

SCHOOLS BUDGET 2007/08 – REVENUE MONITOR REPORT

Report of the Director of Children Schools and Families

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1. Purpose of Report

- 1.1 To update members on the forecast outturn for the Schools Budget for 2007/08

2. Summary

- 2.1 The monitoring position at the end of December 2007 shows an underspend of £0.919million against the latest Schools Budget of £598.922m (0.15%).
- 2.2 The principal reasons for the variation in the forecast revenue outturn are listed in Table 2 (Para 4.2), whilst a summary analysis is shown in Table 1.

3 Recommendation

- 3.1 Members of the forum are asked for their comments on the latest monitor report

4. Background

- 4.1 In the context of the new arrangements for the Schools Budget, including the decision making powers of the Schools Forum, budget monitoring reports are presented on a quarterly basis. This report covers those areas which are centrally managed by the authority. This report sets out the monitor position to the end of December 2007.

5. Revenue Budget Variances

- 5.1 The change in Government Funding to Dedicated Schools Grant (DSG) has meant that any variances in the Schools Budget are 'ring-fenced' and can not be used elsewhere. Variances against the Schools Budget are shown against the latest School Budget (excluding FRS17 and Capital Charges) of £598.922m, details of which were set out in the September report 'Final DSG and Schools Budget 2007/08'.
- 5.2 Details of the variances against the latest CSF schools budget are shown in tables 1 and 2 below.

Table 1: Details of the variance against the Schools Budget.

| Description | Overspends | Planned Underspends | Unplanned Underspends | Net Variances |
|----------------|------------|---------------------|-----------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Schools Budget | 3,151 | 0 | (4,070) | (919) |

Table 2: Significant Variations in the Schools Budgets

| Description | Para ref. | Latest Adjusted Budget £'000 | Previously Forecast Over / (Under) spend £000 | Forecast Over/ (Under) spend £000 | Movement (£000) | % of Budget |
|---|-----------|---------------------------------|--|--------------------------------------|-----------------|-------------|
| Independent Placements - Education | 5.3.1 | 10,775 | 1,200 | 1,480 | 280 | 13.7% |
| Special Schools - Boxmoor House | 5.3.2 | 1,178 | | (500) | (500) | 42.4% |
| Provision for permanently excluded pupils | 5.3.3 | 3,511 | 105 | 105 | | 3.0% |
| Additional Welfare & Tuition / Recoupment | 5.3.4 | 13,362 | 148 | 148 | | 1.1% |
| Units and Bases | 5.3.5 | 2,087 | (200) | (260) | (60) | (12.5%) |
| Admissions and Transport | 5.3.6 | 380 | 109 | 109 | | 28.7% |
| Nursery Provision | 5.3.7 | 12,890 | (1,000) | (1,000) | | (7.8%) |
| Dedicated Schools Grant | 5.3.8 | (597,406) | (309) | (309) | | 0.1% |
| Carry forward Schools Budget | 5.3.9 | (1,293) | (1,306) | (1,306) | | 101.0% |
| Teachers Pay Reform | 5.3.10 | 10,871 | 200 | 200 | | 1.8% |
| Maternity | 5.3.11 | 1,782 | 200 | 300 | 100 | 16.8% |
| CRB Checks | 5.3.12 | | 580 | 580 | | |
| School Rates | 5.3.13 | | | (475) | (475) | |
| Hospital & Home Tuition | 5.3.14 | 1,061 | | (120) | (120) | 11.3% |
| Schools Contingency | 5.3.15 | 2,190 | | (100) | (100) | (4.6%) |

5.3.1 Independent Placements (Education) - £1,480,000 or 13.7% overspend

The overspend relates to Education Out County placements. This is an extremely volatile demand led budget where the impact on an additional placement can create an average annual commitment to the budget of £50,000 per annum (£1,300 per week).

The increase since the previous monitor is due to 5 new placements, 2 of which are jointly funded, (£200,000) plus increasing costs from changes in 3 placements (£80,000).

Management action includes:

- a thorough review of placements and associated costs including benchmarking against other authorities has been completed. This information will be used by a task group, including representatives from special schools, to look at alternative in-house solutions to reduce the pressure on this budget.
- A new complex care panel has been established to provide joined up solutions for LDD cases across CSF and health.
- Developments for a new type of provision for EBD (following the closure of Boxmoor House school) is on track with the aim of reducing the current reliance on independent placements in the longer term.

5.3.2 Special Schools Boxmoor House - £500,000 or 42.4% underspend

The budget was set for Boxmoor House School to fund alternative provision for the pupils that were on roll at the time of the school closure. There is a predicted underspend of £500,000 on the element set aside for pupils placed in independent provision.

5.3.3 Provision for permanently excluded pupils - £105,0000 or 3% overspend

Under the Education and Inspections Act the Local Authority is responsible for making full time provision for permanently excluded pupils from day 6 of exclusion. This came into force in September 2007 although formal notification of the requirement was made after the budget process has been completed. Although there has been some improvement in Hertfordshire's performance with the requirement to provide full time education from the previous requirement of day 15 of the exclusion this remains an area of concern. In this context it is not possible to absorb the costs of the new provisions within the existing budget. This is estimated to result in an overspend of £105,000 in the current financial year.

5.3.4 Additional Welfare & Tuition / Recoupment - £148,000 or 1.11% overspend

The additional responsibilities to support children excluded from school from day 6 of exclusion (see 4.3.2 above) is putting pressure on this budget. The overspend relates to additional costs of supporting children with special needs who are excluded and an increase in the number of exclusions from a small number of special schools.

Reducing special school exclusions has been highlighted as a priority to address in the Post JAR action plan. There have been 9 exclusions from special schools in the last year. These exclusions have been from one or two EBD special schools. Although the numbers may seem relatively small the proportion is higher than reported by other authorities. Where a pupil has been excluded from a special school it is often difficult to secure another school placement and alternative individualised provision arrangements have to be made which can be very costly. A number of actions are being taken to try to reduce special school exclusions. A meeting has been held with the EBD School Heads to highlight the concerns and agree strategies to avoid exclusion. Where there are particular difficulties a multi-agency meeting has been arranged to coordinate the support around the school.

5.3.5 Units and Bases - £260,000 or 12.5% underspend

A provision of £260,000 was included in this budget for the otherwise unfunded element of the cost of teachers on the upper pay scale in special needs units and bases. This is to prevent schools which host specialist SEN facilities, which benefit the wider community of schools, from having to top up the funding for the SEN unit/base from their main budget share. It is anticipated that this provision will not be used in 2007/08.

The increase in projected underspend this month reflects that the contingency within the budget to fund in-year adjustments will not be required.

5.3.6 Admissions and Transport - £109,000 or 28.7% overspend

This overspend results from the delayed implementation of the replacement admission system. This is a business critical system and delay is intended to allow for further testing and a year's parallel running of the new Tribal admissions system with the 'in-house' system. The overspend relates to consultancy costs to develop the existing system to meet the determined rules for 2008 and additional staff required for acceptance testing of the new system.

5.3.7 Nursery Provision - £1,000,000 or 7.8% underspend

The younger 3s participation rate was 65% in January 2006 and 70% in January 2007. The impact of a further increase in the participation rate of 3 year olds in nursery provision to 75% from September 2007 was identified as a key risk in 2007/08 and provision was made from the projected Schools Budget carry forward to 2007/08 of £1.0m.

There are three reasons for the underspend as follows:

- The anticipated increase in participation rate has not occurred during 2007.
- A significant number of providers were not open for the whole of the summer and autumn terms.
- There has been an increase (compared to the estimate) in the number of 3 year olds in maintained schools in the autumn term. There is a corresponding decrease (compared to the estimate) in the number of funded pupils in private providers.

5.3.8 Dedicated Schools Grant - £309,000 or 0.01% underspend

The final DfES allocation of DSG exceeded the predicted level published within the school budget shares and section 52 budget statement by £309,000 (0.1%). This was closely in line with the estimate included in the schools budget. The additional allocation was a result of the final January 2007 pupil number being 83 pupils higher (0.1%) than had been previously estimated. The Schools Forum has agreed that this resource be carried forward within DSG balances to the 2008/09 financial year.

5.3.9 Carry forward Schools Budget - £1,306,000 or 101.0% underspend

This underspend was against the 2006/07 central expenditure within the Schools Budget and must be used to finance the authority's Schools Budget in future years, in line with the requirements of the grant.

Against this underspend risks were identified in relation to a continuing overspend (see 5.3.1) against the provision for independent placements. Whilst there is ongoing work to review cases in order to reduce this risk, this is an extremely volatile budget where the impact of an additional placement can create an average annual commitment of £50,000 p.a. Schools Forum therefore agreed to use an element of the underspend (£1.1m) against this risk.

In addition a provision of £200k was required to meet the costs of threshold funding for supply teachers for the period September 2006 to March 2007.

5.3.10 Teachers Pay Reform - £200,000 or 1.8% overspend

As reported in the 2006/07 final outturn monitor, £200k of threshold supply and maternity funding relating to 2006/07 was not distributed until 2007/08, due to the timing of the claims process. (This resulted in an increased underspend in 2006/07.) It had been considered possible that the £200k could be absorbed within the 2007/08 budget. However, given the level of claims now received for threshold and UPS2 for 2007/08, this is not practical. Therefore the threshold supply and maternity from 2006/07 constitutes an overspend in 2007/08.

5.3.11 Maternity – £300,000 or 16.8% overspend

The overspend on this budget is due to three elements:

1. The extension of the Statutory Maternity Pay (SMP) entitlement from 26 to 39 weeks has led to additional costs on this budget as only 92% of SMP is recoverable.
2. The Alabaster v Barclays Bank Ruling which imposes a duty on the employer to apply any increase in pay which occurs during maternity leave period to the whole of the period.
3. A large number of employees opted for deferred payment of their 12 weeks maternity pay, have returned to work and now qualify for their deferred payment in December 2007.

5.3.12 Criminal Record Bureau (CRB) Checks in Schools - £580,000 overspend

Whilst other costs attributable to schools based staff are managed through the Schools Budget, CRB checks are currently managed through the LEA budget. The increases within numbers of staff within schools have placed increasing pressure on the this budget. School's Forum supported the proposal to delegate these costs to schools at their meeting of 12th December 2007.

5.3.13 School Rates - £475,000 underspend

Funding for rates in school budget shares is adjusted in year as actual rates payments are known. The authority's property consultants have been actively reviewing the rateable value of school properties. Overall, schools rates payments are lower than was budgeted for due, to reductions in rateable values at some schools leading to refunds.

5.3.14 Hospital and Home Tuition - £120,000 or 11.3% underspend

This underspend relates to a decrease in the numbers of children supported by this budget. In addition improved management processes have been introduced which ensure consistency of practise across the county. These improvements include: the setting up of a multi professional panel which considers new referrals and ensures consistency of access, refined eligibility criteria, improved review processes, improved links with schools and stronger focus on reintegration. However, more recently, increasingly complex cases are being referred to panels which are likely to result in the need for higher levels of support. For this reason this underspend is unlikely to continue at this level in future years.

5.3.15 Schools Contingency - £100,000 or 4.6% underspend

This budget provides support for schools facing particular financial difficulties. The level of demand on the contingency is difficult to predict given the range of circumstances that can require support. Based on the level of expenditure from the contingency so far, it is anticipated that there will be an underspend in 2007/08.