

FINANCE UPDATE

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

RECOMMENDATIONS

It is recommended that DEF:

- a) Note month 6 DSG monitoring position as set out in section 1.

1. Budget Monitoring Report - Month 6 (2019/20) - DSG

1.1. The Month 6 forecast for the Dedicated Schools Grant (DSG) is an overspend of £18.7millions. This is a reduction of £153,000 since month 5.

1.2. The table below shows the overall balanced forecast for the DSG:

Dedicated schools Grant	Net Budget £'000	Net spend Mth 6 £'000	Forecast at Mth 6 £'000	Variance £'000	Ring fenced C/fwd £'000	Deficit / (Surplus) Balance £'000	Movement from Previous Mth £'000
Schools delegated budget	195,834	95,588	195,834	0	0	0	0
DSG and School funding	(294,743)	(152,105)	(294,743)	0	0	0	0
Total DSG	(98,909)	(56,517)	(98,909)	0	0	0	0
De-delegated budgets	6,251	1,684	6,268	17	0	17	26
Central Provision (Schools)	5,681	2,964	5,678	(3)	0	(3)	(3)
High Needs Funding	65,189	40,046	83,863	18,674	0	18,674	(194)
Early Years & Childcare Services	38,256	19,282	38,257	1	0	1	18
Total DSG central budgets	115,377	63,976	134,066	18,689	0	18,689	(153)
Overall Net DSG budget	16,468	7,459	35,157	18,689	0	18,689	(153)

Schools

1.3. In July the DFE confirmed the revised DSG settlement allocation of £511millions including Early Years (before recoupment for academies and direct funded places) This is ring-fenced grant and any surplus/deficit will be shown as an assumed carry forward. Other school grants total £23.5millions. The carry forwards from 2018/19 totalling £16.5millions have been approved by cabinet and are included within the report.

De-delegated budget

1.4. The Schools and DSG contingency budget is reporting to overspend by £36,000 overspend relates to costs in replacing FMS (Schools budget monitoring system) and is offset in part by Trade unions are reporting a £19,000 surplus.

- 1.5. The Copyrights and Licence budget is forecasting to breakeven with the in-year overspend covered by carry forwards surplus from 2018/19
- 1.6. £156,000 Invest to Save budget has now been allocated from the 2018/19 carry forward. Bids received from Schools have been reviewed by the SEN 0-25 Team and 6 bids have been recommended by SFG and approved by Devon Education Forum (DEF).
- 1.7. As per 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

- 1.8. Reporting a small underspend which is in relation to system generated forecasts for the Phase Association and DSG Other Services. Further analysis is currently being completed around Surplus Properties due to the overspend in 2018/19, this forecast is likely to change.

High Needs

- 1.9. The High Needs Block is under significant pressure and is currently reporting a funding gap of £18.7millions. Other Special Schools funding is the main area with a reported overspend of £15.7millions, of which £5.1millions relates to an unfunded budget pressure, since budget prep placement numbers have increased by 122 with further anticipated growth included in the forecast.
- 1.10. 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.

	Budget	Mth 6 Forecast	Variance	Movement Previous Mth
	£'000	£'000	£'000	£'000
Alternative Provision	2,743	2,998	255	(23)
Children in Care and Exclusions	1,428	1,428	0	0
Closing the Gap	1,500	1,500	0	0
Inclusion	334	334	0	0
Nursery Plus	1,164	1,164	0	0
Safeguarding Every Learner	144	144	0	0
SEN Mainstream	10,878	13,088	2,210	(501)
SEN Services	924	887	(37)	(27)
Maintained Special Schools	31,272	31,648	376	121
Hospital Education Services	370	370	0	0
Recoupment	624	759	135	0
Other Special School Fees	12,523	28,250	15,727	218
Support Centre Funding	1,285	1,293	8	18
TOTAL	65,189	83,863	18,674	(194)

- 1.11. The Alternative Provision budget funds the main AP contract with WAVE for 160 planned places, forecast assumes 141 average placements saving £237,000 towards the cost of placements with other AP providers which is forecast to total £600,000, this includes £50,000 committed to the Hospital School to commission support for AP Medical students.

- 1.12. An additional £100,000 in commissioning is required to meet children's safeguarding needs at River Dart School. Whilst £18,000 for Diabetes is still seeking agreement to be funded by Health. From month 5 there is a saving of £23,000 due to a reduction of 2 places on the average placement numbers.
- 1.13. SEN Mainstream covers personalised education package, Education Health Care Plans (EHCP) and the SLAs which support them. There is currently an overspend outturn of £2.2millions and in month 6 there has been a change in approach for monitoring Element 3 in mainstream schools by not forecasting on averages which is a reduction £741,000. Current forecasting has 2,441 FTE including plus packages for Element 3 funding.
- 1.14. EHCPs have an adverse price variance totalling £438,000 (average value £3,234) along with a volume variance of £78,000 as currently forecasting 2,276 FTE (2,326 FTE in month 5) against a budget of 2,034 FTE and includes growth of 285 FTE to allow for the backlog within the 0-25 SEN team. Plus Packages are in place for 165 students (average cost £9,499) which is an additional cost pressure of £42,000. Other adverse variations for Element 2 adjustments, Lump Sums, backdated claims and prior year payments total £413,000.
- 1.15. The Personalised budgets forecasting to spend £460,000 this is based on actual of 53 pupils being supported and growth of 15 (average cost £6,764), whilst Tutoring Specialist Support of £290,000 supporting 36 pupils with growth of 15 (average cost £5,686)
- 1.16. Maintained Special Schools are reporting to overspend of £376,000. 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 also increased with the majority now at full capacity. In September 2019 a new maintained special school opened along with an expansion of an existing school giving an additional 55 places in this financial year.
- 1.17. Devon's High Needs Block funding has been reduced by £162,000 for Maintained Special Schools (increase in Exports of students with EHCP's to other Local Authority Maintained Special Schools). Devon are currently challenging the adjustment with the ESFA and neighbouring authorities as we cannot verify all pupils for whom Element 2 has been deducted.
- 1.18. The independent budget has grown slightly in month 6 to a funding gap of £15.7millions, part of the funding gap relates to the known budget pressure at budget prep of £5.2millions for which Management Action was being looked into across the High Needs block. The forecast assumes these savings will not be made. Further detail for Independent Special Schools (ISP) is attached in Appendix A.
- 1.19. Currently 548 placements in Independent sector, set to rise to 648 by the end of the spring term. The average placement numbers forecast, including growth, is 122 above the budgeted level resulting in £4.8 millions volume variance and £3.6millions price variance.

Department for Education consultations

- 1.20. There have recently been two consultations running that affect the funding of schools.
- 1.21. One seeking views making the Minimum per-pupil Funding (MPPF) a mandatory factor within the formula with the opportunity to disapply if the authority is unable to reach those levels of funding stated.
- 1.22. The second seeking views on the proposal that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. Suggesting that from the end of the 2019/20 financial year that the authority must carry forward the

whole overspend to the schools budget in future years and may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.

DSG Deficit Recovery Plan

- 1.23. 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

- 1.24. Management Actions totalling £2.4millions were sought as part of the 2018/19 outturn position and to date £1.5 millions has been calculated with £528,000 realised in this financial year from the review of students currently in their 3rd – 5th years of post-16 education and the remainder will need to be found from 2020/21. Other recognised actions relate to the block contracts review which will now take place in 2020/21.

1.25. **Recommendation**

That DEF note month 1 DSG monitoring position as set out in section 1
All to Note

MARY DAVIS
County Treasurer

JO OLSSON
Chief Officer for Children's Services

Please ask for: Adrian Fox
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SEN Senior Management Group 22nd October 2019

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

Budget Monitoring Report - Month 6 (2019/20) – Independent Special Schools (ISPs)

Executive Summary

The Month 6 forecast for the ISPs shows a funding gap of £10.5millions which is an increase from Month 5 of £200,000. 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: Carry forward of £1.3m into 2020/21 this is for £350,000 block contracts and £983,000 3-5 savings to be achieved.

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 £50,000 relating to contributions to those placements for Children in Care that do not have EHCPs. Also included in the forecasting are 78 leavers since April 2019. 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	£16,999,000	£24,157,320	£7,158,320	£3,092,319
ISP Children's Joint Funded	£2,808,000	£1,789,795	(£1,018,205)	£51,313
ISP Adult Joint funded	£474,000	£910,982	£436,982	£133,544
ISP non-EHCP (Pre-16)	£50,000	£50,000	£0	£19,402
Growth	£0	£2,026,201	£2,026,201	(£3,163,514)
Management Action (MA)	(£2,473,000)	(£528,000)	£1,945,000	£85,000
TOTAL	£17,858,000	£28,406,298	£10,548,298	£218,064
High Needs Block Budget Pressure	(£5,335,000)	(£156,000)	£5,179,000	£0
REVISED TOTAL	£12,523,000	£28,250,298	£15,727,298	£218,064

2.0 Growth

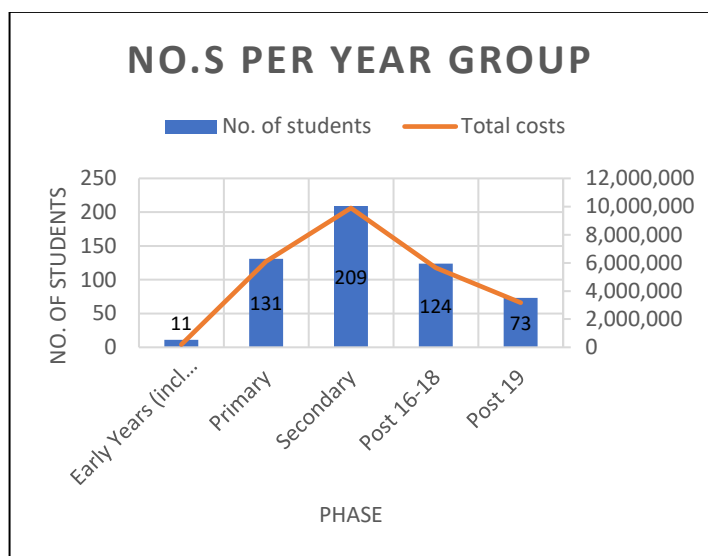
The above growth calculation is based on the following estimates:

- 4 known starters in Oct actual E3 cost for 2019/20 fin year
- 30 moving to independent sector from AP & other, as from October'19 at £27,000 per pupil
- 98 for remainder of year (as per 2018/19 starters) plus 8 placements due to MSS lack of capacity (last year 12 placements available in MSS compared to 4 this year)

It should be noted that there were 173 new learners into the Independent Sector in 2018/19.

3.0 Trends

As at July 2019 there are 527 students in the Independent Sector at a total cost of £23.6m (not including growth and management action).



Phase	No. of students (August)	No. of students (Sept)	Average costs (Sept)
EYs (inc NCY0)	10	11	£17,885
Primary	131	131	£46,678
Secondary	215	209	£47,353
Post 16-18	105	124	£45,630
Post 19	66	73	£43,305
Total	527	548	£45,671

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	£107,042	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	£106,355	Yes	Yes
Underley Garden School	Residential	£0	£0	£114,212	Yes	Yes
Oak Leaf lodge	Residential	£0	£0	£137,381	Yes	Yes
Sunfield Children's Homes Limited	Residential	£0	£0	£210,452	Yes	Yes
Hill House School (Cambian Group)	Residential	£104,405	£148,817	£140,447	Yes	Yes
Treloar College	Residential	£129,705	£129,705	£117,143	No	No
Cambian Group (The Meadows)	Residential	£0	£0	£137,250	Yes	Yes
National Star College	Residential	£85,848	£109,754	£208,184	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 73 of the 162 places are high cost placements (over £50,000).

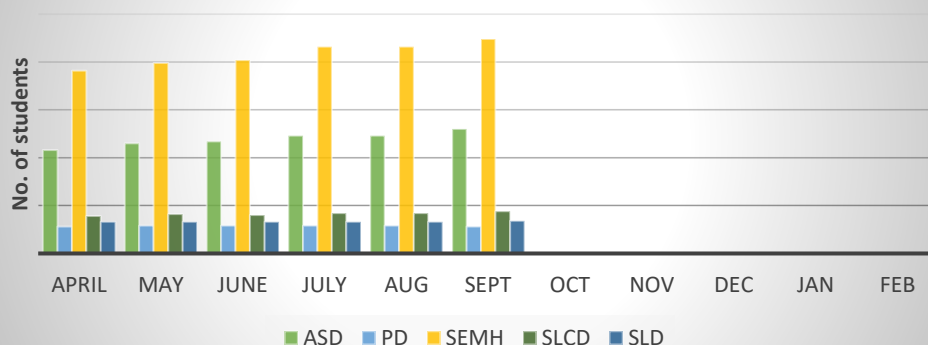
Analysis of Starters	Apr	May	June	July	Aug	Sept	Oct
Mainstream School	9	3	4	1	0	31	
Maintained Special School	1	4	3	0	0	15	
Alternative Provision	2	3	3	0	1	8	
Home Educated	2	2	1	0	0	4	
College	3	1	1	0	0	16	
CME (Missing Education)	1	1	1	1	0	2	
EOTAS	0	1	1	1	0	4	
Early Years	0	1	0	0	0	4	
New to Devon	0	2	0	0	0	1	
Other Special School	0	1	1	1	2	9	
Other	0	0	0	0	0	03	
Previously NEET	0	0	0	2	0	4	
Number of Placements	18	19	15	6	3	101	
Cost to the HNB 19/20	£1,002,498	£825,280	£773,286	£256,483	£131,636	£3,293,447	
Average costs	£55,694	£43,436	£51,552	£42,747	£32,608	£32,608	

**Placement due to tribunal hearing*

As at June 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	Total	Prev mth variance
Early Years (incl reception)	2	0	0	0	0	7	0	0	2	0	0	11	1
Primary	33	2	2	3	3	8	65	10	5	0	0	131	0
Secondary	46	7	10	0	9	5	109	12	5	1	5	209	-6
Post 16 - 18	37	5	9	0	6	1	38	15	3	4	6	124	19
Post 19	12	0	7	0	10	0	12	7	19	2	4	73	7
Total	130	14	28	3	28	21	224	44	34	7	15	548	21

Most prevalent Primary Needs



The five most prevalent primary needs as at Sept 2019/20 financial year are:

- 224 – SEMH
- 130 - ASD
- 44 - SLCD
- 34 - SLD
- 28 - PD

Independent Mainstream Schools

Independent Mainstream - June'19	No. of pupils Sept'18	No. of pupils Sept'19	Total costs Sept'19	Average costs Sept'19
Exeter School	1	1	12,325	12,325
Kingsley School	4	7	157,505	22,501
Magdalen Court School	11	27	505,698	18,730
Sands School	7	10	166,679	16,668
Shapwick School	2	4	100,334	25,083
South Devon Steiner School	1	1	10,914	10,914
St Peter's School	0	1	18,446	18,446
St Wilfrid's School	1	3	23,392	7,797
Stover School	3	3	70,486	23,495
Totnes Progressive School	2	5	84,603	16,921
Trinity School	5	7	115,349	16,478
West Buckland School	1	1	10,606	10,606
Total	34	60	1,138,114	18,969

The majority of these placements have been where parents have chosen these private schools and when a request for assessment is received by the Local Authority the funding for these young people transfers to the High Needs Block

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