

Schools Forum 2 June 2009

Report of the Interim Director of Children's Services

Dedicated Schools Grant Outturn 2008/09

Purpose of Report

1. To provide Schools Forum with financial data in respect of the Schools Budget for the 2008/09 financial year ended 31 March 2009.

Budget Working Group Discussed

2. Yes – 19 May 2009.

Action for Schools Forum

3. To note the 2008/09 financial outturn in respect of the Schools Budget.
4. To agree the Schools approved spending plans for 2009/10 (as detailed in Appendix B).

Attachments to Report

5. Appendix A – DSG Outturn Statement 2008/09.
6. Appendix B - Schools Reserves at 31 March 2009.

Karen Cocker
Children's Services Finance Manager
18 May 2009

Schools Forum 2 June 2009

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Dedicated Schools Grant Outturn 2008/09

Purpose of Report

1. To provide Schools Forum with financial data in respect of the Schools Budget for the 2008/09 financial year ended 31 March 2009.

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 DSG is a ring fenced grant and can only be applied to meet expenditure properly included in the Schools Budget, as defined by the School Finance (England) Regulations 2008.
4. At outturn stage, the local authority is required to append an additional note to the Statement of Accounts confirming the deployment of the DSG in support of the Schools Budget, as required by the Accounts and Audit (Amendment) (England) Regulations 2006. The Chief Finance Officer is also required to confirm final deployment of the DSG in support of the Schools Budget in connection with the section 52 outturn form.
5. For the 2008/09 financial year the DSG was £188.303m. The year-end position will record the DSG net expenditure at £186.716m; this is a provisional outturn and is subject to audit. Thus a roll-forward of DSG is anticipated of £1.587m and this relates to the centrally retained areas; Appendix A refers.
6. For the purposes of declaring the DSG outturn, the amount of ISB actually distributed to schools is regarded, for DSG purposes, as spent by the authority once it is deployed to schools' budget shares. Thus whilst the ISB element of the DSG can be under-spent this is recorded as schools roll-forwards, which for 2008/09 is £2.5m; paragraph 9 refers.

Central DSG Expenditure

7. If an authority's actual spend on central expenditure is less than its central expenditure budget, the under-spend must be carried forward to support the Schools Budget in future years. For 2008/09 the DSG roll-forward attributable to the centrally

retained budgets is £1.587m

8. The DSG roll-forward of £1.587m will be allocated by the Director of Children's Services to cover the following strategies:
 - a. £338k will be set aside to fund the estimated outcomes of equal pay costs for staff affected by Dudley Schools Reorganisation;
 - b. Costs associated with the Dudley secondary and tertiary plan (+BSF), to be determined;
 - c. Costs to support leadership capacity at schools with large capital building projects. This will augment the leadership and management of those schools where major building works have been approved, costs to be determined;
 - d. Early years transitional arrangements resulting from the implementation of -a single funding formula, modelling work is currently underway.

Further information will be reported to Schools Forum when a full budget plan has been determined.

Individual Schools Budgets – DSG Expenditure

9. Schools roll-forwards from 2008/09 delegated budgets at the 31 March 2009 totalled £2.5m. These have now been added to their existing reserves of £5.8m to give a new schools reserve total of £8.3m at 31 March 2009. This data is subject to audit and is detailed in Table 1 below. The equivalent balance at 31 March 2008 was £11.1m.
10. Table 1 summarises the school reserves, Table 2 summarises the standards fund roll-forwards. Forum members will note that the school reserves in Table 1 have reduced overall between years by £2.7m and the standards fund reserves in Table 2 have increased by £1.2m.

Table 1 – School Reserves

Reserve Type	2007/08 £	2008/09 £	Variance £
General Contingency	0	10,191	+10,191
Single Status & Equal Pay Reserve	1,508,644	3,857,863	+2,349,219
Specific Contingency	4,935,574	2,273,492	-2,662,082
VA Capital Projects		713,088	+713,088
LEA Capital Projects	1,098,910	777,843	-321,067
Approved Loans	-176,146	-26,668	+149,478
Reserves to Balance Budget	3,689,941	707,625	-2,982,316
Total	11,056,923	8,313,434	-2,743,489

Table 2 – Standards Fund Roll-forwards

Reserve Type	2007/08 £	2008/09 £	Variance £
Devolved Standards Fund	1,880,676	3,121,268	+ 1,240,592

11. Appendix B details the school reserves shown in Table1 by category. The Interim Director of Children's Services has approved the Schools Provisional Spending Plans for 2009/10.
12. It is a requirement of Dudley's Scheme for Financing Schools (paragraph 4.2.2, Controls on Surplus Balances) that Schools Forum approve the provisional plans, as recommended by the Director of Children's Services. Once approved by Schools Forum the provisional plans will be referred to as the approved plans.

HTCF – Budget Working Group

13. At the meeting on the 19 May 2009, the Group expressed their concerns that schools are experiencing greater difficulties in balancing their annual budget and this will be exacerbated by the 2011-14 Central Government restriction on spending plans for Local Government. This emphasised the importance of addressing the local issue of place planning within Dudley schools in order to ensure resources are utilised effectively.
14. As regards the reserves set aside for capital projects, the Group endorsed the process of ensuring that capital reserves are appropriately utilised on capital expenditure.

Finance

15. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
16. 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.
17. From 1st April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).

Law

18. 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

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

Recommendation

20. Schools Forum to:

- a. Note the 2008/09 Outturn in respect of the Schools Budget, which is funded by the DSG and the use of the roll forward;

- b. To approve the Schools Provisional Spending Plans for 2009/10, in accordance with Dudley's Scheme for Financing Schools.

A handwritten signature in black ink, appearing to read 'Jane Porter', with a horizontal line underneath.

Jane Porter

Interim Director of Children's Services

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Appendix A

Dedicated Schools Grant Outturn 2008/09

Director of Children's Services DSG Budget Area	2008/09 Final DSG Budget Allocation £m	2008/09 Forecast DSG Outturn £m	2008/09 Forecast Variance () =u'spend £m	Outturn to Budget %	Comments
ISB	171.742	171.742	0*	100%*	*School roll-forwards from 2008/09 totalled £2.5m
Nursery Education Funding	3.185	2.823	(0.362)	89%	Under-spend relates to policy change to single intake for 4 year old Autumn 08 term
Centrally Retained	16.662	15.437	(1.225)	93%	Under-spend relates to SEN and Early Years services: service vacancies; additional income; closure of Stephenson House as a KS4 provision in July.
LSC 6 th form grant	-3,286	-3.286	0	100%	No variance
Total	188.303	£186.716	£(1.587)	99.2%	