

**Schools Forum 13 November 2012**

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

**Dedicated Schools Grant Outturn 2011/12**

**Purpose of Report**

1. To provide Schools Forum with financial data in respect of the Schools Budget for the 2011/12 financial year ended 31 March 2012.

**Budget Working Group Discussed**

2. Yes -7 November 2012.

**Schools Forum Role and Responsibilities**

3. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. Schools Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.

**Action for Schools Forum**

5. To note the 2011/12 financial outturn in respect of the Schools Budget summarised at Appendix A.
6. To approve the request for funding from the DSG reserve in respect of School Support Work under the combined budget regulations.
7. To note the new information required for the DfE in respect of their additional criteria to the DSG assurance system and the implications for Dudley.

**Attachments to Report**

8. Appendix A - DSG Outturn Statement 2011/12.
9. Appendix B - School Support Work proposal.
10. Appendix C - Additional criteria to the DSG assurance system.
11. Appendix D - Schools Financial Value Standard (SFVS): 2012-13

Alan Shakespeare  
Principal Accountant  
30 October 2012

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**Dedicated Schools Grant Outturn 2011/12**

**Purpose of Report**

1. To provide Schools Forum with financial data in respect of the Schools Budget for the 2011/12 financial year ended 31 March 2012.

**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 2012.
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 251 outturn form.

**DfE Assurance System**

5. For 2011/12 the DfE have outlined additional criteria to the DSG assurance system which follows the Department's earlier consultation on improving the Local Authority (LA) assurance system for financial management in maintained schools. On receipt of the 2011 -2012 Outturn data the DfE will be approaching specific LAs to request information on how they are proposing to address the issue if the:
  - A: LA has over-spent its Dedicated Schools Grant by 2% or more (ie it is 2% or more in deficit)
  - B: LA has under-spent its Dedicated Schools Grant by 5% or more (ie it is 5% or more in surplus)
  - C: LA has 2.5% of its schools that have been in deficit of 2.5% or more for the last 4 years and their individual deficit must have been at least £10,000 each year. We will only ask LAs for more information where at least three schools in the LA meet the criteria

- D: LA has 5% of schools that have had a surplus of 15% or more for the last 5 years and their individual surplus must have been at least £10,000 each year. We will only ask LAs for more information where at least three schools in the LA meet the criteria
- E: For 2011-2012, an LA's schools have not ever attained FMSiS and are still eligible, and at least one did not complete the SFVS by 31 March 2012.
- F: For 2012-2013 onwards, if any eligible school has not either completed the SFVS by the end of March deadline, or met one of the acceptable reasons for exemption. A copy of the template that LAs will need to complete by 31st May 2013 is attached at Appendix D.

6. An analysis of Dudley's DSG out-turn data is attached at Appendix C. At this stage the DfE are unclear as to the interpretation of the local authority's data to be used for their assurance checks so Appendix C identifies three alternative options.

### **DSG Out-turn for 2011/12**

- 7. For the 2011/12 financial year the DSG was £216.553m. The year-end position recorded the DSG net expenditure at £214.378m. Thus the roll-forward of 2011-12 DSG is £2.175m and this relates to the centrally retained areas; Appendix A refers.
- 8. For the purposes of declaring the DSG outturn, the amount of Individual Schools Budget (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 2011/12 is £5.4m; paragraph 13 refers.

### **Central DSG Expenditure**

- 9. 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 2011/12 the DSG roll-forward attributable to the centrally retained budgets is £2.175m.
- 10. During 2011/12, £0.036m of the 2010/11 accumulated roll-forward has been spent with commitments to spend the balance in 2012/13 and Table 1 summarises the cumulative position of the DSG central reserve.

Table 1 – Central DSG Reserve Summary

|  | £ m     | £ m            |
|--|---------|----------------|
| <b>2011-12 Roll forward</b>  |         | 2.412          |
|  |         |                |
| <b>Expenditure in 2012-13 from the carry forward</b>                                   |         |                |
| Astley Burf- servery refit & kitchen glazing   | (0.010) |                |
| Outreach at Pensmeadow School  | (0.026) |                |
|  |         | (0.036)        |
| Underspend from 2011-12 Centrally Retained DSG   |         | 2.175          |
| <b>2011-12 Carry forward balance</b>   |         | <b>4.551</b>   |
|  |         |                |
| <b>Commitments in 2012/13</b>  |         |                |
| Loans pool facility for VA and Foundation schools- agreed in 2010 but not used to-date | (1.270) |                |
| Township work – Fair Access Panel  | (0.500) |                |
| Educational staffing for Fair Access Panel project                                     | (0.100) |                |
| School Support Work*   | (0.300) |                |
| Pensnett security and support to close   | (0.100) |                |
| Looked after Children – Pupil Premium support  | (0.050) |                |
| Project to change over processes from statements of SEN                                | (0.100) |                |
| Backscanning SEN & Early Years files   | (0.090) |                |
|  |         | <b>(2.510)</b> |
| <b>Balance to be allocated**</b>   |         | <b>2.041</b>   |
|  |         |                |

11. Schools Forum is requested to approve the expenditure of £300k earmarked for the School Support Work project in line with their powers under the Combined Budgets Regulations. The project relates to the development of primary school collaborative or co-operative trusts which is an integral element of the local authority's new school improvement plan for the Borough\*. The proposal at Appendix B refers.

12. The Director of Children's Services is giving consideration as to how the DSG balance remaining should be allocated\*\*.

### **Individual Schools Budgets – DSG Expenditure**

13. Table 2 summarises the schools opening reserves at 1.4.2011 which were £14.72m. Of this £1.878m was utilised during 2011/12 before the 2011/12 roll-forwards of £7.326m were added at 31.3.2012. Giving the total school delegated reserves at 31.3.2012 of £20.2m; a net increase of £5.4m. .

Table 2 – School Reserves from Delegated Budgets

| <b>Reserve Type</b>               | <b>2010/11<br/>£</b> | <b>2011/12</b>    | <b>Net Variance<br/>£</b> |
|-----------------------------------|----------------------|-------------------|---------------------------|
| General Contingency               | 10,191               | 10,191            | 0                         |
| Single Status & Equal Pay Reserve | 6,274,179            | 6,412,334         | 138,155                   |
| Specific Contingency              | 6,148,096            | 9,020,105         | 2,872,009                 |
| VA/Foundation Capital Projects    | 1,919,229            | 2,627,588         | 708,359                   |
| LEA Capital Projects              | 324,796              | 2,396,757         | 2,071,961                 |
| Approved Loans                    | -25,000              | -382,400          | -357,400                  |
| Reserves to Balance Budget        | 70,688               | 84,305            | 13,617                    |
| <b>Total</b>                      | <b>14,722,179</b>    | <b>20,168,880</b> | <b>5,446,701</b>          |

Table 3 – Standards Fund Roll-forwards

| <b>Reserve Type</b>     | <b>2010/11<br/>£</b> | <b>2011/12</b> | <b>Variance<br/>£</b> |
|-------------------------|----------------------|----------------|-----------------------|
| Devolved Standards Fund | 4,366,422            | 0              | - 4,366,422           |

14. From 2011/12 the DfE has mainstreamed the school's Standards Fund grants into the school's delegated budgets; therefore any roll-forward of funds will be reflected in the schools' reserves shown in Table 2.

Table 4 – School Trading Accounts

| <b>Reserve Type</b>     | <b>2010/11<br/>£</b> | <b>2011/12<br/>£</b> | <b>Variance<br/>£</b> |
|-------------------------|----------------------|----------------------|-----------------------|
| School Trading Accounts | 2,619,366            | 2,393,430            | - 225,936             |

15. These reserves relate to activities such as before and after school clubs, extended school arrangements, cluster arrangements, children's centres, adult education and leisure activities.

## Finance

16. The funding of schools is prescribed by the Department for Education (DfE) through the School Finance (England) Regulations 2012 to be replaced in 2013 by the School and Early Years Finance (England) Regulations 2013.

17. Schools Forums are regulated by the Schools Forums (England) Regulations 2012.

18. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct grant: Dedicated School Grant (DSG).

## Law

19. 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.

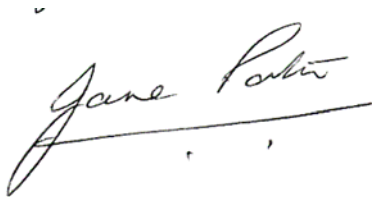
## Equality Impact

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

## Recommendation

21. Schools Forum to note the:

- a. 2011/12 Outturn in respect of the Schools Budget, which is funded by the DSG and the planned use of the roll forward as detailed in Table 2;
- b. Approve the use of £300,000 of the DSG reserve to allocate to the School Support Work project under the combined budget regulations outlined in Appendix B;
- c. Likely implications for Dudley when the DfE carry out their assurance system in respect of local authorities DSG reserve balances, as detailed in Appendix C.

A handwritten signature in black ink, reading "Jane Porter". The signature is written in a cursive style and is positioned above a horizontal line. To the right of the signature is a vertical line.

Jane Porter

**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

Appendix A

Dedicated Schools Grant Outturn 2011/12

| <b>Director of Children's Services DSG Budget Area</b> | <b>2011/12 DSG Revised Budget<br/>£m</b> | <b>2011/12 DSG Outturn<br/>£m</b> | <b>2011/12 Variance<br/>( ) =u'spend<br/>£m</b> | <b>Outturn to Budget<br/>%</b> | <b>Comments</b>  |
|--|--|-----------------------------------|---|--------------------------------|--|
| ISB  | 196.669                                  | 196.669                           | 0*  | 100%                           | *School roll-forwards from 2011/12 totalled £7.3m  |
| Nursery Education Funding                              | 3.680                                    | 3.680                             | 0   | 100%                           | Early Years Single Funding Formula-contingency within centrally retained   |
| Centrally Retained Budgets                             | 19.536                                   | 17.361                            | (2.175)   | 89%                            | Under-spend relates to SEN and Early Years services: service vacancies; Extra District recoupment and specialist provision |
| YPLA 6 <sup>th</sup> form grant                        | (3.332)                                  | (3.332)                           | 0   | 100%                           | No variance  |
| <b>Total</b>   | <b>216.553</b>                           | <b>214.378</b>                    | <b>(2.175)</b>                                  | <b>99.3%</b>                   |  |



**Directorate of Children's Services**

**Proposal**

1. To approve spending £300k of the Dedicated Schools Grant reserve on the development of primary school collaborative or co-operative trusts – an integral element of the local authority's new school improvement plan for the Borough.

**Background**

2. In the light of the National Government changes to the funding of governance and education, the Directorate is working with the Cabinet Member to implement a revised school improvement plan.

The focus for the plan is to improve educational outcomes and the quality of education provision in Dudley. The plan seeks to:

- Raise the % of primary schools rated good or better (OfSTED judgement) from its current level of 60% to be above both the regional and national averages.
- To raise the % of children attaining level 4 in English and Maths to above national averages.
- To reduce the number of schools at risk of Government intervention as a result of low standards or failing OfSTED inspection.

The revised plan outlines a strategy to develop closer school to school support and collaboration. This approach is in accord with national government policy. The revised school funding framework from April 2013 will also necessitate schools needing to share resources if longer term improvement is to be sustained.

The Directorate proposes to fund the implementation of school collaborative and co-operative trusts. These trusts will bring primary schools into formal networks. Each network will determine clear actions for improvement at both network and individual school level. Progress will be monitored by the individual governing bodies and a trust board made up of school representatives and external partners.

This approach enables the Directorate to become a strategic partner to the schools and maintains a close, yet redefined, working relationship with them.



The funding will also enable each network to develop effective working relationships with other external partners who bring additional and school improvement capacity to support them. The funding is a one year contribution to help realise this re-alignment of Dudley primary schools.

### **Financial Implications**

3. If this proposal is approved by Schools Forum under their Combined Budget powers then the one-off funding required of £300k will be provided from the Dedicated Schools Grant reserve.

Date: 25 October 2012

Prepared by: Dave Perrett  
Assistant Director  
Education Services

**Appendix C**

| <b>Additional criteria to the DSG assurance system</b>  | <b>Option 1:<br/>Central DSG R'fwd<br/>as % of Total DSG<br/>Budget</b>                                      | <b>Option 2:<br/>Central DSG<br/>R'fwd as % of<br/>Central DSG<br/>Budget</b> | <b>Option 3:<br/>Central DSG and<br/>Schools R'fwd as a<br/>% of Total DSG<br/>Budget</b> |
|---|--|---|---|
| LA has over-spent its Dedicated Schools Grant by 2% or more (ie it is 2% or more in deficit)  | N/A  | N/A   | N/A   |
| LA has under-spent its Dedicated Schools Grant by 5% or more (ie it is 5% or more in surplus)   | 2.1%   | 23%   | 4.6%  |
| LA has 2.5% of its schools that have been in deficit of 2.5% or more for the last 4 years and their individual deficit must have been at least £10,000 each year  | The LA did not have any schools in deficit in 2011/12 and will not be required to provide further evidence.  |   |   |
| LA has 5% of schools that have had a surplus of 15% or more for the last 5 years and their individual surplus must have been at least £10,000 each year.  | The LA has 3% (3) of schools that meet the criteria and will therefore not be asked to provide further data. |   |   |
| For 2011-2012, an LA's schools have not ever attained FMSiS and are still eligible, and at least one did not complete the SFVS by 31 March 2012.  | N/A  |   |   |
| For 2012-2013 onwards, if any eligible school has not either completed the SFVS by the end of March deadline, or met one of the acceptable reasons for exemption. A copy of the template that LAs will need to complete by 31st May 2013 is attached at Appendix C. | To note  |   |   |

**DRAFT**

**SCHOOLS FINANCIAL VALUE STANDARD (SFVS): 2012-13**

**Appendix D**

LA Name:

LA Number:

Name of CFO:

**The position as at 31 March 2013 was as follows:**

|   | Secondary | Primary | Special | Nursery |
|---|-----------|---------|---------|---------|
| 1. Total number of eligible schools in LA |           |         |         |         |

|  |  |  |  |  |
|--|--|--|--|--|
| 2. Number of eligible schools completed the SFVS |  |  |  |  |
|--|--|--|--|--|

|  |  |  |  |  |
|--|--|--|--|--|
| 3. Number of eligible schools that did not complete the SFVS (please give a breakdown below) |  |  |  |  |
|--|--|--|--|--|

| List of reasons for non-completion of SFVS       |  |  |
|--|--|--|
| a.   | School has opened in this financial year   |  |
| b.   | School has closed in this financial year   |  |
| c.   | School will be closing by 1 September 2013   |  |
| d.   | School suffered fire/flood/natural disaster in this financial year                                     |  |
| e.   | School has been issued with an Academy order   |  |
| f.   | Schools have merged in this financial year or entered into a hard federation with a new governing body |  |
| g.   | Financial delegation has been withdrawn/suspended in this financial year                               |  |
| h.   | Governing body has been suspended and so cannot complete the SFVS in this financial year               |  |
| i.   | Any other reason (please specify)  |  |
| <b>TOTAL</b> (this figure should equal to Box 3) |  |  |

I can confirm that the information set out above is correct and a reflection of maintained schools with this local authority.

Signed.....

Date.....

**This statement should be signed by the CFO and hard copy returned by 31 May 2013 to:**

**Bharti Vakharia** - Department for Education, Education Funding Agency, Sanctuary Buildings, 4<sup>th</sup> Floor, Funding, Monitoring & Assurance Team, Great Smith Street, London SW1P 3BT