

DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2014-15

Purpose of the Report

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2014-15 as at 30th September 2014.

Main Considerations

2. Appendix 1 to this report outlines the budget monitoring summary as at 30th September 2014. At this point in the year an overspend of £1.999 million is projected against the overall schools budget. Key variances are outlined below.

Top Up Budgets for High Needs Pupils

3. An analysis of projected expenditure against top up budgets for high needs pupils in 2014-15 is attached to this report as Appendix 2. It is currently projected that top up budgets will overspend by £3.1 million in this financial year.
4. Key areas of overspend are Named Pupil Allowances, top ups for pupils in non-Wiltshire schools and top ups for Post-16 placements.
5. *Named Pupil Allowances* – expenditure on NPAs is projected to be 17% higher than in the previous financial year and this relates to increased numbers of NPAs being funded. It is difficult to know if this relates to a genuine increase in need, an increase in requests or a change in practice in allocating NPAs, or a combination of one or more of these factors, and further work is taking place to try to analyse this.
6. *Post-16 top ups* – activity in terms of Full Year Equivalent students is approximately double what was budgeted for. The budget was set at the level of funding allocated for post-16 top ups within the DSG settlement. The activity analysis indicates that there are more residential placements across independent schools and colleges than initially budgeted for, and that they are at higher cost. The largest area of overspend, however, is day placements at FE colleges. For 2014-15 Wiltshire has 94 places with Wiltshire College funded by the EFA however there are currently 201 students identified with high needs at the college. This means that in addition to the top ups being funded for these students the Council is funding 107 additional places (Element 2 = £6,000 per place).

Early Years Budgets – Free Entitlement

7. Expenditure on the free entitlement for 3 & 4 year olds is currently projected to exceed the budget by £0.223 million. This forecast is based on uptake through the year to date and the profiles built in to the single funding formula model which reflects the historical variation in numbers at different points in the year. The DSG settlement will be adjusted to reflect the January Early Years Census data and so if uptake is higher than anticipated this may be addressed through additional funding.
8. The budget for the free entitlement for 2 year olds is currently projected to underspend by £1.2 million. This projection is based on the numbers of hours providers are currently expecting to deliver and has been updated for the autumn hours count for all settings.

Impact on Reserves

9. Any overspend against the DSG needs to be recovered as a first call against the grant in the following year. In previous years there have been underspends against DSG and these underspends have been held within an earmarked DSG reserve. The current position in respect of the DSG Reserve is as follows:

DSG Reserve 2014-15

	£m	£m
DSG Reserve b/f from 2013-14		3.502
<i>Committed June 2014:</i>		
Hard to Place Pupils	(0.150)	
Transition in to Primary	(0.200)	
Roll Forward Underspend on 2 yo to support hourly rate	(0.262)	
Term Time Only Back Pay	(0.636)	
Total commitments 2014-15		<u>(1.248)</u>
Projected Balance after agreed commitments		<u><u>2.254</u></u>

10. It should be noted that the expected drawdown for Term Time Only staff is currently an estimate as the figures are yet to be finalised.

11. The current projection against the budget for 2 year olds would indicate that the drawdown from reserves of £0.262m to support the hourly rate in 2014-15 will not be required. This would increase the projected year end balance on the reserve to £2.516m prior to any drawdown to support the projected overspend for this year.

Proposals

12. Schools Forum is asked to note the budget monitoring position at the end of September 2014.

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