

| Schools Forum | | | |
|----------------------|------------------------------------------------------|-----------------|----------------------|
| REPORT TITLE | Financial Update and Budget Monitoring Report | | |
| KEY DECISION | Yes | Item No. | 7 |
| CLASS | Part 1 | Date | 17 March 2016 |

1. Purpose of the Report

This report looks at the budget monitoring position of the Dedicated Schools Grant, it considers the financial position of the mutual funds held by the Forum, it looks at the latest position on capital funding,

2 Recommendation

The Forum agree

- the contingency bid for Edmund Waller of £79k
- the use of contingency funds for the £313k backdated NNDR bill for Beecroft Primary

3. School Budget Monitoring Returns

3.1 The December budget monitoring returns were due by the end of January. The latest indications are that the schools carry forward at the end of the year will be £7.2m

3.2 This £7.2m compares with a forecast of £11.6m at December 2015. Indications from the returns in previous years would suggest there is an element of under forecasting of the year end balances. If we assume a degree of under forecasting for this year, the schools carry forward at the end of 2015/16 is likely to be around be £10m, which is lower than the 2014/15 figure of £13.9m.

3.3 To date we have now received the following returns

| | Received | Under Query | Outstanding |
|----------------|----------|-------------|-------------|
| Primary | 63 | 10 | 3 |
| Secondary | 9 | 3 | 2 |
| Special | 5 | 1 | 0 |
| Nursery School | 2 | 0 | 0 |
| PRU | 1 | 1 | 0 |

3.4 The timetable for reminders to schools is as follows

| | |
|---------------------------------------------------------|------------------------|
| Email from School Finance Team to school bursar | 1 week after deadline |
| Email from School Finance Team to Headteacher | 3 weeks after deadline |
| Letter will be sent from the Head of School Improvement | 5 weeks after deadline |

Note – there are two monitoring returns required each year, one at the end of September and the other at the end of December. A school is allowed one month to submit its return.

- 3.5 At the start of the year there were two secondary schools with deficit budgets, Sedgemoor and Deptford Green and one primary school, All Saints. The current budget monitoring returns from schools indicate the difficulties the Secondary schools face. There are likely to be 4 more secondary schools in deficit by the year end and one further primary school. Apart from one, the remaining secondary schools are only just balancing their budget.

4 High Needs SEN

The cost pressures on the High Needs Block remains. There are a number of issues being faced

4.1 Specialist Post 16 places located in other Local Authorities

Post 16 funding is similar to the funding of our special schools and resource bases. A local authority commissions the places (the base funding of £10,000) and a top-up is paid when a young person attends. The difference for post 16 is the local authority where the establishment is situated commissions all the places for not only their young people but also for all other local authorities who place young people at the college. Hence for Lewisham College we have to commission enough places for our own children as well as children outside of Lewisham.

The providers where we are placing our young people are saying enough places have not been commissioned by their own Local Authority and are demanding extra funds from us. The EFA do not allow changes to the commissioned numbers during a year and it is left to us to negotiate with the provider an appropriate part of the £10,000 amount.

- 4.2 Work continues to establish the cost being borne by Children's Social Care for the education element of residential placements, it is thought to be in the region of £300k.

4.3 Child and Adolescent Mental Health Services (CAMHS)
NHS England have been looking at the education element of their CAMHS provision and are now starting to charge the cost to Lewisham, which has not been the case in the past.

4.4 Commissioned places

Within next year's savings total there was a proposal to reduce the number of commissioned places in special schools and resources basis. The budget was built around an assumption that the places would reduce overall by 70 from September 2016. The likely reduction is now thought to be 18 which will leave a shortfall of £300k next year.

5. Post 16 funding

Schools have been notified of their post 16 funding. The funding is detailed below:

**Year On Year Impact Of EFA 6th Form Funding Notification
(Fin Year)**

| | 2016/17 Actual | 2017/18 Full Year Effect |
|---------------------------|-------------------|-----------------------------|
| Addey and Stanhope School | -106k | -63k |
| Forest Hill School | -162k | -70k |
| Prendergast School | -101k | -81k |
| Sedgehill School | -344k | -180k |
| Sydenham School | -45k | -25k |
| | -758k | -419k |

6. Mutual Funds

The Schools Forum has a number of mutual funds it manages on behalf of schools. At the end of the year any balances are returned to schools or rolled forward to the next year. The current position of the funds is described below:

| Fund | Budget | Spent or committed to date | Balance |
|----------------|--------------|----------------------------------|-------------|
| | £000 | £000 | £000 |
| Growth Fund | 1,792 | 1,572 | 220 |
| Contingency | 1,510 | 1,030 | 480* |
| Maternity Fund | 800 | 648 | 152 |

*£88k if proposals in this report are accepted.

6.1 Growth Fund

Growth Fund allocations for the year have been made in the following categories-

| | |
|-------|----------------------|
| £961k | Permanent Expansions |
| £353k | Bulge Classes |
| £258k | Ongoing Resources |

6.2 Contingency

No contingency de-delegation charge has been actioned in 2015/16 as Forum agreed that the brought forward balance would be sufficient for this year.

To date there have been five calls on the Contingency Fund

- £178k to cover the Growth Fund shortfall in 2014/15
- £99k falling rolls allocation for Sydenham (to maintain staffing levels during a temporary dip in pupil numbers)
- £115k backdated NNDR charge for the Rushey Green Primary rebuild.
- £120k EAL student placements at Lewisham College
- £518k of High Needs Block overspend

As reported to the last meeting of Forum, the NNDR charge has now been calculated for the new Beecroft School building. The cost is £313k and will need to come from the contingency. The level of the adjustment is high as the back dating is for so many years.

Over the past few months a number of issues have been identified by schools whereby they believe that they have been promised funding by the Local Authority. Evidence is sometimes scarce to corroborate this and each case is taken on merit. One such case is Edmund Waller and the funding of the partnership with Holbeach, where documentary evidence has been furnished. Funding was given to the school for the first two years of the partnership with a promise for the third year (2015/16).

A clear principle of clarity, consistency and transparency has been adopted. This will mean any allocations to schools beyond normal funding and outside the growth fund and fixed criteria will be reported to the Schools Forum to agree in the first instance. With this backdated case, the Forum is asked if they will agree the funding from the schools contingency. The sum involved for the Edmund Waller / Holbeach partnership is £79k.

If agreed, the Holbeach bid and the Beecroft NNDR charge will result in a contingency balance of £88k.

6.3 Non-Sickness Supply Fund

The de-delegation charge for non-sickness supply cover for 2015/16 is £800k. To date the summer and autumn term claims have been paid. These totalled £648k.

The Spring term claims have not yet been processed and forecasting future claims is difficult; the 2014/15 financial year bucked the previous trend, such as it was. However, it would seem certain that this fund will end 2015/16 overspent, especially as the number of claims received is greater than in previous terms

The summer and autumn term claims breakdown is as shown in the table below:

| Phase | Claim Type | Number | Amount £ | Average £ |
|------------|----------------|--------|-------------|--------------|
| Nursery | Maternity | 1 | 5,644 | 5,644 |
| Primary | Jury Service | 3 | 5,777 | 1,926 |
| | Maternity | 39 | 258,763 | 6,635 |
| | Paternity | 6 | 8,175 | 1,363 |
| | Suspension | 2 | 3,788 | 1,894 |
| | TOFTUA | 2 | 48,957 | 24,479 |
| | | 52 | 325,460 | 6,259 |
| Secondary* | Adoption Leave | 1 | 2,792 | 2,792 |
| | Jury Service | 1 | 1,325 | 1,325 |
| | Maternity | 32 | 263,340 | 8,229 |
| | Paternity | 7 | 10,824 | 1,546 |
| | Suspension | 2 | 5,683 | 2,841 |
| | | 43 | 283,964 | 6,604 |
| Special | Maternity | 3 | 29,694 | 9,898 |
| | Suspension | 1 | 3,662 | 3,662 |
| | | 4 | 33,356 | 8,339 |
| | | 100 | 648,424 | 6,484 |

* includes all-through schools

7. Capital Funding

7.1 The basis of the calculation of Devolved Formula Capital has remained unchanged. Every school will receive a fixed lump sum and a variable amount based on pupil numbers. The lump sum and per pupil rates will stay the same for the next 2 years. The pupil numbers used are based

on the previous January school census (i.e. 2016/17 DFC allocations use the Jan 2015 census data).

- 7.2 For Devolved Formula Capital, each institution gets a fixed lump sum of £4,000 and a variable amount based on their pupil numbers multiplied by the appropriate rate per pupil.

| | Per Pupil |
|-------------------|-----------|
| Nursery / Primary | £11.25 |
| Secondary | £16.88 |
| Post-16 | £22.50 |
| Special | £33.75 |

- 7.3 In 2015/16 the DFE introduced a new School Condition Allocation to replace the school maintenance allocation. It has three components:

- Core condition funding based on pupil numbers;
- High condition needs funding for those with disproportionately high needs; and
- Floor protections to provide some stability in the transition to the new system.

- 7.4 The funding allocations for this and last year are shown below

| | Devolved Formula Capital | | Maintenance | | Total |
|----------------|--------------------------|-----------------|----------------------------|-----------------|--------------|
| | Local Authority | Voluntary Aided | Local Authority | Voluntary Aided | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2015/16 | 596 | 215 | 3,344 | 989 | 5,144 |
| | Devolved Formula Capital | | School Condition Allowance | | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| | 2016/17 | 605 | 217 | 3,345 | 990 |

- 7.5 Basic Need

Basic need funding is allocated on the basis of a comparison of forecast pupil numbers with school capacity, with shortfalls in capacity attracting funding. The allocations for financial year 2017-18 are based upon the projected need for new places by September 2018.

7.6 The allocation for Lewisham is as follows

| Total Basic Need allocations (announced February 2015) | Amount payable 2015-18 | | | |
|-------------------------------------------------------------------|-------------------------------|---------------------------|----------------|-----------------------------------------------------------------------------------------------------------------|
| | 2015-16 Top Up | 2016-17 Top Up | 2017-18 | Additional payment towards new primary schools / whole primary school expansions (to be paid in 2017-18) |
| 10,572,584 | 0 | 0 | 9,435,400 | 1,137,184 |

7.7 Additional allocations for 2015-17

The 2015-17 basic need funding included £300 million held back for those Local Authorities with unexpected increases in forecast pupils. This has been allocated, alongside the funding for 2017-18. Lewisham does not meet the criteria and will not receive any of this funding.

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