

Committee:	School Forum
Meeting Date:	13 January 2015
Title:	DSG Forecasted outturn March 2015
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Decision making / consultative / information:	For Information

What is the Forum being asked to decide?

1. The Forum is being asked to note the information in the paper and the potential implications to funding in 2016-17.

Reason for recommendation

2. There are no recommendations as this paper is for information only.

Alternative options

3. N/a

Who will be affected by this decision?

4. All Schools including Academies will be affected if the DSG overspends or underspends in 2014-15 as this will be recovered or distributed to all settings in 2016-17.

Main body of the Report

5. School Forum has been made aware throughout the year of the forecast overspend on the high needs block. This is not a new situation and the high needs block overspent last year and has been forecasted to overspend throughout this financial year, the paper on high needs elsewhere on the agenda gives more detail on the reasons for this. Last year the overspend on High needs was offset against underspends on the Schools block and Early Years block.
6. The current forecast is that this will be the case again in 2014-15, and that the DSG in total will breakeven. This means that no adjustment to 2016/17 budgets is required, Forum are reminded that an overspend would need to be recovered through a reduction in budgets, and an underspend would lead to a one off non-recurrent increase in budgets.
7. Under the new funding arrangements all DSG funding has to be allocated to schools, including all underspends and overspends. Since these arrangements have been introduced the DSG has underspent overall. This underspend has then been held in reserves for a year and then allocated as part of the funding formula non-recurrently the following year. The year delay in allocation is a result of the timing of submitting the pro-forma

which is submitted before the end of the financial year when the closing position is confirmed.

8. However it must be noted that this position is a forecast and there is still some risk to the final figures. The main risk is the financial impact of academisation. When Schools convert to academy status they take their element of the de-delegated budgets, although the spend is unlikely to reduce significantly this late in the year. As the timings of conversions changes on regular bases it is hard to estimate.
9. The two areas with the largest underspends in the Schools Block are the Schools Redundancy budget and the Intervention Fund. Spend on redundancies has been consistently lower than the budget for the last two years by approx. £500k due to reduced demand and the change in policy that directs that Schools fund the early retirement element centrally. More information on the intervention fund can be found elsewhere on this agenda, but the main reason for the underspend this year is that the Raising the Bar fund of £2.4m allocated by Suffolk County Council has been used to fund some of the activity that would have previously come from this budget. However this funding is non-recurrent and once the allocation has been spent the intervention fund will have to pick up these costs again.
10. The main financial pressure is on the high needs block. The high needs paper will discuss some of the short term financial strategies that could be implemented alongside the demand management strategies to bring the high needs budget in line in 2015-16. If this is not successful in reducing the overspend schools could see reductions to their budgets in future years as to recover the overspend.
11. The Early years PVI payments budget (these are the payments pay to providers based on the early years formula) has overspent this year as the demand for the service has been greater than budgeted for as more providers are generating the high levels of payments due to increasing levels of qualifications and quality. This has always been covered from other areas of the Early Years Block, such as staffing and two year old funding, and the forum has never needed to consider allocating extra funding to the early years block to cover these pressures.
12. Funding for the early years offer for two year olds is currently allocated based on the actual number of children who qualify in the county. The government are changing this next year so Suffolk will only be funded on the actual take up of places for two year olds. As a result Suffolk will receive a lower level of funding and the budget will have to be reduced accordingly. Similarly the previous underspend on staffing is unlikely to occur, as the staffing budget has been reduced and vacancies filled. Taken together these mean in future there will not be this 'buffer' within the early year's block so any overspend due to demand for three and four year old places will result in an overspend.

Annex A

	Budget 2014-15	Forecast Over (-)/under spend for 2014-15
Advance skill Teachers	778,294	317,342
Behaviour Interventions	30,000	-
Landlord responsibilities	646,240	-
Legal Costs	84,186	- 13,314
Music	293,090	1,956
Occupational Health	170,000	-
Safeguarding Childrens Board	26,900	3,820
School Forum	11,550	8,948
Schools Admission	137,560	97,363
Schools Redundancy	1,019,500	514,782
Copyright and Licences	290,000	-
Growth Fund	1,280,800	- 202,604
Contribution to integrated teams and CAMHS	3,305,870	198,994
Contribution to LACCESS	447,674	92,814
Contribution to LIS Staffing	679,770	- 19,621
De-delegation Schools Intervention Fund	897,482	490,121
De-delegation Behaviour Support Strategy	745,149	-3,033
De-delegation Support to Ethic Minorities	116,856	14,024
De-delegation Trade Union Cover	60,566	3,875
Total Schools Block	11,021,487	1,505,469
EY - Contribution to Early Years Central Costs	3,427,058	702,465
EY - Early Years SEN	90,000	77,239
EY - Payments to PVI	16,600,040	-500,000
EY - School Nursery payments	7,320,339	0
EY -2 year old funding	6,433,913	1,700,000
Total Early Years Block	33,871,350	1,979,704
HN - School top up funding	18,221,481	-1,777,747
HN - Place Funding	10,894,833	0
HN - Out of County	8,208,658	-1,350,342
HN - Central Services - EOTAS	5,159,599	-304,264
Total High Needs Block	42,484,571	-3,432,353
Total DSG excluding indiviual School Budgets and the forecast overspend for 2014-2015	87,377,408	52,820