



Schools Forum Date: 2 February 2017 Time: 8:30 am Venue: Shrewsbury Training and Development Centre	<u>Item</u> Public	<u>Paper</u> G
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DEDICATED SCHOOLS GRANT MONITORING

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Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of December 2016.

Recommendation

This report is for information only.

REPORT

Outturn 2016-17

1. The overall outturn against centrally retained DSG is forecast to be £0.325m in deficit at the end of December 2016.

Centrally Controlled Early Years Budget

2. The Early Years Block is forecast to overspend by £0.767m on a provisional budget of £7.068m.
3. The main reason for this is a large forecast overspend of £0.777m identified in relation to the Early Years Budget for three and four year old nursery entitlement.

4. There are two reasons for the overspend on this budget heading. Firstly, the number of weeks being funded within the financial year. The Council receives funding from the EFA for an academic year of 38 weeks since parents are entitled to provision of 15 hours each week over 38 weeks. The number of funded weeks in a financial year varies from year to year and in this year the number of weeks is higher than normal containing 39.8 weeks which means the Council is funding 5% more provision by way of weeks than it is being funded for. This will account for approximately £0.200m additional costs in 2016-17.
5. Secondly, the Council has experienced a higher take up of provision in this year than previously resulting in a greater draw on the funding. Further, thorough analysis of the take-up of the entitlement is required to determine how much of the overspend is explained by this. An increase in take-up in the current academic year, from September 2016 to March 2017 will be reflected in the final adjustment to the provisional Early Years budget for 2016-17 made following the end of the financial year.

Centrally Controlled High Needs Budget

6. The Centrally Controlled High Needs Budget is the largest budget area within Central DSG accounting for £17.526m of the £28.764m Central DSG budget in 2016-17.
7. The main reasons for a variation from budget of greater than £0.100m falling within the High Needs Budget are detailed below:

Line 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

8. An underspend of £0.235m is currently forecast in this budget area. The key budget areas are detailed below:

Independent Special Schools

9. In 2016-17 the budget was set at £4.546m based on 78 placements at approx. £0.058m per placement.
10. The latest monitoring position has seen the projected spend reduce to £4.225m resulting in a forecast underspend of £0.321m. The underspend is due to a number of high cost placements ending 31st August and the pupils were placed in lower cost placements deemed appropriate for their needs.
11. As at the start of the Spring Term, there are 75 placements compared to 84 at the start of the last Summer Term and the average annual cost per placement has decreased from £56,530 to £52,131. This trend goes against the national picture being reported by the F40 Group of Local Authorities during a recent survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, increasing individual placement costs and higher contributions from Education towards joint social care placements.

12. The Service, through day to day placement management, seeks to focus on maximising placements at non-residential lower cost establishments while not placing pupils at the more expensive residential placements that can cost in excess of £0.100m per annum. In practice this is not always controllable as sometimes a child will be placed at these higher cost placements for their Social Care needs and Education will be recharged accordingly. It is also important to note that some of the lower cost providers will already be at or near to full capacity.
13. Another way in which cost have been controlled is through the West Midlands Price Review Panel. Shropshire Council, through Regional Price Agreements, aims to ensure that Providers do not increase prices without full agreement at regional level.
14. It is important to note that this budget is volatile since costs could increase significantly at short notice if 1 or 2 pupils with complex needs requiring high cost residential placements re-locate to the area or the needs of a child change.

Independent Non-Special Schools

15. An overspend of £0.052m is currently forecast against Independent non-special schools where the Council funds teaching support costs. Previously these costs were assigned to the same budget as the top-up funding for Independent Special Schools, however in 2016-17 it was decided to separate these costs out and set at a separate budget of £200k for 24 pupils at an average cost of £8.3k per pupil.
16. Where the SEN Team believe that a Maintained School can not meet the needs of a child and it is cheaper to place a child at an Independent School with one-on-one attention rather than a high cost specialist Independent Special School, this may result in an Independent non-special School being named on a Child's EHC Plan. On the basis that a potential overspend has been identified, the Service are reviewing how to continue to fund these costs. This issue will be covered in a report later in this financial year, setting out the strategic direction for the High Needs Block in the 2017-18 financial year.

SEN Nursery Placements

17. There is a forecast overspend of £0.038m on SEN Nursery Placements against the budgeted level of £35k. This is explained by the SEN Team maximising or providing opportunities for Mainstream Early Years settings.
18. The reasons for increasing costs in this area is due to children surviving at birth with more complex needs as demonstrated by Health data leading to more children assessed for EHCP plans. Also, there is the extension of the age range leading to an increase in the number of placements.

19. There will be further ongoing cost pressures on this budget with the introduction from September 2017 of 30 hours free childcare for all 3 and 4 year olds with working parents. A strategic change in the way the Council delivers provision for Children with complex needs will be required. To start with there would be an increase in cost as training is provided to settings to meet the needs of more complex children within their communities, however there should be reduced costs on Special School nursery placements and related reduced costs on SEN transport. More detail will be covered on this matter in the aforementioned report setting out the strategic direction for the High Needs Budget.

Line 1.2.5 – SEN Support Services

20. The Joint Arrangement with Telford & Wrekin Council for the provision of a Sensory Inclusion Service is currently forecasting an underspend of £0.117m. A staffing restructure earlier in the financial year has resulted in a saving of £0.117m on Shropshire Council's contribution.
21. Continuing from 2015-16 there are still some vacancies in the SEN team where key posts are actively being recruited to. The team has been stretched to capacity due to increased numbers of EHC Plans and increasing SEN Casework workloads. These vacancies have resulted in a forecast underspend of £0.199m but not all of this underspend is ongoing.

Central Provision within Schools Budget

22. A forecast underspend of £0.119m is attributable to the Central Provision within Schools Budget totalling £3.616m

Line 1.4.6 – Capital Expenditure from Revenue (CERA)

23. A forecast underspend of £0.263m relates to property related expenditure under this heading. Spend incurred under this heading does not occur uniformly throughout the year and depends on when various Property related expenditure is recharged by the Service. For this reason, this budget was previously forecast to spend at the budgeted level of £0.606m, however a review of spending as at the end of December indicates a lower level of spend compared with previous years.

1.4.12 – Exceptions agreed by Secretary of State (Deficit Balance)

24. A cost of £0.168m is reported. As agreed by Schools Forum in 2014-15 this is the third year charge relating to a secondary school deficit balance incurred in 2014-15 at the point of conversion to a sponsored academy.