

TO: SCHOOLS FORUM
DATE: 9 FEBRUARY 2012

**THE SCHOOLS BUDGET – PROPOSED USE OF 2011-12
FORECAST UNDER SPEND
(Director, Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek agreement from the Schools Forum on the proposed use of the 2011-12 forecast under spend on the Schools Budget. This builds on the preliminary information discussed at the Forum on 8 December.

2 RECOMMENDATIONS

- 2.1 **The investments proposed to be financed from the forecast under spending, summarised at paragraph 5.18 are supported.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 **It is appropriate for Schools Forum to be involved in decisions around planned expenditure within the Schools Budget.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Continue to use external providers.

5 SUPPORTING INFORMATION

Background

- 5.1 The Department for Education (DfE) funds local authority Schools Budgets through a ringfenced specific grant – the Dedicated Schools Grant (DSG). Regulations govern the type of services the DSG can be used to fund, which includes delegated school budgets, with any year end under or over spending required to be incorporated in a future year's Schools Budget and not into general Council balances.
- 5.2 Provisional budget monitoring information available at the end of the December cycle indicates that the Schools Budget will under spend by £1.3m this year. This forecast variance comprises an under spend of £0.475m against approved budget allocations, additional income of £0.460m against the original estimate made for the DSG and a further £0.365m additional income as a result of the 2010-11 under spend being greater than the amount anticipated when the budget was agreed in March.

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- 5.3 The variances anticipated on the Schools Budget have previously been reported, with the most significant amounts being:
1. Combined education and children's social care budgets are expected to under spend by £0.077m. There are two main variances in this area of the budget. Transport costs associated with maintaining looked after children in Bracknell are expected to under spend by £0.047m from a reduction in the required number of journeys, with a £0.017m saving on Margaret Wells Furby Children's Resource Centre which provides support and advice to disabled children and their families including medical support, occupational therapy, physiotherapy, speech and language therapy and parent support groups.
 2. A saving of £0.180m is forecast on early years provisions. This significant under spending arises as a consequence of the withdrawal of the Standards Fund grant programme. Part of this grant was allocated for childcare and education for 3 and 4 year olds, to be spent between April 2010 and the end of August 2011. Due to actual take up in 2010-11 being lower than the numbers assumed in the grant allocation made by the DfE, the 2010-11 year end under spending of £0.180m has been carried forward into the 2011-12 financial year and will be used to fund expenditure which was originally expected to be met from the Dedicated Schools Grant
 3. Support to schools in financial difficulties will under spend by £0.154m. The Schools Forum has previously agreed an allocation of £0.150m from the £0.304m budget. No further allocations are expected to be required this year, resulting in the £0.154m under spending.
 4. £0.476m additional DSG income. The DfE has confirmed that the final DSG allocation for 2011-12 will be £75m, which is £0.476m more than assumed in the budget. In setting the budget, an allowance of £0.219m was made for the possible over estimation of pupil numbers and to cover potential in-year increases in the volatile, high cost budgets that the LA manages, mainly around special educational needs. Adjusting for this provision means that the DSG was under estimated by £0.257m. This difference is generally accounted for from a funding adjustment for low take-up of the free entitlement to early years education for 3 years. The DfE had originally consulted on the proposal to remove this adjustment, but was not ultimately implemented, but the final calculation by the Council was not updated for this late change. Furthermore, Ranelagh converted to an academy from August and the DfE will now recoup money from service budgets managed by the Council for all schools, to pass on to Ranelagh which will then, for the first time, be responsible for their provision. This has been confirmed at £0.016m.

Proposed use of forecast under spending

- 5.4 When the Schools Budget under spends, the DfE allows LAs and School Forums to consider the following options for use of the DSG:
1. Make proposals to carry forward funding into the following financial year;
 2. Make proposals to increase individual school budgets in the current year;
 3. Make proposals to increase centrally managed expenditure in the current year.

Whilst the legal position is that the council only needs to consult the Schools Forum on the intended use of any under spendings, the council considers it important that the views of the Schools Forum are taken into account before any decisions are taken.

- 5.5 In considering proposals, the budget prospects for 2012-13 also need to be taken into account where there is a provisional funding gap of £1.9m. Therefore, to help manage down next year's gap on the Schools Budget, it is proposed to set aside £0.4m to help finance on a one-off basis expenditure that will occur in 2012-13, thereby reducing next year's gap to £1.5m. The remaining £0.9m under spending is proposed to be allocated to new one-off investments.
- 5.6 Such a significant amount of under spend presents unexpected and rare opportunities that particularly lend themselves to invest to save type projects that usually need pump priming funding to become established during periods when dual provisions may be required, or to pilot new initiatives to determine their likely success before any proposals for permanent DSG funding are made. The council is therefore proposing that of the £0.9m under spend available for in-year allocation, £0.6m is made available for invest to save type schemes and a education out of school pilot scheme, with the remaining £0.3m available for schools and Early Years providers in the private, voluntary and independent (PVI) sector.
- 5.7 In respect of the £0.6m proposed for centrally managed items, £0.5m is proposed to be deposited into an earmarked reserve to fund building adaptations required to develop SEN resource units. A review of out of borough school placements and local special educational needs provision was undertaken earlier this year with key stakeholders including Head Teachers, parents and Local Authority representatives. This identified the potential to develop resource units within Bracknell Forest schools, which would provide alternative and potentially more cost effective and quality local provision with the following main benefits:
- The placing of a child in a residential school can have significant negative impact on family life;
 - Parents are less able to attend school meetings or be involved in the life of the school;
 - Children and young people become removed from their local communities including their friends and other support networks;
 - Young people find it difficult to make the transition back to Bracknell Forest at the end of their school career, often being removed from

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community and friends for a second time when they leave school to return home;

- Increased officer time required to attend annual reviews when the young person is some distance away increases cost;
- Local capacity/expertise is not developed when provision is out of the borough.

- 5.8 The outcome from the needs analysis identified three areas that could potentially be better provided through local SEN resource units:
- A Primary Resource Unit for children of mainstream ability who are on the autistic spectrum and presenting with behavioural issues;
 - A Secondary Resource Unit for children of mainstream ability who are on the autistic spectrum and presenting with behavioural issues;
 - A Secondary Resource Unit for children with speech, language and communication difficulties.
- 5.9 Detailed business plans are being developed to identify capital and revenue costs with initial information indicating that building works can be completed for around £0.500m, but this will be dependent on the final locations for each unit. Discussions are in progress with the governing bodies of schools that are considered appropriate to place the units, which will also require normal planning approvals to proceed.
- 5.10 Calculation of the on-going revenue implications from these units is work in progress. The units are planned to be opened on a phased basis, commencing no sooner than September 2012, with operating costs increasing over time as more pupils are admitted. Savings will then be made as pupils in the more expensive non-maintained sector complete their education with future needs being met from new local provision. Attempts will be made to bring back children from external placements to the new in-house provision, but this will be dependent on parental choice and cannot be imposed.
- 5.11 At this stage, provisional revenue implications have been calculated for the 2 secondary units, one for autism, and one for speech, language and communication difficulties. Detailed calculations on a primary autism unit have yet to commence as a suitable site has yet to be identified. Table 1 below summarises the provisional costings, with Annex 1 providing further details. There is a strong financial case for the autism unit, with the speech and language unit considered a medium risk of resulting in increased costs due to the need to have an 87% occupancy level to break even compared to current costs, some of which are relatively low as a result of a number of pupils attending BF mainstream schools. However, based on current pupil numbers, the unit would be full, and there would be opportunities to sell spare places to other LAs if BF numbers fall.

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Table 1: Provisional financial implications from proposed secondary SEN Units

Item	Autism £k	Speech & Language £k	Total £k
<u>Revenue Impact:</u>			
2012-13	15	17	32
2013-14	-8	-51	-59
2014-15	-48	-88	-136
2015-16	-144	-95	-239
2016-17	-298	-63	-361
<u>Capital cost:</u>	300	100	400
<u>Break even point:</u>	8	13	
<u>Required Occupancy rate:</u>	53%	87%	
Provisional opening date	Sept-12	Sept-12	
Capacity	15	15	

- 5.12 A full financial evaluation of these proposals would need to be completed before the capital investment proceeds, and this will include detailed discussions with governing bodies to agree staffing structures etc which may be different from those assumed in the calculations shown in Table 1. However, it is expected that these developments will result in considerable medium to long term savings on placement fees, although as set out in Table 1, there may be a need to provide a relatively small amount of additional resources in the initial implementation period.
- 5.13 In respect of the impact on home to school transport, of which costs are funded by the council and not the DSG, savings of between £0.050m to £0.100m are forecast by the Integrated Transport Unit. The value of potential savings are difficult to predict due to uncertainty around when pupils would move to the new units, the extent that current travel costs would reduce, particularly where pupils share vehicles, or the ability to reduce the number of routes being provided.
- 5.14 It is therefore proposed that the Schools Forum agrees in principle that the SEN Units can be developed, provided that detailed evaluations show that net savings are expected within 2 years of opening, and that there is no adverse financial impact on Council funded home to school transport.
- 5.15 The remaining £0.1m is proposed to be set aside to fund a time limited pilot project for a new provision for pupils at risk of exclusion who would receive specialist support away from the school but still be on the school roll. This new scheme, called Turnaround, is based on successful approaches to working with children and young people which cause them to confront the implications of their future actions. The project would be managed through the Pupil Referral Service and would expect to provide for cohorts of 8 – 10 students, principally from Key Stage 3 but with the potential to work outside of this age range should the need be required.

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- 5.16 The full year gross cost of the Turnaround project is provisionally estimated at £0.21m. It is proposed that the project runs as a pilot for seven months, with at least 4 cohorts of pupils. A decision on whether a proposal for permanent DSG funding should be sought would be considered in the beginning of 2013 and would be after an evaluation of its success and whether schools support its continuation. This proposal does not require any new funding in 2012-13 and would be fully funded from the 2011-12 under spending. To manage the project to a cost of £0.1m, the schools supported would in aggregate need to contribute £0.02m during the pilot period.
- 5.17 In terms of the remaining £0.300m of funding, it is proposed that this is allocated to schools and PVI early years providers on a pro rata basis to net budget which would be 95% and 5% respectively. For schools, to help finance any additional costs that may arise from the current Job Evaluation (JE) exercise, it is proposed that the £0.285m be set aside in an earmarked reserve that would be available for use when JE is implemented. For PVI providers, it is proposed to use the £0.015m to make an additional allocation based only on January 2011 hours of provision, at around £0.08 per hour, which results in the average sized provider receiving around £310.

Annex 2 sets out anticipated funding allocations to early years providers.

- 5.18 A summary of the investment proposals from paragraphs 5.5 to 5.17 above is:
1. £0.500m set aside in a reserve for building adaptations to allow the creation of SEN resource units on school sites, subject to a suitable business case
 2. £0.100m for time limited funding for the Turnaround project for a new provision for pupils at risk of exclusion who would receive specialist support away from the school but still be on the school roll
 3. £0.285m set aside in an earmarked reserve to help finance any additional costs falling on schools from the JE exercise
 4. £0.015m for Early Years providers in the PVI
 5. £0.400m carried forward into 2012-13 to help managed the funding gap of £1.9m, thereby reducing it to £1.5m.

Impact from academy conversions

- 5.19 Should any new SEN resource Units be developed, it is important that correct financial and legal precautions are taken to ensure that should the host school convert to academy status, that the SEN facilities are maintained. The intention is that SLAs are agreed with governing bodies that can then be incorporated into the Commercial Transfer Agreement which the DfE requires for all academy conversions.

Next steps

- 5.20 Should the Forum support these proposals, they will be presented to the Executive Member for Education for final approval, which will be dependent on the detailed financial evaluations confirming net savings.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The more in Borough provision that the LA is able to provide for ASD and SALT, will assist the LA, in being able to reduce the LA's dependence on expensive out of Borough placements for children on the Autistic spectrum and in need of speech and language. The current concentration of this provision in a few schools and particularly in the special school reduces the LA's ability to make cost effective placements and win SEN tribunals. Particularly with parents who want their special needs child educated in a mainstream school rather than a special school. Unless a LA can demonstrate a child will disrupt pupils and staff, a parent has a statutory right to have their autistic or special needs child educated in a mainstream school, even when subject to a statement of SEN.
- 6.2 There is nothing in the SEN Green paper which is likely to remove or reduce the need for this imitative

Borough Treasurer

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

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 6.4 There are no specific strategic risk management issues arising from this report.

7 CONSULTATION

Principal Groups Consulted

- 7.1 CYPL Departmental Management Team, with comments incorporated into the report.

Background Papers

Provisional December budget monitoring report

Contact for further information

David Watkins, Chief Officer: SR&EI 4061

Paul Clark, Head CYPL Finance 4054

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Provisional data for an Autism Unit for Secondary Aged Pupils

Capacity Current Number in External placements	15 16	Anticipated opening				
		2012-13	2013-14	2014-15	2015-16	2016-17
<u>Cost of provision – DSG funded</u>						
<u>Internal:</u>						
Cost of internal provision - core		£82,000	£165,000	£278,000	£354,000	£354,000
Funding top ups for named pupils		£8,000	£16,000	£24,000	£30,000	£30,000
Estimated number of placements		4	8	12	15	15
<u>External:</u>						
Savings from externally placed leavers		-£75,000	-£189,000	-£350,000	-£528,000	-£682,000
Estimated number of leavers		3	5	9	13	15
Net annual saving (-) / cost (+)		£15,000	-£8,000	-£48,000	-£144,000	-£298,000
Cumulative saving (-) / cost (+)		£15,000	£7,000	-£41,000	-£185,000	-£483,000
<u>Capital expenditure</u>						
Estimated cost	£300,000					
Annual debt charges for 15 years		£0	£31,000	£31,000	£31,000	£31,000
Debt charges illustrative as capital cost proposed to be funded from 2011-12 Schools Budget under spending						
<u>Medium term break even point:</u>						
Number of placements needed to break-even on current costs				8		
<u>Average per pupil cost / saving:</u>		Placement				
Internal provision (assumes full)				£25,600		
External provision				£45,485		
Average saving				£19,885		

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Provisional data for a Speech and Language Unit for Secondary Aged Pupils

	Capacity	15	Anticipated opening		Sep-12		
Current Number in mainstream schools	11						
Current Number in External placements	7						
			2012-13	2013-14	2014-15	2015-16	2016-17
<u>Cost of provision - DSG funded</u>							
Cost of new internal provision		£93,000	£121,000	£174,000	£228,000	£257,000	
Funding top ups for named pupils		£3,000	£6,000	£9,000	£12,000	£15,000	
Estimated number of placements		3	6	9	12	15	
Savings from internally placed leavers		-£37,000	-£65,000	-£70,000	-£91,000	-£91,000	
Estimated number of leavers		5	5	6	8	8	
Savings from externally placed leavers		-£42,000	-£113,000	-£201,000	-£244,000	-£244,000	
Estimated number of leavers		2	4	7	7	7	
Net saving (-) / cost (+)		£17,000	-£51,000	-£88,000	-£95,000	-£63,000	
Cumulative saving (-) / cost (+)		£17,000	-£34,000	-£122,000	-£217,000	-£280,000	

Capital expenditure

Estimated cost	£100,000				
Annual debt charges		£0	£11,000	£11,000	£11,000

Debt charges illustrative as capital cost proposed to be funded from 2011-12 Schools Budget under spending

Medium term break even point:

Number of placements needed to break-even on current costs 13

<u>Average per pupil cost / saving:</u>	Placement
New internal provision (assumes full)	£17,971
Exiting external and internal provision	£21,960
Average saving	£3,989

PROVISIONAL in-year allocations to early years providers

Early Years Provider	Actual hours January 2011	Amount
Ascot & Cranbourne Pre-School	3,614	£297.37
Ascot Baptist Church Pre-School	1,683	£138.50
Binfield Pre-School	3,630	£298.73
Birch Hill Pre-School	2,748	£226.15
Bramleywood Nursery	3,120	£256.76
Building Blocks Pre-School	2,052	£168.87
Busy Bees Montessori	3,088	£254.09
Chavey Down Pre School	2,885	£237.45
Cherry Town Nursery	2,430	£199.98
Children's House Nursery	5,610	£461.68
College Town Montessori Nursery Ltd	4,458	£366.87
Crowthorne Village Pre-School	2,173	£178.79
Dolphin Nursery (Bracknell) Ltd	3,414	£280.96
Eagle House School	7,425	£611.04
Footsteps at St Josephs	5,533	£455.34
Garth Under 5's	2,922	£240.47
Harmans Water Pre-School	3,252	£267.62
Holly Spring Pre-School	4,611	£379.46
Lambrook School	7,150	£588.41
Little Acorns Montessori	2,130	£175.29
Little Sandhurst Nursery Group	5,520	£454.27
Meadowbrook Montessori School	6,198	£510.06
Newbold School	3,426	£281.94
Owlsmoor Pre-School	6,156	£506.61
Pavillion Pre-School	2,791	£229.71
P.A.W.S. Nursery	2,437	£200.51
Pines Community Pre-school	2,632	£216.58
Plus Three Nursery - Farley Wood	4,741	£390.16
Plus Three Nursery - Martins Heron	3,839	£315.93
Plus Three Nursery - Newell Green	5,181	£426.37
Rectory Lane Nursery School	2,172	£178.74
RMA - Lakeside Nursery	3,972	£326.88
Sandhurst Nursery School	7,272	£598.45
South Hill Park Pre-School	6,990	£575.24
Sports Centre Pre-School	1,183	£97.31
Squirrels Day Nursery	3,000	£246.89
St Michael's Childcare Trust	5,324	£438.14
Stepping Stones Playgroup	1,644	£135.29
Teddies Nurseries	3,066	£252.32
Teepee Day Nursery	2,400	£197.51
The Ark Pre-School	2,088	£171.83
The College Nursery	4,056	£333.79
The Mortarboard Nursery School	2,994	£246.39
The Oaks Pre-School	2,808	£231.08
The Old School Day Nursery	4,158	£342.18
WASPS Pre-School	7,821	£643.63
Winkfield Montessori School	3,636	£299.22
Greengables Day Nursery	840	£69.13
TOTAL	182,271	£15,000.00