

DEDICATED SCHOOLS GRANT MONITORING MONTH 1

REPORT OF THE COUNTY TREASURER AND CHIEF OFFICER FOR CHILDREN'S SERVICES

RECOMMENDED that DEF:

- a) Note month 1 DSG monitoring position as set out in section 1.

1. Budget Monitoring Report - Month 1 (2019/20) - DSG

- 1.1. The Month 1 forecast for the Dedicated Schools Grant is an overspend of £7.6millions after allowing for £3.5millions from reserves.
- 1.2. The table below shows the overall balanced forecast for the DSG:

	Net Budget	Forecast Outturn	Variance Mth 1
Description	£'000	£'000	£'000
Schools delegated budget	437,527	437,527	0
DSG and School funding	(550,949)	(550,951)	(2)
Total DSG	(113,422)	(113,424)	(2)
De-delegated budgets	3,844	3,859	15
Central Provision (Schools)	5,617	5,571	(46)
High Needs Funding	65,588	76,736	11,148
Early Years & Childcare Services	38,373	38,373	0
Total DSG central budgets	113,422	124,539	11,117
Funding from Reserves	0	(3,500)	(3,500)
Overall Net DSG budget	0	7,615	7,615

Schools

- 1.3. In December the DFE confirmed the revised DSG settlement allocation of £507.2millions including Early Years (before recoupment for academies), based upon pupil numbers as at the October 2018 Schools census and January 2018 Early Years census. The budget is yet to include the 2018/19 schools carry forward of £16.5millions

De-delegated budget

- 1.4. Currently showing an overspend of £15,000 due to copyrights and licences costs greater than budgeted. The Schools Contingency has £1.2millions built into projections to be carried forward into 2020/21.
- 1.5. As per Devon Education Forum (DEF) any surplus will be ring-fenced for the maintained schools and carried forward to 2020/21 to meet future costs/commitments within these budget lines.

Central Provision within Schools

- 1.6. The budget is projected to underspend by £40,000 due to Money Following Excluded Pupils (MFEP) budget not required in 2019/20 as the costs will be funded from schools contributions from excluded pupils. The underspend will be used to offset the increased pressure within the High Needs block specifically for Alternative Provision.

High Needs

- 1.7. The High Needs Block is under significant pressure and is currently reporting an overspend of £11.1millions. Other Special Schools funding is the main area overspending with a reported overspend with £5.1millions relating to an unfunded budget pressure, since budget prep placement numbers have increased by 85 increasing the budget pressure by a further £4.5millions.
- 1.8. The number of students with EHCP's continues to grow along with the complexity of need of pupils and those not able to attend school due to medical conditions, this is all creating further pressure within the High Needs block and in particular, Special Schools.

	Net Budget	Forecast Outturn	Variance Mth 1
Description	£'000	£'000	£'000
Alternative Provision	2,694	2,925	231
Children in Care and Exclusions	1,451	1,451	0
Closing the Gap	1,500	1,500	0
Inclusion	334	334	0
Nursery Plus	1,164	1,164	0
Safeguarding Every Learner	144	144	0
SEN Mainstream	10,988	12,023	1,035
SEN Services	924	924	0
Maintained Special Schools	29,118	29,221	103
Hospital Education Services	292	292	0
Recoupment	624	759	135
Other Special School Fees	15,050	24,767	9,717
Support Centre Funding	1,305	1,232	(73)
Net HNB Total	65,588	76,736	11,148

- 1.9. The Alternative Provision budget funds the main AP contract with WAVE, we are currently forecasting to spend to budget within the main contract, however some further analysis is required around the number of planned places paid in 18/19 academic year and whether any funding is owed to/from WAVE at the end of the Summer term.
- 1.10. Currently within WAVE there are Year 10 and Year 11 students with SEN who are eligible for FE College but are remaining within WAVE which is preventing excluded students being placed. It's been agreed that these students with SEN eligible for FE College will be paid at a Medical placement rate outside of the main contract to free up places within the main contract for excluded pupils and prevent placement

elsewhere at a higher cost. This is costing an additional £157,000 to the High Needs block (based on 15 pupils from Sept 19), but a cost reduction in comparison.

- 1.11. SEN Mainstream covers personalised education package, Education Health Care Plans (EHCP) and the SLAs which support them. Pre-16 element 3 funding is forecasting to overspend by £510,000 predominantly from the increase in average cost of an EHCP by £118 per plan (£239,000), plus packages increase of £1,436 per package (£146,000) since budget preparation and increases above that budgeted for lump sums, LCHI SEN and prior adjustments totalling £131,000.
- 1.12. Home Education personal budgets and Tutoring specialist support were both previously charged to SEN Therapy budget, in 19/20 these costs are now being charged to their own budget lines so spend can be analysed and scrutinised. No budget transferred with these costs due to the demand on SEN Therapy budget. Total spend forecast and pressure for both budgets are; Home Education Personal budget £189,000 and Tutoring Specialist Support £55,000.
- 1.13. Maintained Special Schools are reporting to overspend by £103,000. Planned Place funding was increased as part of 2019/20 budget prep to guarantee funding into our Maintained Special Schools, alongside this the actual places were also increased with the majority now at full capacity. In September 2019 a new maintained special school is due to open along with an expansion of an existing school giving an additional 50 places in this financial year.
- 1.14. The independent budget is reporting an overspend of £9.7millions, part of the overspend relates to the known budget pressure at budget prep of £5.2millions for which Management Action is currently being looked at across the High Needs block, forecast currently assumes these savings will not be made. Further detail for Independent Special Schools (ISP) is attached in Appendix A.
- 1.15. Since budget prep sole funded average placement numbers have increased by 85 above the budgeted level resulting in £3.7millions volume variance and £1.7millions price variance. This forecast allows for future growth.
- 1.16. There are 15 less children's joint funded placements than originally budgeted resulting in an underspend of £722,000. There has also been £280,000 income agreed for residential CIC placements. Adult joint funding is reporting an overspend of £251,000 due to the level of income expected from adults being lower than originally budgeted.
- 1.17. The forecast includes the £2.5millions deficit c/fwd. from 18/19. For which Management action has been identified, some of which will not be achieved until 2020/21.

DSG Deficit Recovery Plan

- 1.18. Although Devon did not trigger the DSG Deficit Recovery Plan for 2018/19 based on current projections there will be a need to undertake this exercise in 2019/20. The DfE requires a recovery plan from all local authorities that have an overall cumulative DSG deficit of 1% or more at the end of the financial year.

Management Action

- 1.19. Management Actions totalling £2.4millions were sought as part of the 2018/19 outturn position and to date £1.9millions has been calculated with £944,000 realised in this financial year from the review of students currently in their 3rd – 5th years of post-16

education and a further £567,000 from 2020/21 relating to the summer term. The remaining recognised actions relate to the block contracts review.

- 1.20. In addition, as part of 2019/20 budget process there was a shortfall of £5.2millions within the High Needs block. There are currently limited options to make further savings given that non-statutory funding has been cut, budgets have been reviewed fully and tightened and the pressures in ISPs are demand led and reflect parental choice in a market which does not offer much ability to cost save.
- 1.21. We have been further advised that the DfE are now in the process of arranging the SEN advisors and working with their team to be in contact with the LA shortly.
- 1.22. **Recommendation**
That DEF note month 1 DSG monitoring position as set out in section 1
All to Note

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JO OLSSON
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SEN Senior Management Group 14th May 2019

Budget Monitoring Report - Month 1 (2019/20) – Independent Special Schools (ISPs)

Executive Summary

The month 1 forecast for the ISPs is an over spend of £4.5millions. This is largely due to increasing numbers of placements impacted by the lack of capacity within Maintained Special Schools, parental preference, tribunal orders and the needs of these young people being too high for mainstream schools to cope with.

Management Action: Of the £2.4millions management action we are projecting to achieve £1.2millions which is included in the above forecast. Work is also being done on targeting three providers (On-Track; ACE; Oakwood Court) to consult on block contracting for guaranteed places. This could possibly achieve a further £350,000 reduction in costs across a financial year.

1.0 Financial Overview

The forecast includes provision for growth, known leave dates, therapy costs and contributions from Children's and Adult's Social Care budgets as agreed as per last financial year, as well as £5,003 relating to contributions to those placements for Children in Care that do not have EHCPs. Also included in the forecasting are 33 leavers as at July 2019. Therefore, only one term has been included for those learners in below table. This sector has seen the greatest % (56) growth compared to mainstream and special schools over the last three years.

Table 1

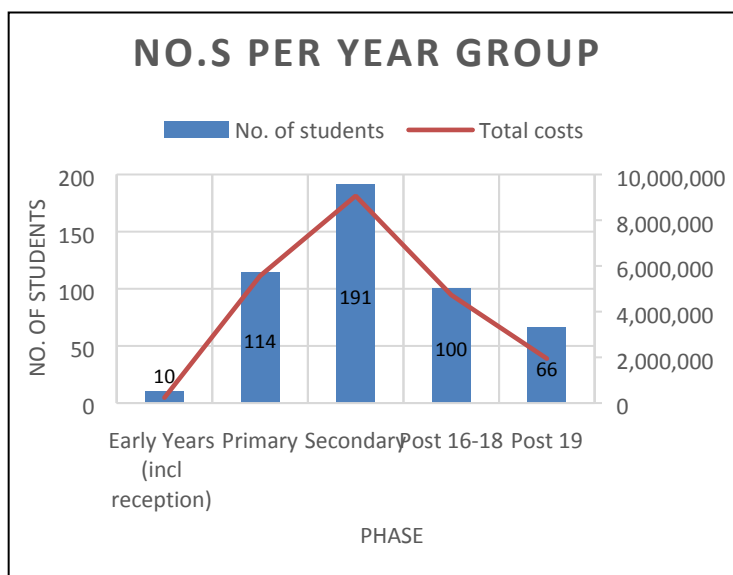
Activity description	Base Budget	Forecast	Variance	Movement from prev mth
ISP Sole funded	£17,053,000	£18,388,312	£1,335,312	£0
ISP Children's Joint Funded	£2,808,000	£1,805,562	(£1,002,438)	£0
ISP Adult Joint funded	£474,000	£725,035	£251,035	£0
ISP non-EHCP (Pre-16)	£50,000	£5,003	(£44,997)	£0
Miscellaneous-therapy costs	£0	£200,000	£200,000	£0
Growth	£0	£2,623,000	£2,623,000	£0
Management Action (MA)	£0	£2,473,000	£2,473,000	£0
MA Outstanding	£0	(£1,297,000)	(£1,297,000)	£0
TOTAL	£20,385,000	£24,922,912	£4,537,912	£0
High Needs Block Budget Pressure	(£5,335,000)	(£156,000)	£5,179,000	£0
REVISED TOTAL	£15,050,000	£24,766,912	£9,716,912	£0

2.0 Growth

The above growth calculation is based on the following estimates:

- 17 yet to be added to the forecast as they have no actual start dates, have estimated May and September starts with average costs of £50,000
- 36 moving from AP to independent sector as from 1 October 2019 at £27,000 per pupil to free up places
- 30 estimated as growth/new starters into the independent sector across the financial year at average cost of £45,000. There were 173 new learners into the Independent Sector in 2018/19.
- 5 reduced as leavers who drop out at start of academic year at average cost of £45,000

3.0 Trends



As at April 2019 there are 481 students in the Independent Sector at a total cost of £21.6m (not including growth and management action).

Phase	No. of students	Average costs
EYs (inc NCY0)	10	£23,800
Primary	114	£48,796
Secondary	191	£47,464
Post 16-18	100	£47,300
Post 19	66	£29,477
Total	481	£44,786

High Cost Placements (>£100k)

Independent Provider	Placement Type	2017/18 Highest Placement Cost - Education only	2018/19 Highest Placement Cost - Education only	2019/20 Highest Placement Cost - Education only	CIC per annum	Joint Funded per annum
Ferndearle Child Services (Heather House)	Residential	£0	£106,749	£106,749	Yes	Yes
Libra	Residential	£76,124	£73,000	£119,731	No	No
North Hill House (Priory)	Residential	£137,477	£137,477	£137,477	No	No
Hillcrest Park School	Residential	£0	£89,790	£101,014	Yes	Yes
Witherslack Group (Broadbeck Learning Centre)	Residential	£0	£110,084	£110,084	Yes	Yes
New Forest School	Residential	£0	£0	£132,126	No	No
Sunfield Children's Homes Limited	Residential	£0	£0	£102,926	No	No
Hill House School (Cambian Group)	Residential	£104,405	£148,817	£148,817	Yes	Yes
Aurora Boveridge College	Residential	£0	£0	£140,968	No	No
Treloar College	Residential	£129,705	£129,705	£117,143	No	No
National Star College	Residential	£85,848	£109,754	£200,170	No	No

High cost placements are increasing for residential placements predominantly for Children in Care where Education are joint funding placements 50/50 with Children's services Social Care.

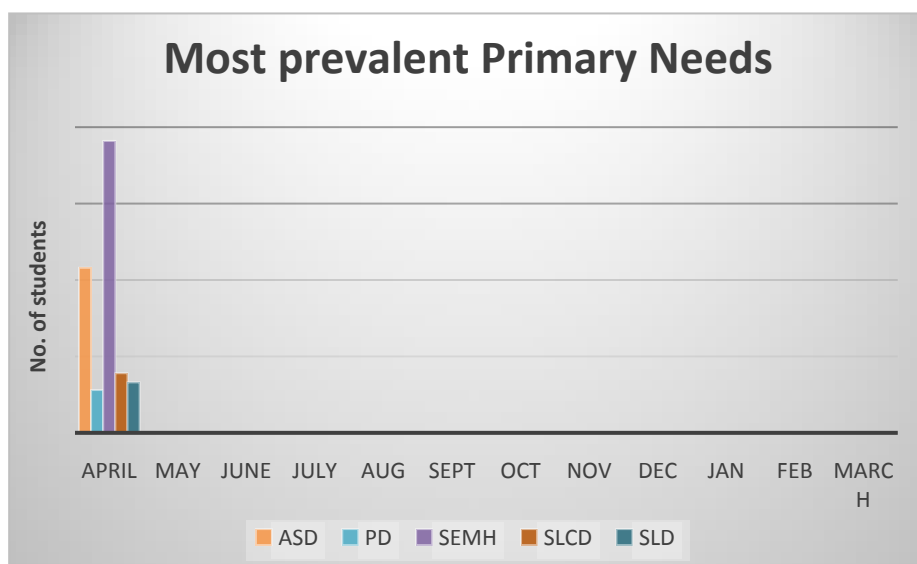
Each placement cost refers to one learner.

For the new starters in April 2019, 10 of the 15 places are high cost placements (over £50,000).

Analysis of Starters	Apr	May	June	July	Aug	Sept	Oct
Mainstream School	9	0					
Maintained Special School	1	0					
Alternative Provision	0	1					
Home Educated	1	1					
College	1	0					
CME (Missing Education)	1	0					
Other Special School	0	0					
Number of Placements	13	2					
Cost to the HNB 19/20	£691,830	£64,620					
Average costs	£53,200	£32,310					

As at April 2019 the Primary Needs across the school phases indicate a growing trend in SEMH particularly in the secondary phase with ASD numbers remaining steady throughout.

Phases	ASD	HI	MLD	MSI	PD	PMLD	SEMH	SLCD	SLD	SpLD	VI	None	Total	Prev mth variance
Early Years (incl reception)	0	0	0	0	0	7	0	1	2	0	0	0	10	0
Primary	33	2	4	3	3	6	51	9	3	0	0	0	114	0
Secondary	35	8	8	0	9	5	99	13	6	1	6	1	191	0
Post 16 - 18	28	4	4	0	6	1	32	13	4	4	4	0	100	0
Post 19	12	1	7	0	10	1	9	3	18	2	3	0	66	0
Total	108	15	23	3	28	20	191	39	33	7	13	1	481	0



The five most prevalent primary needs at the start of the financial year 2019/20 are:

- 191 – SEMH
- 108 - ASD
- 39 - SLCD
- 33 - SLD
- 28 - PD

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