



Schools Forum
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Item

Public

Paper

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DEDICATED SCHOOLS GRANT MONITORING

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Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) final outturn position for the 2015-16 financial year.

Recommendation

That Schools Forum note the report and approve the roll forward to 2016-17 of the outturn underspend of £1.406m.

REPORT

Outturn 2015-16

1. The overall outturn against centrally controlled and retained DSG has moved from a projected underspend of £0.709m - as reported on 17 March 2016, based upon expenditure to the end of February 2016 - to an underspend of £1.406m as at the 2015-16 financial year end on 31 March 2016. This equates to an increase in underspend of £0.697m.
2. The first part of this report will deal with the reasons for this £0.697m increase in underspend between the projected underspend at the end of February and the final position.

Centrally Controlled Early Years Budget

3. The final outturn in Centrally Controlled Early Years Budget was £0.130m less than projected as at the end of February.

Line 1.0.1 – ISB Early Years PVIs

4. This was largely due to an overestimate of Spring term charges for 3 and 4 year old funding to nurseries and pre-schools and a £0.028m underspend in respect of deprivation payments to nurseries that was only reported at the year end.

Centrally Controlled High Needs Budget

5. A total of £0.409m of this increase in underspend occurred in the Centrally Controlled High Needs Block.

Line 1.2.3 – Top-Funding – Independent Providers

6. £0.389m of this £0.409m increase relates to 'Line 1.2.3 – Top-Funding – Independent Providers'.
7. There is a budget for top-up funding for independent special schools within this budget line totalling £4.546m. In the previous monitoring report the projection against this budget was increased to £4.994m. This was in anticipation that several Spring term invoices had not been received from providers. During the closedown period it transpired that not only had the outstanding invoices for Spring term been overestimated, invoices for one particular provider related to the Summer term and had been paid in advance so had to be treated as a prepayment in the accounts and accruals processed to move the spend to the 2016-17 financial year. For these two reasons the outturn spend was lower at £4.675m, which was £0.318m less than previously forecast.
8. A similar situation within the £0.900m budget for 'Top-Funding for Post 16 Further Education Establishments' resulted in the final outturn expenditure being £0.058m less than previously forecast.
9. This highlights the need to progress detailed work on the High Needs Block through the High Needs Task & Finish Group. One outcome would be to develop a 'placement tracker' spreadsheet so that costs in 2016-17 can be monitored by placement and by term and any variances from budget explained with reference to actual numbers of placements.

Central Provision within Schools Budget

10. A total of £0.185m of the £0.697m total increase in underspend is attributable to the Central Provision within Schools Budget totalling £3.669m.

Line 1.4.1 - Contribution to Combined Budgets

11. The total outturn expenditure on this budget heading was £0.107m less than previously forecast. A review of the services and contracts under this heading revealed some element of unallocated budget. It was determined that this value would remain unallocated and reported as an underspend.

Line 1.4.6 – Capital Expenditure from Revenue (CERA)

12. The remaining increase in underspend relates to property related expenditure under this heading. This budget cannot overspend but spend incurred under this heading does not occur uniformly throughout the year and depends on when various property related expenditure is recharged by the service. For this reason, this budget was previously forecast to spend at the budgeted level of £0.606m. However, when the final transactions were processed at year end, there was a resulting underspend of £0.088m.

Outturn Variance from 2015-16 Budget

13. The second part of this report intends to address the outturn variance from budget. As previously referenced, the total underspend for the 2015-16 financial year is £1.406m. This underspend will effectively be carried forward to 2016-17.

Main reasons for a variation from budget of greater than £100k:

Centrally Controlled High Needs Budget

14. An underspend of £1.383m was incurred in the Centrally Controlled High Needs Budget.

Line 1.2.1 – Top Up Funding – Maintained Providers

15. An underspend of £1.422m was incurred in this area. £0.653m of this underspend relates directly to the top up payments the local authority makes to maintained schools. Following reforms to High Needs pupils funding in April 2013, the local authority has taken a prudent approach to budgeting for top-up funding particularly for maintained providers. To this end, a contingency was established under this heading in the budget for new starters or changes to bandings in year. These new starters or changes to bandings in years do not relate solely to maintained schools but also academy and specialist independent schools. This budget traditionally underspends as the contingency has historically been set above the level which is typically required. Also, the underspend on this contingency masks the fact that the actual spend for these in-year changes is incurred on specific top-up funding budget lines and not the contingency budget heading itself.
16. In addition, the recoupments received from and paid to other local authorities for children attending schools out of area incurred an underspend of £0.770m. In the previous Schools Forum monitoring reports it was stated that “more detailed analysis has commenced to estimate how much recoupment expenditure will be paid or accrued for between now and the year end”. This exercise revealed that recoupment income totalling £0.720m and relating to the 2014-15 financial year had not been accrued back to 2014-15 in the accounts and therefore the total recoupment income underspend was explained by having 2 years recoupment income in 2015-16 rather than a genuine

underspend on this budget. The implication here is that in future years, this underspend will not be repeated in future years.

Line 1.2.2 – Top Up Funding – Academies and Free School

17. An overspend of £0.235m was incurred in relation to top-up funding for academies. This overspend relates specifically to secondary academies rather than primary or special academy schools. An analysis of the spend against budget for each secondary academy school showed that the overspends in this area were across every school rather than specific to one or two Schools. In addition to this the budget for one academy was set in the maintained budget 'Line 1.2.1 Top Up Funding – Maintained Providers' while the costs were incurred against this 'Line 1.2.2 – Top Up Funding – Academies and Free School' budget heading. This overall overspend of £0.235m is also an example of where the contingency for this type of pressure in year sits under 'Line 1.2.1 Top Up Funding – Maintained Providers' while the overspends are reported under a separate budget, in this case the top-up funding for academies budget. This detail can be discussed through the High Needs Task & Finish Group.

Line 1.2.3 – Top Up Funding – Independent Providers

18. An overspend of £0.092m was identified in relation to Post 16 top-up funding to further education establishments. This overspend is a direct result of changes in legislation which has seen local authorities have significant new statutory duties for students with special educational needs up to the age of 25 years under the Children's and Families Act (September 2014). As a result, Shropshire has seen a sharp increase in students with SEN requiring additional support in further education and the SEN team are striving to address these rising costs through working intensively with local colleges to raise accessibility to education within mainstream colleges rather than more expensive Independent Specialist Providers.
19. An overspend of £0.129m is reported for top-up funding to independent special schools. In the previous DSG monitoring reports it was reported that "A large overspend is also forecast against top-up funding to independent special schools. This budget is highly volatile and more detailed work is required through the High Needs Task & Finish Group to understand the pressures on this £4.546m budget". As a result of a few large invoices already on the financial system but relating to the 2016-17 financial year, accruals were processed to move some costs into the correct year, 2016-17 and as a consequence the resulting overspend of £0.129m was less than projected in March. Through the High Needs Task & Finish Group detailed work will be undertaken on this budget to determine whether there is a budget pressure in this area in future years and a 'placement tracker' will be produced so that numbers of placements can be reported to Schools Forum through these monitoring reports.

Line 1.2.5 – SEN Support Services

20. The Joint Arrangement with Telford & Wrekin Council for the provision of a Sensory Inclusion Service was underspent by £0.115m due to staffing vacancies in the service. It is unconfirmed as yet as to whether these vacancies will be required in the future, though the restructure for the Sensory Inclusion Service should be finalised in the near future and there is an intention to reduce staffing costs in the team. There were also temporary in-year vacancy management savings in the Speech and Language Therapy Team and the SEN team where posts will not be recruited to until the 2016-17 financial year. These vacancies resulted in an underspend of £0.220m but this underspend is not ongoing.

Line 1.4.1 – Contribution to Combined Budgets

21. The total underspend on Contribution to Combined Budgets was £0.165m. A review of the services and contracts under this heading revealed that there was some element of unallocated budget. It was only late in the year that it was decided that this value would remain unallocated and reported as an underspend.

Line 1.4.12 – Exceptions agreed by Secretary of State (Deficit Balance)

22. A cost of £168,141 is reported. As agreed by Forum last year this is the second year charge relating to a secondary school deficit balance incurred in 2014-15 at the point of conversion to a sponsored academy.