

Open Report



City of
Stoke-on-Trent

City Council

19 June 2018

School Budget Update & Outturn 2017-18

Report of	Section 151 Officer Director of Children and Family Services
Report Author	Andrew Brindley – Senior Business Partner Schools Rob Johnstone – Interim Assistant Director for Learning Services
Type of Decision	For Information
Cabinet Member	Cabinet Member for Education and Economy
Wards Affected	All Wards
Stronger Together Priorities and how they are applicable:	
Support our residents to fulfil their potential	
<i>To support the strategic objective of supporting our schools to deliver a step change in educational attainment so that every young person has access to a school rated 'good' or better.</i>	

1.0 Reason and Purpose of Report:	
1.1	The report provides members of the Schools' Forum with an update on the Schools' Budget position for 2018-19.
1.2	The report also provides details of the final outturn position for the Schools' Budget in 2017-18.

2.0 Recommendation(s):	
2.1	Members of the Forum are asked to: <ul style="list-style-type: none">• note the changes to the Schools' Budget 2018-19; and• note the final outturn position for the Schools' Budget in 2017-18.

3.0 Summary of Main Points:	
3.1	Dedicated Schools Grant 2018-19 The provisional 2018-19 Dedicated Schools Grant (DSG) allocation (before academy recoupment) for Stoke-on-Trent was confirmed at £216.261m in December 2017.
3.2	Following recent announcements by the Department for Education (DfE), in June 2018, the final allocation has now increased slightly to £216.343m. This allocation is broken down as follows: <ul style="list-style-type: none">• School Block £162.266m• Central School Services Block £5.409m

	<ul style="list-style-type: none"> • High Needs Block £30.036m • Early Years Block £18.632m 															
3.3	<p>Schools' Budget 2018-19</p> <p>Following the final confirmation of DSG allocations by the DfE the Schools' Budget 2018-19 has been adjusted to reflect the slight increase of £82k and is included in Appendix A for information. As budgets are reviewed in the coming months further refinement may be made to reflect changes in priorities and demand particularly within high needs. Any further budget changes will be discussed with Forum in due course.</p>															
3.4	<p>In accordance with the High Needs Action Plan £811k was also transferred direct to the DSG reserve to help to reduce the DSG deficit. This represents the 0.5% transfer approved by Schools' Forum on the 18th January 2018.</p>															
3.5	<p>DSG Outturn 2017-18</p> <p>In addition to presenting the 2018-19 budget the purpose of this report is to provide the Forum with details of the final outturn position for the 2017-18 financial year. The final outturn position totalled an overspend of £5.671m.</p>															
3.6	<p>It is important to note that due to the changing nature of the schools estate, the respective responsibilities of Local Authorities and Academies and the significant uncertainty and turbulence that this has created, along with other emerging risks budgets have been set and managed cautiously over recent years.</p>															
3.7	<p>A detailed explanation of the significant variances is included in Table 1 below. Appendix B provides a breakdown of the approved budget and the actual outturn position in Section 251 format.</p> <p>Table 1 (Under)/Overspends in DSG 2017-18</p> <table border="1"> <thead> <tr> <th>Area</th> <th>£000's</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>ISB (Net Academy Adjustments)</td> <td>(965)</td> <td>Relates to underspends mainly within Early Years funding. 3-4 year olds £166k, 2 year old £187K, Early Years Pupil Premium £17k, Disability Access Fund £52k, SEN Inclusion Fund £69k. There was also an adjustment in relation to the 2016-17 3-4 year old funding of £117k and prior year rates adjustments totalling £358k.</td> </tr> <tr> <td>Top Up Funding Maintained Providers</td> <td>739</td> <td>Top Up Funding Maintained Providers relates to top up allocations for pupils with high needs in maintained settings including both those within Stoke-on-Trent and those in other local authority settings. These are demand led budgets and are based on the numbers and specific needs of individuals. There was an overspend in Special schools of £962k and Authority recoupment of £258k. A net underspend of £616k relating to top up funding allocations in Stoke-on-Trent maintained schools was experienced due to academy conversions that have taken place during the year. This is effectively a reclassification of expenditure and a corresponding overspend within Top Up Funding for Academies and Free Schools expenditure has been experienced. The remaining overspend relates to a High Needs Bid payment of £113k.</td> </tr> <tr> <td>Top Up Funding Academy & Free Schools</td> <td>888</td> <td>As explained above, due to academy conversions expenditure relating to high needs top up allocations have had to be reclassified, resulting in an overspend of £616K. Also the number of EHC plans have increased resulting in increased expenditure not originally budgeted for.</td> </tr> <tr> <td>Top Up Funding Independent Providers</td> <td>3,007</td> <td>Top Up Funding Independent Providers expenditure is continuing to increase year on year. In 2016-17 the overspend was £2,886k. Again this budget is demand led. Actions to reduce spend are included within the High Needs Action Plan.</td> </tr> </tbody> </table>	Area	£000's	Comments	ISB (Net Academy Adjustments)	(965)	Relates to underspends mainly within Early Years funding. 3-4 year olds £166k, 2 year old £187K, Early Years Pupil Premium £17k, Disability Access Fund £52k, SEN Inclusion Fund £69k. There was also an adjustment in relation to the 2016-17 3-4 year old funding of £117k and prior year rates adjustments totalling £358k.	Top Up Funding Maintained Providers	739	Top Up Funding Maintained Providers relates to top up allocations for pupils with high needs in maintained settings including both those within Stoke-on-Trent and those in other local authority settings. These are demand led budgets and are based on the numbers and specific needs of individuals. There was an overspend in Special schools of £962k and Authority recoupment of £258k. A net underspend of £616k relating to top up funding allocations in Stoke-on-Trent maintained schools was experienced due to academy conversions that have taken place during the year. This is effectively a reclassification of expenditure and a corresponding overspend within Top Up Funding for Academies and Free Schools expenditure has been experienced. The remaining overspend relates to a High Needs Bid payment of £113k.	Top Up Funding Academy & Free Schools	888	As explained above, due to academy conversions expenditure relating to high needs top up allocations have had to be reclassified, resulting in an overspend of £616K. Also the number of EHC plans have increased resulting in increased expenditure not originally budgeted for.	Top Up Funding Independent Providers	3,007	Top Up Funding Independent Providers expenditure is continuing to increase year on year. In 2016-17 the overspend was £2,886k. Again this budget is demand led. Actions to reduce spend are included within the High Needs Action Plan.
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	SEN Support Services	150	The overspend is a result of an in year allocation to the Mount in relation to SEN support services which was not originally included in the budget.
	Hospital Education Services	(12)	Hospital Education Services refers to payments made to other city councils for the tuition of pupils in hospitals. This is a demand led budget and can be difficult to predict. The final position reported is small underspend of £12K.
	Other Alternative Provision Services	2,153	Alternative provision expenditure is continuing to increase year on year. In 2016-17 the overspend was £1,753k. An action to reduce spend is included within the High Needs Action Plan.
	Support for Inclusion	(156)	The underspend relates to the Early Years Inclusion Team.
	PFI/BSF Costs at Special Schools	138	Additional funding approved in year to support Special schools with PFI/BSF costs.
	Central Expenditure on Children under 5	(92)	This relates to an underspend of Early Years Contingency.
	Schools Admissions	(88)	The full amount of DSG budget allocated at the beginning of 2017-18 was not required due to the generation of additional income in the form of SLA's.
	Pupil Growth	(91)	There was a small overspend in 2017-18 which was offset by Academy Recoupment of £96k from the previous year where academies are funded for the period April 17 to Aug 17.
	DSG 2017-18 In Year	5,671	DSG Overspend 2017-18
	DSG Reserve b/f 2016-17	(679)	
	DSG Allocated Reserve 2016-17	679	DSG reserve allocated in 2017-18
	DSG c/f 2017-18	5,671	DSG carry forward to 2018-19
3.8	An High Needs Action Plan is currently in place to bring the DSG back into balance as early as possible.		

Technical Appendix:

List of Background papers/sources of information used for this report:
DfE: The School & Early Years Finance (England) Regulations 2018. DfE: Section 251 Budget 2018-19. DfE: Schools revenue funding 2018 to 2019 Operational guide September 2017. LA; previous Schools' Forum Reports & Minutes relating to School Funding Reform & School Budgets.
List the appendices included as part of this report:
Appendix A Schools Budget 2018-19. Appendix B Schools' Budget Outturn 2017-18.

Implications taken into consideration in this report (*Please list as separate appendix if required*):

Financial and Commercial:
The Schools' Budget is estimated to total £215.514m. Detailed financial implications are discussed in the body of the report.
Legal:
As set out by the Early Years Finance (England) Regulations 2018, there is a legal requirement to set a balanced Schools' Budget in consultation with the Schools' Forum.
Human Resources:
No direct implication from decisions relating to this report. Future funding allocations could impact on staffing within individual schools and services.
Public Health and Public Services (Social Value) Act 2012:
N/A.
Equality Impact or Environmental Impact Assessments:
N/A.
Key Risks:
The High Needs Action Plan is not fully adhered to and the DSG is not brought back into balance.

The following section must be completed for Executive Decisions i.e. Cabinet *

Options Considered:	
1.	The DSG settlement for 2018-19, proposed budgets and outturn position for 2017-18 are considered in the report.

* In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012