

## Schools Forum - 10<sup>th</sup> January 2019

### Financial Report

The following report contains a detailed breakdown of the financial position of the local area for 2018/2019. The report enables members to note the projected outturn position and the significant factors contributing towards the spend. The report covers the following items

- Projected Outturn position 18/19
- Contextual information regarding Early Years Block
- Contextual information regarding Higher Needs Block
- DSG allocation for 2019/2020
- Position and recommendations

#### Outturn Position 2018/2019

Dedicated Schools Grant (DSG) funded activities are currently forecast to **overspend by £2.716m**, this has risen by £21k since the November 2018 paper.

The following table details the main areas of both over and under spend. Many of these budgets are demand led and will be monitored during 18/19 and revisions reported accordingly.

Budget Heading	Budget	Actuals to date	Projected Outturn	Over / (Under) Spend
Early Years 2, 3 & 4 yr old payments – PVI's	£4.924m	£3.6m	£4.924m	£0
Early Years – ALFEY	£250k	£173k	£260k	£10k
Early Years – Pupil Premium & Disability Access Fund	£129k	£61k	£100k	(£29k)
Early Years – 5% retained element	£370k	£240k	£330k	(£40k)
Joint Funded Placements	£550k	£333k	£420k	(£130k)
Recovery of funding from schools for Excluded Pupils	(£150k)	(£52k)	(£150k)	(£0)
Recovery of funding from schools for MTS	£0k	£0k	(£37k)	(£37k)
Independent Special School Fees	£2.720m	£2.051m	£2,600m	(£120k)
Other packages for EHCP pupils / recoupment from other authorities	£355k	£341k	£670k	£315k
Medical Tuition Service / Virtual School / Hospital Tuition	£1.152m	£831k	£1.132m	(£20k)
School contingencies (Rates, planned pupil growth, NQT induction etc)	£291k	£293k	£294k	£3k
EHCP in-year adjustments (see separate paper for details)	£330k	£454k	£514k	£184k
Special Schools / High Needs in-year adjustments	£514k	£875k	£944k	£430k
School Intervention / Commissioning (includes School Improvement Grant)	£209k	£113k	£159k	(£50k)
Required contribution from reserves in 18/19 to set a balanced budget	(£2.2m)	£0	£0	£2.2m

The areas of significant volatility is the Higher Needs Block. The demand led pressures in these areas are detailed the report.

## Early Years Block Overview

The position remains generally consistent with the previous report provided to School Forum. The Early Years Census data (Jan 2019) will provide us with the overall numbers of pupils on role at the calculation date. Any estimated spend will then be identified as part of this return and forum will receive a full update in March 2019. The budget position continues to be treated with caution until the census has been received and adjustments confirmed by the Department for Education.

The Forum have a planned agenda item for March 2019 to discuss the Early Years budget in greater detail.

The take up of all statutory offers within early years remains high and strong against national comparators.

2 year old offer	71%
3 and 4 year old 15 hours	100%
3 and 4 year old 30 hours offer	92%

## Higher Needs Overview

Torbay continues to have a greater number of children requiring additional support up to and including a special school place than the funds available in the higher needs block. This demand pressures is in the great majority driven by schools requesting additional support and/or that children are assessed for an education health and care plan (EHCP). In addition the Local Area has also seen a rise in the number of requests being submitted directly from parents/carers, particularly in the post 16 phase.

In addition to these placements there continues to be an increase in the request for additional funds above the £6,000 allocated to schools. The following table indicates the position to date. The position has worsened by £37k since the November forum report.

Education, Health & Care Plan Funding for 17/18 & 18/19			
	17/18	18/19	Increase / (Decrease)
Number of pupils with EHCP	373	395	22.00
Number of FTE's with EHCP	353	359	6.00
	£	£	£
Funding below £6k allocated through school formula elements	2,047,279	2,129,835	82,556
Funding above £6k allocated as a top-up per eligible pupil	1,234,164	1,507,657	273,493
EHCP Contingency	200,000	330,000	130,000
<b>In-Year adjustments</b>			
April	25,735	175,869	150,134
May	45,249	18,302	(26,947)
June	13,913	25,258	11,345
July	0	0	0
August	127,405	82,018	(45,387)
September	40,866	69,403	28,537
October	32,141	39,935	7,794
November	6,622	43,236	36,614
December	27,323	27,323	0
January	14,088	14,088	0
February	13,992	13,992	0
March	4,404	4,404	0
<b>Total - In-Year adjustments</b>	<b>351,738</b>	<b>513,828</b>	
<b>Projected (underspend) / overspend</b>	<b>151,738</b>	<b>183,828</b>	
<b>Notes</b>			
Based on Apr 18 to Nov 18 in-yr adjustments, and the same allocation for the remainder of the financial year as 17/18, it is anticipated the EHCP contingency will overspend by		<b>£183,828</b>	

The work conducted by the Higher Needs Recovery Group and the subsequent recovery plan actions are being implemented. Initial work to ensure that funding follows the pupil is being introduced during this financial year. It should be recognised that officers do not anticipate, large sums of money being recovered. The work of the peer challenge group demonstrates that for many pupils, schools are proposing to return a pupil to the mainstream school. This is a good indicator of cultural change and one that will be important to support and develop across the education system.

Another continued pressure is the cost of Special School placements and in year adjustments. Since November 2018 the position has increased by £30k.



## DSG Allocation 2019/2020

The following table demonstrates the breakdown of the DSG allocation for 2019/20 compared to 2018/2019. The notes on the chart should be considered as not all information is currently available to the local area.

Comparison of initial DSG funding between 18/19 and 19/20 before academy recoupment				
	18/19	19/20	Increase /	
	DSG	DSG	(Decrease)	
	as at 20/12/17	as at 17/12/18		
	from ESFA	from ESFA		
Funding type	£	£	£	Note
Schools Block	73,843,330	77,986,361	4,143,031	1
Central Schools Block	1,310,985	1,309,864	(1,121)	
Early Years - 3 & 4 Yr Olds	4,699,302	4,704,370	5,068	2
Early Years - 3 & 4 Yr Olds (Increase to 30 hrs)	1,325,500	1,570,396	244,896	2
Early Years - 2 Yr Olds	1,255,474	1,167,010	(88,464)	2
Early Years Pupil Premium	90,661	91,887	1,226	2
Early Years - Disability Access Fund	37,515	44,280	6,765	2
High Needs Block	17,116,539	17,784,239	667,700	3
<b>Total Initial DSG</b>	<b>99,679,306</b>	<b>104,658,407</b>	<b>4,979,101</b>	
<b>Note</b>				
1. The Schools Block allocation for 18/19 was based on 16,963 pupils and for 19/20 is based on 17,376 pupils.				
1. £1.905m of the growth relates to the increase in pupil numbers (£603k Primary and £1.302m Secondary).				
1. Includes Pupil Growth funding of £567k which has been allocated on a formulaic basis for the first time in 19/20, (£147k in 18/19).				
2. The Early Years allocations for 19/20 will be updated in-year by the EFA once the Jan 19 & Jan 20 numbers are known.				
3. Includes £268k growth, this is Torbay's 19/20 part of the £250m additional funding given nationally.				

## Position

The outturn position of the Local Area continues to be of significant concern. The position remains volatile due to the Higher Needs demands and the limited information available regarding early years at this time.

Officers are beginning to implement the proposals of the Higher Needs Recovery plan which will include some aspects of recharging within this financial year, however it should be noted that this will have limited impact, a figure of £37k has been built into the forecasting at this stage.

It remains likely the projected overspend will continue to rise due to the number of requests being received. The outturn position of an overspend of £2.716m should be treated with caution.

The virement application has been submitted to the Secretary of State and School Forum will need to consider this at the point in which the decision is communicated.

## Recommendation

It is requested that Schools Forum

Note the financial position and continue to work with the Local Authority through the mechanism of the Higher Needs Recovery Group to implement the Higher Needs Recovery Plan and consider the next steps.

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