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| <b>Schools Forum</b><br>Date: 15 November 2017<br>Time: 8:30 am<br>Venue: Shrewsbury Training and Development Centre | <u>Item</u><br><br>Public | <u>Paper</u><br><br><b>D</b> |
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## **DEDICATED SCHOOLS GRANT MONITORING**

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### **Summary**

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of October 2017.

### **Recommendation**

This report is for information only.

## **REPORT**

### **Outturn 2017-18**

1. The overall outturn against centrally retained DSG is forecast to be £0.163m in deficit as at the end of October 2017.

### **Centrally Controlled High Needs Budget**

2. The centrally controlled High Needs Block is the largest budget area within central DSG accounting for £18.295m of the £32.766m central DSG budget in 2017-18. As at the end of October only a small underspend of £0.038m is forecast.
3. The main reasons for a variation from budget of greater than £0.100m falling within the High Needs Block are detailed below:

### **Line 1.2.1 - Top Up funding - Maintained Providers & Line 1.2.2 Top Up funding - Academies, Free Schools and Colleges**

4. A projected underspend of £0.189m on top-up funding is reported as at the end of October 2017. This is a small percentage underspend on a budget of £10.398m across these two budget headings.

5. Forecast underspends relating to top-up funding to mainstream settings and Special Schools combined totals £0.455m.
6. This can be partially explained by Shropshire Council's transition to a graduated pathway for SEND. This strategy aims to reduce the proportion of EHCPs maintained by Shropshire so that it is in line with national average of 2.8% whilst supporting children at SEN Support. This will encourage early intervention and therefore reduce the need for more costly specialist intervention at a later date. This should result in a more holistic, person centred approach to identifying and meeting need and result in better outcomes for children.
7. Shropshire is beginning to see a reduction in the proportion of children with an EHCP from 4.2% in 2014 to 3.6% (July 2017). The impact of this has been seen in financial terms with top-up funding forecasts at below budgeted levels as at the end of August. As the number of Shropshire children with an EHC Plan or Statement further reduces from its current level of 3.6% towards the national average of 2.8%, this should result in less top-up funding distributed through the EHCP. There will be a need to review and reset budgets accordingly once Shropshire Council has considered and identified the budget commitments required to fund the additional support that will be generated by a move toward providing additional high needs funding for children at SEN Support (graduated pathway). This will be monitored and reviewed termly.
8. Although there is an underspend of £0.189m on this budget line it is worth noting that this masks a projected overspend of £0.160m against inter-authority recoupment, and a further £0.083m projected overspend on the Post 16 Further Education Colleges budget as a result of an increase in Post 16 cohort and increased provider unit cost. This overspend has been identified as the Autumn Term charges have been finalised and this highlights a growing pressure in the High Needs Budget that is being reported nationally.
9. In 2017-18 the budget for Post 16 Further Education College fees was increased from £1.150m to £1.160m having been increased in 2016-17 from £0.900m to £1.150m. The projected spend for 2017-18 of £1.243m evidences the continued expenditure growth experienced as a direct result of changes in legislation which has seen local authorities having significant new statutory duties for students with special educational needs up to the age of 25 years under the Childrens and Families Act (September 2014). The local authority's SEN team are striving to address these rising costs through close working with local colleges to increase accessibility to education within mainstream colleges rather than more expensive independent specialist providers.

### **Line 1.2.3 - Top Up funding - Non-Maintained and Independent Providers**

10. An overspend of £0.233m is currently forecast against top-up funding to Independent Special Schools.

### **Independent Special Schools**

11. In 2017-18 the budget was set at £4.186m based on 84 placements at approx. £0.050m per placement. The current number of placements stands at 94, 10 higher than anticipated. Using the placement tracker that estimates costs for these placements using known placement end dates the forecast overspend is approx. £0.187m which indicates that the average cost per placement has decreased to approx. £0.046m.
12. The increase in placement numbers and decrease in cost per placement compared to the budgeted figures is explained by a number of new placements at 2 of our lower cost, non-residential providers. This has occurred as these providers have extended their capacity to allow for a great number of placements. Demand for increased placements at these 2 providers is indicative of a bigger issue around challenging behaviour across the County which reflects the national picture. It is also a direct result of Shropshire's Maintained SEMH Provision being at full capacity.
13. The other explanation for this overspend is an increase in contributions from education towards joint social care placements where there is a lack of clarity of what the primary cause for the need to move to an independent specialist provider is.
14. These trends follow the national picture being reported by the f40 group of local authorities during a recent survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, and higher contributions from education towards joint social care placements.
15. It is important to note that this budget is volatile since costs could increase significantly at short notice if 1 or 2 pupils with complex needs requiring high cost residential placements re-locate to the area or the needs of a child change.

### **SEN Nursery Placements**

16. Although no overspend is forecast as at the end of October in relation to SEN Nursery Placements, it is worth highlighting that the budget has been significantly increased to £0.240m in anticipation of further ongoing cost pressures with the introduction from September 2017 of 30 hours free childcare for all 3 and 4 year olds with working parents. Further work is required to understand the forecast outturn position.
17. A strategic change in the way the Council delivers provision for children with complex needs has been introduced so that more children with complex SEN can be supported to attend their local early years provision. Initially this has meant increased expenditure on as training is provided to settings to meet the needs of more complex children within their communities, however this should result in reduced costs on special school nursery placements and related reduced costs on SEN transport.

### **Central Provision within Schools Budget**

#### **1.4.12 – Exceptions agreed by Secretary of State (Deficit Balance)**

18. A cost of £0.168m is reported. As agreed by Schools Forum in 2014-15 this is the fourth year charge relating to a secondary school deficit balance incurred in 2014-15 at the point of conversion to a sponsored academy.