

LANCASHIRE SCHOOLS FORUM

Date of meeting 14 January 2020

Item No 11

Title: High Needs Block, Central School Services Block and Central Items Monitoring 2019/20

Appendix A refers

Executive Summary

This report provides information on budget monitoring for the High Needs Block, Central School Services Block and Central Items from the autumn term 2019/20.

Recommendations

The Forum is asked to:

- a) Note the report;**
- b) Express any views about the autumn term 2019/20 High Needs Block, Central School Services Block and Central Items Monitoring;**
- c) Be mindful of this information when making decisions/recommendations about the 2020/21 Schools Budget.**

Background

Due to the cost and demand led pressures on the High Needs Block budget, arrangements were introduced in 2018/19 to provide the Forum with termly budget monitoring. This included the High Needs Block and also the Central School Services Block (CSSB) and Central Items, as some expenditure in these budgets relates to the HNB budget pressures.

Autumn term 2019/20 data is now available and the monitoring and analysis is provided at Appendix A. The analysis has been reproduced in a similar layout to the budget reports previously presented to the Forum, so that members can recognise the format and the budget headings and agreed amounts. The information provided also highlights budget adjustments and reasons for significant variances.

The forecast High Needs block budget position at 31 March 2020 predicts an overspend of some £3.6m.

Members will recall that when considering the 2019/20 Schools Budget, the Forum recommended that a proposal to devalue the Weighted Pupil Number (WPN) rate from the academic year 2019/20 was not taken forward, and it was agreed that the shortfall in funding should be met by the use of Dedicated Schools Grant (DSG) reserves. In budget monitoring terms this decision accounts for circa £1.3m of the forecast year end overspend.

The remainder of the forecast overspend relates to increased demand and cost pressures across the High Needs Budget, particularly around the Out County budget. An element of growth was built into the 2019/20 budget and this has been supplemented by savings elsewhere in the original budget. However, the growth figure was always considered to be a conservative estimate of the likely increased demand and was constrained in the original budget setting process by the pressures on the HNB budget envelope.

The latest High Needs Block forecast is predicting that the growth, combined with the cessation of the WPN devaluation proposal, will result in the circa £3.6m overspend by 31 March 2020.

It should be noted that this overspend is lower than would otherwise be the case due to the circa £4m transfer to the High Needs Block from the Schools Block for 2019/20. It may also be offset by possible underspends on the CSSB and Central Items budget.

	BUDGET			YEAR TO DATE			FORECAST		Notes
	Approved Budget	Budget Movement	Current Budget	Budget profile as at 31.12.19	Actual as at 31.12.19	Variance	Full Year Forecast as at 31.03.20	Full Year Variance to Current Budget Under(-) Over (+)	
Expenditure	£	£	£	£	£	£	£	£	
<u>Mainstream Schools</u>									
Core Uplift Funding	1,566,568	0	1,566,568	1,174,970	1,343,279	168,310	1,779,947	213,379	
Additional Support Uplift Funding	59,077	0	59,077	44,308	51,258	6,951	65,778	6,701	
Top-up Funding	6,390,096	0	6,390,096	4,794,725	5,706,771	912,046	7,575,050	1,184,954	
SERF Place Funding	183,000	0	183,000	141,000	181,000	40,000	243,000	60,000	
	8,198,741	0	8,198,741	6,155,002	7,282,308	1,127,307	9,663,774	1,465,033	1
<u>Special Schools</u>									
Place Funding	25,845,833	0	25,845,833	19,195,833	19,195,833	0	25,845,833	0	
Additional Place Funding	1,161,667	0	1,161,667	869,167	1,521,667	652,500	2,169,167	1,007,500	
Top-up Funding	15,625,879	0	15,625,879	11,719,409	12,571,586	852,177	16,801,794	1,175,915	
School Specific Funding	12,261,780	0	12,261,780	9,167,999	9,345,913	177,914	12,553,292	291,512	
Post 16 Additional Place Funding	113,333	0	113,333	113,333	113,333	0	113,333	0	
	55,008,493	0	55,008,493	41,065,742	42,748,333	1,682,591	57,483,420	2,474,927	2
<u>Alternative Provision</u>									
Place Funding	7,575,000	0	7,575,000	5,712,500	5,712,500	0	7,575,000	0	
Additional Place Funding	104,167	0	104,167	79,167	438,333	359,167	463,333	359,167	
Top-up Funding	3,609,079	0	3,609,079	2,740,767	3,369,954	629,187	4,236,144	627,066	
	11,288,245	0	11,288,245	8,532,434	9,520,787	988,353	12,274,478	986,232	3
<u>Further Education - Post 16</u>									
Additional Place Funding	123,000	0	123,000	92,250	79,000	-13,250	79,000	-44,000	
Top-up Funding	2,045,746	0	2,045,746	1,721,605	1,835,307	113,702	2,491,998	446,252	
Independent Specialist Providers	3,901,889	0	3,901,889	2,926,417	3,099,534	173,117	3,901,889	0	
	6,070,635	0	6,070,635	4,740,272	5,013,841	273,569	6,472,887	402,252	4

	BUDGET			YEAR TO DATE			FORECAST		Notes
	Approved Budget	Budget Movement	Current Budget	Budget profile as at 31.12.19	Actual as at 31.12.19	Variance	Full Year Forecast as at 31.03.20	Full Year Variance to Current Budget Under(-) Over(+)	
Expenditure	£	£	£	£	£	£	£	£	
<u>Commissioned Services</u>									
PFI - Special, Nursery	1,180,922	0	1,180,922	1,180,922	1,118,693	-62,229	1,118,694	-62,228	5
Commissioned Alternative Provision services	2,000,000	-1,000,000	1,000,000	666,667	1,049,746	383,079	1,000,000	0	
Hospital Provision	714,000	9,000	723,000	482,000	536,900	54,900	726,995	3,995	6
Independent Hospital Provision	0	0	0	0	53,786	53,786	150,000	150,000	7
Education in Residential Homes	0	0	0	0	279,602	279,602	377,751	377,751	8
Out County - Specialist provision places	15,097,000	-1,097,000	14,000,000	11,666,650	17,619,007	5,952,357	17,768,511	3,768,511	9
Out County - Mainstream / academies places	1,374,000	36,000	1,410,000	1,057,500	944,576	-112,924	2,000,257	590,257	9
Inclusion Service Specialised Equipment	447,000	0	447,000	335,241	448,142	112,901	550,000	103,000	10
Inclusion Service Inclusion Projects	747,000	-597,000	150,000	112,500	27,724	-84,776	150,000	0	
Inclusion Service Teachers & Support	4,264,000	-800,000	3,464,000	2,598,000	1,689,843	-908,157	3,464,000	0	
Multi Agency Development	75,000	0	75,000	75,000	75,000	0	75,000	0	
Support for Vulnerable Pupils - SI	908,000	-9,000	899,000	599,333	682,099	82,766	899,000	0	
Overheads	1,668,000	0	1,668,000	1,668,000	1,668,000	0	1,668,000	0	
Primary Inclusion Hubs	0	1,000,000	1,000,000	880,000	880,000	0	1,000,000	0	11
	28,474,922	-2,458,000	26,016,922	21,321,813	27,073,119	5,751,306	30,948,208	4,931,286	
<u>Other</u>									
High Needs Growth	4,138,132	2,458,000	6,596,132	0	0	0	0	-6,596,132	12
	4,138,132	2,458,000	6,596,132		0	0	0	-6,596,132	
Total Expenditure	113,179,168	0	113,179,168	81,815,263	91,638,388	9,823,126	116,842,766	3,663,599	
Income									
<u>DSG</u>									
Provisional High Needs Block Funding as at 17.12.2018	117,735,028		117,735,028			0	117,738,028	3,000	
DfE High Needs Place Adjustments	-460,106		-460,106			0	0	460,106	
DfE High Needs deduction for direct funding of places	-8,277,227		-8,277,227			0	-8,731,394	-454,167	
	108,997,694	0	108,997,694		0	0	109,006,634	8,939	
Total Income	108,997,694	0	108,997,694	0	0	0	109,006,634	8,939	
Net Shortfall	4,181,473	0	4,181,473	81,815,263	91,638,388	9,823,126	7,836,133	3,654,659	

Approved Budget	
Net Shortfall	4,181,473
Transfer from Schools Block Funding	-4,181,361
Use of DSG reserves	-112

2019/20 High Needs Funding Block Monitoring as at 31 December 2019

Note	Reasons for significant variances
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1 Mainstream Schools

Forecast overspend due to an increase of 185 Year R - 11 pupils with EHC plans E1 and above during the Autumn term above those budgeted. This has resulted in additional top-up funding being funded to schools. In addition 14 unoccupied SERF unit places have been funded.

2 Special Schools

Forecast overspend due to a further increase of 90 pre-16 pupils placed in special schools since the summer term generating a total in year increase of 137 pre-16 pupils. This increase in the number of pupils has resulted in an increased top-up funding being released to schools. This also includes additional place top-up funding as a result of the number of pupils exceeding the commissioned place numbers.

3 Alternative Provision

Full year forecast overspend has reduced since the summer term due to the number of pupils above those budgeted attending Alternative Provision decreasing in particular for exclusions. Top-up funding overspend compared to Budget relates to exclusions only. Forecast overspend on additional place funding is limited with intervention capping being introduced from the Autumn Term.

4 Further Education - Post 16

Forecast on Additional Place funding underspend due to less students attending post-16 FE colleges in the Summer Term. WPN top-up funding over Budget due to High Needs growth funding.

5 PFI - Special, Nursery

Due to historic amendments along with changes through benchmarking and DfE funding has meant that PFI costs have been budgeted for on a pessimistic basis resulting in underspends.

6 Hospital Provision

This increase is due to overspend on staffing.

7 Independent Hospital Provision

Previously this expenditure was included hence hidden within the "Out of County" expenditure. This expenditure is now being shown independently for transparency in addition to the DfE are looking specifically at the funding of provision/expenditure on Hospital education expenditure. Currently the budget is still shown under "Out County".

8 Education in Residential Homes

Previously this expenditure was included hence hidden within the "Commissioned Alternative Provision services" expenditure. This expenditure on the education element for children in residential homes is now being shown independently for transparency. Currently the budget is still shown under "Alternative Provision".

9 Out County

This overspend of £3.8m is due in the main to the Inclusion Service being unable to obtain capacity within maintained provision to cope with an increasing number of pupils requiring high needs placement. As provision has not been able to be sourced within the authority's schools more Independent Non-Maintained placements have had to be commissioned causing additional expenditure.

10 Inclusion Service Specialised Equipment

The overspend of £103k is due to manufacturing costs increases which have never been reflected over the last couple of years by the supplier in addition to this the supplier has introduced a 10% issue fee. Along with this there are general service user demand increases. There are plans proactively being put in place to try to move away from Specialised bespoke chairs to have a standard chair which are then able to be made adaptable and can be thus be returned into stores for which a credit would be received from the supplier this is at the very early stages.

11 Primary Inclusion Hubs

In July 2019, the Forum approved 2019/20 funding for Primary Inclusion Hubs and £80k per district pump priming allocations for 2019/20 were released to relevant 'banker' schools.

12 High Needs Growth

Provision has been made in the original budget to account for in year demand and cost growth. This has been supplemented by savings elsewhere in the original budget. This Growth figure is considered to be a conservative estimate of the forecast increased demand and was constrained in the original budget setting by the pressures on the HNB budget envelope

2019/20 High Needs Funding Block Monitoring as at 31 December 2019

Budget Adjustments

Amount (£)	Increase	Decrease	Description
1,000,000		Commissioned Alternative Provision Services	Reduction of £1.0m due to transfer of funding to PRU model including funding of high needs.
1,097,000		Out County Specialist Provision Places	Reduction of £1.097m due to historic spend and to fund increased demand through formula funding.
597,000		Inclusion Service Inclusion Projects	£0.597m reduction to initial budget as agreed by David Graham
764,000		Inclusion Service Teachers & Support	£0.800m reduction to realign budget to LCC's.
-9,000	Hospital Provision		Small re-alignment between Hospital Provision/Support for Vulnerable Pupils
9,000		Support for Vulnerable Pupils - SI	Small re-alignment between Hospital Provision/Support for Vulnerable Pupils
-1,000,000	Primary Inclusion Hub		Budget moved from Commissioned Alternative Provision Services
-2,458,000	High Needs Growth		Budget moved from Out County & Inclusion Services