



Date: Thursday, 5 December 2019
Time: 8.30 am
Venue: The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ
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SCHOOLS FORUM

TO FOLLOW REPORT (S)

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

Public

Paper

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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 2019.

Recommendation

This report is for information only.

REPORT

1. The overall 2019-20 outturn against centrally retained DSG is forecast to be £1.431m in deficit as at the end of October 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 £2.310m.

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 £1.369m in deficit as at the end of October 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 £0.309m. 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 £1.028m 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 £0.973m with projected expenditure of £5.510m projected to be £0.078m 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. 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

13. 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 £2.310m 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.
14. 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.
15. On 11th October, the ESFA published national funding formulae provisional allocations for schools, high needs and central school services for 2020-21.
16. 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 £2.310m cumulative deficit being reported this increase is welcome news.

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APPENDIX

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

	2019-20 Budget £	2019-20 Forecast Spend £
<u>DEDELEGATED ITEMS</u>		
1.1.1	100,000	100,000
1.1.2	0	0
1.1.3	0	0
1.1.4	0	0
1.1.5	0	0
1.1.6	0	0
1.1.7	0	0
1.1.8	260,000	260,000
1.1.9	27,770	25,396
	387,770	385,396
<u>CENTRALLY CONTROLLED EARLY YEARS BUDGET</u>		
1.3.1	316,190	316,190
1.0.1	15,248,430	15,248,430
	15,564,620	15,564,620
<u>CENTRALLY CONTROLLED HIGH NEEDS BUDGET</u>		
1.2.1	4,110,270	4,029,902
1.2.2	6,473,480	6,863,198
1.2.3	4,959,730	5,987,721
1.2.4	259,450	259,450
1.2.5	1,926,390	1,943,829
1.2.6	170,190	145,782
1.2.7	99,050	115,548
1.2.8	1,131,600	1,153,734
1.2.9		
1.2.10		
1.2.11		
1.2.12		
	19,130,160	20,499,163
<u>CENTRAL SCHOOL SERVICES BLOCK</u>		
1.4.1	852,110	851,254
1.4.2	228,340	233,095
1.4.3	10,000	10,000
1.4.4	972,920	972,920
1.4.5	0	0
1.4.6	0	0
1.4.7	295,350	295,350
1.4.8	0	0
1.4.9	0	0
1.4.10	0	0
1.4.11	0	0
1.4.12	0	0
1.4.13	216,630	216,630
	615,130	675,650
	3,190,480	3,254,899
	38,273,030	39,704,078
TOTAL CENTRAL DSG		
	38,273,030	39,704,078
£		
DEFICIT CARRIED FORWARD FROM PREVIOUS YEARS	879,465	
PROJECTED 2019-20 IN YEAR DEFICIT	1,413,757	
CUMULATIVE CENTRAL DSG DEFICIT	2,293,222	
<u>Breakdown of total DSG:</u>		
TOTAL CENTRAL DSG	38,273,030	
<u>High Needs Budget - Place Funding</u>		
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	

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