



SCHOOLS FORUM

2021/22 SCHOOLS BUDGET OUTTURN

6 JUNE 2022

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 2021/22 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

Recommendations

2. That Schools Forum note the content of this report

2021/22 Schools Budget Outturn

3. The 2021/22 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.

4. Overall the Schools Budget (Schools, Early Years and High Needs) overspent by £13.2m. The following table provides an analysis of the overspend and also presents the position on the LA budget for completeness;

	Budget	(Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
C&FS Directorate	1,367	(71)	-5%	(1)	(2)	(9)	(59)
Safeguarding, Improvement & QA	2,304	(105)	-5%	0	0	0	(105)
Children in Care	47,173	(3,242)	-7%	0	0	0	(3,242)
Field Social Work	15,183	545	4%	0	0	0	545
Practice Excellence	527	36	7%	0	0	0	36
C&FS Children & Families Welbeing	8,550	0	0%	0	0	0	0
Education Sufficiency	863	(121)	-14%	(91)	0	0	(30)
Education Quality & Inclusion	42,868	2,555	6%	0	3,006	(291)	(160)
SEND & Children with Disabilities	82,940	11,654	14%	0	0	12,081	(427)
Business Support & Commissioning	10,540	(222)	-2%	0	1	0	(223)
CFS Other	(121,828)	(1,516)	1%	(2,288)	1,189	(417)	0
Total	90,486	9,515	11%	(2,380)	4,193	11,365	(3,663)

5. The issues behind the performance of each of the DSG Blocks can be summarised as:

Schools Block underspend £2.38m – The School Block includes funding for individual schools which is delegated in full to maintained schools and academies and for the revenue costs associated with opening new, and expanding, mainstream schools. The underspend relates to the latter and the funding will be required to meet the cost of new schools anticipated to open in the future. New primary schools will open in 2022 and 2023 with a further 9 expected in the period up to 2025 with precise opening dates dependent upon the build rate in new housing developments across Leicestershire. The revenue costs of opening a 210 place new primary school are £0.57m and £2.5m for a 750 place secondary school.

Early Years overspend £4.19m – This relates to additional payments made to providers to help keep them solvent during Covid-19, and a census return to the Department for Education (DfE) which understated the number of hours being undertaken by children in early years providers which caused a consequent shortfall in grant received by the County Council. Work is ongoing to assess how best the additional Covid-19 payments can be recovered from providers over a period of years, and the DfE has been asked if it is possible to revise the census information. No agreement has been reached at this stage.

High Needs overspend £11.36m – Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on High Needs expenditure, and the financial difficulties this exposes local authorities to, continues. The position in Leicestershire reflects the national picture. The MTFs included £5.7m as the estimated in year overspend on the High Needs Block of Dedicated Schools Grant (DSG). The outturn position shows that this has increased to £11.2m, an increase of

£5.5m. The increase largely relates to an increased number of placements, and the non-achievement of planned savings of £1.9m. The local authority is working to produce a revised recovery plan, an update on this forms s further item on the agenda for today's meeting.

Maintained School Balances

6. It is not possible to formally analyse 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, the indications are that maintained school balances have increased by an overall £1m.
7. 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 Leicestershire schools. Additionally it must be recognised that a schools' balances / reserves are a snap shot at a given point in time and that schools may have plans to utilise them for a number of things including dealing with future budget issues, appointment of additional staff where pupil number may be growing, building improvements etc . Financial planning work continues across both maintained schools and academies, and across all school phases, with the aim of developing a greater understanding of current and future cost pressures & strategies to address them, identifying barriers to effective long term financial planning and strategies to enhance and ensure school sustainability.

Dedicated Schools Grant Reserve

8. The DSG reserve continues to record a deficit which is forecast to grow significant to the end of the four years of the 2022/23 Medium Term Financial Strategy (MTFS) despite the successful delivery of the High Needs Development Plan which has significantly expanded specialist provision within Leicestershire.
9. The Early Years overspend also adds to the deficit and whilst options to recover that position will need to be considered and include conversations with the DfE at this point a recovery plan hasn't been defined. The reserve is now classified as an unusable reserve given its deficit position and can only be used to support defined expenditure falling to DSG as set out within the Schools and Early Years Finance Regulations.
10. The following table sets out the component parts of the DSG reserve, a positive figure denotes a deficit:

	Schools Block £,000	Early Years £,000	High Needs £,000	Total £,000
Brought Forward	(6,454)	68	17,485	11,099
2021/22	(2,380)	4,193	11,365	13,178
	(8,833)	4,261	28,850	24,277

High Needs Issues

11. The findings of the long awaited SEND Review have been taken into account within the Governments Green Paper 'SEND Review: right support, right place, right time', but the timescales for implementation of any of the proposals within it are uncertain with many requiring further consultation and / or legislation changes.
12. The DfE have expanded their support programme and have agreed a further 9 Safety Valve Agreements with local authorities with the highest deficits. The DfE have also extended their support for those authorities with less severe but substantial deficits within a new Delivering Better Value in SEND (DBV) programme and Leicestershire has been identified as one of those authorities and has met with the DfE to discuss the position in Leicestershire. However, the scope and extent of any support that may be available is yet to be confirmed. A procurement process for a Strategic Partner to support a recovery plan following the diagnostic undertaken in the Spring has been undertaken.

Resource Implications

13. All resource implications are contained within the body of the report. However, the DSG deficit remains the most significant financial risk within the local authority who has been required to set aside resources to offset it at a cost to other Council services.

Equal Opportunity Issues

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

Officer to Contact

Jenny Lawrence, Finance Business Partner – Children and Family Services

Email; jenny.lawrence@leics.gov.uk

Tel; 0116 305 6401