



Committee report

Committee	SCHOOLS FORUM
Date	23 MARCH 2023
Title	2022/23 SCHOOLS BUDGET MONITORING
Report of	DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE

EXECUTIVE SUMMARY

1. This report sets out the current forecast position for the 2022/23 Schools budget as at 31 January 2023, showing a predicted in-year forecast overspend of £2,424,000. The report details variances across funding blocks, explaining risks and actions being undertaken to manage the budget position.

2022-23 BUDGET MONITORING - SUMMARY POSITION

2. The forecast year-end position for 2022/23 as at 31 January 2023 is an overspend of £2,424,000. This can be summarised for each block as follows:

Funding Block	Current Budget £000	Outturn £000	Variance	
			£000	%
Early Years Block	6,532	6,518	-14	-0.2
Schools Block	57,982	57,980	-3	0.0
High Needs Block	19,114	21,606	2,492	13.0
Central School Services Block	593	542	-51	-8.6
Total DSG	84,222	86,646	2,424	2.9
Other Grants (Pupil Premium etc.)	13,497	13,497	0	0.0
Total	97,719	100,143	2,424	2.5

3. A breakdown of these figures is shown in appendix A. The key variances are broken down by block in the following sections. A breakdown of budget headings is included in appendix B.

EARLY YEARS

4. The budget predominantly funds direct provider entitlement expenditure and the forecast is currently projecting a minor underspend of £14,000 in the central team's budget.
5. Funding in 2022/23 returns to a pre-Covid basis which means autumn and spring funding will be impacted by the January 2023 census. The provisional January 2023 census outcome, subject to DFE authorisation, indicates a further decrease in funded part time equivalents by 5.6% for 2-year-olds and 3% for 3-4-year-olds. This will result in an estimated funding reduction of £128,000 in the Early Years block. A contingency was set to mitigate the impact of this reduction on the central team budget.
6. The provider activity for the summer and autumn terms does not indicate pressures in early years entitlement but variances to the budget may develop once actual activity for Spring term is submitted by the providers.

SCHOOLS BLOCK

7. The majority of this budget relates to school budget shares which is passported on to schools based on their allocations agreed at the beginning of the financial year. No variances are reported in relation to the budget shares element of the budget.
8. No growth fund budget was set for 2022/23 financial year as it was unaffordable at budget setting due to rising pupil characteristics in the 2022/23 funding formula. The budget was not used in 2021/22 financial year, but potential future secondary place pressures may impact this budget longer term.
9. The de-delegated trade union budget is forecast to be fully spent however a small underspend is likely due to vacancies in NASUWT, Voice and ASCL at year end. The unions should be aware that the overall budget increases from £44,609 to £46,152 for 2023/24. The distribution of the 2023/24 funding will be confirmed following financial year roll forward.

HIGH NEEDS BLOCK

10. The majority of pressures within the high needs block are consistent themes with what has been reported in previous budget monitoring. The forecast position as at January 2023 is an overspend of £2,492,000 (13%). Despite the 2022/23 increase in funding of £2,130,000 equivalent to 12% (£745,000 of which is supplementary high needs funding) and a schools block transfer of £211,000, this budget remains a major contributor to the overall DSG deficit, due to an underlying funding shortfall to meet demand and complexity.

11. A significant budget gap of £1,123,000 was identified as part of the high needs budget setting and was communicated to Forum in January 2022. This gap of savings to be identified, has been flagged under the 'high needs contingency' line within appendix A. It remains a budget pressure in this financial year, however, savings strategies and initiatives are being progressed with the impact mainly being felt in future years alongside the Safety Valve work.
12. Top up funding – Mainstream EHCPs – £331,000 overspend due to the continuing growth in the number of children with EHCPs in mainstream schools and academies and an increase in the average top up value per child. The average FTEs projection for 2022/23 is 601, an increase of 14% compared to previous year. The average annual top up amount per child has increase by 8% from £3,437 in 2021/22 to £3,728 in this financial year. The banding system was implemented in September 2021 and there are currently 323 plans (51%) under this methodology with the average annual top up cost of £4,474, 38% higher than under the old LSA top up system. As more plans are moving onto banding the potential for a pressure in this budget is likely to increase. The table below demonstrates the activity and unit cost in the last 3 years and to date:

	2019/20	2020/21	2021/22	2022/23 Forecast
FTE pupil	424	470	529	601
FTE % change	11%	11%	13%	14%
Average top up per annum	£3,425	£3,328	£3,437	3,728
Average top up % change		-3%	3%	8%

13. Discretionary top up – £310,000 overspend due to continuing demand in additional support for pupils in mainstream schools, academies and PRU who otherwise may be placed in more expensive independent placements. 82% is paid directly to schools and academies to support children with complex SEN needs. 133 young people were support through discretionary budget in this financial year to date. Spend by financial year and breakdown of current spend are in the tables below:

	2018/19	2019/20	2020/21	2021/22	2022/23 Forecast
	£000	£000	£000	£000	£000
Discretionary top up	273	436	482	712	925

Provision type	% spend
Alternative provision	37.86%
Purchased tutoring	18.55%
LSA support	12.55%
Transport	11.82%
Support and therapies	12.43%
Equipment and resources	6.81%

14. Direct Payments / Managed Educational packages (£514,000 pressure). Demand for this budget increased in the latter part of 2021/22 creating a significant pressure in this financial year. Currently there are 50 young people (an increase of 15 compared to the beginning of this financial year) young people, mainly EOTAS, being supported through this budget at an average cost of over £41,000 per year. Historic spend and the breakdown of the spend by categories as at January 2022 are in the tables below:

	2018/19	2019/20	2020/21	2021/22	2022/23 Forecast
	£000	£000	£000	£000	£000
DP/Managed Ed. Packages	307	876	794	995	1,231

Provision type	% spend
Direct payments	44.62%
Alternative provision	22.46%
Purchased tutoring	20.39%
Therapy and support	12.30%
Various support	0.22%

15. Top up funding pupil referral unit - £194,000 overspend due to increase in demand for Alternative provision for children with complex need. Following Summer and Autumn term activity submission, it is anticipated that the ILC will be funded for 86 FTEs in this financial year, 10 FTEs higher than budgeted. The final position will be confirmed following Spring term activity submission.
16. Special schools top up funding - £163,000 overspend. The activity at the special schools is at the expected level and both schools are operating at full capacity, however, an increase in complexity of cases and subsequent shift towards the higher band value resulted in the overspend position this year.

Band	2021/22	2022/23	Band shift %
A1	2	2	0.0%
A2	31	26	-1.9%
A3	48	40	-3.2%
B1	6	9	0.9%
B2	98	103	1.0%
B3	97	109	3.3%
Total	282	290	

17. Top up funding post 16 - £51,000 overspend mainly due to the increase in the number of pupils at the Island VI form. Activity and cost at IW College and HTP is at expected level.

18. Early years SEN £60,000 overspend. There was a significant increase in demand on early years SEN support in financial year 2021/22 as the number of children increased by 20% compared to previous year. In this financial year to date the number of children with SEN supported through top up increased by a further 10%. An early years SEN unit at Clever Cloggs nursery opened in the new academic year and local authority is commissioning 8 places at the unit.
19. Independent and non-maintained special school placements - £245,000 underspend. There has been a reduction in the number of placements in this financial year compared to 2021/22. The increase, anticipated at budget setting, has been avoided, resulting in the underspend position in this financial year. Presently there are 79 placements, 67 on island and 11 off island. Off island placements have decreased by 4 since the beginning of this financial year. Year-end activity in the last three financial years is shown in the table below.

INMSS Placements	Mar-21	Mar-22	2022-23 projection
Pre-16	58	62	61
Post-16	18	20	18
TOTAL	74	82	79
<i>Average education cost</i>	<i>£47,987</i>	<i>£45,337</i>	<i>£43,025</i>
<i>Off Island</i>	<i>18</i>	<i>15</i>	<i>11</i>
<i>On Island</i>	<i>56</i>	<i>67</i>	<i>68</i>

20. Top up funding resourced provision - £30,000 underspend due to lower than budgeted occupancy. The St Francis unit opened in September 2022 and full occupancy is expected in the new academic year. The Bay unit places increased to 15 in 2022/23 Academic year, the increase was budgeted from April 2022.
21. SEN central teams - £170,000 underspend. From the variance £77,000 of underspend relates to saving on premises costs following the relocation of the SEN team from Thompson house and various minor non-pay budget underspends. The remaining £93,000 underspend is a on SEN Improvement projects: only one project has been implemented in this financial year.

CENTRAL SERVICES BLOCK

22. There is a projected underspend of £53,000 in relation to non-SEN independent placements. There are currently two active placements with an average cost of £17,980 per year. Very small numbers of placements can cause a shift in the variance.

OTHER GRANTS

23. The majority of funding in this area is passported on to schools so no variances are expected at this stage. Other grants are based on DfE provided allocations and are passported on to schools as and when they are received. The significant grants in this area include pupil premium, universal infant free school meals, sixth form funding, recovery premium and the PE and sports premium.

CUMULATIVE DEFICIT & CARRY FORWARD

24. In addition to the in-year forecast there is a brought forward deficit on the dedicated schools grant of £6.3 million bringing total predicted DSG deficit at March 2023 to £8.8 million.

	£000
2022/23 forecast overspend	2,424
Brought forward DSG deficit	6,345
Combined overspend	8,769
22/23 DSG allocation pre-recoupment	107,942
Forecast Deficit as % of total allocation	8.12%

25. As per the [Schools and Early Years Finance \(England\) Regulations 2023](#) local authorities are not permitted to fund any part of the DSG deficit from sources other than future DSG income and must carry it forward into the new or future financial years unless the Secretary of State authorises the local authority not to do so. The annual decision from Schools Forum on carrying forward the deficit is no longer applicable or required
26. Any resultant Safety Valve agreement may impact the 22/23 final year outturn position.

RECOMMENDATIONS

1. That Schools Forum notes the budget monitoring position as at January 2023.

APPENDICES ATTACHED

Appendix A – 2022-23 Schools Budget Position January 2023
Appendix B – Summary of budget headings

BACKGROUND PAPERS

None

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APPENDIX A - 2022/23 SCHOOLS BUDGET POSITION
**Period
10**
Jan-23

Service Area	Current Budget £000	Forecast Outturn £000	Variance £000	%
SCHOOLS BUDGET				
2 Year Old Free Entitlement	886	886	0	0.0
Universal (15hr) & Additional (30hr) Entitlement	5,103	5,103	0	0.0
Early Years Pupil Premium	86	86	0	0.0
Disability Access Fund	45	45	0	0.0
3-4 Year Old Free Entitlement	5,234	5,234	0	0.0
SEN Inclusion	106	106	0	0.0
Early Years Central Expenditure	307	292	-14	-4.6
EARLY YEARS BLOCK	6,532	6,518	-14	-0.2
Primary Budget Shares	35,433	35,433	0	0.0
All-through Budget Shares	7,071	7,071	0	0.0
Secondary Budget Shares	14,645	14,645	0	0.0
School Budget Shares	57,149	57,149	0	0.0
De-delegated: Free School Meals Eligibility	17	17	0	-1.2
De-delegated: Licences / Subscriptions	30	27	-2	-8.2
De-delegated: TU Facilities Cover	45	45	0	0.0
De-delegation	91	89	-3	-2.9
LA Education Functions	742	742	0	0.0
Growth Fund	0	0	0	0.0
SCHOOLS BLOCK	57,982	57,980	-3	0.0
Special Place Funding	2,886	2,886	0	0.0
Resourced Place Funding	269	269	0	0.0
Island Learning Centre - Place Funding	764	764	0	0.0
LA Education Functions (all schools HN)	21	21	0	0.0
Place Funding	3,940	3,940	0	0.0
Special School Top Up	3,713	3,876	163	4.4
Mainstream School Top Up	1,978	2,310	331	16.7
Resourced Provision Top Up	724	694	-30	-4.1
Island Learning Centre Top Up	663	857	194	29.3
Post 16 Top Up	1,815	1,866	51	2.8
Early Years SEN Funding	245	307	62	25.3
High Needs Top Up Funding - Discretionary	468	925	458	97.9
Direct Payments/Managed Educational Package	718	1,232	514	71.6
Pupils in Other Local Authorities Top Up	20	52	32	158.2
High Needs Top Up Funding	10,344	12,120	1,775	17.2
Independent & Non-Maintained Special Schools	3,777	3,532	-245	-6.5
SEN Central Teams	1,353	1,183	-170	-12.6
Hospital Education Provision	16	26	10	61.6
Support for Inclusion & Education Out of School	137	136	-1	-0.7
SEN Transport	670	670	0	0.0
High Needs Contingency	-1,123	0	1,123	-100.0
HIGH NEEDS BLOCK	19,114	21,606	2,492	13.0
Admissions Service	178	178	0	0.0
Copyright	91	91	0	0.0
Fees to Independent Schools without SEN	92	41	-51	-55.8
LA Education Functions (all schools)	196	196	0	0.0
Centrally Employed Teachers	23	23	0	0.0
Servicing of Schools Forum	14	14	0	0.0
CENTRAL SERVICES BLOCK	593	542	-51	-8.6
Pupil premium and other grants	13,497	13,497	0	0.0
OTHER GRANTS	13,497	13,497	0	0.0
TOTAL SCHOOLS BUDGET	97,719	100,143	2,424	2.5

APPENDIX B – DESCRIPTION OF BUDGET HEADINGS

EARLY YEARS BLOCK

2 Year Old Entitlement Funding – Early years funding for providers educating two year olds eligible for the free entitlement.

3-4 Year Old Entitlement – Early years funding for providers educating three and four year olds calculated through the Early Years Single Funding Formula, including those eligible for the 30 hours entitlement for working parents, the Early Years Pupil Premium and the Disability Access Fund.

Early Years Central Expenditure – Costs of the local authority early years team responsible for administering the entitlement, auditing and inspecting providers, ensuring sufficiency of places, providing support and guidance for providers on best practice and running local projects in partnership with providers.

Early Years SEN Inclusion – Contribution from the early years block to meet the costs of SEN top-up funding for early years providers.

SCHOOLS BLOCK

De-delegated: Licences / Subscriptions – Funding maintained schools have elected to give up from their budget shares to fund the cost of licences negotiated centrally for schools including Access Budgeting, SIMS Financial Reporting Suite and Financial Management System, and (primary schools only) Fischer Family Trust subscription

De-delegated: Free School Meals Eligibility – Funding maintained schools have elected to give up from their budget shares to cover the cost of local authority officers checking the eligibility of pupils for free school meals on behalf of schools

De-delegated: Staff Supply Cover (TU Facilities) – Funding maintained schools have elected to give up from their budget shares to fund employers of trade union representatives to release their employees to support union members in other schools

LA Education Functions (maintained Schools) - High needs block funding per place retained from special schools and the ILC, used to fund local authority statutory services as agreed by forum

Pupil Growth – Growth fund allocations made under the policy agreed by Forum

Schools Budget Shares – School budget allocations determined through the local funding formula

HIGH NEEDS BLOCK

Special Place Funding – Funding of commissioned places in maintained special schools at the fixed rate of £10,000 per place regardless of occupancy

Resourced Place Funding – Funding of commissioned places in maintained resourced provisions at the fixed rate of £10,000 per place (if empty in preceding autumn census) or £6,000 per place (if occupied in preceding autumn census) regardless of occupancy

Island Learning Centre - Place Funding – Funding of commissioned places in the maintained Pupil Referral Unit at the fixed rates of £10,000 per place for 40 behaviour places and £18,107 for 20 emotionally vulnerable/unwell places, regardless of occupancy

Top Up Funding - Resourced provisions – Additional funding for resourced provisions at an agreed top-up rate for the type of provision, based on actual occupancy

Top Up Funding - Post 16 – funding for high needs students attending post-16 institutions including the Isle of Wight College and HTP.

Top Up Funding - Special Schools – Additional funding for pupils in special schools at a banded level of funding based on their level of need, at actual occupancy. Also over-occupancy funding at £10,000 per pro-rata place where occupancy is above agreed places

Top Up Funding – Island Learning Centre – Additional funding of £8,107 per pupil attending the ILC, pro-rata based on actual occupancy

Hospital Education Provision – Funding for occasional pupils (typically 0-2 in a year) who are attending specialist hospital education on the mainland following referral by a medical practitioner

Early Years SEN Funding – Additional funding for early years settings to support pupils with SEN, with lower level inclusion funded from early years and high needs funding from this budget

Independent & Non-Maintained Special Schools – Expenditure on placements for pupils with SEN with non-maintained and independent providers, including St Catherine's and specialist mainland providers

High Needs Contingency – Contingency budget from surplus budget to be used to offset savings not achieved or reduce the brought forward deficit.

Support for Inclusion & Education out of school – Support for pupils at risk of permanent exclusion to keep pupils in mainstream education where suitable, and the costs of the Elective Home Education team who support parents who choose to home educate their children

SEN Central Teams – Central SEN teams supporting pupils with additional needs including Speech and Language Therapy, Specialist Teacher Advisors (visual impaired, hearing impaired and dyslexia) and the Early Years SEN team, plus supporting admin

Top Up Funding – Mainstream – Top-up funding for pupils in mainstream education with Education, Health and Care Plans, including LSA hours in plans, after schools have funded the initial £6,000 of additional needs

Top Up Funding – Discretionary – Additional funding for schools outside of the standard funding arrangements, including specialist equipment and other high-cost provision specified in plans

Direct payments / Managed Educational Packages – The cost of providing educational personal budgets to children with SEN Educated other than at school either via Direct payments mechanism or commissioned by the LA.

SEN Transport – A fixed contribution of £670,000 to the costs of transport of children with SEN, which was previously part of the schools block prior to 2017/18 but was moved to the high needs block (along with the equivalent amount of funding)

CENTRAL SCHOOL SERVICES BLOCK

Fees to Independent Schools without SEN – Education costs of children in mainland social care placements who do not have SEN, but where mainstream education is not suitable

Admissions Service – Fixed contribution to local authority admissions services for all schools

Copyright – Amount charged by the DfE for copyright licences negotiated for all schools nationally

Servicing of Schools Forum – Costs of schools forum including premises, staffing costs including the costs of the clerk and report preparation

LA Education Functions (all schools) – Use of central school services funding for local authority statutory duties relating to all schools, including academies.

GRANTS

Pupil Premium & Other School Grants – Various school related grants which are passed on to schools including Pupil Premium, Universal Infant Free School Meals, PE and Sports, and Post-16 funding for maintained sixth forms.