

Report to the Schools Forum 24 May 2018

Dedicated Schools Grant (DSG) Outturn 2017/18

- 1.1 As noted in previous meetings of this Forum, the High Needs area of DSG is under intense pressure, both in T&W and elsewhere. We know from LGA research that 113 councils in England have transferred funding totalling £327m from the Early Years and Schools blocks to the High Needs Block. This represents a shortfall of around 7.8% in the High Needs DSG allocations.
- 1.2 For Telford and Wrekin, the close down on the accounts for 17/18 shows a final DSG position as follows:

	£000
Final DSG for 2017/18	137,685
Academy figure recouped for 2017/18	(29,396)
Total DSG after academy recoupment for 2017/18	108,289
Brought forward from 2016/17	271
Agreed budgeted distribution in 2017/18	108,560
In Year Adjustments (adjustments to 2016/17 early years funding made in 2017/18)	(79)
Final Budget Distribution for 2017/18	108,481
Actual Central Expenditure	(15,721)
Actual ISB deployed to Schools	(93,304)
Carry Forward to 2017/18	(544)

- 1.3 Thus we have moved from a carried forward surplus of £271,000 at the start of 2017/18 to a deficit of £544,000 at the end of the year, representing an in-year deficit of £815,000. This deficit has arisen because of the pressure on High Needs DSG and formed part of the context of the Forum agreeing in January to transfer £550,000 from the Schools block to the High Needs block in 2018/19, just under the maximum 0.5% allowed.
- 1.4 The most significant areas of pressure in High Needs in 2017/18 were residential educational placements (pre and post 16), special schools and non-residential post 16 expenditure (i.e. provision in colleges). The pressure is mainly arising from increasing numbers of children and young people needing specialist settings (Telford and Wrekin already has a high percentage per 10,000 population of children in Special schools). The other area relates to post 16 and post 19 provision following the extension of potential rights

to high needs support to age 25. No additional funding was allocated to local authorities to meet this change in eligibility or rising demand and we are aware that the LGA, NAHT and the ADCS have all made representations to the Government about the inadequacy of the High needs funding allocations.

- 1.5 The local authority, for its part, has put in place a cost improvement plan for High Needs including a review of all Post 16 High Needs placements, a review of Special Schools funding and a restructure across SEND services to ensure the greatest efficiencies. The local authority has also made available temporary funding from its Capacity Fund for the appointment of an officer for twelve months to review all Post 16 placements.
- 1.6 2017/18 is the first year that T&W has shown an end of year deficit on DSG. Because DSG is a ring-fenced grant, surpluses automatically stay within DSG and are deployed in support of the following year's expenditure. However, when there is a deficit, Forum approval is required in order to clear the deficit using the following year's DSG, as described in the DfE's document 'Dedicated schools grant: conditions of grant 2017 to 2018'.
- 1.7 The local authority already supplements DSG by £1.3m to meet the costs of early retirements. Because this arrangement goes back a number of years, the LA does not receive any Central Services DSG funding, which the DfE provides to other local authorities who were already charging these costs to DSG. This point is highlighted because of the burden the LA already carries in relation to these costs.
- 1.8 ***The Forum is therefore asked to approve the carrying forward of the 2017/18 deficit on DSG with the proviso that there will be progress reports to Forum on the reduction of the deficit during 2018/19 .***

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May 2018