

Title of meeting: Schools Forum

Date of meeting: 21st January 2015

Subject: Budget Monitoring Report as at 30th September 2014

Report from: Julian Wooster, Director of Children's and Adults Services

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

This purpose of this report is to inform Schools Forum of the projected year-end budget position for the Dedicated Schools Grant (DSG) as at the end of September 2014.

2. Recommendations

It is recommended that Schools Forum note the oreicast budget position for the financial year as at the end of September 2014.

3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original budget for the financial year 2014-15, was approved by Schools Forum in February 2014. Subsequently, a further report was presented to Schools Forum in July to seek revisions to the budget as a result of growing financial pressures in high needs. These revisions were approved and are included within the 'revised budget' figures in the table at 4.1 below.
- 3.3. This report provides Schools Forum members with an update on the financial position of the Dedicated Schools Grant, including a forecast estimate of the year-end outturn based on the position as at 30 September 2014.

4. Dedicated Schools Grant

4.1. The table below sets out the DSG budgeting monitoring information as at the 30th September 2014.

DEDICATED SCHOOLS GRANT	<i>Original Estimate 2014/15 £000's</i>	<i>Revised Estimate 2014/15 £'000's</i>	<i>Projected Outturn £'000's</i>	<i>Projected over/ (under) spend £'000's</i>
DSG : Devolved				
Nursery ISB	7,446	7,560	7,810	250
Primary ISB	52,729	49,744	49,744	0
Secondary ISB	36,352	28,105	28,105	0
High Needs ISB	4,554	4,592	4,592	0
Total Devolved DSG	101,081	90,001	90,251	250
DSG : Retained				
De-Delegated Budgets & Growth Fund	1,785	1,642	1,648	6
High Needs	8,768	9,701	9,585	(116)
Other centrally retained	4,701	4,733	4,453	(280)
DSG and other Specific Grants	(116,240)	(105,414)	(105,414)	0
DSG Brought Forward	(95)	(2,314)	(2,314)	0
DSG Carried Forward	0	1,651	1,791	140
Total Retained DSG	(101,081)	(90,001)	(90,251)	(250)
TOTAL Dedicated Schools Grant	0	0	0	0

4.2. At this stage of the year the projected spend is generally in line with allocations, although there are some variances. The variances are explained in more detail below.

Nursery ISB

4.3. In July it was reported that placement costs for 3 & 4 year olds in Private, Voluntary and Independent (PVI) settings had a forecast budgeted expenditure requirement of £6m for 2014-15. This compares to a current budget allocation of £5.750m; which had been increased in July by £114,000 to reflect the additional Early Years funding allocation received from the Department for Education (DfE).

4.4. It was also anticipated in July, that the forecast overspend in 3 & 4 year old provision would be offset by the expected underspend within the 2 year old funding which is included within the 'other centrally retained' budget line above.

4.5. At this stage in the financial year the forecast remains unchanged; however we are continuing to monitor these budgets closely and will report any changes in these forecasts to a future meeting.

Primary & Secondary ISB & De-Delegated Budgets

- 4.6. Since presenting the budget report to Schools Forum in July, there have been a further 4 Academy conversions (2 Secondary and 2 Primary).
- 4.7. The table below shows the adjustments processed to the budgets for the Primary and Secondary Individual Budget Shares (ISB) as well as the De-Delegated Budgets.

	Revised Budget as at July 2014 £000's	Impact of Academy Conversions £000's	Revised Budget (as shown above) £000's
Primary ISB	52,728	(2,984)	49,744
Secondary ISB	36,352	(8,247)	28,105
De-Delegated	1,785	(142)	1,643

- 4.8. Since preparing second quarter budget monitoring report further conversions have taken place in the third quarter and more are expected in quarter four. When these conversions are completed, the budgeted and actual expenditure will be revised to reflect this.

High Needs

- 4.9. The High Needs were increased by £933,000 due to the growing demand and pressures in this area. The specific increases included the Element 3 Top-Up Funding, Out of City Placements and funding for Medical Education at the Harbour School.
- 4.10. The High Needs budgets are the most volatile area of the DSG budget, due to a significant proportion of the being linked to pupil needs and movements. The quarter 2 forecast is currently showing an estimated under-spend of £116,000. The underspend has arisen as a result of only £80,000 be allocated to schools from the Exceptional Circumstances fund (based on the agreed allocation methodology and the latest pupil data from the Inclusion team); which has been partially offset by a forecast overspend of £164,000 in the cost of Out-of-City Placements.
- 4.11. Due to the known volatility in this area of the DSG budget, it is difficult to forecast the final year-end outturn position at this stage in the year. Although the general trend over the last year has seen increasing financial pressures linked to a growing demand for services and children with increasingly complex needs.

Other centrally retained budgets

4.12. This variance includes the £250,000 estimated underspend within the 2 year old funding budget, as mentioned previously within the report. The remaining £30,000 relates to a forecast underspend, due to staff turnover in relation the Nursery Quality Standards budget.

DSG Grant

4.13. The Dedicated Schools Grant expected to be received by the City Council in July amounted to £116,646,000. The funding received directly by the Council will continue to reduce as schools convert to Academy status as they will receive their funding directly from the Education Funding Agency rather than through the Council.

4.14. As a consequence of the 4 schools that have converted to Academy status since the July report, the funding expected to be received by the Council this year has reduced by £11.2m to £105,415,000. This will reduce further as more schools convert throughout 2014-15.

5. Reasons for recommendations

This report is for information only, therefore the recommendation is for Schools Forum to note the contents of the report.

6. Equality impact assessment (EIA)

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

7. Legal implications

There are no legal implications arising from the recommendations in this report.

8. Head of Finance's comments

Finance comments have been included within the body of this report.

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Signed by: Julian Wooster, Director of Children's & Adults' Services

Appendices: None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
School & Early Years Finance (England) Regulations 2013	www.legislation.gov.uk
DSG Budget Estimates and Monitoring Records	Education Finance

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: