



## SCHOOLS FORUM

### 2014-15 SCHOOLS BUDGET

4 DECEMBER 2014

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	

#### 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 an update on the performance of the 2014/15 Schools Budget

#### Recommendation

2. That Schools Forum note the report.

#### 2014-15 Schools Budget Outturn

3. The projected 2014/15 Outturn position, based on Period 6 financial data, for the Children and Family Services 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 is forecast to underspend by £1.238m (Schools Block - £49.1, Early Years -£445.1, High Needs -£743.9) which is summarised in the following table. Under the grant conditions for the Dedicated Schools Grant any under or over spend on the budget carries forward to following years Schools Budget;

	2014/15 Budget	Total (Under) / Over Spend		Variance Schools Block	Variance Early Years Block	Variance High Needs Block	Variance LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
Directorate	1,499	-26.3	-1.7%	-0.5	-1.1	-4.0	-20.7
Safeguarding	2,915	64.8	-2.2%	0	0	0	64.8
Social Care Assessment & Response	31,964	1,668.6	5.2%	0	0	0	1,668.6
Targeted Early Help	11,936	-401.6	-3.4%	0	0	0	-401.6
Education Sufficiency	684	-120.3	-17.6%	-47.6	0	-6.4	-66.2
CFS Other	-75,569	-799.4	-1.0%	0	0		-799.4
0 – 19 Learning	26,590	-453.0	-1.7%	-1.0	-443.9	0	-8.1
Education of Vulnerable Groups	7,272	-332.3	-4.6%	0	0	-118.6	-213.7
SEN / Commissioning & Procurement	48,793	-699.4	-1.4%	0	0	-614.8	-84.7
Committees, Finance, HR	4,762	-93.3	-1.9%	0	0	0	-93.3
<b>Total</b>	<b>60,847</b>	<b>-1,192</b>	<b>-1.9%</b>	<b>-49.1</b>	<b>-445.1</b>	<b>-743.9</b>	<b>45.7</b>

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

Service Area	Variance		
	£,000	%	
<b>Early Years Block</b>			
Nursery Education Funding	255	1.3	The initial autumn term headcount indicates more 3 and 4 year olds accessed nursery places than anticipated, a second census point in January 2015 will revise the Early Years Block which may generate additional funding to offset the additional cost
Nursery Education for Disadvantaged 2 year	-650	-21.4	Demand is lower than anticipated for two year old funding, the service

olds			is continuing to raise awareness of the offer and increase take up
<b>High Needs Block</b>			
Alternative Provision	(162)	(100)	This budget was established to support alternative provision as part of the transitional arrangements for Oakfield and has not been required
Special Educational Needs	(615)	(1.3)	Contingency was held in this budget as 2014/15 is the first full financial year of the new funding arrangements for post 16 high needs providers, additionally September 2014 saw the first increase to the participation age, this contingency can be released. For 2015/16 the contingency will fund an increase in rates for special schools and schools with special needs units.

#### **Dedicated Schools Grant Reserve**

6. An updated position on the DSG reserve was incorporated into the 2013/14 Schools Budget Outturn report presented to Schools Forum on 16 June. The current position is detailed in the following table;

	£,000
Balance as at April 1 2014	9,595
Allocated to 2014/15 Budget	-1,250
Provision for academy deficits	-2,500
Provision for Age Range Change funding protection	-2,700
Provision for demographic growth	-1,000
Oakfield Action Plan	-72
KS3 Transition Team	-197
Academy Rate Adjustments	-500
Primary Behaviour Support	-31
Period 6 Underspend	1,238
<b>Unallocated Reserve</b>	<b>2,583</b>

7. There are a number of strategic issues that need to be considered in the allocation of the DSG reserve both in the short term to support the 2015/16 schools budget or to set aside for particular purposes. No proposals are made in this report to allocate the reserve which will be considered in the wider context of the 2015/16 budget setting

exercise. It should be noted that the underspend is generated by High Needs and Early Years funding but is largely being used to support schools.

Those issues include;

a) Pupil Number Growth

It is anticipated that Leicestershire will open a new school to serve Braunstone Town and Leicester Forest East in September 2016. Where new schools are required as a result of the basic need for school places, local authorities are required to provide funding for start-up and for diseconomies of scale. Further new schools are anticipated as new housing is delivered through the Sustainable Urban Extensions (SUE's). £1m is notionally set aside within the DSG reserve to meet the first phase of costs but further work to assess the funding requirement over the medium term needs to be completed prior to Schools Forum being asked to approve the criteria for the allocation of funding. No additional DSG is made available to meet the additional costs and the local authority, in consultation with Schools Forum, needs to consider a sustainable method of revenue funding.

b) Early Years Block Funding

For 2014/15 local authorities are funded on the number of disadvantaged two year olds eligible for nursery education funding, for 2015/16 this will change to the number of two year olds participating in the offer. It is anticipated that this change will reduce the Early Years Block DSG by £2.6m, as the higher amount of funding is currently allocated the reduction in funding will create financial pressure that will need to be considered in setting the 2015/16 budget.

c) Continued Financial implications arising from Academy Conversion

Financial pressure will continue to be felt from sponsored academy conversions, it is anticipated that the cost of deficit for schools currently undertaking sponsored conversions will be met from the current reserve. It will be prudent however to make further provision.

d) Age Range Changes

Currently the funding set aside within the DSG reserve is sufficient to fund the estimated cost of £1.9m for age range changes in 2015/16 however it is expected that further changes will occur in 2016/17 and will require additional funding

e) High Needs funding for pupils without SEN

The establishment of the High Needs funding system established commonality in funding arrangements for a range of providers and will provide a platform for personal budgets arising from Education, Health and Care plans. There is inconsistency within the financial regulations that govern the use of DSG and the operational guidance which refer to the need to fund pupils with additional needs. Two areas have been identified where there may be a need to provide funding from the High Needs Block.

The first relates to educational needs of children in care which often are not funded unless a statement is issued, there may be clear educational benefits and enhanced placement stability, from providing additional financial support.

Secondly there is a growing bank of evidence that family support workers are providing successful early interventions with vulnerable families, this work is happening in schools, the strengthening families service, through children's centre programmes and through Supporting Leicestershire Families. There may be longer term benefits from aligning this work and supporting from the High Needs Block, this is being successfully delivered in this way in other local authorities.

### **Conclusions**

8. An underspend on SEN remains the result of prudent budget provision given the significant changes made to the High Needs funding system in 2013/14, this level of underspend is not expected to incur in 2015/16 as that contingency has been allocated to increase the payment rates to special schools and school with SEN units. The budget will however remain volatile given its very nature.
9. The use of the DSG reserve will be considered within the 2015/16 budget setting exercise, it will be important to use the reserve in a considered manner given that the funding is not recurrent.

### **Resource Implications**

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

### **Equal Opportunity Issues**

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

### **Background Papers**

Schools Forum 16 June 2014 – 2013/14 Schools Budget Outturn  
Schools Forum 13 February 2014 - 2014/15 Schools Budget

### **Officer to Contact**

Jenny Lawrence, Finance Business Partner, CYPS  
[jenny.lawrence@leics.gov.uk](mailto:jenny.lawrence@leics.gov.uk)  
0116 305 6401

This page is intentionally left blank