

TO: SCHOOLS FORUM
DATE: 19 SEPTEMBER 2019

THE SCHOOLS BUDGET – 2019-20 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 2019-20 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 forecasts a significant year end over spending of £1.996m which mainly arises from the previously highlighted increase in the number of children and young people needing support through the High Needs Block (HNB) budget. There are insufficient balances held in the Schools Budget Unallocated Reserve to fully fund the forecast over spending which means a year end deficit of £0.419m is currently being forecast with no remaining balances to support future pressures.
- 2.2 Whilst to date spend in the BF HNB has been managed within budget, the emerging significant increase in costs and the difficulty in presenting balanced budget proposals for 2019-20, despite the increase in funding illustrates the changing financial situation. Work is underway through the Schools Forum HNB Sub Group to review the overall budget for impact and efficient use of resources, but if the current trend continues unchecked, a £2.8m over spend is forecast for 2020-21.

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 over spending of £1.996m (paragraph 6.10);**
- 3.2 **that the unallocated balance on the Schools Budget Reserve is forecast at a £0.439m deficit (paragraph 6.12);**
- 3.3 **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

2019-20 Monitoring of the Schools Budget (Revenue)

Approved budget

- 6.1 Budget proposals for the 2019-20 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, generally 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 £93.804m as the estimated amount of DSG. Other grant income of £6.278m 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 £0.131m of general income also anticipated, there was originally expected to be £100.213m of income available to fund expenditure within the Schools Budget.
- 6.3 The Council's Budget setting process agreed that the allocation of budgets to individual lines of the Schools Budget could be agreed by the Executive Member, up to the level of anticipated grant income. The original budget approved by the Council was on a provisional basis and adjustments are now reported to reflect the changes agreed by the Executive Member as part of the budget setting process, all of which were supported by the Schools Forum.
- 6.4 Furthermore, to recognise the financial pressure arising from new schools, the council has agreed a 4 year medium term funding plan with schools which for 2019-20 results in the Council contributing £0.338m from its General Reserves. Adding the previously agreed £0.254m draw down from the New School Diseconomy Reserve therefore results in a net budget for the year of £0.592m.
- 6.5 As usual, subsequent to setting the original budget, the ESFA has recalculated the adjustment made to LA HNB 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 £0.134m, which has been balanced off by an equivalent increase in budget for non-maintained special schools.
- 6.6 Overall, these changes result in an anticipated level of DSG of £93.838m with total funding of £100.943m. 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.
- 6.7 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.

Forecast budget variances

- 6.8 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.
- 6.9 It is appropriate for the Forum to be aware of the current forecast year end balance as this will need to be taken into account when the 2020-21 budget is agreed. It is also 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.
- 6.10 Provisional budget monitoring information available at the end of July indicates that the Schools Budget will over spend by £1.996m 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, but a significant year end over spending is anticipated. 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 - £0.124m over spend:

De-delegated budgets - £0.052m over spend:

- 1) There is one significant budget variance to report which relates to the classroom staff maternity leave absence scheme where average costs and incidence of cases are expected to result in a second consecutive year of significant over spend. With increases in the contribution to Teachers' Pension becoming effective from September, the over spend is forecast at £0.050m.

Any aggregate year end underspending on de-delegated budgets 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 - £0.072m over spend:

- 2) The recent school expansion and building programme creates a pressure from increased rates liabilities for which there is no budget provision as the likely cost and timing is not known. One significant revaluation has been notified this year, together with further adjustments which indicates a likely over spend of £0.072m.

High Needs Block - £1.887m over spend:

Members of the Forum will be aware that budget items 3) to 7) 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 £0.200m 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. The forecasts will continue to change through to the end of the financial year.

- 3) **Delegated Special Schools – £0.034m over spend.** Top up payments to Kennel Lane Special Schools have been recalculated to reflect in-year starters and leavers. The current forecast indicates a net increase in funding allocations of £0.034m.
- 4) **Maintained schools and academies – £0.818m over spend.** Top up payments to BF maintained schools and academies are forecast to over spend by £0.239m. In respect of BF pupil placements in other LA schools and academies, a £0.504m over spend is forecast. Placements have increased by 10% with average costs of support remaining stable.

Note: this budget line includes a contingency for future cost increases of £0.075m for which at this time no spend has been incurred.

- 5) **Non-maintained special schools and colleges – £0.712m 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 £0.605m over spend. Whilst the overall number of places has increased by 4 (2%) from the number assumed in the budget, the average cost of support shows an increase of £2,008 (7.4%) per place.

Note: this budget line includes a contingency for future cost increases of £0.125m for which at this time no spend has been incurred.

- 6) **Education out of school - £0.278m over spend.** The main variances relate to a £0.130m forecast over spending on the cost of home tuition services and £0.060m on externally commissioned alternative provisions as more students are receiving support than allowed for in the budget. There are a number of other relatively small variances across a wide number of budgets.
- 7) **Other SEN provisions and support services - £0.054m over spend.** The main variances relate to a £0.101m forecast over spending on medical support needs for pupils where need exceeds budget provision and a £0.020m under spending on the Autism Support Service as a result of staff vacancies. There are a number of other relatively small variances across a wide number of budgets.

Early Years Block - £0.009m under spend

There are no significant variances to report at this stage.

Dedicated Schools Grant - £0.006m under spend:

- 8) **Dedicated Schools Grant - £0.006m under spend.** The ESFA recalculates Early Years DSG funding for delivering the free entitlement to childcare and early education following receipt of the January 2019 census data. The validation process takes until June and final adjustments are therefore confirmed after the relevant accounts are closed. The 2018-19 adjustment will be a £0.043m increase compared to an estimate of £0.037m.

Managing the forecast overspend

- 6.11 It is clear that the council is facing significant challenges in managing spend to the level of HNB income. As set out above and on other agenda items, this largely arises from increases in numbers of pupils requiring additional support and the emergence of more complex needs and is part of a national issue.
- 6.12 For the current forecast over spend, there is the potential to fund up to £1.577m from unallocated balances in the Schools Block which would result in a year end deficit of £0.419m. However, this is one-off money and is not expected to be available to support expenditure after this financial year. Furthermore, no funds would remain to safeguard against future over spendings, which without any actions are currently forecast at £2.8m for 2020-21.
- 6.13 Therefore, the work currently being undertaken through Schools Forum HNB Sub Group to review the overall budget for impact and efficient use of resources is fundamental to moving towards a sustainable financial position over the medium to long term.

2019-20 Education Capital Programme

Approved budget

- 6.14 The current Education Capital budget approved by the council amounts to £13.133m, and comprises £3.061m of council funding, £0.553m from housing developers and £9.519m from various grants and other income. Of this total, £4,523m is new funding for 2019-20 with £8.610m brought forward from previous years to finance the completion of approved projects.
- 6.15 The major scheme in the programme are:
- School related projects, including schools' Devolved Formula Capital £9.854m
 - School Planned Maintenance £1.590m
 - Other projects £1.689m

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

Forecast budget variances

- 6.16 At this stage, spend of £8.542m is anticipated this financial year, with £4.591m slipping into 2020-21 to reflect the phasing of works. No variances are being reported as in general, these are recycled within the school related projects.
- 6.17 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.
- 6.18 Due to 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

- 6.19 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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**2019-20 PROVISIONAL BUDGET MONITORING STATEMENT FOR THE
SCHOOLS BUDGET AS AT THE END OF JULY 2019**

Service Area	Approved Budget			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	73,733	0	73,733	0	0	0	
School Grant income	0	-6,109	-6,109	0	0	0	
Schools Block	73,733	-6,109	67,624	0	0	0	
<u>LA managed items:</u>							
Retained de-delegated Budgets:							
<i>Behaviour</i>	253	-7	246	0	0	0	
<i>Schools in Financial Difficulty</i>	198	0	198	0	0	0	
<i>Official Staff Absences</i>	261	0	261	0	50	50	1
<i>English as an Additional Language</i>	99	0	99	-17	17	0	
<i>PRC / Licence Fees / FSM checking</i>	428	0	428	0	2	2	
Combined Service Budgets:							
<i>Education Attainment and School Transport for LAC</i>	176	0	176	0	0	0	
<i>Family Intervention Project / Domestic Abuse</i>	106	0	106	0	0	0	
<i>CAF Co-ordinator</i>	42	0	42	-3	3	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	496	0	496	0	0	0	
Other Schools Block provisions and support services	1,331	0	1,331	-26	98	72	2
LA managed items:	3,471	-7	3,464	-46	170	124	
Sub total Schools Block	77,204	-6,116	71,088	-46	170	124	
High Needs Block							
Delegated Special Schools Budgets	4,074	0	4,074	0	34	34	3
Post 16 SEN and other grants	0	-172	-172	0	0	0	
Maintained schools and academies	3,220	-31	3,189	-9	818	809	4
Non Maintained Special Schools and Colleges	5,529	0	5,529	-18	730	712	5
Education out of school	1,320	-3	1,317	0	278	278	6
Other SEN provisions and support services	1,668	-68	1,600	-61	115	54	7
Sub total High Needs Block	15,811	-274	15,537	-88	1,975	1,887	
Early Years Block							
Free entitlement to early years education	7,344	-3	7,341	0	0	0	
Other Early Years provisions and support services	245	-19	226	-16	7	-9	8
Sub total Early Years Block	7,589	-22	7,567	-16	7	-9	
Dedicated Schools Grant	0	-93,938	-93,938	-6	0	-6	9
Contribution from BFC	338	0	338	0	0	0	
TOTAL - Schools Budget	100,942	-100,350	592	-156	2,152	1,996	
Note on Unallocated Schools Budget balance:							
Opening unringfenced balance on Schools Budget						-1,577	
2019-20 forecast in-year net variance						1,996	
Net forecast deficit at 31 March 2020						419	

See paragraph 6.10 for an explanation to the notes

CAPITAL MONITORING 2019/20

Dept: People

Children, Young People and Learning

As at 31 July 2019

Cost Centre Description	Approved Budget 2019/20 £000's	Cash Budget 2019/20 £000's	Expenditure to Date £000's	Estimated Outturn 2019/20 £000's	Carry Forward 2019/20 £000's	(Under) / Over Spend £000's	Next Target / Explanatory Note	Current status of the project / notes
SCHOOL PROJECTS								
Amen Corner Primary (South)	10.0	0.0	0.0	0.0	10.0	0.0	Requirement to be kept under review	S106 contributions available for up to 10 years from start of housing development
Ascot Heath Schools Amalgamation	685.9	565.9	88.4	565.9	120.0	0.0	Amalgamated school go live from Sep-19	Works deferred from summer 2019, programme to be agreed
College Town n Amalgamation	135.2	135.2	19.2	135.2	0.0	0.0	Completed	Completed
Crown Wood Primary	89.4	89.4	0.0	89.4	0.0	0.0	Completed	Completed.
Great Hollands Primary	181.5	181.5	17.5	181.5	0.0	0.0	Completed	Completed
Holly Spring Infant & Junior Amalgamation	362.9	362.9	50.5	362.9	0.0	0.0	Amalgamated school go live from Sep-19	On site
Jennett's Park CE Primary	0.1	0.0	0.0	0.0	0.1	0.0	Completed	Completed
King's Academy Oakwood	388.5	238.5	0.1	238.5	150.0	0.0	New school to go live from Sep-19	New school goes live from Sep-19
Meadow Vale Primary	115.2	115.2	0.0	115.2	0.0	0.0	Completed	Completed.
Owlsmoor Primary	10.7	0.0	0.0	0.0	10.7	0.0	Completed	Completed
Pines (The) Primary	183.5	125.0	2.4	125.0	58.5	0.0	Complete	Project completion due September 19
TRL Primary	6.7	0.0	0.0	0.0	6.7	0.0	Timescale under review	Pupil numbers arising from TRL are low, suggesting slipping programme with developer
Warfield East Primary	10.0	0.0	0.0	0.0	10.0	0.0	Requirement to be kept under review	S106 contributions available for up to 10 years from start of housing development
Warfield West Primary	120.0	60.0	0.5	60.0	60.0	0.0	Completed	Completed, ICT, furniture & equipment only in future years
Wooden Hill Primary	470.3	320.3	0.0	320.3	150.0	0.0	In design	Briefing stage - Concept layout in design for stakeholder approval in September 19
Primary	2,769.9	2,193.9	178.6	2,193.9	576.0	0.0		
Easthampstead Park	108.6	108.6	4.8	108.6	0.0	0.0	Complete refurbishment	Completed
Garth Hill College	61.6	61.6	0.0	61.6	0.0	0.0	Completed	Completed
Sandhurst Redevelopment	95.6	95.6	21.1	95.6	0.0	0.0	Masterplan completed	Completed
Secondary	265.8	265.8	25.9	265.8	0.0	0.0		
Binfield Learning Village	1,380.0	960.0	431.8	960.0	420.0	0.0	Secondary opened Sep-18. Primary opening Sep-19.	Secondary opened Sep-18, primary opening from Sep-19
All through	1,380.0	960.0	431.8	960.0	420.0	0.0		
Basic Need Grant for Allocation	3,298.8	298.8	83.1	298.8	3,000.0	0.0	C/f relevant funding	Unallocated grant to be c/f to fund future years' projects
Special Provision Capital Fund	430.9	380.9	0.0	380.9	50.0	0.0	Works in progress	Allocated to schools for facilities provision for special needs pupils
Healthy Pupils Capital Fund	137.2	62.2	0.0	62.2	75.0	0.0	Works in progress	Allocated to schools for facilities provision for healthy schools initiatives
S106 The Pines Security	49.0	49.0	7.4	49.0	0.0	0.0	Complete	Complete
Section 106 Developer Contributions	250.0	250.0	0.0	250.0	0.0	0.0	Completed	Allocated to projects
Capital Related Spend in Schools Revenue (RCCO)	0.0	0.0	0.0	0.0	0.0	0.0	Financial year end review .	Gathering information from schools
Devolved Capital and other funds held by schools	1,272.7	972.7	179.0	972.7	300.0	0.0	Managed by schools	Managed by schools
Other Schools Related Capital	5,438.6	2,013.6	269.5	2,013.6	3,425.0	0.0		
SCHOOL PROJECTS	9,854.3	5,433.3	905.8	5,433.3	4,421.0	0.0		

Percentages

16.7%

100.0%

0.0%

CAPITAL MONITORING 2019/20

Dept: People

Children, Young People and Learning

As at 31 July 2019

Cost Centre Description	Approved Budget 2019/20 £000's	Cash Budget 2019/20 £000's	Expenditure to Date £000's	Estimated Outturn 2019/20 £000's	Carry Forward 2019/20 £000's	(Under) / Over Spend £000's	Next Target / Explanatory Note	Current status of the project / notes
CAPITAL MAINTENANCE / CONDITION								
Planned works	1,589.9	1,514.9	87.3	1,514.9	75.0	0.0	Complete	All projects designed, majority on site for October completion
ROLLING PROGRAMME	1,589.9	1,514.9	87.3	1,514.9	75.0	0.0		

Percentages 5.8% 100.0% 0.0%

OTHER PROJECTS								
CP-IS Project	58.0	58.0	0.0	58.0	0.0	0.0	Complete	Under review
ICT projects	58.0	58.0	0.0	58.0	0.0	0.0		
South Bracknell Youth Centre / 1 Great Hollands Square	76.5	76.5	0.0	76.5	0.0	0.0	Planning for modernisation	Planning for modernisation
S106 North Ascot/TRAX	0.5	0.5	0.0	0.5	0.0	0.0	Planning for modernisation	Planning for modernisation
S106 Coopers Hill/NRG	20.4	20.4	0.0	20.4	0.0	0.0	Planning for modernisation	Planning for modernisation
Braccan Walk Youth Centre	765.4	765.4	5.0	765.4	0.0	0.0	Planning for modernisation	Planning for modernisation
Youth Facilities	862.8	862.8	5.0	862.8	0.0	0.0		
Retentions - Non Schools	0.0	0.0	0.0	0.0	0.0	0.0		
Sandhurst Nursery Relocation	295.1	220.1	0.0	220.1	75.0	0.0	In design	Briefing stage
Education Centre Relocation	258.3	258.3	99.0	258.3	0.0	0.0	Complete	Phase 3 & 4 (Kitchen & Car Park) on site for October completion
Rowans (Fox Hill) Childrens Centre security	110.0	110.0	0.0	110.0	0.0	0.0	Complete	On site for September completion
S106 School Health Worker Accom The Willows	50.0	50.0	0.0	50.0	0.0	0.0	Completed by Christmas	In design
S106 Fox Hill & The Rowans Pre-Schl Additional Accom	31.4	11.4	0.0	11.4	20.0	0.0	In design	Briefing stage
Places for 2 year olds	16.2	16.2	0.0	16.2	0.0	0.0	Complete	Portal delivered. Project for remainder of works in planning stage.
Priestwood Guide Centre	7.1	7.1	0.0	7.1	0.0	0.0	Complete	Works in train.
Other	768.1	673.1	99.0	673.1	95.0	0.0		
OTHER PROJECTS	1,688.9	1,593.9	104.0	1,593.9	95.0	0.0		

Percentages 6.5% 100.0% 0.0%

TOTAL CAPITAL PROGRAMME	13,133.1	8,542.1	1,097.1	8,542.1	4,591.0	0.0		
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Percentages 12.8% 100.0% 0.0%