



Schools Forum

Report title: DSG 2020/21 Outturn Position including Schools Balance Position

Date: 10th June 2021

Key decision: No.

Item number: 7

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

- *Underspend on schools block, arising from unused growth fund*
 - *on the pressure on the DSG –High Needs Block*
- *position for early years block is provisional, pending finalisation of the January pupil census count*
 - *Surplus balance position for schools*

Timeline of engagement and decision-making

This report is mainly for information and discussion

To seek agreement from School Forum on the utilisation of the unspent growth fund

Summary

- 1.1 The report confirms the Dedicated Schools Grant Position for 2020/21 with a net provisional overspend of £3m. 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. The Early Years funding is provisional, and will not be finalised until the later part of Summer 2021.

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

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DSG 2020/21 Position

- 1.5 Table 1 below shows the DSG position for 2020/21. Schools Forum will note that overall the DSG is broadly in line. There is a provisional net overspend of £3M, 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 (2021/22).

DSG Outturn Position

	Schools Block	CSSB	High Needs Block	Early Years Block	Total
	£m	£m	£m	£m	£m
Allocation	176.387	4.645	54.985	23.914	259.930
Outturn	175.989	4.645	60.019	22.284	262.937
Difference	-0.397	0.000	5.034	-1.630	3.007

Provisional Subject to Clawback estimate of £800k

- 1.6 **Schools Block – Schools Forum to note the underspend of £397k. Subject to finalisation of the TTO claims process, it is likely that some schools will face greater hardship. It is proposed that the application of this funding is considered on a “needs” basis based on the process of consideration by the LA. Any unused funds can be then used to support the wider TTO funds identified at the extraordinary meeting of the forum.**
- 1.7 Within the blocks two specific areas need to be noted- Early Years and High Needs.
- 1.8 **Early Years** - With regards Early Years the position shows a provisional £1.6m underspend. At the time of writing the DfE has yet to confirm the final 2020/21 position for early years. This is pending the finalisation of data relating to the 2021 January census, taking into consideration any COVID adjustments. Depending on the final position, Schools Forum will be updated accordingly at the next meeting. There is potential payments to be made to providers to support COVID pressure for the autumn term.
- 1.9 **High Needs** - With regards to the High Needs Block, the final outturn position shows an overspend of circa £5m. Schools Forum will recall that Officers have previously raised concerns with regards the High Needs Block ability to contain the demand.
- 1.10 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.
- 1.11 Schools forum will note, that overall there is an increase of 827 EHCP relative to 2017/18, of which approximately half relate to under 5 and post-secondary children.

Table 2

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Phase - EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total	Annual 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
Increase on Baseline Numbers	32	196	205	394	827	
Increase on Baseline %	76.2%	23.6%	26.7%	73.4%	38.0%	

1.12 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
FY20/21	2004	1002	3006
Increase on Baseline Numbers	445	382	827
Increase on Baseline %	28.5%	61.6%	38.0%

1.13 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.

1.14 “Need” can be deemed considered in various aspects including:

- Increase in number of pupils with Special Needs
- Severity of Needs
- Price increases

1.15 Some key headlines include, since 2017/18,

- the number of EHCP has increased by 827
- of which 382 are placed out of borough
- table below shows the placements against the main severity of need types

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	EHCP increase	£'000	Total £m
ADHD	50	£17.63	£0.88
ASD	227	£16.54	£3.75
LAND	25	£11.66	£0.29
MLD	21	£14.53	£0.31
SEMH	158	£20.77	£3.28
SLCN	272	£13.99	£3.81
Other	74	£15.85	£1.17
Total	827		£13.49

- 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 is currently overspending by approximately £2.4m. As part of the council’s Medium Term Planning Strategy, there is a requirement that the overspend is reduced by at least £250k. A transport review is currently underway. One key consideration will include associated reduction if the number of out borough placements reduces.
- 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 LA that has underspend 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 out stripping 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.
- 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 a Deficit Recovery Plan.
- 1.22 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.
- 1.23 **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.**

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Schools Balances

- 1.24 The table below notes the schools balances position for 2020/21. There is an increase in the overall surplus position of £4.9m (net). This represents 13% of the value of the schools block. The figure relates to revenue balance. It should also be noted that within this figure is £1.6m of loans supporting deficits. In 2019/20 it was £2.1m
- 1.25 Within this net position there are only 15 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. 28 schools have balances in excess of 20% of their annual schools budget.

	£			Number of Schools		
	Surplus	Deficit	Net	Deficit	Surplus less than 8%	Surplus more than 9%
	£m	£m	£m			
2019/20	-23.28	3.12	-20.16	10	13	53
2020/21	-27.85	2.71	-25.15	11	15	50
Movement from 19/20 to 20/21	-4.57	-0.41	-4.99	1	2	-3
* Adj for Sedgehill						

- 1.26 A further observation is that deficit as a % of surplus is at 10%. Deficit cannot exceed 40% of the surplus position.
- 1.27 With regards to the capital balances position, the cumulative position at year-end is now £1.13m. This is a reduction of £335k relative to the 2019/20 position.
- 1.28 **Schools Forum is asked to note that overall school balances position.**

Financial implications

- 1.29 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 is now likely to trigger a DfE intervention.
- 1.30 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

- 1.31 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

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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

1.32 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

1.33 Not applicable

Crime and disorder implications

1.34 Not applicable

Health and wellbeing implications

1.35 Not applicable

Report author and contact

Mala Dadlani Group Finance Manager mala.dadlani@lewisham.gov.uk 020 8314 3581

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