



SCHOOLS FORUM

2017/18 SCHOOLS BUDGET OUTTURN

20 JUNE 2018

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 2017/18 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 2017/18 Schools Budget (paragraphs 4 - 9).
3. That Schools Forum note the level of DSG reserve (paragraphs 10 - 13).

2017/18 Schools Budget Outturn

4. The 2017/18 Outturn position for the Children and Young People's Department 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 £0.7m, a reduction of £0.7m from the position reported to Schools Forum in February. The following table provides an analysis of the overspend and also presents the position on the LA budget;

	2016/17 Budget	Total (Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
Directorate	832	516	62%	0	0	0	516
Safeguarding Assurance	2,106	197	9%	0	0	0	197
Children in Care	30,183	3,825	13%	0	0	0	3,825
Field Social Work	9,533	1,332	14%	0	0	0	1,332
Targeted Early Help	10,457	-718	-7%	0	0	0	-718
Education Sufficiency	1,204	168	14%	-50	0	250	-31
Education Quality and Improvement	4,291	-1,102	-26%	0	-475	56	-682
SEND & Children with Disabilities	65,083	513	1%	0	0	635	-122
Business Support	5,492	-317	6%	0	0	0	-317
Other - DSG	-67,503	265	0%	138	0	191	-65
Total	61,679	4,681	7.5%	88	-475	1,133	3,935

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

Service Area	Variance		
	£,000	%	
Early Years Block			
Free Entitlement to Early Education	-468	-103.7%	Unused contingency for the roll out of the 30 hours extended entitlement
High Needs Block			
Special Educational Needs	270	0.5%	A combination of factors – a managed change of mix

			resulting in an Independent Schools £1.6m underspend. Post 16 £0.3m overspend, Special schools & academies and special units overspend £1.6m
Education of Children with Medical Needs	257	44.1%	Increased demand
Specialist Services to Vulnerable Groups	365	10.7%	Delay in delivery of savings
<u>Schools Block</u>	140	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 increased by c£0.7m (Primary -£300k, Secondary +£250k, Special +£780k). 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.
8. Schools Forum has historically received a report annually setting out the balances of individual maintained schools, no report will be tabled for 2017/18 given that this will only include less than 50% of Leicestershire schools, such information for academies is not published by the DfE and as the limited data does not allow for any assessment of school financial health to be undertaken it is proposed not to bring this information to Schools Forum.
9. The DSG overspend has been met from the DSG reserve, the local authority's Medium Term Financial Strategy (MTFS) makes no provision for any additional funding to support DSG from Council resources.

Dedicated Schools Grant Reserve

10. 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 £1.395m (3.4% of 2017/18 grant), the outturn confirms a balance of £2.228m (5.4% of 2017/18 grant);

	Estimate £,000	Actual £,000	Variance £,000
Balance Brought Forward	2,795	2,795	0
DSG Overspend	(1,400)	(746)	(654)
Rates and other adjustments	0	179	(179)
Balance Carried Forward to 2018/19	1,395	2,228	(833)

11. The reserve is earmarked and can only be used to support defined expenditure falling to DSG as set out within the Schools and Early Years Finance Regulations. It will be maintained to mitigate against any future DSG overspend and to meet any cost of deficits reverting to the local authority as maintained schools enter into sponsored academy arrangements. In previous years the reserve has also been used to meet the revenue growth costs of new schools, from April 2018 the local authority has established, with Schools Forum approval, a growth fund of £1.3m for this purpose and also the cost associated with age range change.
12. It should also be noted that two blocks of the DSG remain unconfirmed for 2018/19. The DfE have deferred confirmation of the High Needs Block from May to June, and the Early Years Block will not be confirmed until June 2019. The reserve will also need to mitigate any financial impact arising from differences in the final settlements
13. It should be noted that the DSG reserve has been accumulated from previous years underspends in the high needs and early years blocks and also the impact of rate changes usually associated with rate rebates.

High Needs Block

14. The High Needs Block overspent by £1.1m in 2017/18, of this £0.3m related to SEN Placements. Despite an overspend in placement costs the pattern of provision has moved away from Independent Providers which recorded an underspend of £1.6m with overspends across other providers including special schools including the full year impact of additional ASD places at Maplewell and Birchwood. A further overspend in Post 16 provision of £0.3m was also recorded.
15. Further budget overspends were recorded for provision for children with medical needs and Specialist Teaching Services where delays in the service review meant that the 2017/18 savings target was not achieved.
16. Demand for high needs services continues to increase, projections for 2018/19 and the following two years identify the need for £1.5m savings in 2018/19 against the level of grant estimated (£2.3m 2019/20 and £2.7m 2020/21). It is estimated that these will be achieved through the continued development of ASD provision where All Saints Wigston, Hinckley Academy and Rawlins Community College will open during 2018/19. Additionally savings are estimated to accrue from transition to post 16 and also through challenge to the cost of places through independent providers.
17. Nationally it is widely reported that the High Needs Block is insufficient to meet the demands for the services it funds, regionally authorities are reporting an expectation that DSG reserves will be fully utilised by the close of the 2018/19 financial year. The DfE are firmly stating that they cannot confirm funding levels post 2019/20 pending the next Comprehensive Spending Review. It should also be noted that the High Needs National Funding Formula results in Leicestershire receiving £4m less than the current level of spend, the DfE are also silent on how long and at what level protection will be for the future.

Impact of Local Authority Policy Changes

18. School Forum previously agreed charging structures for autism Services (22 February 2016) and HI and VI services (21 June 2016). Forum will be aware that a

review of all Specialist Teaching Services is underway which will include the approach to traded services and the relationship with the funding system which requires schools to meet the first £6,000 of a pupil's additional Needs. This work will be a key priority for the new service manager but has yet to be scoped, as such there will be no changes to the current approach and level of charges until this work is completed.

Impact of Government Policy for 2018/19 Onwards

19. 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.
20. The policy of the Government continues 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

21. The allocation of the DSG reserve will be monitored throughout 2018/19 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.
22. An appropriate 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

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

Equal Opportunity Issues

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

Background Papers

Report to Schools Forum 28 February 2018, 2018/19 Schools Budget
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=5391&Ver=4>

Report to Schools Forum 22 February 2016, Charging for Autism Outreach Services
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MID=4457#A146983>

Report to Schools Forum 21 June 2016; Charging for HI and VI Services
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MID=4458#A148213>

Officer to Contact

Jenny Lawrence, Finance Business Partner – Children and Family Services
 Email; jenny.lawrence@leics.gov.uk
 Tel; 0116 305 6401

This page is intentionally left blank