

Outlook for schools' budgets

HASG Governors Forum

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How schools' funding is set

- DfE provides DSG funding to Hertfordshire CC
- Consultation with Schools Forum on split between schools, High Level Needs and Early Years, and on schools funding formula
- Maintained schools then funded by formula by HCC
- Academies funded by EFA, using county formula

Hertfordshire DSG 2015/16

- £699m Schools Block
- £96m High Level Needs
- £63m Early Years

Financial outlook for 2016/17 and later years -- National

- Flat cash per pupil for schools
- “Plan on flat cash” for High Level Needs
- Wait for Spending Review for Early Years

.....and eventually a “national funding formula”

Financial outlook for 2016/17 and later years -- Hertfordshire

Cost pressures next year:

- £9m Inflation
- £3m Teachers pensions full year effects
- £11m National Insurance
- £5m other

Offset by savings of £5m, so net £23m

Financial outlook for 2016/17 and later years -- Hertfordshire

Cost pressures in future for schools:

- Pay and inflation
- National Living Wage
- Ending of use of carry-forwards -- £10m next year

Financial outlook for 2016/17 and later years -- Hertfordshire

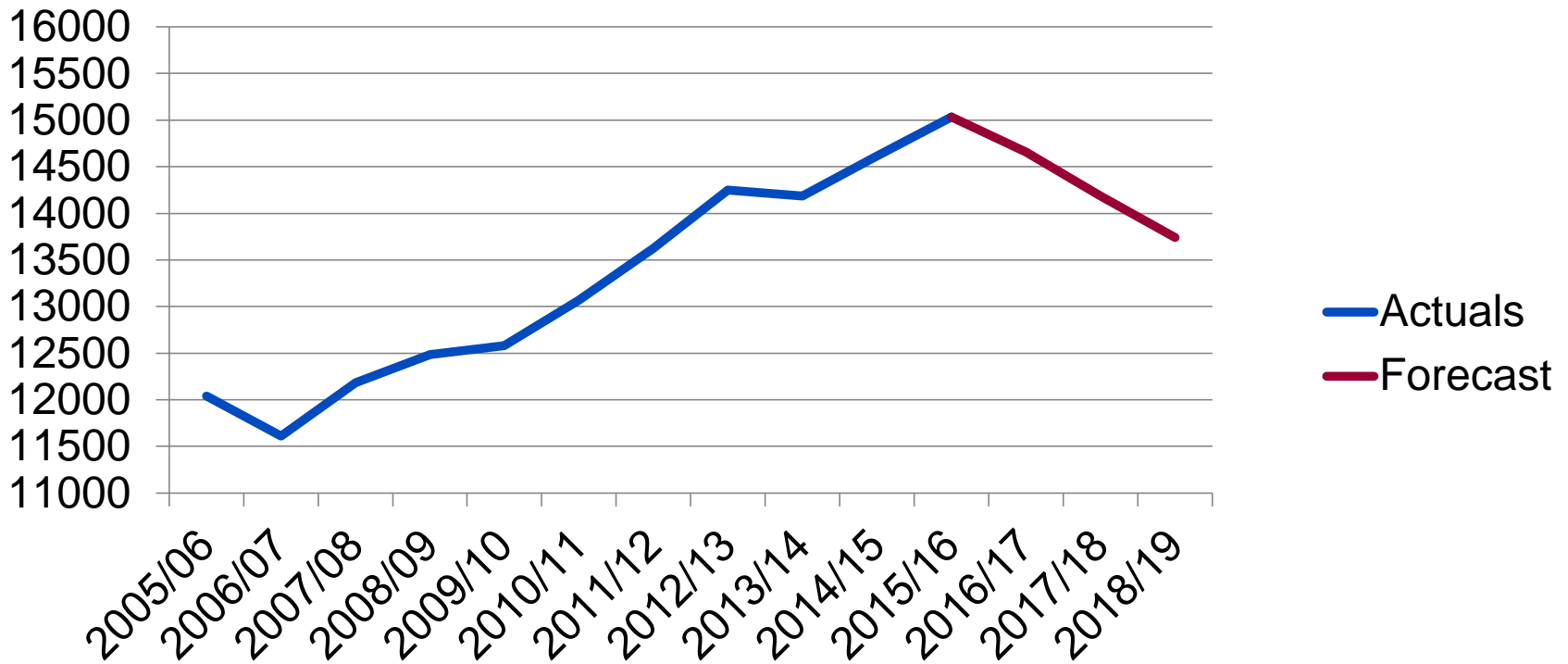
Summary of “real terms” reductions (excluding NLW, pay and inflation over 1%)

	2016-17	2017-18	2018-19	2019-20
Cumulative real terms budget reduction	-2.6%	-3.9%	-5.3%	-6.5%

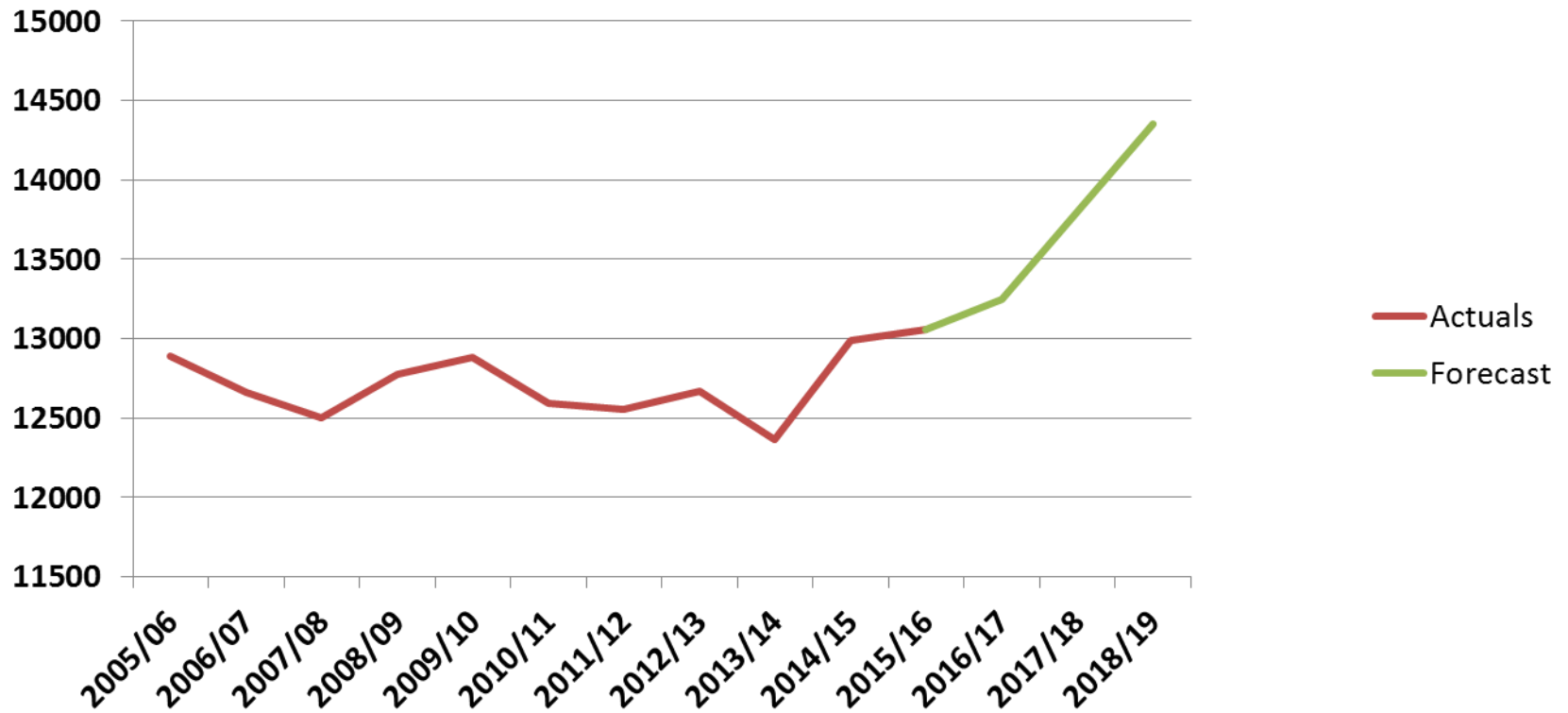
What's happened so far?

- Substantial number of secondary schools in in-year deficit this year – including all maintained secondary schools
- Substantial number of secondary schools expect to end the year in deficit
- Primary position much less pressured, but problems arising for the future
- Low rolls an important factor – but not only one
- Cuts to 6th form funding

Outlook for next year and beyond – primary rolls



Outlook for next year and beyond – secondary rolls



What are we doing – HCC and HfL

Value for money programme with HfL

- VFM hand-book
- Electronic payment systems
- Enhanced HR offer, including pay, HR policy streamlining, management and monitoring of OH contract/provision
- Sickness insurance options
- Other school support services

What are we doing – HCC and HfL

Efficient structures programme

- Options for 6th form collaboration
- Collaborations and federations
- Multi-academy Trusts
- Benchmarking for school budgets
- Review of school staffing and organisational structures – Business Partner provision

HfL will provide advice on options and support to schools in considering changes

Implications for Governors

Working with your Head

- Plan ahead financially
- Consider your choices
- Maintain reasonable balances – we recommend 2% for maintained schools

If things go wrong – Maintained Schools

- Make sure HCC knows if you expect to go into deficit at year-end
- HCC will ensure you do not run out of cash, whilst we discuss the possibility of a loan or licensed deficit, and the action/recovery plans that go with it

If things go wrong - Academies

- Make sure you understand the constraints placed on Academy Trusts in relation to insolvency
- EFA offers loans in some circumstances

Thank you

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