

Hillingdon Schools Forum
2022-23 Month 10 Budget Monitoring

Date of meeting:	22 ND March 2023
Time of meeting:	1.00 pm
Venue:	Teams
Officer presenting the report:	Coral Miller\Paula Gledhill

The purpose of this paper is to provide information to the Schools Forum on the latest forecasted spend on the Education budgets.

M10 Schools Budget

- The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £6,705k at month 10, compared to the revised budgeted deficit of £5,486k. This overspend is due to ongoing pressures in the cost of High Needs placements, where due to a lack of capacity in borough, the number of independent placements has increased since the budget was set, in combination with inflationary pressures across the sector. When the £23,522k deficit brought forward from 2021/22 is taken into account, along with the second payment of Safety Valve funding and local authority contribution, the cumulative deficit carry forward to 2023/24 is £22,477k.

Table 7: DSG Income and Expenditure 2022/23

Funding Block	Month 10		Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Change from Month 9 £'000
	Revised Budget £'000	Forecast Outturn £'000			
Dedicated Schools Grant Income	(323,969)	(323,969)	0	0	0
Schools Block	250,638	250,638	0	0	0
Early Years Block	22,951	22,951	0	0	0
Central Schools Services Block	3,003	3,016	13	13	0
High Needs Block	52,863	54,069	1,206	711	495
Total Funding Blocks	5,486	6,705	1,219	724	495
Balance Brought Forward 1 April 2022	23,522	23,522			
Safety Valve Funding	(3,750)	(3,750)			
Local Authority	(4,000)	(4,000)			
Balance Carried Forward 31 March 2023	21,258	22,477			

Dedicated Schools Grant Income (nil variance)

- The Early Years block has been adjusted further to reflect actual numbers accessing the free entitlement in the Spring term. There will be further adjustment to the High Needs block allocation following confirmation of the import/export adjustment for 2022/23 which updates funding to reflect the local authority in which pupils with SEND are resident.

Schools Block (nil variance)

3. The Schools Block includes all funding paid directly to mainstream schools as part of their delegated budget share, including the funding recouped by the ESFA and paid to mainstream academies.
4. There is also a growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth, receive additional funding to provide financial recompense throughout the relevant financial year to cover the cost of this agreed and planned growth.
5. Schools Forum took the decision to backdate growth contingency for one school in 2021/22 resulting in an overspend in that year. The overspend was ring-fenced in the Schools Block with the expectation that it would be offset by an underspend in 2022/23.
6. The growth contingency policy was amended prior to 2020/21 in order address the growth in secondary pupils. Schools will be funded for any Year 7 pupils which are above the Published Admission Number (PAN). £461k was set aside for this purpose, with the actual funding requirement not known until actual numbers on roll are confirmed.

Early Years Block (nil variance)

7. Two-year-old funding was adjusted in July to reflect the number of children accessing the entitlement based on the January 2021 census. The 3 and 4-year-old funding for both the universal and the additional free entitlement has also been adjusted in July following the January 2021 census. This has resulted in an increase of £2,796k in the overall Early Years block funding allocation as the number of children accessing the additional free entitlement has increased significantly over the past year.

Central School Services Block (£13k adverse, nil movement)

8. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. This resulted in a £170k reduction in funding, though this was partly offset by £84k of additional funding for pupil growth. This reduction in funding resulted in a budget shortfall for the services funded by the Central School Services block adding to the pressure which has led to an overall deficit DSG being agreed for 2022/23. The main budgetary pressure is in the Looked After Children Education Team but there was a favourable movement in Month 7, which reduced the overspend to £13k, where it remains this month.

High Needs Block (£1,206k adverse, £495k adverse movement)

9. Whilst there is a good level of confidence that both the Safety Valve conditions and High Needs block savings for the term of the Safety Valve will ultimately be delivered in full or replaced with alternative measures in the event of any shortfall, there is limited scope to contain any increase in High Needs spend, particularly in light of the significantly higher than budgeted levels of inflation for both placement costs and construction. In addition, delays in DfE construction projects to increase sufficiency of placements within the Borough is driving an increase in more costly independent placements, creating additional pressure on the high needs block, which has further continued this month and is reflected in the adverse movement of £495k shown within this area. The position will continue to be monitored as part of the Safety Valve monitoring, to forecast the impact of implemented changes as part of the grant conditions.

Maintained School Balances & Budgets

10. Maintained schools ended the 2021/22 financial year with a cumulative closing surplus balance of £14.9m (£14.5m revenue and £0.4m capital). This was a £1.6m increase from the previous year total (adjusted for the two academy converters). A review of the balances at the end of the 2021/22 financial year identified three schools which ended the year in deficit and in October Cabinet gave approved licensed deficits for 2022/23. These three schools all had applied for a licensed deficit at the start of the year having carried forward cumulative deficits from 2020/21. However, two of these schools were able to reduce the cumulative deficit with an in-year surplus achieved in 2021/22.
11. The table below summarises school revenue balances as a percentage of total revenue income plus balances brought forward from 2021/22. Analysis of the data in the table indicates that overall, the number of schools with balances over the recommended 8% (or 5% for secondary schools) is currently 54% compared to 59% in 2021/22. Since previously reported, a further 1 school is projected to be in deficit, compared to the 3 licensed deficits agreed at the start of the financial year. In addition, the number of schools with balances lower than 2% has increased to 7 from the 2 schools previously reported, with the number of schools with balances greater than 20% increasing from 5 to 6.

Sector	Number of Schools in Deficit	Number with Balances < 2%	Number with Balances > 2% and < 8%	Number with Balances > 8% and < 20%	Number with Balances > 20%
Nursery	0	0	0	1	0
Primary	3	7	12	19	4
Secondary	1	0	0	1	0
Special	0	0	0	0	2
Total	4	7	12	21	6

12. The 2022/23 budgets for maintained schools continue to be reviewed, with schools RAG-rated based on the balances position. Schools that are either in deficit or have managed to set a balanced budget but with very low balances, meaning that any significant unplanned change in expenditure could result in the school being in a deficit position are rated red. These schools are being closely monitored by officers to ensure that everything possible is being done to address the situation.