

## Schools Forum - 7<sup>th</sup> March 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 outturn position and the significant factors contributing towards the spend. The report covers the following items

- Outturn position 2018/2019
- Contextual information regarding Early Years Block
- Contextual information regarding Higher Needs Block
- Position and recommendations

### Outturn position 2018/2019

Dedicated Schools Grant (DSG) funded activities are currently forecast to **overspend by £2.620m**, this is offset by additional High Needs Funding of £268k allocated in Dec 18 by ESFA, therefore total adjusted overspend of **£2.352m**

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	£4.882m	£3.981m	£4.600m	(£282k)
Estimated budget clawback from ESFA for changes in Early Years pupil numbers between Jan 18 (5/12ths funding) & Jan 19 (7/12ths funding)				£216k
Early Years – ALFEY	£250k	£260k	£266k	£16k
Early Years – Pupil Premium & Disability Access Fund	£129k	£67k	£94k	(£35k)
Early Years – 5% retained element, plus grant	£411k	£308k	£351k	(£60k)
Joint Funded Placements	£550k	£426k	£475k	(£75k)
Recovery of funding from schools for Excluded Pupils	(£150k)	(£53k)	(£120k)	£30k
Recovery of funding from schools for MTS	£0k	£0k	(£37k)	(£37k)
Independent Special School Fees	£2.720m	£2,379m	£2,520m	(£200k)
Other packages for EHCP pupils / recoupment from other authorities	£355k	£150k	£684k	£329k
Medical Tuition Service / Virtual School / Hospital Tuition	£1.152m	£1.019m	£1.140m	(£12k)
School contingencies (Rates, planned pupil growth, NQT induction etc)	£291k	£294k	£295k	£4k
EHCP in-year adjustments (see separate paper for details)	£330k	£472k	£490k	£160k
Special Schools / High Needs in-year adjustments (see separate paper for details)	£514k	£920k	£944k	£430k
School Intervention / Commissioning (includes School Improvement Grant)	£209k	£117k	£148k	(£61k)
Additional High Needs Funding allocated by ESFA in Dec 18	£268k	£0	£0	(£268k)
Required contribution from reserves in 18/19 to set a balanced budget	(£2.2m)	£0	£0	£2.2m

The two areas of significant volatility are within the Early Years Block and Higher Needs Block. The demand led pressures in these areas are detailed below.

## Early Years Block

The early years funding is based on the spring census' for schools and PVI providers, with an annual adjustment made in the summer term. This adjustment is calculated by taking a proportion of the previous and current years census. The 2018-19 early years budget is based on 5/12 of 2018 census PTE\* and 7/12 of the 2019 census PTE.

*\*PTE is part time equivalent and is the number of full 15 hour places*

Initial allocations from the headcounts of school and PVI providers indicate an underspend in the 2018-19 budget of **£282,000**.

Calculations using initial 2019 census data (still subject to change) as well as the existing 2018 census data indicate that there will be a negative adjustment in the summer 2019. Therefore all underspend should be kept in contingency to cover this negative adjustment which is estimated to be just over **£216,000**. A further report will be made to Schools Forum when the adjustment has been made by the DfE in July 2019. Calculations can be seen below:

	5/12 of January 2018	7/12 of January 2019	TOTAL	Current budget allocation figures	Difference	Estimated Funding adjustment
2YO	164.1	215.3	379.4	393.73	-14.4	<b>-£42,567.98</b>
Universal	799.7	1,030.7	1,830.4	1,919.37	-89.0	<b>-£218,165.55</b>
Extended	267.0	391.9	658.9	640.72	18.2	<b>£44,493.90</b>
						<b>-£216,139.63</b>

The adjustment received for the early years funding in July 2018 was £123,000, this was initially kept in contingency to mitigate the risk of an overspend at the end of this financial year. With a forecast underspend Schools Forum need to make a decision on how to allocate this adjustment figure.

The proposed options for consideration are:

- Allocate the funding to providers in a lump sum based on the hours claimed over the last 3 headcounts (summer 2018, autumn 2018 and spring 2019)
- Re-allocate the funding to repay the higher needs block contribution to the early years SEN Inclusion Fund (Alfey Funding), bringing the overall deficit position to a lower level.

The SEN Inclusion Funding (ALFEY) budget of £250,000 is forecast to be overspent by approximately £16,000 by the end of the financial year.

The Disability Access Fund budget is forecast to be underspent by £15,000. This funding is not clawed back by the DfE and their guidance states that any underspend should be used in line with the principles and aims of DAF. Schools Forum need to make a decision with regard to how to allocate this funding underspend.

The proposed option for consideration:

- The DAF underspend to be used to offset the SEN Inclusion Fund overspend.

## 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 can meet. This demand pressure 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).

The full analysis of Higher Needs Costs and placements is included in Agenda Item 7.

The work of the Higher Needs Recovery Group continues to focus on a diagnostic approach to identifying high cost areas and potential mechanisms for change. The actions included in the recovery plan are being addressed and implemented.

In addition to the placement costs 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.

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	6,064	(21,259)
January	14,088	11,698	(2,390)
February	13,992	13,992	0
March	4,404	4,404	0
<b>Total - In-Year adjustments</b>	<b>351,738</b>	<b>490,179</b>	
<b>Projected (underspend) / overspend</b>	<b>151,738</b>	<b>160,179</b>	
<b>Notes</b>			
Based on Apr 18 to Jan 19 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>£160,179</b>	

The following table demonstrates the rise in Special Schools and High Needs Adjustments.



## **Funding for 2019/2020**

School allocations have now been issued for 2019/2020. Following the Secretary of State approval of the disapplication of regulations, the allocations include the virement of funds at 1.79% to the Higher Needs Block.

The allocations are included in Appendix 1 for mainstream schools and Appendix 2 for special schools.

## **Position**

The final outturn position of the Local Area continues to be of significant concern. The position remains volatile and continued actions need to be taken to try to mitigate spend.

The current overspend is **£2.352m**.

## **Recommendation and Decisions**

It is requested that Schools Forum

1. Note the financial position and continue to work with the Local Authority through the mechanism of the Higher Needs Recovery Group to enact the financial recovery plan.
2. Agree the proposal to hold the current indicated underspend in the Early Years block as a contingency to cover the negative adjustment in the summer term.
3. Decide how to allocate the £123k provided as an Early Years adjustment in July 2018.
4. Decide how to allocate the DAF underspend.

Rachael Williams

Assistant Director Education, Learning and Skills