

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 November 2014.

Main Considerations

2. Appendix 1 to this report outlines the budget monitoring summary as at 30th November 2014. At this point in the year an overspend of £2.354 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 was presented to Schools Forum in November 2014 which projected that top up budgets will overspend by £3.1 million in this financial year. As at November, this projection has reduced slightly to £2.1m as a result of changes in a number of areas.
4. Key areas of overspend remain 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 expected to exceed the budget by £0.671m, as previously reported this is due to an increase in activity on NPAs with more NPAs having been allocated in this financial year than in 2013-14.
6. *Post-16 top ups* – projected spend on post-16 top ups has reduced compared with the previous projection however the budget is still expected to be overspent by £1.8m. 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 continues to be day placements at FE colleges.

Early Years Budgets – Free Entitlement

7. Expenditure on the free entitlement for 3 & 4 year olds is currently projected to underspend by £0.096 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 £0.319 million. This projection is based on the numbers of hours providers are currently expecting to deliver and has been updated for the most recent hours count for all settings. This indicates an increase in take up of places by 2 year olds.

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 y/o 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. The first tranche of term time only payments have now been made to those staff currently still working in schools. Subsequent tranche's still need to be paid to those employees who have left the school's employment.
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.
12. A review of expenditure on Transition in to Primary school indicates that less than £40,000 has been committed against this allocation. This suggests that £0.160m could be returned to the DSG reserve at the end of the year.
13. Taking in to account these adjustments the projected balance within the DSG Reserve at the end of 2014-15 is £2.676m. This will enable the projected overspend to be managed within 2014-15 however leaves only £0.322m to be carried forward in to 2015-16.

Proposals

14. Schools Forum is asked to note the budget monitoring position at the end of November 2014.

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