

## SCHOOLS FORUM

02 December 2010

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### REVENUE BUDGET MONITORING 2010/11 – DEDICATED SCHOOLS BUDGET

#### Purpose of the Paper

1. To report on the projected budget monitoring position for 2010/11.

#### Main Considerations

2. Appendix 1 shows expenditure as at 31<sup>st</sup> October 2010, the figures show a projected **underspend against DSG of £2.022 million**. Any variance against the Dedicated Schools Grant (DSG) will be carried forward in to the next financial year
3. Key pressures and potential underspends are detailed below.

#### **Schools Delegated Budgets**

4. Based on Income and Expenditure projections received from schools at the end of September, schools revenue balances are expected to be £6.928 million at the end of the current year. This is a decrease of £3.986 million on the position at the end of 2009/10.

#### **Premature Retirement Costs**

5. Based on information received from the HR Lifecycle Team for redundancy costs to date this budget is projected to underspend after adjusting for the additional cost of the current severance policy for non-teaching staff.
6. Following the decisions made at the October Schools Forum meeting schools who have paid redundancy payments to staff on the termination of fixed term contracts, mostly related to NPAs, have been contacted so that the costs can be reimbursed. This will be a cost pressure to the local authority and not the schools budget.

#### **Maternity Costs**

7. A technical issue following the implementation of SAP payroll for schools means that payroll transactions are not currently being recorded against the appropriate central budgets. Work is ongoing to address this problem so that accurate financial information can be obtained and projections made, however an overspend has been projected based on expenditure in 2009/10.

## **Special Educational Needs Services**

8. Underspends are projected against the Independent Special Schools (ISS) budget and the Special Recoupment budget which funds placements in other local authority maintained special schools. From 2011/12 it has been agreed that the ongoing effect of the underspend against these budgets will be released in to the delegated budget to increase the amount delegated to mainstream primary schools for SEN. This is a key component of the SEN review and has been agreed by Cabinet.
9. In the current year a review has been carried out of the split of funding in residential school placements between DSG and the social care budget. In order to maximise the use of grant and minimise any overspend against the local authority budget for the Department it has been proposed that part of the underspend against the ISS budget be used to increase the contribution from DSG towards these placements in the current year. This would be for one year only and the projected position shown in Appendix 1 is after this adjustment has taken place.
10. The Named Pupil Allowance (NPA) budget is not yet fully committed however it is expected that there will be further NPA allocations through the remainder of the year and it is therefore projected to be on target at this stage.

## **Early Years Budgets**

11. Early Years budgets are projected to underspend by £1.6 million. Of this £1.3 million is against the Early Years Single Funding Formula. The projected spend on the free entitlement for 3 and 4 year olds is based on actual take up of session to date and the projected profile of placements for the remainder of the year. This is the first year that the single funding formula has been in operation and so the profile of expenditure is an estimate at this stage, it is possible that this underspend will reduce later in the year.
12. It should also be noted that the increase in the free entitlement from 12.5 to 15 hours has been funded through Standards Funds in the current year. The Department for Education (DfE) has indicated that local authorities can be flexible in the use of this grant and use it more widely than just for the increase in hours. In order to maximise the use of standards funds, the full amount has been badged against the single funding formula and this may also be impacting on the projected spend.

## **Young Person's Support Service**

13. Following discussions at Schools Forum regarding the financial position of YPSS a recovery plan has been put in to place and the service is now projected to break even. Savings have been made within staffing costs in order to meet the recovery plan and it is now anticipated that levels of staffing in the current year will be insufficient to meet the statutory requirements for provision to permanently excluded pupils. Numbers of permanent exclusions are expected to increase during the remainder of the financial year.

14. A proposal is attached at Appendix 2 to this report for additional funding in the current year to offset the pressures within the YPSS. Additional funding of £91,750 is requested for the remainder of the financial year.
15. A review of the YPSS has taken place during the current year and a report on the financial implications of that review for 2011/12 and future years will be brought to the January meeting of Schools Forum.

### **Proposal**

16. School Forum is asked to note the revenue budget monitoring position for 2010/11 and the proposed underspend against Early Years budgets.
17. Schools Forum is asked to approve the proposal for additional funding of £91,750 to be made available in the current year for the Young Person's Support Service as outlined in paragraph 13 above and in Appendix 2

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### **Background papers**

The following unpublished documents have been relied on in the preparation of this report:

None

### **Appendices**

Appendix 1 – Budget Monitoring Summary  
Appendix 2 – Proposal for Additional Funding for YPSS in 2010/11

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