

FINANCE UPDATE

REPORT OF THE HEAD OF EDUCATION & LEARNING AND COUNTY TREASURER

RECOMMENDATIONS

It is recommended that DEF:

- a) Notes the DSG 2015/16 outturn position (subject to Statement of Accounts sign off)
- b) Agrees the allocation of the carried forward under spend from 2015/16 as set out in section 2
Voting as set out in table 5, section 2
- c) Agrees to delegate authority to SFG consider and respond to any LA proposal regarding a redistribution to schools of unallocated carry forward as set out in section 2.1
All to vote
- d) Notes the year-end Mutual Fund position as set out in section 4

DSG and Schools Funding Outturn 2015/16

1. DSG 2015/16 outturn

The outturn position for the Dedicated Schools Grant is an under spend of £29.1millions which includes schools balances of £23.2millions. The centrally retained DSG is under spent by £5.9millions.

Table 1: Dedicated Schools Grant and Schools Funding 2015/16 Outturn

Brackets in the budget and spend columns represent income; brackets in the net variance column represent an under spend.

	Final Approved Net Budget £'000	Net Spend £'000	Net Variance £'000	Note ref
DSG	(317,334)	(317,280)	54	1.1
Pupil Premium	(16,978)	(16,980)	(2)	
Early Years – Disadvantaged 2 year olds	(4,586)	(4,503)	83	1.1
Other Schools Grants	(8,790)	(8,790)	0	
Post 16 Funding (mainstream)	(6,219)	(6,224)	(5)	
Total Schools Grant Funding	(353,907)	(353,777)	130	
Schools delegated budget, including maintained nursery units	284,932	263,653	(21,279)	1.1

De-delegated budgets	3,915	2,903	(1,012)	1.2
Central Provision within schools block	8,688	6,034	(2,654)	1.3
High Needs block, including maintained special schools	61,293	58,619	(2,674)	1.4
Early Years block	26,000	24,363	(1,637)	1.5
Overall net DSG and School funding	30,921	1,795	(29,126)	

Explanation of main variances

1.1 Schools

The 2015/16 DSG schools block budget is based upon pupil numbers as at the October 2014 census, and is adjusted in year for existing and convertor Academies as well as deductions for high needs places that are directly funded by the EFA (to academies and non-maintained special schools).

Based on final pupil numbers and High Needs Place adjustments, the total initial DSG allocation including 2 year old funding for Devon 2015/16 is £465.7millions. The final budget of £321.9millions is after in year adjustments for existing and convertor Academies and Early Years census.

The schools carry forward balances of £23.2millions (£21.3millions maintained mainstream schools and £1.9millions special schools) compares with £20.4millions on a like for like basis (that is to say after adjusting for in year convertors, a net increase of £2.8millions).

Table 2: Schools carry forward balances

	2015/16		2014/15	
	No. of schools	£'000	No. of schools	£'000
B/fwd balance		20,931,476		18,267,528
Schools converted to academies	8	(303,422)	11	(410,897)
Schools closed	0	0	1	(77,618)
Schools with decreasing balances	80 35.5%	(4,174,665)	79 31.6%	(3,164,192)
Schools with increasing balances	145 64.5%	6,708,516	171 68.4%	6,316,655
Carry forward		23,161,905		20,931,476

1.2 De-delegated budgets

De-delegated budgets are forecasting an underspend of £1.01millions due to savings against a range of services including the DSG contingency and Exceptional Events £838,000 due to rate rebates received and not expected, £51,000 for Copyright, £57,000 for Maternity and £58,000 on the trade unions and facilitation budget. This takes into account the agreed

subsidy towards initial set up costs of the new FPS software package. Budgets are subject to change during the years as schools convert to academies.

1.3 Central Provision within Schools budget

This was the final year for Local Learning Communities funding, this funding is now part of School budget share in 2016/17, there is an underspend of £76,000, which is partly reflective of the fact that the budgets are planned and spent over an academic year.

Phase Associations have underspent by £259,000. £83,000 relates to DAPH, £11,000 for SHAD and £157,000 of DASH funding.

The Growth Fund has under spent by £2.2millions which is part of the planned strategy to provide sufficient revenue funding to meet the expected demand for additional school places over the next 4 to 5 years.

During 2015/16 33 schools received a total of £1.38millions from the growth fund. This was in relation to falling roll (£65,000), one off classrooms (£150,000), growth general (£511,000) and for new schools (£655,000).

Support and Other DSG Services have underspent by £131,000 which predominantly relates to changes in service recharges and a reduction in the number of surplus properties for which we need to meet charges.

Table 3: High Needs Budget Position for 2015/16

	Final Approved Budget £'000	Net Spend £'000	Net Variance £'000
Alternative Provision inc Hospital school	2,298	2,308	10
LDP Inclusion & Safeguarding	3,321	3,196	(125)
Nursery Plus	775	760	(15)
SEN Mainstream	11,803	11,203	(600)
SEN Services	1,219	1,220	1
Independent Special Schools & Recoupmnt	12,316	13,234	918
Maintained Special Schools	25,126	23,501	(1,625)
• <i>Special Schools balances</i>			• (1,897)
• <i>Central Special Schools High Needs</i>			• 272
Early Help	750	519	(231)
MFEP	733	30	(703)
Support Centres and PSP's	2,952	2,649	(303)
TOTAL	61,293	58,620	(2,673)

1.4 High Needs

Overall the high needs budget has under spent by £2.7millions, although note that this includes £1.9millions of maintained special schools balances. Note also that the budget includes £4.97millions carry forward from 2014/15. After adjusting for the carry-forward and maintained special school balances the underlying overspend is £4.1millions.

LDP Inclusion & Safeguarding

Savings in LDP contract relate to hearing impairment delivery and Elective Home Education & Children Missing Education and underspend within the Raising Participation Age budget.

Nursery Plus

Nursery Plus expanded its roll out in January 2016 from 6 to 8 eight units and funding is issued through agreed Service Level Agreements. £15,000 underspend represents mileage and expenses still to be claimed for autumn and Spring Term.

SEN Mainstream

Budget of £11.8millions was set aside for Mainstream SEN which includes pre 16 top-up funding in all mainstream maintained and academy settings. Spend includes £2.1millions of targeted funding. The overall under spend of £600,000 represents 5.0% of the budget. However this includes £1.5millions planned underspend of 14/15 carry forward to mitigate pressures within the High Needs block. The net effect of this represents a £900,000 funding pressure for Mainstream SEN which represents 7.6% overspend.

Independent Special Schools

Pre-16 placements in other special schools amounted £6.5millions, whilst post 16 placements totalled £5.6millions. Actual spend will vary between maintained and independent settings year on year as there are many variables in determining the most appropriate placement. Taken together, net spending on special schools (not including pupil premium and other grant) totalled £37.9millions. There is a pressure in both maintained and Independent Special Schools caused by increasing numbers, length of stay of Post 16-18 placements and the cost of placements.

Maintained Special Schools

Maintained Special Schools individual schools balances total £1.9millions, no change from 2014/15. The funding review is now complete and the 2016/17 core offers have been agreed and issued. Differences in the amount budgeted for place funding and pre 16 top ups result in an over spend of £273,000 due to the planned increase in placement numbers within our maintained special schools, so overall, including schools balances, the budget for maintained special schools is £1.6millions under spent.

Early Help

The spending has been discussed with the Schools Finance Group and some amendments proposed. The £231,000 underspend relates to some expenditure being delayed until 2016/17.

Money Following Excluded Pupils

Funding withdrawn from schools for permanently excluded pupils amounts to a net £733,000. Funding is paid directly to schools admitting excluded pupils and the budget is also used to support individual pupils with interventions to prevent exclusion. During 2015/16 there was a total of £303,100 spent in this service area, with £273,100 received back in income from

charges to schools via Exclusions, leaving the net spending total of £30,000 and an underspend of £703,000 – of which £420,000 will be carried forward to 2016/17.

It should be noted that the recent White Paper included proposals concerning responsibilities for permanently excluded pupils.

Support Centres and PSPs

Support centre funding includes budgets for Communication and Interaction Resource Bases (CAIRBs); Hearing Impaired Centres, Language Centres, Physical Disability Centres and Primary Support Partnerships (PSPs). At the year end, PSPs have balances totalling £300,000. This will be carried forward to 2016/17 as spend takes place over an academic year.

1.5 Early Years

The Early Years Block funding for 2015/16 is calculated as follows. The initial DSG allocation is based on January 2014 census notified to us at the end of 2014. An adjustment to the DSG settlement is made in July 2015 to take account of actual hours in the January 2015 Census for the full year. A further adjustment in July 2016 is made using the January 2016 CENSUS to cover any change in FTE's and calculated for the September 2015 to March 2016 period. This additional funding is estimated for year end. Overall, including nursery units in maintained schools, the Early Years under spend is £1.6millions.

Table 4: Analysis of Early Years outturn variances

	£'000
Lump sum protection and contingency funding for settings under the new EYSFF	(259)
Under spend against budgeted take-up of 3 & 4 year old places	(372)
Trajectory funding for 2 year old capacity building	(354)
Under spend against budgeted take up of 2 year old places	(270)
Early Years transitional funding	(230)
Pupil Premium for PVI	(49)
Early Years Free School Meals	(65)
Other minor variances over several budget lines	(38)
Total under spend	(1,637)

2. Allocation of carry forward from 2015/16

2.1 The current outturn is subject to Statement of Accounts sign off. Final proposals for the allocation of carry forwards will be brought to a future meeting. The Schools and Early Years Finance Regulations do not allow for in-year distributions to schools. Any redistribution of funding must go through the school funding formula in the following funding period (in this case 2017/18 financial year), whereby the LA may request through the Secretary of State that this additional funding is excluded from the MFG calculation. The LA must consult with the Schools Forum regarding any such proposal and has responsibility for the final decision.

There are some elements of the carry forward that Schools Forum is asked to agree in principle now in order to allow for early allocation in 2016/17. The table below details all current carry forward requests which have been requested during the closedown process.

It is requested that from the total DSG underspend of £29.126millions, the carry forward requests in Table 5 are noted or approved. These total £28.116m. It is further requested that DEF delegate to SFG consideration of any LA proposal to spend the remaining £1.010millions.

Table 5: Carry Forward from 2015/16

In this table, positive figures represent budget to be allocated:-

Budget Line	Amount £'000	Notes	Recommendation
Mainstream School balances	21,248	Automatically carried forward in Individual School budgets	2.2 All to note
Total School balances	21,248		
De-delegated budgets	1,012	Roll forward 2015/16 underspend into 2016/17	2.3 All to note
Total de-delegated budgets	1,012		
Growth Fund	2,188	Planned strategy to build sufficient revenue budget to cover start up and diseconomy costs of new and expanding schools.	2.4 All to vote
Local Learning Communities	35	Some residual costs and issues re new fund codes/collaborative working set up.	2.5 All to vote
Emotional, Psychological and Social Wellbeing	25	Academic year funding for Schools Mental Health coordinator	2.6 All to note (Historic commitment)
Phase Associations	252	Roll forward 2015/16 underspend into 2016/17. DAPH (£83k); DASH (£157k) & SHAD (£12k)	2.7 All to vote
Total centrally retained budgets	2,500		
Special School Balances	1,897	These are school's balances and are automatically carried forward	2.8 All to note
Alternative Provision	48	Additional payment required if medical placements remain high in 16/17 and increase in Top up rate	2.9 All to note
Money Following Excluded Pupils	420	Funding to be carry forward for new initiatives for retaining pupils in mainstream education and to avoid exclusions. Introduction of White paper and uncertainty of funding in the future and exclusions still remaining LA responsibility	2.10 All to note
Early Help	238	Phased spend of the Early Help budget. £7k other minor variations	2.11 All to note
Hospital Education	24	Specialised training for hospital staff and additional support in North Devon	2.12 All to note

Atkinson Unit	58	Schools Admin Assistant and agreed funding for JE temporary 2 year contract	2.13 All to note
Primary Support Partnerships	300	Expenditure takes place over an academic year.	2.14 All to note
Nursery Plus	15	Not all schools have claimed for the Summer, Autumn or Spring Term expenses.	2.15 All to note
Total High Needs	3,000		
Delay in implementation of reduction in 2 year old provider hourly rate	70	Carry forward requested originally related to a two year plan. The £70k will be required for fund the 2 nd year of protection.	2.16 All to vote
Free School Meals	6	Low take up of FSM's. £6k carry forward required for Spring term funding	2.17 All to vote
Growth funding for MNU's on new school sites	230	Growth plan spans financial years. Only 1 new school in 15/16, therefore carry forward required.	2.18 All to vote
Early Years Pupil Premium	50	15/16 Ring fenced grant – DfE have confirmed can be spent in 16/17	2.19 All to vote
Total Early Years	356		
Total Carry forward requested	28,116		

2.20 Areas that need to be considered and fully costed include before any potential inclusion within the revenue carry forward :-

- i) Capital projects for sufficiency are currently having feasibility studies undertaken to ensure DCC meet the 40% government target for 2 year old places and 30 hour roll out. Once completed detailed plans will be worked on.
- ii) Ensuring schools have a secure and sustainable early help offer around children and families, which can either be provided from within their organisation, commissioned on behalf of schools, or pooled with other partnership contributions to better respond to the needs of identified groups of children, young people and their families.

Proposals will be brought to a future meeting.

3. Mutual Fund Update

3.1 The Schools Mutual Fund is a scheme that provides cover for absence for subscribing schools for teaching and support staff. The Fund is administered by a Board comprising the members of Schools Finance Group whose schools are members of the fund, to include representatives from DAPH, DASH and SHAD, together with an officer from Devon Finance Services. The Board meets at least twice a year (usually to coincide with a normal Schools Finance Group meeting) to review the financial status of the Fund, to set premiums and establish the Fund's protocols for the following financial year.

The Fund will continue to operate only if the numbers are considered sufficient to justify the continued operation of the fund.

3.2 The Mutual Fund Board at their meeting of 11 January 2016 agreed the following:-

- i) That premiums remain unchanged from April 2015 for 2016/17
- ii) That claims are paid at 50% of the total amount at the time of submission
- iii) That the balance of claims is not released until the end of the financial year when the full costs are known. If the value of claims exceeds the value of the premiums collected, the claims will be abated pro-rata to ensure financial balance is achieved. If the value of the claims is significantly less than the premium collected, the Board will consider if a rebate shall be made.

3.3 At the end of the 2015/16 financial year, the value of premiums collected exceeded the value of the claims paid out by £450,000.

3.4 The Mutual Board at their meeting of 11 May 2016 amended the terms and conditions to read:-

Any school(s) or academy within Devon's authority or linked to a school in Devon's authority is allowed to join the scheme. New schools wishing to join the scheme will incur a one off joining fee of 7% on top of the cost of their premium. There will be no joining fee for those schools that are currently members of the fund.

3.5 Recommendation

That DEF note the Mutual Fund update
All to note

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