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SCHOOLS BUDGET MONITOR 2016-17 QUARTER 1

Report of the Director of Children's Services

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1. Purpose

- 1.1 To inform Schools Forum of the quarter 1 position for the Schools Budget for the 2016-17 at 30 June 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 2016/17 was as follows:

Description	Amount £m
Schools Delegated Budget including sixth form grant	539.282
Schools Non-Delegated Budgets	7.882
Schools Central Budgets	53.624
Net Schools Budget including use of carry forward	600.788
Academies Recoupment	292.966
Gross Schools Budget including Academies Recoupment	893.754

3. Schools Budget Variances

- 3.1 The forecast underspend within the schools budget for 2016-17 is £3.935m. The table below provides a more detailed breakdown of the underspend:

Description	Latest Approved Budget £m	Over / (Under) Spend £m
Schools Delegated	539.282	(5.569)
Schools Non-Delegated	7.882	(0.455)
Schools Central Budgets	53.624	(3.060)
Schools Grants & Other Funding including use of carry forward	(600.788)	5.149

Total	0	(3.935)
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3.2 Schools Delegated – Underspend of £5.569m

3.2.1 This underspend represents the budget shares of newly converted academies of £5.569m including a forecast for schools expected to convert later in the year. 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).

3.3 Schools Non Delegated – Underspend of £0.455m

3.3.1 There is an underspend of £557k. This includes an underspend of £83k on infant class size funding and £792k due to a lower number of bulge classes and a delay in opening new free schools. In addition there is an overspend of £317k due to spend on Summer term Growth Fund allocations to Academy schools. This funding will be received from the EFA so there is an offsetting increase of £317k income reported under Schools Grants & Other Funding.

3.3.2 In addition there are a number of other smaller variances under this heading which net to an overspend of £102k.

3.4 Schools Central Budgets – Underspend of £3.060m

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 £1.911m due to a lower number of independent placements than originally anticipated.

3.4.3 Speech and Language Therapy: This budget is expected to underspend by £87k. Whilst the anticipated contract value is as expected, uncommitted funding is being held pending a review of Speech and Language joint contract and delivery model.

3.4.4 2 Years olds: There is an overspend of £154k which is due to much larger numbers of children accessing their entitlement than was anticipated. In addition to this there is now an additional 13 maintained schools admitting 2 year olds which has added to the increase in pupil numbers.

3.4.5 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 £276k lower than budgeted.

3.4.6 SEN Strategy Development Fund: This was established in 2016-17 to support new initiatives, including key priorities within the SEND strategy. As an uncommitted resource, the fund also provides useful flexibility in managing budget risks, both in high needs and the other sectors, including those arising from the use of carry forward and from potential future reductions in the high needs block. This is now reporting an underspend of £1m.

3.4.7 The remaining balance of £60k overspend has arisen as a result of a number of smaller variances on DSG budgets.

3.5 **Schools Grants & Other Funding** – Overspend of £5.149m

3.5.1 There is a loss of DSG of £5.569m as a result of schools that are converting to academy status due to in year academy recoupment (see 3.2.1 for the impact on the Delegated Schools Budget). This is off-set slightly by a saving on Rates as a result of these conversions (£103k) and Growth Fund reimbursements (£317k).

4. **Schools Contingency**

4.1 Officers reported to the last meeting of Forum that there were emerging pressures on the schools contingency budget. These are not yet reflected in the figures set out above, nor is the partially-offsetting effect of planned moves of schools to Foundation Trust status this year. However, the potential costs are significant and the position is set out in more detail in Annex A.

4.2 In brief, two types of additional expenditure pressures have arisen which have led to schools requiring support from the contingency despite the programme of action and support which has previously been reported to Forum/the finance sub-group. These are:

(i) Support to small schools ineligible for Falling Rolls fund support. (£680,000)

When Forum established the Falling Rolls Fund, we recognised the need to provide temporary support to small schools pending future rise in demand for places. Unfortunately, the DfE criteria for access to the Fund precluded schools that were not “Good” although at the time Forum expressed support for these schools also having access. There are two schools that would have benefitted from the Fund had they been “Good”, are consequentially in deficit, and now require additional support in consequence. Five other small schools either currently benefit or would have done had they not received additional support in the form of MFG protection.

(ii) Deficits of schools on closure/conversion to sponsored Academy status (£150,000)

The School Finance Regulations allow deficits on closure/transfer to be charged to the Schools Contingency. One recent conversion meets this criterion.

5. **Conclusion**

5.1 The Forum is asked to note and comment on the quarter 1 monitor position.