



## SCHOOLS FORUM

### 2015/16 SCHOOLS BUDGET OUTTURN

21 JUNE 2016

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	x	Pre School	x
Academies	x	Foundation Stage	x
PVI Settings	x	Primary	x
Special Schools / Academies	x	Secondary	x
Local Authority	x	Post 16	
		High Needs	x

#### Purpose of Report

Content Requires;		By;	
Noting	x	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	x

1. This report presents the 2015/16 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve and its intended use.

#### Recommendations

2. That Schools Forum note the financial outturn for the 2015/16 Schools Budget (paragraphs 5 - 6).
3. That Schools Forum note the level of DSG reserve and its deployment (paragraphs 9 - 10).

### **2015/16 Schools Budget Outturn**

4. The 2015/16 Outturn position for the Children and Young People's Service is summarised in the following table. This table presents both the Local Authority and Schools Budget for completeness but the report presents detail only for the Schools Budget funding blocks.
5. Overall the Schools Budget overspent by £4.066m (Schools Block -£0.654m, Early Years £0.289m, High Needs £4.431m) which is summarised in the following table;

	<b>2014/15 Budget</b>	<b>Total (Under) / Over Spend</b>		<b>Variance Schools Block</b>	<b>Variance Early Years Block</b>	<b>Variance High Needs Block</b>	<b>Variance LA Block</b>
	<b>£,000</b>	<b>£,000</b>	<b>%</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Directorate	1,531	-182	-12%	-2	-5	-18	-157
Safeguarding Assurance	4,255	-268	-6%	-	-	-	-268
Social Care	32,761	3,912	12%	-	-	-	3,912
Targeted Early Help	11,053	-1,117	-10%	-	-	-	-1,117
Education Sufficiency	1,361	-78	-6%	-56	-	7	-29
Education Quality	23,800	482	2%	-	499	-	-17
5 -19 Learning	2,418	-176	-11%	-169	-	-	-107
Education of Vulnerable Groups	6,827	134	2%	-	-	203	-69
SEND	50,242	2,875	6%	-	-	3,191	-316
CFS General	-79,289	1,265	-2%	-215	-205	1,047	638
Commissioning	475	-53	-11%	-	-	-	-53
Transformation	160	72	45%	-	-	-	72
Business Support	2,876	-227	-8%	-212	-	-	-16
<b>Total</b>	<b>58,470</b>	<b>6,539</b>	<b>11%</b>	<b>-654</b>	<b>289</b>	<b>4,430</b>	<b>2,474</b>

6. The major variances within the School Budget are detailed below;

<b>Service Area</b>	<b>Variance</b>		
	<b>£,000</b>	<b>%</b>	
<b>Early Years Block</b>			
0-5 Learning	500	0.6%	Increased take up of Free Entitlement to Early Education (FEEE) for 2, 3 & 4 year olds partially offset by staff vacancies and increased Dedicated Schools Grant (DSG)
DSG – Early Years Block	-205	-1.2%	Additional grant settlement as a result of increased numbers

			accessing FEEE
<b>High Needs Block</b>			
DSG – High Needs Block	1,048	1.4%	Academy recoupment rules changed after the budget was set resulting in more FE recoupment combined with the requirement to commission places at an FE provider relating to places commissioned by another local authority and being unfunded by the EFA
Specialist Services / Education to Vulnerable groups	202	6.4%	Increased number of pupils being supported autism outreach services, increased numbers as a result of the increase in the participation age partially offset by other savings including staff vacancies
Special Educational Needs	3,192	6.0%	Increased demand at special schools, increased number of ASD pupils requiring independent school places

7. It is not possible to present headline data on the level of school balances until the return of the Consistent Financial Reporting returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. However initial data suggest that maintained school balances have increased. Whilst school balances may be seen as an indicator of financial health, given the number of schools that have converted to academy status it is not possible to gain an overview of all schools. Schools Forum will receive the full detail of maintained school balances at its meeting in September.
8. The overspend has been met from the DSG reserve, the local authority is unable to support DSG from other resources.

#### **Dedicated Schools Grant Reserve**

9. An updated position on the DSG reserve was incorporated into the 2016/17 Schools Budget report presented to Schools Forum on 22 February 2016. This position was based upon the financial forecast at period 9 and identified a balance of £5.736m allocated to meet the deficits of maintained schools entering into sponsored academy arrangements (£2m) and funding school growth (£3.76m), the following table presents the movement from that position;

	Estimate £,000	Actual £,000	Variance £,000
Balance Brought Forward	10,833	10,833	-
Deficits reverting to the local authority on sponsored academy conversion	-1,333	-1,349	-16
2015/16 DSG Overspend	-3,445	-4,066	-621

Rates and other adjustments	0	-97	-97
New School Growth*	-319	0	319
<b>Balance Carried Forward to 2016/17</b>	<b>5,736</b>	<b>5,321</b>	<b>-415</b>

\* Fossebrook opens in September 2016 with a budget requirement of £194k which has been funded from the 2016/17 Schools Block and pre-opening costs of £125k were paid in 2015/16 are included in the 2015/16 DSG overspend.

10. It should be noted that the DSG reserve has been accumulated from previous years underspends in the high needs and early years blocks. In all previous years the transfer of funding from the school block to high needs purely reflected the withdrawal of SEN funding from delegation and the need to make direct payments to schools through element 3 top-up funding. 2016/17 is the first year a transfer between blocks is supporting wider high needs provision. The proposed allocation of the reserve is set out below;

	£,000	
Deficits reverting to the local authority on sponsored academy conversion	-1,500	No significant deficits from sponsored academy conversion are expected in 2016/17 and the first call on this funding is expected to be 2017/18. The implications of recent legislation changes regarding costing schools and the Education Excellence Everywhere White Paper will be closely monitored.
New school growth	-1,700	It is estimated that the cost of new school growth will be £0.5m in 2017/18, £0.7m in 2018/19 and £4.3m in 2019/20.  No provision has been made for 2019/20 as under school funding reform it is not expected that local authorities will have no further role in school funding at this point resulting in the financial implications reverting to the EFA. This position will be carefully monitored.
SEN Contingency	-2,121	The 2016/17 SEN budget is required to deliver savings of £2.8m and whilst actions are underway to reduce costs it is prudent to make some allowance for further overspends

### **Impact of Government Policy for 2017/18**

11. The County Council's Medium Term Financial Strategy (MTFS) has, and continues to, require the Schools Budget to be set at the level of DSG with no financial contribution from the Council. This requires the local authority to consider future issues that may give rise to a call on DSG and plan accordingly
12. There are a number of unknowns that could have financial implications for the local authority which will need careful consideration in terms of financial planning and the local authorities approach to the medium Term Financial Strategy;

- a) The introduction of the national funding formula will have an impact on school delegated budgets and also for the local authority in terms of the funding it receives for its delivering its statutory duties. Local authorities also meet a number of costs on behalf of schools such as premature retirement for teachers, school copyright licences, admissions and schools causing concern.
- b) The introduction of a formulaic distribution for high needs funding may change the level of grant received. The local authority raised a number of concerns through its response to the Phase 1 consultation and a number of concerns are being raised regionally and nationally regarding the national level of grant being insufficient to meet need.
- c) Consultation has recently closed on the delivery of the entitlement to 30 hours free childcare, this identifies a number of increased responsibilities for local authorities, additionally the government has said that it will increase the FEEE rates paid to providers. There is no information of what, if any, additional resources will be made available to fund them
- d) The Education Excellence Everywhere White Paper includes a number of items that may have a cost implication for local authorities, the significant are being further academy conversion. Implications from proposal to transfer land to the DfE and the point at which all schools would need to become academies if local authorities are deemed unable to continue to meet the needs of maintained schools are unclear

### **Conclusions**

- 13. 2015/16 is the first year that there has been a DSG overspend since its introduction in 2006 and the introduction of the current system of three blocks in 2013.
- 14. The allocation of the DSG reserve will be monitored throughout 2016/17 in line with the monthly budget monitoring process and against the financial implications from any national changes in funding and responsibilities.
- 14. Whilst reserves remain 2016/17 is a crucial year in terms of planning for the potential cost implications from changes in legislation and meeting all obligations from a fixed pot of funding. Addressing the increasing demand and cost of supporting pupils with SEND is the most significant financial risk

### **Resource Implications**

- 15. All resource implications are contained within the body of the report.

### **Equal Opportunity Issues**

- 16. There are no equality issues arising directly from this report.

### **Background Papers**

Report to Schools Forum 22 February 2016, 2016/17 Schools Budget February 2015  
<http://cexmodgov1/ieListDocuments.aspx?CId=1018&MId=4457&Ver=4>

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