

SCHOOLS BUDGET FINAL ACCOUNTS 2018-19

Purpose of the Report

1. To report the final accounts of the Schools Budget for 2018-19.

Information and Advice

2. The Schools Budget is funded from the ring-fenced Dedicated Schools Grant (DSG). In 2018-19 the total DSG was £587.725m. £534.985m of the grant was allocated to the Individual Schools Budget (ISB) which is delegated to schools, academies and PVI's. The remaining £52.740m (Non-ISB) was held centrally by NCC and used to support children and young people in schools and other forms of education.
3. There were £0.572m of approved contributions from the Non ISB reserve in 2018/19 and a net underspending of £3.046m against the Schools (Non-ISB) budgets. There are £0.156m of year-end carry forwards requested from services for allocation to services for the 2019-20 financial year. A summary of the DSG is set out in **Appendix A**, attached to this report.

Explanation of Significant Under and Overspends

4. Schools and Central Schools Services Blocks £0.089m overspend
 - £0.120m underspend in the growth fund. This underspend is requested to be carried forward into 2019/20. Further information on the proposed use will be detailed in agenda item 3b.
 - £0.057m underspend against de-delegated trade union facilities funding. This underspend is requested to be carried forward into 2019/20.
 - £0.057m underspend against de-delegated English as an additional language funding due to in year vacancies. This underspend is requested to be carried forward into 2019/20.
 - £0.162m overspend on school rates of which £204k relates to underestimation at budget will be recovered in 2018/19 as part of the budget setting process. School rates are estimated in January when constructing the budget for the following year and over/underspends can arise as a result of revaluations and other changes.
 - 0.009m underspend on the budget allocated for the running and administration of the Schools Forum.
 - £0.046m underspend on the admissions function due to temporary staffing vacancies within year.

- 0.199m overspend on the Education Psychology Service. This service has received a fixed budget of £1.2m since 2012/13. The overspend is due to the accumulated effect of inflationary pay awards.

5. High Needs Block £1.420m underspend

Appendix B provides a full breakdown of the variances within the High Needs Block.

The underspend within the High Needs Block has occurred after the transfer of £2.345 million from the Schools Block and the additional £1.737 million of funding that was announced by the Education Secretary in December 2018.

Expenditure within the block has reduced by £1.524m from that being forecast in February 2019.

6. Early Years Block £1.716m underspend (Indicative)

Of the underspend £1.548m is due to the fluctuations in the number of 3 & 4 year old places (Universal and Additional) being funded by the Early Years Block. For 2018/19 the funding received by Nottinghamshire was based on the number of children recorded on the Jan 2018 and Jan 2019 censuses.

$$\text{Funding} = 5/12 \text{ Jan 2018} + 7/12 \text{ Jan 2019}$$

The payments made to providers are based on the number of children recorded on the termly school census or headcount return, this means that the number of places funded by the Early Years Block can fluctuate dramatically from term to term.

Appendix C illustrates the fluctuations in the number of Early Years Children receiving funded childcare throughout 2018/19. The 'dip' in number of funded places that can be seen on each graph in Autumn 18 has resulted in large underspends occurring. It is assumed that this is due to eligibility i.e. more and more children become eligible for their entitlement throughout the academic year – three year olds are eligible the term after they turn 3.

£168k of the Early Years Inclusion Fund and Disability Access Fund was unspent at the year end. Agenda item 3f gives further details of the reasons behind this and requests the underspend be carried forward.

The underspend on the Early Years Block will be confirmed in Summer 2019 when the ESFA announce the final 2018-19 funding allocation for the Early Years Block.

Use of the Schools (Non-ISB) Reserve

7. As the summary of the Schools Budget set out in **Appendix A** shows, the accumulated Schools (Non-ISB) Reserve was £1.973m at the beginning of 2018-19. Based on the net effect of the in year underspend, the forecast 2019/20 overspend and use of reserves outlined in paragraph 3, there is currently a projected surplus of £5.432 million on the Schools (non-ISB) Reserve for 2019-20.

8. It had previously been forecast that the Non ISB reserve would have a £437k deficit (January 2019 HNB pressures report) as a result of the HNB overspend. However the reduction in the HNB overspend and the Early Years block underspend the deficit position has been avoided.
9. The reserve can be used to support additional expenditure provided that the Schools and Early Years Finance (England) Regulations 2018 are complied with.
10. It may be used to support central school services block expenditure provided no spending limits are breached, for example the Combined Services budgets are restricted to historic commitments and require Secretary of State approval to add new commitments or increase expenditure on existing ones.
11. It can also be transferred between funding blocks i.e. High Needs or Early Years Block and be allocated to schools/early years providers via the funding formula but only in advance of the funding period it is to be used for and in agreement with the Forum. In-year redetermination of budget shares is not permissible under the regulations.
12. The Schools National Funding Formula consultation stated that local authorities would be able to use previously accumulated reserves across all 4 blocks (Schools, Early Years, High Needs and Central) in 2017/18, 2018/19 and 2019/20. It is uncertain what will be allowed after that date.

RECOMMENDATION

That the Schools Forum:

- 1) Note the contents of this report.

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