

**TO: SCHOOLS FORUM  
12 SEPTEMBER 2013**

---

**THE SCHOOLS BUDGET – 2013-14 BUDGET MONITORING  
AND OTHER FINANCIAL MATTERS  
(Director of Children, Young People and Learning)**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is for the Schools Forum to:
- i. Endorse budget transfers proposed for 2013-14;
  - ii. Receive an update the 2013-14 forecast budget monitoring position for the Schools Budget;
  - iii. Agree loan requests received from schools, and;
  - iv. Agree changes to the criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers.

**2 RECOMMENDATIONS**

**That the Schools Forum:**

- 2.1 **NOTES** the budget variances being forecast on the 2013-14 Schools Budget that in total aggregate to a net under spending of £0.251m, which increases to £0.646m when unallocated year end balances are also taken into account (paragraph 5.6);
- 2.2 **RECOMMENDS** to the Executive Member that the required budget transfers between Pupil behaviour, SEN provisions and support services and Education out of school are **AGREED** (paragraph 5.3);
- 2.3 **AGREES** that due to on-going uncertainties, the use of any under spend forecast for 2013-14 is considered in January 2014 when the 2014-15 budget is agreed (paragraph 5.9);
- 2.4 **AGREES** the loan requests for Wildmoor Heath Primary and Sandhurst Secondary Schools (paragraph 5.11);
- 2.5 **AGREES** the updated criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers, as set out in Annex B (paragraph 5.16).

**3 REASONS FOR RECOMMENDATIONS**

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

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

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

#### **5 SUPPORTING INFORMATION**

##### 2013-14 Monitoring of the Schools Budget

##### Approved budget

- 5.1 Based on recommendations of the Schools Forum, in March 2013, the Executive Member for Children, Young People and Learning agreed a Schools Budget for 2013-14. Subsequent to this initial approval, at the last Forum meeting in June it was reported that the level of Dedicated Schools Grant (DSG) to be received from the Department for Education (DfE) had been adjusted so that a deduction of £3.503m would be made to pay Ranelagh Academy the budget share due from the BF Funding Formula, with a further net deduction of £0.371m for transferred Special Educational Needs (SEN) funding responsibilities, making a net reduction in funding of £3.874m and a revised DSG income of £74.991m.
- 5.2 To ensure budgets correctly reflect anticipated spending requirements, adjustments would be made to the areas of the accounts that these changes relate to. As the reduction in DSG is in response to reduced funding responsibilities, these changes should not have a significant financial impact on the Schools Budget.
- 5.3 In reviewing the budget, it has become apparent that £0.050m of costs currently charged to Pupil Behaviour relates to management and staff time directed at other targeted services and should be recorded as £0.030m in SEN provisions and support services and £0.020m in Education out of school. Provisions within the Council's Financial Regulations require the Executive Member to agree a relevant budget transfer, and the Forum is recommended to propose that the change is agreed.

##### Forecast budget variances

- 5.4 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.
- 5.5 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 2014-15 budget is agreed. It is also possible that a number of variances identified this year will be on-going, and will therefore need to be addressed in next year's budget.
- 5.6 Provisional budget monitoring information available at the end of July indicates that the Schools Budget will under spend by £0.251m this year. This forecast variance comprises an over spend of £0.071m against approved budget allocations and net under spendings of £0.322m. After taking account of the potential ear marked carry forward of £0.082m to support childcare for the most disadvantaged 2 year olds (see note viii below), and the unallocated

## Unrestricted

£0.477m under spend brought forward from 2012-13, there is a potential year end under spending of £0.646m.

Brief explanations of the significant changes anticipated from the current budget plan are set out below, with Annex A showing the full Schools Budget at a summary level.

- i. **SEN provisions and support services – Nil variance.** April 2013 saw the introduction of funding reforms in the Schools Budget and this has in particular resulted in significant changes in arrangements for funding SEN. Due to these changes, insufficient information is currently available to provide a robust forecast of likely expenditure, and therefore no variances are being reported on SEN at this time. This also takes account of imminent pupil placement changes that will occur for the start of the new academic year and where a number of decisions have yet to be taken on final placements.
- ii. **Education out of school - £0.001m over spend.** A small saving on staffing costs is anticipated from general staff turnover.
- iii. **Pupil behaviour - £0.013m under spend.** Temporary staff vacancies will result in a saving of £0.007m, with £0.004m additional income expected from external users of the Pines Professional Centre. A small number of other minor variances are also anticipated..
- iv. **School staff absence and other items - £0.032m under spend.** There is expected to be a £0.015m over spend in the School Admissions Team where additional staff have needed to be recruited to cover long term sickness and maternity leave absences. This has been offset by an expected saving of £0.032m on official school staff absences, such as maternity leave, and a £0.020m saving on the anticipated charge for Carbon Reduction Commitment. There are also a number of other minor variances.
- v. **Combined Service Budgets - £0.019m under spend.** A £0.017m saving will be achieved on the SLA with the 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 as a result of requiring less services than allowed for in the budget. There are a small number of other variances also.
- vi. **Early Years provisions and support services - £0.088m under spend.** 2013-14 DSG included two year funding to develop and maintain the additional places required to meet the new statutory duty for the most deprived 2 year olds to receive 15 hours a week free childcare. At this stage £0.082m is expected to be unspent at year end and is expected to be subject to a carry forward request for the funds to be made available in 2014-15. There are a small number of other variances also.
- vii. **Support to schools in financial difficulty - £0.100m under spend.** There is no clear indication of spend against this £0.283m budget, with only one school having contacted CYPL requesting additional support, of which £0.030m has been approved by the Director under delegated powers set out in the policy agreed by the Forum. Further financial support will be required to schools in danger of entering or just exiting Ofsted categories although precise amounts are unclear at this stage. This can be a volatile budget.

- viii. **Potential earmarked carry forward on 2 year olds - £0.082m reduction in under spend.** As set out above in note vi, the 2013-14 DSG included two year funding in respect of supporting the new statutory duty to provide 15 hours free childcare support to the most deprived 2 year olds. In setting the budget for 2013-14, the Forum agreed that subject to there being a sufficient overall year end surplus balance on the Schools Budget, that any under spend against the 2 year old element of the DSG would be carried forward on a ring fenced basis to 2014-15 for use to support successful delivery of the programme. As current budget forecasts suggest this requirement will be met, an appropriate adjustment has been made to the overall outturn forecast.

Post 16 SEN Grant Funding

- 5.7 As set out above in paragraph 5.5 (i), due to the on-going uncertainty surrounding spend against SEN budgets, the budget monitoring report excludes any potential variances on SEN budgets. Members of the Forum will recall from the last meeting that it was reported that with effect from August 2013, Kennel Lane Special School (KLS) will be funded for post 16 SEN students in the same way as secondary schools, with an earmarked grant allocation paid by the EFA which LAs must “passport” on to relevant schools, with the relevant amount confirmed at £0.409m. As the original budget for KLS was set at the level needed to cover full costs and was fully funded from DSG, passing this grant to the school allows for an equivalent reduction to be made in funding from DSG without impacting of income received by KLS. This additional income provides a funding buffer should there be an over spending on SEN costs, or other areas of expenditure.

Proposed use of forecast under spending

- 5.8 When the Schools Budget under spends, the DfE allows LAs and School Forums to consider the following options for use of the DSG.
1. Carry forward funding into the following financial year;
  2. Increase individual school budgets in the current year;
  3. Increase centrally managed expenditure in the current year.
- 5.9 At this early stage of the year, when a number of budget decisions have yet to be taken and trends fully established that can be projected for the year with confidence, in particular in relation to SEN services, it is not considered appropriate to allocate any of the forecast surplus to schools or budgets that support schools. There will be more certainty around projections at the end of the autumn term. Furthermore, in light of the expectation that the Schools Budget will continue to face tight financial settlements in future years, together with the uncertain impact from the school funding reforms, and the potential outcomes from the Council’s job evaluation exercise, it is not considered appropriate to make any decisions at this time. Proposals on the use of any forecast year end balance are therefore recommended to be taken in January alongside budget proposals for 2014-15.

Loan requests

- 5.10 There are circumstances where schools may experience budget difficulties or wish to undertake significant capital projects and in order for the school to continue to function effectively, a temporary overspend of budget allocation may be desirable. The Scheme for Financing Schools has provisions to allow for this through loan arrangements (formerly licensed deficits) which provide for a short term loan advance so that schools have sufficient time to manage expenditure reductions or receive additional income that demonstrate the ability to fully repay any over spending within an agreed period. Both the Schools Forum and Executive Member for Children, Young People and Learning need to agree loan requests.
- 5.11 At its meeting in June, the Forum agreed a loan request from Ascot Heath Infant School but was not quorate to agree the request from Wildmoor Heath due to a declared interest by a Forum member. Subsequent to that meeting, a loan request has been received from Sandhurst Secondary School. Details of each application requiring approval are set out below, all of which have been agreed by the Executive Member.

*Wildmoor Heath Primary School*

- 5.12 Wildmoor Heath Primary School has recently exited Special Measures and is making good progress. In the short term, to support specific activities on the action plan, it is expected that under the approved delegated powers from the Schools Forum, the Director will agree additional financial support that will not need to be repaid. In terms of the school's core budget, a review has identified a small shortfall between income and planned spend for 2013-14 of £0.015m which a medium term budget plan has demonstrated can be fully repaid by 31 March 2017 through additional budget allocation from the BF Funding Formula as pupil numbers increase from 163 to a forecast 175 during the period of the loan request.

*Sandhurst Secondary School*

- 5.13 Sandhurst Secondary School has requested a loan of £0.075m to be fully repaid by 31 March 2018 to allow for the purchase of a lease for two classrooms and office space located at Sandhurst School that is currently occupied by Bracknell and Wokingham College. This will allow the school to use the additional space in September 2013 for SEN support and drama and in the longer term to provide a new Sixth Form Centre, as well as providing a much needed reception area near the school car park. The school is aware that this loan will attract interest.

Update to the criteria used to award in-year budget allocations to schools experiencing significant increases in pupil numbers

- 5.14 School budgets for each financial year must be set on the basis of the number of pupils on roll at the preceding October. To adequately resource schools that experience a significant increase in pupil numbers at the start of the next academic year, thereby needing to recruit additional staff, the DfE allows LAs to retain a contingency to allocate to schools once relevant data is available. In order to ensure that any funding held for such a purpose is always allocated to schools, should there be an under spending on this budget, the

## Unrestricted

DfE requires the relevant amount to be allocated into individual school budgets in the next financial year.

- 5.15 The Forum has previously agreed criteria that should be applied to determine whether a school needs additional financial support as a result of an increase in pupil numbers, which generally allocates funds when the number on roll increases by at least 20 pupils and a budget of £0.322m has been set aside for this purpose. Taking account of the rapid increase in school population, and the need to create at short notice a number of surge classes that can accommodate up to 30 pupils, a change to the current criteria is proposed. The proposal is to exclude any pupils admitted to the surge class from the calculation of the change in pupil numbers at a school and to automatically fund the assessed cost of a teacher at any school that agrees to a surge class, thereby removing any financial risk to the school, should actual pupils admitted be below the 20 threshold that has been set to determine current top up funding.
- 5.16 The criteria proposed to be used to award in-year budget allocations to schools experiencing a significant in-year increase in pupil numbers is set out at Annex B, which the Forum is recommended to agree.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

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

### 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 Not applicable.

### Method of Consultation

- 7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

Provisional July budget monitoring report

Contact for further information

David Watkins, Chief Officer: SR&EI

01344 354061)

[David.Watkins@bracknell-forest.gov.uk](mailto:David.Watkins@bracknell-forest.gov.uk)

Paul Clark, Head of Departmental Finance

(01344 354054)

<mailto:paul.clark@bracknell-forest.gov.uk>

<b>BUDGET MONITORING STATEMENT FOR THE SCHOOLS BUDGET - JULY 2013</b>							
	<b>Approved Budget</b>			<b>Estimated Variance</b>			<b>Note</b>
	<b>Expenditure</b>	<b>Income</b>	<b>Net</b>	<b>Under spending</b>	<b>Over spending</b>	<b>Net variance</b>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	
<b><u>Delegated and devolved funding</u></b>							
Delegated School Budgets	64,084	0	64,084	0	0	0	
Other School Grants	0	-4,163	-4,163	0	0	0	
	<b>64,084</b>	<b>-4,163</b>	<b>59,921</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b><u>LEA managed items</u></b>							
SEN provisions and support services	8,157	-969	7,188	0	0	0	i
Education out of school	1,094	-3	1,091	0	1	1	ii
Pupil behaviour	441	-7	434	-15	2	-13	iii
School staff absence and other items	1,517	-20	1,497	-55	23	-32	iv
Combined Service Budgets	690	0	690	-36	17	-19	v
Early Years provisions and support services	3,886	0	3,886	-116	28	-88	vi
Support to schools in financial difficulty	285	-1	284	-100	0	-100	vii
	<b>16,070</b>	<b>-1,000</b>	<b>15,070</b>	<b>-322</b>	<b>71</b>	<b>-251</b>	
<b>Dedicated Schools Grant</b>	<b>0</b>	<b>-74,991</b>	<b>-74,991</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Potential earmarked carry forward on 2 year olds</b>				<b>82</b>	<b>0</b>	<b>82</b>	viii
<b>TOTAL - Schools Budget</b>	<b>80,154</b>	<b>-80,154</b>	<b>0</b>	<b>-240</b>	<b>71</b>	<b>-169</b>	
<b>Unallocated balance at 1 April 2013</b>						<b>-517</b>	
<b>Transfer to School Meals Re-Tendering Reserve as agreed in June</b>						<b>40</b>	
<b>Net unallocated funds forecast for 31 March 2014 - excluding impact from SEN</b>						<b>-646</b>	

See paragraph 5.6 for an explanation to the notes.



## Proposed criteria for making allocations from the Schools Contingency

### 1. Criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers

The School Specific Contingency shall include funding for an allocation to those schools that experience exceptional increases in pupil numbers between the October census used for funding original budgets and actual pupil numbers on roll on the following October census

To assist schools in meeting the additional costs arising in such circumstances, an in-year budget addition will be made where the whole school number on roll from Reception up to Year 11 increases up to the point that a new teacher needs to be appointed. An increase of 20 pupils has been established as the relevant threshold point at which additional funding would be allocated. A second allocation would be made should numbers increase by 40 and so on, with further funding allocations for each additional increase above the 20 threshold.

The amount of additional funding is calculated from the cost of appointing a teacher on Mainscale Point 6 – salary and employer on-costs - for the period September to March.

There is one exception to this general rule. ~~When a school is funded on the basis of estimated actual costs, which is ordinarily a new school or one that opens additional forms of entry during a financial year, it will not be entitled to any in-year growth allowances, provided funds for the additional costs that will arise from a planned significant in year increase in pupil numbers are allocated from an alternative source.~~ **This relates to schools that agree with the LA to open a 'surge' class – i.e. one additional class to accommodate up to 30 additional pupils – where additional funding will be allocated irrespective of the actual number of pupils admitted, if the pupils in the 'surge' class are admitted after the census used for funding purposes. The funding allocation will be calculated in the same way as for general in-year growth, applied against the number of months the 'surge' class is open.**

The allocated funding may need to be scaled if demand significantly exceeds the budget allocation, with final decisions to be determined each year by the Schools Forum.

Additions to the policy are in **bold and underlined**.

Deletions to the policy have been ~~struck through~~. This relates to allocating additional funding to new schools, which in future is proposed to be funded through a de-delegated budget, as set out on a separate agenda item.