

**SCHOOLS BUDGET MONITOR 2014-15 QUARTER 3**

*Report of the Director of Children's Services*

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**1. Purpose**

- 1.1 To inform Schools Forum of the quarter 3 position for the Schools Budget 2014/15 at 31<sup>st</sup> December 2014.

**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 2014/15 is as follows:

Description	Amount £m's
Schools Delegated Budget including sixth form grant	528.903
Schools Non-Delegated Budgets	12.528
Schools Central Budgets	56.089
Net Schools Budget including use of carry forward	597.521
Academies Recoupment	257.372
Gross Schools Budget including Academies Recoupment	854.892

**3. Schools Budget Variances**

- a) The forecast underspend within the schools budget for 2014/15 is £8.485m. The table below provides a more detailed breakdown of the underspend:

Description	Latest Approved Budget £m's	Forecast Over / (Under) Spend £m's
Schools Delegated	528.903	(5.749)
Schools Non-Delegated	12.528	(1.095)
Schools Central Budgets	56.089	(6.574)

Description	Latest Approved Budget	Forecast Over / (Under) Spend
Schools Grants & Other Funding including use of carry forward	(597.521)	4.933
Total	0	(8.485)

b) **Schools Delegated** – Underspend of £5.749m

- i. The main element of this underspend represents the budget shares of newly converted academies of £6.253m. This allocation is no longer required as the academies have been funded directly by the DfE. There is an offsetting loss reported under Schools Grants & Other Funding (see 3.5.1).
- ii. The underspend is partially off-set by a £0.504m overspend on 3 & 4 year old budgets due to an expected increase in the number of 3 and 4 year olds indicated by the rise in the payments made to the providers for the Summer Term. It is anticipated that this increase in numbers will be present for the full financial year. This overspend is in addition to the receipt of additional DSG received (£1.8m) as agreed by Schools Forum in October, as the additional DSG was based on the information contained within the January 2014 census supporting the increase in 3 & 4 year old numbers.

c) **Schools Non Delegated** – Underspend of £1.095m

- i. An underspend of £1.0m is anticipated due to less expenditure estimated to be spent from the Growth Fund for expanding schools.
- ii. A further underspend against the Carbon Allowances budget of £0.105m relates to the 2013/14 charge which was accrued at the end of last year (charged retrospectively). The actual charge has now been received and is lower than originally estimated.
- iii. This is partially off-set by other smaller overspends on £10k.

d) **Schools Central Budget** – Underspend of £6.574m

- i. The underspend of £6.574m represents three main elements, the largest of which relates to an underspend of £3.9m forecast on 2 year old free early education. The final early years block for 2014-15 was confirmed in the summer with an additional £3.1m DSG income allocated than originally budgeted. This is mainly due to an increase in pupil numbers in Private, Voluntary and Independent nursery settings. The increase includes a retrospective adjustment in respect to 2013-14, under the new arrangements for making retrospective adjustments to the early years block in the following financial year. £1.8m of the additional DSG has been used to partially off-set the pressure as a result of increase in the number of 3 and 4 year olds accessing their free place entitlement, reported in paragraph 3.2.3. The remaining £1.3m DSG is shown as a forecast underspend below in paragraph 3.5.2.

- ii. There is an underspend of £1.411m due to a lower number of pupils than forecasted being placed in independent special schools.
  - iii. There is also an underspend anticipated as a result of the continued difficulty with the implementation of capital schemes; this budget is expected to underspend by £0.847m in 2014-15. Schools Forum have previously agreed this underspend can be carried forward into 2015-16 ensuring funding is available for the continued delivery of the programme.
  - iv. Finally, there is a net underspend of £0.416m as a result of a number of smaller underspends.
- e) **Schools Grants & Other Funding** – Overspend of £4.933m
- i. The overspend comprises of two elements, the largest of which relates to the loss (overspend) of DSG of £6.233m as a result of schools that converted to academy status in April and September 2014. £6.253m of this allocation is no longer required as the academies will be funded directly by the DfE. There is an offsetting overspend reported under Schools Delegated (see 3.2.1). This is off-set slightly by a saving on Rates as a result of this conversion (£20k).
  - ii. This is off-set by the retrospective adjustment to Early Years DSG of £1.3m.

#### 4. Conclusion

- a) The Forum is asked to note and comment on the quarter 3 monitor position.