

**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 January and the schools' budget monitoring returns at the end of December 2013.

**2. Recommendation**

- 1) That Forum note the report.
- 2) That Forum agree to transfer the new funding of £362k for the delivery of the 2 year old entitlement to the early years block.

**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
Total funding allocated to schools	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 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

\* This funding will cover the unitary charges for the PFI / BSF Schools

- 3.3 Additional funding was notified to us on the 12 December 2013 to cover the delivery of the early years education entitlement for two-year olds and the expansion of school nurseries from 8am to 6pm (this is not included in the above tables). There was an additional £8million of funding made available to local authorities in London, Lewisham received £362k. Local authorities are being asked to ensure providers are making best use of capacity and attracting high quality providers to their area for early learning for two-year olds, which the Government announced earlier this year, and to expand overall provision for two, three and four-year olds.
- 3.4 It is proposed to add this funding to the early years block but the reality is that it will not be spent and be added to the carry forward on the DSG. This will allow it to be available for next year. It will be used to develop the Child Minder Support network.

#### 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. There has been one pupil that changed setting, which is now costing an extra £195k.
- 4.2 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.
- 4.3 These pressures can be met from the contingency funds built up by the Schools Forum over the past few years.

## **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. At this stage last year, schools forecasts indicated that their final outturn in total would be £12m; it turned out to be £15m. 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 a carry forward of £11m. This would indicate that at the end of the year the carry forward will be around £14m
- 5.2 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. here is one primary school, Fairlawn, forecasting a deficit in their budget monitoring at the end of year. This is expected to be recovered next year.
- 5.3 Schools were due to return their December budget monitoring reports by the 31 January. At the time of writing this report there are 11 schools who have yet to make a return.
- 5.4 Some of the schools who had excess balances last year are reporting difficulties in bringing the balance below the capping limit. These are for good reasons for example, contractors have not been able to undertake building works as the ground has been saturated with rainwater and some schools' negotiations with contractors have not been concluded. It is proposed once the final carry forwards are known a report will be brought to the May meeting of the forum to discuss the individual school's circumstances.

## **6. Schools Financial Value Standard**

- 6.1 From April 2012 onwards, all LA maintained schools need to complete the SFVS by 31 March of each year, unless they met one of the reasons for exemption listed below:
- i. School has opened in this financial year
  - ii. School has closed in this financial year
  - iii. School will be closing by 1 September 2013
  - iv. School suffered fire/flood/natural disaster in this financial year
  - v. School has been issued with an Academy order
  - vi. Schools have merged in this financial year or entered into a hard federation with a new governing body
  - vii Financial delegation has been withdrawn/suspended in this financial year
  - viii. Governing body has been suspended and so cannot complete the SFVS in this financial year.

- 6.2 The Local Authority have to provide a return to the Department for Education by the 31 May each year, detailing the number of schools that have not met or not completed the School Financial Value Standard.
- 6.3 Last year despite a number of reminders, there were 13 schools that did not undertake the standard or failed to notify us by the deadline. This was challenged by the DfE who asked what steps we took taken to help and remind schools to complete the necessary questionnaires.
- 6.4 Whilst the deadline for the return to the DfE is not until the 31 May 2014, school governing bodies should ensure the standard is returned by 31 March. Currently we only have returns from 22 schools, which represent around 25% of our schools. Reminders have been sent to schools and clerks to governors have been encouraged to make sure that the standard is complete
- 6.5 Forum members are asked to remind all the bodies they represent that the SFVS should be completed

## 7. Mutual Funds

- 7.1 The Schools Forum has a number of mutual funds that it manages 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>
<b>Growth Fund</b>	<b>2,161</b>	<b>2,291</b>	<b>-130</b>
<b>Contingency</b>	<b>1,222</b>	<b>89</b>	<b>1,133</b>
<b>Maternity Fund</b>	<b>823</b>	<b>684</b>	<b>139</b>

## 7.2 Growth Fund

Currently a total of £2,291k 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 14 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).

### 7.3 Contingency

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

### 7.4 Maternity Fund

The Non-Sickness Supply scheme operated by the Schools HR team has paid out £327k of claims for the Summer Term and £188k for the Autumn Term. This Autumn Term amount indicates a lower level of spend for the year than previously reported, with a potential underspend of £139k. It is possible that the lower Autumn Term figure is the result of claims not being submitted, which could lead to Spring Term expenditure that returns the spend figure to the budget level of £823k. The Spring Term claims are not processed until the end of term.

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

7.6 The claims for the year so far breakdown as shown in the table below.

Phase	Claim Type	Number	Amount	Average
Primary	Adoption	1	£2k	£2k
	Jury Service	1	£1k	£1k
	Maternity	47	£309k	£7k
	Paternity	5	£8k	£2k
	Suspension	6	£37k	£6k
		60	£357k	£6k
Secondary*	Jury Service	5	£5k	£1k
	Maternity	13	£100k	£8k
	Paternity	8	£12k	£2k
	Suspension	3	£9k	£3k
		29	£126k	£4k
Special	Maternity	4	£32k	£8k
		4	£32k	£8k
		93	£515k	£6

\* includes all-through schools

## 8 Conclusion

The budget monitoring position looks on the surface to be satisfactory but 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. At the last Forum we agreed to reduce the matrix funding next year but there the budget

pressures will still continue to grow as the pupil numbers across the authority increase. It is important the High Needs sub-group continue their work if the Dedicated Schools Grant is to balance in the future.

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