



## SCHOOLS FORUM

### Schools Budget Outturn 2013/14

26 November 2013

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	X
		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

#### Purpose of Report

1. This report sets out the estimated 2013/14 Schools Budget outturn and the financial performance of the Schools Budget as estimated at the end of October.

#### Recommendation

2. That Schools Forum notes the estimated financial position of the Schools Budget for 2013/14.
3. That Schools Forum notes the current forecast position on the Dedicated Schools Grant reserve and its use.

**2013/14 Schools Budget Outturn**

4. The 2013/14 forecast outturn position for the Children and Young People's Service is summarised in the following table. The table presents information for both the School and LA budget for completeness but reports in detail only on the Schools Budget.
5. Overall the Schools Budget is forecast to underspend by £3.699m. The 2013/14 budget included the movement of £2.5m from the Schools Block to the High Needs Block to ensure there was financial capacity to address any unidentified financial issues arising from the significant changes, including the transfer of financial responsibilities for post 16 SEN funding, this contingency has now been released as current financial and service information are suggest the financial impact being minimal, this accounts for 67% of the current overspend.
6. The following table presents the financial position, it should be noted that the CYPS budget has been restructure as a result of the departmental restructure in April 2013 and is shown in a different format to that within the budget report presented to Schools Forum on 21 February 2013;

	<b>Total £,000</b>	<b>Schools Block £,000</b>	<b>Early Years Block £,000</b>	<b>High Needs Block £,000</b>	<b>LA Block £,000</b>
Directorate	513	0	0	0	513
Children's Social Care	342	0	0	0	342
Education & Learning	(895)	(21)	(613)	(103)	(157)
Commissioning and Development	(2,215)	0	0	(2,484)	268
CYPS Other	(1,442)	0	(478)	0	(964)
<b>Total</b>	<b>(3,697)</b>	<b>(21)</b>	<b>(1,091)</b>	<b>(2,587)</b>	<b>2</b>

7. The significant variances in each of the budget blocks are detailed below:

	<b>Variance</b>		
	<b>£,000</b>	<b>%</b>	
<b><u>Early Years Block</u></b>			
Nursery Education - 2 year olds	(500)	(29.3%)	Take up rate for free nursery education for disadvantaged children is less than expected
Graduate Leader Fund	(75)	(9.8%)	Changes in statutory duties and expectations on qualifications result in an underspend
Dedicated Schools Grant	(478)	(2.2%)	The DSG settlement for early years is affected by changes in the participation rate for three and four year olds. The Spring term headcount was higher than anticipated in the budget

<b>High Needs Block</b>			
At the point of setting the 2013/14 budget the final settlement for the High Needs Block had not been received, indeed the final DSG allocation for this area has been amended on several occasions since February 2013 as funding arrangements such for post 16 places in special schools, that the new high needs arrangements were implemented at the beginning of the academic year have been confirmed by the EFA.			
Education of Vulnerable Groups	(103)	(0.9%)	A number of smaller underspends in learning support services such as support for hearing and visually impaired pupils, autistic pupils largely through non replacement of staff
Mainstream top up funding	(1,500)	(22.8%)	Release of budget contingency
Special Needs Unit top up funding	(236)	(6.9%)	Additional funding received from EFA in respect of special academies.
16+ top up funding	(748)	(33%)	Additional funding received from EFA for 16+ places at mainstream and special schools

### **Dedicated School Grant Reserve**

8. Funding age range changes is estimated to cost c£2.7m in 2014/15. There are two elements that will combine to determine the final cost of funding age range change, the first being the per pupil ceiling on formula gains and the second the cost of 80% protection. The final figure cannot be confirmed until January 2014 when school budgets are re-calculated from the October 2013 dataset which is expected to be released to local authorities in mid- December. For 2014/15 the net cost of school protection will need to be funded from the DSG reserve.
9. The 2014/15 budget will be challenging for a number of reasons;
  - a) the settlement for the three budget blocks are all expected at different points in time and the high needs settlement is not expected until March 2014 and significantly after school budgets need to be confirmed. This will not allow for an objective review of the overall settlement and will limit the ability to move funding between block as undertaken for the 2013/14 budget.
  - b) the settlement will be cash flat, no increase is expected in any element of the settlement. The only expected adjustment is funding for the increase early education offer to two year olds but it is unclear whether this will be sufficient to meet the full cost.
  - c) 2014/15 will be the first full financial year that the high needs budget is required to meet high needs costs related to academies and FE providers.
  - d) the early education offer extends to the most 40% deprived two year olds and two year olds with SEN in September 2014. There is no activity data upon which to set this budget.
  - e) it is expected that the DfE will remove budgets for the carbon reduction from the Schools Budget settlement, there is currently no indication on what basis this will take. For many transferred responsibilities such as the end of LACSEG and

the introduction of the Education Services Grant, Leicestershire has seen funding removed at the rate of the national average spend rather than actual budget. If this is the case then it can be expected that the loss of funding will exceed the current budget allocation.

- f) the DSG settlement will be reduced to remove the floor funding to deliver nursery education to 90% of three year olds which will see £0.665m removed from the overall settlement.
- g) upon conversion to sponsored academy status any deficit held by the maintained school reverts to the local authority, Leicestershire now has a number of schools with an Ofsted judgement of Special Measures which increases the financial risk. £2.5m is held within the DSG reserve for this purpose, it is not proposed that this is adjusted at this point but this will need to be revisited prior to setting the 2014/15 budget.

For these issues a prudent assessment of the use of the DSG reserve and its allocation is required and is detailed within the following table;

	<b>£,000</b>
Unallocated Balance as at 20 June 2013	1,885
<b>Adjustments:</b>	
Provision for cost of education with children with medical needs – this was set aside to establish an appropriate budget but can now be contained within the High Needs Block	377
Schools Block forecast underspend	21
Early Years Block forecast underspend	1,091
High Needs Block forecast underspend	2,587
Set aside for funding age range changes	(2,700)
<b>Updated Unallocated Balance to be</b>	<b>3,261</b>

- 10. In earlier years it has been possible to fund activities such as one off school improvement activities, the restrictions now on Schools Block expenditure mean that DSG reserves are also subject to those restrictions which does limit how the reserve can be allocated.
- 11. The terms and conditions for DSG require any underspend or overspend on DSG to be allocated to future budgets; it is proposed that the unallocated balance is considered within the overall School Budget for 2014/15.

### **Resource Implications**

- 12. Resource implications are contained within the main body of this report.
- 13. Whilst the 2014/15 budget is expected to be extremely challenging given both the changes in funding mechanisms in 2013/14, the expected late release of the full DSG settlement and increased demand within a cash flat settlement, the Schools Budget remains subject to national protection which is not the case for public services at large.

**Equal Opportunity Issues**

14. None arising directly from this report.

**Background Papers**

Schools Forum 21 February 2013 – 2013/14 Schools Budget

[http://politics.leics.gov.uk/Published/C00001018/M00003779/AI00034014/\\$PaperC201314SchoolsBudget.pdfA.ps.pdf](http://politics.leics.gov.uk/Published/C00001018/M00003779/AI00034014/$PaperC201314SchoolsBudget.pdfA.ps.pdf)

Schools Forum 18 September 2013 – School Funding Formula 2014/15 and Funding Age Range Changes

[http://politics.leics.gov.uk/Published/C00001018/M00003870/AI00035820/\\$Item5201415FormulaandFundingAgeRangeChanges.pdfA.ps.pdf](http://politics.leics.gov.uk/Published/C00001018/M00003870/AI00035820/$Item5201415FormulaandFundingAgeRangeChanges.pdfA.ps.pdf)

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