Summary

This report provides an update on the Dedicated Schools Grant (DSG) budget since the last meeting of the Forum.

Recommendations:
I recommend the Forum to:
   i) note the latest position on the DSG for 2018/19, as at month 7;
   ii) note the SEN funding position for 2018/19, as at month 7;
   iii) agree the distribution of the NNDR adjustment in 2018/19 and future years;
   iv) agree to de-delegate Schools in Financial Difficulty budget (Primary only).

1. Background

   Spending decisions on the DSG were agreed by the Schools Forum in June 2018 for the financial year 2018/19. This report highlights DSG related issues that have arisen since the last meeting that took place on 9th October 2018.

2. Financial Implications

2.1. Budget 2018/19

   The latest net DSG allocation for 2018/19 is £96.680m after recoupment for academies and high needs place funding provision of £98.676m and £5.275m respectively. Please find attached at Appendix A the breakdown of the DSG for 2018/19 and the variance as at month 7.

   The DSG is currently showing an in-year underspend of £501k. The Schools (including the CSSB) and High Needs blocks are underspent by £427k and £74k respectively. The variation on the Schools block of -£427k is due to backdated NNDR revaluations for eight maintained schools that formed the Sutton Education Trust in February 2017 (-£547k) and additional costs of £120k due to reduced income associated with Early Retirement costs for academies.

   The High Needs budget is inclusive of the 0.5% (£737k) that was transferred from the schools block in 2018/19. The High Needs block variation of -£74k relates to the £284k underspend forecast by Cognus for high needs SEND places, less a £210k pressure recently identified due to financial difficulties at Sherwood Park special school. Officers are cautious about the accuracy of high needs forecasting at present and are likely to remain so until the SEND case management system is established (Synergy) within Cognus, legacy data issues have been resolved and staffing arrangements within the company stabilise. Actions are being taken by Cognus to
improve the budgeting and reporting processes within the SEND team but these are unlikely to become effective until the new financial year.

The budget for therapies in 2018/19 was set at £1.5m equating to 25,000 hours therapy. There were 33,000 hours of therapy written into EHC plans in 2017/18 and there is still growth in demand and numbers of young people and hours. Cognus are working and committing to reduce the level of therapy provision. The latest forecast on the Cognus contract is an overspend of £342k which equates to 30,683 hours of therapy.

Detailed work on the 2019/20 high needs budget is in progress, but still to be finalised.

2.2. SEN funding position 2018/19
The SEN funding position, including placements, transport and therapies as at month 7 is detailed at Appendix B.

2.3. NNDR Adjustment 2018/19
Backdated NNDR refunds of £547k have been received in 2018/19 for a 3 year period 2016/17-2018/19 relating to the eight schools in the Sutton Education Trust (SET). The refunds for 2018/19 will be ring-fenced to the Schools block. However a sum of £285k relates to 2016/17 and 2017/18 prior to the ring-fencing of the Schools block. The Schools block used to fund the budgets now included in the Central School Services block (CSSB). As previously reported, not charging academies for early retirement costs in 2018/19 will result in reduced income and create an overspend of circa £120k in the historic element of the CSSB in 2018/19.

The previous years NNDR refunds should form part of the DSG balance brought forward into 2018/19. It is recommended that the £285k be made available to fund the overspend on early retirements in 2018/19 and be earmarked in the balances to support the CSSB in 2019/20 and 2020/21.

2.4. Budget 2019/20
The DSG allocation for 2019/20 is due to be received in mid-December 2018. Pressure on the high needs block is still largely as a result of growth in the number of children attracting Education, Health and Care Plans (EHCPs) in 2018/19 and ongoing. Work on the SEN budgets for 2019/20 is ongoing but a shortfall on the high needs allocation for 2019/20 is expected and will be reported to Forum in February 2019. The 0.5% requested in the consultation is needed to support the high needs budget until the results of the high needs review are known and some sustainability can be applied to high needs funded services.

2.5. De-delegated budgets 2019/20
To date the Local Authority has supported and primary schools have agreed to the de-delegation of Schools in Financial Difficulty circa £69k for 2018/19. This decision needs to be reviewed annually. It is recommended that the de-delegation of this service continues in 2019/20.

3. Influence on the Council’s Corporate Core Values and Objectives
One of the core values is working with partners. Setting the budget for the Dedicated Schools Grant, and considering related issues, is an important part of the budget process that fully involves schools as partners and particularly recognises the important role of the Schools Forum.

4. Background Papers