

TO: SCHOOLS FORUM
DATE: 19 NOVEMBER 2020

THE SCHOOLS BUDGET – 2020-21 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 2020-21 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 £4.635m 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 is a £0.141m deficit held in the Schools Budget Unallocated Reserve which means a year end deficit of £4.776m is currently being forecast with no remaining balances to support future pressures.
- 2.2 The emerging significant increase in costs and the difficulty in presenting balanced budget proposals for 2020-21, despite the significant increase in funding and agreed savings programme illustrates the changing financial situation.
- 2.3 The capital programme has experienced a significant cost pressure relating to a school roof failure which is impacting on the maintenance programme.

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 £2.958m (paragraph 6.10);**
- 3.2 **that the unallocated balance on the Schools Budget Reserve is forecast at a £4.776m deficit (paragraph 6.10);**
- 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

2020-21 Monitoring of the Schools Budget (Revenue)

Approved budget

- 6.1 Budget proposals for the 2020-21 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 £100.503m as the estimated amount of DSG. Other grant income of £9.344m was also expected from the Education and Skills Funding Agency (ESFA) for sixth forms, Teacher's Pay and Pension Grants, 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 £109.970m 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 2020-21 results in the Council contributing £0.253m from its General Reserves. Adding the previously agreed £1.677m planned overspend on the High Needs Block results in a net budget for the year of £1.929m.
- 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 and also for deductions for ESFA directly funded providers. The deduction for BFC has reduced by £0.281m, 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 £100.853m with total funding of £110.320m. 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 potential revision to the Early Years DSG allocation that will take account of funding decisions of the DfE which are likely to change to reflect the impact of the coronavirus pandemic on participation rates which are ordinarily used.

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 2021-22 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 September indicates that the Schools Budget will overspend by £2.958m this year which when added to the £1.677m overspend expected when the budget was set equates to a £4.635m overspend. There is a £0.141m deficit opening balance on the Unallocated School Block Reserve meaning an aggregate year end deficit of £4.776m is currently being forecast.
- 6.11 As it remains relatively early on in the financial year, with some significant spending decisions yet to be taken or trends established, there is the potential for significant change over the coming months, but a significant year end over spending is unavoidable. 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 under spend:

Other Schools Block provisions and support services - £0.104m under spend:

- 1) The most significant variance being reported relates to a forecast £0.085m under spend on the Growth Fund and comprises 2 elements: additional support to meet the class size regulations at Key Stage 1 where there has been a significant increase in qualifying schools, with a forecast over spending of £0.124m (spend is £0.184m compared to £0.102m last year); and growth allowances for schools experiencing significant in-year increases in pupil numbers, where the provisional October 2020 census indicates around £0.080m spend and an under spend £0.209m. The 2021-22 budget requirement for the Growth Fund will need to be reviewed in light of recent experiences.

High Needs Block - £3.200m overspend against budget (£4.877m overspend when the £1.677m budgeted overspend is included):

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. The forecasts will continue to change through to the end of the financial year.

The Forum received an update on forecast budget performance within the HNB at the last meeting. This indicated a £4.533m forecast overspend which has now increased by £0.344m mainly as a result of the additional resources to be employed to more rapidly and effectively implement the change programme and provisions for pupil being educated out of schools.

The variances being reported now will need to be assessed as to their on-going impact and included as appropriate when budget proposals for 2021-22 are presented.

- 2) **Delegated Special Schools – £0.088m overspend.** Top up payments to Kennel Lane Special Schools have been recalculated to reflect in-year starters and leavers and changes in support needs. The current forecast also includes provision to purchase 3 extra places (to 198) from September.
- 3) **Maintained schools and academies – £0.938m overspend.** Top up payments to BF maintained schools and academies are forecast to overspend by £0.470m. In respect of BF pupil placements in other LA schools and academies, a £0.321m overspend is forecast. In general, placements have increased with average costs of support remaining fairly stable.

Funding of £0.103m set aside to support the development of new SEN resource units in mainstream schools will not now be spent as the programme has slipped, mainly as a result of the coronavirus pandemic.

Note: this budget line includes a contingency for future cost increases of £0.250m for which at this time no spend has been incurred and reflects all HNB budget risks, not just maintained schools and academies.

- 4) **Non-maintained special schools and colleges – £1.456m overspend.** This is the most significant budget area in terms of expenditure and the focus of the change programme. As reported at the last meeting of the Forum there are 3 key reasons factors that result in a significant budget over spending; purchased placements are 16% above the numbers forecast for the budget; average costs are 3.6% above forecast; and the savings anticipated from the change programme have slipped due to the coronavirus pandemic.

In setting the HNB DSG income amount for the budget, assumptions needed to be made on a number of factors in the DfE formula as relevant data becomes available during the year. The latest funding update from the DfE indicates that the HNB DSG will be £0.281m higher than initially estimated, and this extra resource has been added to this budget line as additional funding.

- 5) **Education out of school - £0.603m overspend.** The main variances relate to a £0.085m forecast overspending at College Hall Pupil Referral Unit that reflects the current and on-going requirements of the service provision, £0.106m overspend anticipated from the current demand trend for home tuition provisions, and £0.410m overspend on externally purchase Alternative Provision.

As reported directly above, the savings anticipated from the change programme have slipped due to the coronavirus pandemic and this has impacted on expenditure.

- 6) **Other SEN provisions and support services - £0.115m overspend.** The main variances relate to a £0.065m forecast saving on staff supporting the Child Development Centre to support families with children under 5 presenting with developmental delays and cases with under 5s on EHCPs or with speech and language development issues, overspending of £0.033m in the Support for Learning Service where income generation has been impacted by the coronavirus pandemic, £0.100m additional spend this year on the additional resources to be employed to more rapidly and effectively implement the change programme and £0.084m unachieved savings anticipated from service reviews, which again have had to be deferred due to the coronavirus pandemic. There are a number of other relatively small variances across a wide number of budgets.

Early Years Block - £0.009m under spend

- 7) **Free entitlement to early years education - £0.073m underspend.** The current forecast, reflecting actual summer, provisional autumn and estimated spring payments to providers, indicates an under spending of £0.073m. There remains uncertainty on government funding allocations and actual payments to providers, meaning this forecast could be subject to significant change.
- 8) **Other Early Years provisions and support - £0.045m underspend.** The main variance being forecast relates to a £0.025m saving against the translation contract as a result on limited demand on the service.

A separate paper on the agenda provides more insight to the Early Years Block services and finances.

Unallocated Schools Budget Balance - £4.776m deficit:

- 9) The budget variances being forecast at the end of September indicate a year end deficit on the Unallocated Schools Budget Reserve of £4.776m. This comprises the £0.141m accumulated deficit at the start of the year, the £1.677m overspend anticipated when the budget was set and the additional £2.958m overspend now being reported.

Managing the forecast overspend

- 6.12 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 previously presented reports, this largely arises from increases in numbers of pupils requiring additional support, the emergence of more complex needs, rising costs of support and is part of a national issue.
- 6.13 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.

2020-21 Education Capital Programme

Approved budget

- 6.14 The current Education Capital budget approved by the council amounts to £10.874m, and comprises £3.666m of council funding, £1.103m from housing developers and £6.105m from various grants and other income. Of this total, £4,937m is new funding for 2020-21 with £5.937m 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 £6.769m
 - School Planned Maintenance £2.361m
 - Other projects £1.743m

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

Forecast budget variances

- 6.16 At this stage, 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. This is being severely impacted on through the roof failure at Sandhurst Secondary School which has required the closure of 10 classrooms and a drama studio. The initial proposal is to install a temporary modular classroom at the school during the period required to complete the roof repair.

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 Resources

- 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

Paul Clark, Finance Business Partner – People Directorate
<mailto:paul.clark@bracknell-forest.gov.uk>

(01344 354054)

Doc. Ref

[https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/\(100\)_191120/2020-21_Schools_Budget_Monitoring_etc.doc](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(100)_191120/2020-21_Schools_Budget_Monitoring_etc.doc)

2020-21 PROVISIONAL BUDGET MONITORING STATEMENT FOR THE SCHOOLS BUDGET AS AT THE END OF SEPTEMBER 2020							
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	72,855	0	72,855	0	0	0	
School Grant income	9,344	-9,344	0	0	0	0	
Schools Block	82,199	-9,344	72,855	0	0	0	
<u>LA managed items:</u>							
Retained de-delegated Budgets:							
<i>Behaviour</i>	253	0	253	-21	14	-7	
<i>Schools in Financial Difficulty</i>	201	0	201	0	0	0	
<i>Official Staff Absences</i>	350	0	350	-10	0	-10	
<i>English as an Additional Language</i>	104	0	104	-11	17	6	
<i>PRC / Licence Fees / FSM checking</i>	495	0	495	0	2	2	
Combined Service Budgets:							
<i>Education Attainment and School Transport for LAC</i>	176	0	176	-7	0	-7	
<i>Family Intervention Project / Domestic Abuse</i>	106	0	106	-4	0	-4	
<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	501	0	501	0	0	0	
Other Schools Block provisions and support services	768	0	768	-104	0	-104	1
LA managed items:	3,077	0	3,077	-160	36	-124	
Sub total Schools Block	85,276	-9,344	75,932	-160	36	-124	
High Needs Block							
Delegated Special Schools Budgets	4,486	0	4,486	0	88	88	2
Maintained schools and academies	4,490	-31	4,459	-103	1,041	938	3
Non Maintained Special Schools and Colleges	6,414	0	6,414	-281	1,737	1,456	4
Education out of school	1,693	-3	1,690	-2	605	603	5
Other SEN provisions and support services	1,985	-68	1,917	-119	234	115	6
Sub total High Needs Block	19,068	-102	18,966	-505	3,705	3,200	
Early Years Block							
Free entitlement to early years education	7,194	-3	7,191	-73	0	-73	7
Other Early Years provisions and support services	389	-18	371	-45	0	-45	8
Sub total Early Years Block	7,583	-21	7,562	-118	0	-118	
Dedicated Schools Grant	0	-100,784	-100,784	0	0	0	
Contribution from BFC	253	0	253	0	0	0	
TOTAL - Schools Budget	112,180	-110,251	1,929	-783	3,741	2,958	
Note on Unallocated Schools Budget balance:							
Opening unringfenced balance on Schools Budget						141	
Budgeted over spending on the HNB						1,677	
2020-21 forecast in-year net variance						2,958	
Net forecast deficit at 31 March 2020						4,776	9

See paragraph 6.11 for an explanation to the notes

CAPITAL MONITORING 2020/21

Dept: People

Children, Young People and Learning

As at 30 September 2020

Cost Centre Description	Approved Budget 2020/21 £000's	Cash Budget 2020/21 £000's	Expenditure to Date £000's	Estimated Outturn 2020/21 £000's	Carry Forward 2020/21 £000's	(Under) / Over Spend £000's	Next Target / Explanatory Note	Current status of the project / notes
SCHOOL PROJECTS								
Ascot Heath Schools Amalgamation	558.9	558.9	204.7	558.9	0.0	0.0	Completed	Completed
College Tow n Amalgamation	104.6	104.6	1.6	104.6	0.0	0.0	CCTV to implement.	Main project completed. Small retention to be settled.
Cranbourne Security	72.0	72.0	72.0	72.0	0.0	0.0	Complete in defects	Completed
Crow n Wood Primary	16.2	16.2	0.0	16.2	0.0	0.0	Completed	Completed. Planning condition to be satisfied
Harmanswater Primary	365.0	365.0	0.0	365.0	0.0	0.0	Project brief	Briefing stage
Holly Spring Infant & Junior Amalgamation	74.0	74.0	11.8	74.0	0.0	0.0	Completed	Completed. Retentions to be settled.
Kennel Lane	546.6	546.6	2.7	546.6	0.0	0.0	In design	In design
King's Academy Oakwood	287.0	287.0	0.0	287.0	0.0	0.0	Completed	Completed
Meadow Vale Primary	158.5	158.5	0.0	158.5	0.0	0.0	Completed	Completed. Planning condition to be satisfied.
Sandy Lane	365.0	365.0	0.0	365.0	0.0	0.0	In design	Project inception
Warfield West Primary	119.5	119.5	3.4	119.5	0.0	0.0	Completed	Completed. ICT, furniture & equipment in future years
Wildridings Primary	20.4	20.4	0.0	20.4	0.0	0.0	On hold	On hold
Wooden Hill Primary	434.4	434.4	141.1	434.4	0.0	0.0	Completion	Completed
Primary	3,122.1	3,122.1	458.8	3,122.1	0.0	0.0		
Easthampstead Park	232.6	232.6	-1.3	232.6	0.0	0.0	Completed	Main project completed. School managed spend ongoing.
Sandhurst Redevelopment	14.2	14.2	13.4	14.2	0.0	0.0	Masterplan feasibility study	In progress
Secondary	246.8	246.8	12.1	246.8	0.0	0.0		
Binfield Learning Village	890.0	890.0	284.8	890.0	0.0	0.0	Completed	Completed, ICT, furniture & equipment in future years
All through	890.0	890.0	284.8	890.0	0.0	0.0		
Basic Need Grant for Allocation	422.2	422.2	0.0	422.2	0.0	0.0	Completed	Under consideration
Special Provision Capital Fund	959.7	959.7	55.0	959.7	0.0	0.0	Works in progress	For allocation to schools for facilities provision for special needs pupils
Healthy Pupils Capital Fund	7.9	7.9	3.6	7.9	0.0	0.0	Works in progress	For allocation to schools for facilities provision for healthy schools initiatives
College Tow n Security	42.0	42.0	42.0	42.0	0.0	0.0	Completed, in defects	Completed
Crow thorne Primary Car Park Safety	17.0	17.0	0.0	17.0	0.0	0.0	Completion	Completed
Wildridings Security, Safeguarding & Fire Safety	58.0	58.0	39.1	58.0	0.0	0.0	School managed project	School managed project
Primary SEMH Hub	40.0	40.0	0.0	40.0	0.0	0.0	Under consideration	Under consideration
Devolved Capital and other funds held by schools	935.8	935.8	119.5	935.8	0.0	0.0	Managed by schools	Managed by schools
Other Schools Related Capital	2,482.6	2,482.6	259.2	2,482.6	0.0	0.0		
SCHOOL PROJECTS	6,769.1	6,769.1	1,075.4	6,769.1	0.0	0.0		

Percentages

15.9%

100.0%

0.0%

CAPITAL MONITORING 2020/21

Dept: People

Children, Young People and Learning

As at 30 September 2020

Cost Centre Description	Approved Budget 2020/21 £000's	Cash Budget 2020/21 £000's	Expenditure to Date £000's	Estimated Outturn 2020/21 £000's	Carry Forward 2020/21 £000's	(Under) / Over Spend £000's	Next Target / Explanatory Note	Current status of the project / notes
CAPITAL MAINTENANCE / CONDITION								
Planned works	2,361.4	2,361.4	1,266.3	2,361.4	0.0	0.0	Completion	Programmed works complete. Awaiting various final accounts.
ROLLING PROGRAMME	2,361.4	2,361.4	1,266.3	2,361.4	0.0	0.0		

Percentages 53.6% 100.0% 0.0%

OTHER PROJECTS								
Youth Facilities - including Braccan Walk	800.3	800.3	20.8	800.3	0.0	0.0	On site	Tenders back, due to commence late August 2020
20-21 Market St Refurb	175.0	175.0	1.1	175.0	0.0	0.0		
Nursery Provision	709.5	709.5	8.6	709.5	0.0	0.0	In design	Design complete- procurement plan due to go to executive member 30/09/2020
Education Centre Relocation	21.5	21.5	12.8	21.5	0.0	0.0	Completion	Retentions to be paid shortly
Rowans (Fox Hill) Childrens Centre security	29.5	29.5	0.0	29.5	0.0	0.0	Completion	Complete, retentions to be paid
S106 School Health Worker Accom The Willow s	0.5	0.5	0.5	0.5	0.0	0.0	Completed	Completed
Priestwood Guide Centre	7.1	0.0	0.0	7.1	7.1	7.1	Completed	Completed.
Other	943.1	936.0	23.0	943.1	7.1	7.1		
OTHER PROJECTS	1,743.4	1,736.3	43.8	1,743.4	7.1	7.1		

Percentages 2.5% 100.4% 0.4%

TOTAL CAPITAL PROGRAMME	10,873.9	10,866.8	2,385.5	10,873.9	7.1	7.1		
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Percentages 22.0% 100.1% 0.1%