

SCHOOLS FORUM - 8 DECEMBER 2016

Title of paper:	CENTRAL EXPENDITURE BUDGET 2017/18
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Summary

This report presents the Council's proposed Central Expenditure budget for 2017/18 which is prepared in accordance with the financial regulations issued by the Department of Education (DfE) and forms part of the Dedicated School Grant (DSG) budget.

This report includes a detailed analysis of central expenditure since 2014/15 as set out in **Appendix A**. This appendices also includes:

- A description of the service being delivered.
- Where applicable the contribution the service makes to a wider service delivery.
- The educational outcomes of the service.

Appendix B provides more information on each service being funded from within the Schools Block.

Recommendation(s):

1	Approve Schools Block central expenditure for 2017/18 totalling £6.472m as set out in Appendix A for items 1-9.
2	Note the High Needs Block central expenditure for 2017/18 totalling £5.322m as set out in Appendix A .
3	Note that the central expenditure has not breached in 2017/18.
4	Note that the approvals gained from this report will be incorporated into the final budget report for 2017/18 to be presented to Schools Forum on 19 January 2017.
5	Note that this report does not include any recommendations relating to Education Service Grant (ESG).

1 REASONS FOR RECOMMENDATIONS

- 1.1 To enable the development of the Schools DSG budget and for the Local Authority to achieve the deadline of the 28 February 2017 for indicative budgets to be issued to Schools, this is a DfE statutory deadline.

- 1.2 Under the Schools & Early Years Financial Regulations and the Schools Forum Operational Guidance issued in March 2015, Schools Forum approval is required for individual central expenditure items in the Schools and Early Years block.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The purpose of this paper is to gain the appropriate central expenditure approvals in order to progress the budget process.
- 2.2 The budget setting process aligns to the Operational Guidance issued by the Education Funding Agency in July 2016; this is set out in **Table 1** below:

TABLE 1: CENTRAL EXPENDITURE APPROVALS	
Approval required	Services covered (and funding block)
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none"> ✓ High needs block provision ✓ Central licences negotiated by the Secretary of State
Schools forum approval is required on a line-by-line basis.	<ul style="list-style-type: none"> • Early years block provision • Funding to enable all schools to meet the infant class size requirement • Back-pay for equal pay claims • Remission of boarding fees at maintained schools and academies • Places in independent schools for non-SEN pupils • Services previously funded by the retained rate of the ESG
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period.	<ul style="list-style-type: none"> ✓ Admissions ✓ Servicing of Schools Forum
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into since April 2013.	<ul style="list-style-type: none"> ✓ Capital expenditure. ✓ Contribution to combined budgets ✓ Existing termination of employment costs ✓ Prudential borrowing costs.
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools.	<ul style="list-style-type: none"> • Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy • Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years

The ✓ denotes those services included in **Appendix A**.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG.

4 OUTCOMES/DELIVERABLES

- 4.1 To obtain an agreed 2017/18 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2017.

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 **Appendix A** shows the line by line detail of central expenditure totals within the following blocks:

- Schools £6.472m
- High Needs £5.322m

Appendix A also includes the following information by service:

- Description of the service
- Contribution of the service to a wider service.
- Educational outcomes of the service.
- 2014/15 and 2015/16 outturn position with variance commentary where appropriate.
- 2016/17 budget allocation, current forecast outturn and variance commentary where appropriate. Also included is a budget spend analysis of the funding allocation.
- 2017/18 budget allocation.

Appendix B provides more detail regarding what the funding supports within the Schools Block.

- 5.2 The central expenditure in the schools block has reduced by £0.634m from the 2016/17 approved budget.

The central expenditure in the High Needs block has increased by £0.350m since the 2016/17 approved budget. This is due to:

- Increased costs of £0.120m associated with Fair Access as approved 5 November 2015.
- Increase in the costs associated with Asylum Seekers course of £0.026m due to demand.
- Carbon Reduction Commitment on Pupil Referral Units has increased by £0.004m.
- Maintenance budget of £0.200m to support High Needs statutory requirements.

- 5.3 Early Years Central expenditure forms part of a report titled 'Early Years Funding Formula 2017/18' being presented on 8 December 2016 to SF.

- 5.4 The Schools and Early Years Financial Regulations 2015 require SF to approve the Schools and Early Years blocks with any in year under spends allocated back to the DSG reserve to be carried forward to support those services in 2017/18, this is set out in the Financial Regulations 2014, Part 2, Chapter 1 paragraph (8).

- 5.5 Any approvals required for the distribution of ESG will form part of a separate report once the guidance from the DfE/EFA has been received.

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2015. However, these regulations apply for the financial year starting 1 April 2016 only and are updated annually. The 2016 draft regulations have not yet been produced but on the basis that the substance of the regulations will not change, in relation to the matters which are the subject of this report, from the 2015 Regulations, this report seeks to address the requirements of those Regulations. However, it will be necessary to review these proposals once 2016 regulations have been produced

7 HR ISSUES

7.1 In the event that Schools Forum DO NOT support/agree the continuation of any funding arrangements as outlined in this budget report, there could be significant workforce implications that would need to be detailed in separate Chief Officer and Departmental Leadership Team reports. This could include potential employment / contractual obligations, costs and risks to the authority, taking into account appropriate timelines. Management need to consider potential exit payments of any affected post holders.

8 EQUALITY IMPACT ASSESSMENT

8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 N/A

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 DfE - Schools and Early Years Financial Regulations 2015.

10.2 DfE – Children’s & Families Act 2014