

Committee report

Committee	SCHOOLS FORUM
Date	21 March 2024
Title	2023/24 BUDGET MONITORING
Report of	DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE

2023/24 BUDGET – OVERALL FORECAST POSITION

- This report sets out the current forecast position of the 2023/24 schools budget as at 31 January 2024, showing an in year forecast overspend of £2,975,000. This forecast overspend is £2,407,000 higher than the Safety Valve forecast overspend for 2023/24 financial year. The following table details variances across funding blocks.

Block	Current Budget	Outturn	Variance	
	£000	£0	£0	%
Early Years Block	6,610	6,590	-20	0.3
Schools Block	60,551	60,548	-4	0.0
High Needs Block	22,239	25,275	3,036	13.7
Central School Services Block	598	560	-37	-6.3
Total DSG	89,998	92,973	2,975	3.3
Other Grants (Pupil Premium etc.)	14,968	14,968	0	0.0
Total	104,965	107,940	2,975	2.8

EARLY YEARS BLOCK

- Minor variances in the Early Years central team budget on staffing and non-staffing elements. 2023/24 Early Years funding is impacted by January 2023 and January 2024 censuses. Outcome of January 2023 census, confirmed in July 2023 showed a reduction in funded PTEs (part time equivalents) of 5.7% for 2-year-olds and 3.7% for 3–4-year-

olds, resulting in the reduction in early years allocation of £260,000. Further reduction in funded PTEs is expected in January 2024 census due to a decline in the early years population, which will impact on funding allocations further. Variances to the budget may develop once actual activity for Spring term is submitted by the providers and the January 2024 census outcome is known.

3. Additional Early Years Supplementary grant is not part of DSG in 2023/24 financial year, however for 2024/25, an additional £288million is allocated to local authorities through the early years funding block of the dedicated schools grant, and there will not be a separate EYSG.

SCHOOLS BLOCK

4. The vast majority of this budget relates to school budget shares which are 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.
5. Only a minor growth fund budget of £326 was set for 2023/24 financial year as it was unaffordable at budget setting due to rising pupil characteristics in the 2023/24 funding formula. Changes in the operational guidance for 2024/25 financial year places a requirement on Local Authorities to fund additional classes driven by basic need either within or outside of PAN at least at a minimum level of £1,550 x number of pupils x 1.01472 (Area Cost Adjustment that changes every year). Local policy has been updated in November 2023 to reflect this change.
6. The small underspend of £4,000 is a result of additional income from academies and secondaries for the FFT subscription.
7. The de-delegated trade union budget is forecast to be fully spent to allow for further decision regarding the underspend of £12,980 due to vacancies in NASUWT and Voice. The unions should be aware that the overall budget increases from £46,152 to £47,449 for 2024/25. The distribution of the 2024/25 funding will be confirmed following financial year roll forward.

HIGH NEEDS BLOCK

8. The forecast position as at January 2024 shows a forecast overspend of £3,036,000 (13.7%). Despite the 2023/24 increase in funding of £1,860,000 equivalent to 8.5% and anticipated additional funding in 2023/24 of £1,520,000 as per Safety Valve agreement this budget remains a major contributor to the overall DSG deficit due to a continuing increase in the number of children with EHCP and a rise in the complexity of needs. The Isle of Wight was in the top 3 Local Authorities with the highest % of EHCPs in the country in 2022/23, which increased from 5.6% in 2021/22 to 6%.
9. A significant budget gap of £569,000 was identified as part of the high needs budget setting and takes into account strategies identified in the Safety Valve programme and additional funding of £1,520,000 as per the Safety Valve agreement. This gap of savings to be identified, has been flagged under the 'high needs contingency' line within appendix A.

10. In addition to the budget gap of £569,000 there are further variances and pressures that need to be considered within the January 2024 high needs budget forecast:

- Top up funding – Mainstream EHCPs – £244,000 overspend due to the continuing growth in the number of children with EHCPs in mainstream schools and academies and an increase in average top up value per child due to an increase in the complexity of needs. The banding system was implemented in September 2021 and there are currently 550 plans (84%), 14% of the Spring term cohort is on the highest exceptional banding. The table below demonstrates the activity and unit cost in the last 3 years and to date:

	2020/21	2021/22	2022/23	2023/24 forecast
FTE pupil	470	529	574	634
FTE % change	11%	13%	8%	10%
Average top up per annum	£3,328	£3,437	£3,752	£4,083
Average top up % change		3%	9%	9%

- Discretionary top up – £355,000 overspend. Growing demand on this budget which primarily supports children in mainstream schools, academies, colleges and PRU who otherwise may be placed in more expensive independent placements.

	2020/21	2021/22	2022/23	2023/24 Forecast
	£000	£000	£000	£000
Discretionary top up spend	483	712	935	1,109
% increase	11%	48%	31%	19%

Type of Provision	% Spend as at January 2024
Alternative Provision	44%
Purchased Tutoring	30%
LSA support	9%
Transport	8%
Equipment/Resources	3%
Other support	3%
Therapies	2%
Personal Budget	1%
Grand Total	100%

- Direct Payments / Managed Educational packages (£531,000 pressure). Educated other than at school and colleges (EOTAS) children are being supported through

this budget. Increase in demand in the latter part of 2022/23 and continued increase in this financial year contributed to the overspend position. 65 young people (an increase of 33% since April 2023) are currently being supported by this budget with an average cost of package of £35,000. 42% of the support is provided via Direct payments, the remaining 58% is managed by the Local Authority. Majority of spend funds alternative provisions, purchased tutoring and therapies.

	2020/21	2021/22	2022/23	2023/24 Forecast
	£000	£000	£000	£000
DP/Managed Educational packages	£793	£996	£1,612	£2,048
% increase	-9%	26%	62%	27%

- Independent and non-maintained special school placements - £755,000 overspend. The budget was based on 81 independent placements. There are currently 90 placements, 18 off island and 72 on island. The average unit cost of placement increased from £45,029 in March 2022/23 to £49,855 currently and attributable to the high-cost mainland placements and higher than anticipated inflationary increases to the providers in this financial year.

INMSS Placements	Mar-22	Mar-23	Mar-24 Forecast
Pre-16	62	63	74
Post-16	20	17	16
TOTAL	82	80	90
<i>Average education cost</i>	<i>£45,337</i>	<i>£45,029</i>	<i>£49,855</i>
<i>Off Island</i>	<i>15</i>	<i>12</i>	<i>18</i>
<i>On Island</i>	<i>67</i>	<i>68</i>	<i>72</i>

- Primary Behaviour Service – £390,000 overspend. The service was originally planned to start in April 2024; however, this was subsequently brought forward to September 2023, resulting in a pressure in this financial year which is partially offset by the reduction in funding (estimated saving of £226,000 for 20 FTEs) to ILC in respect of primary pupils.
- Island Learning Centre - £97,000 overspend. Increase in demand in the latter part of 2022/23 financial year, unknown at budget setting and continued increase in demand in 2023/24 resulted in the pressure this financial year. There were 78 full time equivalents funded at the PRU in the Autumn term. Final submission of the activity at the end of Spring term may result in the further pressure in this budget. From September 2023 ILC no longer has primary provision.
- Post 16 top up - £90,000 overspend. Increase in the activity by 8.5% mainly at the IOW college and Island VI form in the new academic year as well as the increase in the average unit cost by 6% contributed to the overspend position.

- Top up Special schools - £145,000 overspend. Increase in primary provision at Medina House from September 2023 to 104 places as well as increase in the complexity of cases and shift towards higher bands contribute towards the forecast overspend position this year.

Band	Band values	2022/23 %	Spring term 2023/24 %
A1	£4,240	1	0
A2	£6,702	9	7
A3	£7,687	14	8
B1	£8,180	3	3
B2	£11,626	36	35
B3	£16,548	38	48
Total		100	100

CENTRAL SCHOOL SERVICES BLOCK

11. The majority of this budget is recharge based and no significant variance is expected. Fees to Independent Schools without SEN shows an underspend of £37,000 based on actual costs to the end of the Autumn term. Two placements finished in the summer term and there is currently one active placement that started in the new academic year.
12. The copyright licence costs which are agreed by the DfE at a national level have been confirmed and are at the estimated budgeted level so no variances will arise.

OTHER GRANTS

13. The Department for Education (DfE) have confirmed continuation of the PE and sports grant for the Academic years 2023/24 and 2024/25. MSAG is a separate grant for 2023/24 financial year only but will be rolled into NFF from 2024/25. Teachers' pay additional grant will continue in 2024/25 but will be rolled into NFF from 2025/26.

CUMULATIVE DEFICIT AND CARRY FORWARD

14. In addition to the in-year forecast there is a brought forward deficit on the dedicated schools (DSG) grant of £4,007,000. The predicted cumulative deficit for 2023/24 is £6,982,000, £2,930,000 higher than the Safety Valve profile. There is ongoing work on developing strategies to close this gap.

	£000
2023/24 forecast overspend	2,975
Brought forward DSG deficit	£4,007
Combined overspend	£6,982
2023/24 DSG allocation pre-recoupment	114,149
Forecast Deficit as % of total allocation	6.12%

15. 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 required.

ADDITIONAL SUPPORT FOR SCHOOLS IN FINANCIAL DIFFICULTY IN 2023 TO 2024

16. DfE announced additional funding of £40million in 2023/24 financial year to support individual schools which find themselves in particular financial difficulties. This is one-off funding and the department has no plans for similar additional funding in 2024 to 2025 [Additional support for schools in financial difficulty in 2023 to 2024](#)
17. The department allocated £20million between local authorities who have aggregated school-level deficits as a proportion of their total maintained schools' income above 1%. Local authorities' allocations are in proportion to their aggregated school-level deficit. The remaining £20 million is used to top up the existing financial support already available to academies.
18. The local authorities funding allocations were announced at the end of October 2023 and for the IOW this amounts to £517,000. In total 35 local authorities are eligible for this support. This additional funding can be used to support maintained primary, middle, secondary and all-through schools, maintained special schools, pupil referral units, and maintained nursery schools.
19. For those local authorities in receipt of a portion of the £20million being allocated in 2023 to 2024, this funding will be a source of cash sums towards elimination of a deficit balance. The conditions of grant for this addition to DSG will allow the money to be used for this purpose.
20. DfE expects funding to be allocated on a case-by-case basis, taking into account the severity of the school's position and prioritising those in greatest need. It does not mean that every school with a deficit within the local authority should be given additional funding.
21. The local criteria being used for distribution of the additional funding are based around the following:

- Only schools in a cumulative deficit position in 2023/24 financial year are eligible for this funding.
- School has a licenced deficit or under a notice of concern.
- School had an SRMA (School Resource Management Advisor) deployment and is acting on suggested actions.
- The available funding will be distributed to schools in full and allocation of the funding is apportioned on the size of the school's 2023/24 cumulative forecast deficit as at November 2023 budget submission.

22. The following schools are eligible for this funding under the criteria outlined above.

School	2023/24 November cumulative deficit	2023/24 Additional funding allocation
Cowes Primary School	£84,564	£15,478
Greenmount Primary School	£71,925	£13,165
Oakfield Church of England Aided Primary School, Ryde	£211,093	£38,637
The Bay Church of England School	£1,644,316	£300,968
Christ The King College	£813,494	£148,898
Total	£2,825,392	£517,146

23. Alternative distributive methodologies considered by the Local Authority included the following:

- Distributing this funding to all schools with a cumulative deficit, including those with unlicensed cumulative deficit in 2023/24 financial year; however, this was discounted as none of the schools with an unlicensed deficit had an SRMA deployment to ensure best value for the public purse. SRMA deployment is one of the suggested DfE criteria for funding.
- Consideration was given to distribute this funding on an individual basis however this approach was discounted and apportioning the funding on the size of individual school's deficit basis was chosen as this corresponds to the DfE method of funding allocation to individual Local Authorities and is a more equitable way of sharing.

24. Local Authorities can only carry forward this funding to 2024/25 if they do not overspend their total DSG in 2023/24. This is not an option for the IOW as the current projected deficit for 2023/24 financial year is £2.9million, therefore the funding will have to be distributed to schools in this financial year.

25. Local authorities are not required to consult with the Schools Forum on the distribution method; however, there is a requirement that Local Authorities are transparent in the use of this additional funding for example through published schools forum papers and minutes.
26. Schools that are eligible for this funding will be notified following Schools Forum meeting and the funding will reach the schools by the 31st March 2024.

RECOMMENDATIONS

1. That Schools Forum notes the 2023/24 forecast position.
2. That Schools Forum notes the approach for distribution of additional funding to support maintained schools in financial difficulty.

APPENDICES ATTACHED


Appendix A – 2023/24 Budget Monitoring Forecast Position January 2024

Appendix B – Budget Heading Descriptions

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ASHELY WHITTAKER
Director of Children's Services

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FINANCE SERVICE BOARD REPORT FOR:		SCHOOL FORUM			
Period Ending:		Period 10	Jan-24		
Previous Period:		Period 9	Dec-23		
APPENDIX A - 2022/23 SCHOOLS BUDGET POSITION		Period 10	Jan-24		
Service Area	Current Budget £000	Forecast Outturn £000	Variance £000	%	
SCHOOLS BUDGET					
2 Year Old Free Entitlement	839	839	0	0.0	
Universal (15hr) & Additional (30hr) Entitlement	5,150	5,150	0	0.0	
Early Years Pupil Premium	95	95	0	0.0	
Disability Access Fund	53	53	0	0.0	
3-4 Year Old Free Entitlement	5,297	5,297	0	0.0	
SEN Inclusion	145	145	0	0.0	
Early Years Central Expenditure	328	308	-20	-6.2	
EARLY YEARS BLOCK	6,610	6,590	-20	-0.3	
Primary Budget Shares	37,042	37,042	0	0.0	
All-through Budget Shares	7,717	7,717	0	0.0	
Secondary Budget Shares	14,900	14,900	0	0.0	
School Budget Shares	59,658	59,658	0	0.0	
De-delegated: Free School Meals Eligibility	17	17	0	0.0	
De-delegated: Licences / Subscriptions	27	23	-4	-13.6	
De-delegated: TU Facilities Cover	46	46	0	0.0	
De-delegation	90	86	-4	-4.0	
LA Education Functions	803	803	0	0.0	
Growth Fund	0	0	0	0.0	
SCHOOLS BLOCK	60,551	60,548	-4	0.0	
Special Place Funding	2,887	2,896	9	0.3	
Resourced Place Funding	350	350	0	0.0	
Island Learning Centre - Place Funding	769	769	0	0.0	
LA Education Functions (all schools HN)	25	25	0	0.0	
Place Funding	4,030	4,039	9	0.2	
Special School Top Up	4,321	4,466	145	3.4	
Mainstream School Top Up	2,397	2,641	244	10.2	
Resourced Provision Top Up	706	739	33	4.7	
Island Learning Centre Top Up	870	967	97	11.2	
Post 16 Top Up	1,885	1,976	90	4.8	
Early Years SEN Funding	245	210	-35	-14.4	
High Needs Top Up Funding - Discretionary	754	1,109	355	47.2	
Direct Payments/Managed Educational Package	1,516	2,048	531	35.0	
Pupils in Other Local Authorities Top Up	20	9	-11	-54.4	
High Needs Top Up Funding	12,714	14,165	1,451	11.4	
Independent & Non-Maintained Special Schools	3,585	4,340	755	21.0	
SEN Central Teams	1,453	1,391	-62	-4.3	
Early Years SEN Team	177	174	-3	-1.8	
Hospital Education Provision	16	23	7	43.7	
Support for Inclusion & Education Out of School	162	84	-78	-48.3	
Primary Behaviour Service	0	390	390	0.0	
SEN Transport	670	670	0	0.0	
High Needs Contingency	-569	0	569	-100.0	
HIGH NEEDS BLOCK	22,239	25,275	3,036	13.7	
Admissions Service	178	178	0	0.0	
Copyright	102	102	0	0.0	
Fees to Independent Schools without SEN	80	43	-37	-46.9	
LA Education Functions (all schools)	201	201	0	0.0	
Centrally Employed Teachers	23	23	0	0.0	
Servicing of Schools Forum	14	14	0	0.0	
CENTRAL SERVICES BLOCK	598	560	-37	-6.3	
Pupil premium and other grants	14,968	14,968	0	0.0	
OTHER GRANTS	14,968	14,968	0	0.0	
TOTAL SCHOOLS BUDGET	104,965	107,940	2,975	2.8	
Deficit brought forward from previous year			4,007		
NET SCHOOLS POSITION			6,982		

EARLY YEARS BLOCK

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

3-4-Year-Old Free 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 Tool 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

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 £18,655 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 £8,655 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, as per banding framework, 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 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)

LA Education Functions (maintained schools) – High needs block funding of £72.00 per place retained from special schools and the ILC, used to fund local authority statutory services as agreed by forum

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, Recovery Premium, Universal Infant Free School Meals, PE and Sports, and Post-16 funding for maintained sixth forms.