



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 3rd July 2014

Agenda Item
7

Report Status

For information/note
For consultation & views
For decision

Report Title: Schools Budget Outturn 2013-14 and Update on the Schools Budget for 2014-15.

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Purpose

- (i) To advise the Schools Forum of the latest Dedicated Schools Grant allocation for 2014-15.
- (ii) To advise the Schools Forum of the Schools Budget carry forward from the 2013-14 financial year and the balances carried forward by individual schools.
- (iii) To request the appointment of a panel of the Forum to allocate the contingency for schools in financial difficulty.

Recommendations

- (a) That members endorse the 2014-15 adjustment for Simmons House and the High Needs Top-up(1.3 to 1.5).
- (b) That members endorse the use of the carry forwards from 2013-14 set out in Section 2.
- (c) The position on Schools' Balances at March 2014 is noted.
- (d) That a panel of members is appointed to agree allocations from the contingency.

1. Dedicated Schools Grant (DSG).

2013-14

- 1.1. The final value of the Dedicated Schools Grant for 2013-14 was announced in May 2014. It was £0.202m higher than reported to Schools Forum in October 2013 due to a year on year increase in the number of early years pupils.

2014-15

- 1.2. The Dedicated Schools Grant for 2014-15 is adjusted for changes in high needs and early years data during the course of the year. The DSG reported to Forum on 16 January 2014 has been adjusted for high needs changes and we are awaiting notification of changes in respect of the January early years census. The final DSG will not be confirmed until April/May 2015. Table 1 sets out the changes to date.

Table 1. Changes to DSG since January 2014.

Item	£000
DSG reported to Forum January 2014	228,755
Adjustment for High Needs Block	285
DSG as at 18 June 2014	229,040

Figures are rounded and before academy recoupment.

- 1.3. Since the report to Forum in January a budget issue has arisen in respect of Simmons House Hospital Unit. The Unit is funded through the DSG and since April 2013 the amount included in the Grant has been calculated by a new DfE formula. The formula allocation is £221k but historically the budget for the unit was significantly below this; £103k in 2013-14 although actual spend was £159k. The difference between the DSG allocation and the Unit's spend was retained as part of the High Needs Block top-up budget.
- 1.4. Simmons House faces new requirements imposed on the unit through the Quality Network for Inpatient CAMHS (Child and Adolescent Mental Health Service), with the aim of a teacher ratio of 1:4. This will require additional funding and following negotiations, required by the DfE in setting the Unit's funding, it has been agreed to increase the budget to £180,000 to be met from the increase in the DSG set out in Table 1.
- 1.5. The Council is responsible for determining the use of the High Needs Block but the Forum's endorsement is sought for the proposed increase in the budget for Simmons House and that the balance of the increase is retained for High Needs Top-up funding.

2. Schools Budget Outturn 2013-14 and Balances Carried Forward.

- 2.1. The Schools and Early Years Finance Regulations require that under or overspends in the centrally retained element of the Schools Budget are carried forward.
- 2.2. The accumulated position on centrally retained funding as at 31 March 2014 was a surplus of £3.401m. The individual components are set out in Table 2 and explained in the following paragraphs.

Table 2. Summary of DSG Carry Forwards 2013-14.

Item	£
Contingency for HNB	452,168
Growth Fund	54,000
EYSFF Clawback and Contingency	545,000
Total for 2 YO	2,350,257
Total Carry Forward	3,401,425

Early Years.

- 2.3. Schools Forum on 2 December 2013 endorsed a recommendation that the hourly rate for two year olds be increased to £6. In 2014-15 and 2015-16 this will be funded from the balance remaining from two year old funding provided in 2013-14 in advance of places being filled. In later years a combination of balances and savings within the EYB will be required. The carry forward from 2013-14 is £2.350m made up of:
 - £0.915m Trajectory funding.
 - £1.014m Commissioning funding
 - £0.246m London Childcare Grant
 - £0.175m Balance of Early Years Adjustment.
- 2.4. Separately in the Early Years Block, Forum were informed of the planned roll forward of the £0.545m from the 2013-14 'clawback' in Early Years Single Funding Formula following the fall in early years rolls in 2012-13. The roll forward was partly to fund full-time places prior to the reduction in these numbers. Following the Forum's decision on 25 March on the number of full-time places to retain, a sum of £283,000 will be required for this. It is recommended that the remaining balance of £262,000 is added to the roll forward of two year old funding.

High Needs Block (HNB).

- 2.5. At its meeting on 3 July 2013, the Forum agreed to set aside the balance of £1.091m brought forward from previous years as a contingency for the high needs block and for John Loughborough school.
- 2.6. At its meeting on 16 January 2014 the Forum was informed of the projected overspend of £777k in this block. The Forum agreed to meet this from the 2013-14 contingency and roll the remainder forward as a contingency for 2014-15.
- 2.7. The final outturn for the HNB was an overspend of £0.638m, leaving a contingency of £0.452m to roll forward.

Growth Fund.

- 2.8. At the end of the financial year a balance of £54,000 remained in the Growth Fund. The School and Early Years Finance Regulations require that any balance on this fund is rolled forward and distributed to schools in the following years funding formula. This amount was therefore included in the School Budget Shares for 2014-15.

3. School Balances

- 3.1. Balances for individual schools are set out in the Appendix and summarised in Tables 3, 4 and 5.
- 3.2. Table 3 sets out the change in Schools Balances over the course of 2013-14. Further detail on a school by school basis is shown in the Appendix. Please note that the figures exclude closing schools and academies that transferred during the year.

Table 3 – School Revenue Balance Analysis at March 2014

£000	March 2013	March 2014	Change	Change %
Primary	3,875.6	6,717.4	2,841.8	73.3
Secondary	2,477.3	3,895.1	1,417.8	57.2
Special	192.7	-166.7	(359.4)	(186.5)
Nursery	165.9	57.0	(108.9)	(65.6)
Total	6,711.5	10,502.8	3,791.3	56.5

Figures are rounded and exclude academies and closing schools.

- 3.3. It should be noted that in some cases school balances include funds held on behalf of Network Learning Communities or the Nursery School Training Consortium.
- 3.4. The outturn shows a substantial increase in the level of school net surplus balances in 2013-14. This reflects the significant increase in total

funding for mainstream schools, including academies, in 2013-14 made up of:

	£m
Area Cost Adjustment	5.7
Pupil Premium	3.8
New Delegation	1.6
Increased Pupil Numbers	<u>4.7</u>
Total Funding Increase	15.8

- 3.5. However, this follows on from increases in surplus balances in 2012-13 and 2011-12, as shown in Table 4.

Table 4 Movement in School Revenue Balances March 2011 to March 14.

31 March	Net Surplus Balance	Movement
	£	£
2011	3,487,231	
2012	5,594,413	2,107,182
2013	6,711,571	1,117,158
2014	10,502,890	3,791,319

Academies and closed schools excluded throughout.

- 3.6. Within this overall picture there remain a number of schools in deficit and a number with 'high' balances. Table 5 shows the distribution of schools balances across bandings and Table 6 the movement in the distribution compared with last year.
- 3.7. The increase in the net surplus balance represents funding provided for pupils in schools at that time but not spent on them. This may be the result of a strategic decision by the governing body to defer current expenditure in order to fund longer term benefits for the school. There is also the need to be prudent in setting aside a contingency for unforeseen expenditure or loss of income. Beyond that unused and uncommitted balances are depriving pupils of their due share of funding. Forum members are asked to be mindful of this in feeding back to headteacher and governor forums.

Table 5 – School Balance distribution at March 2014

	Deficit	Surplus
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	>10	5-9.9 %	0 – 4.9%	0 – 4.9%	5 % - 9.9%	> 10%
Primary	0	0	5	18	17	12
Secondary	0	0	0	4	1	1
Special	1	0	1	1	1	0
Nursery	0	0	1	1	1	0
Total	1	0	11	20	20	13

School balances as percentage of budget share.

Table 6 – School Balance Movement from March 2013

	Deficit			Surplus		
	>10	5-9.9 %	0 – 4.9%	0 – 4.9%	5 % - 9.9%	> 10%
Primary	-1	-3	+1	-1	-1	+5
Secondary	0	0	-1	0	+1	0
Special	+1	-1	+1	0	-1	0
Nursery	0	0	+1	0	0	-1
Total	0	-4	+2	-1	-1	+4

3.8. The movement in balances for special schools is distorted by a large deficit in one school but all show a fall in balances. The changes introduced in April 2013 had a greater impact on special school budgets than on mainstream schools. The former guarantees of place-led funding were replaced by a nationally set £10k per planned place plus a top-up from the home borough linked to previous funding levels. This has been a particular issue for Blanche Nevile with the majority of its pupils from outside Haringey, but has introduced a new volatility into budgeting for all special schools. A review into banding has been undertaken and one on inclusion is planned; the intention is to give greater stability in this area but any increase in funding for special schools will also impact on the top-up budget within the High Needs Block.

3.9. The capital balance represents unspent Devolved Formula Capital and revenue contributions to capital made by schools. There was a small fall in balances compared with March 2013.

3.10. The Forum is asked to note the position on schools' balances at March 2014.

4. Contingency for Schools in Financial Difficulty.

- 4.1. In previous years the Forum has appointed a panel of members to agree the allocation of the contingency. **We ask the Forum to nominate a panel of members to agree allocations from the contingency.**