Summary

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

Recommendations:

2. I recommend the Forum to:

   i) note the latest position on the DSG for 2018/9, as at month 9;
   ii) note the SEN funding position for 2018/19, as at month 9;
   iii) agree the draft budget for 2019/20;
   iv) note the comparisons of Schools’ delegated budgets for 2018/19 and 2019/20.

Background

3. 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 4 December 2018.

DSG Budget 2018/19

4. The net DSG allocation for 2018/19 is £96.680m, as at month 9 after recoupment for academies and high needs places of £98.676m and £5.275m respectively. Please find attached at Enc 8 Appendix A the breakdown of the DSG for 2018/19 and the variance as at month 9.

5. The DSG is currently showing an underspend of £301k. The Schools (including the CSSB) and High Needs blocks are forecasting an underspend of £410k and an overspend of £109k respectively. The variation on the Schools block of £550k is due to backdated NNDR revaluations for eight maintained schools that formed the Sutton Education Trust in February 2017 and additional costs in the CSSB of £141k due to increased costs and reduced income associated with early retirement costs for academies.

6. The variation on the High Needs block of £109k relates to the £101k underspend forecast by Cognus for high needs SEND places, including therapies, less a £210k pressure due to financial difficulties at Sherwood Park special school. The High Needs budget is inclusive of the 0.5% (£737k) that was transferred from the Schools block in 2018/19.
7. A review of the existing provision within current EHC plans commenced in October 2018. This has resulted in a clearer and more accurate view of the costs of existing provision as stated in EHC plans. The review is showing that a proportion of young people might be better supported in local and/or mainstream education rather than high cost out-of-borough or special provision respectively. Between January and July 2019 annual reviews which are taking place will assess ongoing need, consult with students, settings and parents/carers to look at the provision which will better meet their needs and prepare them for adulthood. This alongside a refresh of processes for requesting an Education Health and Care (EHC) Needs Assessment and agreeing to an EHC plan should realise greater efficiency of resources in 2019/20.

8. At the end of December the DfE announced additional funding for 2018/19 and 2019/20, in recognition of cost pressures on the national high needs block arising from the introduction of the Children and Families Act in 2015; Sutton has been allocated £506k in both years. Officers consider it prudent to wait until year end before any final decision is made on the application of the funding for 2018/19.

SEN funding 2018/19

9. The SEN funding position as at month 9 is showing a forecast underspend of £101k. Please find attached in Enc 8 Appendix B the details of the variation.

Budget 2019/20

10. The provisional DSG allocation for Sutton for 2019/20 is £207.981m. After deduction of high needs and academy recoupment the latest net DSG position is £97.727m.

11. The draft budget for 2019/20 is attached at Enc 8 Appendix C, for noting and approval, as appropriate.

12. In relation to the budget, as presented, the Schools Forum are required to decide on:

   ● Contingencies – primary (schools in financial difficulties) there is agreement to de-delegate currently assumed as same rate as previous year;
   ● Pre-16 growth (already discussed with Forum in December);

Central spend on:

   ● Early years block provision;
   ● Places in independent schools for non-SEN pupils;
   ● Admissions (same rate as last year with 0.8% uplift);
   ● Servicing of Schools Forum;
   ● Contribution to responsibilities that local authorities hold for all schools, see Enc 8 Appendix D for breakdown;
   ● Contribution to combined budgets (LSCB) - approved prior to April 2013;
   ● Existing termination of employment costs - approved prior to April 2013;
   ● Prudential borrowing costs - approved prior to April 2013

Schools Delegated Budget 2019/20

13. The schools' delegated budgets have been set in accordance with the formula factors agreed at the Schools Forum on 4 December 2018 and politically ratified at the People Committee on 6 December 2018. The budgets are based on pupil numbers from the October 2018 school
14. The Schools block funding for 2019/20 has increased, due to higher units of per pupil funding which for Sutton primary is £4,104 (up from £4,082 (0.54%) in 2018/19) and secondary is £5,141 (up from £5,018 (2.45%) in 2018/19). There has also been an increase in the funding for growing schools of £700k due to a new formulaic approach for the allocation. These increases have allowed the local schools’ funding formula to transition to the National Funding Formula.

15. In December the Schools Forum agreed to transfer 0.5% (£766k) of the Schools block allocation to the High Needs block. Following the announcement in December of additional high needs funding of £506k for 2019/20 the decision was reviewed. It has since been agreed to reduce the £766k by the additional high needs allocation of £506k and a net figure of £260k transferred. This has allowed an additional lump sum of £5k to be included in the lump sum formula factor for one year only, to support schools financial position.

16. The detailed delegated budget comparisons for 2018/19 and 2019/20 are as shown in Enc 8 Appendix E.

Financial Implications

17. This report highlights DSG issues that have arisen since the last meeting of the Forum.

18. Following discussion at Schools Forum in December 2018, it should be noted that Forum did not support backdated NNDR funding being used to support the overspend on the Central Schools Service Block in 2018/19 and future years. Following changes to the ability of the LA to recoup early retirement charges from academies, and given the budget is based on historic spend, this budget will overspend in 2018/19 and thereafter.

Influence on the Council’s Corporate Core Values and Objectives

19. 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.

Background Papers