



Date: Thursday, 7 November 2019

Time: 8.30 am

Venue: The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

Contact: Philip Wilson, Service Manager Business Support People
Tel: 01743 254344
Email: phil.wilson@shropshire.gov.uk

SCHOOLS FORUM

TO FOLLOW REPORT (S)

6 Dedicated Schools Grant Monitoring (DSG) 2019 - 20 (Pages 1 - 6)

Report to Follow

This page is intentionally left blank



Schools Forum

Date: 7 November 2019

Time: 8:30 am

Venue: The Guildhall,
Shrewsbury

Item

Public

Paper

E

DEDICATED SCHOOLS GRANT MONITORING

Responsible Officer Stephen Waters

e-mail: Stephen.a.waters@shropshire.gov.uk Tel: (01743) 258952

Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of September 2019.

Recommendation

This report is for information only.

REPORT

1. The overall 2019-20 outturn against centrally retained DSG is forecast to be £1.414m in deficit as at the end of September 2019. It should be noted that this figure is the in-year deficit and needs to be added to the £0.879m overspend carried forward from 2018-19 in order to give the overall cumulative deficit position of £2.293m.

Centrally Controlled High Needs Budget

2. The centrally controlled High Needs Block is the largest budget area within central DSG accounting for £19.130m of the £38.273m central DSG budget in 2019-20. The £19.130m budget excludes the place funding element of the High Needs Block totalling £7.035m but does include the transfer of £0.397m funding from the Schools Block to the High Needs Block as approved by Schools Forum.
3. Overall, the High Needs Block forecast to be £1.352m in deficit as at the end of August 2019. Given that the £0.397m of high needs funding represents a one-off transfer of funding from the Schools Block, this indicates that the High Needs Block allocation to Shropshire is insufficient to meet expenditure requirements if current spending levels continue.

4. The main reasons for a variation from budget of greater than £0.100m falling within the High Needs Block are detailed below.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools

5. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a net forecast overspend of £0.273m. This overspend reflects a pressure of £0.235m on top-up funding paid to mainstream schools where the 2019-20 budget has remained at the level budgeted in 2018-19 which is £3.535m. It is noteworthy that the projected 2019-20 expenditure figure of £3.770m is considerably less than the final 2018-19 expenditure figure of £4.191m.
6. A possible explanation for this is that 2018-19 was the second year of a transitional period following the introduction of the Graduation Support Pathway in 2017-18 where there was a short term increase in expenditure required to support this strategy. For context, the Graduated Support Pathway was introduced in 2017-18 as a strategy to support schools to meet the needs of children with low cost, high frequency need (SEND Support). The Graduated Supported Pathway aims to provide additional funding to supplement element 2 funding which comes directly through the Schools Block of DSG. The long term aim is that the local authority will see a reduction in the number of Education Health Care (EHC) plans to bring Shropshire's percentage of EHC Plans per population down in line with the national average. Work has commenced to understand the ongoing cost of this strategy and while the forecasted spend in this report does potentially indicate that spend on mainstream top-up funding is returning to levels experienced prior to the introduction of the Graduated Supported Pathway, more time is needed to review top-up funding levels over the first few months of the new academic year.

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

7. An overspend of £1.047m is reported in this budget area. The key budget areas are detailed below:

Independent Special Schools

8. The budget for Independent Special School placement costs has been set at £4.538m. In 2018-19 the outturn figure was a £5.432m which was £0.633m higher than in 2017-18 and a large overspend of £0.913m. Given that the budget has stayed at approximately the same level as in 2018-19 this shows that the budget pressure on Independent Special School placement costs is an ongoing budget pressure that has continued from 2018-19.
9. A placement tracker spreadsheet that tracks costs of individual placements is maintained throughout the financial year. The overall budget for Independent Special Schools is divided into 3 distinct areas. These are; lower cost non-residential placements, higher cost residential placements and joint funded placements where Education is making a contribution to placements where the total cost is also partially funded by Social Care and/or Health budgets.

10. Using the placement tracker spreadsheet that tracks costs of individual placements, the projected overspend against this budget is £1.016m with projected expenditure of £5.554m projected to be £0.122m higher than in 2018-19.
11. This is based on all summer term and some autumn term invoices paid on the Council's financial system, and known projected placement end dates.
12. During the summer term there were 90 Education led placements. Of these, 54 children were placed in either one of 2 low cost non-residential settings where the average cost of placement is relatively low at £0.034m. The budget for these non-residential placements at these 2 settings was based on 50 placements at the cost of £0.032m and the resulting overspend against these placements is £0.160m due to these 4 additional placements. The increase in placement numbers in 2018-19 is explained by increased demand at our lower cost, non-residential providers. Demand for increased placements at these two 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 social, emotional and mental health (SEMH) provision being at full capacity.
13. In addition to these non-residential placements at the 2 specific settings, there were an additional 36 children placed at other education led placements. The majority of these placements are at residential settings where the annual cost can exceed £0.200m per child per annum. In relation to these placements the budget was set based on 33 residential placements at a cost of £0.069m per placement, however the projected cost of these placements is £0.234m higher than budgeted due to the 3 additional placements.
14. In addition to the placements above, there are a number of placements where education agrees a contribution towards a joint funded placement alongside Health and Social Care. These are the most complex cases and it is these placements where we have seen the highest growth in numbers with 17 complex cases receiving an education contribution. This is a continuing pressure from 2018-19 and the overspend in relation to these placements is £0.622m.
15. These trends follow the national picture being reported by the f40 group of local authorities during a 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.

2020-21 and the National Context

16. The Department for Education now requires Local Authorities to submit a financial recovery plan in the event that their cumulative DSG overspend at the end of a financial year, exceeds 1% of their DSG allocation. Given that Shropshire's DSG allocation for 2019-20 is currently £204.587m the 1% threshold is equal to £2.046m and therefore the current cumulative deficit

position being reported of £2.293m breaches this limit and triggers the requirement for a detailed financial recovery plan to be submitted to the Department following the close of the financial year.

17. In light of the above, officers are continuing to work to establish a financial plan to bring back to Schools Forum. Any plan will have an impact on policy, therefore a number of options are being identified alongside any associated risks. A High Needs Funding Task & Finish Group has been meeting to explore ways in which the overspend can be brought under control with the minimum of impact on service users.
18. On 11th October, the ESFA published national funding formulae provisional allocations for schools, high needs and central school services for 2020-21.
19. The high needs national funding formula provides at least 8% per head for every Local Authority and maximum gains of 17%. Shropshire's 2020-21 provisional allocation is £28.050m which is an increase of £2.282m (8.1%) compared to the 2019/20 high needs block allocation. In light of the £2.293m cumulative deficit being reported this increase is welcome news.
20. The central school services national funding formula will continue to fund all local authorities for their ongoing responsibilities, however there will be a 20% reduction to the element of funding that some authorities receive for historic commitments made prior to 2013 to 2014, in line with the previously stated policy to withdraw this funding over time. Consequently this will have no impact on the central DSG financial position itself, however it will have an impact on those Council services that benefit from this funding unless growth is built into the Council's base budget to replace this funding. A strategy is being prepared by Council officers to deal with this cut.

APPENDIX

CENTRALLY RETAINED DEDICATED SCHOOLS GRANT FUNDING PERIOD (2019-20)

	2019-20 Budget £	2019-20 Forecast Spend £	2019-20 Variance £
DEDELEGATED ITEMS			
1.1.1 Contingencies	100,000	100,000	0
1.1.2 Behaviour Support Services	0	0	0
1.1.3 Support to UPEG and bilingual learners	0	0	0
1.1.4 Free school meals eligibility	0	0	0
1.1.5 Insurance	0	0	0
1.1.6 Museum and Library Services	0	0	0
1.1.7 Licences/subscriptions	0	0	0
1.1.8 Staff costs Maternity supply cover	260,000	260,000	0
1.1.9 Staff costs Trade Union Duties	27,770	25,396	-2,374
DEDELEGATED ITEMS SUB TOTAL	387,770	385,396	-2,374
CENTRALLY CONTROLLED EARLY YEARS BUDGET			
1.3.1 Central Expenditure on Children under 5	316,190	316,190	0
1.0.1 Individual Schools Budget - Early Years PVI's and Maintained Nursery Provision	15,248,430	15,248,430	0
CENTRALLY CONTROLLED EARLY YEARS SUB TOTAL	15,564,620	15,564,620	0
CENTRALLY CONTROLLED HIGH NEEDS BUDGET			
1.2.1 Top Up funding - Maintained Providers	4,110,270	4,033,402	-76,868
1.2.2 Top Up funding - Academies, Free Schools and Colleges	6,473,480	6,823,583	350,103
1.2.3 Top Up funding - Non-Maintained and Independent Providers	4,959,730	6,006,544	1,046,814
1.2.4 Additional High Needs Targeted Funding for Maintained Schools and Academies	259,450	259,450	0
1.2.5 SEN Support Services	1,926,390	1,943,829	17,439
1.2.6 Hospital Education Services	170,190	145,782	-24,408
1.2.7 Other Alternative Provision Services	99,050	115,548	16,498
1.2.8 Support for Inclusion	1,131,600	1,153,734	22,134
1.2.9 Special Schools and PRUs in Financial Difficulty			0
1.2.10 PFI / BSF Costs at Special Schools and AP / PRUs			0
1.2.11 Direct Payments (SEN and Disability)			0
1.2.12 Carbon Reduction Commitment Allowances (PRUs)			0
Additional High Needs Funding announced December 2018			0
CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL	19,130,160	20,481,872	1,351,712
CENTRAL SCHOOL SERVICES BLOCK			
1.4.1 Contribution to combined budgets	852,110	851,254	-856
1.4.2 Schools Admissions	228,340	233,095	4,755
1.4.3 Servicing of Schools Forums	10,000	10,000	0
1.4.4 Termination of employment costs	972,920	972,920	0
1.4.5 Falling Rolls Fund	0	0	0
1.4.6 Capital Expenditure from Revenue (CERA)	0	0	0
1.4.7 Prudential Borrowing Costs	295,350	295,350	0
1.4.8 Fees to independent schools without SEN	0	0	0
1.4.9 Equal Pay - Back Pay	0	0	0
1.4.10 Pupil growth / Infant Class sizes	0	0	0
1.4.11 SEN Transport	0	0	0
1.4.12 Exceptions agreed by Secretary of State (Deficit)	0	0	0
1.4.13 Other Items (Copyright Licensing Agency fee)	216,630	216,630	0
Ongoing duties	615,130	675,650	60,520
CENTRAL PROVISION WITHIN SCHOOLS BUDGET SUB TOTAL	3,190,480	3,254,899	64,419
TOTAL CENTRAL DSG	38,273,030	39,686,787	1,413,757

	£
DEFICIT CARRIED FORWARD FROM PREVIOUS YEARS	879,465
PROJECTED 2019-20 IN YEAR DEFICIT	1,413,757
CUMULATIVE CENTRAL DSG DEFICIT	2,293,222

Breakdown of total DSG:

TOTAL CENTRAL DSG	38,273,030
--------------------------	-------------------

High Needs Budget - Place Funding	
Post 16 FE Colleges	526,000
Pre and Post 16 SEN Places - Special Academies	4,050,000
Pre and Post 16 SEN Places - Resourced Provisions	208,340
Post 16 Mainstream Provision	16,000
Total deduction to 2018-19 High Needs Block for direct funding of places by ESFA	4,800,340
TMBSS	1,460,000
Pre and Post 16 SEN Places - Special Mainstream	774,997
Total deduction to 2018-19 High Needs Block for central funding of places	2,234,997
HIGH NEEDS BUDGET - Place Funding	7,035,337

INDIVIDUAL SCHOOLS BUDGET SHARES	159,278,450
---	--------------------

TOTAL DSG	204,586,817
------------------	--------------------

This page is intentionally left blank