

Schools Forum 17th January 2012 - 2011/12 Retained budget (Annex A)

Report to: Children Services Leadership Team 14th December 2011
 From: Steve Haley / Sarah Higgins
 Date: 14th December 2011
 Subject: **DSG Budget Revenue Monitoring Report as at November 2011**

1) Background

The Council's corporate budget monitoring timetable requires each Group to report its forecast outturn position on a monthly basis. Although the DSG position is included in Cabinet reports it is unlikely that members will be overly concerned as this is outside the General Fund and is essentially an issue for Children Services to manage in consultation with the Schools Forum.

In addition to financial forecasts, information is provided regarding completion of on line forecasts.

2) Completion of Online Monitoring Forecasts - DSG

The table below illustrates how active Budget Managers have been in contributing on line information on DSG services during the end of November budget monitoring exercise: -

	Cost Centres	On Line Monitoring Completed	% Completion
Strategy & Commissioning	1	1	100
Safeguarding & Corporate Parenting	4	4	100
Schools & Learning	15	15	100
Access & Provision	12	12	100
Total Children Services Core	32	32	100%

At the end of October the completion rate across the group was 97% and this high performance has therefore improved. Directors are commended for reinforcing the requirement to submit or confirm robust forecasts with their Budget Managers.

3) Group Summary of Projected Year end Position as at 30 Nov 2011

Set out below is a summary of the latest projected year-end position across each Directorate.

Directorate		2011/12 Net Budget £000	Forecast Variance		Movement in November £000
			At end of October £000	At end of November £000	
Strategy & Commissioning	S & C	7,114	-142	-142	0
Safeguarding & Corporate Parenting	S & CP	864	12	12	0
Schools & Learning	S & L	8,227	-157	-74	83
Access & Provision	A & P	3,118	-44	-44	0
Total Retained Budget		19,323	-331k	-248	83

The latest projections still show an underspend of £248k but this is less than was projected last month. Commentaries on all the main variances identified are provided below.

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4) Variances and Potential 2011/12 Risk Areas – DSG

Set out below are commentaries on all the significant variances identified to date and on those areas of the budget which have the potential to significantly affect the retained DSG budget position.

Item	Directorate	Annual Budget	Projected Variance
1. Out of Borough Placements – the 2011/12 OOB placement budget was set to meet demand as at January 2011 plus a contingency provision. There are currently 55 OOB placements and latest projections reflect the cost of current placements and estimated costs for 'at risk' pupils (currently 5 pupils) where placements are planned but funding packages have yet to be confirmed.	S & L	£3.273m	(£0.121m) Underspend (Unchanged)
2. Recoupment – As with OOB the 2011/12 recoupment budget was set to reflect demand as at January 2011 plus a contingency provision. Latest projections indicate a reduced pressure partly arising from the use of foster carers which has reduced school charges from residential to day care. Agreement was reached last Friday across the South West Region regarding 2011/12 inter authority recoupment rates which are to be those used by each LA in 2010-11.	S & L	£0.290m	£0.004m Underspend (Was £10k overspend - therefore £14k improved position)
3. Early Years Single Funding Formula – the 2011/12 budget was set based on estimated demand for free nursery entitlement. The Early Years team make termly payments to schools and other providers based on estimated occupancy and demand has increased since the start of the year. To ease pressure on next year's budget the Early Years Reference group met on 22nd November to review areas of the formula which could be reduced in 2012/13 e.g. transitional protection for schools and quality enhancement allowances for PVI's.	S & C	£7.114m	£0.142m Underspend (Unchanged)
4. SENRAP – The finance team continue to work with SEN colleagues to ensure projections are reliable but further discrepancies were identified this month. The projections on the system for year- end spend were lower than actuals spend to date prior to the finance team reviewing this. An overspend is therefore projected.	S & L	£1.297m	£0.043m Overspend (Was £53k underspend – therefore £97k adverse position)

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5. Education Other Than At School – A number of variances have been identified across the EOTAS service and latest projections indicate a minor overspend.	S & L	£1.500m	£0.004m Overspend (Unchanged)
6. Tuition Service – As a consequence of the LACSEG review, the costs of the Tuition Manager had to be moved from the core “Social Inclusion” budget to the DSG “Tuition Service” to avoid excessive clawback by DfE for Academies. A corresponding reduction has been made to the recharge of CSLT Management costs to DSG (see item 17) which helps to offset this pressure.	S & L	£0.465m	+£0.056k Overspend (Unchanged)
7. School Set Up Costs and Trigger Funding – Funding was earmarked at the start of the year to meet projected additional costs in new and expanding schools. Using data from the October census it is estimated that additional funds of £34k will be required to fund in-year pupil increases in schools over and above the budget. Final figure will be calculated following the January pupil census. The Schools Forum has asked the LA to absorb £17k of ICT related costs at East Wichel School arising from the ordering of incorrectly sized whiteboards – this has not proved possible.	A & P	£1.345m	+£0.051m Overspend (Unchanged)
8. Academy Conversion & LACSEG Recoupment – In setting this budget the LA assumed that a number of schools would convert at various times during the year. The latest recoupment calculations assume that 18 schools will convert although some timescales have slipped. The resulting loss of DSG is now estimated at £303k although there is still a degree of uncertainty relating to the recoupment calculation. On 5 th October DfE advised LAs that funding allocated for “Contingencies” would be included within the LACSEG calculation unless LA’s could justify exclusions. Our contingency allocations are for set up costs, trigger funding and equal pay and a request for these to be excluded has been lodged, although this has yet to be confirmed. The DfE have advised that the final	A & P	£0.409m	-£0.106m Underspend (Unchanged)

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recoupment allocations will be confirmed in 2012. Worst case scenario is that additional recoupment of £275k will be implemented.			
9. Education Support Service – The LA has recently finalised the in-year delegation of ESS to a number of schools. However some schools were expecting higher in-year funding than can be released due to residual LA staffing costs. In order to alleviate this additional funding over and above the savings released from the ESS budget has been paid to those schools to which the service has been delegated.	S & CP	£0.611m	+£0.020m Overspend (Was projecting a £22k overspend - therefore £2k Improved position)
10.DSG Redundancies - This budget funds the costs of school related redundancies which are agreed by the LA's Redundancy Panel. A pressure of £65k is projected which reflects applications from schools which were approved by the panel at the start of this year plus payments to former LA staff whose posts have been deleted as part of restructurings and delegation of services to schools (e.g. Education Support Service and the Secondary Behaviour Support Team).	A & P	£0.200m	+£0.065m Overspend (Unchanged)
11.Admissions - Following the introduction of a traded service for Academies the Admissions team expect to receive additional income which will result in a net underspend of £15k.	A & P	£0.217m	(£0.015m) Underspend (Unchanged)
12.Maternity- The majority of the maternity budget was delegated to schools for 2011/12 although, as agreed by the Schools Forum, an amount was retained to cover the costs of pre-existing claims as at 1st April 2011. Latest projections indicate an overspend of £75k.	A & P	£0.087m	£0.075m Overspend (Unchanged)
13.Schools & Learning Consultants - Net savings are projected in those areas previously funded through the Standards Fund as a result of staff vacancies.	S&L	£0.185M	£0.051m Underspend (Unchanged)
14.Statements Pupils Equipment - The 2011-12 equipment budget was set based on historic demand. The value of orders for	S&CP	£0.142m	£0.010m

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equipment has been less than anticipated and a net underspend of £10k is currently projected.			Underspend (Improved position)
Total of high risk budgets within the retained DSG		£17.167m	(£0.138m)
15. Other Low Risk Budgets – There are a number of minor low value variances across the remainder of the retained budget.	Group	£1.550m	(£0.022) Underspend
16. YPLA post 16 funding – Funding has been confirmed at £662k, £42k higher than anticipated.	A & P	(£0.620)	(£0.042) Extra income
17. Children's Services Management Costs – The recharge of CSLT costs to DSG have been reduced to offset increased Tuition Service costs	A&P	£1.226m	(£0.047m) Reduction in Charges
Total 2011/12 retained DSG budget	Group	19.323m	(£0.248m) Underspend

At the time of the 11th October Schools Forum meeting the LA was reporting a projected overspend position of £198k and Forum members agreed that the LA could earmark £285k of underspent DSG and unallocated Standards Fund grant, which was carried forward from 2010/11, to offset this overspend.

The overall retained budget position has, therefore, improved significantly since the Forum Meeting with a net underspend of £0.248m now being the estimated outturn position. At this stage the LA does not anticipate requiring any of the funding carried forward from 2010/11 although this could change before the year end as many of the high-risk areas in the retained budget are directly linked to demand and projections will need to be refined throughout the year. If the funding carried forward from 2010/11 is not required it will be available for distribution in 2012/13.

5) Recommendations

CSLT are requested to

- Note that a **100%** budget holder compliance rate was achieved at the end of November, sustaining the high performance from last month
- Note that an underspend of **£0.248m (1.3%)** is forecast and will be reported to Corporate Board based on information as at the end of November, but recognising that some demand led areas of the budget may significantly effect this position before the year end. In particular the risk of Academy LACSEG clawback increasing by £275k if contingencies are included in the scope of the recoupment calculation.
- Note that, at this stage, it is not envisaged that any of the **£0.285m** of underspent DSG and unallocated Standards funding carried forward from 2010/11 will be required to offset in year pressures