

**HERTFORDSHIRE COUNTY COUNCIL  
SCHOOLS FORUM**

**12 FEBRUARY 2014**

**Agenda Item**

**4**

**SCHOOLS BUDGET MONITOR 2013-14 QUARTER 3**

*Report of the Director of Education and Early Intervention*

Author:- Waqaas Munir  
Tel:- 01992 555350

**1. Purpose**

1.1 To inform Schools Forum of the outturn monitor for the Schools Budget 2013/14 at 31 December 2013.

**2. Background**

2.1 Government funding for schools by way of the Dedicated Schools Grant (DSG) means that any variances in the Schools Budget are “ring fenced” and cannot be used elsewhere. Details of the variances in the forecast revenue outturn against the Schools Budget are outlined in Section 3 below.

2.2 The Schools Budget for 2013/14 is as follows:

| Description  | Amount<br>£m's |
|--|----------------|
| Schools Delegated Budget including sixth form grant        | 538.407        |
| Schools Non-Delegated Budgets                              | 10.609         |
| Schools Central Budgets                                    | 57.646         |
| <b>Net Schools Budget</b>                                  | <b>606.663</b> |
| Use of carry forwards                                      | 3.511          |
| <b>Gross Schools Budget including carry forwards</b>       | <b>610.174</b> |
| Academies Recoupment                                       | 232.209        |
| <b>Gross Schools Budget including Academies Recoupment</b> | <b>842.383</b> |

### 3. Schools Budget Variances

- 3.1 The forecast underspend within the schools budget for 2013/14 is £7.258m. The table below provides a more detailed breakdown of the underspend:

| Description                        | Latest Approved Budget | Forecast Over / (Under) Spend |
|------------------------------------|------------------------|-------------------------------|
|                                    | £m's                   | £m's                          |
| Schools Delegated                  | 539.972                | (15.355)                      |
| Schools Non-Delegated              | 10.609                 | (0.023)                       |
| Schools Central Budgets            | 59.592                 | (6.315)                       |
| Schools Grants & Other Funding     | (606.663)              | 14.435                        |
| <b>Total (incl Carry Forwards)</b> | <b>3.511</b>           | <b>(7.258)</b>                |

#### 3.2 Schools Delegated – Underspend of £15.355m

- 3.2.1 This underspend represents the budget shares of newly converted academies of £15.355m, based on an estimate of the pattern of expected academy conversions during the 2013/14 financial year, including all known planned conversions. This allocation is no longer required as the academies will be funded directly by the DfE. There is an offsetting loss reported under Schools Grants & Other Funding (see 3.5.1).

#### 3.3 Schools Non-Delegated – Underspend of £0.023m

- 3.3.1 The underspend of £23k is with respect to the base previously attached to Radburn prior to their conversion to academy status. The underspend has arisen as a result of a long term vacancy that is currently in being recruited to, and changes to staffing contracts that have resulted in reduced employee costs.

#### 3.4 Schools Central Budget – Underspend of £6.315m

- 3.4.1 The underspend represents a number of elements, the largest of which relates to Independent Placement. There is an underspend of £3.326m due to lower number of pupil than forecast being placed in independent special schools.

- 3.4.2 There is a further underspend of £1.672m against the current 2yr old DSG budget which has arisen as a result of slower than expected uptake of the 2yr old places. As of September 2013 eligible 2 year olds became entitled to 570 hours of early education; however a soft launch of this scheme was initiated for the spring term with the expectation of full take up being

achieved during the autumn term. Recent childcare data provided from settings has indicated that the take up for the autumn term is lower than was expected and as such lower than expected costs have been incurred. These forecasts have been used to project expenditure for the 2014 summer term in order to identify a likely outturn position however as data on children numbers is not readily available until settings submit their claims for payment uptake is subject to change.

3.4.3 Funding for Learning Support Units (LSUs) is being phased out and the transitional allocations being paid to schools with LSUs in 2013/14 are being separately funded from the carry forward amount of DSG. £0.695m of the original budget allocation for LSUs from this year's DSG grant funding is being used to manage pressures in other areas, with the remaining (£0.851m) no longer required and reported as an underspend.

3.4.4 There is also an underspend of £0.249m relating to savings with respect to Special Units in newly converted academies which are now funded directly by the EFA. There is an offsetting loss reported under Schools Grants & Other Funding (see 3.5.3).

3.4.5 The balance of the underspend (£0.217m) consists up of a number of smaller variances.

### 3.5 **Schools Grants & Other Funding** – Overspend of £14.435m

3.5.1 The overspend represents a number of elements, the largest which relates to the loss (overspend) of DSG and Sixth Form grant of £15.355m as a result of schools that converted/converting to academy status due to in year academy recoupment (see 3.2.1 for the impact on the Delegated Schools Budget).

3.5.2 This is partially offset by £0.244m of savings (underspend) resulting from reducing rates bills of the newly converted academies as a result of them acquiring charitable status on conversion.

3.5.3 In addition, there has been a decrease in DSG of £0.249m (overspend) in respect of special unit provision in newly converted academies now funded directly by the DfE (see 3.4.4).

## 4. **Conclusion**

4.1 The Forum is asked to note and comment on the quarter 3 monitor position.