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Report title:	2018-19 Schools Budget Monitoring and Financial Update	
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Executive Summary

This report sets out the 30 May 2018 budget monitor for the 2018-19 Dedicated Schools Grant and asks that the Schools Forum notes the position regarding the proposals concerning the extension of the Maternity Scheme and Schools in Financial Difficulties Funds to maintained nursery and special schools.

Schools Forum Actions

The Schools Forum is asked:

- a) to note that budget monitoring position on the Dedicated Schools Grant shows an overspend of £9.6m.
- b) to note that Special Schools will not buyback into the:
 - Maternity Scheme
nor the
 - Schools in Financial Difficulties Fund
- c) to agree to Maintained Nursery Schools buying into the
 - Maternity Scheme
 - Schools in financial difficulties fund
- d) to note the agreement by Nursery schools on the proposed supplementary funding.
- e) to note the costs in setting up Park College.
- f) to consider feedback from High Needs Block Steering Group and how possible savings can be made against the predicted overspend.

1. Budget Monitoring

1.1 The overall position on budget monitoring is summarised in the table below:

	DSG 2018-19 £m	Over/ (Underspend) £m
Schools Block	127.691	0.0
High Needs Block	41.691	(6.0)
Early Years Block	28.578	0.0
Central Services	1.655	0.0
Total	199.615	6.0
Less Deficit provision		-0.5
Carried Forward		4.1
Total		9.6

Note – these figures are after the recoupment by the DfE for academies

1.2 High Needs Block

The High Needs Block budget forecast has the carry forward from 2017/18 of £4.1m built into the figures. The forecast reflects the full year effect of last year's growth in numbers as well as growth for this year. Given the demand led nature of the budget there can be a risk to the accuracy of the forecast of expenditure, especially so early in the year. Therefore this overspend still needs to be viewed with caution.

The High Needs Sub Group met for the first time on the 14 May 2018, a verbal update of the meeting will be given. The High Needs group will look at the forecast position over the coming months and will report back to the Schools Forum in December with recommendations on how the spending can be brought into balance.

Within the High Needs block there is an overspend predicted on Alternative Provision of £600k. This has been created by an increase in children who are now being educated out of school on a one to one basis.

1.3 Early Years Block

The Early Years funding block is expected to balance at the year end. Originally the funding for early years is based on the forecast numbers of children, this is then revised to actual numbers. This adjustment is based on the January numbers. We are expecting to hear from the Department for Education in July on the 2017/8 adjustment – which will result in a budget adjustment. If this is received before the meeting a verbal update will be given.

1.4 Financial position on De-delegated Budgets and Growth Fund

The summary position is shown in the table below:

2018-19	Budget £m	Forecast Outturn £m	Over/ (Underspend) £m
Schools in financial difficulty	0.5	0.5	0
Behaviour Support services	1.6	1.8	0.2
Maternity	0.8	0.8	0
Trade Unions	0.1	0.1	0
Growth Funds	0.6	0.4	(0.2)
Falling Rolls	0.1	0.1	0

1.4.1 Summerhouse (Part of behaviour support services)

The unit overspent its budget at the end of last year by £0.1m. This has been carry forward to this year. There is expected to be a further overspend this year which will increase the amount to £0.2m unless management action is taken. A review of the unit has been started in order to consider how it operate in the future. This includes restructuring and looking at the way it is financed.

1.4.2 Growth Funds

The increase in pupils has slowed over the last year and there is no longer the requirement to set up as many bulge classes as originally thought. The fund will pay out £420k to 9 schools this year, leaving an underspend of £0.2m. The schools receiving funds are shown below:

School	£'000	Comment
Charles Dickens - MAINTAINED	26	Intake in Sept 2018 - 60 pupils, current Year 6 - 45 pupils
Dulwich Wood – MAINTAINED	52	Intake in Sept 2018 - 60 pupils, current Year 6 - 30 pupils
Phoenix - MAINTAINED	52	Intake in Sept 2018 - 90 pupils, current Year 6 - 60 pupils
Grange – MAINTAINED	26	Intake in Sept 2018 - 60 pupils, current Year 6 - 45 pupils
Albion – MAINTAINED	52	Intake in Sept 2018 - 60 pupils, current Year 6 - 30 pupils
Bellenden – MAINTAINED	52	Intake in Sept 2018 - 60 pupils, current Year 6 - 30 pupils
Ivydale – MAINTAINED	52	Intake in Sept 2018 - 90 pupils, current Year 6 - 60 pupils
Redriff - ACADEMY	108	Lagged funding of an academy budget need year of advanced funding
TOTAL	420	

2 Other updates

2.1 Early Years

A meeting was held with Nursery Schools on the 11 June 2018 to discuss the charging basis for entry into the maternity and contingency fund as well as the distribution of the supplementary funding.

The nursery schools agreed that the current method of distributing the supplementary funding would continue but on updated pupil numbers. The nursery school would also like to buy back into the schools in financial difficulty fund and maternity fund; the charge will be based on pupil numbers. Work is underway to make sure all data used in the calculations is accurate.

There are further issues with regard to the funding of meals in Nursery schools which is currently being considered to see how the are financed going forward

2.2 Portal Headcount and funding

While schools will need to continue to use the Portal to check eligibility this term, it has been decided not to use the Headcount Portal in Summer Term 2018 to capture details of all nursery age children in schools and early year's settings. Work will continue with the software suppliers to resolve the issues. The plan is to relaunch the portal in the new academic year but only if the system is going to work effectively.

In the meantime the summer term school census returns will be used to estimate the nursery funding due to schools. This will be cross referenced with the eligibility checks information from the Portal to ensure that only eligible children are funded for additional hours and 2 year old places.

2.3 Special Schools

The Schools Forum on the 17 March 2018 was not quorate, the Forum is asked to confirm that they note that Special Schools do not want to buy back into the maternity and the contingency fund.

2.4 Falling Rolls Fund

A number of members of the Schools Forum met on the 2 May 2018 to discuss this fund and the inter-relationship with the growth fund. The Heads are drawing up a possible terms of reference for such a group to meet on a regular basis. These terms of reference will be brought to the Forum. A separate paper on this agenda considers this further.

2.5 Setting up Park College

- 2.5.1 In Southwark and nationally the overall number of pupils with a statement or EHC plan has been increasing year on year. The number of children and young people with EHCPs in need of additional, different or specialised provision has increased by 27% over three years between 2014-2017 with a 10% increase between 2016-17. If this year on year trend continues, by 2021/2022 there could be as many as 2900 children and young people with EHCPs with a need

for additional places and high needs provision in Southwark’s mainstream and special schools.

- 2.5.2 This has put a pressure on the number of commissioned places available in maintained provision and has meant an increase in the number of children and young people needing to access specialist, high-cost provision out of the borough.
- 2.5.3 Local FE provision has been judged by inspectors to be less than good since 2012 and despite recent improvements in opportunities for students in receipt of high needs funding, existing FE provision offers no progression or consistency for complex SEND students. Consequently they do not sustain engagement.
- 2.5.4 There is insufficient vocational training for SEND students and employment outcomes need to be improved. Students with high level/complex needs require long-term, individually supported work place programs as a key component of 16 - 25 provision if they are to develop the vocational and life skills to attain and sustain independent living – these opportunities are not currently offered locally.
- 2.5.5 As a consequence there is a proposal for specialist provision that would be a hub for adult disability in Southwark. In time, associated services in addition to the college (with its enterprises) may be offered such as; outreach, training, family support and bespoke tuition services. Hosting CareTrade which would provide opportunities for shared resources, training and other professional development.
- 2.5.6 Governance: The specialist provision would be a not-for profit organisation. Spa School’s Headteacher and Deputy Head would be Trustees and advisors, and we would liaise with the LA to determine the constitution of the board. The board would reflect expertise in adult education, autism and learning disabilities, safeguarding, finance and HR.
- 2.5.7 The specialist provision would work closely with Southwark Adult Services and would prioritise young people from within the borough.
- 2.5.8 Students aged 16-25 placed in Independent Specialist Provisions (ISPs) usually have a combination of education, care and health needs. Cohort size has ranged from 24 to 32 students over the past four years. This is a relatively stable cohort although numbers may rise with population growth. These students have their special educational needs and disabilities identified earlier in their education if not before, so needs in the 16 to 25 age group are relatively easy to predict and plan for. ISP placements incur education, social care, health and transport costs.

Students in ISPs 2014-17

	Number of students	Education	Social Care	Health	Transport	Total cost
2016/17	32	£1,467,436	£487,674	£50,539	£459,705	£2,465,355
2015/16	24	£1,159,224	£375,773	£25,881	Not available*	
2014/15	24	£1,057,359	£504,991	£34,460	Not available*	
2013/14	29	£1,346,149	£289,309	£51910	Not available*	

- 2.5.9 The establishment of specialist SEND education provision for children and young people with learning disabilities, aged 16-25 presents opportunities for significant immediate and ongoing savings in SEND (education) and Social Care placement costs. Southwark currently places 32 students in independent special colleges at an average education cost of £45,000 per annum. There is also an average additional cost of £31,000 per placement from social care, health and to cover transport. The projected place cost for local SEND college provision when established and registered is £30,000 - a saving of 33% per student with the expectation of reduced costs against other budgets particularly transport.
- 2.5.10 In order to set up the provision, costs will need to be incurred before it is open. Such costs include management and teaching costs to ensure it can open and be fully operational on the first day of the academic year. It is estimated that these costs will be £160k reducing over 3 years (this is being reviewed with Finance) but this will be subject to negotiations on property costs. The costs will fall on the DSG High Needs block subject to agreement.
- 2.5.11 An exact financial business case will need to be brought together to ensure the unit is financial viable in the long term. Sensitivity analysis will be undertaken as the unit costs vary considerably with numbers. It is expected the college will break even by 2021. The savings will be mainly through future cost avoidance and the exact figure will be dependent on numbers and needs of the children but it is likely to be around £400k.
- 2.5.12 The provision will be about future cost avoidance initially, rather than savings and there is a risk that if the unit is not full it will increase the unit costs. This will be especially true in the early years as the unit establishes itself. It is unlikely that additional funding for places at the provision will be obtained from the DFE as part of the High Needs Return as the qualifying criteria is unlikely to be met (this requires a threshold of set places and also joint placements with another LA), however this will be explored in October 2018.

3 Conclusion

The financial pressure on the High Needs Block is now at an unsustainable level. The High Needs Group is meeting regularly. However significant action will need to be taken in order to bring the spending under control and repay the deficit over the medium to longer term.