

BUDGET POSITION 2016/17

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1. Purpose

To advise the Schools Forum of the latest Dedicated Schools Grant (DSG) allocation for 2016/17 and the period 6 budget monitoring position for 2016/17.

2. Recommendations

That the Schools Forum notes the level of DSG for 2016/17 and the latest outturn position as reported for period 6.

3. Issues

Latest DSG Position for 2016/17

- 3.1 There have been no changes to the DSG allocation from what was reported when the budget was set for 2016/17. The final allocations for the Early Years block have recently been received and will be updated in the next reporting period.

Latest 2016/17 Budget Monitoring Position (Period 6)

- 3.2 This report details the income and expenditure on the DSG for 2016/17. The DSG is a ring-fenced grant that must be used in support of the Schools Budget as defined in the School and Early Years Finance (England) Regulations 2015. It cannot be used for any other purpose and is not available to support general council services.
- 3.3 The 2016/17 budget was set with an estimated deficit balance of £0.099m by 31 March 2017. However, it is now forecast that the deficit at the end of the year will be £1.092m, £0.993m greater than originally. This deficit will be carried forward and be a first call on the 2017/18 DSG, unless other savings can be found from DSG budgets during the year.

3.4 A summary of the forecast variances is shown in the following table.

Table 1: 2016/17 DSG Summary

2016/17 DSG Summary	Budget	Forecast	Variance
	£m	£m	£m
Income	(219.770)	(219.867)	(0.097)
Expenditure			
ISB	192.331	192.340	0.009
Central Spend LA	0.430	0.616	0.186
Central Spend Schools	1.963	1.706	(0.257)
Central Spend Early Years	0.252	0.252	0.000
Central Spend High Needs	24.873	25.724	0.851
Total Expenditure	219.849	220.638	0.789
In-Year Deficit	0.079	0.771	0.692
Balance B/fwd 1/4/2016	0.020	0.321	0.301
Estimated Balance c/fwd at 31/3/2017	0.099	1.092	0.993

3.5 There are a number of forecast variations against the budget, the most significant of which are shown in the table below. A more detailed analysis of the budget and forecast appears at Annex 1.

Table 2: Significant Forecast Variations to the DSG Budget

Budget Area	Variance against Budget	Change since June Forum	Comment
	£m	£m	
DSG Income	(0.097)	0.000	At the end of 2015/16, (£0.097m) relating to early years pupil premium was carried forward in the deficit balance on the assumption that this was ring-fenced and would need to be paid back to the DfE. It has been confirmed by the DfE that the balance will not need to be repaid and any underspend can be released into overall balances.
ISB	0.009	0.053	At the time the budget was set, an inflation rate of 2% was applied to the business rates element of the schools funding formula. The actuals have now been calculated and have resulted in an underspend of (£0.044m). However, there has since been a rates revaluation for Jubilee Wood Primary School of £0.053m due to the school extension.
Central Spend LA	0.186	(0.001)	There have been an increased number of admission and appeal applications and as a result this budget is forecast to overspend by £0.186m. This is in line with the overspend in last financial year but the regulations do not allow for the budget to be increased.

Central Spend Schools	(0.257)	(0.304)	<p>A payment of £0.047m to Whitehouse School for prior to opening funding as part of the growth fund criteria should have been paid last financial year but the school was not set up to receive it and therefore has been paid this financial year. This was included as part of the balance carried forward from the 2015/16 financial year.</p> <p>To date there has only been one rates revaluation (Jubilee Wood) against a contingency budget of (£0.150m) so this has been released. However, if there are any increases in schools rates bills later in the year this will be a pressure on the DSG.</p> <p>The budget for Independent Schools Fees (non SEN) is currently forecasting nil spend. This budget has been in place to support an historic placement which has since changed thereby reducing the overspend by (£0.150m).</p>
Central Spend High Needs	0.851	0.851	<p>Independent Special School Placements is currently forecast to overspend by £0.802m because the cost and number of joint social care and education placements has increased. The 22 most expensive placements are forecast to cost £3.526m for the year (there are 54 active placements in total as at July 2016).</p> <p>There is also a £0.049m overspend due to delays in HR processes required to deliver the SEND restructure and this has led to the full saving not being achieved in 2016/17.</p>
Balance Brought Forward	0.301	0.000	<p>At the 2015/16 year end the balance on the DSG was £0.321m, which was significantly worse than the forecast carry forward predicated at the time the budget was set. This was predominantly due to an increase in top-ups by £0.426m and additional take up in early years by £0.213m. These additional costs were in part offset by an underspend in growth (£0.128m) due to delays in opening of new schools.</p> <p>There was also a reduction in the ISB requirement (£0.240m) of the school budget share which was identified after the 2016/17 budget was set and therefore given the worsened carry forward position, this budget was allocated here to reduce the overall pressure.</p>
Net Position	0.993	0.599	