

**24 June 2020**

**SCHOOLS BUDGET OUTTURN 2019-20**

**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 2019-20 as at 31<sup>st</sup> March 2020.

**2. Summary**

- 2.1 This paper gives details of the main under and over spends arising within the Schools Budget during 2019-20.

**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 the small underspend of de-delegated funding, set out in the table in paragraph 6.3 below, is carried forward into 2020-21, for the eventual benefit of de-delegating schools.
- 3.3 Forum is asked:
- to support carrying forward to 2020-21 the £12k underspend on the SACRE budget,
  - to agree to increase the SACRE budget in 2020-21 from £20k to £32k.

**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 2019-20 was as follows:

Description	Amount £m
Net Schools Budget including use of carry forward	611.646
Academies Recoupment	372.085
Gross Schools Budget including Academies Recoupment	983.731

## 5. Schools Budget Variances

5.1 The underspend within the Schools Budget for 2019-20 is £2.695m.

5.2 The table below shows the variance by block. (Variances in grant attributed to relevant blocks are included in the table.) Annex A provides a more detailed breakdown.

2019-20 Schools Budget outturn by block

	Budget £'000	Outturn £'000	Over/(under)spend excluding Retrospective Adjustments to DSG £'000	2018-19 Retrospective Adjustments to DSG £'000	Over/ (Under)spend £'000
Schools	405,289	404,802	(487)	0	(487)
Early Years	90,529	88,277	(2,253)	(2,487)	(4,740)
High Needs	108,932	111,785	2,853	(304)	2,549
Central Schools Services	6,896	6,879	(17)	0	(17)
Total	611,646	611,742	96	(2,791)	(2,695)

## 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.

6.2 De-delegated budgets in respect of school improvement and education functions provide contributions towards the cost of the Authority's contract with HfL.

6.3 It is recommended that the surplus of funding resulting from the small underspend on de-delegated budgets, which is set out in the table below, is carried forward into 2020-21, for the eventual benefit of de-delegating schools.

	Budget £'000	Outturn £'000	Over/ (under) spend £'000
Contingency	75	75	0
Trade Union Facilities Time	113	87	(26)
Determining Free School Meals Eligibility	44	44	0
School Improvement	1,877	1,877	0
Education Functions	520	520	0
Total	2,629	2,603	(26)

## **7. Standing Advisory Council on Religious Education (SACRE)**

- 7.1 At the Schools Forum meeting in November 2019, it was agreed that SACRE would have a budget of £20k for the financial year 2020-2021. However, from the start of the financial year 2019-20 it was agreed with Herts for Learning that they would no longer provide the specialist RE Professional Adviser to support SACRE in its work.
- 7.2 Given the transition to the new arrangements for the management and support of SACRE, with the appointment of the new RE Specialist Adviser not taking place until October 2019, there is an underspend in 2019-20 of £12k. SACRE would like agreement to carry this amount forward, giving SACRE a total budget of £32k for 2020-21, in recognition that there will be a need for additional funding for the next review of the local Agreed Syllabus.

## **8. DSG Carry forward**

- 8.1 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 31/03/2019	21.666
c/f used to support the 2019-20 Schools budget	(9.500)
Underspend during 2019-20	2.695
DSG c/f at 31/03/2020	14.861

A point to note is that there will be a retrospective adjustment to the Early Years DSG for 2019-20. As this will not be announced until July 2020 (after the 2019-20 accounts have closed), it will be accounted for in 2020-21. Due to an increase in the take up of additional hours for 3 and 4 year olds, it is estimated that this will provide an additional resource of approximately £0.7m of Dedicated Schools Grant.

## **9. Conclusion**

- 9.1 The Forum is asked to note and comment on the final position for the Schools Budget for the financial year 2019-20 as at 31<sup>st</sup> March 2020.



Description	Latest Approved Budget £'000	Outturn variance to budget £'000	Explanation of Variance (over £100k)
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### **Schools Delegated**

<b>Early Year Delegated</b>			
3 and 4 Year Olds	58,634	(1,498)	The budget reflects the in- year increase in DSG funding. There has been an underspend against this budget due to lower pupil numbers.
Additional hours for 3 and 4 Year Olds	20,763	(90)	
2 Year Olds	6,838	(61)	
Early Years Pupil Premium	691	39	
Early Year Disability Access Fund	236	(123)	Underspend is due to fewer children being eligible than originally estimated.
Early Years Full Time Places	25	(14)	
<b>Primary Delegated</b>	316,890	(4,981)	Underspend resulting from in year academy conversions. Six primary schools have converted.
<b>Secondary Delegated</b>		0	
Pre 16 Secondary	68,994	(6,774)	Underspend resulting from in year academy conversions. Two secondary schools have converted.
Sixth Form	10,947	(619)	Underspend of £672k resulting from in year academy conversions, offset by £54k additional sixth form funding.

Description	Latest Approved Budget £'000	Outturn variance to budget £'000	Explanation of Variance (over £100k)
<b>Special Delegated</b>		0	
Place Funding	19,053	(90)	Underspend resulting from in year academy conversion.
Top ups	22,751	858	The budget was set at full capacity figures for special schools. The overspend is due to increased top ups for additional pupils particularly where schools exceed full capacity by over 3%. The top-up funding was set at a level of 2,144 pupils. The average monthly actuals funded on figures to date are 2,333, as increase of 188 pupils compared to budget.
Residential	955	(112)	The budget was set at a capacity of 36.5 places across three schools. The monthly average residency to date is 28.9. There are no residential pupils at Falconer in the Spring Term.
Special Schools Contingency	200	(159)	Most of this contingency budget was not allocated in 2019-20.
PFI	276	(17)	
Forest House	299	0	
<b>Education Support Centres and Roman Fields</b>	15,048	(608)	The underspend is due to: the conversion of The Park ESC in October 2019 £259K, £50K underspend on the additional capacity funding, £100k underspend on revenue to support capital schemes and £200k underspend on primary behaviour funding.
<b>Other Delegated</b>		0	
Contingency	75	(0)	
Growth Funding & Falling Rolls Fund	5,886	1,314	The overspend is mainly due to the summer term payment of additional places funding made to academies of £1.065m. This is offset with a reduction in the value of recoupment for academies against DSG.
Disapplication Fund	0	0	
Rates	0	(613)	Rate refunds for previous years have been received following ongoing rating authority revaluation programmes. In addition, the underspend includes £121.6K adjustments made to reflect difference between current year rates budget share allocation and actuals.
Special Units & Bases	2,959	55	
Other - Schools	0	0	
Other - High Needs	(118)	(92)	
<b>Total Schools Delegated</b>	<b>551,402</b>	<b>(13,584)</b>	

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### **Central Budgets**

Early Years SEN Development Fund	600	(600)	The underspend relates to the decision to put the Early Years SEND support review for early years providers work on hold due to the SEND transformation across all age ranges.
Early Years Emerging Needs fund	200	164	The overspend in the emerging needs fund has been caused by a higher than anticipated demand due to an improved claiming process. Verification processes will be in place from April 2020 in conjunction with ISL to manage demand.
Early Years Improvement	1,024	0	
Other Central Budgets -Early Years	708	(79)	
Education Independent Placements	10,327	3,713	<p>The overspend on the Independent placement budget is primarily due to:</p> <ul style="list-style-type: none"> <li>- Hertfordshire's special schools being at full capacity hence SEN pupils being placed in independent special schools</li> <li>- Tribunal decisions</li> <li>- Pupils placed in independent provision by other authorities who subsequently move into Hertfordshire, transferring financial responsibility</li> </ul> <p>The overspend of £3.713m is due to:</p> <ul style="list-style-type: none"> <li>- The budgeted placements were 166 at an average cost of £52k.</li> <li>- The full time equivalent number of pupils forecast this year is 185. The cost implication of the additional 19 pupils is £0.964m</li> <li>- The average cost of the placements is £60k. The cost implication of the higher than budgeted cost is £1.249m</li> <li>- £1.5m is a contribution to social care education costs.</li> </ul>
SEN Strategy Development Fund	6,186	(6,186)	The SEN Strategy Development Fund was established to support new initiatives, including key priorities within the SEND strategy. Most of the additional 18-19 HN DSG funding of £2.86m was included in this fund.
SEN Bushey Meads	338	(62)	
Speech & Language Therapy	1,696	(6)	

Description	Latest Approved Budget £'000	Outturn variance to budget £'000	Explanation of Variance (over £100k)																																
Exceptional Needs Funding	7,791	1,734	<p>The overspend of £1,734K is due to an increase number of applications for Exceptional Needs Funding (ENF) approved by panels this year. The spending on these budgets is demand led and dependent on the number of cases approved at panel. There has been an increase in demand over the last two years. The number of pupils supported over the last three years are as follows:</p> <table> <tr> <td>Year</td><td>2017/8</td><td>2018/19</td><td>2019/20</td></tr> <tr> <td>No of Pupils</td><td>1,055</td><td>1213</td><td>1512</td></tr> <tr> <td>Increase</td><td></td><td>15%</td><td>24.6%</td></tr> </table> <p>The number of hours supported were:</p> <table> <tr> <td>Year</td><td>2018/19</td><td>2019/20</td><td>% Change</td></tr> <tr> <td>Early Years</td><td>55,253</td><td>67,332</td><td>21.9</td></tr> <tr> <td>School Age</td><td>626,715</td><td>818,425</td><td>30.7</td></tr> <tr> <td>Post 16</td><td>6,621</td><td>5,722</td><td>(13.6)</td></tr> <tr> <td>Total hrs</td><td>688,589</td><td>892,478</td><td>29.6%</td></tr> </table> <p>The hourly rate for ENF increased by 5.4% from 2018/19 and because the school contribution of £6,000 is fixed (DSG regulations), funding from the ENF budget has increased disproportionately.</p>	Year	2017/8	2018/19	2019/20	No of Pupils	1,055	1213	1512	Increase		15%	24.6%	Year	2018/19	2019/20	% Change	Early Years	55,253	67,332	21.9	School Age	626,715	818,425	30.7	Post 16	6,621	5,722	(13.6)	Total hrs	688,589	892,478	29.6%
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Out of County Top Ups			The Out of County top up budget overspent by £2,253k mainly due to the tincrease in placements in schools in other local authorities caused by the shortage of spaces in Hertfordshire schools, particularly in our specialist provision. The table below reflects the increase in out of county placements for both special and mainstream schools in 2019/20 against 2018/19.				
				Actual Number of Pupils 2019/20	Actual Number of Pupils 2018/19	Increase In Pupils	% Increase
			Other LA Special Schools	185	149	36	24%
			Other LA Maintained Schools	125	102	23	22%
			Total Pupils in Other LAs	310	251	59	24%
				Mainstream	Special	Totals	
				£	£	£	
			Costs this year	457,071	3,334,247	3,791,318	
			Prior year costs	99,558	402,684	502,242	
						4,293,560	
	2,041	2,253					

Description	Latest Approved Budget £'000	Outturn variance to budget £'000	Explanation of Variance (over £100k)
Additional Welfare & Tuition	1,002	975	The overspend is mainly due to: <ul style="list-style-type: none"> <li>• The lack of special school places which has led to a need to offer tuition for children not attending school;</li> <li>• There is a demand on therapies such as play therapy, art therapy and pupils supported with therapies have increased;</li> <li>• The number of exclusions continues to rise; and</li> <li>• Tribunal decisions which require bespoke costly packages, including learning support assistants, Applied Behaviour Analysis (ABA) programmes, etc has led to further pressure on the budget.</li> </ul> . In addition, approximately £245k in 2019/20 relates to prior year costs that were not accrued. A new monitoring system has been implemented by the Service to ensure costs are accrued for in the correct period in future.
Colleges High Needs Funding	6,370	39	
Education Support for Medical Absence (ESMA)	1,048	(135)	The underspend is as a result of the reduction in the amount of variable teaching hours required and the use of My Tutor a Web-based platform that allowed teaching delivery over the internet.
Outreach	475	(97)	
Education at Private Hospitals	200	(44)	
Other Central Budgets - High Needs	9,231	(304)	The Underspend of <b>£304k</b> is mainly due to the following: <ul style="list-style-type: none"> <li>- Delivering Special Provision Locally (DSPL) Area Groups underspend of <b>£92k</b> due to monies retained and not disbursed to a DSPL where previous allocations have not been fully utilised.</li> <li>- One-off savings being offered up in commissioning work to aid transition of young people moving into Further Education/Colleges and preparing for adulthood of <b>£95k</b>.</li> <li>- The Lift Maintenance budget of <b>£32k</b> which will not be utilised this year</li> <li>- Underspend in DSPL Special School Development <b>£48k</b> and</li> <li>- Underspend in SEND SAS budgets of <b>£130k</b> (<b>£91k</b> due to staff vacancies and <b>£39K</b> relating to equipment budgets underspends)</li> </ul> These underspends are offset by overspends due to Excluded pupils of <b>£24k</b> , Exceptional Needs Panels <b>£58K</b> , Non Delegated Special <b>£11K</b>
High Needs Capital	0	500	This represents £500k of an approved disapplication to utilise DSG funding as a contribution to high needs capital schemes. These schemes were originally budgeted for in 2018-19 but slipped to 2019-20..
Education Access & Provision	1,667	67	
Other Central Budgets -Central Schools Services	3,527	(72)	This underspend of £72k is due to Access and Inclusion staffing underspend of £97k offset by the overspend incurred in IES support as a result of insufficient budget for Infrastructure recharge.
Other Central Budgets -Schools	1,899	(26)	
School Improvement and Other Education Functions	3,913	(12)	Underspend relates to SACRE
<b>Total Central Element of DSG</b>	<b>60,245</b>	<b>1,824</b>	

Description	Latest Approved Budget £'000	Outturn variance to budget £'000	Explanation of Variance (over £100k)
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### **Schools Grants & Other Funding**

Dedicated Schools Grant	(600,700)	8,919	<p>The decrease in funding of £8.919m represents the following:</p> <ul style="list-style-type: none"> <li>- Recoupment of converting schools budget Shares £12.104m, plus de-delegation adjustment etc of £87k less rates saving on converting academies of £147k = net cost of £12.044m;</li> <li>- Additional grant funding received for 2018/19 EY pupil number adjustment of £2.487m;</li> <li>- Plus a reduction in recoupment for Summer Term Growth Fund Additional places payments £1.065m;</li> <li>- Plus a reduction in recoupment for other high needs places of £46k;</li> <li>- Plus a refund of DSG recouped for Barnfield College of £304k for 2018/19;</li> <li>- Less a recoupment adjustment of £644k for Barnfield College;</li> <li>- Less transfer funding to post 16 grant re special school places of £472k; and</li> <li>- Additional high needs funding of £339K from the update of the import export adjustment.</li> </ul>
Sixth Form Grant	(10,947)	147	<p>There is a reduction in 6th form grant of £672k relating to academy conversions offset by:</p> <ul style="list-style-type: none"> <li>- an increase of £472k relating the transfer of funding of post 16 special school places for the summer term from the DSG,</li> <li>-an increase in sixth form funding of £54k .</li> </ul>
Pupil Premium	0	0	
Other Grants	0	0	
<b>Schools Grants &amp; Other Funding</b>	<b>(611,646)</b>	<b>9,066</b>	
<b>Schools Total</b>	<b>0</b>	<b>(2,695)</b>	