

## SCHOOLS FORUM

### Schools Budget Financial Monitoring Report – Outturn 2015/16

#### **Purpose of the Report**

- 1 The purpose of this report is to provide details of the outturn position on the Schools Budget funded by the Dedicated Schools Grant (including EFA funding), Pupil Premium Grant and Universal Infant Free School Meal grant as at the 31/3/16

#### **Suggested Action**

- 2 The Forum are asked to note the contents of this report.

#### **Update**

- 3 The Final budget report presented at the March 2015 Forum showed a forecast outturn position of (£1,139k) as at the end of March 2016. The Final as at the 31/3/16 is (£2,177k) having seen a £1,038k improvement since last Forum; £1,081k of which is due to increased 'in year' funding adjustments by the DfE, described in Appendix A

When the 2015/16 budget was set it was based on an indicative budget received from the DfE on the 17/12/14 – this indicative was £115,810,000. This was used to determine the schools block funding as it was based on the October 2014 census. Once the Proforma was submitted on the 20<sup>th</sup> of January 2015 to the EFA this effectively set the schools block budget which came into effect 1/4/15. There is no mechanism through the formula by which "in year" funding adjustments can be made. Therefore any changes to funding impacts the following financial year. There were a total of 11 versions of the DSG allocations table issued by the EFA during 2015/16 – the most recent of which was received the 23<sup>rd</sup> of March 2016 stating that the overall allocation was now £116,644,000. Please note, that whilst this is the Budget allocated the Cash received is after deductions for Academy Recoupment, changes in Recoupment following conversion, deductions for post 16 year olds placed in out of borough non maintained special schools, and changes to the participation levels of two year olds.

As it is anticipated that there will be in year adjustments to income the regulations surrounding "in year" allocations are very rigid. Below is an extract from the Schools Revenue 2015/16 Funding Guide.

## **Redetermination of budget shares**

46. It is not permissible to make an in-year redetermination of schools' budget shares for pupils aged 5-16, other than in the explicit circumstances allowed for within the school finance regulations, which relate to:

- sixth form funding
- early years funding
- reallocation of funding for excluded pupils
- rates

47. Any DSG underspend brought forward from the previous year may be used to support central expenditure (providing no limits are breached) in the schools block, or transferred to either the high needs or early years block. Alternatively, an underspend may be carried forward to the next funding period and allocated to schools via the funding formula.

The additional income received “in year” relate to:-

Schools Block - £251,000 being actual pupils in Free Schools (indicative budget contained a cash transfer amount)

Early Years Block - £500,000 being increased uptake of 2 year olds, 3 year olds and 4 year olds. Summer term found the majority of settings full.

High Needs Block - £330,000; £296,000 being due to the change from residency to location basis for post-16 and £33,000 being due to the pre and post 16 Non Maintained Special School exceptions process for AY2015/16

The material forecast movements are highlighted below.

4	Material movements	£'000's	£'000's
	Budgeted deficit / (surplus)		(807)
	Position reported at last Forum (March 2016)		(1,139)
	Additional “in year” income received		
	Schools Block	(251)	
	Early Years Block	(500)	
	High Needs Block	(330)	
	Staff costs - supply cover (not sickness)	41	
	Forecast Carry forward deficit/ (surplus) to 16/17		(2,177)

#### 5 **Lessons learned and Changes to accounting practice for 2016/17**

The number of adjustments to DSG allocations during the financial year 2015/16 is unprecedented. Brought on largely by changes in legislation around post 16 HNB funding, Early Years 2 year old funding becoming participation led rather than place led, the inclusion for the first time of Free Schools in our allocation and finally the academisation of our largest secondary school – Waingels.

Throughout the year payment notifications are sent to the council; historically when there have been changes to our allocations these have been reported to Schools Forum. After census dates have passed we would not expect any further amendments. However this year that has not been the case, please see Appendix A

Given the move towards further academisation going forward, more “in year” adjustments are to be expected. Given that we cannot allocate during the year such adjustments (which can go down, as well as up) will be reported on a separate line in the budget monitoring as funds to be available the following financial year. This line in itself will only be required for the financial years 2017/18 and 2018/19 as the introduction of the National Funding Formula will negate this need.

Going forward the intention is to report on Actuals as well as Forecast and to introduce a new line stating in year adjustments (notified by EFA) carried forward to the next financial year.

Due to DfE finance regulations these additional amounts cannot be allocated within schools budgets until next financial year. That said we do have a number of other options available

1. Keep some or all of it in reserves for 2017/18
2. Invite bids to spend for specific one off initiatives ideally with a positive general impact.
3. Hold it in Contingency for schools, academies and Free Schools in financial difficulty.

**Donna Munday**  
**Schools Finance Manager,**  
**May 2016**

Appendix A

		£'m	£'m	£'m	£'m
		SB Report	EY	HNB	Total
17/12/2014	APT Submission basis	91.628	6.276	17.656	115.559
27/03/2015		91.879	6.276	17.692	115.846
16/07/2015		91.879	6.749	17.985	116.613
30/09/2015		91.879	6.749	17.985	116.613
17/11/2015		91.879	6.749	17.985	116.613
26/01/2016		91.879	6.749	17.985	116.613
03/02/2016		91.879	6.749	17.985	116.613
23/03/2016		91.879	6.780	17.985	116.644

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