



## SCHOOLS FORUM

### 2016/17 SCHOOLS BUDGET OUTTURN

12 JUNE 2017

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 2016/17 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 2016/17 Schools Budget (paragraphs 4 - 8).
3. That Schools Forum note the level of DSG reserve and its deployment (paragraphs 9 - 10).

**2016/17 Schools Budget Outturn**

4. The 2016/17 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 £2.4m (Schools Block +£0.2m, Early Years -£0.3m, High Needs +£2.5m) which is summarised in the following table;

	2016/17 Budget	Total (Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
Directorate	814.5	516.7	62%	1.0	2.4	7.9	505.4
Safeguarding Assurance	4,521.5	33.8	0.7%	-	-	-	33.8
Social Care	38,114.9	(655.0)	-1.7%	-	-	-	(655.0)
Targeted Early Help	10,510.6	(430.5)	4.1%	-	-	-	(430.5)
Education Sufficiency	1,390.8	43.2	3.1%	3.7	-	14.0	25.5
5 -19 Learning	2,382.0	(366.3)	15.3%	-	-	-	(366.3)
Education of Vulnerable Groups	7,184.9	329.5	4.6%	-	-	355.2	(25.6)
SEND	54,062.9	1,821.1	3.3%	-	-	1,974.1	(153.1)
0 -5 Learning	23,292.7	96.2	0.4%	-	111.6	-	(15.4)
Commissioning	622.8	(65.8)		-	-	-	(65.8)
Business Support	3,208.7	233.6	-10.5%	228.7	-	-	4.9
Other - DSG	(85,345.6)	(344.6)	-0.4%	0.3	(490.0)	189.9	(44.7)
<b>Total</b>	<b>61,060.9</b>	<b>1,211.8</b>	<b>1.9%</b>	<b>233.7</b>	<b>(376.1)</b>	<b>2,541.1</b>	<b>(1,186.9)</b>

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

Service Area	Variance		
	£,000	%	
<b>Early Years Block</b>			
0 -5 Learning	-376	-1.6%	This is a combination of delays in recruitment to posts and movements in the take up of the 2 year old and 3 & 4 year old offer of free early education
<b>High Needs Block</b>			
Special Educational Needs	1,974	3.7%	Increased demand at special schools particularly for pupils with ASD, increased number of students

			within FE provision and shortfall in achieving the required placement savings. A project has been established to reduce expenditure, its work is reported through a separate item on today's agenda
Specialist Services to Vulnerable Groups	362	8.9%	More children with ASD are being supported by alternative providers commissioned through the Autism Outreach Services
Oakfield – Graduated Response	224	n/a	This is a planned investment for the first year of operation of the offer which will have resulted in pupils being supported in primary schools rather than more costly independent provision.
<b><u>Schools Block</u></b>	219	n/a	Growth funding funded from the set aside for within the DSG reserves

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 decreased by c£1m. 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 although the declining numbers of maintained schools reduces the usefulness of this information.
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 2017/18 Schools Budget report presented to Schools Forum on 9 February 2017. This position was based upon the financial forecast at period 9 and identified a balance of £m allocated to meet the deficits of maintained schools entering into sponsored academy arrangements (£) and funding school growth (£), the following table presents the movement from that position;

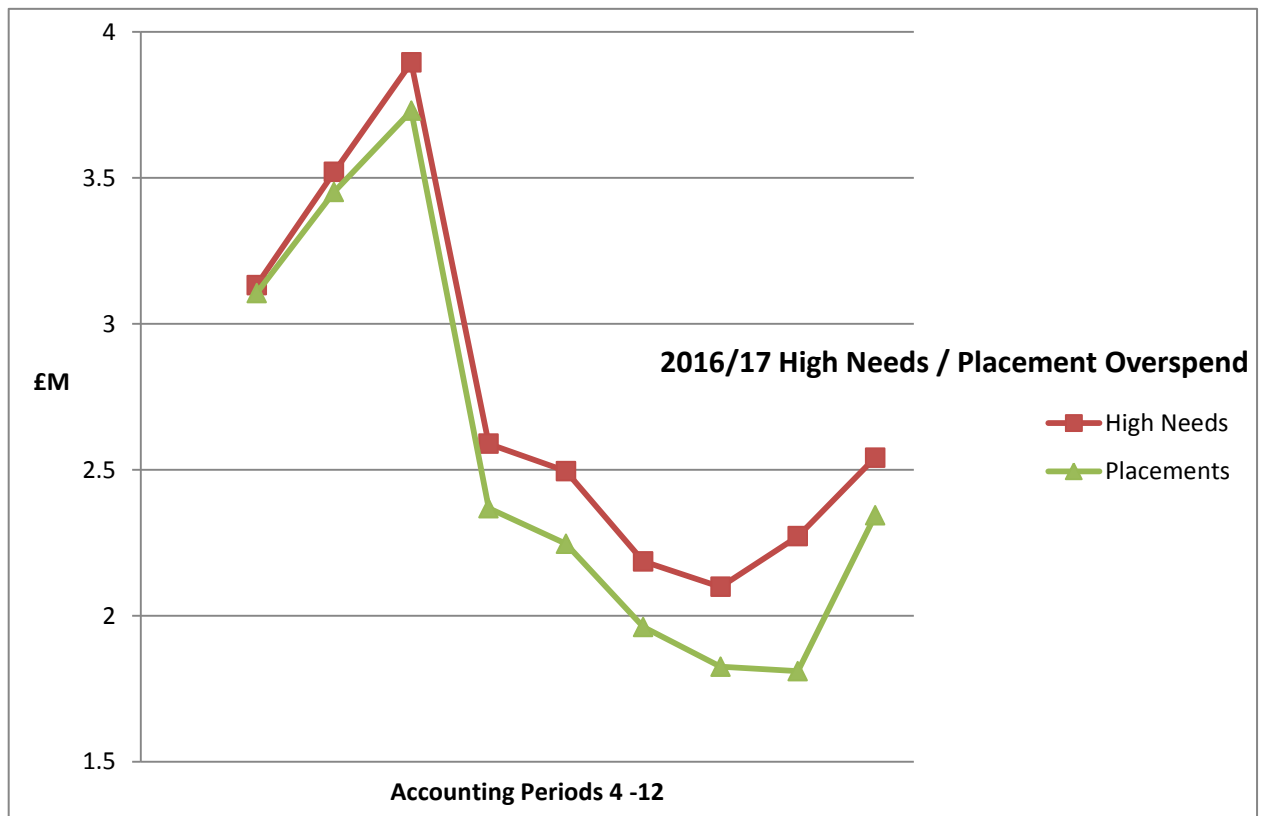
	Estimate £,000	Actual £,000	Variance £,000
<b>Balance Brought Forward</b>	<b>5,321</b>	<b>5,321</b>	<b>-</b>
DSG Overspend	(2,009)	(2,399)	(390)
New School Growth	(150)	(199)	(49)
Rates and other adjustments	-	74	74
School Deficit Reverting to LA	0	(3)	(3)

<b>Balance Carried Forward to 2017/18</b>	<b>3,162</b>	<b>2,794</b>	<b>(368)</b>
Provision For:			
New School Growth	(150)	(250)	(100)
School Deficit Reverting to LA	(1,000)	(500)	500
<b>Balance held as contingency</b>	<b>2,012</b>	<b>2,044</b>	<b>32</b>

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 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 was the first year a transfer between blocks supported wider high needs provision and a further transfer between blocks was implemented for 2017/18.

#### **High Needs Block Inclusion project**

11. Overall the overspend on the High Needs Block decreased from projected £3.8m to £2.5m. The nature of the demand led budget and the significant change that occurs as pupil destinations are known at the commencement of the academic year make forecasting difficult. The following chart demonstrates the movement in overspend of both the overall High Needs Block and the significant element within it i.e. placements.



12. Appendix 1 provides details of the performance of all High Needs budgets. This identifies that 157 more placements were required than budgeted. It also shows movement in average unit costs, whilst this varies dependent upon the type of placement the overall average cost =has reduced by £299 per place

The significant risk on the 2017/18 Schools budget remains an overspend on the high needs block. The Councils 2017/18 Medium Term Financial Strategy (MTFS) sets out a savings requirement for the high needs block of £1.545m, rising to £2.895m in 2018/19, any further increase in demand and / or cost will increase the savings requirement.

13. The High Needs Block Inclusion project has been established to deliver on a number of work streams to firstly halt any further overspend and secondly deliver long term sustainable services meeting the needs of children and young people. However whilst the funding system does not fully reflect student numbers an inherent budget risk will remain.

### **Impact of Government Policy for 2018/19 Onwards**

14. The 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
15. The policy of the new Government can be expected to impact on the roles and responsibilities of local authorities and schools in some manner whether through policy or funding changes. The most significant policy for school funding will be any intentions on the implementation of a national funding formula and the overall level of school funding.

### **Conclusions**

16. The allocation of the DSG reserve will be monitored throughout 2017/18 in line with the monthly budget monitoring process and against the financial implications from any national changes in funding and responsibilities and any changing demand for services.
17. A minimal reserve is retained as a contingency, however addressing the increasing demand and cost of supporting pupils with SEND remains a significant financial risk

### **Resource Implications**

18. All resource implications are contained within the body of the report.

### **Equal Opportunity Issues**

19. There are no equality issues arising directly from this report.

### **Background Papers**

Report to Schools Forum 9 February 2017, 2017/18 Schools Budget February 2015  
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4697&Ver=4>

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