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SCHOOLS BUDGET MONITOR 2014-15 QUARTER 4

Report of the Director of Children's Services

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1. Purpose

- 1.1 To inform Schools Forum of the final outturn position for the Schools Budget 2014/15 at 31 March 2015.

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	12.407
Schools Central Budgets	56.210
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

- The underspend within the schools budget for 2014/15 is £11.020m. The table below provides a more detailed breakdown of the underspend:

Description	Latest Approved Budget £m's	Over / (Under) Spend £m's
Schools Delegated	528.903	(6.340)
Schools Non-Delegated	12.407	(0.441)
Schools Central Budgets	56.210	(9.010)
Schools Grants & Other Funding	(597.521)	4.770

including use of carry forward		
Total	0	(11.020)

- **Schools Delegated** – Underspend of £6.340m
 - i. The main element of this underspend represents the budget shares of newly converted academies of £6.365m. 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. This is partially off-set by other smaller overspends of £25k.
- **Schools Non Delegated** – Underspend of £0.441m
 - i. An underspend of £1.0m is 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 received in year was lower than originally estimated.
 - iii. College places for students with LDD has overspent by £0.244m. This is as a result of an increased cost of placements following a recent review of top-up levels. The review of top-up levels has led to an increase in top-ups for individual students contributing to the overspend.
 - iv. The contingency budget overspent by £0.376m. This was made up of a pressure of £0.492m as a result of charging Teachers Pensions arrears to this budget, off-set partially by general underspends in contingency of £0.116m.
 - v. There are also other smaller overspends totalling £44k.
- **Schools Central Budget** – Underspend of £9.010m
 - i. The £9.010m underspend is made up of a number of elements, as follows:
 - ii. 2 Years olds: the take up of the 2 year old free place entitlement was significantly higher than other Local Authorities (LA's) for the 2013/14 Academic year, and officials from the DfE visited Hertfordshire in late July 2014 to learn from this success. For 2014/15 other LA's have increased uptake and Hertfordshire's uptake was only slightly above the national average in December, when uptake was last assessed nationally. However, not all parents utilised the full 570 hours annual entitlement, either using fewer hours per week or not using all 3 terms of funding, this resulted in an underspend £4.732m against the available budget in 2014-15

- iii. Independent Placements: There is an underspend against centrally allocated DSG of £1.197m due to a lower number of pupils than forecast being placed in independent special schools.
- iv. Revenue Budget for Capital Maintenance: Due to slippage in previously committed capital schemes, this budget has underspent by £847k in 2014-15. Schools Forum have agreed the underspend can be carried forward into 2015-16 ensuring funding is available for the completion of these schemes.
- v. Keeping Children in Local Provision (KCLP): KCLP is underspent by £148k as a result of vacancies within the service. Vacancies have been held until 2015/16 pending a review of the current service provision.
- vi. Early Years SEND: This is a result of vacancies within staffing budgets and the Early Years Development Centres, as well as delay in undertaking a service review
- vii. Licencing: License costs underspent by £134k. Charges for the year from the DfE were lower than originally estimated.
- viii. Specific Learning Difficulties (SLD): A review of SPLD (Specific Learning Difficulties) provision is underway following retirement of the SPLD Adviser. As such the SPLD provision budget underspent by £71k, this underspend will continue into 2015-16 until the completion of the review.
- ix. SEN Bushy Meads: This area is reporting an underspend of £53k as the number of funded placements has been lower than expected in the Summer Term. This budget is centrally held because it is covered by a separate legal agreement between the authority and the school.
- x. SEN: SEN is underspent by £50k this is a result of Management backfill and expenditure initially budgeted from SEN, that have been more appropriately met from the SEND Reform budgets.
- xi. Speech and Language Therapy: Speech and Language Therapy underspent by £61k. A development the provider was originally asked to deliver was cancelled late in 2014-15 resulting in the underspend
- xii. Medical Absences: The Education Support Team for Medical Absence underspent by £50k. This was a result of lower than expected places being accessed in 2014-15
- xiii. ENF: An underspend of £223k is reported against ENF. There is an underspend on the one-off element of the budget which was allocated to fund Clusters of Need applications from schools.

- xiv. High Needs Reserve: There is an underspend of £239k in respect of High Needs reserve funding in 2014-15. This budget is the residual element of the former Learning Support Units budget and is used to largely off-set the overspend on the college places for LDD (see 3.3.3).
 - xv. Out of County Top Ups/Hospital Recoupment: There is a £174k underspend on recoupment budgets. This is a result of fewer Hertfordshire pupils being placed in other local authorities and as such fewer charges have been levied on the budget
 - xvi. The remaining balance of £890k underspend has arisen as a result of a number of smaller underspends on DSG budgets
- **Schools Grants & Other Funding** – Overspend of £4.770m
 - i. The overspend comprises of two elements, the largest of which relates to the loss (overspend) of DSG of £6.323m as a result of schools that converted to academy status in April and September 2014. £6.365m 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 these conversions (£42k).
 - ii. This is off-set by the retrospective adjustment to Early Years DSG of £1.538m (underspend), which comprises of £1.327m for 2013/14 and £0.211m. A change of accounting guidance between years has resulted in 2 adjustments in the same year for 2014/15.
 - iii. There are also other smaller underspends totalling £15k.

4. DSG Carryforward

- The impact of the outturn position on the amount of DSG carryforward is shown in table below:

	£m's
DSG carryforward (c/f) at 31/03/2014	26.701
c/f used to support the 2014/15 Schools Budget	(10.664)
Underspend during 2014/15	11.020
DSG c/f at 31/03/2015	27.057
Supporting Capital Schemes	(0.847)
DSG c/f at 31/03/2015 available to support budgets	26.210

- In addition, £9.4m of the DSG carryforward at 31/03/2015 is being used to support the Schools Budget in 2015/16.

- The first quarterly monitor for 2015/16 will be reported to the September Forum meeting. However, it is anticipated the underspend will be greatly reduced in 2015/16 because the largest components of the underspend in 2014/15 (£4.7m on 2 year olds) will not occur in 2015/16. 2 year old funding through the DSG will be based on actuals rather than estimated umbers.

5. Conclusion

- 5.1 The Forum is asked to note and comment on the final outturn position.