

Budget Monitoring Report

1. Purpose of the Report

1.1 This report provides Forum with information on the budget monitoring position of the central budgets within the Dedicated Schools Grant at the end of October and the schools' budget monitoring returns at the end of September 2013.

2. Recommendation

2.1 That Forum note the report.

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
Total	295,324	-285,938	-1,759	-8,953	-1,326

3.2 The government grants shown in table under 3.1 total £285.9m. 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

3.3 No further changes to the DSG have occurred since the last meeting.

4. Budget Pressures

4.1 Currently there are 104 fte pupils with SEN in independent provision. When the budget was set in December 2012 it provided for 86 fte pupils. The average cost of placements is £55k and the average cost of the most recent cases is £46k in line with this. There has been one pupil that changed setting which is now costing an extra £195k.

4.2 The age profile of the new cases are shown below. (The 26.8 new cases have been offset by departures, leaving a net increase of 18 fte since December.)

	New 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

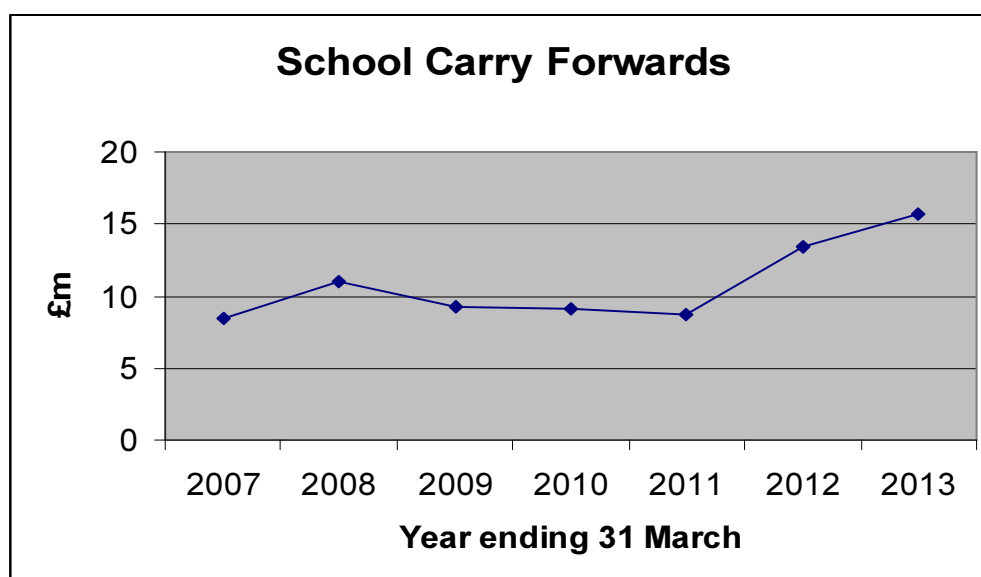
4.3 The increase in pupils are mainly for placements at Riverston and Baston House. Below is a summary of the schools where children are placed and the main needs of the children the school provides for

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 are still to be confirmed, The current forecast is that expenditure on the DSG, which is of course mostly delegated to schools, will be on budget.
- 4.5 Currently the charge for the Carbon Reduction Commitment (CRC) has exceeded the budget by £67k This is levied by the Environment Agency. In 2014/15 schools will be exempted from the CRC.
- 4.6 These pressures can be met from the contingency funds built up by the Schools Forum over the past few years.
- 4.7 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 needs children is such that no inflation is taken 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 Appendix A considers three years of school carry forward and attainment data to see if there is a correlation. Trends cannot be seen from the data.

- 5.3** Sometimes when a school has financial management issues there are other issues with the management of school and curriculum. These graphs show that while this maybe true in certain schools it is not by any means true for all
- 5.4** The 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 for the balance control mechanism (8% for primary and special and 5% for secondary), 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. All the 9 schools mentioned above have been visited and challenged about their spending plans and apart from one intend to bring their balances down to the level of the cap. The one school is Adamsrill who have been saving up for additional capital works related to a move into a new site. The agreement for the move has not been completed and it is unlikely that the school will now spend the balance.
- 5.5** There were a number of messages from schools about these balances most of which were related to saving up for additional items to support capital projects to meet the needs of the rising pupil population. There were also some issues around the technical accounting regarding internal authority creditors. Schools claimed that their current balance was overstated as a result. Consideration will be given to revising the procedures in place to avoid this potential misinterpretation of information.
- 5.6** A short survey of London Authorities was undertaken to see how many schools forum operate balance control mechanisms. Current returns indicate 50% of the borough's operate such controls.
- 5.7** There are two schools that are likely to have a licensed deficit this year; Trinity and Edmund Waller. The licensed deficit at Trinity was agreed by the Mayor and Cabinet on 4 December 2013. Work continues with Edmund Waller to secure a long term viable position.
- 5.8** Schools were due to return their September budget monitoring reports by the 30 October. At the time of writing this report there are 11 schools who have yet to make a return. These schools have been reminded of the deadline. The schools showing a forecast of a excess balance will be contacted shortly to assess why they believe this is necessary.

5.9 At this stage last year, schools forecasts indicated that their final outturn in total would be £8m it turned out to be £16m. From the current returns and assuming that the schools who have not made a return will be forecasting a carry forward at a similar level to their budget plan, the total forecast shows again a carry forward of £8m. This would indicate that at the year the carry forward for schools will again be around £16m.

5.10 The current loans out of the innovation fund are as follows

John Ball	£23,226
Brindishe Lee	£25,000 (Advanced this term)
Edmund Waller	£37,000 (Application in process)

6. Mutual Funds

6.1 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,

Fund	Budget	Spent or committed to date	Balance
	£000	£000	£000
Growth Fund	2,161	2,270	-109
Contingency	1,222	89	1,133
Maternity Fund	823	823	0

6.2 Growth Fund

Currently a total of £2,270k of the growth fund has been allocated to schools.

The expenditure to date covers

- bulge classes in 15 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).

6.3 Contingency

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

6.4 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 and the level of claims received so far this term, it is estimated that the total spend for the year will be £823k which will be

an almost perfect match to the current budget of £823k. Further information will be available once the Autumn Term claims have been submitted.

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

6.6 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, this has only bought us time; the critical point when these funds are no longer available is fast approaching. The High Needs sub group report for this meeting, details the longer term situation and looks at how this may be addressed.

Dave Richards

Group Finance Manager – Children and Young People

Contact on 0208 314 9442 or by e-mail at
Dave.Richards@Lewisham.gov.uk