

**REPORT TO:** Kingston Schools Forum

**DATE:** 18 June 2019

**SUBJECT:** Dedicated Schools Grant (DSG) 2018/19 Outturn and Deficit Recovery Plan

## 1. Purpose of Report

1.1. To update the Forum on:

- the final 2018/19 DSG grant allocation and its application to the Schools Budget in 2018/19;
- the final DSG outturn for the 2018/19 financial year;
- the draft DfE Deficit Recovery Plan

## 2. Recommendations

2.1. That the Forum:

- Note the final DSG expenditure for the 2018/19 financial year
- Comment on the DfE Deficit Recovery Plan

## 3. DSG Budget in the 2018/19 Financial Year

3.1. There have been no changes to the Government funding allocation since the position was last reported in January 2019. The table below shows the final application of the 2018/19 DSG between the four expenditure blocks.

Application of 2018/19 DSG	Total	Academy Recoupment	Net
	£m	£m	£m
<b>Schools Block</b>			
School Budget Share	97.281	(49.050)	48.231
Central School Budget Share	0.475	0.000	0.475
Growth Fund	0.807	0.000	0.807
<b>Total</b>	<b>98.564</b>	<b>(49.050)</b>	<b>49.514</b>
<b>Central School Services Block</b>			
Central School Budget Share	0.955	0.000	0.955
<b>Total</b>	<b>0.955</b>	<b>0.000</b>	<b>0.955</b>
<b>Early Years</b>			
Early Years Budget Share	11.778	0.000	11.778
Central Early Years Budget Share	0.709	0.000	0.709
<b>Total</b>	<b>12.487</b>	<b>0.000</b>	<b>12.487</b>
<b>High Needs Block</b>			
Special School & Unit Funding	6.949	(5.560)	1.388
SEN Resources to Schools / Academies	18.671	0.000	18.671
Other High Needs Budget	1.081	0.000	1.081
FE Colleges Recoupment	0.000	0.000	0.000
<b>Total</b>	<b>26.701</b>	<b>(5.560)</b>	<b>21.141</b>
<b>Total Schools Budget</b>	<b>138.707</b>	<b>(54.610)</b>	<b>84.097</b>

#### 4. Final DSG Outturn for the 2018/19 financial year

4.1. The borough spent £139.1m on DSG funded education services in 2018/19 compared to a grant allocation of £138.7m (including academies). This represents an in year overspend of £0.381m and a cumulative overspend of £11.071m on the fund as at 31<sup>st</sup> March 2019. Explanations of the changes since the last forum are included from paragraph 4.5 onward. These figures includes the £3m one off funding by the Department of Education and the £1m in year schools block transfer. The funding was spent as follows:

2018/19 DSG Outturn	Budget £m	Outturn £m	Variance £m	Previous Forum (November)
Schools Block	49.514	49.670	0.156	(0.275)
Central School Services Block	0.955	0.985	0.030	0.025
Early Years Block	12.487	11.602	(0.885)	(0.202)
High Needs Block	21.141	22.221	1.080	1.999
<b>Sub-Total</b>	<b>84.097</b>	<b>84.478</b>	<b>0.381</b>	<b>1.547</b>
2017/18 Carry forward	(10.690)	0.000	10.690	10.690
<b>Total</b>	<b>73.407</b>	<b>84.478</b>	<b>11.071</b>	<b>12.237</b>

4.2. AfC, the Council and partners have been tasked with implementing recovery actions to bring spend back into line with the grant allocation over the next three years. An update on this strategy is detailed in section five of this report.

4.3. Demand for EHCP's increased by 144 since the start of the financial year indicating that the speed at which demand is escalating is not improving. The average costs attached to the 144 new EHCP's have a lower average cost than those finalised in previous financial years. This is an indication that the changes aimed at improving efficiency are having a positive impact on the level of spend.

4.4. The material area of overspend remains on services and support funded through the High Needs Block. The position can be broken down across the four DSG blocks as follows:

##### Schools Block

4.5. The Schools Block overspent by £156k. The main reasons for the variance were due to:

- The final Business Rates bills were £151k higher than anticipated when the budget was set due to the in-year revaluation of four schools across the Borough.

Schools Budget Share	Budget	Spend	Over/(Under) spend	Previous Forum
	£	£	£	£
Schools Budget Share	48,231,400	48,237,008	5,608	(5,631)
Business Rates Contingency	71,800	222,277	150,477	113,081
Reintegration Support (delivered by AfC)	268,100	268,100	0	0
SPARK	135,100	135,100	0	0
Growth Fund	807,300	807,255	(45)	(382,645)
	<b>49,513,700</b>	<b>49,669,740</b>	<b>156,040</b>	<b>(275,195)</b>

Following the consultation regarding the Growth fund protection scheme the unspent balance of the growth fund was paid back to schools at the end of the financial year.

### Schools Balances

- 4.6. Maintained school balances increased by £0.279m in 2018/19 with 19 out of 33 schools increasing their balances. 14 maintained schools reduced their balances. Reserve balances in maintained schools now total more than £4.7m in revenue and £0.4m in capital. This is a 6% and 123% increase respectively when comparing to 2017/18. Reserve balances for Academies and Free Schools reduced by £1.1m bringing total academy/free school balances to £6.8m as at August 2018. The school level movements are attached at appendices A and B.

### Central School Services Block

- 4.7. The Central School Services Block has overspent by £30k. The main reasons for these variances are:
- The repayment of debt associated with St Phillips capital build was £22k less than estimated when the budget was set.
  - The Admissions Team overspent by £21k. The overspend relates to the annual maintenance and support costs for the admissions system.
  - The Primary Mental Health Service overspent by £27k. This overspend relates to the increased use of clinical psychologists and supervisions in year due to demand increases for the Emotional Health Service.

Central Block	Budget	Spend	Over/(Under) spend	Previous Forum
	£	£	£	£
Capital Borrowing	141,000	119,487	(21,513)	0
Copyright Licence	106,000	110,083	4,083	4,083
Schools Forum	1,000	1,000	0	0
Primary Mental Health	109,600	136,288	26,688	0
Family Support Team	54,400	54,400	0	0
Admissions	218,500	239,600	21,100	21,000
Commissioning and Procurement	15,700	15,700	0	0
ESG - 14-19 Commissioning	98,700	98,700	0	0
ESG - Education Services Management	102,400	102,400	0	0
ESG - School Place Commissioning	10,700	10,700	0	0
ESG - Education Inclusion	42,000	42,000	0	0
ESG - School Improvement	54,900	54,900	0	0
	<b>954,900</b>	<b>985,258</b>	<b>30,358</b>	<b>25,083</b>

*\* Education Services Grant previously funded from general fund*

### Early Years Block

- 4.8. The Early Years Block underspent by £885k in 2018/19. This is an increase of £683k since the last forum report. This change occurred due to the release of the draft and final census numbers in January and March 2019 respectively. The final census showed a significant drop in uptake during the Autumn Term followed by a higher than expected increase in Spring Term uptake. The full year's budget is set on the Spring Term numbers only and this subsequently led to a larger than anticipated underspend across nearly all Nursery budgets.

Early Years Block	Budget	Spend	Over/(Under) spend	Previous Forum
	£	£	£	£
Early Years Nursery Budget Share	4,040,300	3,895,112	(145,188)	0
Early Years Nursery PVI 2 Yr Old	786,000	741,929	(44,071)	0
Early Years Nursery PVI 3 Yr Old	4,784,700	4,312,992	(471,708)	0
Early Years Nursery Additional 15 Hours	2,167,400	2,091,602	(75,798)	(100,000)
Early Years Nursery Pupil Premium	21,300	26,789	5,489	0
Early years advisory service	242,700	242,700	0	0
SCCN Outreach	36,100	36,100	0	0
SEND Inclusion Fund	278,000	149,641	(128,359)	(67,000)
Disability Access Funding	34,400	15,375	(19,025)	(14,400)
Home visits services for children with SEND	96,500	89,861	(6,639)	(21,000)
	<b>12,487,400</b>	<b>11,602,102</b>	<b>(885,298)</b>	<b>(202,400)</b>

4.9. The SEND Inclusion Fund underspent by £129k in-year. This funding is allocated to support the inclusion of children with SEND, promote early intervention and improve outcomes for children. Providers who support children with SEND can request additional financial support from the fund. The number of requests have been below what was expected at the start of the financial year. The revised scheme has only been in place for half the year and so a higher level of spend is expected in 2019/20.

### High Needs Block

4.10. Significant cost pressures continued in the High Needs Block in 2018/19 with the outturn position being overspent by £1.08m. More positively this position is close to the best case position reported at the previous forum, meaning that future demand and expected pressures have been mitigated during the last four months of the year. This has been achieved through continuing review and changes within the system that remain ongoing as part of the SEN Transformation Plan. The figures reported include the £3m advance from the Department of Education as well as the in-year £1m Schools Block Transfer.

4.11. The main reasons for the change in the High Needs Block variance of £0.9m since the January forum (based on November 2018 projections) are:

- Releasing of future demand in pre 16 as new EHCP's from November 2018 to March 2019 were at a lower than average cost and only incurring costs for part year. Whilst EHCP numbers increased significantly in year, there was a higher than expected proportion that occurred in the later stages of the financial year. This reduced projections by £0.5m.
- No future demand required for Post 16 pupils as learner numbers marginally decreased rather than increased. This reduced projections by £0.15m.
- Increased income from other local authorities for pupils in our Specialist Resource Provisions reduced projections by £0.15m.
- Placement start date delays that were assumed in projections led to a reduction of £0.1m

High Needs Block 2018/19	2017/18 Outturn £	2018/19 Budget £	2018/19 Outturn £	2018/19 Variance £	Previous Forum Variance £
<b>High Risk Budgets</b>					
Places Special School & Units	1,582,536	1,285,800	1,475,666	189,866	104,867
EY Units	114,900	102,400	119,456	17,056	17,055
Top ups - Maintained	1,828,272	2,102,200	2,023,803	(78,397)	(83,819)
Top ups - Academies	5,057,360	5,394,200	5,225,810	(168,390)	(75,846)
Top ups - Out borough	1,790,981	1,732,100	1,712,653	(19,447)	(18,386)
Top ups - Malden Oaks	557,440	621,900	424,129	(197,771)	(227,625)
Independent Placements	7,178,555	5,018,600	5,426,260	407,660	548,398
Targeted High Needs	217,672	300,000	300,000	0	0
Post 16	1,553,673	3,205,300	3,855,906	650,606	654,863
Early Intervention	100,000	297,000	203,230	(93,770)	0
Therapies	131,485	0	181,057	181,057	152,373
<b>Total High Risk Budgets excl Central Budgets</b>	<b>20,112,874</b>	<b>20,059,500</b>	<b>20,947,970</b>	<b>888,470</b>	<b>1,071,880</b>
<b>Central High Needs Budgets</b>					
Anstee Bridge	103,661	100,000	98,673	(1,327)	0
Education Welfare Service	56,300	56,300	56,300	0	0
RBK Inclusion Grant	20,900	20,900	15,700	(5,200)	(2,583)
RBK SEND Transformation	0	135,000	192,303	57,303	5,315
Speech & Language	282,100	282,100	282,100	0	0
SEN Team	184,800	248,000	368,389	120,389	0
Sensory Impairment	88,900	95,900	116,377	20,477	24,196
Virtual Schools	0	0	0	0	0
Portage	70,500	0	0	0	0
Individual Pupil Support	143,200	143,200	143,200	0	0
<b>Total High Needs Block excl Recoupment</b>	<b>950,361</b>	<b>1,081,400</b>	<b>1,273,042</b>	<b>191,642</b>	<b>26,928</b>
		<b>21,140,900</b>	<b>22,221,013</b>	<b>1,080,113</b>	<b>1,098,808</b>
Academy Recoupment	4,080,200	4,132,000	4,132,000	0	0
F.E Colleges Recoupment	180,000	1,428,000	1,428,000	0	0
Place Funding - Recoupment	4,260,200	5,560,000	5,560,000	0	0
<b>Total High Needs Block incl Recoupment</b>	<b>25,323,435</b>	<b>26,700,900</b>	<b>27,781,013</b>	<b>1,080,113</b>	<b>1,098,808</b>
Future Demand Allowance					900,000
				<b>1,080,113</b>	<b>1,998,808</b>

*\*Previous forum based on November monitoring*

#### Places in Special Schools and Units

- 4.12. Spend of £1.5m was funded from the high needs block for **special schools and unit places**. A further £5.56m is forecast to be spent on **place funding recoupment** for academies and colleges. It is important to note that the first £4k in place funding for units is paid from the schools block and so the prior year actual is not directly comparable in the table above.

#### Pupils under the age of 16

- 4.13. The Borough spent £9.39m (£9.44m at Jan forum) on **top up funding** in 2018/19. The number of top-ups is currently 662 (628 at previous forum). Projections and number of top-ups rise as the number of EHCPs increase during the year and it is highly likely that these pressures will continue to increase in 2019/20 onward. The average cost of a top up has remained stable since the last forum, with an average of 3% reduction on a like for like basis when comparing EHCP averages to 2017/18. The cost of top ups depend on rates set by schools. Where possible a request is being made for top up levels to be frozen but AfC are limited in terms of what can be done when out of borough schools increase charges.

Funding Stream	Outturn Forum Numbers	Outturn Forum Projected Spend	Outturn Forum Av Cost per Pupil	Previous Forum Av Cost per Pupil
Special	67	1,189,939	17,760	18,989
Mainstream	68	522,714	7,687	7,774
<b>Top up - Out of Borough Total</b>	<b>135</b>	<b>1,712,653</b>		
Special Schools	215	3,679,113	17,112	17,208
Matrix	115	521,526	4,535	4,469
Specialist Resource Provisions/ Enhanced Support Teaching		1,025,171		
<b>Top ups - Academies Total</b>	<b>330</b>	<b>5,225,810</b>		
Matrix	197	1,175,270	5,966	6,740
Specialist Resource Provisions/ Enhanced Support Teaching		690,240		
Pupil Referral Unit		424,129		
Schools Targeted Support		158,294		
<b>Top ups - Maintained</b>	<b>197</b>	<b>2,447,932</b>		
<b>TOTAL</b>	<b>662</b>	<b>9,386,395</b>		

- 4.14. Spend on independent places totalled £5.43m for 2018/19 (£5.56m projected at last forum). This spend relates to all independent and non-maintained placements for pupils under the age of sixteen in 2018/19. The numbers below include pupils across placement types on Individual Programmes (e.g. Speech and Language Therapy, Physiotherapy, Occupational Therapy and Applied Behaviour Analysis). The pupils and costs can be further broken down as follows:

Placement Cost Ranges	Outturn	Last Forum
0 - £5,000	13	7
£5,001 - £20,000	16	19
£20,001 - £50,000	86	78
£50,001 - £75,000	25	23
£75,001 - £100,000	3	2
£100,001 - £150,000	1	2
over £150,000	1	0
<b>Total</b>	<b>145</b>	<b>131</b>

Placement / Programme	Outturn	Month 8
ABA Program	0	0
Nursery	0	0
Individual Tuition	6	2
Other	10	8
<b>Sub Total</b>	<b>16</b>	<b>10</b>
Non Maintained Schools	23	21
Independent Special	92	90
Independent Other	14	10
<b>Sub -Total</b>	<b>129</b>	<b>121</b>
<b>Total</b>	<b>145</b>	<b>131</b>

## Pupils over the age of 16

4.15. The Borough spent £3.86m (£3.86m previous forum) on high needs education for pupils over the age of 16. These learners are educated in school placements, independent special provisions (ISP), further education settings and vocational training settings. The average cost has reduced as the percentage of learners in college and apprenticeships has increased throughout the financial year (55% in April, 70% in July and 72% in November). This has resulted in projected spend remaining stable despite demand increasing by 25 learners since the end of April, with a peak increase of 34 at quarter 2.

Type	2018/19 Outturn	2018/19 Learner Numbers	Outturn Average Cost	Month 8 Projection	Month 8 Numbers	Month 8 Average Cost
	£		£	£		£
Academies and Maintained Schools	530,168	34	15,593	576,894	39	14,792
Out of Borough Special and Mainstream	469,072	18	26,060	467,214	17	27,483
<b>Schools Total</b>	<b>999,240</b>	<b>52</b>		<b>1,044,108</b>	<b>56</b>	
Independent School	1,273,345	39	32,650	1,161,009	34	34,147
<b>Independent School Total</b>	<b>1,273,345</b>	<b>39</b>		<b>1,161,009</b>	<b>34</b>	
Independent Specialist Provider (ISP)	1,239,005	29	42,724	1,217,701	28	43,489
Further Education	273,198	152	1,797	342,037	132	2,591
Vocational Training	4,927	32	154	14,338	58	247
Personal Budgets	66,191	11	6,017	80,971	9	8,997
<b>College/Apprenticeship Total</b>	<b>1,583,321</b>	<b>224</b>		<b>1,655,047</b>	<b>227</b>	
<b>Post 16 Totals</b>	<b>3,855,906</b>	<b>315</b>	<b>12,241</b>	<b>3,860,164</b>	<b>317</b>	<b>12,177</b>

4.16. Post 16 spend in schools across Independent Placements, Mainstream, Academies, Special Schools and Out of Borough was £2.3m (£2.2m in Jan). This is split by schools spending of £1m and independent spend of £1.27m.

4.17. The table below shows the breakdown of the schools total of £1m on 52 pupils:

Funding Stream	RBK Outturn Numbers	RBK Outturn £
Special	17	£461,797
Mainstream	1	£7,275
<b>Top up - Out of Borough Total</b>	<b>18</b>	<b>£469,072</b>
Special Schools	21	£510,772
Matrix	13	£19,396
<b>Top ups - Academies Total</b>	<b>34</b>	<b>£530,168</b>
<b>TOTAL</b>	<b>52</b>	<b>£999,240</b>

4.18. Post 16 spend in schools across Independent Placements was £1.27m (£1.16m Jan forum). This spend can be broken down as follows:

Placement Cost Ranges	RBK Month 12	RBK Month 8
£0 - £5,000	1	0
£5,001 - £20,000	10	7
£20,001 - £50,000	16	15
£50,001 - £75,000	9	9
£75,001 - £100,000	2	1
£100,001 - £150,000	1	2
over £150,000	0	0
<b>Total</b>	<b>39</b>	<b>34</b>

  

Placement / Programme	RBK Month 12	RBK Month 8
ABA	1	1
Nurseries	0	0
Individual Programmes	3	1
Other Costs	0	0
<b>Sub Total</b>	<b>4</b>	<b>2</b>
Non-Maintained Special School	6	6
Independent Provider	26	25
Independent Other (Support)	3	1
<b>Sub Total</b>	<b>35</b>	<b>32</b>
<b>Total</b>	<b>39</b>	<b>34</b>

4.19. Spend on Post 16 only providers across Independent Specialist Providers (ISP) and Further Education (FE) was £1.583m (£1.66m at previous forum). Whilst numbers have significantly increased in FE, the average costs have reduced since last financial year as a result of placement reviews and pathway planning. Average costs in ISP and FE have reduced since 2017/18, with more learners now placed in FE and Training. FE placements have positive outcomes for young people and are a significantly lower cost than ISP. Vocational Training has minimal cost to the Council.

Financial Year	Budget			Learners					Average Cost
	Budget	Projected Spend	Overspend	ISP	FE	Training	Personal	Total	
2015/16	1,213,300	1,230,301	17,001	43	34	2	0	79	15,573
2016/17	1,213,300	1,310,745	97,445	38	52	47	0	137	9,567
2017/18	1,213,300	1,639,215	425,915	29	79	40	0	148	11,076
2018/19 Outturn	1,634,000	1,583,321	-50,679	29	152	32	11	224	7,068

Financial Year	Projected Spend	Spend ISP	Spend FE	Spend Training	Spend Personal Budgets	ISP Average	FE Average	Training Average	PB Average
2015/16	1,230,301	1,050,481	179,820	0	0	24,430	5,289	0	0
2016/17	1,310,745	1,095,853	214,892	0	0	28,838	4,133	0	0
2017/18	1,639,215	1,311,204	328,011	0	0	45,214	4,152	0	0
2018/19 Outturn	1,583,321	1,239,005	273,198	4,927	66,191	42,724	1,797	154	6,017

### Central High Needs Spend

4.20. The total spend on centrally co-ordinated high needs services in 2018/19 was £1.3m. This represents an overspend of £191k on approved budgets principally due to increased investment within the SEN Team and new roles introduced on an invest to save basis as part of the SEN Transformation Plan. The Invest to Save posts include Annual Review Officers, Transition Officers and 0.5 SEN Commissioner.

## 5. DfE Deficit Recovery Plan

- 5.1. In February 2019 the Government introduced a new requirement for boroughs who are spending more on education than the DSG allocation allows. Any area with a cumulative overspend on the DSG fund of more than 1% must submit a three year Deficit Recovery Plan to the DfE at the end of June each year. Kingston is required to submit a plan as the overspend is 8% of the annual grant allocation.
- 5.2. The plan must detail how the borough intends to bring cumulative expenditure in to line with the funding that is being made available by Government. The guidance is clear that there is no requirement for the Council to make up the funding shortfall from non DSG funding sources. The DfE have provided a template and the Local Authority is required to discuss the plan with Schools Forum in advance of the submission.
- 5.3. The draft submission for the RB Kingston is attached at appendix C. The Schools Forum is asked to discuss the plan and make associated recommendations. The plan is based on the SEND Transformation Plan that has been discussed at previous meetings in detail. Once submitted, the DfE will consider the plan and will communicate acceptance or next steps during September 2019.

## **6. High Needs Strategy**

- 6.1. The SEND Transformation Plan was approved as a working document at the Health and Wellbeing Board on 28 March 2019. It is published on the Local Offer and Council websites. The differences between the previous draft version and the latest iteration reflect financial changes and responses to feedback received during the consultation. The Plan will now return to both the Children's and Adults' Care and Education Committee and the Health and Wellbeing Board on a six monthly basis, and to Budget Council as part of the annual budget setting process.
- 6.2. A progress update on the Transformation Plan is attached in Appendix D.

## **7. Financial Implications**

- 7.1. The projected level of spend is not affordable for schools or the Council and therefore it is important that all local partners continue to develop and implement plans to bring the cost of high needs services more in line with the Government grant allocation. It is also important that both schools and the Council continue to raise awareness of the funding shortfall with Government and lobby for solutions. Significant progress has been made in implementing the SEND Transformation Plan over the last 12 months. This activity is already assisting in improving service delivery and making the limited funds that are available for high needs stretch further. A significant funding gap still remains and so it is important that the transformation continues over the coming years.

## **8. Appendices**

Appendix A – LBR Maintained Schools Balances 18/19  
Appendix B – Academy and Free School Balances 18/19  
Appendix C – DfE Deficit Recovery Plan  
Appendix D - Update on the Transformation Plan

## **9. Contacts**

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