



## Committee report

Committee	<b>SCHOOLS FORUM</b>
Date	<b>17 NOVEMBER 2023</b>
Title	<b>2023/24 BUDGET MONITORING</b>
Report of	<b>DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE</b>

### 2023/24 BUDGET – OVERALL FORECAST POSITION

- This report sets out the current forecast position of the 2023/24 schools budget as at 31 October 2023, showing an in year forecast overspend of £2,287,000. The report details variances across funding blocks.

Block	Current Budget £000	Outturn		Variance	
		£0	£0	£0	%
Early Years Block	6,610	6,610	0	0.0	
Schools Block	60,551	60,548	-4	0.0	
High Needs Block	22,239	24,551	2,312	10.4	
Central School Services Block	598	576	-21	-3.6	
Total DSG	89,998	92,285	2,287	2.5	
Other Grants (Pupil Premium etc.)	14,462	14,462	0	0.0	
<b>Total</b>	<b>104,460</b>	<b>106,746</b>	<b>2,287</b>	<b>2.2</b>	

- 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 £6,294,000.

£000	
2023/24 forecast overspend	2,287
Brought forward DSG deficit	£4,007
<b>Combined overspend</b>	<b>£6,294</b>
2023/24 DSG allocation pre-recoupment	114,149
Forecast Deficit as % of total allocation	5.51%

## EARLY YEARS BLOCK

3. No variances are expected in the Early Year block at this state. 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 early years population, which will impact on funding allocations further. Variances to the budget may develop once actual activity for Autumn and Spring term is submitted by the providers and the January 2024 census outcome is known.
4. The 2023 Spring Budget announced additional funding for the existing early years entitlements for disadvantaged 2-year-old children and 3 and 4-year-old children for the 2023/24 and 2024/25 financial years. In July 2023 £204million of supplementary funding to local authorities were announced through a new early years supplementary grant (EYSG) from September 2023 for the 2023/24 financial year. The funding increase to local authorities applies from September 2023. The funding is provided to increase the hourly amounts paid to local authorities, so that they can increase the amount of funding their early years childcare providers receive for delivering the entitlements for the period September 2023 to March 2024. IOW allocation for this period, received late September, amounted to £501,000. The funding rates are in the table below.

	<b>Rate</b>	<b>Unit</b>
2 year-old	£1.91	per hour
3-4 year-old	£0.49	per hour
Pupil premium	£0.04	per hour
Disability Access	£53.00	per child

5. As per grant conditions the funding will be passported to early years providers in full. Initial Autumn term payment based on the estimated activity submitted by the providers was paid following the receipt of grant payment. This grant is not part of DSG in 2023/24 financial year, however for the 2024/25, an additional £288million will be 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

6. 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.

7. 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).
8. The small underspend of £4,000 is a result of additional income from academies and secondaries for the FFT subscription.

### HIGH NEEDS BLOCK

9. The forecast position as at October 2023 shows a forecast overspend of £2,312,000 (10.4%). Despite the 2023/24 increase in funding of £1,812,000 equivalent to 9% 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. The Isle of Wight 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%.
10. 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.
11. In addition to the budget gap of £569,000 there are further variances and pressures that need to be considered within the October 2023 high needs budget forecast:
  - Top up funding – Mainstream EHCPs – £200,000 overspend due to the continuing growth in the number of children with EHCPs in mainstream schools and academies and increase in average top up value per child due to increase in the complexity of needs. The banding system was implemented in September 2021 and there are currently 505 plans (82%). 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 Autumn term forecast
FTE pupil	470	529	574	619
FTE % change	11%	13%	8%	8%
Average top up per annum	£3,328	£3,437	£3,752	£4,112
Average top up % change		3%	9%	10%

- Discretionary top up – 228,000 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	741	773	982
% increase	11%	53%	4%	27%

- Direct Payments / Managed Educational packages (£289,000 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 financial year as well as the increase in the average cost of packages contributed to the predicted overspend position. The number of young people supported through this budget has remained consistent since the start of this financial year. 50 young people are currently being supported by this budget with an average cost of package of £43,000. 45% of the support is provided via Direct payments, the remaining 55% 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	£1,805
% increase	-9%	26%	62%	12%

- Independent and non-maintained special school placements - £597,000 overspend. The budget was based on 81 independent placements. There are currently 87 placements, 17 off island and 70 on island. The average unit cost of placement increased from £44,470 in 2022/23 to £49,064 currently and attributable to the high-cost mainland placements and higher than anticipated inflationary increases to the providers in this financial year.

INMSS Placements	Oct-20	Oct-21	Oct-22	Oct-23
Pre-16	54	53	59	57
Post-16	14	24	20	21
<b>TOTAL</b>	<b>68</b>	<b>77</b>	<b>79</b>	<b>87</b>
<i>Average education cost p.a.</i>	<i>£45,297</i>	<i>£44,631</i>	<i>£44,670</i>	<i>£49,406</i>
<i>Off Island</i>	<i>16</i>	<i>15</i>	<i>12</i>	<i>17</i>
<i>On Island</i>	<i>52</i>	<i>62</i>	<i>67</i>	<i>70</i>

- Primary Behaviour Service – £416,000 overspend. The service was originally planned to start in April 2024; however, this was subsequently brought forward to September 2023, resulting in 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.
- Top up Special schools - £117,000 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.

<b>Band</b>	<b>Band values</b>	<b>2022/23 %</b>	<b>Autumn term 2023/24 %</b>
A1	£4,240	1	0
A2	£6,702	9	8
A3	£7,687	14	9
B1	£8,180	3	4
B2	£11,626	36	34
B3	£16,548	38	46
<b>Total</b>		<b>100</b>	<b>100</b>

### CENTRAL SCHOOL SERVICES BLOCK

12. The majority of this budget is recharge based and no significant variance is expected. Fees to Independent Schools without SEN shows an underspend of £21k based on actual costs to the end of the Summer term. Two placements finished in the Summer term and one placement started in the new academic year.
13. 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

14. 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 mainstream schools additional grant (MSAG), Teachers' pay additional grant, pupil premium, universal infant free school meals, sixth form funding, recovery premium and the PE and sports premium.
15. 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.

### RECOMMENDATIONS

1. That Schools Forum notes the 2023/24 forecast position.

APPENDICES ATTACHED

Appendix A – 2023/24 Budget Monitoring Forecast Position October 2023

Appendix B – Budget Heading Descriptions

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Period Ending:  
Previous Period:

Period 7  
Period 6

Oct-23  
Sep-23

APPENDIX A - 2022/23 SCHOOLS BUDGET POSITION					Period 7	Oct-23
Service Area	Current Budget £000	Forecast Outturn £000	Variance £000	%		
<b>SCHOOLS BUDGET</b>						
2 Year Old Free Entitlement	844	844	0	0.0		
Universal (15hr) & Additional (30hr) Entitlement	5,184	5,184	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	5,332	5,332	0	0.0		
SEN Inclusion	106	106	0	0.0		
Early Years Central Expenditure	328	328	0	-0.1		
<b>EARLY YEARS BLOCK</b>	<b>6,610</b>	<b>6,610</b>	<b>0</b>	<b>0.0</b>		
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		
<b>SCHOOLS BLOCK</b>	<b>60,551</b>	<b>60,548</b>	<b>-4</b>	<b>0.0</b>		
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	4,438	117	2.7		
Mainstream School Top Up	2,397	2,597	200	8.4		
Resourced Provision Top Up	706	748	42	5.9		
Island Learning Centre Top Up	870	768	-101	-11.7		
Post 16 Top Up	1,885	1,885	0	0.0		
Early Years SEN Funding	245	242	-3	-1.1		
High Needs Top Up Funding - Discretionary	754	982	228	30.3		
Direct Payments/Managed Educational Package	1,516	1,805	289	19.0		
Pupils in Other Local Authorities Top Up	20	20	0	0.0		
High Needs Top Up Funding	12,714	13,486	772	6.1		
Independent & Non-Maintained Special Schools	3,585	4,182	597	16.7		
SEN Central Teams	1,630	1,601	-29	-1.8		
Hospital Education Provision	16	14	-2	-15.0		
Support for Inclusion & Education Out of School	162	143	-18	-11.4		
Primary Behaviour Service	0	416	416	0.0		
SEN Transport	670	670	0	0.0		
High Needs Contingency	-569	0	569	-100.0		
<b>HIGH NEEDS BLOCK</b>	<b>22,239</b>	<b>24,551</b>	<b>2,312</b>	<b>10.4</b>		
Admissions Service	178	178	0	0.0		
Copyright	102	102	0	0.0		
Fees to Independent Schools without SEN	80	59	-21	-26.6		
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		
<b>CENTRAL SERVICES BLOCK</b>	<b>598</b>	<b>576</b>	<b>-21</b>	<b>-3.6</b>		
Pupil premium and other grants	14,462	14,462	0	0.0		
<b>OTHER GRANTS</b>	<b>14,462</b>	<b>14,462</b>	<b>0</b>	<b>0.0</b>		
<b>TOTAL SCHOOLS BUDGET</b>	<b>104,460</b>	<b>106,746</b>	<b>2,287</b>	<b>2.2</b>		
Deficit brought forward from previous year						4,007
<b>NET SCHOOLS POSITION</b>						<b>6,294</b>

**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 HCSS 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

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