the latest budget monitoring data in respect of the Dedicated Schools Grant for the 2009/10 financial year.

**Background**

2. The Dedicated Schools Grant (DSG) funds the 'Schools Budget'. The Schools Budget is a combination of centrally retained budgets together with the ISB (Individual Schools Budget).
3. The Schools Budget monitoring data is discussed in detail on a monthly basis with the Director of Children's Services and relevant budget holders in addition to providing information for Schools Forum and the Cabinet Members.
4. Detailed monthly monitoring data for the centrally retained budget areas and the schools' delegated budgets is used to formulate the basis of the projected outturn for the financial year.
5. The Schools Finance Regulations 2008 allow for the centrally retained element of the DSG balance at 31 March to be carried forward to the next financial year. If the year-end balance is a surplus then this will be available for distribution within the Schools Budget, if the balance is a deficit then this will be top sliced from the next year's DSG.
6. For Schools, any year end under-spend or overspend arising from their delegated budget will roll-forward into the next financial year as an earmarked school reserve.
7. Appendix A details the 2009/10 DSG budget monitoring position. At this stage it is too early to identify the collective out-turn on behalf of schools although each school will be monitoring their budgets on a regular basis. In respect of the centrally retained budget areas, which total £20.7m, it is estimated that there will be an under-spend of £0.842m by 31 March 2010; this represents a 4% under-spend. Supporting details are presented in Appendix A.

8. At this stage it is proposed that the £0.842m under-spend arising from the 2009/10 centrally retained DSG budget areas will be carried forward into 2010/11 and used to fund known pressures such as: equal pay back pay for closed schools; the possible closure of Pensnett school, which will have similar financial implications to the closure of Cradley High.
9. A further update in respect of the 2009/10 financial year outturn will be presented to Schools Forum at the May 2010 meeting.

### **Finance**

10. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
11. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 the Schools Forums (Amendment) 2005 Regulations and the Schools Forums (England) (Amendment) Regulations 2008.
12. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).

### **Law**

13. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

### **Equality Impact**

14. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

### **Recommendation**

15. Schools Forum to note the information contained in the report regarding the 2009/10 financial year forecast Dedicated Schools Grant outturn and the proposed allocation of the under-spend in 2010/11.



**Mark Wyatt**

### **Director of Children's Services**

Contact Officer: Karen Cocker, Children's Services Finance Manager

[Karen.cocker@dudley.gov.uk](mailto:Karen.cocker@dudley.gov.uk) Tel: 01384 815382

**Dedicated Schools Grant Projected Outturn for 2009/10 at 31 December 2009**

**Appendix A**

<p><b>Director of Children's Services DSG Budget Area</b></p>	<p><b>2009/10 Latest DSG Budget £m</b></p>	<p><b>2009/10 Forecast DSG Outturn £</b></p>	<p><b>2009/10 Forecast Variance ( ) =u'spend £</b></p>	<p><b>Outturn to Budget %</b></p>	<p><b>Comments</b></p>
<p>ISB</p>	<p>175.079</p>	<p>175.079</p>	<p>0*</p>	<p>100%*</p>	<p>*School roll-forwards identified in detail in April 2010.</p>
<p>Centrally Retained: Nursery Education Funding</p>	<p>3.382</p>	<p>2.965</p>	<p>(0.417)</p>	<p>88%</p>	<p>Under-spend relates to policy change to single intake for 4 year old from Autumn 08 term. Recurring item in 2009/10.</p>
<p>Centrally Retained: (SEN and Early Years)</p>	<p>17.377</p>	<p>16.952</p>	<p>(0.425)</p>	<p>98%</p>	<p>Under-spend relates to SEN services: realignment of the INCs (individual Needs Centres) delayed; Out of Borough Placements and Extra District Special Schools; vacancies. Overspend: statemented pupils extra district; home and hospital charges from Birmingham.</p>
<p>LSC 6<sup>th</sup> form grant</p>	<p>-3,450</p>	<p>-3.450</p>	<p>0</p>	<p>100%</p>	<p>No variance</p>
<p><b>Total</b></p>	<p><b>£192.388</b></p>	<p><b>£191.546</b></p>	<p><b>£(0.842)</b></p>	<p><b>99.6%</b></p>	