

<b>Schools Forum</b>			
<b>REPORT TITLE</b>	<b>School Budgets 2017/18 And Financial Update</b>		
<b>KEY DECISION</b>	<b>Yes</b>	<b>Item No.</b>	<b>8</b>
<b>CLASS</b>	<b>Part 1</b>	<b>Date</b>	<b>22 June 2017</b>

## **1. Purpose of the Report**

This report considers the schools budget returns for the next three years and updates the Forum on the latest financial issues

## **2. Recommendation**

The Forum

- i) Note the position on schools budgets,
- ii) Agree the Nursery School protection allocation,
- iii) Note the position of the growth fund and
- iv) Consider whether schools should come together to review the future of the finance package used by schools

## **3. Submission of Budget Plans**

- 3.1 The deadline for schools to submit budget returns to the Local Authority was 1 May, a full month earlier than last year.
- 3.2 The paper under item 5 of this agenda stated that there were 13 schools with deficits at the year-end (31 March 2017). It is anticipated that there will be 13 schools in deficit at the end of March 2018. These are not all the same schools as some schools expect to recover their current deficit during 2017/18 but others are projected to go into deficit.
- 3.3 There are three schools who have not submitted a budget plan this year, two of which are working closely with the Local Authority Officers to develop plans. The third has been written to. Part of the delay has been caused by sickness absence in the school. At this stage last year there were 20 schools who had not submitted budget plans.
- 3.4 Currently officers are performing reasonableness and logic checks on the information provided by schools. Such checks include
  - Does the budget plan income agree with funding notification?
  - Is the carry forward quoted in the budget plan reasonable?
  - How do the budgets set compare to the previous year's expenditure?

- Are pupil numbers predictions realistic

3.5 A table showing the forecast end of year balances for 2017/18 will be tabled at the meeting.

#### **4. DSG central spend**

The central spend is expected to balance at the end of the current financial year as a result of the action taken by the Forum at its January meeting.

There will be a programme of rolling reviews of budgets over the coming year leading into the budget setting meeting in January.

These are scheduled as follows:-

##### **October**

- Education Support Grant
- Growth Fund
- Looked After Children (Education)

##### **December**

- New Woodlands Outreach
- Drumbeat Support
- Participation
- Inclusion Fund

#### **5. Nursery Schools Protection**

##### **5.1 Background**

- The Early Years funding reforms have cut the nursery school funding hourly rate from £7.70 to £4.94.
- The DfE have announced protection for nursery schools.
- This is calculated by a complex formula and the amount of funding provided will not be confirmed until 4 months after the end of the financial year.
- This creates a large amount of uncertainty which makes it difficult for the nursery schools to budget for this and future years.
- The proposal below is in line with the DfE's intention to protect the funding (for statutory hours) and modelling of the likely protection amount.

##### **5.2 Allocation**

- The following is proposed in order to provide schools with enough certainty to plan for the coming three years.

- For 2017/18,
  - the nursery schools funding rate for statutory hours (15 hours universal, free entitlement and 30 hours working families entitlement) will be protected at £7.70.
  - Additional Free Hours will be funded at the new rate of £4.94.
  - a lump sum of £100k will be split equally between the two schools with the aim of assisting the schools with the impact of the reduced AFH funding rate.
  
- For 2018/19, subject to any amended proposals from the DfE
  - the nursery schools funding rate for statutory hours (15 hours universal, free entitlement and 30 hours working families entitlement) will be protected at £7.70.
  - Additional Free Hours will be funded at the new rate of £4.94.
  - a lump sum of £50k will be split equally between the two schools with the aim of assisting the schools with the impact of the reduced AFH funding rate.
  
- For 2019/20, subject to any amended proposals from the DfE, the schools should budget on the basis of
  - the nursery schools funding rate for statutory hours (15 hours universal, free entitlement and 30 hours working families entitlement) being protected at £7.70.
  - Additional Free Hours being funded at the new rate of £4.94.
  
- 2019/20 would be the first year that any overpayment of protection in the preceding two years would be reclaimed from the two schools.
  
- Any amount to be reclaimed for a particular year would be calculated by comparing the amount provided by the DfE with the cost of funding the statutory hours at £7.70 rather than £4.94, plus the lump sum for that year.
  
- Any reclaim would be phased over the remaining years of protection, but not necessarily evenly.
  
- For budgeting purposes the schools should assume a reclaim of £75k in 2019/20 as this will act a) as a reminder of the possibility and b) as prompt to develop outline plans for this level of savings.

## **6. Growth Fund**

Schools Forum made a decision earlier this year that schools would not receive additional funds for recycling a bulge class, as the funding initially was only there to aid cashflow as a result of the lag to funding,

and having the bulge in Year 6 moving straight into Reception means the school will still have the same number of pupils that funding would be based upon.

However, due to the timing of this decision by Schools Forum (happening after schools had made the decision to recycle), and the fact that the information sent out by the council was not explicit regarding the fact that no additional funding would be committed, we had no alternative but to 'top-up' funding on a pro-rata figure based on schools most recent declaration of Year 6 bulge class numbers.

This is a once-off, additional funding amount as a result of the timing of Schools Forum decision and the lack of explicit communication to the contrary. From this point forward, Schools Forum's decision will stand for future recycled bulge classes, which will be made explicit in any further communication on this topic.

## **7. Apprentice Levy**

We now have two months of levy sitting in the digital account waiting to be spent. Whilst it may be problematic for schools to consider taking on new apprentices in the current climate it is worth looking at upskilling existing staff. The rules around training for existing staff are quite strict and any course undertaken must be developmental rather than around current roles. For example, basic admin staff can look towards training to become School Business Managers or can undertake financial management training.

Charlotte Gibson who is the Council's apprenticeship co-ordinator has offered to advise schools on how to go about sourcing particular training. Charlotte has a number of useful links and networks which will make the process easier for schools. Charlotte can be contacted on 020 8314 6452

## **8. NEET**

School Forum allocated £50k to support the local authority in tracking of 16-18 year olds to ensure that they are participating in Education, Training or Employment. The requirement to track and support 16 and 17 year olds will continue, but the upper age limit has been reduced to the end of the academic year in which the young person has their 18th birthday. There is no change to the requirement to track young people with special educational needs or disabilities (SEND) up to their 25th birthday.

The Participation Team within the local authority has CYP targets of:

% 16-18 NEET – under 5%

% 16-18 year old not knowns – end of January 17 - under 10%

The ongoing challenge for the Participation Team has been to ensure that the not knowns do meet the target of 10% or lower. The additional resource from Schools Forum has meant that the Participation Team can react to monitoring the not known cohort more effectively.

At the end of April 2017 the participation figures were:

NEET – 2.3% (141 YP)  
Not knowns – 1.2% (73 YP)  
Combined – 3.6% (214 YP)

This has enabled the outcome to be better than our statistical neighbours: Lambeth 4.8%, Greenwich 4.5%, Islington 4.3%, Brent 4.2%, Waltham Forest 4.0% and Southwark 3.8%.

## **9. Schools' Financial Package**

One software provider selling a MIS and finance package to schools is undergoing change. The organisation has entered into an agreement with another company for the transfer of its MIS business. The deadline for migration of pupil information has been given as October 2017, whilst the annual contract with the provider runs until the end of March 2018. Approximately 40 schools use this provider's finance package and whilst confirmation of the position is being sought, it is possible that schools could be in a position of an unsupported financial package.

Where there are a number of different packages in use, the support the LA can offer to schools is limited by a lack of knowledge and the need to retain staff. It would appear that a review of the finance package needs of schools needs to take place and consideration given as to whether the packages should be standard. It would seem the only way to achieve this is by schools working in partnership.

While significant resources would be required it may be initially that a group of schools should come together to discuss the next steps.

## **10. Conclusion**

Schools face challenging financial circumstances. Essential to managing this is early identification of problems and suitable management action. The proposals in the paper will aid that and the support and challenge will assist schools in ensure they have proper financial management in place.

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