



## Schools Forum

### **Report title: DSG 2019/20 Outturn Position including Schools Balance Position**

**Date:** 9<sup>th</sup> July 2020

**Key decision:** No.

**Item number:** 6

### **Outline and recommendations**

*The report sets out the Dedicated Schools Grant (DSG Outturn Position) including the position with regards Schools Balances*

*Schools Forum is asked to note the contents of this report with particular focus*

- *on the pressure on the DSG –High Needs Block*
- *Surplus balance position for schools*

### **Timeline of engagement and decision-making**

This report is for information and discussion

## Summary

- 1.1 The report confirms that the Dedicated Schools Grant Position for 2019/20 minor overspend of £108k. This is broadly in line with the projected spend position. It should however be noted that the outturn position confirms the continuing pressure on the Dedicated Schools Grant –High Needs Block.

## Background

- 1.2 Each Local Authority receives a ringfenced grant known as the Dedicated Schools Grant (DSG) which requires adherence to detailed Grant Conditions.
- 1.3 The DSG is split into four parts being
- Schools Block – this covers mainly the schools main budget share allocated to schools via the Schools Funding Formula and the Growth Fund. This mainly covers the 5 to under 16 age range
  - The Central Block – This varies for each Local Authority based on the agreed spend positions as at baseline year 2012/13. This now also incorporates a small amount for the ex Education Services Grant.
  - High Needs Block- This funding supports costs associated with special needs and alternative provision. The High Needs Block includes the costs of our special schools (and special units) aswell as payments made other provisions including outborough placements, residential placements, Further Education etc. This covers 0 to 25 specialis provision costs
  - Early Years Block covers the 2, 3 and 4 years entitlement costs. Including supplementary funding for the Maintained Nursery Schools, Disability Fund, EY pupil Premium etc. There is a requirement on the main 3 and 4 year old budget that 95% of the budget must be identified for budgets that support providers. This could include hourly rate, deprivation funding, inclusion funding etc.
- 1.4 The DSG postion remains provisional until the January Pupil Census data is finalised which is always post closure of accounts and mainly in end of June/early July.

## DSG 2019/20 Position

- 1.5 Table 1 below shows the DSG position for 2019/20. Schools Forum will note that overall the DSG is broadly in line. There is a provisional overspend of £108k, subject to the finalisation of the Early Years Block. The remains a duty to spend within budget. Any overspend will need to be the first call on next years budget.

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		2019-20 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA				
		2019-20 schools block (£ million)	2019-20 central school services block allocation (£ million)	2019-20 high needs block allocation (£ million)	2019-20 early years block (£ million)	2019-20 total DSG allocation (£ million)
2019/20	Allocation	178.18	5.42	50.71	24.53	258.83
2019/20	Outturn	178.18	5.42	51.34	24.00	258.94
2019/20	Variance	0.00	0.00	0.63	-0.52	0.11

- 1.6 Within the blocks two specific areas need to be noted- Early Years and High Needs.
- 1.7 With regards Early Years the position shows a provisional £520k underspend. At the time of writing the DfE has yet to confirm the final 2019/20 position for early years. This is pending the finalisation of data relating to the 2020 January census. Schools Forum will be updated accordingly at the next meeting.
- 1.8 With regards the High Needs Block, the final outturn position shows an overspend of circa £630k. Schools Forum will recall that Officers have previously raised concerns with regards the High Needs Block ability to contain the demand. For 2019/20, the £630k overspend position is after a transfer of circa £800k from the schools block and a further £730k from the DfE (received late in 2018/19). Without this additional funding, the High Needs Block would have had an increased overspend position.
- 1.9 To support the pressure on the High Needs, the SEN Service has been working closely with Schools and Schools forum. A mitigation plan has been developed which is progressing but will clearly take time to embed and the benefits to be seen in full. The additional issue is that of continuing increases in need, in which case the current mitigation plan may reduce the pressure but not eliminate it.
- 1.10 “Need” can be deemed considered in various aspects including (Appendix A provides some trend data for consideration)
- Increase in number of pupils with Special Needs
  - Severity of Needs
  - Price increases

Some key headlines include, since 2017/18,

- the number of EHCP has increased by 541.
- Most of this increase is in ASD 129, SEMH 111, SLCN 183
- Average increase in price for ASD £790, SEMH £4261 and SLCN £1631
- Of the 541, 299 have been placed in borough and 242 out of borough

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- 1.11 In addition to the high needs block there is associated overspend on the “transport budget” which is funded from the General Fund. The transport budget is currently overspending by approximately £2m
- 1.12 It is important to place some context with regards Lewisham’s position on the High Needs Block. Lewisham has historically, been one of very few LA that has underspend on the DSG –High Needs. Most Local Authorities are overspending as a consequence. The DfE has attempted to address the pressure with additional funding allocations in 2019/20 and 2020/21. However it seems that demand is stripping cash available. **Appendix B is a report presented by the Local Government Association to the House of Commons in February 2019.** Whilst this is slightly out of date, it does reflect the challenges facing Local Authorities, the lobbying and the profile that the DfE is aware of.
- 1.13 It does however remain important that Lewisham continues to consider alternative ways of providing support to our most vulnerable within the resources available.
- 1.14 Schools forum should note that delivering on the SEN-D agenda within the financial constraints remains challenging and will continue to do so.
- 1.15 Several Local Authorities are now under the scrutiny of the DfE with regards a Deficit Recovery Plan.
- 1.16 The DfE position remains clear that Local Authorities must spend with the funds allocated. To further reinforce this point, there has been a recent change in the reporting of consolidated accounts which now prevents any subsidy from the General Fund.
- 1.17 **Schools Forum is asked to note this report with particular concerns regarding the pressure on the High Needs Block and to agree to receive regular updates. Schools forum is further asked to agree the continuation of the High Needs Working group.**

## Schools Balances

- 1.18 The table below notes the schools balances position for 2019/20. Overall there is a reduction in the overall balance position. Schools Forum should note however that the net surplus position represents 11 % of the schools block.
- 1.19 Within this net position there only 13 schools that are within the correct tolerance of 8% surplus. All other schools are in surplus positions, many with significant levels relative to their budget position.
- 1.20 There remain 11 schools in deficit (please note, this is partially coincidental as two schools have improved their position whilst two schools have entered into deficit)
- 1.21 It should also be noted that within this position there remains a total of £1.4m of loans supporting debt. Of the schools in deficit there is movement.

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	£			Number of Schools		
	Surplus	Deficit	Net	Deficit	Surplus less than 8%	Surplus more than 9%
2018/19	23,911,046	2,266,079	21,644,967	11	13	53
2019/20	23,088,913	3,796,799	19,292,114	11	13	53
Net position	822,133	1,530,720	2,352,853	0	0	0

1.22 A further observation is that deficit as a % of surplus is at 16.5%. Deficit cannot exceed 40% of the surplus position.

1.23 **Schools Forum is asked to note that overall school balances position.**

### Financial implications

1.24 At this stage there are no direct financial implications arising from this report, however the pressure on the high needs block remains of concern and could trigger a DfE intervention.

### Legal implications

1.25 There are no specific legal implication arising at this stage. It is to be noted that local authorities are obliged to publish annually a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools and after each financial year to publish a statement showing outturn expenditure.

### Equalities implications

1.26 At this stage there are no direct implications arising from this report, Equalities impact will need to be considered as Lewisham progresses options towards mitigating an overspend position on the high needs block.

### Climate change and environmental implications

1.27 Not applicable

### Crime and disorder implications

1.28 Not applicable

### Health and wellbeing implications

1.29 Not applicable

### Report author and contact

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