

Schools Forum – 4 October 2016

Schools Budget 2015-16: Final Outturn

Recommendations

1. That the Schools Forum notes the content of this report and the intended application of the under spend.

Report of the Director of Finance and Resources

PART A

Why is it coming here – what decision is required?

2. To inform Schools Forum of the 2015-16 final outturn and to note the contents of the report.

Reasons for recommendations

3. To inform Schools Forum of the final outturn for 2015-16.

PART B

Outturn on Schools' Budgets 2015-16

4. The final outturn position for 2015-16 was a £0.506m under spend. This under spend has been combined with the unused DSG reserve from previous years resulting in a reserve balance of £8.233m.
5. The Individual Schools Budget (ISB) shows an over spend of £0.863m (-0.2%). This outturn relates to budgets allocated to individual schools through the funding formula, early years funding in schools and other providers, and place funding in special schools and pupil referral units. There is increased expenditure of £0.795m on early year's places which has been adjusted following the January 2016 census data submission. However due to an adjustment being made to the 2016-17 DSG allocation relating to 2015-16 there is now an over spend of approx. £500k (not shown in appendix 1), within the provision for two year olds which has been identified as being caused by issues with the census data populated in January 2016 and is being investigated.
6. De-delegated items have underspent by £0.176m (2.4%). This figure relates mainly to a lower than budgeted call on the provision for maternity cover and an under spend on insurances.
7. The high needs budget which was initially set by utilising £2.4m of DSG reserve has underspent by £0.191m (0.5%). This has arisen from variances in a range of services in the following area – top ups, hospital education service, SEN support services and income from exclusions. Whilst using reserves is not a problem in the short term, this is not a long term solution. There is a SEND Transformation Group currently undertaking work reviewing processes and practices to identify where practical and possible spend controls in this area.

8. Within the early years budget area there is an underspend of £0.256m (2.5%). This is a mainly as a consequence of an underspend on trajectory funding for increasing the provision for 2 year olds (£0.222m). This has been carried forward to 2016-17 as discussed in a previous forum report on use of trajectory funding for 2 year olds.
9. Items within the central provision budgets, which cover both Central Services and Central Schools Expenditure, have underspent by £0.879m (9.5%). Part of this underspend (£0.411m) is as a consequence of less demand on the Significant Pupil Growth Fund and the Infant Class Size Fund which, as required by regulations¹, has been applied to the 2016-17 Individual Schools Budget. The other main variance arises from reduced activity on the termination of employment costs in schools.
10. The underspend of £0.506m (0.1%) has been added to the DSG reserve resulting in a balance at 31 March 2016 of £8.233m.

Individual School Revenue Balances

11. Detailed information on individual school's revenue balances is attached at Appendix 2.
12. Overall school balances have increased, mainly in primary schools and PRUs, which may be partially as a result of ongoing uncertainty within schools about future funding levels.
13. Where a school is giving cause for concern and has significant revenue balances, then a conversation is held between the school and the local authority as to how balances are being used to improve outcomes for learners.

Overall movement in schools' revenue balances

Sector	March 2015 £m	March 2016 £m	Increase / (decrease) £m
Nursery	(0.014)	(0.018)	(0.004)
Primary	21.930	23.739	1.809
Secondary	9.281	8.632	(0.649)
Special	3.053	2.724	(0.329)
PRUs	0.480	0.712	0.232
Total Schools' Balances	34.730	35.789	1.059
Less Outstanding loans	1.069	1.277	0.208
Total Revenue Balances	33.661	34.512	0.851
Earmarked Reserves	*6.571	*6.373	(0.198)
Overall School Reserves	40.232	40.885	0.653

• Earmarked Reserves include balances for schools which converted to Academies at the end of 2015-16 financial year

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¹ The School and Early Years Finance Regulations 2015