

**Agenda Item
10**



Report Status

For information/note
For consultation & views
For decision

Corporate Resources – Finance.

Report to Haringey Schools Forum – 30th June 2016

Report Title: Schools Budget Outturn 2015-16 and Update on the Dedicated Schools Grant for 2016-17.

Author:

Steve Worth, Finance Manager (Schools and Learning)
Telephone: 020 8489 3708 Email: Stephen.worth@haringey.gov.uk

Purpose

- (i) To advise the Schools Forum of the latest Dedicated Schools Grant allocations for 2015-16 and 2016-17.
- (ii) To advise the Schools Forum of the Schools Budget carry forward from the 2015-16 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) The final DSG for 2015-16 and the latest allocation for 2016-17 are noted (if available).
- (b) The position on Schools' Balances at March 2016 is noted.
- (c) The carry forward for the Early Years Block, the High Needs Block, Governor Support and the Contingency Fund is agreed.
- (d) Forum agree to apply the School Block under-spends set out in 2.9, 2.10 and 2.11 against the High Needs Block overspend.
- (e) That a panel of members is appointed to agree allocations from the Contingency for Schools in Financial Difficulty.



1. Dedicated Schools Grant (DSG).

2015-16

- 1.1. The final value of the Dedicated Schools Grant for 2015-16 had not been announced when this report was written. If available it will be reported at the meeting.

2016-17

- 1.2. The Dedicated Schools Grant for 2016-17 is adjusted for various changes during the course of the year, primarily in the Early Years Block. Adjustments were expected in May or early June but had not been received when this report was written. If available the latest figure will be reported at the meeting. The final DSG for 2016-17 will not be confirmed until summer term 2017.

2. Dedicated Schools Budget Outturn 2015-16 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 Dedicated Schools Budget are carried forward.
- 2.2. The accumulated position on centrally retained funding as at 31 March 2016 was a net deficit of £0.582m. The individual components are set out in Table 1 and explained in the following paragraphs.

Table 1. Summary of DSG Carry Forwards 2015-16.

Item	£m
High Needs Block	-0.970
Early Years Block	-0.799
Schools Block	1.187
Carry Forward 2015-16	-0.582
Brought Forward from Previous Years	3.834
Cumulative Carry Forward	3.252

A minus figure represents an overspend.

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. This is £0.72 higher than the hourly rate of £5.28 included in the DSG. Funding for two year olds in 2013-14 and 2014-15 was based on DfE planned numbers and significantly exceeded the number of children in places. This surplus

funding will remain with local authorities and Forum agreed that it would be rolled forward to fund the future shortfall in funding. In later years savings within the EYB will need to be identified.

- 2.4. A further issue in early years is the difference between the numbers used in the January counts and those actually being funded, we are awaiting the final EYB adjustments to see whether this will be addressed by the DfE following an additional autumn term count.

Table 2. Early Years Block Carry Forwards 2015-16.

Item	£m
Two year old trajectory funding	-0.249
Two year old free entitlement	-0.989
Early Years Single Funding Formula, including claw-back	0.375
Early Years Pupil Premium	-0.021
2014-15 Early Years Block Adjustment	0.085
Total	-0.799

A minus figure represents an overspend.

High Needs Block (HNB).

- 2.5. At its meeting on 25 February 2016 the Forum was informed of the projected overspend of £0.678m in this block. The report to Forum outlined a recovery plan that would bring the budget back into balance over a three year period,
- 2.6. The actual outturn was an over-spend of £0.970m across the block. This will be rolled forward into 2016-17. A separate report to this meeting will provide a more detailed description of the pressures underlying the overspend and an update on the plans to bring the budgets into balance. Appendix 1 gives a detailed breakdown of over and under-spends in the Block.

Table 3. High Needs Block Carry Forwards 2015-16.

Item	£m
In Year Fair Access	0.104
Pathways for Early Intervention	0.168
SEN Commissioning	-1.400
Alternative Provision Commissioning	0.056
SEN Services	0.169
SEN Contingency	-0.067
Total	-0.970

A minus figure represents an overspend

Schools Block.

Table 4. Schools Block Carry Forwards 2015-16.

Item	£m
Growth Fund	0.070
Contingency for Schools in Financial Difficulty	0.153
Rate Rebates	0.192
School Improvement	0.352
Individual Schools Budget	0.380
Governor Support	0.040
Total	1.187

A minus figure represents an overspend

Growth Fund.

- 2.7. Forum received a report on 14th January 2016 on Growth Fund Allocations. At that time an under-spend of £89k was reported. A subsequent allocation of £19k to Muswell Hill Primary School reduced the under-spend to £70k. This was carried forward and added to budget shares in 2016-17, as required by regulations.

Contingency for Schools in Financial Difficulty.

- 2.8. The total available for 2015-16 was £193.5k; of this allocations of £40.5k were made in year leaving £153k unallocated at year end. Further allocations of £84k were made in the current financial year. This leaves a balance of £69k. Forum is asked to add this to the contingency in 2016-17.

Rate Rebates.

- 2.9. Rate rebates of £192k in respect of schools were received in 2015-16 relating to that and prior years. Forum is asked to consider applying this to the HNB over-spend.

School Improvement.

- 2.10. There were significant changes in management in the service during the year with four interim arrangements for assistant director in place during the course of the year. The changes resulted in an under-spend of £352k in this area. Schools Forum is again requested to offset this against the HNB overspend.

Individual Schools Budget.

2.11. This was under-allocated during 2015-16 by £380k due to a double counting of funding for Haringey Sixth Form Centre. Forum is asked to consider applying this to the HNB over-spend.

Governor Support.

2.12. A commitment of £40k is being rolled forward for developing new professional support and Webinar materials.

Contribution to High Needs Block.

2.13. If the recommendations in 2.9, 2.10 and 2.11 are agreed the HNB overspend carried forward will be reduced to £46k.

3. School Balances

3.1. Balances for individual schools are set out in Appendix 2 and summarised in Tables 5 to 8.

3.2. Table 5 sets out the change in Schools Balances over the course of 2015-16. Further detail on a school by school basis is shown in Appendix 2.

Table 5 – School Revenue Balance Analysis at March 2016

	March 2015	March 2016	Change	Change %
Primary	£7,823,612	£6,567,220	-£1,256,393	-16.06
Secondary	£2,783,952	£2,643,377	-£140,575	-5.05
Special	-£171,391	-£31,222	£140,169	81.78
Nursery	£32,223	£62,188	£29,965	92.99
Tuition Ctr	£54,497	£51,055	-£3,442	-6.32
Total	£10,522,894	£9,292,618	-£1,230,276	-11.69

Figures are rounded and exclude academies and closing schools. A minus represents a deficit

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 movement in school surplus balances since 2011 is shown in Table 6.

Table 6 Movement in School Revenue Balances March 2011 to March 16.

31 March	Net Revenue 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
2015	10,522,894	20,004
2016	9,245,005	-1,230,276

Academies and closed schools excluded throughout.

- 3.5. Within this overall picture there remain a number of schools in deficit and a number with 'high' balances. Table 7 shows the distribution of Mainstream schools balances across bandings and Table 8 the movement in the distribution compared with last year.
- 3.6. The surplus balances held 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 7 – Mainstream School Balance distribution at March 2016

	Deficit				Surplus			
	>10%	5-9.9 %	0 – 4.9%		0 – 4.9%	5 % - 9.9%	> 10%	
Primary	1	0	3	4	17	20	11	48
Secondary	0	0	1	1	4	0	1	5
Special				3				1
Nursery				0				3
Tuition Ctr				0				1
Total	1	0	4	8	21	20	12	58

School balances as percentage of budget share, nursery funding, contingency allocations and Pupil Premium.

Table 8 – School Balance Movement from March 2015 to March 2016.

	Deficit				Surplus			
	>10	5-9.9 %	0 – 4.9%		0 – 4.9%	5 % - 9.9%	> 10%	
Primary	1	0	2	3	1	-2	-2	-3
Secondary	0	0	1	1	-1	0	0	-1
Special				1				-1
Nursery				-1				1
Tuition Ctr				0				0
Total	<i>1</i>	<i>0</i>	<i>3</i>	<i>4</i>	<i>0</i>	<i>-2</i>	<i>-2</i>	<i>-4</i>

3.7. The capital balance represents unspent Devolved Formula Capital and revenue contributions to capital made by schools.

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.**