

Open Report on behalf of Debbie Barnes, Executive Director of Children's Services

Report to:	Schools Forum
Date:	04 October 2017
Subject:	Revised Schools Budget 2017/18

Summary:

The purpose of this report is to notify the Schools Forum of the revised Schools Budget for 2017/18 and to seek support for the proposed use of the underspending from 2016/17.

Recommendation(s):

Schools Forum is asked to:

- 1) note the contents of the report, and
- 2) support the LAs proposals for use of the uncommitted sum, as outlined in section 5.

The views of the Schools Forum will be reported to Children's Services Directorate Management Team and Executive Councillor for Children's Services before final decisions are made.

Background

1. The Dedicated Schools Grant (DSG) is a ring-fenced grant that can only be spent for the purposes outlined in the Department for Education's (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 2016/17

2. The cumulative underspend carried forward at 31/3/17 was **£10.782m**. This represents c.9% of the 2017/18 DSG (£516.230m) less the delegated schools budget (£391.791m). This reflects the net underspendings of **£1.919m** on budgets held centrally within the DSG. Details are set out in Appendix A.

Existing commitments

3. A thorough review of commitments has taken place and prudent estimates of those have been made. They total **£3.017m**. Details are set out in Appendix B. Some commitments are anticipated but cannot be quantified at this stage.

Proposed developments

4. The LA is proposing a development relating to the Special Educational Needs & Disability (SEND) strategy. A comprehensive review of special educational needs provision in Lincolnshire is currently underway, which is predicated on developing localised special education opportunities for children and their families in Lincolnshire; enhance the level of collaboration with strategic partners to ensure appropriate provision and support for those with special educational needs and disabilities across all schools / academies.

An options appraisal has been undertaken and this will lead to the development of a SEND Strategy that will be presented to the Children and Young People's Scrutiny Committee in December 2017. Once the proposed Strategy has been to Scrutiny an update will be presented to the Schools' Forum. There is significant potential capital investment to support the re-modelling of provision in the county and it is therefore essential that the legacy of this work will be that children and young people with SEND get the right education, in the right place, at the right time, as close as possible to their community of place.

It is anticipated that this strategy will require revenue to support the implementation of this strategy, such as training, start-up costs, transitional support etc. The project is at its early stages, but the LA feel it is prudent, and of sound financial planning to earmark revenue funding of up to £2.000m from the DSG underspend for this project whilst funding remains available. The proposed amount is purely indicative. The LA intends to bring comprehensive reports to the Schools Forum on the SEND strategy and its planned rollout, which will allow the forum to make more informed judgements and to provide their views, including the proposed use of the DSG underspend.

Proposals for use of the uncommitted sum

5. The cumulative underspend (£10.782m), less existing commitments (£3.017m) and proposed developments (£2.000m) leaves **£5.765m**. However, as stated in paragraph 3 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 £5.765m figure represents only c.5% of the 2017/18 DSG (less the delegated schools budget). The DSG continues to be at the lowest level of underspend for several years.

The government has released the indicative funding settlements for 2018/19 and 2019/20 relating to schools and high needs. The government has provided a degree of stability for LAs funding relating to the 'schools central block' and 'high needs block'. The LA has applied prudence when setting central budgets due to the demand-led nature of budgets (inter-relationship with school practices) and cost implications. It is critical that the LA acts prudently to avoid overspending the DSG.

Before deciding how the uncommitted sum should be used, it is again important to recognise that there are several reasons why the LA must act prudently to avoid overspending the DSG in future years. Several of the budgets are large, demand-led and uncontrollable; the high needs block has experienced a growth in costs in recent years, and the division of the DSG into four blocks will limit budget movement to

respond to financial challenges (for example, LAs will be able to transfer up to 0.5% of their schools block funding out with the agreement of their Schools Forum, and having demonstrated that they have consulted with all maintained schools and academies) is being implemented for 2018/19. Furthermore, under the DfE' regulations, the Schools Forum has to approve the writing off of any DSG overspend if they arise against the future years DSG, and due to the aforementioned funding restraints, the LA cannot take the risk of approval not being given. In view of these and other uncertainties, it is therefore proposed that c.£2.7m of the DSG underspending reported at March 2017 is set aside to finance any pressures that emerge as a result of these uncertainties. This sum equates to c.2% of the 2017/18 DSG (less the delegated schools budget).

The LA does however recognise the financial challenges facing schools even allowing for the additional funding the government is investing in schools from 2018/19 through the national funding formula. The LA is clear that any remaining monies should be put to good use and should not be retained indefinitely. The LA therefore proposing to distribute the 'one-off' remaining balance (c.£3m) to schools. The LA proposes to include the distribution of this one-off funding through the 2018/19 funding formula, and to mirror the DfE's Devolved Formula Capital (DfC) distribution mechanism, i.e. lump sum of £4,000 per school with the remaining funds going through pupil funding. The one-off funding amounts per school sector will be determined upon the October 2017 data being released.

The reason for adopting this approach is to recognise that as part of the government's settlement, DfC has been reduced by 75% in schools, and with cash flat funding, schools will have found it challenging to keep investing in school buildings.

Conclusion

Consultation

a) Have Risks and Impact Analysis been carried out??

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Central DSG Budgets 2016/17 - explanations of major under an overspendings.
Appendix B	2016/17 DSG commitments

Background Papers

Document title	Where the document can be viewed
Revised Schools Budgets 2016/17	http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&MId=4576&Ver=4

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