

BUDGET MONITORING

Contact Officer: Richard Schmidt, Head of Technical Accounting - MK 253570

1. Purpose

- 1.1 To agree the actions to be taken in managing the Schools Budget within the resources made available by the Dedicated Schools Grant (DSG).

2. Recommendations

- 2.1 That the expenditure on the Schools Budget during 2006/07 be constrained to within the DSG available, to avoid the need for any shortfall to be a first call on 2007/08.

3. Background

- 3.1 At a previous meeting of the Schools Forum a report was presented that showed the final DSG for 2006/07 to be £213k lower than that assumed at the time of setting the budget. The Forum agreed that as a default position the shortfall be covered by being the first call on the Schools Budget for 2007/08. However, it was recognised that this would have a detrimental effect upon any headroom available for that year. Therefore the authority was requested to bring to following meetings of the Schools Forum a budget monitoring report to see if there is scope for containing the shortfall in DSG within year.

4. Issues

- 4.1 The annex to this report sets out the forecast of year end outturn against budget as at the end of December 2006 (Period 9).

A number of significant issues are currently being worked upon. These figures were not finalised at the time of writing, so a period 10 (January) will be tabled at the meeting.

- 4.2 The major reasons for variance from budget can be identified as follows:

- 4.2.1 The reduction in the DSG itself of £213k.

- 4.2.2 A reduction in spend on nursery grant payments to the private and voluntary sector, especially in respect of 3 year olds. This is currently forecast as an underspend of £350k. However, this is based on the take up of places for the summer and autumn terms. Previous years have shown this budget to be difficult to predict accurately until pupil information is available for the spring term. This is only available in February, which is rather late in the financial year.

- 4.2.3 In line with national trends pressure is increasing on SEN placements in independent special schools. Due to previous concerns in this area, there has been a contingency budget for such activities in recent years. However, even allowing for this expenditure is now predicted to exceed the budget by around £326k. The net position on recoupment with Other LEAs in respect of Special Schools is now forecast to underspend by £218k. Other areas of activity supporting SEN are also currently appearing to underspend. The contingency for Additional Educational Resources, delegated/devolved to maintained schools is not spending as high as in the past, although some early years activities are showing increases.
- 4.2.4 The cost of educating pupils not at school, whether due to exclusion, or other reasons, is varying from budget. For example the Tuition Service is projecting an overspend of £46k and Pupil Referral Units an overspend of 271k. This is off-set in part by underspends on behaviour support and inclusion services of £106k.
- 4.2.5 The issues described above, along with a number of other minor overs and unders arrives at a forecast underspend on the schools budget of £178k.
- 4.3 The above position indicates that the loss of DSG can be fully mitigated without further action. The forecast position also assumes no variation on Alternative Education. At present these budgets are being reshaped in discussion with Secondary schools. It is unlikely that the Alternative Education contingency will be utilised in 2006/7 and this would have the impact on increasing the underspend against the DSG by the year end.