

TO: SCHOOLS FORUM
DATE: 20 SEPTEMBER 2018

THE SCHOOLS BUDGET – 2018-19 BUDGET MONITORING
Executive Director of People

1 PURPOSE OF REPORT

- 1.1 The purpose of this annual report is for the Schools Forum to receive an update on the 2018-19 forecast budget monitoring position for the Schools Budget, to be aware of key issues and management actions being taken and progress to date on the Education Capital Programme.

2 EXECUTIVE SUMMARY

- 2.1 At this early stage of the financial year, initial monitoring of the revenue budget indicates a forecast year end under spending of £0.116m which mainly arises as a result of the revised amount of Department for Education (DfE) grant income being £0.163m greater than the amount assumed when the budget was originally set.
- 2.2 Work on the provision of school places continues to progress through the capital programme, with the secondary phase at Kings Academy Binfield now open and various other projects in progress. Significant maintenance schemes at schools are also underway, prioritised through the findings on condition surveys.

3 RECOMMENDATIONS

That the Schools Forum NOTES:

- 3.1 **the budget variances being forecast on the Schools Budget that total to an aggregate net forecast under spending of £0.116m, (paragraph 6.8);**
- 3.2 **progress to date on the Education Capital Programme, as summarised at Annex 2.**

4 REASONS FOR RECOMMENDATIONS

- 4.1 It is appropriate for the Schools Forum to be aware of, and where relevant, comment on these financial matters.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Where relevant, these are set out in the supporting information.

6 SUPPORTING INFORMATION

2018-19 Monitoring of the Schools Budget (Revenue)

Approved budget

- 6.1 Budget proposals for the 2018-19 Schools Budget were approved by the Schools Forum at its meetings in January and March, and these were subsequently agreed by the Executive Member for Children, Young People and Learning as the initial budget. Members of the Forum will be aware that the Schools Budget is a ring-fenced account, fully funded by external income that can only be spent on defined education related duties.
- 6.2 The most significant income source to the Schools Budget is the Dedicated Schools Grant (DSG), which is paid by the Department for Education (DfE). The initial approved budget included £90.161m as the estimated amount of DSG. Other grant income of £6.480m was also expected from the Education and Skills Funding Agency (ESFA) for sixth forms, the Pupil Premium, Primary PE and Sports activities and the Universal Infant Free School Meals initiative. With £0.123m of general income also anticipated, there was originally expected to be £96.764m of income available to fund expenditure within the Schools Budget.
- 6.3 A number of adjustments have been required since the original budget was agreed as follows:
- Schools Block:
- a) the Forum agreed that £0.394m should be drawn down from the £0.8m held in the New School Reserve to balance planned spend to estimated income. This would ensure that all of the £1.7m new year income received through the DSG would be allocated to existing schools, with the cost increase arising from new schools being met from prior year under spendings.
- Self-balancing virement between High Needs Block and DSG:
- b) The DfE has recalculated the adjustment made to LA High Needs Block funding allocations to ensure the resident LA funds the cost of places taken up by their pupils in other LA specialist providers. The deduction for BFC has reduced by £0.163m, which has been balanced off by an equivalent increase in budget for non-maintained special schools.
- 6.4 Overall, these changes result in an anticipated level of DSG of £90.325m with total funding of £97.321m. To ensure budgets correctly reflect anticipated spending requirements, relevant adjustments have been made to the areas of the accounts that the changes relate to. Annex 1 sets out a summary budget statement, including these changes, with notes a) to b) above referenced to the relevant budget lines.
- 6.5 Other budget changes will be processed later in the year once further information and full reconciliations have been completed in respect of the academy school funding deduction from the DSG made by the EFSA to pay funding direct to relevant schools, and also a revised Early Years DSG allocation that will take account of actual participation rates on the free entitlement to early years education and childcare, including the extension from 15 hours a week to 30 hours a week for eligible families.

Forecast budget variances

- 6.6 As part of the Council's Financial Regulations, the Schools Budget is subject to monthly budget monitoring. This involves forecasting likely expenditure and income through to the end of the year, identification of reasons for variations against original budgets, and where relevant, setting out options for management action. This process allows for a forecast year end level of balances to be calculated.
- 6.7 It is appropriate for the Forum to be aware of the current forecast year end balance as this may need to be taken into account when the 2019-20 budget is agreed, including in relation to ensuring that adequate funds are held in reserve to manage potential in-year cost pressures. Furthermore, it is likely that a number of variances identified this year will be on-going and will therefore need to be considered in next year's budget.
- 6.8 Provisional budget monitoring information available at the end of July indicates that the Schools Budget will under spend by £0.116m this year. Clearly this is very early on in the financial year, with numerous spending decisions yet to be taken or trends established, so there is the potential for significant change over the coming months, particularly in relation to volatile High Needs budgets. Explanations of the significant changes anticipated from the current budget plan (+/- £0.020m) are set out below, with Annex 1 showing the overall Schools Budget at a summary level.

Schools Block - LA managed items:

De-delegated budgets:

Whilst there are no significant variances to report at this stage, any aggregate year end underspending will be returned to maintained schools, provided the overall Schools Budget under spends by at least the same amount.

Other Schools Block provisions and support services - £0.198m over spend:

- 1) The on-going school building programme that is required to deliver sufficient school places creates a pressure from increased rates liabilities for which there is no budget provision. The current calculation estimates a pressure in 2018-19 of £0.175m and is expected to be financed from savings within the overall Schools Budget.

Furthermore, an indicative estimate of in-year growth allowances that will be due to schools experiencing significant increases in pupil numbers indicates an overspending of £0.035m. Final figures will be available once the autumn term school census has been validated with the current forecast subject to change.

High Needs Block:

Members of the Forum will be aware that budget items 2) to 6) below represent the most unpredictable and volatile education budgets that the council is responsible for. Therefore, a considerable amount of time is taken in their management. However, they remain subject to significant change at short notice which can result in large movements in cost forecasts. To help manage this volatility, a contingency for future cost increases of £0.250m is included in the forecasts until such time as greater certainty is available relating to placement details and their costs. The contingency amount is reviewed each month and adjusted accordingly. Forecasts reported at this time for external pupil placements and top up funding for mainstream schools include confirmed costs for the summer term, with provisional amounts

included for autumn and spring which are subject to change until all required placements and their costs are known.

- 2) **Delegated Special School Budgets - £0.049m over spend.** The latest schedule of actual top up payments agreed by the SEN Team, together with a forecast for future payments based on expected changes and previous trends indicates a £0.049m over spend.
- 3) **Maintained schools and academies – £0.290m over spend.** The latest schedule of actual top up payments agreed by the SEN Team, together with a forecast for future payments based on expected changes and previous trends indicates £0.290m over spend. There is a cost pressure of £0.044m from BF schools, with a £0.170m pressure from placements in other LA schools. This budget line includes the contingency for future cost increases of £0.100m for which at this time no spend has been incurred.
- 4) **Non-maintained special schools and colleges – £0.465m under spend.** The latest schedule of actual top up payments agreed by the SEN Team, together with a forecast for future payments based on expected changes and previous trends indicates £0.465m under spend. Note, £0.163m of the under spending arises from the in-year increase in DSG mentioned in paragraph 6.3 b). This budget line includes the contingency for future cost increases of £0.150m for which at this time no spend has been incurred.
- 5) **Education out of school - £0.022m over spend.** The main change relates to a £0.030m forecast over spending on the cost of home tuition services as more students are receiving tuition. There are a number of other relatively small variances across a wide number of budgets.
- 6) **Other SEN provisions and support services - £0.107m under spend.** The main change relates to a £0.075m saving on the Early Opportunities initiative that was agreed as a new development for 2018-19 which has not proceeded as planned. The intention was that Kennel Lane Special School and a mainstream school would provide up to 2 terms of support to complete the assessments for under 5's. With Kennel Lane nearing capacity with only 2.5 places available, it will not now be possible to proceed. There are a number of other relatively small variances across a wide number of budgets.

Early Years Block:

- 7) **Free entitlement to early years education - £0.035m under spend.** Data available from the summer term census, and an estimate of take up for the remainder of the year, including the recently introduced additional 15 hours per week entitlement for eligible working families indicates an under spend of £0.035m.

Dedicated Schools Grant:

- 8) **Dedicated Schools Grant - £0.058m under spend.** The DfE recalculates Early Years DSG funding for delivering the free entitlement to childcare and early education following receipt of the January 2018 census data. The validation process takes until June and final adjustments are therefore confirmed after the relevant accounts are closed. The 2017-18 adjustment will be a £0.072m reduction, compared to an estimated claw-back of £0.130m, resulting in a £0.058m underspend in the 2018-19 accounts.

2018-19 Education Capital Programme

Approved budget

6.9 The current Education Capital budget approved by the council amounts to £23.075m, and comprises £6.701m of council funding, £2.323m from housing developers and £14.051m from various grants and other income, of which £11.204m is DfE Basic Needs Grant (for delivery of school places). This represents a significant investment and funds:

- School related projects, including place programme and Devolved Formula Capital £20.584m
- School Planned Maintenance £1.969m
- Other projects £0.522m

Annex 2 provides a summary of the approved schemes, including current progress and key targets.

Forecast budget variances

6.10 At this stage, spend of £13.636m is anticipated this financial year, with £9.439m slipping into 2019-20 to reflect the phasing of works.

6.11 No variances are being reported as in general, these are recycled within other schemes relating to providing additional school places through the governance of the Education Capital Programme Board, which has head teacher and Executive Member representation.

6.12 However, with the market continuing to tighten significantly and prices increasing, there is an on-going need for reviews of scope to remain within individual project budgets. At this stage, there is expected to be sufficient DfE grant funding and developer contributions plus the investment from the Council to fully finance the schemes required in the short term, with funding pressure expected to arise over the medium term.

6.13 Due to an urgent and pressing need to complete a substantial number of high cost roof repairs, the planned maintenance programme is also facing pressure in delivering all the works required within available funds. However, a small amount of funds is being held in reserve for emergency works. This pressure is expected to continue into the medium term.

Next steps

6.14 Budget monitoring will continue and any emerging issues will be incorporated into budget proposals and presented to the Forum at the appropriate time.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

7.1 The relevant legal provisions have been considered within the main body of the report.

Director of Finance

- 7.2 The financial implications arising from this report are set out in the supporting information.

Equalities Impact Assessment

- 7.3 There are no specific impacts arising from this report.

Strategic Risk Management Issues

- 7.4 There are a number of risks associated with managing these revenue and capital budgets:
- financial and economic factors, in particular the need to maintain services whilst achieving significant savings;
 - the impact of demand led services and the need to forecast changes and reshape service delivery to meet changing needs;
 - staffing and the need to recruit, train and retain staff with the relevant skills and expertise;
 - IT infrastructure availability and information accuracy;
 - failure to design, monitor and control the implementation of major programmes and projects;
 - effective safeguarding of children;
 - effective maintenance of assets;
 - working effectively with partners, residents, service users, the voluntary sector and local businesses;
 - impact of litigation and legislation;

The budget includes resources sufficient to enable the Council to monitor these key risks and where possible to minimise their effects on services. Specific risk reduction measures included as part of budget monitoring are:

- A robust system of budgetary control with regular reporting to CYPL Departmental Management Team and the Corporate Management Team
- Quarterly Service Reports (QSR's) to Members
- Exception reports to the Executive

8 CONSULTATION

- 8.1 Not applicable.

Background Papers

None.

Contact for further information

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**PROVISIONAL BUDGET MONITORING STATEMENT FOR THE
SCHOOLS BUDGET AS AT THE END OF JULY 2018**

Service Area	Approved Budget			Note	Estimated Variance			Note
	Spend	Income	Net		Under spending	Over spending	Net variance	
	£000	£000	£000		£000	£000	£000	
Schools Block								
<u>Delegated and devolved funding:</u>								
Delegated Mainstream School Budgets	71,986	0	71,986		0	0	0	
School Grant income	0	-5,975	-5,975		0	0	0	
Schools Block	71,986	-5,975	66,011		0	0	0	
<u>LA managed items:</u>								
Retained de-delegated Budgets:								
<i>Behaviour</i>	247	-7	240		-1	0	-1	
<i>Schools in Financial Difficulty</i>	194	0	194		-14	0	-14	
<i>Official Staff Absences</i>	251	0	251		0	0	0	
<i>English as an Additional Language</i>	99	0	99		0	0	0	
<i>PRC / Licence Fees / FSM checking</i>	401	0	401		0	0	0	
<i>Under spend returned to maintained schools</i>	0	0	0		0	15	15	
Combined Service Budgets:								
<i>Education Attainment and School Transport for LAC</i>	176	0	176		0	5	5	
<i>Family Intervention Project / Domestic Abuse</i>	106	0	106		0	0	0	
<i>CAF Co-ordinator</i>	42	0	42		0	0	0	
<i>SEN Contract Management</i>	33	0	33		0	0	0	
<i>Education Health / Sport</i>	48	0	48		0	0	0	
Statutory and Regulatory Duties	489	0	489		0	0	0	
Other Schools Block provisions and support services	838	0	838		-12	210	198	1
LA managed items:	2,924	-7	2,917		-27	230	203	
Sub total Schools Block	74,910	-5,982	68,928		-27	230	203	
High Needs Block								
Delegated Special Schools Budgets	3,963	0	3,963		0	49	49	2
Post 16 SEN and other grants	0	-505	-505		0	0	0	
Maintained schools and academies	3,137	-22	3,115		-131	421	290	3
Non Maintained Special Schools and Colleges	5,244	0	5,244	b	-1,169	704	-465	4
Education out of school	1,265	-3	1,262		-10	32	22	5
Other SEN provisions and support services	1,766	-68	1,698		-151	44	-107	6
Sub total High Needs Block	15,375	-598	14,777		-1,461	1,250	-211	
Early Years Block								
Free entitlement to early years education	6,807	-3	6,804		-35	0	-35	7
Other Early Years provisions and support services	229	-19	210		-22	7	-15	
Sub total Early Years Block	7,036	-22	7,014		-57	7	-50	
Dedicated Schools Grant	0	-90,325	-90,325	b	-58	0	-58	8
Draw down from Earmarked Reserves	0	-394	-394	a	0	0	0	
TOTAL - Schools Budget	97,321	-97,321	0		-1,603	1,487	-116	
<u>Note on Unallocated Schools Budget balance:</u>								
Opening unringfenced balance on Schools Budget							-1,994	
2018-19 forecast in-year net variance							-116	
Net forecast unallocated balance at 31 March 2018							-2,110	
Transfers to Earmarked Reserves subject to agreement by Schools Forum:								
New school start-up / diseconomies							1,171	
SEN / HNB Funding Initiatives							163	
Amount above £0.66m minimum prudential level of balances							-116	

See paragraphs 6.3 and 6.8 for an explanation to the notes

CAPITAL MONITORING 2018/19

Dept: Children, Young People and Learning

As at 31 July 2018

Cost Centre Description	Approved Budget 2018/19	Cash Budget 2018/19	Expenditure to Date	Estimated Outturn 2018/19	Carry Forward 2018/19	(Under) / Over Spend	Next Target / Explanatory Note	Current status of the project / notes
	£000's	£000's	£000's	£000's	£000's	£000's		
SCHOOL PROJECTS								
Amen Corner Primary (North)	388.7	388.7	0.0	388.7	0.0	0.0	Design completed	Design completed
Amen Corner Primary (South)	50.0	50.0	0.0	50.0	0.0	0.0	School/housing programmes match	Developer has outline planning permission for school, negotiating S106
Ascot Heath Schools Relocation	194.8	194.8	0.0	194.8	0.0	0.0	Possible Developer Construct Scheme	Planning application being considered
College Town Amalgamation	561.2	561.2	43.6	561.2	0.0	0.0	Feasibility report completed	Feasibility report completed. Amalgamation project going ahead in 2018/19
Crown Wood Primary	99.4	99.4	10.0	99.4	0.0	0.0	Completed	Completed. Extension of Time claim from Balfour Beatty is going through adjudication
Great Hollands Primary	225.7	225.7	60.5	225.7	0.0	0.0	On site	Completed
Jennett's Park CE Primary	11.5	11.5	2.8	11.5	0.0	0.0	Additional Classroom in September 2018	Final installment of furniture & equipment being provided in summer 2018
Meadow Vale Primary	126.0	126.0	7.6	126.0	0.0	0.0	Completed	Completed. Extension of Time claim outstanding but adjudication found in favour of BFC
Owlsmoor Primary	11.8	11.8	0.2	11.8	0.0	0.0	Completed	Completed
Pines (The) Primary	365.9	365.9	95.1	365.9	0.0	0.0	Phase 2 completed	Phase 1 completed, Phase 2 in mobilising for Sep-18 completion
TRL Primary	50.0	50.0	3.3	50.0	0.0	0.0	Design Completed	In design for Sep-22 opening, subject to planning
Warfield East Primary	50.0	50.0	0.0	50.0	0.0	0.0	School/housing programmes match	Developers in negotiation with planners over draft S106 provisions
Warfield West Primary	121.4	121.4	0.0	121.4	0.0	0.0	Completed	Completed
Wooden Hill Primary	21.4	21.4	1.2	21.4	0.0	0.0	Project on hold	Surge classroom on hold, not required for Sep-17, will review for Sep-18
Primary	2,277.8	2,277.8	224.3	2,277.8	0.0	0.0		
Easthampstead Park	308.7	308.7	19.2	308.7	0.0	0.0	Complete refurbishment	Refurbishment in phases in 2017/18 and 2018/19
Garth Hill College	61.6	61.6	0.0	61.6	0.0	0.0	Completed	Completed
Sandhurst Redevelopment	395.9	395.9	0.4	395.9	0.0	0.0	Masterplan completed	Refurbishment in phases in 2017/18 and 2018/19
Secondary	766.2	766.2	19.6	766.2	0.0	0.0		
Binfield Learning Village	7,905.7	7,905.7	2,955.3	7,905.7	0.0	0.0	On site	On site and on programme for opening in Sep-18 (secondary) and Sep-19 (primary)
Village	7,905.7	7,905.7	2,955.3	7,905.7	0.0	0.0		
Basic Need Grant for Allocation	8,682.6	0.0	0.0	0.0	8,682.6	0.0	Unallocated grant	Unallocated grant to be c/f to fund future years' projects
Holly Spring Infants Self Managed Capital	59.4	59.4	0.0	59.4	0.0	0.0	Completed	School managed project
Holly Spring Juniors Self Managed Capital	59.4	59.4	0.0	59.4	0.0	0.0	Completed	School managed project
Devolved Capital and other funds held by schools	701.9	450.3	31.5	450.3	251.6	0.0	On-going	In progress
Section 106 Developer Contributions	250.0	0.0	0.0	0.0	250.0	0.0	To be allocated to projects	Allocated to projects
Other Schools Related Capital	9,634.5	450.3	31.5	450.3	9,184.2	0.0		
SCHOOL PROJECTS	20,584.2	11,400.0	3,310.9	11,400.0	9,184.2	0.0		

Percentages

29.0%

100.0%

0.0%

CAPITAL MONITORING 2018/19

Dept: Children, Young People and Learning

As at 31 July 2018

Cost Centre Description	Approved Budget 2018/19	Cash Budget 2018/19	Expenditure to Date	Estimated Outturn 2018/19	Carry Forward 2018/19	(Under) / Over Spend	Next Target / Explanatory Note	Current status of the project / notes
	£000's	£000's	£000's	£000's	£000's	£000's		
CAPITAL MAINTENANCE/ CONDITION								
Planned works	1,969.4	1,776.1	126.1	1,776.1	193.3	0.0	In progress.	Forecast c/f is largely committed.
ROLLING PROGRAMME	1,969.4	1,776.1	126.1	1,776.1	193.3	0.0		

Percentages 7.1% 100.0% 0.0%

OTHER PROJECTS								
Integrated Children's Services	5.4	0.0	0.0	0.0	5.4	0.0	Go live Sep-16	Go live date met. Reporting module postponed.
CP-IS Project	58.0	45.0	0.0	45.0	13.0	0.0	Mar-18	In progress
Capita One (EMS) Upgrade	0.8	0.0	0.0	0.0	0.8	0.0	Mar-18	Solus upgrade completed. Remaining project elements deferred.
ICT projects	64.2	45.0	0.0	45.0	19.2	0.0		
Youth Facilities	101.8	101.8	3.8	101.8	0.0	0.0	Mar-17	Planning for modernisation and ongoing restructuring of the Youth Service.
Sandhurst Nursery Relocation	250.0	220.0	1.9	220.0	30.0	0.0		
Multi Agency Safeguarding Hub	4.3	0.0	0.0	0.0	4.3	0.0	Complete	ICT and accommodation fully delivered.
Places for 2 year olds	33.3	32.6	32.6	32.6	0.7	0.0	Mar-18	Portal delivered. Project for remainder of works in planning stage.
Priestwood Guide Centre	53.9	46.8	46.8	46.8	7.1	0.0	In progress	Works in train. Toilets/cloakroom complete. Roofing works in train.
Additional 30 Hours - 3-4 Year Olds	14.1	14.1	-1.4	14.1	0.0	0.0	Completed	Awaiting final certification to sign off.
Other	355.6	313.5	79.9	313.5	42.1	0.0		
OTHER PROJECTS	521.6	460.3	83.7	460.3	61.3	0.0		

Percentages 18.2% 100.0% 0.0%

TOTAL CAPITAL PROGRAMME	23,075.2	13,636.4	3,520.7	13,636.4	9,438.8	0.0		
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Percentages 25.8% 100.0% 0.0%