

Schools Forum – 4 July 2017

Schools Budget 2016-17: Final Outturn

Recommendations

1. That the Schools Forum note the 2016-17 Schools Budget financial outturn 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 2016-17 final outturn and to note the contents of the report.

Reasons for recommendations

3. To inform Schools Forum of the final outturn for 2016-17.

PART B

Outturn on Schools' Budgets 2016-17

4. The final outturn position for 2016-17 was a £1.334m under spend on planned expenditure across all services. Along with this under spend there has been an adjustment to the DSG settlement of £0.306m. The combination of these factors means that it was not necessary to apply all the planned use of reserves.
5. The Individual Schools Budget (ISB) shows an over spend of £0.050m (0.01 %) after a planned use of DSG reserves of c. £400k. This outturn relates to budgets allocated to individual schools through the funding formula, nursery funding in schools and other providers, and place funding in special schools and pupil referral units. The £400k that was planned to be spent on early year providers for an increase in rates for 2016-17 from one off resources has been replaced by the introduction of a contingency fund in 2017/18. This is financially more sustainable considering the many unknowns in this year of transformation to the National Funding Formula (NFF), the 30 hour free entitlement, and further increases in rates.
6. De-delegated items have underspent by £1.293m (-13.24 %). This has arisen mainly as a consequence of reductions in rates across the county and less call on the

contingency. In 2016-17 the rateable values (NNDR) have been adjusted nationally. This has led to a reduction in business rates for many of our schools and resulted in a one off saving of £768k. There has also been an underspend of £356k on insurances

7. The high needs budget which was initially set by utilising £1.7m of DSG reserves has overspent by £0.794m (1.16 %). This in effect relates to c.£2.5m over budget before planned use of reserves. This has mainly arisen from an increase in numbers and, as a consequence, costs relating to AEN and special schools. Whilst using reserves is manageable in the short term, this is not a long term solution and on-going reviews are underway to identify ways of managing costs while achieving optimum outcomes. In 2017-18 £1.1m has been planned as additional funding to support high needs, but as a consequence of the proposals following the introduction of the NFF there is still debate as to whether a mechanism will exist in the future to be able to support high needs in this way. This is because we will not be able to move funding between funding blocks in future without Schools Forum approval.
8. Early Years has overspent by £0.059m after using planned reserves of £200k for trajectory funding. Actions previously introduced following overspends in previous years have had an impact on the level of expenditure, however this needs to be kept under review to maintain sustainability.
9. Items within the central provision budgets, which cover both Central Services and Central Schools Expenditure, have underspent by £0.944m (-10.30%). Part of this underspend (£0.738m) is as a consequence of a reduction in demand in the budget for premature retirement costs. As a consequence of the trend over the last few years for this figure to be around the same level, and the proposed funding changes following the NFF consultation, the future year's budget has been reduced to c. £730k for maintained schools. The remainder of the underspend has arisen from variances across other headings in this Central Provision as a result of reduced demand on Class size contingency and pupil growth funds. This will be rolled forward from schools budgets in accordance with EFA guidelines in 2017/18.

Individual School Revenue Balances

10. A summary of revenue balances is shown in the following table with detailed information on individual school's revenue balances attached at Appendix 2.

To enable a like for like comparison, balances at March 2016 have been adjusted to take into account in-year academy conversions. Overall school balances have decreased by £6.343m.

11. 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' balances

Sector	March 2016 Balances £m	Less Academy Conversions 2016-17 £m	Adjusted 2016 £m	March 2017 Balances £m	Increase / (decrease) £m
Nursery	(0.018)	0.00	(0.018)	(0.027)	(0.009)
Primary	23.739	2.782	20.957	17.499	(3.458)
Secondary	8.632	1.846	6.786	4.155	(2.631)
Special	2.724	0.548	2.176	1.912	(0.264)
PRUs	0.712	0.00	0.712	0.731	0.019
Total Schools' Revenue Balances	35.789	5.176	30.613	24.270	(6.343)
Less Outstanding loans	1.277		1.277	0.529	(0.748)
Total Revenue Balances	34.512		29.336	23.741	(5.595)
Earmarked Reserves	*6.373		6.373	4.968	(1.405)
Overall School Reserves	40.885		35.709	28.709	(7.000)

- Earmarked Reserves include balances for schools which converted to Academies at the end of 2016-17 financial year. Includes capital balances net of capital loans.

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