

HERTFORDSHIRE COUNTY COUNCIL SCHOOLS FORUM

26 June 2019

AGENDA ITEM

3

SCHOOLS BUDGET OUTTURN 2018-19

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 for the financial year 2018-19 as at 31st March 2019.

2. Summary

- 2.1 This paper gives details of the main under and over spends arising within the Schools Budget during 2018-19.

3. Recommendations

- 3.1 The Forum is asked to note and comment on the final outturn position.
- 3.2 Forum is asked to support that the surplus funding resulting from each of the underspends of de-delegated funding in the line items set out in the table in paragraph 6.4 below is carried forward into 2019-20, for the eventual benefit of de-delegating schools.

4. Background

- 4.1 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 variances in the revenue outturn against the Schools Budget.
- 4.2 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

5. Schools Budget Variances

- 5.1 The underspend within the schools budget for 2018-19 is £4.153m. £2.862m of this underspend results from the extra high needs DSG for 2018-19 announced by the DfE in December 2018. The other budget variances net to an underspend of £1.291m.
- 5.2 Annex A provides a more detailed breakdown of the variances.
- 5.3 The outturn shown includes the items which have slipped from 2017-18 (special school's capital, the disapplication and the allocation of primary contingency funding). The DSG income shown also includes the additional high needs funding of £2.862m for 2018-19, announced by the Education Secretary on 16th December 2018.

6. De-delegated budgets

- 6.1 The de-delegated budgets are included within the analysis in Annex A. The table below lists the outturn position for each de-delegated budget. In its June 2018 meeting the Forum agreed funding an overspend on the Primary contingency de-delegated budget in 2018-19 of £339k. This was funded by carrying forward from 2017-18 the underspend on the Primary contingency budgets (net of the overspend on School Improvements and Education functions budgets).
- 6.2 In 2018-19, £98k was de-delegated for the position of Senior Education Manager. This position was not recruited to in the form then envisaged and therefore the budget was unspent. In its February meeting, the Forum agreed to carry this forward and use part of it to contribute to the HGfL web development in 2019-20.
- 6.3 De-delegated budgets in respect of school improvement and education functions provide contributions towards the cost of the Authority's contract with HfL. There was an over-achievement of income and hence an underspend of £154k on the HfL contract due to the pace of academisation being slower than anticipated. This resulted in pupil numbers in maintained schools being higher than expected.
- 6.4 It is recommended that the surplus funding resulting from each of the underspends of de-delegated funding set out in the table below is carried forward into 2019-20, for the eventual benefit of de-delegating schools.

	Budget £'000	Outturn £'000	Over/ (under) spend £'000
Contingency			
- Primary	67	359	292
- Secondary	12	2	(10)
Trade Union Facilities Time	118	92	(26)
Determining Free School Meals Eligibility	41	41	0
School Improvement	1,960	1,806	(154)
Education Functions			
- HfL Contract	539	539	0
- Senior Education Manager	98	0	(98)
Total	2,835	2,839	(4)

7. DSG Carry forward

7.1 The impact of the outturn position on the amount of DSG carry forward is shown in the table below:

	£m
DSG carry forward (c/f) at 31/03/2018	23.334
c/f used to support the 2018-19 Schools budget	(5.821)
Underspend during 2018-19	4.153
DSG c/f at 31/03/2019	21.666

A point to note is that two items originally relating to 2018-19 will be accounted for in 2019-20. These are:-

- Primary Alternative Provision Capital of £0.5m for Stevenage and Dacorum Primary Support Bases. These schemes were budgeted for in 2018-19 but have slipped and are now expected to be completed in 2019-20.
- There will be a retrospective adjustment to the Early Years DSG for 2018-19. As this will not be announced until July 2019 (after the 2018-19 accounts have closed), it will be accounted for in 2019-20. Due to an increase in early years pupil numbers in January 2019, it is estimated that this will provide an additional resource of approximately £2m of Dedicated Schools Grant.

8. Conclusion

8.1 The Forum is asked to note and comment on the final position for the Schools Budget for the financial year 2018-19 as at 31st March 2019.

Description	Latest Approved Budget £'000	Outturn £'000	Variance £'000	Explanation of Variance (over £250k)
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Schools Delegated

Early Year Delegated				
3 and 4 Year Olds	57,071	56,576	(495)	There is an underspend of £495k against 3 and 4 year old budgets due to a slightly lower annual average take up than anticipated. This is partly offset by an overspend against additional hours as below.
Additional hours for 3 and 4 Year Olds	18,549	18,752	203	There is an overspend of £203k against additional hours funding due to higher levels of demand than forecast. Due to uncertainty about the take up of additional hours, no contribution from additional hours DSG was assumed towards central budgets.
2 Year Olds	6,281	6,585	304	The overspend in 2 year old funding is due to higher than predicted levels of demand.
Early Years Pupil Premium	659	690	31	
Early Year Disability Access Fund	227	137	(90)	
Early Years Full Time Places	50	19	(31)	
Primary Delegated	322,684	315,691	(6,993)	The underspend in Primary Delegated is due to the Academy conversions that have taken place since the submission of the APT in January 2018. Twelve Primary schools converted to Academy status (since the APT submission). There is a corresponding reduction in DSG received (shown below).
Secondary Delegated				
Pre 16 Secondary	76,298	71,440	(4,859)	The underspend in Secondary Delegated is due to the Academy conversions that have taken place since the submission of the APT in January 2018. Six Secondary schools converted since the APT submission. There is a corresponding reduction in DSG received (shown below).
Sixth Form	12,481	11,992	(489)	The underspend reflects reductions in sixth form payments for Academy conversions in 2018-19. There is an offsetting overspend on the Secondary Sixth Form Grant income budget.

Description	Latest Approved Budget £'000	Outturn £'000	Variance £'000	Explanation of Variance (over £250k)
Special Delegated				
Place Funding	18,274	18,274	(0)	
Top ups	21,623	21,658	36	
Residential	1,200	967	(233)	
Special Schools Contingency	200	131	(69)	
PFI	276	281	6	
Forest House	296	296	0	
Education Support Centres and Roman Fields	14,357	14,249	(108)	
Other Delegated				
Contingency	79	361	282	Overspend is due to the carrying forward of the underspend on the primary schools' element of the schools' 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	6,967	(215)	
Disapplication Fund	0	2,347	2,347	<p>In 2017-18 the Authority was granted approval to apply DSG, in specific relation to five schools which had the following characteristics:</p> <ul style="list-style-type: none"> • intentions to convert to Academy Status; • were in a period of exceptional pupil growth and; • whose financial stability would be compromised by lagged pupil funding. <p>Only one of those schools converted in 2017-18, so further approval was sought and agreed to allocate resource to the four remaining schools (that had not converted) in 2018-19.</p> <p>All the schools included in the disapplication request converted in 2018-19.</p>

Description	Latest Approved Budget £'000	Outturn £'000	Variance £'000	Explanation of Variance (over £250k)
Rates	0	(1,278)	(1,278)	The underspend represents savings made as a result of back-dated rates refunds (some dating back to 2010) received by the authority. The refunds result both from the conversion of schools to foundation status and from reviews of rateable values by the Local Billing Authorities.
Special Units & Bases	4,738	3,895	(843)	SEN consulted on the re-commissioning of a number of specialist Bases as part of a specialists provision work stream. As a result of this period of transition, levels of services were limited and in some cases only direct employee expenditure was being incurred. The re-commissioning resulted in the centralisation of SpLD (Specific Learning Difficulties) and the rationalisation of Primary Support Bases. Restructuring of these budgets has taken place in 2019-20.
Other - High Needs	-119	(286)	(167)	
Total Schools Delegated	562,406	549,745	(12,661)	

Central Budgets

Early Years SEN Development Fund	600	0	(600)	Due to the SEND Transformation across all age ranges, a decision was taken to put the Early Years SEND support review for early years providers work on hold and the £600k budget was not spent.
Early Years Emerging Needs fund	200	76	(124)	
Early Years Improvement	664	664	0	
Other Central Budgets -Early Years	833	535	(298)	The underspend of £298k is due to £89k on DSG funded staffing and £139k on childcare sufficiency expenditure.
Independent Placements	9,995	9,719	(276)	The £276k underspend includes £700k budget added in 2018-19 to support additional pressures. There was an increase in health contributions received in 2018-19 compared to 2017-18 due to successful panel discussions. Income contribution rose by 47.8% compared to 2017-18.
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. Generally, resource is identified in one year and is then allocated in subsequent year(s), once proposals for its use have been identified.
SEN Bushey Meads	338	348	11	
Speech & Language Therapy	1,696	1,698	2	

Description	Latest Approved Budget £'000	Outturn £'000	Variance £'000	Explanation of Variance (over £250k)																
Exceptional Needs Funding	6,492	6,643	151																	
Out of County Top Ups	1,199	3,096	1,897	<p>The Out of County top up is expected to overspend by £1,897k mainly due to the increase in placements in schools in OLAs caused by the shortage of spaces in Hertfordshire schools, particularly in our specialist provision. This has increased steadily since 2016, with the largest increase between 2017 and 2018.</p> <p>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.</p> <table border="1"> <thead> <tr> <th>Year OLA</th> <th>Attending OLA Mainstream</th> <th>Attending OLA Special</th> <th>Pupils Attending</th> </tr> </thead> <tbody> <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>102</td> <td>149</td> <td>251</td> </tr> </tbody> </table>	Year OLA	Attending OLA Mainstream	Attending OLA Special	Pupils Attending	2016	66	76	142	2017	83	94	177	2018	102	149	251
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2016	66	76	142																	
2017	83	94	177																	
2018	102	149	251																	
Additional Welfare & Tuition (AWT)	977	1,359	382	AWT provides funding for training and development of individual children with SEN. The overspend is due to a higher number of children and cost of support provided than expected in the allocated budget. Additionally, the significant pressures to provide individual programmes for children out of school following a permanent exclusion or waiting to access special school places. Currently most special schools in Hertfordshire are full and over subscribed. There is a risk that this spend will continue to rise as the Authority has a legal duty to arrange the provision identified in the child's Education Health Care Plan (EHCP).																
Colleges High Needs Funding	5,536	5,689	154																	
Education Support for Medical Absence (ESMA)	1,032	877	(155)																	
Outreach	463	463	0																	
Education at Private Hospitals	0	224	224																	

Schools Grants & Other Funding

Description	Latest Approved Budget £'000	Outturn £'000	Variance £'000	Explanation of Variance (over £250k)
Dedicated Schools Grant	(599,612)	(591,245)	8,367	The £8,367k overspend against budget is due to the following: £11,852k of delegated budget shares in respect of grant received by the Authority for maintained schools that have converted to academy status, for which the authority is no longer required to make Budget Share payments. plus (overspend) £787k retrospective adjustment to 2017-18 early years DSG to reflect the January 2018 early years pupil data. plus (overspend) £304k due to extra recoupment of high needs places due to the incorporation of a college outside Hertfordshire within a Herts college. plus £35k (overspend) due to reductions in de-delegation (net of other adjustments) as a result of additional academy conversions. less (underspend) £2,862k additional High Needs less (underspend) £196k extra high needs DSG relating to 2018-19 less (underspend) £209k 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)	(13,408)	489	Less sixth form grant is received by the authority when maintained secondary schools convert to academy status as 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.
Schools Grants & Other Funding	(613,509)	(604,653)	8,855	
Schools Total	0	(4,153)	(4,153)	