

Title of meeting: Schools Forum

Date of meeting: 17 December 2019

Subject: Dedicated Schools Grant 2019-20 Quarter 2 budget monitoring

Report by: Chris Ward, Director of Finance and Section 151 Officer

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2019-20 as at the end of September 2019.

2. Recommendations

It is recommended that Schools Forum:

- 2.1. Notes the forecast year-end budget position for the Dedicated Schools Grant as at 30 September 2019, together with the associated explanations contained within this report.
- 2.2. endorses the necessary adjustments to Dedicated Schools Grant to reflect:
- Early years budgets and DSG income budget, to reflect the adjustment in grant funding due to pupil number changes, as set out in paragraphs 3.30 and 3.31.

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 2019-20, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2019. Further budget adjustments were agreed by the Cabinet Member and endorsed by Schools Forum in July 2019. This report

provides Schools Forum with the latest forecast estimate of the year-end outturn as at 30 September 2019.

3.3. Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 September 2019.

Table 1 - Dedicated Schools Grant				
	Original budget 2019-20 £000's	Revised Budget 2019-20 £000's	Projected outturn 2019-20 £000's	Projected over / (under) spend £000's
Income				
DSG Brought forward 2018-19	0	(3,138)	(3,138)	0
DSG and other specific grants	(72,309)	(70,263)	(70,263)	0
Total Income	(72,309)	(73,401)	(73,401)	0
Expenditure				
Primary ISB	28,753	26,672	26,493	(179)
Secondary ISB	11,680	11,680	11,680	0
Special school place funding	1,578	1,411	1,436	25
Inclusion Centre Place funding	302	307	307	0
Alternative provision place funding	1,090	1,090	1,090	0
Total Delegated	43,403	41,159	41,006	(153)
De-delegated and central budgets	1,580	1,746	1,421	(325)
Early Years	14,138	14,176	14,242	66
High Needs	13,189	13,652	14,432	780
Total Expenditure	72,309	70,734	71,101	367
DSG Carried forward	0	2,668	2,300	(367)

Academy conversions / school closures

3.4. There have not been any academy conversions since the quarter one report was communicated in July 2019. However, Willows Nursery closed on 30th August 2019 and Cliffdale Academy has expanded to accommodate the pupils. The revised budget, approved by Schools Forum and Cabinet Member in July 2019, reflects this change.

Individual schools budget

3.5. The budgets for the Diocese schools were overstated by £179,000 which related to the NNDR rates at the start of the financial year. The schools agreed to an adjustment of their allocations to correct their financial position and this was actioned in July 2019. An adjustment to the budget for the NNDR rates for the affected schools will be included in the schools budgets for the next financial year.

Special School places

- 3.6. The forecast overspend on Special School places is due to additional pupil placements over the commissioned place numbers at Mary Rose and Cliffdale, which were required to stop Out of City Placements needing to be made. It is assumed the places will continue until the end of the financial year, however, the forecast may be revised as further information becomes available.

De-delegated and Central Budgets

- 3.7. The growth fund allocations have been issued to all eligible schools and academies meeting the criteria for 2019-20. Three maintained schools and nine academies received growth funding for the financial year 2019-20 and no further payments are expected. This will result in a £319,000 underspend compared to budget.

The remaining £6,000 underspend is due to DfE centrally negotiated licenses costs which were £6,000 less than the estimated budget.

Early Years Block

- 3.8. The nursery budget is forecast to overspend by a net £66,200. The second quarter's accounts contain the final summer term payments to early years' providers, and estimated payments for the autumn and spring terms.
- 3.9. Table 2 below provides a breakdown of the forecast overspend. There is an expected overspend for three and four year old place funding due to an increase in pupil numbers over the summer term and the growth contingency fund has been utilised in order to reduce the impact of the predicted overspend.
- 3.10 This forecast for the three and four year old universal hours also includes £100,000 relating to the estimated final balance determination following the closure of Willows Nursery. Should there be any change in the forecast figure once the value has been finalised, this will be reported in quarter three.
- 3.11 The additional costs for eligible three and four year old pupil premium have further contributed to the overspend as the summer term actuals reflect the increase in pupil numbers seen in the place funding, and estimates for autumn and spring are higher than previously projected and are in line with the increase in the place funding forecasts.

Table 2 Early Years Forecast			
	Total 2019-20		
	Budget 2019-20	Forecast	Variance (Under) / Over
	£	£	£
Two year olds	1,865,300	1,762,200	(103,100)
Two year old contingency growth fund	117,100	117,100	0
Three & four year olds universal hrs	7,924,200	8,121,500	197,300
Willows Nursery Closure Costs	0	100,000	100,000
Three and four year olds additional hours	3,236,800	3,239,600	2,800
Three & four year old contingency growth fund	153,200	0	(153,200)
Three & four year olds Pupil Premium	127,800	150,200	22,400
Total	13,424,400	13,490,600	66,200

High Needs Block

3.12 The summer term class lists for Special Schools, Inclusion Units and Alternative Provision (AP) settings across the City were fully validated and paid during the second quarter and estimated Element 3 payments for the autumn term have been paid to schools and included in the Quarter 2 forecasts. This included payments for 20 additional pupils at Mary Rose and Cliffdale for Children who started school in September 2019.

3.13 Table 3 below summarises the forecast outturn position for the high needs block, explanations for which are set out in the following paragraphs.

Table 3 - High Needs Budget	2019-20 Revised budget	Forecast Outturn as at 30 Sept 19	Forecast (under)/ overspend
	£	£	£
Element 3 Top up	9,653,000	9,969,200	316,200
Out of City providers	2,365,100	2,895,800	530,700
Permanent exclusion recharge	0	(67,300)	(67,300)
EYs Complex Needs Inclusion Fund	52,500	52,500	0
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	14,330,700	14,720,000	779,600

Element 3 Top-up

3.14 Table 4 below breaks down the forecast overspend position for the Element 3 Top up funding as at the end of September 2019.

Table 4 - Element 3 Top-up	2019-20 Revised budget	Forecast Out turn as at 30 Sept 19	Forecast (under)/over spend
	£	£	£
EHCP Mainstream	1,413,600	1,832,100	418,500
Element 3 Top Up Special Schools	6,258,700	6,151,900	(106,800)
Element 3 Top Up - Resource Units	215,100	210,800	(4,300)
Element 3 Top Up - AP	213,700	222,500	8,800
Post 16 Special Educational Needs	1,122,000	1,122,000	0
Element 3 Top Up - OLA School	429,900	429,900	0
Total Element 3 Top-up	9,653,000	9,969,200	316,200

- 3.15 The September 2019 in-take of Post 16 pupils will not be agreed and finalised with Colleges until after October 2019, when pupil destinations are confirmed. Therefore the forecast position will be updated in the third quarter following receipt of the final data which is expected to be available in December 2019.
- 3.16 In July 2019, the high needs allocation funding was adjusted through the Import/Export adjustment. This has provided an additional £213,000 which is included in the revised budget figure for Post 16 Special Educational Needs.
- 3.17 The forecast position for pupils at mainstream schools with Education Health and Care Plans (EHCPs), is showing a predicted overspend of £418,500 due to an increase in both pupil numbers and average costs. The forecast position includes any changes to pupils with EHC Plans up to the end of September 2019 along with the expected growth over the remaining months of the academic year. The forecast also includes Communicator costs for the full year.
- 3.18 There has been a net increase of 31 mainstream pupils with EHCPs compared to the first quarter. The average cost per pupil has increased from £3,465 at the end of the first quarter to £3,537 at the end of quarter two.
- 3.19 The summer class lists have been received for the Alternative Provision and Resource Units resulting in a small net overspend of £4,500.

Out of City Placements

- 3.20 Out of City placements are split between:
- Independent and Specialist provision
 - Child and Adolescent Mental Health Services (CAMHS).
- 3.21 Table 5 below provides a breakdown of the forecast position for each element.

	Budget		Forecast position		Variance	
	£	Pupils	£	Pupils	£	Pupils
Independent & Specialist providers	2,337,700	36	2,836,100	46	498,400	10
CAMHS	27,400	7	59,700	10	32,300	3
Total	2,365,100	43	2,895,800	56	530,700	13

Independent and specialist provision

- 3.22 The budget is currently forecast to overspend by £498,400. This is due to an additional 10 pupils above the budgeted numbers for which funding is being paid. This represents an increase of five pupils from quarter 1. However, the average cost of these places has fallen by £3,257 reflecting the change in the level of need of some pupils in independent and specialist provisioned places.
- 3.23 Within Quarter 2 there was one new placement with a cost of £40,000, and two placements where costs were increased by £104,000. The overspend is partially offset by two pupils who turned 18 within the quarter, the responsibility for whom was transferred to Adult Social Care, and one pupil whose placement ceased which has helped to contribute to the £76,000 offsetting reduction.
- 3.24 The forecast includes some growth in numbers, with a projected cost of £418,500.

Child and Adolescent Mental Health Services (CAMHS)

- 3.25 There are currently 10 Pupils where the authority is expecting to fund a CAMHS placement at an estimated total cost £59,700; this is £32,300 over budget. This is an increase of three pupils compared to seven reported in Quarter 1. The estimate is based on the average cost per pupil paid in 2018-19 of £6,900, compared to a budgeted cost of £3,900.

Permanent Exclusion Recharge

- 3.27 The credit of £67,300 represents the proportion of permanent exclusion income from schools where pupils have been placed in an alternative provision setting for a period of time before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.

Early Years Complex Needs Inclusion Fund

- 3.28 With the closure of Willows the number of early years high needs nursery places reduced. To support early years' pupils with high needs in mainstream nursery settings the early years complex needs fund was set

up. This was funded from a small saving from the closure of Willows and the use of the carry forward.

Grant funding

3.29 The DSG grant funding includes adjustments made for academy recoupment, high needs, early years and post 16 place recoupment. Table 5 sets out the adjustments to the funding blocks with the explanations detailed in the paragraphs below.

DSG Funding Blocks	March 19 allocation (excluding academies)	July 2019 allocation (excluding academies)	Revised DSG allocation (excluding academies)
	£,000	£,000	£,000
Schools Block	40,143	39,131	(1,012)
Central School Services Block	825	825	0
Early Years Block 2018-19	14,138	14,176	38
High Needs Block	16,207	16,372	165
Total DSG	71,313	70,504	(809)

3.30 The schools block figures above include the recoupment for Stamshaw Infants and Meredith Infants academy conversions which were not adjusted in the DSG allocations in April 2019, but have been reflected in the outturn figures for quarter 2 as presented in Table 1.

3.31 In July 2019, the DfE confirmed the final allocation of the 2019-20 early years block based on the January 2019 census data. This provided a net increase (£38,000) in funding due to an increase in the number of 3 and 4 year olds accessing the additional hours of nursery funding which was offset by a decrease in the number of 2 year olds accessing early education in the City.

Allocation Month	2019/20 PTE 3 & 4 Year Old Universal Hours	2019/20 PTE 3 & 4 Year Old Universal Hours	2019/20 PTE 2 Year Old Child Numbers
March 2019	3,275	1,171	677
July 2019	3,181	1,299	649
Change in Pupil Numbers	(94)	128	(28)

3.32 The majority of the increase in the high needs block allocation relates to the import/export pupil number changes. As part of the methodology for funding the local authority under the high needs block national funding formula the DfE adjusts for the net number of pupils placed in Portsmouth high needs settings by other local authorities compared to Portsmouth pupils placed in other local authority schools.

3.33 When the original allocation was received in March 2019 the Authority was a net exporter and as a consequence received a funding reduction of £33,000 based on the January 2018 school census and the 2017-18 individual learner record (ILR) submitted for post 16 pupils.

3.34 In July 2019 the allocation was updated for the January 2019 school census and the 2017-18 ILR return, this adjustment moved the authority from a net exporter to a net importer, increasing the funding by £213,000. As the additional funding relates to post 16 places this is recouped from us passed directly to the post 16 setting.

Carry forward balance

3.35 As at the 30 September 2019 the forecast carry forward has reduced to £2.3m from £2.6m reported in Quarter 1, which reflects the decisions made by Cabinet Member and endorsed by Schools Forum to use the brought forward balance to manage pressures in the high needs block.

4. Reasons for recommendations

4.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast outturn for 2019-20 as at the end of the second quarter, 30 September 2019.

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:

Appendices:

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

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the children and Education Finance Team. Please contact Beverley Pennekett, Finance Manager, if required.

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: