

**Budget Monitoring report**

**1. Purpose of the Report**

This report has three main purposes, it looks at the budget monitoring position of the Dedicated Schools Grant at the end of July, it considers the latest notification of the grant from the Department of Education and the financial position of the mutual funds held by the Forum .

**2. Recommendation**

- i) The Forum note the report
- ii) The Forum note the revised level of the DSG of £250.4m
- iii) The forum agree to the extra funding detailed in 3.2 be added to the early years block and be allocated to providers as appropriate

**3. Dedicated Schools Grant(DSG)**

**3.1 The current budget is as follows**

	Gross Expenditure	Govt Grants	Other Income	Internal Income	Net Budget
	£'000	£'000	£'000	£'000	£'000
Individual Schools Budget	224,368	-224,368	0	0	0
Central expenditure on education of children under 5s	17,068	-13,507	-381	-114	3,066
Provision for pupils with SEN (including assigned resources)	12,417	-20,439	0	0	-8,022
Education out of school	1,502	0	0	-60	1,442
Capital Expenditure from Revenue (CERA) (Schools)	36,908	-24,174	-1,378	-5,999	5,357
School-specific contingencies	4,219	-9,639	0	-1,633	-7,053
Other	5,031	0	0	-1,147	3,884
Academy Recoupment	-6,189	6,189	0	0	0
<b>Total</b>	<b>295,324</b>	<b>-285,938</b>	<b>-1,759</b>	<b>-8,953</b>	<b>-1,326</b>

- 3.2** In May a number of adjustments to the Dedicated Schools Grant were made and at the last meeting we discussed the latest notified to the Local Authority. The revised figure was £249.7m. There has been a further change since then and the latest figures is £250.4m. This change relates to the revision of the early year forecast pupil numbers to actual numbers in January 2013. A further change will be made to the DSG when the January 2014 actual numbers are know. This is expected to take place next April.
- 3.3** It is proposed that as the extra funding is for increases in children under 5 that this adjustment is held within the early years block and allocated out to providers as appropriate.
- 3.4** The government grants shown in table under 3.1 total £284.1m. The difference between this and the total dedicated school grant is shown below

	£m	£m
Dedicated Schools Grant		250.4
Less Academy Recoupment		6.2
DSG after recoupment		244.2
Additional Grants		
Post 16 funding	6.6	
Pupil Premium	11.0	
Private Finance Initiative	24.2	
Total		41.8
		286.0

#### **4. Budget Pressures**

- 4.1** The only budget pressure is within the High Needs Pupils Block were currently there are 101 pupils with SEN in independent provision which is an increase of 9 since March 2013. The resulting pressure is £942k which can be met from the contingency set aside by the Forum in previous years.
- 4.2** The age profile of this pupils are as follows

	Recent Cases	Overall Total
Primary age 5 -10	9.7	19.1
Secondary Age 11- 16	16.1	53.4
Post 16	1.0	31.7
Total	26.8	104.2

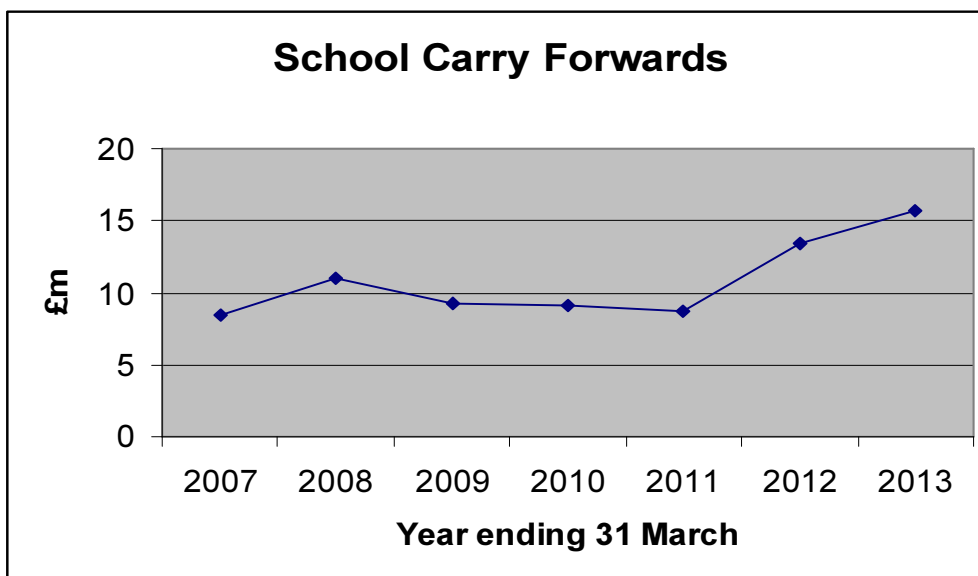
- 4.3** The increase of 9 pupils represents a increase in the number of placements mainly at Riverston and Baston House. Below is a summary of the schools where children are placed and the main needs of the children the school provides for

School	Recent Cases	Overall Total	Primary Need
Riverston	6.0	14	ASD
Baston House	9.7	13.3	ASD
Helen Allison	-	7.0	ASD
New School At West Heath	-	5.0	ASD
St Mary's Wrestwood		4.0	PMLD
Cavendish	1.7	3.7	BESD
Mary Hare	0.6	3.6	HI
Eagle House		3.4	SLCN
Other	8.7	50.2	
Total	26.8	104.2	

- 4.4** Subject to other funding uncertainties being resolved in a cost-neutral way, for example for post 16 high needs funding where student numbers and costs will not be clear until after September, the current forecast is that expenditure on the DSG, which is of course mostly delegated to schools, will be on budget.
- 4.5** While the budget pressure identified on SEN can be met this year from the contingency this is only a short term solution to the problem. The budgetary pressure is expected to increase over the coming months as the pupil numbers grow and funding does not keep pace with the growth. The national funding arrangements for high need children is such that no inflation is taking into account and only a partial allowance is expected for the growth in numbers. The impact of this needs to be addressed and further proposals are detailed in the budget paper (Item 8) of this meeting

## **5 School Balances**

- 5.1** As at 31 March 2013 balances held by schools were £15.7m in aggregate, £2.3m higher than the equivalent figure a year before. The trend over the last six years is set out below.



**5.2** There Schools' Forum noted at the meeting on 26 June 2013 that there are 32 schools with excess balances which total £5.5m in aggregate. The Schools' Forum identified nine of these schools as being of particular concern, which accounts for £2.8m, slightly more than half, of the excess balances. The Forum agreed to cap these schools' balances at the percentage levels set out above, but to release the funds back to the schools concerned on completion of a satisfactory budget plan. If those plans are not then delivered the excess balances will be distributed to other schools in 2014/15. Of the 9 schools mentioned above five of the schools have been visited and challenged about their spending plans and discussions with the rest of the schools will take place shortly

**5.3** There are three schools that are likely to have a licensed deficit this year Trinity, Sedgehill and Edmund Waller. All schools have been working with officers over the Summer Term to agree recovery plans. These are being fined tuned and the applications for the license expect shortly.

## **6. Mutual Funds**

The Schools Forum has a number of mutual funds that they manage on behalf of schools. At the end of the year any balances are returned to schools or rolled forward to the next year. The current position of the funds is described below,

<b>Fund</b>	<b>Budget</b>	<b>Spent or committed to date</b>	<b>Balance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Growth Fund	<b>2161</b>	<b>2264</b>	<b>-105</b>
Contingency	<b>1222</b>	<b>89</b>	<b>1133</b>
Maternity Fund	<b>838</b>	<b>746</b>	<b>92</b>

### **6.1 Growth Fund**

Currently a total of £2,128k of the growth fund has been allocated to schools and potentially there is further allocation that may have to be made of £138k.

The expenditure to date covers

- bulge classes in 14 schools (with schools taking between 15 and 60 additional places),
- permanent expansions in 12 schools (some new, some continuing) and
- continuing funding for resources in 45 schools (funding is paid each year as the new places move through the school).

### **6.2 Contingency**

No further bids have been made since the last meeting of the Forum.

### **6.3 Maternity Fund**

The Non-Sickness Supply scheme operated by the Schools HR team has paid out £327k of claims for the Summer Term. Looking at patterns from previous years, this leads us to estimate a total spend for the year of £746k which will on current forecasts create a surplus of £91k on the current budget of £838k. Further information will be available once the Autumn Term claims have been submitted.

Special schools, who are not able to de-delegate collectively via Schools Forum have all bought back into the scheme.

The Summer Term claims breakdown as shown in the table below.

Phase	Claim Type	Number	Amount	Average
Primary	Maternity	34	£196k	£6k
	Paternity	4	£7k	£2k
	Suspension	4	£22k	£6k
		42	£224k	£5k
Secondary*	Jury Service	4	£4k	£1k
	Maternity	10	£77k	£8k
	Paternity	5	£7k	£1k
	Suspension	1	£3k	£3k
		20	£91k	£5k
Special	Maternity	1	£13k	£13k
		1	£13k	£13k
		63	£328k	£5

\* includes all-through schools

## 7 Conclusion

The budget monitoring position looks on the surface to be satisfactory but it is not. There are undoubted pressures in the high needs pupils costs. While we have been setting aside resources over the last few years and this has only bought us time, the critical point when these funds are no longer available is fast approaching. The budget paper for this meeting details the provisional position for next year and looks at how this maybe addressed and also considered the potential use of the balance on the contingency fund noted above in section 5.2

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