

Southend-on-Sea Borough Council

Department of the Chief Executive

John Williams - Director of Democratic & Legal Services

Our ref: RH/Ed Board

Telephone: 01702 215106

Your ref:

Fax: 01702 215994

Date: 9th March 2018

E-mail: committeesection@southend.gov.uk

Contact Name: Robert Harris

DX 2812 Southend



Dear Education Board Members,

EDUCATION BOARD - TUESDAY, 13TH MARCH, 2018: SUPPLEMENTARY REPORTS PACK CONTAINING AGENDA ITEMS 4, 5 AND 7

Please find enclosed, for consideration at the next meeting of the Education Board taking place on Tuesday, 13th March, 2018 at 8.15am, the following report(s) that were unavailable when the agenda was published.

Agenda No	Item
4	<u>Academy Balances at 31st August 2017</u> (Pages 1 - 8) Report attached
5	<u>Forecast Outturn for the Dedicated Schools Grant Budget 2017/18</u> (Pages 9 - 16) Report attached
7	<u>Early Years 2018/19 Provider Rates and Deprivation Entitlement Paper</u> (Pages 17 - 20) Report attached

Robert Harris
Clerk to the Board
Principal Democratic Services Officer
Legal & Democratic Services

Southend-on-Sea Borough Council

Report of Director of Finance and Resources

to
Education Board

on
13 March 2018

Report prepared by: Christine Hickey
Schools Finance Service Manager

Agenda
Item No.

4

Academy Accounts as at 31 August 2017

1 Purpose of Report

To advise on the financial position of Southend Academy Trusts as at 31 August 2017. This in turn provides the Education Board with a position of the overall current Financial Health for these Academy's as at 31st August 2017.

2 Recommendation

- 2.1 That the report be noted.
- 2.2 Education Board to advise whether the report is of interest and to agree for it to continue.

3 Background

- 3.1 This report relates to Academies only. Their accounting year runs between September and August. Academies are required to report directly to the Education Funding Agency; preparing an annual report and financial statements that are audited by an independent auditor. Academies must submit the accounts to the ESFA by 31 December following the year end, file them with the Companies Registrar and publish the accounts on the school website. The audited accounts are produced in line with the 'Statement of Recommended Practice (SORP) for Charities. Academy accounts are public documents and can be accessed via the school website or from Companies House.
- 3.2 When considering the figures presented in the appendices to this report it should be noted that Academy Trusts are stand-alone charitable entities which operate without the backing of a Local Authority.
- 3.3 It is also worth noting, when comparing to 2015/16 figures,

- 3.3.1 Southend East community Academy Trust (formerly Shoeburyness High now includes Bournes Green Infants, Bournes Green Juniors, Hinguar Community Primary School, Richmond Avenue Primary School and Thorpedene Primary School, and the 2015/16 figures relate to Shoeburyness High School only.
- 3.3.2 Portico Academy Trust now includes Hamstel Infant School, Hamstel Junior School, and Friars Primary school, the 2015/16 figures relate to West Leigh Juniors and Porters Grange Primary School only.
- 3.3.3 Westborough Primary School has been a single academy trust since 2010. The school became part of the Challenger Multi Academy Trust based in Bedford on 1st July 2017, the 2015/16 figures relate to Westborough Academy trust only.
- 3.3.4 Blenheim Primary School and the Federation of Greenways became part of the Learning in Harmony Trust based in Manor Park London on 1st September 2016 and 1st October 2016 respectively.
- 3.3.5 Seabrook College joined the Parallel Learning Trust based in West Norwood, South London on 1st July 2017 as a sponsored Academy. The college has been split into two distinct academies, Victory Park is an Alternative Provision (PRU) setting and Sutton House a SEMH provision.
- 3.4 Academies are required to prepare their accounts analysing the income and expenditure by funds. This is reflected on the Statement of Financial Activities and the Notes to the Accounts.
- 3.5 Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Governors.
- 3.6 Restricted general funds contain revenue (running costs) resources which can only be spent for particular purposes. It would include the grants from the Education Funding Agency / Department for Education. e.g. GAG (General Annual Grant), Pupil Premium, UIFSM, Sports Grant.
- 3.7 Restricted fixed asset funds contain resources to be spent for particular capital purposes where the conditions of funding state that the asset must be retained and utilised on an on-going basis. This would include ESFA capital grants, donated fixed assets such as academy buildings transferred from the local authority and related expenditure e.g. depreciation.
- 3.8 The restricted general funds also reflect in the accounts the amounts of income, expenditure and surplus relating to the General Annual Grant (GAG) which represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education Skills Funding agency.
- 3.9 The restricted general funds also include the Pension reserve. This relates to a surplus or a deficit on a defined benefit pension scheme that results in an asset or a liability being recognised, the recognition of the pension asset or liability will result in the creation of a pension reserve. This reserve will be negative. This relates to the Local Government Pension Scheme (LGPS) available to non-teaching staff.

4 Review of Funds

- 4.1 Appendix 1 provides figures taken from the Statement of Funds as at 31 August 2017 for all Academy Trusts in Southend, and Academies that belong to multi academy trusts outside of the Borough together with some information on available resources, capital commitments and fund transfers. Please note that available resources could include donations, receipts or grants made for specific purposes, for example the Pupil Premium. Appendix 4 compares the available resources between years.
- 4.2 Appendices 2 and 3 highlight total available resources as at 31 August 2017, net current assets (excluding pension liabilities and fixed asset funds), and gives the working capital ratio for single and Multi – Academy trusts that include Southend schools.
- 4.3 From these figures (App. 2) we see that at this point in time most Academy Trusts, had available resources of over 10% as measured as a % of incoming resources. However there are four trusts with much smaller levels of available resources and one trust reflecting a deficit. Two of the four trusts are based outside of Southend. Three of the trusts have available resources over 30%. This includes restricted and unrestricted revenue resources.
- 4.4 Analysis of the net current assets and working capital ratios provides a consistent picture to that above, where most Academy Trusts had a working capital ratio greater than 2. There are 3 trusts with a working capital ratio of below 2 and could be cause for concern. The working capital ratio indicates whether there is sufficient short term assets to cover the short term liabilities.
- 4.5 One trust had a prior year adjustment relating to assets held for sale, the impact reflected an increase in the revenue surplus 2015/16 by £795,000. (*Legra Trust*).
- 4.6 The Seabrook College balances transferred on conversion to Sutton House and Victory Park of £102,679 do not appear to be included with the Trust accounts at 31st August 2017. Therefore the deficit balance recorded against Victory Park does not appear to be correct.
- 4.7 With the exception of one Southend trust (*Legra Trust*), the available revenue resources of our previously existing academies have increased compared to 2015/16.

5 Conclusion

- 5.1 This report has set out the fund balances available to Southend Academies as at 31 August 2017. Education Board are asked to note the report.
- 5.2 With Southend schools and Academies joining out of borough Academy Trusts it is considered worth reporting the individual academy balances within each trust to reflect the financial health as a whole.

6 Appendices

- Appendix 1 Statement of Academy Funds as at 31 August 2017
- Appendix 2 Restricted Reserves as a % of in year funds; Total Reserves as a % of in year funds
- Appendix 3 Balance sheet information as at 31 August 2017 and Analysis of net assets relating to general restricted and unrestricted funds only

Southend Academy Trusts - Education Board															Appendix 1	
Statement of Funds as at 31.08.2017																
Statement of Funds as at 31.08.2017	Restricted							Unrestricted								
	GAG	Other restricted funds i.e. PP, SEN	Donation in kind (land and buildings from Diocese)	Pension reserves	Restricted Fixed Asset funds	Total Restricted funds	Restricted funds less Pension reserve, less fixed assets	Unrestricted general funds	Available resources (revenue) 2016/17	Available resources (Fixed Assets) 2016/17	Capital commitments as at 31.08.17	Fund transfer between Restricted /Unrestricted funds (NEW)	Fund transfer to/from Restricted Fixed Asset funds	Available resources (revenue) 2015/16	Available resources (Fixed Assets) 2015/16	
	(a) £	(b) £	(c) £	(d) £	(e) £	(a-e) £	(a+b)	(f) £	(a+b+f)		(h)	(i) change if keeping in £	(i) £			
Legra Academy Trust	(1,087,443)	1,133,374		(9,094,000)	52,420,191	43,372,122	45,931	224,478	270,409	26,417	185,191	388,266	35,383	1,815,559	795,000	
<i>Belfairs Academy</i>									(171,898)					486,494		
<i>Cecil Jones Academy</i>									(156,069)					690,506		
<i>Darlinghurst Academy</i>									408,592					421,308		
<i>Central funds</i>									189,784					217,251		
Brentwood Academies Trust	680,161	0		(6,735,000)	41,877,341	35,822,502	680,161	1,418,472	2,098,633	233,897	-	37,351	308,356	1,872,522		
<i>St. Martin's School (Brentwood)</i>									1,342,648					1,093,731		
<i>Larchwood Primary School (Brentwood)</i>									47,776					126,595		
<i>Chase High School</i>									703,852					572,902		
<i>Brentwood Academies Trust</i>									4,357					79,294		
Eastwood Park Academy Trust	0	1,824,365	0	(2,218,000)	20,288,563	19,894,928	1,824,365	29,377	1,853,742	6,753	-		25,229	1,511,668	-	
<i>The Eastwood Academy</i>									1,693,151					1,511,668		
<i>Bournemouth Park Academy</i>									143,839							
<i>Central costs</i>									16,752							
Learning in Harmony Trust	1,424,000	25,000	0	(9,417,000)	74,473,000	66,505,000	1,449,000	2,452,000	3,901,000	-		0	524	1,010,000		
<i>Hartley Primary School (East Ham)</i>									179,000					71,000		
<i>Upton Cross Primary School (Upton Park)</i>									(208,000)					(676,000)		
<i>John F Kennedy School (Stratford)</i>									317,000					293,000		
<i>Sheringham Primary School (Manor Park)</i>									1,746,000					1,666,000		
<i>Blenheim Primary School (Leigh on Sea)</i>									526,000					0		
<i>Drew Primary School (Silvertown)</i>									1,131,000					0		
<i>The Federation of Greenways (Southend)</i>									132,000					0		
<i>Learning in Harmony Trust</i>									78,000					(344,000)		
Parallel Learning Trust	(2,396,000)	(145,000)	0	(7,232,000)	20,490,000	10,717,000	(2,541,000)	1,004,000	(1,537,000)	-	-	0	62,000	(309,000)		
<i>Park Campus Academy (West Norwood)</i>									(1,016,000)					(553,000)		
<i>Kennington Park Academy (Kennington London)</i>									(559,000)					(125,000)		
<i>Ramsden Hall Academy (Ramsden Heath, Billericay)</i>									138,000					147,000		
<i>Inspire Academy (Chatham, Kent)</i>									194,000					222,000		
<i>Sutton House Academy (Southend)</i>									42,000					0		
<i>Victory Park Academy (Southend)</i>									(159,000)					0		
<i>Logic School Services C.I.C.</i>									(177,000)					0		
Portico Academy Trust	274,792	183,267		(5,425,000)	19,883,741	14,916,800	458,059	1,954,181	2,412,240	120,680	162,060	150,000	24,180	737,639	9,156	
<i>West Leigh Junior School</i>									430,058					286,430		
<i>Porters Grange Primary</i>									467,338					444,392		
<i>Hamstel Infant School and Nursery</i>									458,405							
<i>Hamstel Junior School</i>									239,232							
<i>Friars Primary School and Nursery</i>									633,418							
<i>Central Fund</i>									183,789					6,817		
Southend East Community Academy Trust (Formerly Shoeburyness High School)	0	137,958	0	(7,608,000)	33,689,707	26,219,665	137,958	3,039,882	3,177,840	29,513	-	97,114	156,101	1,437,613	-	
<i>Shoeburyness High School</i>									1,779,748					1,437,613		
<i>Bournes Green Infants</i>									151,242							
<i>Bournes Green Juniors</i>									323,054							
<i>Hinguar Community Primary School</i>									11,576							
<i>Richmond Avenue Primary School and Nursery</i>									394,264							
<i>Thorpedene Primary School</i>									483,925							
<i>Central Services</i>									34,031							
Southend High School for Boys Academy Trust Ltd.	0	77,360	0	(2,353,000)	13,848,176	11,572,536	77,360	133,480	210,840	321,537	1,205,864	8,292	0	167,586	1,820,021	
Southend High School for Girls Academy Trust	220,286	114,023	0	(2,508,000)	8,856,635	6,682,944	334,309	784,020	1,118,329	57,299				1,135,210	-	
St. Bernards High School	409,000	1,086,000	0	(2,213,000)	179,000	(539,000)	1,495,000	260,000	1,755,000	0		0	22,000	1,640,000	-	
St. Thomas More High School	0	0	1,220,000	(2,164,000)	96,431	(847,569)	0	1,119,677	1,119,677	0	0	123,759	2,767	920,528	-	
The St. Christopher School Academy Trust	1,762,297	42,896	0	(3,626,000)	12,563,088	10,742,281	1,805,193	2,336,173	4,141,366	0		13,930	43,212	3,343,019	-	
Challenger Multi Academy Trust - (Bedford Borough Council)	(293,163)	201,000	0	(5,988,999)	50,071,828	43,990,666	(92,163)	430,009	337,846	(183,711)		0	0	70,348	24,662	
<i>The Westborough Academy (Southend)</i>									252,373					70,348		
<i>Lancot School (Dunstable, Bedfordshire)</i>									98,316							
<i>Kempston Challenger Academy (Kempston, Bedford)</i>									(226,633)							
<i>Daubeney Academy (Kempston, Bedford)</i>									275,219							
<i>The Deanes (Hadleigh)</i>									12,981							
<i>Hadleigh Junior School (Hadleigh)</i>									125,875							
<i>Central services</i>									(200,284)							
Westcliff High for Boys Ltd	222,835	0	0	(1,449,000)	22,207,434	20,981,269	222,835	882,976	1,105,811	0	0	0	204,080	953,620	1,515,734	

Southend Academy Trusts - Education Board															Appendix 1	
Statement of Funds as at 31.08.2017																
Statement of Funds as at 31.08.2017	Restricted							Unrestricted								
	GAG	Other restricted funds i.e. PP, SEN	Donation in kind (land and buildings from Diocese)	Pension reserves	Restricted Fixed Asset funds	Total Restricted funds	Restricted funds less Pension reserve, less fixed assets	Unrestricted general funds	Available resources (revenue) 2016/17	Available resources (Fixed Assets) 2016/17	Capital commitments as at 31.08.17	Fund transfer between Restricted /Unrestricted funds (NEW)	Fund transfer to/from Restricted Fixed Asset funds	Available resources (revenue) 2015/16	Available resources (Fixed Assets) 2015/16	
	(a) £	(b) £	(c) £	(d) £	(e) £	(a-e) £	(a+b)	(f) £	(a+b+f)		(h)	(i) change if keeping in £	(i) £			
South Essex Community School Ltd (Southend YMCA Community School)	0	361,704	0	(34,000)	2,020,583	2,348,287	361,704	4,531	366,235	(4,349)	-	0	8,915	325,649	2,042	
South East Essex Academy Trust	222,910	98,841	0	(4,360,000)	34,980,738	30,942,489	321,751	1,145,087	1,466,838	1,020,674	2,681,042	284,678	0	1,400,678	564,499	
<i>Westcliff High School for Girls</i>						0	0		785,239					699,256		
<i>Holt Farm Junior School (Rochford)</i>						0	0		233,014					292,804		
<i>Prince Ave. Primary School, Nursery & Children's Centre</i>						0	0		124,047					119,346		
<i>Rochford Primary School and Nursery</i>						0	0		257,529					224,727		
<i>Central services</i>									67,009					64,545		
Total (excludes Schools within MAT)	1,439,675	5,140,788	1,220,000	(72,424,999)	407,946,456	343,321,920	6,580,463	17,218,343	23,798,806	1,628,710	4,234,157			18,032,639	4,731,114	

Southend Academy Trusts - Education Board							Appendix 2				
Statement of Funds as at 31.08.2017											
<----- RESTRICTED FUNDS ----->							<----- ALL FUNDS ----->				
Restricted reserves as a % of in year funds & Total reserves as a % of in year funds	GAG	Other restricted funds i.e. PP, SEN	Total	Incoming resources (in year income for GAG and general restricted))	% of closing funds 16/17	% of closing funds 2015/16	Unrestricted reserves	Total Available Resources 31/08/2017	Incoming resources (excluding Restricted fixed asset funds)	% of Total closing funds 16/17	% of Total closing funds 15/16
	(a)	(b)	(c) (a+b)	(d)	(c/d)		(f)	(g) (a + b + f)	(h)	(g/h)	
	£	£	£	£	%	%	£	£	£	%	%
Legra Academy Trust	(1,087,443)	1,133,374	45,931	16,811,782	0.27%	3.44%	224,478	270,409	17,480,362	1.55%	5.40%
Brentwood Academies Trust	680,161	0	680,161	17,485,512	3.89%	3.43%	1,418,472	2,098,633	17,948,491	11.69%	10.27%
Eastwood Park Academy Trust	0	1,824,365	1,824,365	6,719,648	27.15%	31.30%	29,377	1,853,742	6,827,857	27.15%	30.89%
Learning in Harmony Trust	1,424,000	25,000	1,449,000	28,574,000	5.07%		2,452,000	3,901,000	31,304,000	12.46%	
Parallel Learning Trust	(2,396,000)	(145,000)	(2,541,000)	7,440,000	-34.15%		1,004,000	1,537,000	8,202,000	-18.74%	
Portico Academy Trust	274,792	183,267	458,059	11,427,066	4.01%	3.30%	1,954,181	2,412,240	13,024,641	18.52%	27.33%
Southend East Community Academy Trust (Formerly Shoeburyness High School)	0	137,958	137,958	13,040,507	1.06%	0.25%	3,039,882	3,177,840	15,063,587	21.10%	13.30%
Southend High School for Boys Academy Trust Ltd.	0	77,360	77,360	5,448,039	1.42%	1.29%	133,480	210,840	6,378,360	3.31%	2.74%
Southend High School for Girls Academy Trust	220,286	114,023	334,309	5,540,373	6.03%	8.15%	784,020	1,118,329	6,201,117	18.03%	18.49%
St. Bernards High School	409,000	1,086,000	1,495,000	5,258,000	28.43%	27.80%	260,000	1,755,000	5,495,000	31.94%	30.76%
St. Thomas More High School	0	0	0	5,457,498	0.00%	0.00%	1,119,677	1,119,677	5,766,550	19.42%	16.45%
The St. Christopher School Academy Trust	1,762,297	42,896	1,805,193	4,621,774	39.06%	28.65%	2,336,173	4,141,366	5,242,456	79.00%	69.57%
Challenger Multi Academy Trust - (Bedford Borough Council)	(293,163)	201,000	(92,163)	13,842,008	-0.67%		430,009	337,846	14,983,575	2.25%	2.36%
Westcliff High for Boys Ltd	222,835	0	222,835	5,283,123	4.22%	0.10%	882,976	1,105,811	5,812,723	19.02%	17.07%
South Essex Community School Ltd (Southend YMCA Community School)	0	361,704	361,704	748,372	48.33%	50.18%	4,531	366,235	754,868	48.52%	50.35%
South East Essex Academy Trust	222,910	98,841	321,751	9,503,658	3.39%	4.55%	1,145,087	1,466,838	11,055,620	13.27%	13.36%

Southend-on-Sea Borough Council

Report of Deputy Chief Executive - People
and Director of Finance and Resources

to
Education Board

on
13th March 2018

Agenda
Item No.

5

Report prepared by:
Paul Grout, Senior Finance Business Partner

Forecast Outturn for Dedicated Schools Grant 2017/18

1 Purpose of Report

To update the Education Board on the Dedicated Schools Grant forecast outturn projections expected for the 2017/18 schools budget, high needs, early years and centrally retained as at the end of February 2018.

2 Recommendations

Education Board are asked to

- 2.1 Note the continual projected overspend on the 2017/18 Dedicated Schools Grant (DSG) budget and the consequential forecast impact on resources for 2018/19 (As previously reported).
- 2.2 Recognise the continual need to ensure DSG expenditure and funding is sustainable within its own funding allocations for future years, with DSG reserves restored to balance.
- 2.3 Note the High Needs funding task and finish group continue to address the need to fund immediate High Need savings.

3 Background

- 3.1 This report sets out the forecast outturn compared to the 2017/18 DSG budget set for schools, high needs, early years and centrally retained.

4 2017/18 Dedicated Schools Grant Budgets

- 4.1 Appendix 1 provides the allocated DSG Budget, forecast outturn and forecast variance for 2017/18 including summarised commentary on forecast variances

for the schools block, high needs, early years, centrally retained and DSG income.

- 4.2 The budget and outturn are presented as gross figures which include allocations which are recouped from the Schools and High Needs Block by the Department for Education (DfE) in order to pass funding directly onto academies, High Need – free school, further education colleges. The recoupment figures are reported in separate columns. This report explains the forecast variances.

Schools Block – £20,000 underspend

- 4.3 The Schools block contains the £113.37M budgeted for mainstream schools in Southend including Academies. The Budget and Forecast outturn columns show the amount allocated directly to maintained primary and secondary schools and the amount recouped for Academies by the DfE. There is a small variance of £20,000 underspend, which reflects reduced in year business rate reductions for Schools that have converted to an Academy in 2017/18 that the DSG is able to retain.

Early Years Block – on target

- 4.4 Early Years forecast spend continues to be held to budget overall, and also reflects the latest DfE funding allocations as first reported in the October 2017 Education Board report.
- 4.5 However, within 3&4 year old funding, it must be noted that the % of children qualifying for supplementary deprivation funding awarded to providers is currently running at an estimated 45%, which is an equivalent 11% forecast pressure (est. £60k per annum) above the original 34% target of Children anticipated when originally setting early year provider rates for 2017/18. In terms of overall early years funding, £60k is a relatively small pressure and is expected to be fortunately absorbed through a slightly lower average forecast of PTE* to be paid out across this financial year, compared to the early years PTE funding expected in, as the DfE will base final funding allocations on the January 2018 census alone. This slight fortune is not a sustainable funding position moving forward and therefore the early years 2018/19 funding paper to be presented at this Education board, will seek to address this issue moving forward whilst also re-targeting deprivation funding to those with the most need.

*PTE (Part Time Equivalent). DfE defined as the number of children taking up 15hours per week over 38 weeks.

- 4.6 The 3 & 4 year old extended entitlement funding for eligible working parents is currently running as an average, approximately 25% below the current DSG funding allocation awarded. The Education Board need to be mindful this is the first year of the extended entitlement funding and the DfE will also likely reclaim any unused funding for 2017/18. Therefore this forecast should continue to be held online, to reflect this anticipated funding reclaim.

High Needs Block - £703,000 overspend

- 4.7 The forecast overspend on the high needs block is £0.703M. The previous reported overspend at the December 2017 education board was £0.613M, so this position now reflects an overall forecast increase of £90,000.
- 4.8 The £90,000 increase is mainly due to increase costs in the Independent Provider sector, with some offset, provided from other high need provision with reduced forecast expenditure. The SEN team report, they try hard to avoid using Independent provision where possible, so unfortunately these costs become unavoidable to support the educational needs of those pupils. This does however highlight that as a priority, future budget planning for the short term, needs to ensure that increased DSG funding awarded to the High needs block in 2018/19 is prioritised to support this particular provision.
- 4.9 The following table summarises the current forecast overspend pressures.

	2017/18ⁱ Budget	2017/18ⁱⁱ Forecast	2017/18 Variance (under) / over
Place funding	£7.572m	£7.572m	-
Special and PRU provision top up funding	£4.925m	£4.939m	£0.014m
EHCP top up provision schools and post-16	£2.924m	£3.084m	£0.160m
Independent Providers	£0.900m	£1.370m	£0.470m
Other Provision include SLA's	£1.463m	£1.522m	£0.059m
Total	£17.784m	£18.487m	£0.703m

- i. As set at the July 2017 Education Board.
- ii. These High Need financial forecasts are of course subject to risk of further demand for special schools places, EHCP top ups and Independent Provider placements, but the advice remains constant that the SEN team continue to mitigate these funding pressures where possible

2018/19 detailed High Need budget allocation update

- 4.10 The High Needs funding task and finish group continue to address the need to find further immediate High Need savings and have been frequently meeting since January 2018, and a separate progress report has been provided to this Education Board. To allow the results of that group to conclude, it is sensible to now defer the detailed 2018/19 budget allocation of High Need funding to the June 2018 Education Board.
- 4.11 It is, however, important to note that when setting the detailed budget allocation for 2018/19, that in relation to the submitted Special Schools minimum funding guarantee disapplication request to the DfE, which the Education Board approved, but would subsequently only be recommended to act upon in the absence of seeking no alternative way of balancing the high needs budgets, has been rejected by the DfE for the 4 Special Schools who form part of the SEN Southend Trust. The DfE have yet to announce the outcome of the separate disapplication request for the remaining Special School, and have been chased for a response.

- 4.12 Given the continual severity of the high needs spending pressures in 2017/18, the advice also remains the same, that when setting the detail of High Needs budget for 2018/19, a freeze in current 2017/18 EHCP top up funding rates passed over to special schools and In borough mainstream schools is the best case scenario when planning their own 2018/19 budget allocations.
- 4.13 As first referenced, in the “Dedicated Schools Grant budget 2018/19” January 2018 Education Board paper, given the level of additional provisional funding awarded in 2018/19 and what is anticipated in 2019/20, in order to enable DSG financial recovery to be achieved by the end of 2019/20 which includes the restoration of depleted DSG reserves, based on latest current spend trajectories moving forward, at a minimum further estimated cashable high need savings of £0.300 million (or equivalent 1.6% of total 2018/19 High Needs block funding), is now required. This cashable saving has to be an estimate, as it is based on the latest 2017/18 High Needs forecast spend position, rolling into future years, which are of course subject to further volatility in demand and cost. And note, the cashable saving has increased from the £0.200 million first quoted in the January 2018 paper, but this is of course, due to the now increased forecast spend pressure than was previously reported in December 2017.

Centrally Retained - £83,000 underspend

- 4.14 The forecast underspend on centrally retained is £0.083M. As previously reported, this underspend is a result of actual school growth expenditure applied compared to funding awarded in this year.

Income - £422,000 one off overspend

- 4.15 The Latest DfE advised allocation for 2017/18 is now £143.70m. This is the same funding provision as previously reported in the December 2017 Education Board report, and also includes the updated DSG recoupment for where schools have converted to Academies in 2017/18.
- 4.16 As also explained in full, at the previous Education Board for October 2017, the DfE announced the final early years funding settlement for 2016/17 in July 2017. As a result of this final allocation the available balance in the DSG 2016/17 reserve was overstated by £0.42M. The 2017/18 £0.42M adjustment therefore accounts appropriately for Early Years income and expenditure in relation to 2016/17 as a one off adjustment.

Overall Position for 2017/18 Budget

4.17 The table below summarises the current forecast outturn position for 2017/18.

Block	Schools £000	High Needs £000	Early Years £000	Central £000	Total £000
Expenditure					
Budgeted	113,370	17,784	10,035	2,508	143,696
Forecast	113,350	18,486	10,035	2,425	144,206
Variance	(20)	703	0	(83)	510
Income					
Budgeted	(113,370)	(17,784)	(10,035)	(2,508)	(143,696)
Forecast	(113,370)	(17,784)	(9,613)	(2,508)	(143,274)
Variance	0	0	422	0	422
Reserves					
1 April 2017	0	(97)	422	0	325
Used in year	(20)	703	422	(83)	1022
Transferred in year	20	(103)	0	83	0
31 March 2018	0	(697)	0	0	(697)

4.18 The bottom line indicates an in year overspend of £1.022M overspend against the budgeted £143.7M. And as previously, this overspend would normally be met from DSG balances brought forward from 2017/18. However there is insufficient reserves to cover the overspend, with DSG reserves now predicted to have a £0.697M deficit by the year end.

5 Conclusion

5.1 This situation highlights the continual need to address spending on the High Needs Block as a matter of urgency so as to bring it sustainably back within the funding resource available, and also enable the recovery of DSG reserve balances by the end of 2019/20.

6 Appendices

Appendix 1 - DSG Budget 2017/18 – Forecast Outturn as at February 2018

This page is intentionally left blank

Appendix 1 – DSG Budget 2017/18 - Forecast Outturn at at February 2018

Recommended to print in A3 colour, landscape and 2 pages

All figures are presented in £'s

Block	S251 Line	Summary Line	2017/18							Main summary reason for Final Variance	
			A	Latest Budget *			C		C - B		
			2017/18 Original Budget	2017/18 Budget	Budget Recoupment	Total Budget	Outturn Forecast	Outturn Forecast Recoupment	Total Outturn Forecast 17/18	Final Variance (under) / over	
Schools	1.0.1	Primary Schools	58,558,465	29,253,192	29,305,273	58,558,465	29,233,192	29,305,273	58,538,465	(20,000)	DSG allocation updated for recent academy convertors - Bournes Green Junior and Richmond Avenue. In Year - Underspend due to business rate adjustment for those Academy convertors, which the DSG is able to retain
		Secondary Schools	54,811,146	3,148,269	51,662,877	54,811,146	3,148,269	51,662,877	54,811,146	-	
Schools Block Total			113,369,611	32,401,461	80,968,150	113,369,611	32,381,461	80,968,150	113,349,611	(20,000)	
Early Years	1.0.1	2 year old provision	1,571,544	1,422,015	-	1,422,015	1,422,015	-	1,422,015	-	Forecasts held to online. Overall year to date payments to provider are highlighting run rates inline with DSG allocation - for 3 & 4 year old universal entitlement and 2 year old funding allocation. The new additional 3&4 year old entitlement funding for eligible working parent is below the original DSG allocation, but Education Board need to be mindful that this is the first of implementation. And therefore - DfE will also adjust Early Year funding allocation for 2017/18, early in 2018/19, expecting them to reclaim any underspend on 2017/18 funding allocations
		3 and 4 y/o provision	8,163,792	7,962,984	-	7,962,984	7,962,984	-	7,962,984	-	
		Disability Access Fund	49,200	43,050	-	43,050	43,050	-	43,050	-	
		Early Years Pupil Premium	157,959	106,450	-	106,450	106,450	-	106,450	-	
	1.3.1	Central Expenditure on Children under 5	500,000	500,000	-	500,000	500,000	-	500,000	-	
Early Years Block Total			10,442,495	10,034,499	-	10,034,499	10,034,499	-	10,034,499	-	
High Needs	1.0.1	Place Funding - PRU - Victory Park	810,000	202,521	607,479	810,000	202,521	562,479	765,000	(45,000)	Place funding reduced from 81 pupils to 75 pupils from Jul-17
		Place Funding - St Christopher's Special Academy (Pre 16)	2,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	
		Place Funding - St Nicholas Special School	920,000	383,333	536,667	920,000	383,333	536,667	920,000	-	
		Place Funding - Sutton House Special School Provision	440,000	110,088	329,912	440,000	110,088	374,912	485,000	45,000	Place funding increased from 44 pupils to 50 pupils from Jul-17
		Place Funding - Kingsdown Special School	1,050,000	478,333	571,667	1,050,000	478,333	571,667	1,050,000	-	
		Place Funding - Lancaster Special School (Pre 16)	230,000	95,833	134,167	230,000	95,833	134,167	230,000	-	
		Place Funding - St Christopher's Special Academy (Post 16)	120,000	50,000	70,000	120,000	50,000	70,000	120,000	-	
		Place Funding - Lancaster Special School (Post 16)	540,000	-	540,000	540,000	-	540,000	540,000	-	
		Place Funding - Lancaster Special School (Post 16) (DfE Error)	-	(70,000)	70,000	-	(70,000)	70,000	-	-	Error corrected with DfE from Aug-17
		Place Funding - Chase Academy Special Base	120,000	-	120,000	120,000	-	120,000	120,000	-	
		Place Funding - Shoeburyness Academy Special Base	180,000	-	180,000	180,000	-	180,000	180,000	-	
		Place Funding - Temple Sutton Special Base	50,000	50,000	-	50,000	50,000	-	50,000	-	
		Place Funding - Fairways Special Base	150,000	150,000	-	150,000	150,000	-	150,000	-	
		Place Funding - Hamstel Infants Special Base	30,000	-	30,000	30,000	-	30,000	30,000	-	
		YMCA - Free School Recoupment	367,500	-	367,500	367,500	-	367,500	367,500	-	Confirmed by DfE allocation is 50, Southend pays for 43 of those places
		CCP and FE Place Funding	564,000	-	564,000	564,000	-	564,000	564,000	-	94 places at £6,000
High Needs Total Place Funding			7,571,500	1,450,108	6,121,392	7,571,500	1,450,108	6,121,392	7,571,500	-	
1.2.1 / 1.2.2		Top Up Funding - St Christopher's Special Academy (Pre 16)	1,624,213	1,624,213	-	1,624,213	1,621,816	-	1,621,816	(2,397)	Minor variance to budget for top up allocations compared to forecast, which was based on the Autumn term head count data project forward, expect some further minor forecast fluctuations to year end for any pupil changes in the spring term. Final Spring term head count data - are know until the middle of March
		Top Up Funding - St Nicholas Special School	561,599	561,599	-	561,599	551,663	-	551,663	(9,936)	
		Top Up Funding - Kingsdown Special School	1,069,298	1,069,298	-	1,069,298	1,066,114	-	1,066,114	(3,184)	
		Top Up Funding - Lancaster Special School (Pre 16)	159,837	159,837	-	159,837	155,702	-	155,702	(4,135)	
		Top Up Funding - St Christopher's Special Academy (Post 16)	73,078	73,078	-	73,078	73,078	-	73,078	-	
		Top Up Funding - Lancaster Special School (Post 16)	402,009	402,009	-	402,009	418,897	-	418,897	16,888	
		Sub total	3,890,034	3,890,034	-	3,890,034	3,887,270	-	3,887,270	(2,764)	
		Top Up Funding - Sutton House Special School Provision	397,501	397,501	-	397,501	445,280	-	445,280	47,779	
		Top Up Funding - Chase Academy Special Base	54,540	54,540	-	54,540	53,177	-	53,177	(1,364)	
		Top Up Funding - Shoeburyness Academy Special Base	87,264	87,264	-	87,264	87,264	-	87,264	-	
		Sub total	141,804	141,804	-	141,804	140,441	-	140,441	(1,364)	Minor variance to budget for top up allocations compared to forecast, which have been updated following the Autumn term head count projected forward. As with the Special Schools, expect some further minor forecast fluctuations to year end for any pupil changes in the spring term. Final spring term allocations are not known until the middle of March
		Top Up Funding - Temple Sutton Special Base	43,632	43,632	-	43,632	47,874	-	47,874	4,242	
		Top Up Funding - Fairways Special Base	23,180	23,180	-	23,180	19,240	-	19,240	(3,940)	
		Top Up Funding - Hamstel Infants Special Base	21,816	21,816	-	21,816	18,786	-	18,786	(3,030)	
		Sub total	88,628	88,628	-	88,628	85,900	-	85,900	(2,728)	
		Top Up Funding - PRU - Victory Park	326,716	326,716	-	326,716	300,000	-	300,000	(26,716)	Payments based on Occupancy Levels - currently assumed at 85% - and pupils no.s have been revised in the SLA from 57 to 51 from July-17.
		Top Up Funding- Flexible Top ups for additional numbers	80,000	80,000	-	80,000	80,000	-	80,000	-	Allocated for St Christopher's & Kingsdown
		Total Inborough Special and PRU Top Up Funding	4,924,683	4,924,683	-	4,924,683	4,938,891	-	4,938,891	14,208	
1.2.1 / 1.2.2		EHCP Top ups - Early years	44,000	44,000	-	44,000	44,000	-	44,000	-	
		EHCP Top ups - Primary phase	1,350,000	1,350,000	-	1,350,000	-	-	-	-	Updated forecast following Autumn Term Head Count projected forward. Final head count not available until middle of March
		2017/18 Primary Phase - demand savings targetted	(100,000)	(100,000)	-	(100,000)	-	-	-	-	
		EHCP Top ups - Primary phase total	1,250,000	1,250,000	-	1,250,000	1,360,000	-	1,360,000	110,000	
		EHCP Top ups - Secondary phase	510,000	510,000	-	510,000	-	-	-	-	Updated forecast following Autumn Term Head Count projected forward. Final head count not available until middle of March
		2017/18 Secondary Phase - demand savings targetted	(50,000)	(50,000)	-	(50,000)	-	-	-	-	
		EHCP Top ups - Secondary phase total	460,000	460,000	-	460,000	480,000	-	480,000	20,000	
		Out of Borough Top ups	660,000	560,000	-	560,000	-	-	-	-	Updated forecast confirmed, from SEN Team. Note there have also been forecast movements between, Out of Borough mainstream providers, Post 16 providers and independent providers, as pupils have now been correctly budget coded to according service provision. Therefore, the in year budget has been revised between Out of Borough and Post -16 to reflect this change
		2017/18 Out of Borough - demand savings targetted	(50,000)	(50,000)	-	(50,000)	-	-	-	-	
		Out of Borough Top ups total	610,000	510,000	-	510,000	520,000	-	520,000	10,000	
		Post 16 Top ups	560,000	660,000	-	660,000	680,000	-	680,000	20,000	
		Total Inborough EHCP School Funding, Out of Borough and Post-16	2,924,000	2,924,000	-	2,924,000	3,084,000	-	3,084,000	160,000	

Continued to 2nd page

All figures are presented in £'s

Block	S251 Line	Summary Line	2017/18						Final Variance (under) / over	Main summary reason for Final Variance	
			A	Latest Budget *			C				C - B
			2017/18 Original Budget	2017/18 Budget	Budget Recoupment	Total Budget	Outturn Forecast	Outturn Forecast Recoupment	Total Outturn Forecast 17/18		
	1.2.3	Top up funding - independent providers	1,125,000	1,125,000		1,125,000					
		2017/18 Independent provider targetted savings	(225,000)	(225,000)		(225,000)					
		Independent Providers total	900,000	900,000		900,000	1,370,000		1,370,000	470,000	Overspend based on current commitment - Note this is subject to change due to the in year demand of these types of placements. Previous forecast at Nov-17 were £1.2mil, therefore an increase of £170k from the Nov-17 position
	1.2.4	HN targeted LCHI funding	30,000	30,000		30,000	-		-	(30,000)	The method of awarding LCHI funding is under review. No spend in 17/18 now forecast
	1.2.4	HN targeted LCHI funding	20,000	20,000		20,000	-		-	(20,000)	The method of awarding LCHI funding is under review. No spend in 17/18 now forecast
	1.2.6	Hospital Education provision	130,800	130,800		130,800					
		2017/18 Hospital education targetted savings	(60,000)	(60,000)		(60,000)					
		Hospital Education provision total	70,800	70,800		70,800	70,800		70,800	-	This includes £32k Victory Park SLA. Forecast now held online to budget. Remaining spend based on the latest commitment recorded provided from the SEN team.
	1.2.5	SEN Team - Assessments and Placements	422,479	422,479		422,479	422,479		422,479	-	
	1.2.5	Individual Tuition	153,100	153,100		153,100	153,100		153,100	-	
	1.2.5	SEN Support Services - Visually Impaired Outreach Service at Kingsdown	90,000	90,000		90,000	90,000		90,000	-	
		SEN Support Services - Outreach Service at St Christopher's	80,000	78,900		78,900	78,900		78,900	-	
		SEN Support Services - Outreach Service at Fairways	20,000	20,000		20,000	20,000		20,000	-	
	1.2.5	SEN Support Services - Other	24,000	24,000		24,000	24,000		24,000	-	
	1.2.7	Preventative Pathways SLA with Victory Park	192,000	172,000		172,000	172,000		172,000	-	From July - 17 the SLA is now paid on occupancy levels and current forecast from July-17 at 85% occupancy levels
		Elective Home Education Costs	8,000	8,000		8,000	8,000		8,000	-	
	1.2.8	Outreach service for Behaviour and Reintegration	483,000	483,000		483,000	483,000		483,000	0	
		2017/18 SLA savings targetted	(130,000)	(108,900)		(108,900)	-		-	108,900	Non - delivery of any further SLA savings in 2017/18 only. Subject to a further review in 2018/19.
		Sub total	920,100	920,100	-	920,100	1,029,000		1,029,000	108,900	
		Total Other Provisions	1,463,379	1,463,379	-	1,463,379	1,522,279		1,522,279	58,900	
		High Needs Block Total	17,783,562	11,662,170	6,121,392	17,783,562	12,365,278		18,486,670	703,108	
	1.1.2	De-delegated - Behaviour Support	75,000	75,000		75,000	75,000		75,000	-	
	1.1.7	De-delegated - Licenses Subscriptions	1,245	1,245		1,245	1,245		1,245	-	
	1.1.8	De-delegated - Staff costs	9,900	9,900		9,900	9,900		9,900	-	
	1.4.1	Contribution to combined budgets	941,288	941,288		941,288	941,288		941,288	-	
	1.4.10	Growth Fund	690,000	690,000		690,000	606,991		606,991	(83,009)	Growth funding awarded to schools for 2017/18 Financial Year
	1.4.12	CLA/MPA License	122,297	122,297		122,297	122,297		122,297	-	
	1.4.2	School Admissions	236,300	236,300		236,300	236,300		236,300	-	
	1.4.3	Servicing of School Forums	18,700	18,700		18,700	18,700		18,700	-	
		ESG retained	413,217	413,217		413,217	413,217		413,217	-	
		Centrally Retained Total	2,507,947	2,507,947	-	2,507,947	2,424,938		2,011,721	(83,009)	
		Total Expenditure	144,103,615	56,606,077	87,089,542	143,695,619	57,206,176		144,295,718	600,099	
											As per Latest DSG alloctions advised by DfE in January 2018
	Funded From	DSG - Schools Block	(116,376,769)	(35,408,619)	(80,968,150)	(116,376,769)	(35,408,619)		(80,968,150)	(116,376,769)	-
		DSG - Early Years Block (2 year olds)	(1,571,544)	(1,422,015)		(1,422,015)	(1,422,015)		(1,422,015)		Original DfE provisional funding allocation based on 526 PTE children no.s - DfE revised to 476 PTE children no.s
		DSG - Early Years Block (3 & 4 year olds) - universal	(7,131,542)	(6,881,534)		(6,881,534)	(6,881,534)		(6,881,534)		Original DfE provisional funding allocation based on 2843 PTE children no.s - DfE revised to 2743 PTE children no.s
		DSG - Early Years Block (3 & 4 year olds) - additional	(1,081,450)	(1,081,450)		(1,081,450)	(1,081,450)		(1,081,450)		
		DSG - Early Years Disability Access Fund	(49,200)	(43,050)		(43,050)	(43,050)		(43,050)		DfE DSG allocation Oct 2017 - updated for revised DAF allocations
		DSG - Early years funding 16/17 debtor accrual	-	-		-	200,000		200,000	200,000	As explained in the Education Board on 11.10.17 "Dedicated School Grant 2017-18 budget and forecast outturn as at October 2017", these adjustments are in recognition of the 2016/17 revised funding allocations as a result of substantially reduced PTE no.s from what was anticipated
		DSG - Early years 16/17 final adjustment	-	-		-	222,000		222,000	222,000	
		DSG - High Needs Funding Block	(17,783,562)	(11,662,170)	(6,121,392)	(17,783,562)	(11,662,170)	(6,121,392)	(17,783,562)		
		DSG - Early Years Pupil Premium	(108,759)	(106,450)		(106,450)	(106,450)		(106,450)		
		DSG Brought Forward - to balance	(789)	(789)		(789)	(789)		(789)		
		Funded From Total	(144,103,615)	(56,606,077)	(87,089,542)	(143,695,619)	(56,184,077)		(87,089,542)	(143,273,619)	422,000
		Grand Total	-	-	-	-	-		1,022,099	1,022,099	

* Latest budget - is based on latest DfE - DSG allocations updated in January 2018

** PTE (Part Time Equivalent). DfE defined as number of children taking up 15 hours per week over 38 weeks

DSG C/FWD from 2016/17 2017/18 Planned used above	325,991 (789)	DSG B/fwd to 2017/18	325,202
DSG B/FWD to 2017/18	325,202	Forecast 2017/18 Overspend	(1,022,099)
		DSG Forecast C/fwd to 2018/19	(696,897)

Southend-on-Sea Education Board

on

13th March 2018

Report prepared by:

Elaine Hammans Group Manager – Early Years

7

Report Title: Early Years 2018/19 Provider Rates and Deprivation Entitlement Paper – Elaine Hammans/Paul Grout

Agenda Item: 7

1. Purpose of Report

1.1 To inform the Education Board on the first review of the deprivation supplement

1.2 To ensure the use of the funding which is centrally retained and administrated through the Dedicated Schools Grant under The School and Early Years Finance (England) Regulations 2017. In order for the Local Authority to meet its statutory duties under the Childcare Act 2006, Sections 6,7 and 7A.

2. Recommendations

2.1 To confirm the criteria for the mandatory deprivation funding for 2018/19 following the consultation with all early years providers

2.2 To commence a further review from September 2018 of deprivation supplement criteria whether to align the supplement with the April 2018 revision of EYPP and FSM criteria

2.3 To confirm provider funding rates for 2018/19

3. Background/Context

3.1 Local authorities **are required** by legislation to:

Apply a deprivation factor to hourly funding rates for children accessing 3 & 4 year old funding for both 15 hours universal entitlement and the additional 15 hours extended for working families.

To calculate and notify initial budgets to providers by 31st March each year.

3.2 Local authorities are required to apply a deprivation factor to the hourly funding rate for 3 & 4 year olds accessing a funded place. The amount and criteria for the deprivation fund is left to the local authority's discretion, although there is an upper limit of 10% of the overall funding rate.

The current position is that the deprivation factor is based on the postcode of the child’s home address and is linked to the 0-30% deprived SOAs within wards. Historically this was the most accessible indicator of deprivation that could be applied easily.

Changes in the Early Years Pupil Premium (EYPP) criteria which come into force in April 2018 have meant that a move to link deprivation supplement to EYPP criteria from April 2018 would have a significant impact on some early years providers. Therefore it was agreed to consult early years providers on a more gradual change to deprivation funding.

Early Years carried out the consultation in January 2018 with all early years providers on whether to base deprivation element for 2018-19 on postcodes in the 0 - 20% most deprived areas in Southend from April 2018.

The majority of providers who responded to the consultation were in favour of reducing the deprivation factor to 0-20% (78% of respondents) and maximising the base rate from April 2018 (87% of respondents). Therefore it is recommended that the deprivation supplement criteria should be 0-20% deprivation index based on the family’s postcode from April 2018.

3.3 Following the revised EYPP and FSM criteria applied from April 2018 Early Years are requesting a further review of deprivation supplement to commence in September 2018. This review would propose to align the supplement with EYPP and FSM criteria from April 2019 which would target the additional funding to support improving outcomes for our most needy children.

Proposed new 3 & 4 year old funding rates from April 2018

	Pre-School	Registered Childminder	Independent School	Day nursery	Maintained School & Academy
Funding Rate 17/18	4.18	4.18	4.18	4.18	4.42
Funding rate 18/19	4.21	4.21	4.21	4.21	4.30
Funding rate 19/20	4.24	4.24	4.24	4.24	4.24

4. Summary of benefits of the proposal

4.1 Poverty Agenda

The proposal to review and amend the deprivation factor will enable SBC to:

- maximise the available budget for Early Years DSG
- ensure that the deprivation funds target those children living in the most deprived areas
- meet the statutory requirements and guidance on deprivation funding

The proposed further review to align deprivation supplement criteria to the revised EYPP and FSM criteria from April 2019 would, in addition, allow for closer monitoring of the take-up of EYPP and maximising its effect.

5. Implications of the report

5.1 The revised deprivation supplement criteria from April 2018 will require minimal SBC staff resources to adapt the current process.

6. Financial implications

6.1 The increase in the number of children living in 0-30% deprivation postcodes has put pressure on the Early Years deprivation supplement by an additional 11% in 2017/18. This position will not be able to be sustained going forward.

6.2 The impact for early years providers and schools would be a reduction in the percentage of children who would attract deprivation supplement funding as shown in table 1.

Table 1.

Children eligible for deprivation funding			
Year	Children attending School nursery	Children attending PVI settings	Total of children overall
17/18	64%	38%	45%
18/19	45%	27%	32%
Reduction	19%	11%	13%

Schools would see a greater reduction than the PVI sector; however for 2018/19 schools will be receiving an enhanced base rate against the PVI base rate. The DfE Statutory guidance allows for a base rate differential for 2018/19 with all providers paid at the same base rate from 2019/20.

6.3 With the new proposed rates for 2018/19, although a small increase, sustainability of providers from all sectors continues to be a local and national concern.

This page is intentionally left blank