



## SCHOOLS FORUM

### 2018/19 SCHOOLS BUDGET OUTTURN

10 JUNE 2019

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 2018/19 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

#### Recommendations

2. That Schools Forum note the financial outturn for the 2018/19 Schools Budget
3. That Schools Forum note the level of DSG reserve and the revised approach to its management

### 2018/19 Schools Budget Outturn

4. The 2018/19 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 £0.5m. The following table provides an analysis of the overspend and also presents the position on the LA budget;

	2018/19 Budget	Total (Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
Directorate	1,388	78	6%				80
Safeguarding Assurance	1,783	-76	-4%				-76
Children in Care	32,984	1,475	4%				1,475
Field Social Work	12,045	621	5%				621
Practice Excellence	321	3	1%				3
Targeted Early Help	11,116	-622	-6%				-622
Education Sufficiency	610	-147	-24%	-84		-11	-52
Education Quality and Improvement	40,445	-3	0%		164	-61	-106
SEND & Children with Disabilities	64,923	3,841	6%			3,985	-144
Business Support	8,940	-629	-7%				-629
Other - DSG	-102,744	-2,068	2%	-33	-667	-1,611	
<b>Total</b>	<b>71,811</b>	<b>2,474</b>	<b>3%</b>	<b>-117</b>	<b>-503</b>	<b>2,302</b>	<b>550</b>
School Growth				--1,162			
				<b>-1,279</b>	<b>-503</b>	<b>2,302</b>	<b>550</b>

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

<b>Service Area</b>		
<b>Early Years Block</b>		
Free Entitlement to Early Education	-503	This is the only DSG area where the grant flexes with demand, however the pupil count dates for grant purposes and those for the payment of early years providers differ. This has resulted in excess grant over spend

<b>High Needs Block</b>		
Special Educational Needs	3,916	Demand for specialist places continues to grow. Three new SEN Units were brought on line in 2018/19 with further units planned to open in September 2019. Long term this will reduce the demand for independent places
DSG and Other	-1,611	Additional DSG was received in December 2018, whilst this additional income is welcome it is only confirmed to 2019/20. The additional grant however has not reduced the need for savings as set out within the High Needs Development Plan as demand has further increased since the plan was established in October 2018
<b>Schools Block</b>	-1,279	Funding for basic need growth in schools, unused in 2018/19 but required in future years

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£0.2m, however school budget plans forecast a reduction of £3.4m. 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 and financial overview of all schools. To establish and understand the financial position and increase financial planning capacity in all schools a School Strategic Financial Planner post has been recruited to for a period of two years.
8. Whilst overall the DSG reserve is in a surplus as a result of the unused school growth funding and the underspend on the Early Years block the High Needs element of the grant remains overspent by £73k. Over the medium term the High Needs deficit will increase until the High Needs Development Plan is delivered and the surplus on the schools block will increase as growth funding is banked for future use. Schools Forum will be aware that the DSG settlement for 2019/20 introduced a separate settlement for school growth in addition to the funding for delivery of the National Funding Formula (NFF).

### **Dedicated Schools Grant Reserve**

9. 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.
10. For 2019/20 the DSG reserve will be managed in line with the DSG blocks that create it in order to respond to the two key challenges for the Local Authority, namely funding new school growth and the delivery of the High Needs Recovery Plan. Additionally funding may be required to support the remaining age range changes in the County and any maintained school deficits reverting to the local authority on academy conversion.

11. In order to establish the sub-blocks of the reserve the DSG reserve surplus from 1 April 2019 has been used to offset the High Needs overspend:

	Schools Block £,000	Early Years £,000	High Needs £,000	Total £,000
Opening Balance 1 April 2018			2,228	2,228
2018/19 Outturn	1,279	502	-2,301	-520
<b>Balance c/f to 2019/20</b>	<b>1,279</b>	<b>502</b>	<b>-73</b>	<b>1,708</b>

As set out in the previous paragraph a deficit will be held on high needs, the high Needs Development Plan has been established to bring expenditure in line with the grant, the school block element will be used to support the cost of school growth and early years held to even out variances between years.

### **Impact of Government Policy for 2019/20 Onwards**

12. 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.
13. 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. Currently there is no information on school funding past 2019/20, however it can be expected that there will also be policy changes that may also have an impact on DSG and school budgets;
- The Timpson review of alternative provision which is suggestive of schools being more accountable for the costs of exclusions.
  - A Call for Evidence was launched by the DfE on 3 May asking for evidence of the impact of SEN to feed into the Comprehensive Spending Review expected in the autumn. This eludes to some structural changes in the way SEN is funded in schools.
  - STRB recommendations for future teacher pay awards and the policy.
  - The potential 'mainstreaming' of rants currently receive for teacher pay awards and employer pension contributions.
  - The next steps in the introduction of the National Funding Formula

### **Resource Implications**

14. 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 the Schools Forum 26 November – High Needs Recovery Plan

<http://politics.leics.gov.uk/documents/s142495/High%20Needs%20Block%20Recovery%20Planv3.pdf>

Report to Schools Forum 12 February 2019 – 2019/20 Schools Budget

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=5857&Ver=4>

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