

## REGULATORY AND OTHER COMMITTEE REPORT

<b>NAME OF COMMITTEE:</b>	Schools Forum
<b>DATE OF MEETING:</b>	5 October 2016
<b>SUBJECT:</b>	Revised Schools Budget 2016/17
<b>REPORT BY:</b>	Mark Popplewell (Head of Finance – Children's Services)
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<b>IS THIS REPORT EXEMPT?</b>	No
<b>IS REPORT CONFIDENTIAL?</b>	No

<b>SUMMARY</b>
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1. The purpose of this report is to notify the Schools Forum of the revised Schools Budget for 2016/17 and to seek support for the proposed use of the underspending from 2015/16.

<b>DISCUSSION</b>
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**Introduction**

2. The Dedicated Schools Grant (DSG) is a ring-fenced grant that can only be spent for the purposes outlined in the DfE's regulations. A revision to the Schools Budget is necessary each year to reflect the under or overspending arising on the DSG in the previous financial year and adjustment to the DSG once the Early Years figures have been confirmed. Under DfE' regulations, underspendings are carried forward automatically to the following financial

year and the Local Authority (LA) must consult with the Schools Forum over its plans to utilise underspendings, or address overspendings.

### **The carry forward for 2015/16**

3. The cumulative underspend carried forward at 31/3/16 was **£11.052m**. This represents c.10% of the 2015/16 DSG (£497.222m) less the delegated schools budget (£384.578m). This reflects the net underspendings of **£2.966m** on budgets held centrally within the DSG. Details are set out in Appendix 1.

### **Existing commitments**

4. A thorough review of commitments has taken place and prudent estimates of those have been made. They total **£4.826m**. Details are set out in Appendix 2. Some commitments are anticipated but cannot be quantified at this stage.

### **Proposed developments**

5. The LA has no proposals for developments.

### **Proposals for use of the uncommitted sum**

6. The cumulative underspend (£11.052m), less existing commitments (£4.826m), leaves **£6.226m**. However, as stated in paragraph 4 above, there are likely to be other commitments that arise during the year within the schools arena that the LA will be required to respond to. The £6.226m figure represents only c.6% of the 2015/16 DSG (less the delegated schools budget). This continues to be at the lowest level of DSG underspend for several years.
7. The Department for Education (DfE) is reviewing all of education funding (schools, early years and high needs); therefore this creates great uncertainty for Lincolnshire's school funding arrangements going forward, and the need for prudence is required. The DfE proposals are intending to delegate funding directly to schools (National Funding Formula for Schools) with no LA intervention, therefore the LA will find it difficult to respond to pressures in areas such as high needs that have inter-relationships with school practices, particularly with high needs existing funding allocations from Government being insufficient to meet LA needs and anticipated growth. These budgets are also demand-led and volatile to manage. Appendix 1 outlines the financial challenges for special educational needs budgets in 2015/16.
8. The LA proposes that this sum is not committed and is instead held in reserves. This is considered prudent given the following points:
  - a. The LA must act prudently and avoid overspending the DSG.
  - b. The LA has never overspent the DSG since it was created in 2006/07.
  - c. The LA would be unable to fund a DSG overspend from its non-DSG budgets which have and will continue to be subject to very significant cuts in future years, in stark contrast to the 'cash flat' protection given by government to the DSG.
  - d. Under current DfE's regulations, the Schools Forum has to approve the writing off of any DSG overspend against the future year's DSG and due to the aforementioned funding restraints, the LA cannot take the risk of approval not being given.
  - e. Even if the Schools Forum's approval was given, an overspend would almost certainly result in reduced budgets for schools (based on the current arrangements) and that uncertainty would undermine their financial planning.

- f. Several of the budgets held centrally within the DSG are large, demand-led and uncontrollable (e.g. early years and funding needed for schools' demographic growth which will start to impact the secondary school phase).
- g. A number of existing budgets are tight, under pressure and have been subject to recent growth (e.g. SEN Out of County and independent placements, EHCP funding). The financial implications to the DSG's position could be significant.
- h. The uncertainty that surrounds the DfE's funding reviews of schools, early years and high needs funding.

Budgets must therefore be set prudently to avoid overspending the DSG. In view of these and other uncertainties, it is therefore proposed that all of the uncommitted sum is held in reserve.

<b>RECOMMENDATIONS</b>
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The Schools Forum is asked to:

- 1) Note the contents of the report;
- 2) Support the LA's proposals for use of the uncommitted sum, as outlined in paragraphs 8 above.

The views of the Schools Forum will be reported to Children's Services DMT and Lead Executive member before final decisions are made.

<b>APPENDICES (If applicable) - these are listed below and attached at the back of the report.</b>
Appendix 1 - Central DSG Budgets 2015/16 – Explanations for major underspendings and overspendings
Appendix 2 - 2015/16 DSG commitments
Appendix 3 – Sector led investment – additional funding request

<b>BACKGROUND PAPERS</b>			
PAPER TYPE	TITLE	DATE	ACCESSIBILITY
Report to Schools Forum	Revised Schools Budget 2015/16	7 <sup>th</sup> October 2015	County Offices, Newland, Lincoln, LN1 1YQ

**DSG Central Budgets 2015/16 – Explanations for major underspendings and overspendings**

The main underspendings and overspendings were:

<b>Budget</b>	<b>(Underspend) / Overspend £m</b>
<b>Unallocated Headroom</b> This was the uncommitted sum set aside last year.	(1.316)
<b>Early Years – Participation-Led funding</b> This is a demand-led budget that covers all early year providers and schools. Forecasting the budget requirement accurately at the start of the financial year is therefore extremely difficult. This includes all other early years funding streams.	(0.505)
<b>SEN Out of County placement</b> Out of County placements are made only when Lincolnshire schools have stated that they cannot meet the special educational needs of a particular learner. There is a continuing pressure on meeting the needs of those learners with Autistic Spectrum Disorder and specifically those with challenging behaviours (April 2016 - Schools Forum for the 'Annual Report on Special Educational Needs and Disability'). Schools Forum supported the increase to this budget by £0.890m in 2016/17 to respond to this budget pressure (January 2016 - Schools Forum for 'School Funding Arrangements 2016/17').	1.168
<b>Independent School Placements</b> In addition to Out of County placements there are young people placed in independent schools in Lincolnshire. The nature of the placements are complex e.g. Lincolnshire schools unable to meet need; parental preference where parents pay general fees and the LA funds the high needs costs, or the option offers best value.	0.553
<b>EHCP funding – Mainstream schools</b> Although the number of pupils identified with SEN support has fallen (a number may not have triggered funding), the top up funding and targeted funding has increased to schools following the EHCP process.	0.625
<b>Parked SEN Funding</b> Schools Forum support in October 2014 to transfer £2m in to the higher needs block to cover potential growth in the base budget for SEN as a result of the DfE' requirement for the LA to delegate some of the funding for Band 6 to 8 statements and to the introduction of Education, Health and Care plans from September 2014. The financial risks are starting to emerge at a time when LA's high needs blocks have received only limited funding growth.	(2.000)
<b>Exclusions and Attendance</b> Age Weighted Pupil Unit (AWPU) funding that is removed from schools for pupils that have been permanently excluded. AWPU funding would follow the pupil where they are integrated back into mainstream provision.	(0.345)
<b>Learners with Learning Difficulties or Disabilities</b> Top up funding for post-16 pupils in special schools and college providers based on their EHCP needs. The DfE is however transferring the financial responsibility for the notional SEN funding to LA's for 2017/18 (including historic allocations), which will pose a challenge if there is growth in this area.	(0.350)
<b>Other Underspends &amp; overspends</b> Other main underspend include: PFI funding (-£0.134m), Medical Funding (-£0.194m), Sensory Support service (-£0.166m), Broadband (-£0.132m) including other small underspends.	(0.796)
<b>Total</b>	<b>(2.966)</b>

**2015/16 DSG commitments**

The commitments are:

<b>Budget</b>	<b>Commitment £m</b>
<b>Energy savings initiatives in schools</b> This was the final stages of the boiler optimisation programme in schools, which has now been concluded. The original commitment was approved by the Schools Forum.	0.370
<b>Early years disadvantaged two year old funding</b> This is the unspent government funding from previous years.	1.367
<b>Sector-led investment</b> This was approved by the Schools Forum in April 2015. This funding is to support the implementation of an integrative, school-led system to school improvement to drive the strategic vision for education in Lincolnshire. The funding was to contribute to the peer review training and development of the programme e.g. best practice, leadership development, etc. The funding is committed for spending up to the 31 <sup>st</sup> August 2017. The sector is developing well to the changes and is actively participating.	0.413
<b>Sector-led investment</b> Additional funding requested for an extension to the current programme (further detail in Appendix 3)	0.500
<b>Special School Placements</b> Exceptional funding to special schools to support them maintaining placements that would otherwise have broken down.	0.220
<b>The Pilgrim school</b> The school has seen a material increase in pupils accessing the County-wide provision in the years proceeding with typically c.80% being dual-registered from Lincolnshire mainstream schools. The LA is reviewing the position and developing a funding formula to respond to the needs – this commitment provides temporary funding for the school. It is anticipated that this will be a cost pressure to Lincolnshire's DSG, and consideration will need to be made on how it is funded e.g. AWPU share for dual-registered placements or other alternatives.	0.175
<b>14-19 Strategic Officer</b> Conclusion of the post to lead the implementation of the 14-19 strategy.	0.031
<b>School re-organisations, includes extending schools and closures</b> These are the estimated commitments for various school reorganisations to ensure the LA fulfils its statutory duty to provide sufficient school places for the children of Lincolnshire.	1.750
<b>Total</b>	<b>4.826</b>

## Lincolnshire Learning Partnership- A sector-Led Approach

### The Purpose

The Lincolnshire Learning Partnership board is a strategic board of Lincolnshire head teachers who alongside colleagues from the Lincolnshire County Council, The Diocese of Lincoln and the Department for Education represent a partnership of over 340 Lincolnshire schools and academies. The LLP was formed over the last 18 months through the development of a task and design group of Head teachers which in turn worked with school leaders to implement and establish the partnership. The role of the LLPB is to:

- Champion learners and leaders to shape their own futures.
- Promote successes, innovation and evidenced practice to benefit all.
- Empower schools to meet the need of their communities.
- Challenge all schools to keep getting better.

The LLPB achieve these aims through monitoring the performance of Lincolnshire schools, commissioning key projects to develop teaching and learning, by promoting school to school challenge and support and through ensuring the continual promotion of best practice and the use of evidence-based research.

To enable schools across Lincolnshire to continuously self-improve in a sustainable and integrated manner, it is acknowledged that additional funding will be required. Previously, a non-recurrent school development fund was established of c£0.297m, through the Council's agreement with CfBT, this was targeted to support schools in engaging with and developing the beginning of a sector-led approach.

Alongside this, the Schools Forum provided £0.5m of additional funding from the 2014/15 DSG underspend to support this ongoing development. This created a total fund of c£0.797m, which aimed to target the following:

	<u>Amount of Funding Received</u>	
<b>Type</b>	<b>Description</b>	<b>Estimated Cost</b>
LCC/CfBT	Project Management & Delivery of Task and Design group	£76,000
	Contribution to Peer Review Training	£221,000
DSG	Contribution to Peer Review Training	£192,000
	<u>Ongoing Development Fund:</u> <ul style="list-style-type: none"> <li>• Engaging national and international best practice</li> <li>• Leadership progression</li> <li>• Improving Governance</li> <li>• Effective Professional Development focussed on county wide strategic improvement priorities</li> <li>• Excellence funding – a specific fund dedicated to the establishment of excellence networks and sharing of best practice</li> </ul>	£308,000
		<b>£797,000</b>

	<u>Amount of Funding Spent/Committed</u>	
Type	Description	Spend
DSG £0.5m	Peer Review Training (in addition to LCC CfBT contributions)	98,818
	Project set up, implementation management and launch costs	136,927
	Mobilise- Maximising Teaching Assistant Project	134,000
	<b>Total</b>	<b>£ 369,745</b>
		<b>£130,255 (remaining)</b>

#### How funding was spent

- Task & Design group work on developing the structure for the partnership, building membership, securing board members and developing the specifications around for the Peer Review training providers.
- Peer Review training was offered via three providers to all Lincolnshire Head Teachers in range of venues around the county. This training focused on effective strategies for school to school challenge. The training was offered free of charge to further promote and enhance the sector led approach.
- High quality training for the board from the Staff College was provided to develop the shared common moral purpose of board members and the LLP public value proposition.
- LLP Project Management ensured effective communication with schools, planning and delivering the LLP launch event, collating Peer Review outcomes, management of board meetings and events.
- The development and deployment of the Mobilise project in conjunction with the Education Endowment Foundation and Lincolnshire Teaching Schools utilising evidence-based research on maximising the impact of Teaching Assistants has begun to be implemented.

#### Outcomes

- Task & Design Group- the LLP board was effectively set up and is running well. The vast majority of Lincolnshire schools have signed up to LLP membership. Peer review trainers were secured and delivered their training enabling schools to engage in reviews.
- Peer Review- Over 300 Head teachers were trained and 75% of schools have completed their reviews and returned their outcomes. Those schools yet to complete reviews have indicated they are working on 2 or 3 year cycles. Trends relating to the outcomes have been shared with the board and are informing future projects. The number of schools judged "Good or better" in Ofsted inspections has increased over the last year to over 90% with Peer Review and the LLP being mentioned in a number of reports.
- LLP Board- the board is working well and has already commissioned a significant project in Mobilise. The board members have presented updates at various head teacher meetings; have been invited to speak to neighbouring local authorities as well as other national and international school improvement events. The LLP launch at the Epic Centre in April was attended by over 300 Head teachers, Senior Leaders and Chair of Governors.
- Mobilise has trained over 400 school leaders in the EEF research around the most effective use of Teaching Assistants. A structure has been created around how to deliver research into the classroom at scale across the county through the use of regional and cluster leads. The impact of this project is being monitored and fed back to the LLP board during the course of the 16/17 academic year. The scale-up elements of this project of specific interest to both the EEF and Sheffield Hallam University.

Proposals for 2016-17

The LLP Board met recently and is in the process of developing a clear strategic plan covering the next 3 years. A number of actions to be included on this plan will be implemented within Year 1.

Type	Description	Estimated Cost
DSG	<ul style="list-style-type: none"> <li>Specific LLP Communication Strategy- email, newsletters, case study, LLP conference.</li> </ul>	£13,500
	<ul style="list-style-type: none"> <li>County-wide Success Workshops</li> </ul>	£41,200
	<ul style="list-style-type: none"> <li>Peer Review update training for new leaders.</li> </ul>	£33,200
	<ul style="list-style-type: none"> <li>Governance Peer Review Training.</li> </ul>	£38,000
	<ul style="list-style-type: none"> <li>Cluster Facilitator Training and delivery- developing the effectiveness &amp; impact of collaborative partnerships.</li> </ul>	£211,000
	<ul style="list-style-type: none"> <li>Seconded Chair- to drive the strategic plan, direct the support of LCC and to promote the LLP.</li> </ul>	£20,000
	<ul style="list-style-type: none"> <li>LLP Website set-up &amp; maintenance</li> </ul>	£2,000
	<ul style="list-style-type: none"> <li>Implementation of EEF research on key Literacy and Numeracy interventions to improve outcomes for children.</li> </ul>	£150,000
	<ul style="list-style-type: none"> <li>Commissioned Research Projects- Best Practise, Peer Review Impact, Ethnographic research-meeting community needs.</li> </ul>	£119,200
	<ul style="list-style-type: none"> <li>Best Practise/ School 2 School Support Website</li> </ul>	£5,000
		<b>£ 633,100</b>

The Lincolnshire Learning Partnership would like to propose a further investment of c£0.5m (to add to £130,255 remaining from the previous investment) in order to be able to continue the development of the Sector-Led Approach to school improvement, further enabling schools to challenge each other to get better and to ensure that best practise is continually enhanced and shared. The initial investment in this strategy has made a significant impact and Lincolnshire schools are now at the forefront nationally of this agenda. The ability to identify trends for improvement, commission strategic projects targeted at meeting the needs of Lincolnshire's children and schools as well as pioneering the use of research are critical for the schools led system to be a success and for the LLP to achieve its overarching aims of ensuring that:

- All children and schools in Lincolnshire are our collective responsibility.
- Every child is known, valued and supported to achieve.
- No school is more important than the individual child's needs.