

**REPORT TO: Kingston Schools Forum**

**DATE: 18 June 2019**

**SUBJECT: Dedicated Schools Grant (DSG) 2019/20 Finance Update**

## **1. Purpose of Report**

1.1. To update the Forum on:

- the current 2019/20 DSG grant allocation and its application to the Schools Budget in 2019/20;
- the projected DSG position for the 2019/20 financial year;

## **2. Recommendations**

2.1. That the Forum:

- notes the allocation for the DSG: Schools Block, Central School Services Block and High Needs Block for the 2019/20 financial year;
- notes the projected DSG position for the 2019/20 financial year

## **3. DSG Budget in the 2019/20 Financial Year**

3.1 The DfE issued a revised DSG settlement in December 2018. The table below reflects the latest Settlement from the DfE, there is no change to the overall grant allocation compared to the figures reported to Forum in January. The following table breaks down the allocation by agreed application and between the element that will be administered by the local Authority and the proportion that will be recouped by the DfE for academies, non-maintained independent special schools and further education colleges.

Application of 2019/20 DSG	Total	Academy Recoupment	Net	Reported last forum
	£m	£m	£m	£m
<b>Schools Block</b>				
School Budget Share	101.887	(53.113)	48.774	
Central School Budget Share	0.471	0.000	0.471	
Growth Fund	0.268	0.000	0.268	
<b>Total</b>	<b>102.625</b>	<b>(53.113)</b>	<b>49.512</b>	
<b>Central School Services Block</b>				
Central School Budget Share	1.080	0.000	1.080	
<b>Total</b>	<b>1.080</b>	<b>0.000</b>	<b>1.080</b>	
<b>Early Years</b>				
Early Years Budget Share	11.801	0.000	11.801	
Central Early Years Budget Share	0.689	0.000	0.689	
<b>Total</b>	<b>12.490</b>	<b>0.000</b>	<b>12.490</b>	
<b>High Needs Block</b>				
Special School & Unit Funding	7.066	(6.020)	1.046	
SEN Resources to Schools / Academies	15.114	0.000	15.114	
Other High Needs Budget	0.996	0.000	0.996	
FE Colleges Recoupment	0.000	0.000	0.000	
<b>Total</b>	<b>23.176</b>	<b>(6.020)</b>	<b>17.156</b>	
<b>Total Schools Budget</b>	<b>139.371</b>	<b>(59.133)</b>	<b>80.238</b>	

#### 4. Current Projected DSG for the 2019/20 financial year

- 4.1. The borough is currently projecting spend of £145.627m on DSG funded education services in 2019/20 compared to a grant allocation of £139.371m (including academies). This represents a current projected overspend of £6.256m, including £1.2m for future demand pressures throughout the remainder of the financial year. The future demand figure is based on an expected increase of 120 EHCP's from April 2019 to March 2020. The funding is forecast to be spent as follows:

2019/20 DSG Outturn	Budget £m	Outturn £m	Variance £m	Future Demand £m	Variance incl Future Demand £m
Schools Block	49.512	49.511	(0.000)		(0.000)
Central School Services Block	1.080	1.080	(0.000)		(0.000)
Early Years Block	12.490	11.763	(0.727)		(0.727)
High Needs Block	17.156	22.939	5.783	1.200	6.983
<b>Sub-Total</b>	<b>80.238</b>	<b>85.293</b>	<b>5.056</b>	<b>1.200</b>	<b>6.256</b>
2018/19 Carry forward	(11.071)	0.000	11.071	0	11.071
<b>Total</b>	<b>69.167</b>	<b>85.293</b>	<b>16.127</b>	<b>1.200</b>	<b>17.327</b>

- 4.2. The projections in the table above do not reflect the impact of future savings plans that will be implemented during the remainder of the year as it is too early to reliably assess the financial impact on projections. Savings of £4.7m are planned for 2019/20 of which £1.7m have already been achieved and built in to the projection above. If fully achieved the net position will improve to be an overspend of £3.3m this year.
- 4.3. AfC, the Council and partners have been tasked with implementing recovery actions to bring spend more into line with the grant allocation. An update on the strategy is detailed in the 2018/19 outturn report elsewhere on this agenda. The SEN Transformation Plan details a four year plan to bring the DSG fund back to a more balanced in year position. The plan is currently being reviewed before it is resubmitted to the DfE as part of the new requirement to submit a Deficit Recovery Plan in June each year where a DSG fund is overspending by more than 1%. The latest plan is available on the following link <https://5f2fe3253cd1dfa0d089->

- 4.4. The number of EHCP's grew by 144 in 2018/19 to a total of 1,201 at 31 March 2019. The current total at 30 May 2019 is 1,217, an increase of 16 since the start of the new financial year.
- 4.5. Explanations for the projected position are detailed by block below:

#### **Schools Block**

- 4.6. The Schools Block is currently projected to be on budget. Information relating to Business Rates bills and growth fund requirements will materialise as the year progresses. Based on current information these budgets are anticipated to be fully spent. Following consultation in early 2019 the growth fund protection element has been changed to exclude protection for permanent expansions. The protection for bulge classes will remain.

Schools Budget Share	Budget	Spend	Over/(Under) spend
	£	£	£
Schools Budget Share	48,773,500	48,773,309	(191)
Business Rates Contingency	71,800	71,800	0
Reintegration Support (delivered by AfC)	130,700	130,700	0
Reintegration Support (delivered by Malden Oaks)	137,400	137,400	0
SPARK	130,600	130,600	0
Growth Fund	267,500	267,500	0
<b>Total</b>	<b>49,511,500</b>	<b>49,511,309</b>	<b>(191)</b>

#### **Central School Services Block**

- 4.7. The Central School Services Block is currently projected to be on budget.

Central Block	Budget	Spend	Over/(Under) spend
	£	£	£
Capital Borrowing	141,000	141,000	0
Copyright Licence	116,000	115,782	(218)
Schools Forum	1,000	1,000	0
Primary Mental Health	109,600	109,600	0
Virtual School	115,000	115,000	0
Family Support Team	54,400	54,400	0
Admissions	218,500	218,500	0
Commissioning and Procurement	15,700	15,700	0
ESG - 14-19 Commissioning *	98,700	98,700	0
ESG - Education Management*	102,400	102,400	0
ESG - School Place Commissioning*	10,700	10,700	0
ESG - Education Inclusion*	42,000	42,000	0
ESG - School Improvement*	54,900	54,900	0
<b>Total</b>	<b>1,079,900</b>	<b>1,079,682</b>	<b>- 218</b>

\*Previously funded by Education Support Grant

### Early Years Block

- 4.8. The Early Years Block is currently projected to underspend by £727k. Projections are based on the latest available census information and historical trends of termly numbers. The full year's funding is subject to change following the draft and then final census release in January 2020 and March 2020 respectively. This presents a challenge when reporting the expected outturn for the Early Years Block where a change in take up of 100 either way would have an impact of close to £100k.

Early Years Block	Budget	Spend	Over/(Under) spend
	£	£	£
Early Years Nursery Budget Share	3,540,500	3,390,500	(150,000)
Early Years Nursery PVI 2 Yr Old	748,900	748,900	0
Early Years Nursery PVI 3 Yr Old	5,006,500	4,795,800	(210,700)
Early Years Nursery Additional 15 Hours	2,237,300	2,087,300	(150,000)
Early Years Nursery Pupil Premium	21,300	21,300	0
Early Years Nursery Units	268,000	139,122	(128,878)
Early years advisory service	242,700	242,700	0
Surbiton Hill Nursery Outreach	36,100	36,100	0
SEND Inclusion Fund	278,000	200,000	(78,000)
Disability Access Funding	32,600	25,000	(7,600)
Home visits services for children with SEND	78,500	76,500	(2,000)
<b>Total</b>	<b>12,490,400</b>	<b>11,763,222</b>	<b>(727,178)</b>

- 4.9. The SEN Inclusion fund is expected to underspend by £78k in year (£128k underspend in 2018/19). 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. This financial year represents the first full year under the revised scheme and whilst uptake is anticipated to be higher than last financial year, there is still expected to be less than was budgeted at this early stage in the year. The service are in the process of reviewing the need for early years SEND funding with a view to identifying whether this money could be spent effectively this year.

### High Needs Block

- 4.10. Significant cost pressures continue to arise in the High Needs Block in 2019/20 with the current position projecting spend of £30.2m against the budget allocation of £23.2m, representing an overspend of £7m. This includes future demand of £1.2m which is based on the latest average cost of new EHCP's against the expected growth of 100 new EHCP's in year as well as an additional 20 as an additional contingency given the increased growth seen in 2018/19. Activity is underway to implement the SEND Transformation Plan which should assist in improving how efficiently high needs funding is applied. £4.7m in savings were planned for 2019/20 of which £1.7m have been achieved to date and built in to the projection. If fully achieved the high needs funding shortfall will reduce to £4m by the year end.

4.11. The main reasons for the pressures in the High Needs Block are detailed below:

High Needs Block 2019/20	2018/19 Outturn £	2019/20 Budget £	2019/20 Outturn £	2019/20 Variance £
<b>High Risk Budgets</b>				
Places Special School & Units	1,475,666	1,046,200	1,430,500	384,300
EY Units	119,456	0	0	0
Top ups - Maintained	2,023,803	1,877,800	2,115,479	237,679
Top ups - Academies	5,225,810	4,674,700	6,001,494	1,326,794
Top ups - Out borough	1,712,653	1,000,000	1,930,992	930,992
Top ups - Malden Oaks	424,129	371,900	175,983	(195,917)
Independent Placements	5,426,260	3,580,700	5,072,895	1,492,195
Targeted High Needs	300,000	300,000	300,000	0
Post 16	3,855,906	3,012,000	4,337,378	1,325,378
Early Intervention	203,230	297,000	297,000	0
Therapies	181,057	0	184,146	184,146
<b>Total High Risk Budgets excl Central Budgets</b>	<b>20,947,970</b>	<b>16,160,300</b>	<b>21,845,867</b>	<b>5,685,567</b>
<b>Central High Needs Budgets</b>				
Anstee Bridge	98,673	100,000	100,000	0
Education Welfare Service	56,300	56,300	56,300	0
RBK Inclusion Grant	15,700	20,900	15,398	(5,502)
RBK SEND Transformation*	192,303	20,000	102,610	82,610
Speech & Language	282,100	282,100	282,100	0
SEN Team	368,389	255,000	267,019	12,019
Sensory Impairment	116,377	118,000	126,527	8,527
Reintegration Service (delivered by Malden Oaks)	143,200	143,200	143,200	0
<b>Total High Needs Block excl Recoupment</b>	<b>1,273,042</b>	<b>995,500</b>	<b>1,093,154</b>	<b>97,654</b>
<b>Total Before Recoupment and Future Demand</b>	<b>22,221,013</b>	<b>17,155,800</b>	<b>22,939,021</b>	<b>5,783,221</b>
Academy Recoupment	4,132,000	4,346,000	4,346,000	0
F.E Colleges Recoupment	1,428,000	1,674,000	1,674,000	0
Future Demand Allowance		0	1,200,000	1,200,000
<b>Total High Needs Block incl Recoupment</b>	<b>27,781,013</b>	<b>23,175,800</b>	<b>30,159,021</b>	<b>6,983,221</b>

#### Places in Special Schools and Units

4.12. Projected spend of £1.4m is funded from the high needs block for **special schools and unit places** and is comparable to the 18/19 spend. A further £6m is forecast to be spent on **place funding recoupment** for academies and colleges.

#### Pupils under the age of 16

4.13. The Borough is projecting to spend £10.223m on **top up funding** in 2019/20. This is an increase of £1m when comparing to the 2018/19 outturn due to the reflection of full year costs of new EHCP's from the prior year and updated projections based on placement changes. The number of top-ups is currently 669 (662 at 2018/19 outturn). 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 throughout 2019/20. 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	June 19 Forum Numbers	June 19 Forum Projected Spend	Jun-19 Forum Av Cost per Pupil
Special	70	1,463,130	20,902
Mainstream	68	467,862	6,880
<b>Top up - Out of Borough Total</b>	<b>138</b>	<b>1,930,992</b>	
Special Schools	215	3,987,003	18,544
Matrix	116	588,605	5,074
Specialist Resource Provisions/ Enhanced Support Teaching		1,425,886	
<b>Top ups - Academies Total</b>	<b>331</b>	<b>6,001,494</b>	
Matrix	200	1,122,185	5,611
Specialist Resource Provisions/ Enhanced Support Teaching		795,545	
Pupil Referral Unit		175,983	
Schools Targeted Support		197,749	
<b>Top ups - Maintained</b>	<b>200</b>	<b>2,291,462</b>	
<b>TOTAL</b>	<b>669</b>	<b>10,223,948</b>	

4.14. Expected spend on independent places totals £5.072m. This projection relates to all independent and non-maintained placements for pupils under the age of sixteen in 2019/20. A proportion of the future demand allowance detailed in paragraph 4.9 relates to independent placements. 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	Month 2	18/19 Outturn
0 - £5,000	11	13
£5,001 - £20,000	16	16
£20,001 - £50,000	85	86
£50,001 - £75,000	25	25
£75,001 - £100,000	3	3
£100,001 - £150,000	2	1
over £150,000	1	1
<b>Total</b>	<b>143</b>	<b>145</b>

Placement / Programme	Month 2	18/19 Outturn
ABA Program	0	0
Nursery	0	0
Individual Tuition	6	6
Other	10	10
<b>Sub Total</b>	<b>16</b>	<b>16</b>
Non Maintained Schools	22	23
Independent Special	91	92
Independent Other	14	14
<b>Sub -Total</b>	<b>127</b>	<b>129</b>
<b>Total</b>	<b>143</b>	<b>145</b>

## Pupils over the age of 16

4.15. The Borough is forecasting to spend £4.3m 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 continues to increase and is currently 61% (55% April 2018).

4.16. Month two projections of learner numbers anticipate an increase of 26 since last financial year. This has resulted in an increased spend projection when comparing to 2018/19, however, it should be noted that the anticipated average cost has been controlled.

Post 16 - 2019/20	Month 2 Annual cost	Month 2 Learner Numbers	Month 2 Average Cost	2018/19 Projection	2018/19 Numbers	2018/19 Average Cost
	£		£	£		£
Academies and Maintained Schools	578,878	40	14,352	530,168	34	15,593
Out of Borough Special and Mainstre	525,814	25	21,317	469,072	18	26,060
<b>Schools Total</b>	<b>1,104,692</b>	<b>65</b>		<b>999,240</b>	<b>52</b>	
Independent School	1,657,745	41	40,433	1,273,345	39	32,650
<b>Independent School Total</b>	<b>1,657,745</b>	<b>41</b>		<b>1,273,345</b>	<b>39</b>	
Independent Specialist Provider (ISP)	1,038,042	26	39,925	1,239,005	29	42,724
Further Education	462,560	167	2,770	273,198	152	1,797
Vocational Training	8,962	34	264	4,927	32	154
Personal Budgets	65,377	8	8,172	66,191	11	6,017
<b>College/Apprenticeship Total</b>	<b>1,574,941</b>	<b>235</b>		<b>1,583,324</b>	<b>224</b>	
<b>Post 16 Totals</b>	<b>4,337,378</b>	<b>341</b>	<b>12,720</b>	<b>3,855,906</b>	<b>315</b>	<b>12,241</b>

4.17. Post 16 spend in schools across Independent Placements, Mainstream, Academies, Special Schools and Out of Borough is forecast to be £2.8m. This is split by schools spending of £1.1m and independent spend of £1.66m.

4.18. The table below shows the breakdown of the schools total of £1.1m on 65 pupils:

Funding Stream	RBK Month 2	RBK Month 2 £
Special	15	£506,612
Mainstream	10	£19,202
<b>Top up - Out of Borough Total</b>	<b>25</b>	<b>£525,814</b>
Special Schools	19	£531,266
Matrix	21	£47,612
<b>Top ups - Academies Total</b>	<b>40</b>	<b>£578,878</b>
Matrix	0	£0
Specialist Resource Provisions/ Enha	0	£0
<b>Top ups - Maintained</b>	<b>0</b>	<b>£0</b>
<b>TOTAL</b>	<b>65</b>	<b>£1,104,692</b>

4.19. Post 16 spend in schools across Independent Placements is forecast to be £1.66m. This spend can be broken down as follows:

Placement Cost Ranges - Period 2	RBK Month 2	RBK 2018/19 Outturn
£0 - £5,000	2	1
£5,001 - £20,000	10	10
£20,001 - £50,000	16	16
£50,001 - £75,000	10	9
£75,001 - £100,000	2	2
£100,001 - £150,000	1	1
over £150,000	0	0
<b>Total</b>	<b>41</b>	<b>39</b>

  

Placement / Programme - Period 2	RBK Month 2	RBK 2018/19 Outturn
ABA	1	1
Nurseries	0	0
Individual Programmes	3	3
Other Costs	1	0
<b>Sub Total</b>	<b>5</b>	<b>4</b>
Non-Maintained Special School	7	6
Independent Specialist Provider	26	26
Independent Other	3	3
<b>Sub Total</b>	<b>36</b>	<b>35</b>
<b>Total</b>	<b>41</b>	<b>39</b>

4.20. Spend on Post 16 only providers across Independent Specialist Providers (ISP) and Further Education (FE) is forecast to be £1.6m. 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
	Budget	Projected Spend	Overspend	ISP	FE	Training	Personal	Total	Average Cost
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	1,583,321	370,021	29	152	32	11	224	7,068
<b>2018/19 Projection</b>	<b>1,302,600</b>	<b>1,574,941</b>	<b>272,341</b>	<b>26</b>	<b>167</b>	<b>34</b>	<b>8</b>	<b>235</b>	<b>6,702</b>

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	1,583,321	1,239,005	273,198	4,927	66,191	42,724	1,797	154	6,017
<b>2018/19 Projection</b>	<b>1,574,941</b>	<b>1,038,042</b>	<b>462,560</b>	<b>8,962</b>	<b>65,377</b>	<b>39,925</b>	<b>2,770</b>	<b>264</b>	<b>8,172</b>

### Central High Needs Spend

4.21. The projected spend on centrally co-ordinated high needs services in 2019/20 is £1.1m. This represents a projected overspend of £98k on approved budgets principally due to the increased investment in the SEN Transformation Plan. The Invest to Save posts for the SEN Transformation Plan include Annual Review Officers, Transition Officers and SEN Commissioners.

## 5. 2020/21 Budget Planning

5.1. The table below outlines the budget timetable for 2020/21:

Month	Action
June	<ul style="list-style-type: none"><li>Schools Forum Meeting – Tuesday 18th June 2019</li></ul>
July	<ul style="list-style-type: none"><li>DfE / ESFA release the 2020/21 Funding Guidance for the Schools Block and release of the draft Authority Proforma Tool</li><li>Consultation on Central School Service Block and Schools Block de-delegation</li></ul>
September	<ul style="list-style-type: none"><li>Schools Forum Meeting – Tuesday 17<sup>th</sup> September 2019</li><li>Local funding formula consultation 1 is circulated and returned by headteachers and governors (if required)</li><li>DfE / ESFA release the 2020/21 Funding Guidance for High Needs Block and Central School Services Block</li><li>Schools Forum receive and consider feedback on the July consultation</li><li>Schools Forum vote on de-delegated and central items subject to the final grant allocations and guidance</li></ul>
November	<ul style="list-style-type: none"><li>Schools Forum Meeting – Tuesday 19<sup>th</sup> November 2019</li><li>Schools Forum receive and consider feedback on the September consultation</li><li>Schools Forum vote on the local schools funding formula</li></ul>
December	<ul style="list-style-type: none"><li>DfE / ESFA release the 2020/21 Early Years Funding Guidance</li><li>DfE / ESFA release provisional grant allocation figures</li></ul>
January	<ul style="list-style-type: none"><li>Schools Forum Meeting – Tuesday 14<sup>th</sup> January 2020</li><li>Schools Forum receive an update on grant allocations announced and potential school by school impact</li><li>Schools Forum considers the Early Years Funding Formula and associated central items</li><li>The Early Years Team consult with the early years sector on any changes</li></ul>
February	<ul style="list-style-type: none"><li>The Council formally considers the application of 2020/21 funding and approves the 2020/21 budget and associated formulas (schools, early years, central, high needs)</li></ul>
End of February	<ul style="list-style-type: none"><li>Schools sent individual funding allocations</li></ul>

## 6. Financial Implications

6.1. 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.

## 7. Contacts

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