

**DEDICATED SCHOOLS GRANT FINANCIAL POSITION 2017-18**

To: Cambridgeshire Schools Forum  
 Date: 3<sup>rd</sup> November 2017  
 From: Martin Wade - Strategic Finance Business Partner

**1.0 INTRODUCTION**

- 1.1 This report provides a summary of the overall 2017-18 Dedicated Schools Grant (DSG) financial position to the end of September 2017.

**2.0 UPDATED 2017-18 Dedicated Schools Grant (DSG)**

- 2.1 Following revised announcements to reflect in-year funding changes and recoupment for academies and High Needs Places the table below shows the revised level of DSG to be received in 2017-18:

	Revised 2017-18 DSG as at Oct 2017
<b>Schools Block DSG</b>	<b>£337,587,337</b>
3&4 YO Early Years Block DSG Universal	£24,254,776
3&4 YO Early Years Block DSG Extended Entitlement	£4,707,583
Indicative Early Years Pupil Premium	£247,907
2YO Early Years Block DSG	£3,775,477
Disability Access Fund	£110,100
Maintained Nursery School Supplementary Funding	£1,301,115
<b>Total Estimated Early Years Block</b>	<b>£34,396,958</b>
16/17 HNB Baseline	£62,755,620
Population based uplift	£1,096,072
Population growth based uplift	£486,896
<b>Total High Needs Block</b>	<b>£64,338,588</b>
<b>Total Estimated DSG Pre-Recoupment</b>	<b>£436,322,883</b>
less High Needs Place Funding	-£9,739,819
less Academy Recoupment Estimate	-£191,889,425
less Copyright Licence Adjustment	-£481,023
16/17 High Needs Adjustment	£283,000
16/17 EY DSG Adjustment	-£778,000
<b>Estimated DSG to be received by LA*</b>	<b>£233,717,616</b>

\*subject to further academy conversions

- 2.2 As previously reported to Schools Forum a deficit of £113k was carried forward on the overall DSG at the end of 2016/17. Following confirmation of final prior-year adjustments by the Education and Skills Funding Agency (ESFA) this figures has now increased to £134k.
- 2.3 Based on the DSG conditions of grant there are three options when there is a DSG deficit:
- The local authority may decide to fund all the overspend from its general resources in the year in question.
  - The local authority may decide to fund part of the overspend from its general resources in the year in question and carry forward part to the schools budget in the

next year or the year after that.

- c) The local authority may decide not to fund any of the overspend from its general resources in the year in question and to carry forward all the overspend to the schools budget in the next year or the year after that.

A local authority needs to obtain the consent of the Schools Forum, or failing that the Secretary of State, to fund this deficit from the schools budget.

- 2.4 It is still the intention that any pressures on DSG funded services, including the brought forward deficit will be managed from within the available DSG for 2017/18. However, given the current in-year position highlighted below it is likely consent will be sought from Schools Forum at the January meeting to carry forward the deficit to the following year as set out in the options within the DSG conditions of grant.

### 3.0 2017-18 IN-YEAR BUDGETARY CONTROL POSITION

- 3.1 At the end of September 2017, there is a forecast in-year pressure of **£661k** against available DSG allocations (including the £134k deficit brought forward from 2016/17.) The full DSG Budgetary Control Report (BCR) can be viewed in section 3.2 below, with detailed narrative available in 3.3, but the main pressures/underspends can be summarised as:

- There is a forecast pressure of £350k against the budget allocations to Special Schools. This is primarily as a result of an overall increase in commissioned places and actual pupils.
- There is a forecast pressure against the High Needs top-up budget of £200k mainly due to the increase in Post-16 pupils.
- It is estimated that the Special Educational Needs (SEN) Placements budget will have a pressure of £500k.
- It is estimated that the Out of School Tuition Budgets will have a pressure of £100k
- These pressures are offset in part by a forecast underspend of £543k on Financing DSG due to a combination of rates and recoupment adjustments, vacancy savings and one-off balances to be applied in-year. This line also includes the £134k deficit brought forward from 2016/17.

- 3.2 Dedicated Schools Grant Budgetary Control Report to the end of September 2017:

Note		Budget for 2017/18	Outturn Forecast as at end of Sept 17	
		£000's	£000's	%
	<b>Director of Commissioning</b>			
	Strategic Management - Commissioning	74	0	0.0%
	<u>Commissioning Enhanced Services</u>			
1	SEN Placements	8,973	500	5.6%
2	Commissioning Services	1,693	100	5.9%
	Early Years Specialist Support	965	44	4.6%
	<b>Director of Commissioning Total</b>	<b>11,705</b>	<b>644</b>	<b>5.5%</b>
	<b>Director of Children &amp; Safeguarding</b>			
	Children's Centres Strategy	90	0	0.0%
	Support to Parents	741	0	0.0%

3	<u>SEND Specialist Services (0 - 25 years)</u>			
	SEND Specialist Services	5,405	48	0.9%
	High Needs Top Up Funding	13,573	200	1.5%
	<u>District Delivery Service</u>			
	Early Help District Delivery Service - North	209	-15	-7.2%
	Early Help District Delivery Service - South	202	-15	-7.4%
	<b>Director of Children &amp; Safeguarding Total</b>	<b>20,219</b>	<b>218</b>	<b>1.1%</b>
	<b>Director of Education</b>			
	Early Years Service	218	0	0.0%
	Schools Partnership Service	107	0	0.0%
	Redundancy & Teachers Pensions	13	0	0.0%
	<u>0-19 Place Planning &amp; Organisation Service</u>			
	0-19 Organisation & Planning (includes Growth Fund)	3,114	0	0.0%
	<b>Director of Education Total</b>	<b>3,452</b>	<b>0</b>	<b>0.0%</b>
	<b>Executive Director</b>			
	Central Financing	9	-9	-100.0%
	<b>Executive Director Total</b>	<b>9</b>	<b>-9</b>	<b>-100.0%</b>
	<b>Total</b>	<b>35,384</b>	<b>854</b>	<b>2.4%</b>
	<b>Grant Funding</b>			
	Financing DSG	0	-543	0.0%
	<b>Grant Funding Total</b>	<b>0</b>	<b>-543</b>	<b>0.0%</b>
	<b>Contribution to Combined Budgets</b>	<b>3,579</b>	<b>0</b>	<b>0.0%</b>
	<u><b>Schools</b></u>			
4	Primary Schools	134,122	0	0.0%
	Secondary Schools	1,245	0	0.0%
	EOTAS Devolution	4,867	0	0.0%
	Special Schools	14,645	350	2.4%
	Special Schools Outreach	271	0	0.0%
	Nursery Schools, Classes and PVI Providers	34,296	0	0.0%
	High Needs Units	2,168	0	0.0%
	PRUs	870	0	0.0%
	Schools Financing (including recoupment adjustments)	370	0	0.0%
	Broadband & Copyright	1,860	0	0.0%
	Pools and Contingencies	39	0	0.0%
	<b>Schools Total</b>	<b>194,754</b>	<b>350</b>	<b>0.2%</b>
	<b>Overall Total</b>	<b>233,718</b>	<b>661</b>	<b>0.3%</b>

- 3.3 Narrative is given below where there is an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget for 2017/18	Forecast Variance Outturn	
	£'000	£'000	%
<b>1) Special Educational Needs (SEN) Placements</b>	8,973	500	6%
<p>The SEN Placements budget is reporting a £500k pressure. This is an increase of £400k from last month due to 14 additional young people who are accessing 52 week education placements since the beginning of this academic year. A small number of these young people are in very high cost placements due to the complexity of their need.</p> <p>Overall there are rising numbers of children and young people who are Looked After children (LAC), have an Education, Health and Care Plan (EHCP) and have been placed in a 52 week placement. These are cases where the child cannot remain living at home. Where there are concerns about the local schools meeting their educational needs, the SEN Placement budget has to fund the educational element of the 52 week residential placement; often these are residential schools given the level of learning disability of the young children, which are generally more expensive. Four additional such cases recently placed further pressure on this budget.</p>			
<b>2) Commissioning Services – Out of School Tuition</b>	1,349	100	7.4%
<p>The Out of School Tuition budget is forecasting a pressure of £100k due to an increasing number of children with a Statement of Special Educational Needs / Education, Health and Care Plans (EHCP) out of school in receipt of alternative (tuition) packages. A new process has been established to ensure all allocations and packages are reviewed in a timely way and that there is oversight of moves back into full time school. There are delays in securing permanent school places which results in alternative education packages lasting longer.</p>			
<b>3) High needs top-up</b>	13,573	200	1.5%
<p>Please note the £13,573k High needs top-up budget is net of £1,557k adjustments for academy and Post-16 college recoupment. The overall gross budget is £15,130k and is currently forecast to overspend by £200,000. The main reason for this is the continuing increase in the number of Post-16 pupils.</p> <p>Placements for the 2018/19 academic year are currently being finalised and as a result it is likely the overall cost for the remainder of the financial year will increase as more young people remain in education.</p>			
<b>4) Special Schools Quantum</b>	14,645	350	2.4%
<p>Please note the £14,645k Special School Quantum is net of £6,582k adjustments for academy recoupment. The overall gross budget is £21,227k, an increase of £735k (3.6%) from 2017/18 levels.</p> <p>It is expected that the Special Schools budget will overspend by approximately £350,000. This is due to the increasing number of children in Special Schools, an increase of 40 pupils between the October 2016 and May 2017 census points, and with the new school at Littleport which opened in September these numbers will only increase further.</p>			

Alongside the increase in numbers there is a continuing increase in the complexity of need reflected by the rising value of the average top-up per pupil despite top-up amounts and criteria remaining constant:

	17/18	16/17	15/16	14/15
Average Special School Top-Up per pupil	£10,248	£10,199	£9,955	£9,755

Further information for the autumn term is currently under review and is likely to increase the pressure further as numbers continue to increase.

## 4.0 MITIGATIONS AND FUTURE OPTIONS

- 4.1 A number of areas have been identified for review and further work to reduce current spend and manage future demand.

### Actions being taken:

- Special Educational Needs and Disability (SEND) Sufficiency plan to be implemented. This sets out what is needed, how and when;
  - Three new special schools to accommodate the rising demand over the next 10 years. One school opened in September 2017 with two more planned for 2020 and 2021. Alternatives such as additional facilities in the existing schools, looking at collaboration between the schools in supporting post 16, and working with further education providers to provide appropriate post 16 course is also being explored in the plan;
  - Deliver SEND Commissioning Strategy and action plan to maintain children with SEND in mainstream education;
  - Work on coordination of reviews for ISEPs to look at returning in to county.
  - Review of Health contributions to ensure appropriate levels are being recovered.
- 4.2 Alongside this work the County Councils Transformation team are undertaking some targeted work to look specifically at SEN Placements and Out of School Tuition with the aim of reducing the costs on these activities for 2018/19 onwards.
- 4.3 Work is also underway to review the top-up funding methodology for all providers and implement a tiered funding model in 2018. A paper will be presented to Schools Forum in December providing further information on the proposed approach.
- 4.4 An updated report on the 2017/18 DSG financial position will be presented to Schools Forum on the 19<sup>th</sup> January.
- 4.5 Under the new national funding arrangements although the schools block will be ring-fenced from 2018 to 2019, local authorities will retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, i.e. the High Needs Block, with the approval of their schools forum. This will be covered in more detail in a separate report, but will require consideration as part of the overall funding settlement.

## 5.0 RECOMMENDATION

- 5.1 **Members of Schools Forum are asked to note the contents of the report and provide comment on key areas.**