

**DSG Central Budgets 2018/19 – Explanations for major underspendings and overspendings**

The main underspendings and overspendings per funding block were:

Schools Block:

<b>Budget</b>	<b>(Underspend) / Overspend £m</b>
<b>Admissions and Exclusions</b> Recovery of adjustments to schools budgets in relation to admissions and exclusions, covering both 2016/17 and 2017/18 financial years.	(0.396)
<b>Schools Growth Fund</b> The 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 for one academy in 2018/19 (£0.039m), therefore part of the reported underspend in 2018/19 is required to meet outstanding commitments in 2019/20.	(0.082)
<b>Other Underspends &amp; Overspends</b>	(0.222)
<b>Total</b>	(0.700)

High Needs Block:

<b>Budget</b>	<b>(Underspend) / Overspend £m</b>
<b>Headroom</b> This was the uncommitted sum set aside last year for growth.	(1.206)
<b>Headroom additional funding</b> In December 2018 the Secretary of State for Education recognised the pressures that all LA's were witnessing in relation to High Needs, he therefore announced LA's would receive additional High Needs funding of £125m in 2018/19 (Lincolnshire's share was £1.533m).  Due to the late notification of this funding, there was no planned expenditure against this additional funding, but it will address some of the overspends indicated below. As explained in the main report, spending through the High Needs block continues to grow and this funding will go some way to address that in the medium term.	(1.533)
<b>Healthy Minds</b> The costs of this service are match funded between the Council funding and the High Needs block following a prior decision from the Schools Forum in January 2017 supporting this approach. In 2018/19, Council funding met the full cost of the Healthy Minds service, and a proportion of other support costs (£0.115m) to enable greater financial flexibility in the High Needs block going forward due to growth in pupils requiring additional support. This is a one-off underspend.	(1.115)
<b>Special Schools Funding</b> The overspend relates to exceptional pupil funding for special school placements that are at risk of breaking down. The investment in the maintained and academy special school placements reduces the likelihood of placing pupils into high cost out of county placements and maintains education in local communities.	0.093
<b>Home Tuition</b> Home tuition is provided in response to the increasing numbers of pupils requiring specialist provision, such as a special school places. There is a risk that if places do not come available, out of county provision will need to be considered. These interim	0.682

<p>educational arrangements are delivered in neutral venues and often combined with virtual teaching and / or sessions with an Independent Learning Provider.</p> <p>The LA considers it to be the most suitable alternative in providing local provision and preventing longer term expensive placements whilst the expansion of the special schools takes place.</p>	
<p><b>High Needs Top Up Funding</b></p> <p>This reflects the rise in the number of pupils with EHC plans in Lincolnshire and other LA mainstream schools, which trigger top up funding (£0.186m overspend). At January 2019, 1,579 young people were in mainstream maintained, academy or free schools including enhanced resource provision or mainstream SEN units. This equates to 34% of those with an EHC Plan.</p> <p>It includes support for pupil placements where the authority has placed pupils in the mainstream schools of a neighbouring authority (£0.170m overspend). These placements are made where this is no Lincolnshire school able to take pupils and / or the transport costs are significantly greater to transport the pupil to a Lincolnshire school.</p>	0.356
<p><b>Learner with Learning Difficulties and Disabilities (LLDD) Post 16</b></p> <p>This budget funds LLDD placements. The overspend is due to increased demand on the budget due to the increase in the statutory duty of LA up to the age of 25. This was an unfunded cost pressure from central government.</p> <p>750 young people were in general Further Education, Sixth Form college or other FE settings; an increase of 14% from 2018. This group represents 16.1% of all young people with EHC plans and is higher than both England (14.7%) and the East Midlands (13.2%).</p>	0.358
<p><b>Alternative Provision Places</b></p> <p>This underspend reflects the fact that the new contract start date was October 2018, and a full financial year budget was established. Interim arrangements were put in place prior to this, which were offset against the base budget. This is a one off underspend.</p>	(0.401)
<b>Total</b>	(2.766)

#### Early Years Block

<b>Budget</b>	<b>(Underspend) / Overspend £m</b>
<p><b>3 &amp; 4 Year Old</b></p> <p>The DfE funds LAs Early Years block through two January's snapshot – January 2018 for the period April 2018 to August 2018 and January 2019 for the period September 2018 to March 2019. Although termly participation levels vary across the terms, the January date is seen by the DfE as the mid-point. The LA funds all early year providers on actual participation across the 38 weeks.</p> <p>Lincolnshire once again benefited from the government's January snapshot methodology, since the autumn (14 week) term was materially below the snapshot data level. The LA is to review the hourly rate for 2020/21 in light of the trend on pupil take-up across the terms and the resulting underspend. The proposed hourly rate will be presented to the Schools forum in January 2020.</p>	(1.489)
<p><b>Early Years and Children's Centre's</b></p> <p>General underspends in staffing budgets, largely relating to vacancies.</p>	(0.138)
<p><b>2 Year Old Funding</b></p> <p>The DfE funds LAs Early Years block through two January's snapshot – January 2018 for the period April 2018 to August 2018 and January 2019 for the period September 2018 to March 2019. Although termly participation levels vary across the terms, the January date is seen by the DfE as the mid-point.</p>	(0.095)

<b>Other Underspends and Overspends</b>	(0.081)
<b>Total</b>	(1.803)

Central School Services Block (CSSB)

<b>Budget</b>	<b>(Underspend) / Overspend £m</b>
<p><b>PFI</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 allocation and school contributions.</p> <p>This budget is funded through the Central School Service block of historic commitments. The government has indicated that from 2020/21 the historic commitment allocations will start to reduce, therefore the budget has remained unchanged to accommodate the reduction in funding in future years without impacting the contractual commitments to 2032/33.</p>	(0.214)
<p><b>Broadband</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. Financial efficiencies enabled the budget to be reduced by £0.250m in 2018/19 to fund the implementation of the schools national funding formula following the agreement from Schools Forum in January 2018.</p> <p>This budget is also funded through the Central School Service block of historic commitments; therefore the LA is anticipating a reduction in future funding levels. A Schools Forum report in October 2018 on Schools Broadband services supported the proposal to earmark £1.350m from the DSG underspend to cover any shortfall in revenue funding until the end of the contract.</p>	(0.258)
<p><b>LA Statutory Duties to Schools</b> The CSSB also funds the ongoing responsibilities for the LA role in education. The LAs receive funding through a simple formula according to a per-pupil factor and a deprivation factor. In 2018/19, Lincolnshire gained through the implementation of this new funding mechanism. The LA is currently reviewing its intended use in supporting education.</p>	(0.264)
<b>Other Underspends and Overspends</b>	(0.077)
<b>Total</b>	(0.813)

Summary:

<b>Budget</b>	<b>(Underspend) / Overspend £m</b>
<b>Schools Block</b>	(0.700)
<b>High Needs Block</b>	(2.766)
<b>Early Years Block</b>	(1.803)
<b>Central School Services Block</b>	(0.813)
<b>Total Underspend 2018/19</b>	(6.082)

**2018/19 DSG commitments**

The commitments are:

<b>Budget</b>	<b>Commitment £m</b>
<p><b>Early years disadvantaged two year old funding</b> This is committed to support sufficiency and take-up of provision for disadvantaged two year olds. The funding is used to support the LA, to supply sufficient early year's childcare placements. The LA uses 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 for dis-advantaged two year olds.</p>	1.070
<p><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 has been committed against a single improvement plan for Lincolnshire involving the LLP the LA Mats and teaching schools. Governance of this plan is through the LLPB.</p>	1.174
<p><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 achieve the deadline for 'gap' funding allocations for one academy, therefore a commitment of £0.039m has been made against the reported 2018/19 underspend.</p>	0.039
<p><b>School re-organisations, includes extending schools and closures</b> This funding has been earmarked to support planned growth permanent and temporary school expansions to enable the LA to meet its statutory duty.</p> <p>Lincolnshire has previously set a £3.538m growth fund budget to meet this statutory duty for planned growth, permanent and temporary school expansions. The LA continues to experience growth in mainstream primary and secondary schools, and special schools. The LA is funded on a lagged basis for growth in schools places; therefore it is of sound financial planning to prudently earmark funding to manage this financial risk.</p> <p>This fund will also support other planned re-organisations as they arise.</p>	1.000
<p><b>SEND Strategy</b> 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 as approved by the Schools Forum in October 2018.</p>	2.000
<p><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.</p> <p>From 2020/21, the government intends to reduce the historical commitments funding allocations where LAs expenditure has not reduced; therefore to manage this financial risk, funding has been prudently earmarked to support central funding the contract until its end on 31 October 2022.</p>	1.350
<p><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 information on the actual rates bills. The</p>	0.600

<p>adjustment ensures the actual rates bill paid by schools matches the rates funding they receive. It is a local decision, and through the LAs national funding formula consultation, it was supported by schools that the LA would look to fund this in 2019/20 during the 'soft' approach. This funding is earmarked, subject to Schools Forum support to finance this rates adjustment for a further year (2020/21), in addition to 2019/20.</p>	
<p><b>Total</b></p>	<p><b>7.233</b></p>

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