

SCHOOLS BUDGET 2007/08 – REVENUE MONITOR REPORT

Report of the Director of Children Schools and Families

Author: Claire Cook
Tel: 01992 555737
Executive Member: Keith Emsall

1. Purpose of Report

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

2. Background

- 2.1 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 September 2007.

3. Summary

- 3.1 The monitoring position at the end of September 2007 shows an underspend of £0.239million against the latest Schools Budget of £598.922m (0.05%).
- 3.2 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.

4. Revenue Budget Variances

- 4.1 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'.
- 4.2 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 £'000	Planned Underspends £'000	Unplanned Underspends £'000	Net Variances £'000
Schools Budget	2,621	0	(2,860)	(239)

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	4.3.1	10,775	1,200	1,200		11.14%
Additional Welfare & Tuition / Recoupment	4.3.2	13,362		148	148	1.11%
Units and Bases	4.3.3	2,087	(200)	(200)		(9.6%)
Admissions and Transport	4.3.4	380	121	109	(12)	28.7%
Provision for permanently excluded pupils	4.3.5	3,511	105	105		3.0%
Nursery Provision	4.3.6	11,627	(500)	(1,000)	(500)	(8.6%)
Dedicated Schools Grant	4.3.7		(309)	(309)		0.01%
Carry forward Schools Budget	4.3.8		(1,306)	(1,306)		118.0%
Teachers Pay Reform	4.3.9	64,800		200	200	0.3%

Maternity	4.3.10	1,782		200	200	11.2%
CRB Checks	4.3.11		580	580		100.0%

4.3 Significant movements in Schools Budget outturn

4.3.1 Independent Placements (Education) - £1,200,000 or 11.5% 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).

A recent Audit Commission national review highlighted the cost and number of children placed in out of authority special schools. Hertfordshire's rate of placement and cost per pupil is in line with the national average, although overall costs have increased more than the national average in the past four years.

The Hertfordshire children placed most often in specialist independent provision are those with behavioural, emotional and social difficulties and autistic spectrum disorders. This is in line with national picture. In Hertfordshire children with these needs account for over 50% of the placements made.

All children placed in independent placements are reviewed regularly through the appropriate statutory processes and consideration given to whether they could return to local provision, particularly at the transition points. In addition we are working closely with our commissioning teams at both a local and regional level to manage contract and fee increases in future years.

4.3.2 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 4.3.5 below) is putting pressure on this budget. The overspend relates to additional costs of supporting children with special needs who are excluded and a rising number of exclusions from special schools.

4.3.3 Units and Bases - £200,000 or 9.6% underspend

A provision of £200,000 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.

4.3.4 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.

4.3.5 Provision for permanently excluded pupils - £105,000 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 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.

4.3.6 Nursery Provision - £1,000,000 or 8.6% underspend

The younger 3s participation rate was 65% in January 2006 and 70% in January 2007. The impact of the increased participation rate of 3 year olds in nursery provision 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.

The participation rate did not increase in the summer term and a £0.5m projected underspend has been reported since June.

The further increase of £0.5m in the underspend is caused by the following:

- The previous outturn projection assumed an increase in the nursery participation rate from September. This increase has not occurred: £0.2m underspend.
- A number of providers had still not moved to the full 38 week entitlement for nursery provision in the autumn term - £0.2m underspend.

- 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: £0.1m underspend.

4.3.7 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%). The allocation for Hertfordshire was closely in line with the estimate included in the schools budget. The additional allocation was a result of the final January 2006 pupil number being 83 pupils higher (0.1%) than had been previously estimated. In line with the new school funding arrangements the authority must discuss the final budgeted allocation of the DSG with the Schools Forum. Schools Forum gave approval at their meeting in September to carry forward this resource within DSG balances.

4.3.8 Carry forward Schools Budget - £1,306,000 or 118% underspend

This underspend is 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.

There are risks of a continuing overspend (see 4.3.1) 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. and at its last meeting Schools Forum agreed to use an element of the underspend (£1.1m) against this risk.

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

4.3.9 Teachers Pay Reform - £200,000 or 0.3% 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.

4.3.10 Maternity – £200,000 or 11.2% overspend

The overspend on this budget is due to two 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.

These pressures will need to be addressed as part of the 2008/09 budget process.

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

This relates to the costs of CRB checks on schools based staff. In the context of ring-fenced funding arrangements for schools it was agreed at the last meeting of the Forum that these would be a charge against the Schools Budget in 2007/08 and the costs delegated to schools in 2008/09.