

Report to the Schools Forum 23 May 2019

Dedicated Schools Grant (DSG) Outturn 2018/19

- 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.
- 1.2 For Telford and Wrekin, DSG moved from a surplus of £271,000 at the end of 2016/17 to a deficit of £544,000 at the end of 2017/18. The high needs pressures contributing to this have been extensively discussed with the Forum over the last year. The scale of the national pressures resulted in the DfE allocating an additional £250m of high needs DSG in December 2018. Telford & Wrekin's share of this amounted to £418,000 in each of 2018/19 and 2019/20.
- 1.3 The 2018/19 element of this additional funding was a significant contributor to an improvement in T&W's closing DSG budget position. We ended the year with a DSG surplus carry forward of £20,000. This exceeded our expectations, even taking into account the additional high needs DSG.
- 1.4 The DSG position was significantly aided by an unexpected substantial underspend of £345,000 on early years DSG. Early years DSG funding, totalling around £12m in 2018/19, is based upon January census pupil numbers. Early years expenditure is mainly based upon termly pupil counts. January is the mid-point of the academic year with regard to numbers of pupils and so on average is a fair reflection of costs, but due to the difference in funding / expenditure timing, some usually modest differences between budgeted income and expenditure can arise (in either direction). The 2018/19 difference was both positive and higher than normally would be expected.
- 1.5 The high needs position was also aided by the efforts made to ensure that all high needs spending was efficient and effective and restrictions placed on special school budget allocations (the largest single element of high needs).
- 1.6 The reversal of the 2017/18 budget deficit is therefore a very positive financial outcome. However, it heavily relied upon factors that are outside our control (e.g. extra DfE funding), or will not necessarily occur in future years, (e.g. the early years DSG surplus). It also relied upon short-term cost saving measures that it would be difficult or unwise to continue into the future. For example, special school budgets cannot be left to experience year on year real terms cuts without an impact upon provision. We have also reintroduced the £100,000 SEN contingency fund in 2019/20 as this was the only explicit way that the funding system recognised the long-term existence of mainstream schools that take a disproportionately high proportion of high needs pupils.
- 1.7 The Council will continue to focus on ensuring that all high needs expenditure is cost effective, and is introducing a number of measures to support the resilience of mainstream schools with regard to high needs (i.e. the SEN contingency fund mentioned above, more funding for the inclusion panel for children without EHCPs, funding for more outreach and training support, new high needs units co-located with mainstream schools).

- 1.8 Nonetheless, there are few indications that the demographic, social and legislative pressures underlying high needs budget pressures are easing and until the DfE provides a credible long-term funding strategy that recognises this reality, high needs will remain an area of significant financial risk.

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