

## SCHOOLS BUDGET MONITOR 2015-16 QUARTER 4

### Report of the Director of Children's Services

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## 1 Purpose

- 1.1 To inform Schools Forum of the final outturn position for the Schools Budget for the 2015-16 financial year at 31 March 2016.

## 2 Background

- 2.1 Government funding for schools by way of the Dedicated Schools Grant (DSG) means that any variances in the Schools Budget are "ring fenced" and cannot be used elsewhere. Details of the variances in the revenue outturn against the Schools Budget are outlined in Section 3 below.
- 2.2 The Schools Budget for 2015-16 was as follows:

Description	Amount £m's
Schools Delegated Budget including sixth form grant	540.693
Schools Non-Delegated Budgets	7.876
Schools Central Budgets	51.285
Net Schools Budget including use of carry forward	599.854
Academies Recoupment	281.129
Gross Schools Budget including Academies Recoupment	880.983

## 3 Schools Budget Variances

- 3.1 The underspend within the schools budget for 2015-16 is £5.248m. The table below provides a more detailed breakdown of the underspend:

Description	Latest Approved Budget £m's	Over / (Under) Spend £m's
Schools Delegated	540.693	(6.431)
Schools Non-Delegated	7.876	(0.621)
Schools Central Budgets	51.285	(3.690)
Schools Grants & Other Funding including use of carry forward	(599.854)	5.494
Total	0	(5.248)

### 3.2 **Schools Delegated** – Underspend of £6.431m

- 3.2.1 The main element of this underspend represents the budget shares of newly converted academies of £5.888m. This allocation is no longer required as the academies have been funded directly by the DfE. There is an offsetting loss reported under Schools Grants & Other Funding (see 3.5.1).
- 3.2.2 There is an underspend of £390k on Early Years Pupil Premium (EYPP) funding, due to take up being lower than expected. The DfE has announced that it will not claw back any of the EYPP element of the DSG in 2015-16, so there is no offsetting reduction in grant.
- 3.2.3 In addition there are other smaller variances within this heading which net to an underspend of £153k.

### 3.3 **Schools Non Delegated** – Underspend of £0.621m

- 3.3.1 The main elements of the underspend are as follows:
- 3.3.2 Capital expenditure funded from revenue, £195k underspend. This relates to a scheme at Templewood school which has been delayed due to the school's grade 2\* listed building status.
- 3.3.3 In year funding adjustments for rates, £181k underspend. Funding adjustments are made towards the end of the financial year to match the rates funding allocated in maintained schools' budget shares to the actual rates payable during the year. (Equivalent funding adjustments for academies are undertaken by the EFA.)
- 3.3.4 Growth Fund and Falling Rolls Fund, £47k overspend. However, £325k of the Growth Fund expenditure related to the requirement to make allocations to academies for the summer term (as academies are funded on an academic year basis) This extra cost in respect of academies is offset by additional DSG, which is reported in section 3.5.2 below. Adjusting for this, there was an underspend on the Growth Fund, due to:
- less expenditure than estimated on additional resources for schools with one-off bulge classes,
  - an underspend on the budget for infant class size protection,
  - slippage in opening new schools, so that previously anticipated start- up costs have not fallen into 2015-16.
- 3.3.5 High Needs reserve, £152k underspend  
This budget, which constituted a reserve for the high needs block, has not been required. (It has been discontinued and taken as a saving in 2016-17.)
- 3.3.6 In addition there are a number of other smaller variances under this heading which net to an underspend of £140k.

### 3.4 **Schools Central Budgets** – Underspend of £3.690m

- 3.4.1 The overall £3.690m underspend is made up of a number of variances, as follows:
- 3.4.2 Independent Placements: This budget has underspent by £2.867m due to a lower number of independent placements than originally anticipated.
- 3.4.3 Keeping Children in Local Provision (KCLP): Following a review of Autism provision the KCLP service is underspent by £186k.
- 3.4.4 Early Years SEND: There is an overall underspend of £163k on the Early Years' Service, caused by vacancies within the teams (£91k), and underspends in the specialist development centres (£50k) and in the Early Years Support project (£22k).
- 3.4.5 Specific Learning Difficulties (SLD): The post of secondary SpLD teacher, and the initiatives (with costs) managed by this post, have been removed and the SpLD provision budget is therefore underspent by £129k.
- 3.4.6 SEN Bushey Meads: The number of funded placements has been lower than anticipated, leading to an underspend of £25k.
- 3.4.7 Speech and Language Therapy: This budget is underspent by £87k due to uncommitted funding being held pending a review of the Speech and Language joint contract and delivery model.
- 3.4.8 Exceptional Needs Funding: This has overspent by £103k. The multiple cases element of the budget has overspent by £260k. This is offset by a £156k underspend in the budget for the DSPL area panels.
- 3.4.9 2 Years olds: There is an overspend of £675k due to an increased number of 2 year olds accessing their 15 hour entitlement. (It is expected that this will be partly offset by additional DSG when the retrospective adjustment for 2015-16 early years DSG is calculated by the DfE.)
- 3.4.10 Out of county top ups/Hospital recoupment: There has been increased pressure on this budget, resulting in an overspend of £107k
- 3.4.11 Additional Welfare and Tuition: This budget provides funding for training and development of individual children with SEN. The number of children and cost of support provided is £303k lower than budgeted.
- 3.4.12 Education Support Team for Medical Absence (ESTMA): This budget has underspent by £101k.
- 3.4.13 High Needs Reserve: Underspend of £236k -this is the residual element of the former Learning Support Units budget and comprised the other main contingency for the high needs block. (It has been discontinued and taken as a saving in 2016-17.)

3.4.14 The remaining balance of £476k underspend has arisen as a result of a number of smaller variances on DSG budgets.

### 3.5 Schools Grants & Other Funding – Overspend of £5.494m

3.5.1 The overspend comprises of two elements, the largest of which relates to the loss (overspend) of DSG and sixth form grant of £5.836m as a result of schools that converted to academy status in 2015-16. £5.888m of this allocation is no longer required as the academies are funded directly by the DfE. There is a corresponding overspend reported under Schools Delegated (see 3.2.1). This is off-set slightly by a net saving on Rates as a result of these conversions (£52k).

3.5.2 £0.325m extra DSG has been paid by the DfE to cover Growth Fund allocations for academies for the April to August 2015 period.

3.5.3 There are also other smaller variances, which net to an underspend of £17k.

3.5.4 There has been a delay in the announcement by the DfE of the retrospective early years DSG adjustment for 2015-16. This adjustment is therefore not included in these figures and it is anticipated that it will be accounted for in 2016-17.

## 4 DSG Carryforward

4.1 The impact of the outturn position on the amount of DSG carryforward is shown in the table below:

	£m's
DSG carryforward (c/f) at 31/03/2015	27.057
c/f used to support the 2015/16 Schools Budget	(10.292)
Underspend during 2015/16	5.248
DSG c/f at 31/03/2016	<b>22.013</b>

4.2 In addition, £10.8m of the DSG carryforward at 31/03/2016 is being used to support the Schools Budget in 2016-17.

4.3 The first quarterly monitor for 2016-17 will be reported to the September Forum Meeting. It is expected that this will include significant projected underspends in respect of Independent Placements, the SEN Strategy Development Fund and clawbacks of rates funding (due to the conversion of a number of schools from community to foundation status, linked in part to the budget savings programme). Underspensing in total will be partially offset by an expected overspending on the de-delegated schools contingency (secondary). This is as a result of allocations of funding to schools which would have been eligible for Falling Rolls fund support, had they met the relevant Ofsted criterion, and are unable to manage the consequent shortfall in funding in the short term. A budget monitor will be produced in September which will set out these movements in greater detail.

## **5 Conclusion**

5.1 The Forum is asked to note and comment on the final outturn position.