

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive - People
and Director of Finance and Resources

to
Education Board

on
7 June 2017

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Schools Budget 2016/17 Final Outturn

1 Purpose of Report

To update the Education Board on the final outturn for the 2016/17 schools budget.

2 Recommendation

- 2.1 Education Board are asked to note the final outturn for the 2016/17 schools budget, and the final level of carry forward balance into 2017/18.

3 Background

- 3.1 This report sets out the final outturn for the 2016/17 schools budget.

4 2016/17 Schools Budget

- 4.1 Appendix 1 provides the final DSG Budget, final outturn and final variance for 2016/17 including summarised commentary on final variances.
- 4.2 The budget is presented as a gross budget which includes allocations which are recouped by the Department for Education (DfE) in order to pass funding onto Academies. The recoupment figures are reported in separate columns. This report seeks to explain the final variances.

Schools Block

- 4.3 The Schools block contains the £112M budgeted for mainstream schools in Southend including Academies. As this was set by the funding formula in early 2016, there is little overall variance, but the forecast outturn column shows the amount allocated directly to maintained primary and secondary schools and the amount recouped for Academies by the DfE.
- 4.4 The final variance for the block is £247,000 underspent. This is mainly due to the recoupment figure being adjusted to reflect lower business rate charges as Academies qualify for 80% charitable relief.

Early Years Block

- 4.5 The total final small underspend on the Early Years Block is £6,000, after adjusting for the settlement of DSG Early Years funding accrued from 2015/16.

High Needs Block

- 4.6 The total final overspend on the high needs block is £827,000. The overspend has continued to increase, having risen a further £118,000 since the last forecast outturn report in March 2017. This is clearly an unsustainable financial position and financial recovery plans must continue to be put in place to ensure expenditure is aligned to high needs block funding allocation for 2017/18.
- 4.7 From the March Education Board position, the following further material movements have taken place:

	Variance since March £ increase / (decrease)
Decrease relating to Seabrook PRU top up funding reclaim	(61,000)
Top-ups for statemented pupils – Secondary phase	86,000
Top-ups for out of borough placements	178,000
Post 16 Top-ups	(72,000)
Other	(13,000)

- 4.8 As can be seen in Appendix 1, the primary cause for the overspend is the value of top-ups in St Christopher's (Pre-16), St Nicholas and Kingsdown where Southend pupil occupancy is significantly above 85% of pupil place numbers budgeted, combined with a continual shift to higher banded top up levels. In addition there is considerable pressure against budget across EHCP top ups in the Primary Phase and Out of Borough top ups and Independent Hospital costs.

- 4.9 Clearly this is an unsustainable position going forward, and work is still underway to rebalance the High Needs Block, so that expenditure can be controlled within DSG resources made available

Centrally Retained

- 4.10 The final underspend for centrally retained is £111,000.

Income

- 4.11 The final total DSG 2016/17 allocation was £139.547M. The recouped amount was £73.465M. An Early years DSG 16/17 estimated debtor adjustment has been raised of £0.2M due to the provisional DSG early years block being awarded on January 2015 census data and where early year pupils numbers will have increased.

Overall Position for 2016/17 Budget

- 4.12 The final bottom line overspend of £462,852 against the budgeted £140.552M is set out below.

Block

Schools	(£247,000)	Underspend
Early Years	(£6,000)	Underspend
High Needs	£827,000	Overspend
Centrally Retained	(£111,000)	Underspend
	£463,000	Overspend

DSG reserve balance

DSG B/FWD 2015/16	£1,594,000	
Planned use of Balances in 16/17	(£805,000)	
Unplanned use of Balances	(£463,000)	Overspend
Final DSG balance C/FWD into 17/18	£326,000	

- 4.13 This overspend will need to be met from DSG balances brought forward from 2015/16, this now only leaves £326,000 in reserves to flow forward to support the schools budget in future years.

5 Conclusion

- 5.1 This report has set out the final outturn for 2016/17. It highlights the continually need to address spending on the High Needs Block as a matter of urgency so as to bring it sustainably back within the funding resource available.

6 Appendices

Appendix 1 – DSG Budget 2016/17 – Final Outturn