

**Schools Forum 24 February 2009**

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

**Dedicated Schools Grant (DSG) Financial Monitoring – Schools Budget - 2008/09 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 2008/09 financial year.

**Budget Working Group Discussed**

2. Yes – 23 February 2009.

**Action for Schools Forum**

3. To note the 2008/09 financial projections in respect of the Dedicated Schools Grant and the proposed allocation of any under spend.
4. A further update will be presented to the May 2009 meeting.

**Attachments to Report**

5. 2008/09 DSG Budget monitoring summary – Appendix A.

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**Dedicated Schools Grant (DSG) Financial Monitoring – Schools Budget - 2008/09 Financial Year**

1. To provide Schools Forum with the latest budget monitoring data in respect of the Dedicated Schools Grant for the 2008/09 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 Member.
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 be roll-forward into the next financial year as an earmarked school reserve.
7. Appendix A details the 2008/09 DSG budget monitoring position. At this stage it is too early to identify the collective out-turn on behalf schools although each school will be monitoring their budgets on a regular basis. In respect of the centrally retained budget areas which total £19.6m, it is estimated that there will be an under-spend of £1m by 31 March 2009; this represents a 5% under-spend. Supporting details are presented in Appendix A.

8. At this stage it is proposed that the £1m under-spend arising from the 2008/09 centrally retained DSG budget areas will be carried forward into 2009/10 and used to fund known pressures such as: equal pay back pay for closed schools; possible closure of Pensnett school, which will have similar financial implications to Cradley High; funding issues relating to the closure of schools which are proposed to be established as an academy school.
9. A further update in respect of the 2008/09 financial year outturn will be presented to Schools Forum at the May 2009 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 2008/09 financial year forecast Dedicated Schools Grant outturn and the proposed allocation of the under-spend in 2009/10.



**Jane Porter**

**Interim 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 2008/09 at 31 December 2008**

**Appendix A**

<p><b>Director of Children's Services DSG Budget Area</b></p>	<p><b>2008/09 Latest DSG Budget £m</b></p>	<p><b>2008/09 Forecast DSG Outturn £</b></p>	<p><b>2008/09 Forecast Variance ( ) =u'spend £</b></p>	<p><b>Outturn to Budget %</b></p>	<p><b>Comments</b></p>
ISB	171.969	171.969	0*	100%*	*School roll-forwards identified in detail in April 2009.
Nursery Education Funding	3.185	2.885	(0.300)	91%	Under-spend relates to policy change to single intake for 4 year old Autumn 08 term
Centrally Retained	16.435	15.729	(0.706)	96%	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 <sup>th</sup> form grant	-3,286	-3.286	0	100%	No variance
<b>Total</b>	<b>188.303</b>	<b>£187297</b>	<b>£(1.006)</b>	<b>99.5%</b>	