

## School Forum 23<sup>rd</sup> January 2020 Financial Report

The following report contains a detailed breakdown of the financial position of the Local Area for 2019/2020. The report enables members to note the current outturn position and the significant factors contributing towards the spend. The report covers the following items:

- Forecast Outturn position 2019/2020
- Contextual information regarding Early Years Block
- Contextual information regarding Higher Needs Block
- DSG allocation for 2020/2021
- Position and recommendations

### Forecast Outturn Position 2019/20

Dedicated Schools Grant (DSG) funded activities are currently forecast to **overspend by £970k**.

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 19/20 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	£4.653m	£3.309m	£4.653m	£0k
Early Years – ALFEY	£250k	£170k	£270k	£20k
Early Years – Pupil Premium & Disability Access Fund	£130k	£62k	£105k	(£25k)
Early Years – 5% retained element	£372k	£245k	£372k	£0k
Joint Funded Placements	£500k	£493k	£630k	£130k
Recovery of funding from schools for Excluded Pupils, Medical Tuition Service and Elective Home Education	(£704k)	(£80k)	(£470k)	£234k
Independent Special School Fees	£2.620m	£1.971m	£2.490m	(£130k)
Other packages for EHCP pupils and SEND personal budgets	£718k	£747k	£1.043m	£325k
Payments to / recoupment from other authorities for Special School places	(£129k)	(£4k)	(£260k)	(£131k)
Medical Tuition Service / Virtual School / Hospital Tuition / Vulnerable Students Team	£1.267m	£915k	£1.259m	(£8k)
School contingencies (Rates, planned pupil growth, NQT induction etc)	£532k	£349k	£350k	(£182k)
EHCP in-year adjustments (see separate paper for details)	£500k	£302k	£328k	(£172k)
Special Schools / High Needs in-year adjustments (see separate paper for details)	£484k	£704k	£784k	£300k
School Intervention / Commissioning (includes School Improvement Grant)	£177k	£32k	£76k	(£101k)
Business Support	£163k	£127k	£146k	(£17k)

Other – including Admissions, EAL, Advisory Teachers				(£23k)
Required contribution from reserves in 19/20 to set a balanced budget	(£750k)	£0	£0	£750k

It should be noted that the activities and actions that have been taken across the Local Area are beginning to have an impact on the growth in the deficit position. The forecast outturn position has improved against the predicted position of £1.048million reported in November 2019. This position is predominately linked to the Local Authority not requiring the need to spend the full allocation of the school intervention and commissioning funding, which is supplied for schools that fall into a category of need.

As in previous reports the main area of significant volatility remains within the Higher Needs block. Both the Higher Needs Block and the Early Years Block are demand led services and the report provides detail of the current level of demand within each block.

### Early Years Block

There continues to be a high take up of all early years offers.

	Torbay	South West	National
2 year old	73%	83%	72%
Universal 15 hours	99%	97%	94%
Extended 30 hours	98%	93%	90%

At this early stage officers are not making projected end figures as the census information will need to be gathered.

The Early Years ALFEY budget of £250k is forecast to be overspent by approximately £20,000 by the end of the financial year. The panel will be reviewing the application and will try to mitigate against any further increase in the deficit position, however the decisions connected to children plans until the end of the financial window, is likely to result in small changes.

### 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 the Forum Papers for greater scrutiny and discussion.

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, implemented and there is some evidence that this is starting to stem the budget deficit position.

In addition to the placement costs we continue to monitor the request for additional funds above the £6,000 allocated to schools. The following table indicates the position to date.

<b>Education, Health &amp; Care Plan Funding for 18/19 &amp; 19/20</b>			
	<b>18/19</b>	<b>19/20</b>	<b>Increase / (Decrease)</b>
Number of pupils with EHCP	395	444	49.00
Number of FTE's with EHCP	359	401	42.00
	<b>£</b>	<b>£</b>	<b>£</b>
Funding below £6k allocated through school formula elements	2,129,835	2,383,233	253,398
Funding above £6k allocated as a top-up per eligible pupil	1,507,657	1,929,955	422,298
EHCP Contingency	330,000	500,000	170,000
<b>In-Year adjustments</b>			
April	175,869	89,037	(86,832)
May	18,302	(2,510)	(20,812)
June	25,258	21,302	(3,956)
July	34,064	12,688	(21,376)
August	47,954	4,248	(43,706)
September	69,403	84,471	15,068
October	39,935	32,871	(7,064)
November	43,236	24,573	(18,663)
December	6,064	35,172	29,108
January	11,698	11,698	0
February	14,216	14,216	0
March	201	201	0
<b>Total - In-Year adjustments</b>	<b>486,200</b>	<b>327,967</b>	
<b>Projected (underspend) / overspend</b>	<b>156,200</b>	<b>(172,033)</b>	
<b>Notes</b>			
Based on Apr 19 to Dec 19 in-yr adjustments, and the same allocation for the remainder of the financial year as 18/19, it is anticipated the EHCP contingency will underspend by			<b>(172,033)</b>

This position is improved and it should be noted that the work to review packages and step down bespoke arrangements is having an impact. This remains a favourable position, however it has reduced by £10k since the forum meeting in November 2019.

The special school numbers continue to be reviewed and tracked. The following table demonstrates the position. The spend in this area has risen by £31K



## DSG Allocation 2020/2021

The following table demonstrates the breakdown of the DSG allocation for 2020/2021 compared to 2019/2020. 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 19/20 and 20/21 before academy recoupment				
	19/20	20/21	Increase /	
	DSG	DSG	(Decrease)	
	as at 17/12/18	as at 19/12/19		
	from ESFA	from ESFA		
Funding type	£	£	£	Note
Schools Block	77,986,361	83,029,274	5,042,913	1
Central Schools Block	1,309,864	1,214,090	(95,774)	
Early Years - 3 & 4 Yr Olds	4,704,370	4,414,588	(289,782)	2
Early Years - 3 & 4 Yr Olds (Increase to 30 hrs)	1,570,396	1,706,302	135,906	2
Early Years - 2 Yr Olds	1,167,010	1,158,275	(8,735)	2
Early Years Pupil Premium	91,887	85,921	(5,966)	2
Early Years - Disability Access Fund	44,280	43,665	(615)	2
High Needs Block	17,784,239	19,183,226	1,398,987	
<b>Total Initial DSG</b>	<b>104,658,407</b>	<b>110,835,341</b>	<b>6,176,934</b>	
<b>Note</b>				
1. The Schools Block allocation for 19/20 was based on 17,376 pupils and for 20/21 is based on 17,568 pupils.				
1. £1.1m of the growth in Schools Block relates to the increase in pupil numbers.				
1. Includes Pupil Growth funding of £643k.				
2. The Early Years allocations for 20/21 will be updated in-year by the ESFA once the Jan 20 & Jan 21 numbers are known.				

The Early Years sector have received communication regarding the new funding rates. These have been set at £5.00 per hour for 2 years olds (an increase of 5p) and £3.96 per hour for 3 and 4 year olds (an increase of 14p).

School allocation will be communicated on Thursday 6<sup>th</sup> February.

## Position

The projected 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 and mitigate spend. However it is important to note that the actions that have been put in place are starting to have an impact on the rate of spend, there has been significant progress made across the Local Area and it is important that we continue to capture this and share progress.

The cumulative position of the deficit at the end of the financial year is anticipated to be approximately **£3.625 million**.

## Recommendation and Decisions

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 enact the financial recovery plan.

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