

Report to: Commissioning – Economy & Attainment Leadership Team
 From: Steve Haley/ Sarah Higgins
 Date: 14th September 2012
 Subject: **Retained DSG Revenue Monitoring Report 2012/2013**
 Period: Period to the end of August 2012

1) Background

Although the DSG position is included in Corporate Board and Cabinet reports it is unlikely that members will be overly concerned as this is outside the General Fund and is essentially an issue for the Head of Commissioning and his leadership team to manage in consultation with the Finance Team and Schools Forum. In addition to financial forecasts, information is also provided regarding Budget Manager Participation in the on line forecasting process.

2) Completion of Online Monitoring Forecasts

As part of the budget monitoring reporting process the LA is required to report to Corporate Board how active Budget Managers have been in contributing to the on line information used to collate period end information. For DSG service areas the completion rate was 92%, a slight reduction in performance compared to 94% for July (probably due to holidays). .

The Leadership Team is asked to remind their Budget Managers of the importance of this exercise and to encourage high participation for the remainder of the year.

3) High Risk Areas and Latest Projections

Commentaries on all the main variances identified to date and those areas of the budget, which are inherently high-risk, and therefore have the potential to significantly affect the budget, are provided below.

Item	Budget 2012/13 £'000	Projected Variance £'000	Projected Variance last report £'000
<u>High-Risk Areas</u>			
Early Years Single Funding Formula Payments	7,767	(398)	0
Special Education Needs Resource Assessment Panel	1,325	0	0
Recoupment	182	0	0
Out of Borough School fees- Independent, Non maintained	2,868	(89)	0
Education Other Than at School	1,473	(8)	(30)
The Tuition Service	650	0	0
Pupil Growth- Set up Costs	555	(7)	(7)
Pupil Growth- Trigger Funding	844	0	0
Academy LACSEG Recoupment	666	(385)	(280)
Total High Risk	16,330	(887)	(317)
<u>Other Major Variances</u>			
Post 16 SEN Funding	(600)	(44)	0
Premature Retirement & Redundancy	100	(17)	(37)
Schools and Learning Interventions	185	(70)	(19)

Trade Union Facilities	10	6	6
Total Major Variances	(305)	(125)	(50)
Other Minor Variances	2,351	5	27
TOTAL	18,376	1,007	340

At the end of August an overall net underspend of **£1.007m** has been forecast. Details of the two main variances are:

- Slippage on the **Academy conversion** programme has reduced the in-year loss of grant that is recouped from the LA and paid over to the Education Funding Agency to fund Academy LACSEG (Local Authority Central Services Equivalent Grant) payments. In addition to general delays there are legal issues to resolve relating to three PFI schools which were expecting to convert earlier than will now be possible. The values per pupil have also been recalculated and reduced following successful representations to the DfE which has allowed certain elements of retained spending relating to pupil growth to be removed. This funding was set aside for specific settings experiencing pupil growth (set up costs and trigger funding) and after budget setting DfE acknowledged that Academies should not receive an automatic share of this budget. As a result of slippage and reduced LACSEG recovery rates a net underspend of £0.384m is currently projected
- General underspends on **early years nursery placements** for 3 and 4 year olds are projected following the review of first term expenditure as take up is marginally lower than the funding allocated. Projected spend is currently estimated at 95% which would result in an underspend of £0.397m although the LA is taking steps to increase provision before the year end which may reduce the underspend.

Most other areas of the retained budget are broadly in line with the funding agreed by Schools Forum in March and although latest projections indicate that underspends are possible on Out of Borough Placements this could change before the year end. Pupil Growth funding will be determined following the October census

Any underspend across the retained DSG budget is ring fenced and will be automatically carried forward for use in future years. Due to school funding changes the LA is anticipating that a number of schools will be eligible for MFG protection payments in 2013/14 and any underspend from the retained budget, could be redistributed to ease pressure in the 2013/14 local formula.

The Leadership Team is asked to note the risk areas above and the forecast out-turn position – a projected £1.007m underspend - which will be reported to Corporate Board and Schools Forum

4) Summary of Recommendations

The Leadership Team is asked to note:-

- ***The compliance rates for use of the on-line monitoring system set out in section 2 and to remind Budget Managers of their responsibilities in this area***
- ***The Projected Out-turn set out in Section 3 which will be reported to Corporate Board and the 9th October 2012 Schools Forum. This will potentially provide £1m of one-off funding for distribution across the local formula in 2013/14.***