

## DSG Central Budgets 2017/18 – Explanations for major underspendings and overspendings

The main underspendings and overspendings were:

Budget	(Underspend) / Overspend £m
<b>Unallocated Headroom</b> This was the uncommitted sum set aside last year.	(1.133)
<b>Schools Growth Fund</b> This budget funds school reorganisations to support the LA's statutory duty to provide sufficient school places for children of Lincolnshire through changes to schools planned admission numbers temporarily or permanently. The LA was unable to meet the deadline for 'gap' funding allocations, therefore part of this underspend (£0.112m) is required to meet outstanding commitments in 2018/19.	(0.229)
<b>Independent School and Out of County Placements</b> Pupil placements made where Lincolnshire schools cannot meet need. It has seen a reduction in costs from the 2017/18 budget set, which is a positive outlook. The largest proportion of young people placed is with Autistic Spectrum Disorders, and Social, Emotional and Mental Health difficulties.	(0.269)
<b>Funding for Education Health Care (EHC) plans and Targeted Notional Funding</b> A rise in the number of pupils with EHC plans, which trigger top up funding. Lincolnshire is marginally above the average at 2.9% (compared to 2.8% All England) of the school population (£0.496m overspend).  SEND support for Lincolnshire pupil placements in other LAs provision (£0.223m overspend).  Targeted funding triggered to support mainstream schools with notional SEN funding where they have a higher number of high level EHC plans compared to similar size schools (£0.118m overspend). The targeted funding arrangements are being reviewed following the implementation of the schools national funding formula.	0.843
<b>Special Schools Funding – exceptional pupil requests</b> To maintain pupil placements in special schools, the Service Manager provided additional funding to schools where pupils are at risk of exclusion unless additional intervention is made, or to support exceptional pupil needs.  Following the comprehensive review of bands and descriptors within the special schools funding formula to ensure they cover the spectrum of pupil needs within special schools and the associated financial investment, the LA does not expect exceptional pupil requests for extra funding to be made above the banding funding going forward.	0.400
<b>Early Years – Centrally Retained</b> Underspends have taken place across a number of budgets within the retained funding relating to staffing costs across the areas of early years delivery (£0.283m) due to maternity leave and staff changes, however recruitment is now complete; training directory (£0.073m); Disability Access Fund (£0.050m), and the inclusion funding (£0.173m). These budgets will be reviewed through the 2019/20 budget setting cycle to inform the January 2019 Schools Forum paper.	(0.579)
<b>Early Years – 3 &amp; 4 year old participation</b> The DfE funds LAs Early Years blocks through two January's snapshot – January 2017 for the period April 2017 to August 2017 and January 2018 for the period September 2017 to March 2018. Although termly participation levels vary across the terms, the January date is seen by the DfE as the mid-point. The LA fund schools based on actual participation across the 38 weeks.	(1.206)

The LA is awaiting answers from the DfE on aspects of the data provided, however the LA analysis to date has identified that the January 2018 data count was significantly higher than the autumn participation levels for the basic early years entitlement. Across the year an additional 194,815 hours have been funded by the government or £0.744m. This represents a c.3% underspend variance on a demand-led budget and volatile budget. Further work is being undertaken on reviewing trends of take up.

This position also appears to be the case for the extended 15 hours that was rolled out in September 2017 for working families. The autumn period tends to be the lowest participation point since pupils turning 5 years old go into year reception and pupils are eligible for early years entitlement from the term after their 3<sup>rd</sup> birthday. The January 2018 data count used by the DfE to fund the LAs early years extended hours funding in the autumn term was much greater than the actual participation levels. This is largely down to the higher take up of families having the extended hours in the January 2018 census. Across the two terms an additional 120,982 hours have been funded or £0.462m. As the rollout of the extended hours was not for a full financial year (implemented in September), a full year's participation has not been incurred - traditionally the highest level of participation is seen in the summer term. Had a full years participation been experienced the level of underspend would have been much lower.

The LA will assess for the January 2019 Early Years Schools Forum the requirement of a fluctuation contingency fund in light of this position.

<b>Schools Broadband costs</b> The budget funds the aggregated broadband provision for all schools (including academies). This budget is a historical funding commitment (pre-2013 decision) and in line with the government's school policy will remain in place until the contract ends in 2022.  Following a review of broadband costs, this budget has been reduced by £0.250m in 2018/19, and was supported by Schools Forum in January 2018 to enable the LA to implement the schools national funding formula fully.	(0.505)
<b>School PFI Costs</b> This budget funds the PFI contractual commitments for the seven schools built under PFI a decade ago. It funds the affordability gap following the deduction of the government grant and school contributions. An invoice query was resolved in 2017/18, which led to a credit back into the budget increasing the underspend by £0.274m.	(0.498)
<b>Emotional Wellbeing Service / Healthy Minds</b> The 2017/18 costs for this new service were met fully by the LA core funding (as opposed to the High Needs block) following a Directorate Management Team decision.	(1.000)
<b>Other Underspends &amp; overspends</b>	0.025
<b>Total</b>	<b>(4.151)</b>

## 2017/18 DSG commitments

The commitments are:

<b>Budget</b>	<b>Commitment £m</b>
<b>Early years disadvantaged two year old funding</b> This is unspent two year old trajectory funding from central government from previous years to support sufficiency and take-up of provision. This commitment was supported by the Schools Forum in October 2016. The funding is to support the LA to supply sufficient 2 year olds places and 30 hours childcare places where necessary. The LA is using supply and demand information captured through the sufficiency assessments; parental survey, and childcare gap reports to ensure place sufficiency matters are addressed. This funding will support all future developments and place planning.	1.070
<b>Sector-led investment</b> Additional funding for Sector-led school improvements was approved by the Schools Forum in January 2018 for £0.5m in academic year 2018/19, and a further £0.5m in academic year 2019/20. This funding was to allow the continued development of the Sector-led Approach to school improvement in Lincolnshire, further enabling schools to challenge each other to drive improvement and to ensure that best practice is continually enhanced and shared throughout the network of schools.  From 2020/21 consideration is being made on how this work stream is supported financially by schools themselves.  The investment from the DSG underspend has made a significant impact and Lincolnshire schools are now at the forefront nationally of this agenda.	1.480
<b>Schools Growth Fund</b> Funding for school reorganisations to support the LA's statutory duty to provide sufficient school places for children of Lincolnshire through changes to schools planned admission numbers temporarily or permanently. The LA was unable to meet the deadline for 'gap' funding allocations, therefore part of the reported underspend in 2017/18 is required to meet outstanding commitments in 2018/19.	0.112
<b>School re-organisations, includes extending schools and closures</b> Lincolnshire has previously set a £2m growth fund budget to meet this statutory duty for planned permanent and temporary school expansions, however from 2019/20, the funding position remains unclear as the DfE plans to move to a new formulaic method of allocating LA growth funding. Further details are still to be shared by the DfE including the level of funding Lincolnshire will receive in 2019/20. It is of sound financial planning to prudently earmark funding to manage this financial risk.  This fund will also support other planned reorganisations as they arise.	1.000
<b>SEND Strategy</b> Earmarked revenue funding to support the implementation of the strategy in special schools to provide All Needs education to pupils with SEND in their local communities that will cover costs such as training, start-up, and transitional support.  Both statutory and non-statutory consultations are now complete and there have been no identified reasons as to why Executive Council would not adopt the strategy. If approved, the strategy will move to implementation stage from January 2019.  Work streams are established to review the key areas of the strategy including understanding the financial implications, which are starting to be formalised.	2.000

<b>Boston Pilgrim School – ASD Pilot</b> A pilot was established to meet the needs of pupils on the autistic spectrum within the school. The pilot will continue until August 2019, and no further pupil admissions are to be made.	0.050
<b>Broadband</b> The LA through its decision-making process triggered the full three year extension, which will mean all schools will continue to receive the consolidated core schools broadband contract to 31 October 2022. See 'Schools Broadband Services' Schools Forum paper: 11 October 2018.  From 2020/21, the government intend to reduce the historical commitments funding allocations where LAs expenditure has not reduced, therefore the LA propose to manage this financial risk by prudently earmark funding to support centrally funding the contract ending 31 October 2022.	1.350
<b>Rates adjustment</b> Within the current funding formula, schools receive initial rates funding based on their actual rates bill from the prior financial year. The LA currently undertakes a rates funding adjustment through requesting each autumn term for information on the actual rates bills. The adjustment ensures the actual rates bill paid by schools matches the rates funding they receives. It is a local decision, and through the LAs national funding formula consultation, it was agreed the LA would look to fund this in 2018/19 and 2019/20 during the 'soft' approach, subject to a further review on affordability from 2020/21.	0.400
<b>Total</b>	<b>7.462</b>