

FINANCE UPDATE

REPORT OF THE COUNTY TREASURER AND CHIEF OFFICER FOR CHILDREN'S SERVICES

Recommendations

It is recommended that DEF:

- a) Note month 5 DSG monitoring position as set out in section 1
All to note
- b) Specifically agrees the revised Terms of Reference as set out in section 2
All to vote

1. Month 5 DSG budget monitoring position

1.1 The Month 5 forecast for the DSG is an under spend of £451,000. DEF and Cabinet have approved the £29.13m in Carry forward from 2015/16 (£21.2m of which is schools balances) and has been included as budget for 2016/17.

Table 1: Summary of Month 5 forecast position and major variations:

Education and Learning (DSG)				
	Final Approved	Mth 5	Forecast at	Variance
	Net Budget £'000	Net Spend £'000	Mth 5 £'000	£'000
Schools delegated budget	265,365	107,057	265,362	(3)
DSG and School funding	(339,020)	(148,887)	(338,732)	288
De-delegated budgets	5,830	1,381	4,949	(881)
Total DSG / delegated budgets	(67,825)	(40,449)	(68,421)	(596)
Central Provision within Schools Budget	6,140	1,492	4,465	(1,675)
High Needs Funding	61,001	25,283	63,157	2,156
Early Years & Childcare Services	29,810	9,935	29,474	(336)
Total DSG central budgets	96,951	36,710	97,096	145
Overall Net DSG budget	29,126	(3,739)	28,675	(451)

1.2 Schools and de-delegated budgets

The DSG schools block budget is based upon pupil numbers as at the October 2015 census. It also includes the Pupil Premium Grant and will include adjustments to the budgets in year to reflect Academy Recoupment. Based on final pupil numbers and High Needs Place adjustments, the DSG allocation including 2 year old funding for 2016/17 is £339.02m.

De-delegated budgets are forecasting an under spend of £881,000 due to anticipated savings against a range of services; however, this does include rates rebates of £528,000. This is offset in part by a projected reduction in the Early Years funding at the January 2017 census of £288,000.

1.3 Central Provision within Schools

The issue of providing revenue funding for “basic need” growth and diseconomy costs of new schools is well rehearsed. A ring-fenced carry forward to 2017/18 of £1.54m in respect of projected growth over the next few years, explains the forecast under spend.

The remaining central provision budgets are currently projecting to have an under spend of £132,000.

1.4 Early Years

The carry forwards from 2015/16 of £286,000 have been allocated as agreed previously. However, the carried forward for delay in 2 year reduction is no longer required and budget was vired to the High Needs block as part of Management action to help offset significant funding pressures.

1.5 High Needs

Table 2 shows the High Needs budget is currently forecasting to over spend at year end by £2.16m for 2016/17. It is likely this adverse variance will need to be carried forward in to 2017/18.

Despite management action of £1.6m (included in forecasts above), the growing demand on services continues to exceed the funding allocated. The main factors behind the increased costs are:

- High cost placements in the independent sector
- Expansion of the Maintained Special schools to meet demand
- Increasing costs and numbers of personalised education packages, EHCPs and MyPlans
- Increased exclusions
- Demand for Medical AP and independent hospital placements

Table 2: Summary of High Needs budgets and forecast position as at Month 5

Activity Description	Base budget 2016/17 after recoupment	C/fwd from 15/16	Revised Net budget at month 5	Forecast spend at outturn	Current Month Variance
Alternative Provision incl Hospital school	1,922	130	2,052	2,255	203
LDP Inclusion & Safeguarding	3,267	7	3,274	3,274	0
Nursery Plus	1,164	15	1,179	1,163	(16)
SEN Mainstream	11,383	892	12,275	11,427	(848)
SEN Services	1,219	0	1,219	1,219	0
Independent Sp.Schools & Recoupment	12,318	0	12,318	13,919	1,601
Maintained Special Schools	23,408	1,897	25,305	26,357	1,052
Early Help	236	231	467	467	0
MFEP	20	420	440	440	0
Support Centress and PSPs	2,172	300	2,472	2,636	164
TOTAL	57,109	3,892	61,001	63,157	2,156

1.6 Recommendation:

Schools Forum is asked to note the update as set out in section 1 above
All to note

2. Schools Finance Group Terms of Reference

2.1 The Schools Finance Group has reviewed its Terms of Reference and has agreed an updated iteration as per SFG Minutes 6 July 2016. See Appendix A

2.2 Recommendation

That the Schools Forum accepts the updated SFG Terms of Reference

All to vote

MARY DAVIS
County Treasurer

JO OLSSON
Chief Officer for Children's Services

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APPENDIX A

THE SCHOOL FINANCE GROUP

Terms of Reference

1. Purpose of the School Finance Group (SFG)

SFG provides an opportunity for school representatives to acquire an understanding of the detail of educational funding. The group can take time to look at budget performance and options for change so that the Forum can be confident in the basis upon which recommendations are made.

2. Objectives of SFG

- Review the education aspects of the Section 251 statement
- Monitor the Dedicated Schools Grant during the year and consider impact of any variances on future years.
- Monitor how well the formula is delivering what schools need in an equitable way.
- Consider options for formula change and take a lead on any local consultations relating to change.
- Consider the impact of any Government proposals and help to collate responses to Government consultations.
- Make recommendations to the Forum on funding issues and other financial matters impacting on schools.
- Make decisions as delegated by Schools' Forum.

3. Membership

- 4 representatives of primary school headteachers, nominated by DAPH
- 4 representatives of secondary school headteachers, nominated by DASH
- 2 representatives of special school headteachers, nominated by SHAD
- 3 representatives of school governors across the primary, secondary and special school phases, nominated by DAG
- 1 representative for Early Years and PVI sector providers, to be nominated by DEF.

Other officers of the authority will be in attendance as required.

The lead Executive Member for schools will attend as an observer with a speaking entitlement.

4. Attendance

Absence at three consecutive meetings will suggest to the group that membership should be reviewed. This will be referred back to the phase association or group for consideration and action.

Members can elect a substitute. Any substitutes must be recorded in the minutes. If a member elects a substitute for three consecutive meetings this will be referred back to the association or group for consideration and action.

5. Chairing meetings

It is envisaged that a senior local authority officer will chair the SFG and arrange a substitute if his/her absence is unavoidable. The Chair will arrange for distribution of papers, a note-taker, and any follow-up required.

6. Conduct and frequency of meetings

- The SFG will during the summer term establish a programme of work for the next academic year within the multi-year framework.
- The SFG will meet as appropriate to its programme of work, but not less than three times a year.
- The SFG requires 50% of school representatives to attend to be quorate. It may discuss agenda and make recommendations in the absence of a quorum but this must be made plain at the following Forum so that the Forum may decide whether full discussion is needed before any formal decision is taken.
- The SFG will wish to arrive at decisions by consensus, but if a vote is required different views will be represented in the papers passed on to the Forum and DCC's Executive.