



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 12th July 2012

**Agenda Item
11**

Report Status

For information/note
For consultation & views
For decision

Report Title: Dedicated Schools Grant 2012-13 and School Outturn and Balances 2011-12

Authors:

Neville Murton, Head of Finance for the Children and Young People's Service
Telephone: 020 8489 3176 Email: neville.murton@haringey.gov.uk

Steve Worth, Finance Manager (Schools Budget)
Telephone: 020 8489 3708 Email: Stephen.worth@haringey.gov.uk

Purpose

- (i) To inform members of the final DSG for 2012-13
- (ii) To advise the Schools Forum of schools' net expenditure in the 2011-12 financial year and the balances carried forward.
- (iii) To request the appointment of a panel of the Forum to allocate the contingency for schools in financial difficulty.

Recommendations

- (a) That members note the final position on the 2012-13 DSG.
- (b) That members note the outturn position.
- (c) The position on Schools' Balances at March 2012 is noted.
- (d) That a panel of members is appointed to agree allocations from the contingency.

1. Dedicated Schools Grant.

- 1.1. Confirmation of the final Dedicated Schools Grant (DSG) for 2012-13 was received on 26 June 2012. The DSG is confirmed following a data cleansing exercise by the Department for Education.
- 1.2. The final DSG is £211.0m compared with the £210.84m on which school budget shares were based and the £208.50m indicative allocation from the DfE reported to Forum on 8th December 2011. The increase since budget shares were issued represents an increase of £0.16m (24 pupils). We have not yet analysed which school rolls were over or understated in the original budget allocation and recommend that this resource be applied to address those differences.
- 1.3. **Recommendation.**
 - a. **That members note the final position on the 2012-13 DSG and agree the proposed use of the additional resource.**

2. School Outturn 2011-12 and Balances Carried Forward.

- 2.1. Unspent resources allocated to Schools through the Individual Schools Budget (ISB) remain available to those schools to use strategically in future years.
- 2.2. Following closure of the 2011-12 accounts the position for schools is as set out in the table below. The figures exclude schools that became academies during 2011-12.

Table 1 – Outturn Position 2011-12

	£000	2011-12 Income	2011-12 Expenditure	2011-12 Net Expenditure
Individual Schools		210,760	208,370	(2,390)

2.3. Recommendation.

- b. **That members note the outturn position.**

3. School Balances

- 3.1. The Table below sets out the position on Schools Balances over the course of 2011-12. Further detail on a school by school basis is attached as Appendix 1. Please note that the figures exclude academies that transferred during the year and include a balance correction.

Table 2 – School Balance analysis at March 2012

£000	March 2011	March 2012	Change	Change %
Primary	1,619.50	3,053.46	1,433.96	89
Secondary	535.11	1,602.69	1,067.58	199
Special	147.53	255.13	107.60	73
Nursery	397.25	178.37	(218.88)	(55)
Total	2,699.39	5,089.65	2,390.26	89

Figures are rounded.

- 3.2. It should be noted that in some cases school balances include funds held on behalf of Network Learning Communities or the Nursery School Training Consortium.
- 3.3. The outturn shows a substantial increase in the level of balances in schools. Within this overall picture there remain a number of schools in deficit and a number with 'high' balances. Table 3 shows the distribution of schools balances across bandings and Table 4 the movement in the distribution compared with last year.

Table 3 – School Balance distribution at March 2012

	Deficit			Surplus		
	>10	5-9.9 %	0 – 4.9%	0 – 4.9%	5 % - 9.9%	> 10%
Primary	5	2	5	27	18	5
Secondary	1	0	3	4	0	2
Special	0	0	1	1	0	2
Nursery	0	0	0	2	0	1
Total	6	2	9	34	18	10

Table 4 – School Balance Movement from March 2011

	Deficit			Surplus		
	>10	5-9.9 %	0 – 4.9%	0 – 4.9%	5 % - 9.9%	> 10%
Primary	-1	+1	0	-3	+3	0
Secondary	0	-2	+2	-1	-1	+2
Special	0	0	0	-2	0	+2
Nursery	0	0	0	+2	-1	-1
Total	-1	-1	+2	-4	+1	+3

3.4. Recommendation.

- c. The position on schools' balances at March 2012 is noted.

4. Balance Clawback

- 4.1. In previous years we have reported on uncommitted surplus balances that exceeded the limit allowed in Haringey's Scheme for Financing Schools. The provision in the Scheme that allowed for the claw-back of balances was a national requirement that has now been removed. There is a separate report on this agenda that asks members to consider whether this provision should remain.

5. Contingency for Schools in Financial Difficulty.

- 5.1. In previous years the Forum has appointed a panel of members to agree the allocation of the contingency.

5.2. Recommendation.

- d. That a panel of members is appointed to agree allocations from the contingency.**

Appendix 1.

Notes of Guidance for Schools Applying for Assistance from the Contingency for Schools in Financial Difficulty.

A. Criteria for assistance from the Contingency for Schools in Financial Difficulties; consideration will be given to the specific circumstances of each school applying in determining whether or not assistance will be given.

1. Admission of Primary and Secondary Pupils in excess of Funded Numbers

Schools are funded for the number of pupils recorded in the Pupil Level Annual School Census in the January prior to the start of the financial year. In cases where schools experience a significant rise in pupil numbers at the beginning of the following academic year (September), they may apply for additional funding to cover the remainder of the financial year (September to March). The school will need to demonstrate the necessity for additional staffing costs that cannot be met from balances.

2. Admission of Special School Pupils in Excess of Planned Places

Additional resources may be allocated to special schools where the number of pupils in a special school exceeds the number of planned places at the school.

3. Fluctuating Rolls

Schools that experience a substantial and unexpected year on year drop in pupil numbers and funding may seek assistance. The school will need to demonstrate that the fall in rolls and funding creates financial difficulties that cannot be met from balances.

4. Falling Rolls

Schools experiencing a long-term reduction in pupil numbers may seek assistance to manage the contraction of the school. The school will need to demonstrate that the contraction cannot be managed through the use of balances and without causing undue turbulence within the school.

5. Emergencies and Exceptional Circumstances

Schools may submit claims for additional funding to cover costs resulting directly from emergencies and exceptional circumstances. Exceptional circumstances may include the cost of suspended staff or compromise agreements. In such cases, a school's financial position, including the level of any unspent balances held, will be taken into account when claims are considered.

6. Financial Difficulties

A school with severe long-term financial difficulties may apply to have part of its historically accumulated deficit written off. The school will need to demonstrate that effective action is being taken to bring its budget back into

balance. The presence of a new management team that has inherited a difficult financial position will be viewed positively.

B. Assistance will not generally be given for the following.

1. Expenditure of a type faced by all schools or classes of school; this will include:
 - costs for incremental drift,
 - the additional costs of the teachers' upper pay scales,
 - costs associated with Planning, Preparation and Assessment time in primary schools,
 - the cost of meeting the requirements of statements of special educational needs,
2. Costs that could have reasonably been covered by insurance arrangements.
3. Capital costs. These are generally met from Devolved Formula Capital and arrangements exist to draw forward future allocation where appropriate.

C. Guidance on Applications. In previous years, some applications have been rejected because of poorly presented cases. To avoid this, applications should clearly set out:

1. The reasons for the application, taking account of the guidance given in sections A and B, and the associated additional costs, if necessary broken down into component parts.
2. What action has been taken to contain the costs and why this is not sufficient to balance the budget. It may be necessary to differentiate between action in the shorter and longer term if costs are continuing.
3. How much is being applied for and how this will improve the school's position.