

# MUNICIPAL YEAR 2014/15 REPORT NO. 10

**MEETING TITLE AND DATE:**

**Agenda – Part: 1**

**Item:**

**Schools Forum  
9<sup>th</sup> December 2015**

**Subject: Schools Budget 2016-17 - Update**

**REPORT OF:  
Director of Finance, Resources  
& Customer Services**

**Contact officer and telephone number:**

**Louise McNamara 020 8379 4720**

**E mail: Louise.McNamara@enfield.gov.uk**

## **1. EXECUTIVE SUMMARY**

The government funding settlement for 2016-17 is expected in mid to late December. A draft budget has been prepared based on initial projections of Dedicated Schools Grant (DSG) and estimated pupil data; this is subject to the actual settlement and dataset in order to finalise allocations. Further reports will be presented to Schools Forum early in 2016 to agree the application of the DSG for 2016-17, including finalisation of the Schools Funding Formula.

## **2. RECOMMENDATIONS**

- 2.1 The Schools Forum is asked to note the draft budget position for 2016-17 as summarised in paragraph 3.1, Table 1, and to comment on options for bridging the remaining budget gap as set out in paragraph 6.
- 2.2 The Schools Forum is asked to agree the following recommendations:
- a) Sector representatives are asked to agree to make a decision regarding the options for services that have previously been de-delegated as detailed in paragraph 4.1.
  - b) Forum are asked to agree the following recommendation:
    - i) Continuation of the growth fund for 2016-17 at a cost of £1.163 (para 4.2)

### **3 Draft Schools Budget 2016/17**

#### **3.1 Indicative DSG and Draft Budget 2016/17**

As reported in October the DSG settlement and datasets will not be announced until mid to late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum in January. The draft budget and resource statement reported to Forum in October has been updated below in **Table 1**.

**Table 1: Draft DSG and Budget 2016/17**

<b>2015/16</b>	<b>£'000</b>
Est DSG Funding 15/16 (incl £1.502 NRA Growth)	308,550
DSG Reserves	2,573
<b>Total Resources Available 2015/16</b>	<b>311,123</b>
<b>2016/17 Estimated DSG</b>	
Early Years (3-4 Year Olds)	13,839
Early Years - 2 year olds	5,718
Schools (5-15 Year Olds)	258,131
High Needs (assumed at 2015/16 levels)	31,458
<b>Estimated DSG Funding 2016/17</b>	<b>309,146</b>
<b>Estimated Variation in Resources</b>	<b>-1977</b>
<b>Schools and Early Years Pressures</b>	
School Formula - est Oct 15 Pupil Nos	1,041
Schools Formula – est Sept 16 Growth	1,759
Schools Formula – est Oct 15 FSM nos	-1,026
<b>Total Formula Change</b>	<b>1,775</b>
Early Years – 3 & 4 year old provision	323
Early Years – 2 year old provision	-612
<b>Other Budget Pressures &amp; Adjustments</b>	
Growth Fund	-205
Rates – revaluations and uplift	140
Formula Adjustment – prim split site factor	100
Union Duties – to reflect actual costs	37
Central Licences – to reflect actual costs	87
<b>High Needs Pressures</b>	
Exceptional Needs	137
Outborough SEN Placements	800
Post 16 SEN Placements	395
Recoupment Post	-25
<b>Total Pressures</b>	<b>2,951</b>
<b>Total Deficit in Budget</b>	<b>-4,928</b>

This initial forecast of DSG and spend in 2016/17 is based on estimated October 2015/ January 2016 census data, and predictions of growth in NRAs, together with 2015/16 unit rates:

**Assumptions in Table 1** should be noted as follows:

- DSG allocations will be 'flat cash' based on 2015/16 rates. This is based on operational and technical guidance for 2016/17 which was issued by DfE on 16 July.
- Schools Block element of DSG has been based on indicative pupil numbers data from the October 2015 census and will be revised when the DfE dataset is received in December. The profile for the factors used in the funding formula has been based on the October 2014 dataset.
- Changes in FSM numbers as recorded in the October 15 census have now been built into the projections resulting in a net reduction of approximately £1m in formula funding requirement
- Early Years Block element of DSG has been based on actual January 2016 numbers and estimated January 2017 numbers in PVI and Maintained settings
- Two Year Old Funding has been based on actual take up from April 2015. Estimated income has been based on actual January 2016 numbers and estimated January 2017 numbers. Estimated expenditure is based on projections of placements across the year.
- High Needs pressures that have been identified for 2016/17 have been included in the projections but further work will be carried out in the next few weeks and the final pressure may vary from the figure included
- Projected formula allocations for primary and secondary schools include expenditure of £1.759 in relation to the in year growth, the majority of which relates to former non-recoupment academies. This mid-year increase in pupil numbers is not reflected in the DSG allocation so this is an additional cost for the authority

### **3.2 Pupil Number Data**

**Table 2** shows the movement from October 2014 pupil numbers to October 2015 based on our own census data.

Primary numbers continue to rise with an increase of 723 between October 2014 and October 2015. This increase in numbers is split fairly evenly across maintained schools and academies. We are still required to fund in year growth for new schools that have not yet got pupils in all year groups. The increase of 212 pupils (364 pupils \*7/12) comprises 26 in maintained schools (Edmonton County) and 186 in academies.

Secondary numbers have increased overall, with increases in growing academies offsetting reductions in numbers in some maintained schools and academies, some of which are significant.

**Table 2: Pupil Number Data**

Sector	Census October 2014	Estimated Census October 2015	Variance
Early Years (3&4YO)*	3,489	3,505	16
Primary	31,148	31,871	723
Primary Growth (Sept 16)	233	212	-21
Secondary	17,855	17,911	56
Secondary Growth (Sept 16)	137	158	21
Total	52,862	53,657	795

\*Early Year numbers based on estimated net numbers funded for DSG in 2016-17

#### **4.0 Services provided by the Local Authority from de-delegated budgets and pooled budgets**

##### **4.1 De-Delegated Services**

Under the Schools and Early Years 2012 regulations certain services can be provided centrally if the Schools Forum, on behalf of the maintained schools in a phase, gives agreement to the de-delegation of part of their budget to fund the service. This approval for de-delegation is required on an annual basis. It should be noted that academies are not required to agree to this process, but may buy back services from the Local Authority from their allocated budget share.

The Table of De-delegated Services below has been prepared on the same basis as previous years

**Table 3: De-delegated Services 2016-17**

Budget	Sector	Total Budget	Allocation per pupil / FSM *
		£	£
Licenses & Subs - CLEAPPS	Prim & Sec	6,020	0.12
Free School Meals Eligibility	Prim & Sec	68,290	6.40
Maternity	Prim	273,990	8.54
	Sec	86,370	4.78
Staff Advertising	Prim & Sec	15,050	0.30
Primary Pool	Primary	18,290	0.57
Union Duties	Prim & Sec	143,940	2.87
Public Duties	Prim & Sec	2,010	0.04
Library & Museum Services	Prim	22,460	0.70
Long Service Awards	Prim & Sec	5,520	0.11

Budgets would be delegated on a per pupil basis with the exception of the Free School Meal Eligibility assessment budget which will be allocated on FSM eligibility. The per pupil allocations shown above are based on indicative data from the October 2015 census and will be revised once the DfE dataset has been received but the changes are expected to be minimal. The maximum level of de-delegation

per pupil is £13.93 per pupil secondary and £18.96 per pupil primary which is low compared to other local authorities.

It is proposed that with effect from 2016/17, the Licences and Subscriptions funding is now held centrally for all licences apart from CLEAPPS (Consortium of Local Education Authority for Provision of Science Services). The DfE now arranges the majority of licence cover for schools and academies centrally and the DSG is top sliced for the cost of this cover. As we have no control over this arrangement it would seem reasonable that this funding is retained centrally. CLEAPPS is still arranged locally and the table details the expected cost.

For 2016/17 there are various options in relation to these services

**Option 1** – Continue to delegate this funding and operate these services on a de-delegated basis

**Option 2** – Delegate this funding to schools and offer services on an SLA basis where this is appropriate

**Option 3** – Delegate funding to schools with no de-delegation/SLA

Funding for 14-16 Practical Learning Options is currently delegated to schools at a rate of £6.52 per pupil, within the AWPU allocation. This has previously been subject to a pooled arrangement but can now be treated in line with one of the 3 options detailed above.

#### **4.2 Growth Fund**

The estimated cost of funding pupil growth in 2016-17 based on the methodology previously agreed by School's Forum is £1.163m, which is a saving of £0.2m from 2015-16. This saving largely relates to school expansions programmes that have now been completed. Schools Forum are asked to agree to the continuation of the Growth Fund at this level for 2016-17.

### **5. Other Schools Funding**

#### **5.1 Pupil Premium**

The DfE have not made any announcements regarding the 2016/17 funding for pupil premium but the November spending review stated that funding would be protected in cash terms.

#### **5.2 Sixth Form Funding**

Funding rates for 2016/17 academic year have not yet been announced. Funding is expected to be at 2015/16 rates e.g. £4,000 per learner plus funding factor applications.

## **6. OPTIONS FOR CLOSING THE FUNDING GAP**

The final budget position will not be confirmed until the DSG settlement is received in December. However it is not anticipated that the position will improve significantly, in which case decisions need to be made to close the funding gap identified in para 3.1. Schools Forum are asked to consider the following savings options:

### **Option 1: Reduce Schools Formula Funding:**

This was discussed at Schools Forum last year, with a number of options considered including: reduction of the AWPU; reduction of the lump sum and reduction of other formula factors. Feedback was that a reduction to the AWPU was felt to be the fairest way of allocating a saving across services. Given this feedback we have only modelled this option at this stage, although consideration could be given to other options if required.

#### **Reduction in AWPU**

As a rough guide reducing AWPU by £25 produces a saving of £1.25m. The impact of MFGs reduces this to just over £760k. An average primary with 440 pupils would lose £11k funding and a 1000 pupil secondary would lose £25k, less any MFG protection that they received

The results of the modelling showing the expected impact of a reduction to AWPU on individual schools is summarised in **Appendix A**. It should be noted that all modelling is indicative only at this stage pending the receipt of the 2016-17 dataset and settlement and the impact of MFG.

### **Option 2 : Reduce Centrally Retained Budgets (Schools Block & Early years)**

Schools Forum approve centrally retained budgets within the schools and early years blocks annually. The budgets allocated are detailed in the next report on the agenda, together with details of the services provided and the outcomes delivered from the application of this funding. The Education Resources Group has reviewed these budgets and has suggested reductions which will be discussed in consideration of that report.

### **Option 3: Reduce Centrally Retained Budgets (High Needs block)**

There are significant pressures on the High Needs block budgets this year, particularly in the areas of Outborough SEN Placements and Post 16 High Needs Placements where there are forecast overspends of £750k & £400k. This limits the ability to make reductions in the pupil led budgets and means that additional resources may need to be diverted from the Schools block to the High Needs block to address this pressure. However a review of High Needs budgets is being undertaken by Schools and Children's Services officers with a view to making savings in some of the central budgets to contribute to this pressure. This will be reflected in the final budget and will be reported in January.

## **DSG Reserves**

£2.5m of reserves was used to supplement budget resources in 2015/16 and to create a contingency of £2m to offset predicted pressures in the High Needs block. It was highlighted to Schools Forum on taking this decision that this was one-off funding which would not be available in 2016/17.

DSG reserves are currently around £1.2m and this is likely to reduce at year end unless the current budget forecast improves. The latest monitor shows a forecast overspend £1.1m.