



## Schools Forum

### **Report title: Dedicated Schools Grant (DSG) 2021/22 Outturn Position including Schools Balance Position**

**Date:** 28<sup>th</sup> June 2022

**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 to 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 & Central School Services Block (CSSB)*
  - *Surplus balance position for schools*

*To further note the provisional position for the EY block.*

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

This report is for information and discussion.

### **Summary**

1.1 The report confirms the Dedicated Schools Grant Position for 2021/22 with an provisional net overspend of £5m. 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 and Central Services Block. The Early Years funding is provisional, and will not be finalised until the later part of Summer 2022.

### **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 largely covers the schools' main budget share allocated to schools via the Schools Funding Formula and the Growth Fund. This mainly covers the 5 to 16 age range.
- The Central School Services Block (CSSB) – 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) as well as payments made to other provisions, including outborough placements, residential placements, Further Education etc. This covers 0 to 25 specialist 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 as budgets that support providers. This could include hourly rate, deprivation funding, inclusion funding etc.

1.4 The DSG position remains provisional until the January Pupil Census data is finalised

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which is always post closure of accounts typically end of June/early July.

## DSG 2021/22 Position

- 1.5 Table 1 below shows the DSG position for 2021/22. There is a provisional overspend of £5.17M, subject to the finalisation of the Early Years Block. There remains a duty to spend within budget. Any overspend will need to be the first call on next year's budget (2022/23). An estimate has been made of circa £470k clawback on Early Years.

**Table 1**

	Schools Block	CSSB	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
<b>2021/22 allocation</b>	222.77	4.26	62.07	23.40	312.50
<b>Transfers agreed</b>	-1.06	0.00	1.06	0.00	0.00
<b>Total funding</b>	221.70	4.26	63.14	23.40	312.50
<b>Estimate of clawback</b>	0.00	0.00	0.00	-0.47	-0.47
<b>Revised Funding</b>	221.70	4.26	63.14	22.93	312.03
<b>2021/22 spend</b>	221.70	4.32	68.54	22.64	317.20
<b>Net position</b>	<b>0.00</b>	<b>-0.06</b>	<b>-5.40</b>	<b>0.29</b>	<b>-5.17</b>
	0%	-1%	-9%	1%	

	£m net position
CSSB	offset against prior year balance
High Needs Block	Cumulative Deficit
Early Years Block	Early Years Block
	LA
	Schools
	estimate
	<u>Total EY</u>
Schools Block	Reserved for TTO case by case
	0.40

- 1.6 **Schools Block** – the Schools Block for 2021/22 is balanced.

- 1.7 **Central Schools Services Block** – Forum will recall that funding to CSSB has been abated at a rate of 20% each year. There is a net overspend of £0.06m which will be offset against prior year underspend. This leaves a contingency underspend of circa £222k to support 2022/23. It should be noted that as part of

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the Councils' medium term financial strategy an additional funding of £500k has been identified to support CSSB regulatory duty. Officers are currently working through the White Paper information to establish the services that will be offered in the future.

- 1.8 **Early Years** - With regards Early Years the position shows a provisional £0.3m underspend. This assumes a projected circa £470k clawback. At the time of writing the DfE has yet to confirm the final 2021/22 position for early years. This is pending the finalisation of data relating to the 2021 January census. Depending on the final position, Schools Forum will be updated accordingly at the next meeting.
- 1.9 Schools forum will recall for 2020/21, a final surplus position was reported of £1.4m, split between providers and LA. In line with forum agreement in December, funding of circa £1m has now been distributed to providers as direct allocation /inclusion funding. £430k of LA funds remain uncommitted as LA contingency. It should be noted that on face value, there appears to be a reduction of circa 3% in the 3&4 year old cohort relative to DfE estimates, against an 8% increase in 2 year olds. This needs to be confirmed as part of the validation process with the DfE. It should be noted that any reduction on 3&4 year old numbers would have a bearing on the funding that supports central provision as well as on the inclusion fund and deprivation funding. Movement in numbers would also influence the supplementary factor that is received by the two nursery schools.
- 1.10 **High Needs** - With regards to the High Needs Block, the final outturn position shows an overspend of circa £5.4m resulting in a cumulative deficit of £10.4m. Schools Forum will recall that Officers have previously raised concerns with regards to the High Needs Block ability to contain the demand.
- 1.11 Table 2 below shows the increased demand in EHCP since 2017/18. 2017/18 is assumed as the base year, at which Lewisham High Needs expenditure was within the budget position.
- 1.12 Schools forum will note, that overall there is an increase of 1120 Education Health & Care Plans (EHCP) relative to 2017/18. During this period under 5's has effectively doubled. Post-secondary continues to have the largest increase.

**Table 2**

Phase - EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total	year on year movement
FY17/18 Used As Base Line	42	831	769	537	2179	
FY18/19	24	889	821	626	2360	181
FY19/20	37	929	887	774	2627	267
FY20/21	74	1027	974	931	3006	379
FY 21/22	83	1115	1083	1018	3299	293
Increase on Baseline Numbers	41	284	314	481	1120	
Increase on Baseline %	97.6%	34.2%	40.8%	89.6%	51.4%	

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- 1.13 In addition to the overall increase and the clear pressure arising from 0-5 and post 16 phase, a further pressure is linked to the increase in number of placements that are placed out of borough. Table 3 shows the split between in borough and out-borough placements. The table shows a clear shift in the proportion of placements being made out of borough, which is a key element of pressure on the HNB.

**Table 3**

Borough - EHCPs	LBL	OOB	Grand Total
FY17/18 Used As Base Line	1559	620	2179
FY18/19	1653	707	2360
FY19/20	1789	838	2627
FY 20/21	1953	1053	3006
FY 21/22	2143	1156	3299
Increase on Baseline Numbers	584	536	1120
Increase on Baseline %	25.3%	69.8%	38.0%

- 1.14 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 for 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.
- 1.15 “Need” can be deemed considered in various aspects including:-
- Increase in number of pupils with Special Needs
  - Severity of Needs
  - Price increases
- 1.16 The high needs block also supports funding to other areas including Alternative Provision.
- 1.17 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 overspend was by approximately £1.4m. Further pressure is expected in 2022/23, as both demand and cost continues to place pressure on this budget.
- 1.18 It is important to place some context with regards to Lewisham’s position on the High Needs Block. Lewisham has historically, been one of very few LAs that has underspent on the DSG – High Needs. Most Local Authorities are overspending as a consequence of SEND reforms. The DfE has attempted to address the pressure with additional funding allocations in 2019/20 and 2020/21. However it seems that demand is outstripping cash available.
- 1.19 It does however remain important that Lewisham continues to consider alternative ways of providing support to our most vulnerable within the resources available.

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- 1.20 Schools forum should note that delivering on the SEND agenda within the financial constraints remains challenging and will continue to do so.
- 1.21 Several Local Authorities are now under the scrutiny of the DFE with regards to a Deficit Recovery Plan. Lewisham has been in initial discussions with the DfE with regards to a “safety valve” support. 55 Local Authorities will be part of this process. We are currently expected to be part of the discussions from Spring 2022.
- 1.22 The DfE position remains clear, that Local Authorities must spend within 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.
- 1.23 **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**

- 1.24 The table below notes the schools' balances position for 2021/22. There is an increase in the overall surplus position of £2.1m (net) before commitments, however an overall reduction of £1.39m net. It should however be noted that of the £1.39m net reduction, approximately £3.7m is reduction within Nursery and Primary schools, offset by increases in Secondary, all-through and special schools.

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**Table 4**

	2021/22	2022/23 before commitments	2022/23 After Commitments	Variance to 2021/22	Variance to 2021/22
Nursery	£0.27	£0.42	£0.44	£0.15	£0.16
Primary	-£17.73	-£16.18	-£14.16	£1.55	£3.57
Secondary	-£1.32	-£3.84	-£2.54	-£2.53	-£1.23
All through	-£0.40	-£0.56	-£0.47	-£0.16	-£0.07
Special including PRU	-£4.96	-£6.07	-£5.99	-£1.11	-£1.04
Total	-£24.12	-£26.22	-£22.73	-£2.10	£1.39

- 1.25 Table 5 – shows a more detailed breakdown of deficit and surplus position banded across school phases. Overall there are 13 schools in deficits, 17 schools with a surplus less than 5% and 11 schools with a surplus less than 10%. This means that 35 of the 76 schools i.e. approximately 45% have surplus in excess of 10%. It should be further noted that 17 schools have surplus exceeding 20%. The figures reflect post commitment (not tested).

	Number of Schools in total	Deficit	Surplus <5%	Surplus <10%	Surplus <15%	Surplus less than 20%	Surplus more than 20%
Nursery	2	2	0	0	0	0	0
Primary	58	8	15	5	10	6	14
Secondary	7	1	0	6	0	0	0
All through	3	1	2	0	0	0	0
Special including PRU	6	1	0	0	1	1	3
Total	76	13	17	11	11	7	17

- 1.26 It should be noted that the total value of deficits in schools equates to circa £3m against an overall surplus of £25.8m. This represents deficits of 12% against the total surplus position.

- 1.27 **Schools Forum is asked to note the overall school balances position.**

### Financial implications

- 1.28 At this stage there are no direct financial implications arising from this report, however the pressure on the High Needs Block remains of concern. As stated we are now

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within the formal discussion points with DfE intervention.

- 1.29 The Early Years Outturn cannot be finalised at this stage. Once the final allocation is confirmed, a further report will be presented to schools forum in October.

### **Legal implications**

- 1.30 There are no specific legal implications 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**

- 1.31 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**

- 1.32 Not applicable

### **Crime and disorder implications**

- 1.33 Not applicable

### **Health and wellbeing implications**

- 1.34 Not applicable

### **Report author and contact**

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