

Financial Update and 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, it considers the latest schools' finance information and the financial position of the mutual funds held by the Forum.

2. Recommendation

- i) The Forum note the report
- ii) Approve the creation of a contingency for secondary schools with falling rolls, funded from the contingency
- iii) Forum member consult their representative bodies for volunteers to help with the catering tendering process.

3. Dedicated Schools Grant (DSG)

3.1 High Needs SEN

The High Needs SEN budget consist of the funding that is given to Special Schools, Primary and Secondary schools for matrix children and resource basis, FE providers and independent schools. At the end of last year this budget was overspent by £823k. This years forecast is that it will be overspent by £1,577k. The current main pressure is the growth in the number of pupils within the SEN matrix bands. The position will need to be revised once all the Autumn Term numbers have been collected and the review being undertaken on which band of needs each child within each Special Schools falls in, is complete.

Unfortunately it has not been possible for the high needs sub group to meet before the Forum to discuss the position but they will meet in early October. It is recommended until the above become clear the funds put aside from the 2 year funding continues to be held to offset the overspend.

3.2 Early Years Pupil Premium and funding for two-year-olds

This consultation was launched on 25 June 2014 and closed on 22 August 2014, leaving little time for Schools Forum to respond. The consultation sought views on the introduction of an Early Years Pupil Premium for all disadvantaged three and four year-olds from April

2015, and on moving to participation funding for the early education entitlement for two-year-olds from 2015-16.

The main concerns regarding the consultation are around

- The flat rate funding for the Early Years Pupil Premium across the country. It does not include an adjustment for the higher costs of London.
- Local Authorities will be required to check eligibility for the Pupil Premium. This can be achieved through the governments Eligibility Checking System. Use of which will require legislative changes that are unlikely to be in place by the start date of pupil premium funding and manual checks will be required. There is concern whether Local Authorities can absorb this cost within current financial restraints. London Councils have asked for a delay in the implementation of the system by one year.

3.3 Finance Regulations Consultation

This consultation was issued on the 8 August. This is an annual consultation and usually builds into legislation the funding reforms announcements from the past year. This years consultation does have an unexpected proposal that creates a difficulty with the proposed expansion of Greenvale school expansion for 19-25 children.

The changes proposed would mean the Dedicated Schools Grant cannot be used to fund places or top-up for 19 to 25 year olds in maintained special schools and special academies. This reflects the current position that young people with statements cannot remain in special schools beyond age 19. Without these changes, the introduction of EHC plans would otherwise create an anomaly under the existing funding regulations for maintained special schools. In the DFE words they believe that there are a number of risks associated with extending special school provision up to 25 which may cause uncertainty and volatility in the market as the SEN reforms are introduced. This was not anticipated when Schools Forum discussed this in June 2014.

Special schools can still set up provision for 19 to 25 year olds that is a legally separate entity from the school through the Education Funding Agency's (EFA) market entry process. The DFE believes this ensures the policy objectives are embedded fully in new provision and helps manage the market.

The proposed Greenvale expansion which was discussed at the last meeting of the Forum are now being reviewed in the light of the new guidance. A verbal update will be provided at the meeting.

4. Schools Audit recommendations

When a school undergoes an internal audit, the audit report makes a number of recommendations. The CYP Directorate should be notified when the recommendations have been implemented. This information is reported to the Internal Control Board. Currently the Internal Control Board are concerned about the number of overdue school recommendations outstanding.

The monitoring of the implementation of the recommendations have proved a challenge especially as the resource levels of the Directorate are reduced.

Under chair's action it was agreed that the Schools Forum endorse a letter to schools requiring that recommendations be implemented. Other work is being undertaken to see whether an automated reminder and collection system can be provided.

5. Catering

The process to procure a school meals contractor and FM contractor to deliver the school meals service from May 2015 has continued throughout the summer holidays with documentation to support the tender being completed with the support of a number of stakeholders.

Officers have evaluated Pre Qualifying Questionnaires for contractors expressing an interest in tendering for the FM service contract with five contractors being shortlisted.

The timetable from Invitation to Tender (ITT) to contract award has been set out below and you will note the requirement for access to schools.

Schools Forum
25 September 2014
Item 4

Date	Activity
12th September 2014	Invitation to tender released
24th September 2014	Tender Briefing for Contractors
w/c 29th September 2014	Tenderer site visits to participating schools
17 th October 2014	Deadline for submission of questions
24 th October 2014	Tender return date
5 th November 2014	Evaluation of tenders completed
14 th November 2014	Presentations by shortlisted bidders
End November 2014	Site Visits (if required)
Early January 2015	Contract award – Mayor & Cabinet (Contracts) approval

The council are also looking for interested head teachers and school business managers to participate in the evaluation exercise. In terms of time commitment we envisage that there will be a need to review the specification and evaluation methodology prior to a half day evaluation session.

Members are asked if they wish to volunteer or if they could ask at their representative bodies for volunteers. If anybody would like to participate in the evaluation process or have any queries or concerns related to the tender process please contact Matt Eady on 0208 314 6491 or email matthew.eady@lewisham.gov.uk

6. School Budget Plans

At the last meeting (19 June 2014) it was reported that 10% of the schools budget plans remained outstanding. The deadline for making a return was 31 May 2014. However a school should be planning the budget well in advance of this date and confirming the position prior to the start of the year. Currently there are 3 schools who have not submitted plans and we are in communication with all of these.

7. Mutual Funds

The Schools Forum has a number of mutual funds 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,

Fund	Budget	Spent or committed to date	Balance
	£000	£000	£000
Growth Fund	1,739	1,535	203
Contingency	1,253	0	1,253
Maternity Fund	831	181	650

7.1 Growth Fund

We are in the process of allocating the growth fund to schools, with the final data collection regarding additional places created currently taking place. The 2014/15 Growth Fund budget is £1,739k.

The budget is made up as follows

- £672k bulge classes (equivalent of 12 bulge classes),
- £762 expanding schools (some new, some continuing. Covers 13 schools) and
- £306k continuing funding for resources (funding is paid each year as new places move through the school).

7.2 Contingency

7.21 Last years position

At the end of last year the contingency budget was underspent by £1,063k. This sum has been brought forward. It was expected that this would be available to return to schools. However we have recently had notification of a revaluation of the business rates at Prendergast Ladywell Fields College (PLFC) site of the Leathersellers' Federation of Schools. The assessment has been back dated for 5 years to 2010/11. The total extra charge for the 5 years is £601k. A further revaluation at Gordonbrock Primary School has also been received with a cost of £220k.

There are two other schools, Rushey Green and Forster Park, for whom sizeable revaluations are anticipated.

The next general revaluation of the school estate will take place in 2017. With the expansion of schools places it is likely that there will be increases in the funding requirement. Any extra funding will need to be found within the DSG.

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

7.23 Creation of a contingency for secondary schools with falling rolls

At the last Forum it was discussed whether we should set aside part of the contingency to support secondary schools with falling rolls. The current regulations allow this to happen for good or outstanding schools where the school roll is falling but is expected to rise again shortly as the primary bulge comes through the secondary sector. This funding support is to avoid the situation where a school may need to reduce the teaching complement to balance their budget, incurring redundancy costs only to need to employ extra teachers in a few years time.

It is proposed that support would be available where

- Schools were judged Good or Outstanding at their last Ofsted inspection
- Local planning data shows a drop in pupils of more than 60 and then a future rise within the next 3 years to a level above that at the time of the application for funds.

- Funding will be provided for the cost of a teacher on a per pupil basis
- The school would need to make redundancies in order to contain spending within its formula budget
- There will be an annual review
- An application for funding is made to the Schools Forum

It is further proposed that the funding

- Be provided for the cost of a teacher on a per pupil basis
- Be subject to annual review

7.3 Non-Sickness Supply Fund

At the end of last year the non-sickness supply budget was under spent by £89k. The Summer Term claims breakdown as shown in the table below.

Phase	Claim Type	Number	Amount	Average
			£	£
Primary	Jury	3	1,387	462
	Maternity	11	65,867	5,988
	Paternity	1	1,640	1,640
	Suspension	2	7,387	3,694
		17	76,281	4,487
Secondary*	Jury Service	2	1,418	709
	Maternity	11	87,955	7,996
		13	89,372	6,875
Special	Maternity	2	9,323	4,662
	Suspension	1	5,904	5,904
		3	15,227	5,076
		33	180,880	5,481

* includes all-through schools

8 Conclusion

The High Needs block still causes concern and it is expected that it will overspend again this year despite being supported by the carry forward. That carry forward will not be available next year and it still expected that there will be a shortfall of £2m. The work of the high needs group continues to be essential, they meet in October and will need to formulate proposals for the Forum December budget setting meeting to address the overspend

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