

Title of meeting: Cabinet Member for Education

Date of meeting: 11 September 2018

Subject: Dedicated Schools Grant 2018-19 quarter one budget monitoring

Report by: Chris Ward, Director of Finance and Information Services

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of this report is to inform The Cabinet Member for Education of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2018-19 as at the end of June 2018.

2. Recommendations

It is recommended that the Cabinet Member:

2.1. Notes the forecast year-end budget position for the Dedicated Schools Grant as at 30 June 2018, together with the associated explanations contained within this report.

3. Background

3.1. The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.

3.2. The original DSG budget for the financial year 2018-19, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2018. Further budget adjustments were agreed by the Cabinet Member and endorsed by Schools Forum in July 2018; whilst these were approved after the closure of the first quarter accounts, the adjustments have been included within the first quarter's monitoring to ensure the forecast reflects recent decisions. This report provides the Cabinet Member with the latest forecast estimate of the year-end outturn as at 30 June 2018.

- 3.3. Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 June 2018.

Table 1 - Dedicated Schools Grant					
		Original budget 2018-19 £000's	Revised Budget 2018-19 £000's	Projected outturn 2018-19 £000's	Projected over / (under) spend £000's
Income					
DSG Brought forward 2017-18		(413)	(4,687)	(4,687)	0
DSG and other specific grants		(79,592)	(70,876)	(70,876)	0
Total Income		(80,005)	(75,563)	(75,563)	0
Expenditure					
Primary ISB		34,230	28,977	28,977	0
Secondary ISB		14,742	11,305	11,305	0
Special school place funding		1,556	1,556	1,597	41
Inclusion centre place funding		346	301	301	0
Alternative provision place funding		1,082	1,082	1,082	0
Total Delegated		51,956	43,220	43,261	41
De-delegated and central budgets		1,385	1,534	1,534	0
Early Years		14,204	14,204	14,204	0
High Needs		12,460	12,462	13,836	1,374
Total Expenditure		80,005	71,421	72,836	1,415
DSG Carried forward		0	4,142	2,727	(1,415)

Academy conversions and post 16 recoupmnt

- 3.4. Since the original budget was set in January 2018, there have been a number of academy conversions and Post 16 place adjustments; these have been included within the revised budget along with the one academy conversion (Penhale Infant and Nursery) during the period from 1 April to 30 June 2018. Budget adjustments relating to the future conversion of Meon Infant School will be reflected in the quarter 2 budget monitoring.

Special School places

- 3.5. Special school places are expected to overspend by £40,800 due to the additional places agreed at Willows for pupils starting school in September 2018. As stated in the February report to Cabinet Member and Schools

Forum, the in-year budgetary pressure is being covered by the 2017-18 carry forward, whilst the High Needs budgets are reviewed in preparation for 2019-20 financial year.

De-delegated and Central Budgets

- 3.6. The growth fund allocations have been issued to schools and academies meeting the criteria for 2018-19. Overall four maintained schools and seven academies received growth funding for the financial year 2018-19. The forecast remains on budget and no further payments are expected during the course of the financial year.

Early Years Block

- 3.7. At the time of closing the first quarter's accounts, the final summer term payments to early years' providers of two, three and four year-old childcare have yet to be made, therefore the forecast remains on budget. Adjustments will be made during July and August 2018 for actual take up during the summer term, as well as the funding adjustment to the DSG for take up during 2017-18. The forecast will updated accordingly in the second quarter monitoring statement.

High Needs Block

- 3.8. Similarly, the summer term class lists for Special Schools, Inclusion Units and Alternative provision settings across the City were not fully validated at the time of writing this report, therefore the forecast outturn for the Element 3 Top-up funding for these settings will be as at budget and forecasts will be updated and included in the quarter 2 monitoring report.
- 3.9. Table 2 below summarises the forecast outturn position for the high needs block, explanations for which are set out in the following paragraphs.

Table 2 - High Needs Budget	2018-19 Revised budget	Forecast Out turn as at 30 June 18	Forecast (under)/over spend
	£	£	£
Element 3 Top up	8,731,900	9,052,200	320,300
Out of City providers	2,148,900	2,334,300	185,400
Financial support to special schools	0	868,300	868,300
SEN support services	674,700	674,700	0
Medical Education	660,000	660,000	0
Outreach	186,900	186,900	0
Fair Access Protocol	60,000	60,000	0
Total High Needs Block	12,462,400	13,836,400	1,374,000

Element 3 Top-up

3.10. Table 3 below breaks down the forecast overspend position for the Element 3 Top up funding as at the end of June 2018.

Table 3 - Element 3 Top-up	2018-19 Revised budget	Forecast Out turn as at 30 June 18	Forecast (under)/over spend
	£	£	£
EHCP Mainstream	1,205,200	1,524,100	318,900
Element 3 Top Up Special Schools	5,824,400	5,824,400	0
Element 3 Top Up - Resource Units	281,200	281,200	0
Element 3 Top Up - AP	221,100	221,100	0
Post 16 Special Educational Needs	800,000	800,000	0
Element 3 Top Up - OLA School	400,000	401,400	1,400
Total Element 3 Top-up	8,731,900	9,052,200	320,300

- 3.11. The September 2018 in-take of Post 16 pupils cannot be agreed and finalised with Colleges until October 2018, when pupil destinations are confirmed. Therefore the forecast position will be updated in the third quarter following receipt of the final data.
- 3.12. The forecast position for pupils at mainstream schools with Education Health and Care Plans (EHCP), is showing a predicted overspend of £318,900. The forecast position includes any changes to pupils and EHC Plans up to the end of June 2018 and along with the expected growth (based on 2017-18 growth) over the remaining months of the academic year.
- 3.13. There has been a net increase of 44 mainstream pupils with EHCPs between April and June 2018. The average cost per pupil has increased from a budgeted rate of £2,911 to £3,494
- 3.14. Portsmouth is responsible for paying the Element 3 Top-up rates for our pupils, including when they are placed in Special Schools located in other local authorities. The forecast overspend reflects known variances, however, a number of invoices are still outstanding for the 2017-18 financial year. Expected costs were accounted for in the correct year, but any variances to these estimates could impact on the forecast position for 2018-19. The current value of the outstanding creditors is £79,500.
- 3.15. As previously reported, a task and finish group has been set up to review high needs budgets and the options for managing the pressures into 2019-20. The outcomes of the discussions and proposed changes will be brought to the October 2018 decision meeting.

Out of City Placements

3.16. Out of City placements are split between:

- Independent and Specialist provision
- Child and Adolescent Mental Health Services (CAMHS).

3.17. Table 4 below provides a breakdown of the forecast position for each element.

Table 4 - Out of City Placements						
	Budget		Forecast position		Variance	
	£	Pupils	£	Pupils	£	Pupils
Independent & Specialist providers	2,120,400	40	2,299,000	36	178,600	(4)
CAMHS	28,500	7	35,300	9	6,800	2
Total	2,148,900	47	2,334,300	45	185,400	(2)

Independent and specialist provision

3.18. The budget is forecast to overspend by £178,600, based on the current pupils and expected expenditure. Whilst the number of pupils with an EHCP in out of City placements is lower than budgeted, the average cost of the placements has increased from a budgeted average of £53,010 to an average cost of £63,862 as at the end of June 2018. The increases are due to both inflationary increases which have been applied to some provider contracts, together with increases due to changes in need.

3.19. The authority is currently awaiting a number of outstanding invoices from providers relating to the 2017-18 financial year. These are currently showing as creditors in the 2018-19 financial year. Estimated costs were accounted for in the correct financial year, but any variances to these estimates could impact on the forecast position for 2018-19. The current value of the outstanding creditors is £131,100.

Child and Adolescent Mental Health Services (CAMHS)

- 3.20. There are currently 9 Pupils where the authority is expecting to fund a CAMHS placement at an estimated total cost 35,300, this is £6,800 over budget (budget set on 7 pupils). It should be noted that the actual cost of these pupils will not be known until the invoice is received. The estimate is based on the average cost per pupil paid in 2017-18 (£3,916).
- 3.21. There were a number of pupils placed in CAMHS settings in 2017-18 for whom the authority is still awaiting invoices. These have accounted for in the correct year, however, should the value of the actual invoice be differ from the creditor provision, this could impact on the forecast for 2018-19. The current value of outstanding creditors is £19,600.

Financial support to Special Schools

- 3.22. At the May 2018 Schools Forum meeting the Forum endorsed a proposal to fund the Harbour School Deficit which was then approved by the Cabinet Member in July 2018. The forecast position includes the estimated impact of the July 2018 approval.

Grant funding

- 3.23. The DSG grant funding includes the adjustments made for academy conversions and post 16 place recoupmnt occurring during the first quarter. Further adjustments are expected in the second quarter for early years' pupil numbers for the period September to March 2017-18 and for 2018-19 financial year following the January 2018 census, once received the adjustments will be included in the second quarter monitoring.

Carry forward balance

3.24. The January budget setting report and the July budget revision reports provided an update on the use of the carry forward from 2017-18. The table below provides the position as at the 30 June 2018.

Table 5 - Use of the 2017-18 carry forward balance		
	£m	£m
Brought forward from 2017-18		4.687
Increase in HN budget to support additional spend	(0.413)	
Schools-specific contingency	(0.133)	
Total approved use of balances (January 2018) and included in forecast position:		(0.546)
Revised Budget as at 30 June 2018		4.141
Forecast overspend as per Table 1		(1.415)
Forecast position as at 30 June 2018		2.727
Other potential pressures (awaiting confirmation - not included within the June forecast balance)		
Revenue contribution to refurbishment of Redwood Park School Awaiting Secretary of State approval	(1.000)	
Additional Special School Places (related Element 3 Top-up)	(0.082)	
Post 16 recoupment of high needs places	(0.102)	
Total other potential pressures (awaiting confirmation)		(1,184)
Estimated DSG reserves 2018-19		1.543

4. Reasons for recommendations

4.1. It is recommended that Cabinet Member notes the contents of the report in respect of the financial forecast outturn for 2018-19 as at the end of the first quarter, 30 June 2018.

5. Equality impact assessment

5.1. An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Legal implications

6.1. There are no legal implications arising directly from the recommendations contained within this report

7. Director of Finance's comments

7.1. Financial comments are contained within the body of the report

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Signed by:
Chris Ward
Director of Finance and Information Services

Appendices:
None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: