

27 February 2018

SCHOOLS BUDGET MONITOR 2018-19 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 for 2018-19 at 31st December 2018.

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. This paper gives details of the forecast variances in the revenue outturn against the Schools Budget.
- 2.2 The Schools Budget for 2018-19 was as follows:

Description	Amount £m
Net Schools Budget including use of carry forward	613.508
Academies Recoupment	343.590
Gross Schools Budget including Academies Recoupment	957.098

3 Schools Budget Variances

The forecast underspend on the Schools Budget, at the of quarter 3, for 2018-19 is £3.810m

Annex A provides a more detailed breakdown of the variances.

The forecast expenditure shown includes the items which have slipped from 2017-18 (special school's capital, the disapplication and the allocation of primary contingency funding). It also includes the additional HN funding of £2.862m for 2018-19, announced by the Education Secretary on 16th December 2018.

4 Conclusion

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

Description	Latest Approved Budget (£000)	Forecast outturn (£000)	Projected Variance after c/f's (£000)	Explanation of Variance (over £100k)
<u>Schools Delegated</u>				
Early Year Delegated				
3 and 4 Year Olds	57,071	56,171	(900)	A £900k underspend is projected on 3 & 4 year olds due to slightly lower than budgeted pupil numbers
Additional hours for 3 and 4 Year Olds	18,549	18,549	0	No variance over £100k
2 Year Olds	6,281	6,315	34	No variance over £100k
Early Years Pupil Premium	659	659	0	No variance over £100k
Early Year Disability Access Fund	227	127	(100)	A £100k underspend is anticipated on the Early Years Disability Access Fund (DAF). The budget is based on the estimate of Dedicated Schools Grant (DSG) for the DAF originally made by the Department for Education (DfE). Actual numbers of eligible children are lower than the DfE estimate.
Early Years Full Time Places	50	50	0	No variance over £100k
Primary Delegated	322,684	315,637	(7,047)	The underspend in Primary Delegated is due to the Academy conversions that have taken place since the submission of the APT in December 2017. Seven Primary schools have converted to Academy status (since the APT submission) with a further one Primary school having a conversion date in place for 2018/19. The underspend reflects the proposed reductions in budget share payments.
Secondary Delegated				
Pre-16 Secondary	76,298	71,400	(4,898)	The underspend in Secondary Delegated is due to the Academy conversions that are expected to take place (calculated on the latest known conversion dates) post the submission of the APT in December 2017. Three Secondary schools have converted in 2018/19 and a further new date for a proposed conversion on 1st February 2019. The underspend reflects reductions in budget share payments.
Sixth Form	12,481	11,914	(567)	The underspend reflects reductions in sixth form payments for proposed Academy conversions. There is an offsetting overspend on the Secondary Sixth Form Grant income budget.
Special Delegated				
Place Funding	18,275	18,367	92	No variance over £100k
Top ups	21,623	21,435	(188)	The underspend of £188k is based on information received from the decision made at SEN panel in October in relation to Top-up funding for the Autumn Term. This forecast is reviewed in July, October and March and will be amended based on student demand and approval at the SEN panels held in these months.
Residential	1,200	989	(210)	The underspend in Residential Funding is due to the reducing numbers of Residential pupils at Larwood Academy as a result of the prospective closure of the residential facility.
Special Schools Contingency	200	200	0	No variance over £100k

Description	Latest Approved Budget (£000)	Forecast outturn (£000)	Projected Variance after c/f's (£000)	Explanation of Variance (over £100k)
PFI	276	281	6	No variance over £100k
Forest House	296	296	(0)	No variance over £100k
Education Support Centres and Roman Fields	14,357	14,231	(127)	The underspend in ESC Delegated is due to funding in place for consultancy arrangements that are considered not to be required for this financial year. This underspend may increase later in the year as there is currently an assumption that the contingency budget for ESCs in financial difficulty will be fully spent in 2018/19, this contingency will support ESC's with Academy Orders and in financial difficulty, the balance of contingency will be known once Terms of Reference for the sponsored conversion are agreed.
Other Delegated				
Contingency	78	428	349	The Contingency budget is forecast to overspend by £349k due to agreement at Schools Forum to carry forward the underspend on the primary school's element of £349k from the school's contingency budget in 2017/18. This is shown as an overspend in 2018/19, as it is not included within the budget.
Growth Funding & Falling Rolls Fund	7,182	6,930	(252)	The Growth Fund allocations were agreed by Schools Forum in June 2018. There is a net underspend of £252k, however £750k of the expenditure is offset by additional DSG. This relates to the requirements to make allocations to academies for the Summer term (as academies are funded on an academic year basis). Adjusting for this, there is an underspend on the Growth Fund of £1,002k and this is due to: <ul style="list-style-type: none"> - a lower number of bulge classes than originally anticipated, - a delay in opening new free schools, - an underspend on infant class size funding as some of these schools are expanded.
Disapplication Fund	0	2,356	2,356	In 2017/18 the DfE granted the Authority's request to disapply Schools Funding regulations for schools with significant lagged pupil funding in specific relation to five schools who had intentions to convert to Academy Status and are in a period of exceptional growth which requires financial stability. Only one of those schools converted in 2017/18, so further approval was sought to carry this forward, to 2018/19, for the other four schools, who hadn't converted. This later approval implies an approval to overspend the budget this year. Therefore, the overspend reported in this monitor represents the amount approved to the schools converting this year. <p>All the remaining schools included in the disapplication request have confirmed dates to convert in 2018/19. Two converted in September, one in January and the last one expected in February.</p> <p>Sir Frederic Osborn (£1,023k) and Adeyfield (£655k) converted on 1st September 2018. Cavendish (£331k) is expected to convert on 1st January 2019. The remaining school Barclay (£340k) is expected to convert 1st February 2019</p>
Rates	0	(200)	(200)	The £200k saving largely results from the receipt of back-dated rates refunds (some dating back to 2010). The refunds result both from the conversion of schools to foundation status and from reviews of rateable values by the Local Billing Authorities.

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Special Units & Bases	4,738	4,394	(344)	<p>SEN are currently consulting on the re-commissioning of Units and Bases as part of a specialist provision work stream. As a result of this period of transition, levels of services are limited. Budgets included in this underspend are currently those that have no commissioned service and location, and only direct employee expenditure is being incurred.</p> <p>The results of the re-commissioning is expected to provide a level of service that supports the needs of more complex Children and Young People. During the transition and recommissioning process there is an anticipated underspend whilst current arrangements are funded based on a current level of provision.</p> <p>The consultation is due to be completed during this financial year, with an implementation date of 1st April 2019.</p>
Other - Schools	0	(0)	(0)	No variance over £100k
Other - High Needs	(119)	(162)	(43)	No variance over £100k
Total Schools Delegated	562,406	550,368	(12,039)	
<u>Central Budgets</u>				
Early Years SEN Development Fund	600	0	(600)	Due to the SEND Transformation across all age ranges, it has been decided to put the EY SEND support review for early years providers work on hold and therefore the £600k budget will not be spent this financial year
Early Years Emerging Needs fund	200	200	0	No variance over £100k
Early Years Improvement	664	664	0	No variance over £100k
Other Central Budgets -Early Years	833	831	(2)	No variance over £100k
Independent Placements	9,995	10,127	132	An overspend of £132k is projected. The initial budget covered 169 placements. There are now 181 active placements with a further 19 places awaiting funding confirmations.
SEN Strategy Development Fund	1,377	0	(1,377)	The SEN Strategy Development Fund was established to support new initiatives, including key priorities within the SEND strategy. It is currently expected to underspend in full. As an uncommitted resource, the fund also provides useful flexibility in managing budget risks.
SEN Bushey Meads	338	338	0	No variance over £100k
Speech & Language Therapy	1,696	1,698	2	No variance over £100k
Exceptional Needs Funding	6,492	6,267	(225)	The ENF budgets are current showing a projected underspend of £225k however there is a further round of panels to be held in the spring term. Therefore, it is highly likely that this underspend will significantly reduce, or be utilised completely.

				Annex A																			
Description	Latest Approved Budget (£000)	Forecast outturn (£000)	Projected Variance after c/f's (£000)	Explanation of Variance (over £100k)																			
Out of County Top Ups	1,199	1,599	400	The Out of County top up is expected to overspend by £400k due to the increase in number of placements outside the county. The numbers of pupils placed by SEN in mainstream and specialist schools over the Herts border has increased since 2016 as shown in the table below. A few of these will be pupils who are Children Looked After, where they are living in a foster placement or children's home, and attend local schools. A minority will be placed in schools across the border as the OLA school may be their closest to home. However the increase in placements in schools in OLAs is mainly due to the shortage of spaces in Hertfordshire schools, particularly in our specialist provision.																			
				<table><tr><th>Year</th><th>Pupils Attending OLA Mainstream Schools</th><th>Pupils Attending OLA Special Schools</th><th>Total Pupils Attending OLA Schools</th></tr><tr><td>2016</td><td>66</td><td>76</td><td>142</td></tr><tr><td>2017</td><td>83</td><td>94</td><td>177</td></tr><tr><td>2018</td><td>106</td><td>135</td><td>241</td></tr></table>				Year	Pupils Attending OLA Mainstream Schools	Pupils Attending OLA Special Schools	Total Pupils Attending OLA Schools	2016	66	76	142	2017	83	94	177	2018	106	135	241
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2016	66	76	142																				
2017	83	94	177																				
2018	106	135	241																				
Additional Welfare & Tuition	977	1,186	209	AWT provides funding for training and development of individual children with SEN. Current forecast expenditure based on the number of children and cost of support provided is £209k higher than budgeted mostly due to additional tuition the teams are having to provide for children excluded or out of school due to pressures on places.																			
Colleges High Needs Funding	5,536	5,815	279	Placements have now been confirmed and returns received from Colleges for 2018/19. The details of pupils attending are now causing a forecast overspend. The average cost of a placement is £12,200. The current budget will fund 448 full year places. There are currently 471 places and a further 23 placements are estimated to start before the end of the financial year. The increasing pressure on this budget has been recognised and further funding is expected to be added to the budget for 2019/20.																			
Education Support for Medical Absence (ESMA)	1,032	918	(115)	The forecast underspend is as a result of the reduction in the amount of variable teaching hours required.																			
Outreach	463	463	0	No variance over £100k																			
Education at Private Hospitals	0	200	200	The Authority is responsible for the cost of education of Hertfordshire pupils placed by Health in private or other local authority hospitals. As placements are not made by Hertfordshire, the estimated spend is difficult to forecast as we are not aware of placements until invoices are received. There is not a budget set for this and the forecast cost this year, based on spend to date, is £200k. This has been highlighted as a pressure for 2019/20.																			
Other Central Budgets - High Needs	7,991	7,791	(200)	The Lift Maintenance budget is not being utilised therefore this provides a £32k underspend. SEND SAS is estimated to be underspent by £121k, this is mainly due to the offsetting of the overspend on staffing caused by not meeting the vacancy factor with the £450k given by School Forum. The EY Specialist Development Centre is underspending by £32k due to the specialist equipment budget will be underutilised. The balance of £15k is made up of various other small variances.																			

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High Needs Capital	750	1,950	1,200	Overspend of £1,200k is a result of several of the 2017/18 Special School capital schemes, to increase capacity in special schools, having slipped into 2018/19. As a result, there was an underspend in 2017/18 and there is a corresponding overspend of £1,220k in 2018/19, as this is not included within the 2018/19 budget.
Education Access & Provision	1,598	1,608	10	No variance over £100k
Other Central Budgets -Central Schools Services	3,489	3,487	(2)	No variance over £100k
Other Central Budgets -Schools	1,904	1,879	(26)	No variance over £100k
School Improvement and Other Education Functions	3,969	3,720	(249)	There is £249k underspend on School Improvement budgets. £150k is due to the pace of academisation being slower than anticipated which has resulted in more maintained schools, than expected, from which to de-delegate funding. In addition £98k was de-delegated for the position of Senior Education Manager and this position has not been recruited to.
Total Central Element of DSG	51,102	50,740	(362)	
Schools Grants & Other Funding				
Dedicated Schools Grant	(599,612)	(591,588)	8,024	The £8,024k overspend against budget is made up of: £11,945k relates to delegated budget shares, less grant will be received by the authority as when maintained schools convert to academy status, the authority is no longer required to make Budget Share payments to converted schools plus (overspend) £787k retrospective adjustment to 2017/18 early years DSG to reflect the January 2018 early years pupil data. less (underspend) £2,861k expected additional High Needs less (underspend) £196k extra high needs DSG relating to 2018/19 (the extra £474k Early Years DSG relating to 2018/19 has been reflected by adjusting the budget) less (underspend) £307k adjustment to rates that are recouped by the EFSA less (underspend) £750k of additional funding received for Growth Funding Allocations made to Academies in the summer term less (underspend) £594k saving due to Katherine Warrington Free school not opening in September 2018.
Sixth Form Grant	(13,897)	(13,330)	567	Less sixth form grant will be received by the authority as when maintained secondary schools convert to academy status, the authority is no longer required to make the sixth form funding payments to converted schools. There is an offsetting underspend on the Secondary Sixth Form budget.
Pupil Premium	0	0	0	No variance over £100k
Other Grants	0	0	0	No variance over £100k
Schools Grants & Other Funding	(613,509)	(604,919)	8,590	
Schools Budget Total	0	(3,810)	(3,810)	