

Dedicated Schools Grant (DSG)

**Finance & Performance
Scrutiny Panel**

11 March 2021



Outline

- What is the DSG?
- Government Funding Settlements
- Pressures in the High Needs Block
- Actions to address High Needs Pressure
- Delegated Schools Deficits
- Strategy/Approach to reduce deficits
- Questions



Background to DSG

- 2006 – Introduced
- Centralising local funding
- Earmarked for education
- Council has legal responsibility which requires:
 - Overview
 - Management
- 2012 – Funding set as baseline
- 2013/14 – Creation of the current system

DSG - Governance

Council

Responsibilities

- Power and duty to provide education for pupils aged 4 to 15 in maintained nursery, primary, secondary and special schools
- Responsible for ensuring children and young people with special educational needs are supported to meet their educational outcomes
- Responsibility for school organisation & place planning for all maintained schools in the area
- Responsible for the allocation and management of the DSG

Financial Relationship with Schools

- DSG: responsible for allocating to all schools including academies
- Scheme for Financing for Maintained Schools: Sets out the financial requirements and the relationship between the Council and maintained schools

Schools

Governing Body

Local Management of Schools delegated responsibility to Governing Body for:

- Strategic Leadership
- Accountability and overall management of resources
- Optimum use of resources
- Arrangements for delegating responsibility
- Provide challenge

Headteacher

Responsible for management and operation of schools and required to: ensure and assure the Governing Body is able to meet its financial duties by:

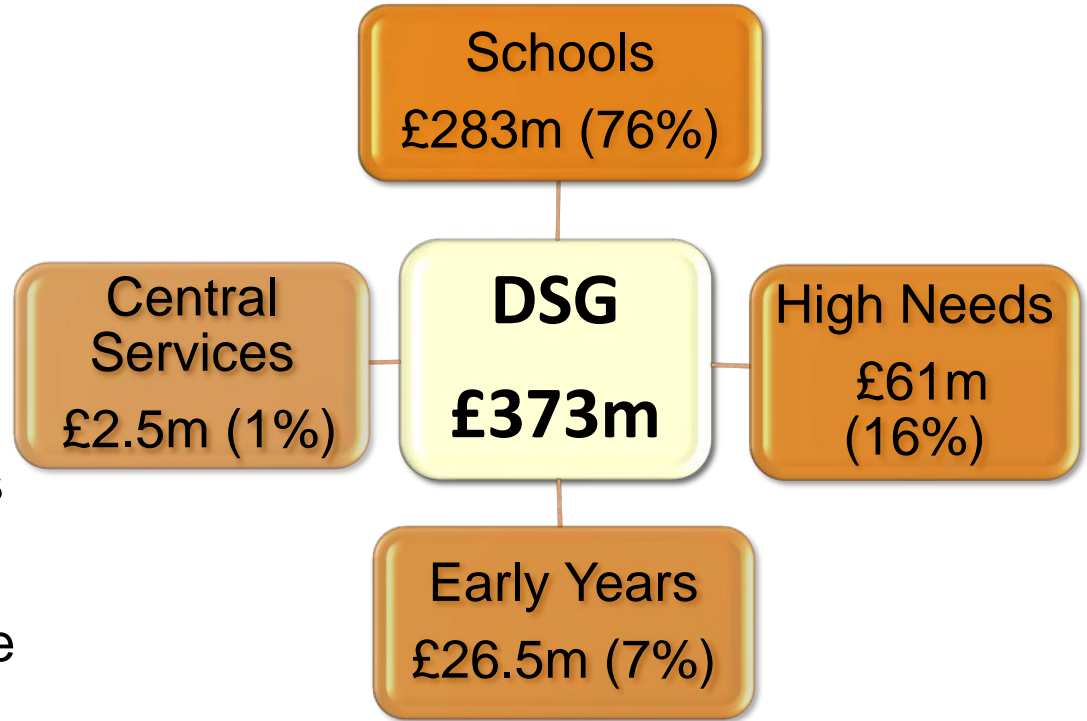
- Having appropriate financial systems and controls
- Providing evidence and information
- Providing monitoring and progress reports



Background

- Introduced in 2013/14
- Consists of 4 blocks:
 - Schools
 - High Needs
 - Early Years
 - Central Services
- DSG Ringfenced
- Funding set at 2012 levels
- No uplift until 2018
- Government policy to have a national funding formula
- Limited flexibility to:
 - Move money between blocks
 - Charge Council Services

Funding levels- 2021/22



DSG required to fund and support pupils all schools, i.e. maintained, academies and free schools

DSG - Blocks

Schools

- Mainstream Pupil from 5 – 15 in all schools including academies & free schools

High Needs

- All Children & Young People (CYP) from 0 – 25 years
- Support provision, prevention and intervention for pupils with high level of SEN
- Special Schools, PRU

Early Years

- 15 / 30 hours nursery entitlement for 2, 3 and 4 year olds in all school including academies & free schools

Central Services

- LAs statutory duties for all schools including academies & free schools
- Historical commitments to support pupils to remain in education (this element time limited)

Central Services Schools Block

Statutory Duties:

Funded based on proxy indicators

- pupil numbers
- numbers of pupils from a deprived background.

Services supported:

- Education Welfare
- Admissions
- Appeals
- Central Licenses
- Management & support

Historic Commitments:

National policy to reduce funding for historic commitments

Since 2018/19, 20% year on year reduction

Services Supported:

- Prudential Borrowing
- Joint Services for Disabled Children
- Out of School Activities
- Parenting Support Service
- Adolescent Support Service

Allocations from 2017/18 to 2021/22

Areas Funded	Allocation 2017/18	Allocation 2018/19	Allocation 2019/20	Allocation 2020/21	Indicative 2021/22	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Statutory Duties	2,101.8	2,059.0	2,007.1	1,947.8	1,898.8	-48.7
Historical Commitments	912.6	912.6	833.5	730.1	584.1	-146.0
Total	3,014.4	2,971.6	2,925.7	2,677.6	2,482.9	-194.7

Schools Block

Allocation of funding to all schools including academies and free schools

Initial move for a national funding formula, was for funding to Mainstream Schools allocated:

- using proxy indicators
- commonly referred to as funding formula

Government not able to fully implement national funding formula until legislation is amended to remove the responsibility away from the Council.

			1.08274	ACA
	NFF Rates 2020-21		NFF Rate inl ACA 2020/21	
UNIT RATES	PRIM	SEC	PRIM	SEC
Prim AWPU	2,857	-	3,093	-
KS3 AWPU	-	4,018	-	4,350
KS4 AWPU	-	4,561	-	4,938
FSM	450	450	487	487
FSM Ever 6	560	815	606	882
IDACI A	600	840	650	910
IDACI B	435	625	471	677
IDACI C	405	580	439	628
IDACI D	375	535	406	579
IDACI E	250	405	271	439
IDACI F	210	300	227	325
Low Prior Attainment	1,065	1,610	1,153	1,743
EAL	535	1,440	579	1,559
Mobility	875	1,250	947	1,353
LAC	-	-	-	-
Split Site	-	-	55,000	164,086
Lump Sum	114,400	114,400	123,865	123,865

Individual School Budgets

Allocation

- 2013/14 to 2016/17: Flat Cash: no change to the per pupil amount provided for local arrangements
- 2017/18: small uplift in funding
- 2018/19: introduced a new methodology for distributing funding which included some additional money to implement the change.
- 2019/20 - 2021/22: Government provided additional funding

Impact of Change

2013/14 to 2016/17:

- No additional funding to manage additional national and local financial pressure, pay awards, NI Contributions

2018/19:

- Introduced a new methodology for distributing funding which included some additional money but not to offset the financial pressure.

2019/20 - 2021/22:

- Government provided additional funding

Assessment by Institute of Financial Studies

- Assessed impact of flat cash to be 8%
- Additional money to be allocated to schools by 2022/23 represent 7.4% real terms growth in spending per pupil
- The increase reverse the 8% cuts seen by schools since 2009/10.

Maintained Schools Balances Deficits

Local Scheme for Financing requires:

- Schools to set balanced budgets
- Any school projecting:
 - Balances above 6.5% Primary & Special provide a business case to retain balances
 - A deficit which can not be addressed within the year schools required to submit a deficit recovery plan

Impact of national financial policy of flat cash

- Balances held by schools have been reducing
- More schools reporting deficit.
- Risks for Council:
 - If school forced to academise deficit remains with the Council
 - Regulations changed this year and require Council's to report on schools with deficit of 5% and above.

Maintained Schools in Deficits

Current position in Enfield

Total Balances Held by Schools

Sector	Balance Brought Forward 01.04.2020	Initial Budget Projection 2020-21	Latest Year-end Projections
Primary	2,819,455	985,549	2,089,198
Secondary	(7,207,562)	(7,177,003)	(5,809,121)
Special	1,198,104	760,838	1,118,081
Total	(3,190,003)	(5,430,615)	(2,601,842)

Enfield Schools Projecting Deficits

Sector	No of Schools	No of Schools as at 30/06/20	Latest projections No Schools in Deficits	Latest Projections Deficits 5% & above
Primary	42	8	6	3
Secondary	9	6	6	3
Special / PRU	6	1	-	-
Total	57	7	12	6

Schools in Deficits reported by other London Councils

Number of Schools	Number of LAs
1-5	9
5 - 10	8
10-15	5
15-20	3
Total	25

Note: some of the other Councils may have a small number of maintained schools.

Maintained Schools Balances

Local Arrangements for schools in deficits

- Agreed process in place to monitor deficit
- Schools provided with financial planning training
- Consultants commissioned to carry out financial reviews for some schools with deficits 5% and above

Local Scheme for Financing requires:

- Schools to set balanced budgets
- Any school projecting:
 - Balances above 6.5% Primary and Special required to submit a business case to retain balances
 - A deficit which can not be addressed within the year required to submit a deficit recovery plan

Number of Schools with Balances above 6.5% or 5% Threshold

Sector	No of Schools as at 30 June 2020	Latest Year-end Projections
Primary	6	6
Secondary	-	-
Special / PRU	1	1
Total	7	7

Maintained Schools: Financial Impact of Covid

Local View

- It was not been possible to carry out a full assessment
- Schools were able to apply grant funding for a limited number of things, Enfield schools received £504k
- Latest data indicates impact has varied for individual schools
- Schools experiencing financial pressure have included:
 - Reliant on lettings income
 - Loss of school meals income
 - Smaller schools effected adversely by the cost of protective clothing and equipment
- Some schools purchased laptops for pupils to access online learning, but there were still pupils unable to access online learning
- Full impact will be next and future years when schools are fully operational, and cost of loss learning are assessed

National Research

- Children and young people have lost half a school year of learning
- Government provided a catch up grant, Enfield received £559k
- Research based on current spending indicates that this is inadequate to compensate for the loss learning
- Other wider concerns are impact in the future on the economy in relation to pupils earning power and effect on mental health

Early Years

- Funding allocated to LA using NFF
- Allocation determined locally based limited parameters

Factors	2020/21	
	Rate per hour	
	£	%
Basic hourly rate per child	£5.18	91%
Deprivation: Based on IDACI	£0.13	2%
Inclusion Fund	£0.10	1.9%
Central Support	£0.29	4.9%
Total	£5.70	100%

High Needs – Budget and Spending

Background to Overspend

Financial

- 2013/14: High Needs block formed based on 2012/13 funding
- 2017/18: small uplift in funding
- 2018/19: introduced a new methodology for distributing funding which included some additional money but was flawed because 50% of funding was based on historical spend.
- 2019/20 - 2021/22: Government provided additional funding

SEND Changes

- 2015/16 SEND Reforms introduced
- Reforms changed:
 - the system & threshold for supporting pupils
 - Required to support from birth to 25
- Changes led to a rise in demand to support pupil to meet their outcomes
- 2017/18 - small uplift in funding
- Changes in threshold for support
- Leading to rising demand for support

Summary: Funding & Expenditure

Blocks	Original Allocation £m	Actual / Forecast Expenditure £m	Variance £m	HNB Variance %	DSG Variance %
2021/22	61.697	62.602 *	-4.974	-9%	-0.92%
2020/21	54.900	62.602 *	-7.700	-14%	-0.92%
2019/20	46.843	53.796	-6.955	-15%	-1.46%
2018/19	45.817	46.255	-0.438	-1%	-0.56%
2017/18	41.515	46.239	-4.724	-11%	-0.15%
2016/17	32.120	46.296	-14.176	-47%	-1.45%
2015/16	31.454	41.779	-10.325	-33%	

Reasons

- Two parallel systems introduced
- No coherent impact analysis
- Resulting in raising expectation and financial pressure for the high needs block

2019/20 national returns show planned deficit of £234m to be carried forward into 2020/21

High Needs: Other Local Authorities

Forecast High Needs surpluses/deficits 2020-21 and 2021-22

	Total High Needs Block 2020-21	Forecast High Needs Surplus	In-year deficit % of HN Block	Forecast accumulated HN Block Surplus 2021-22	Accumulative deficit as a % of HN Block	Forecast accumulated HN Block Surplus 2021-22	Accumulated deficit as % of HN Block
Enfield							
Total	914.6	-83	-9.10%	-247.5	-27.1%	-293.35	-32.1%
Total for those in deficit	775.7	-85.4	-11%	-250	-32.9%	-294.85	-43.9%
No of LAs responded		24		22		24	
No of LAs in deficit		19		19		17	
Percentage in deficit		79%		86%		71%	

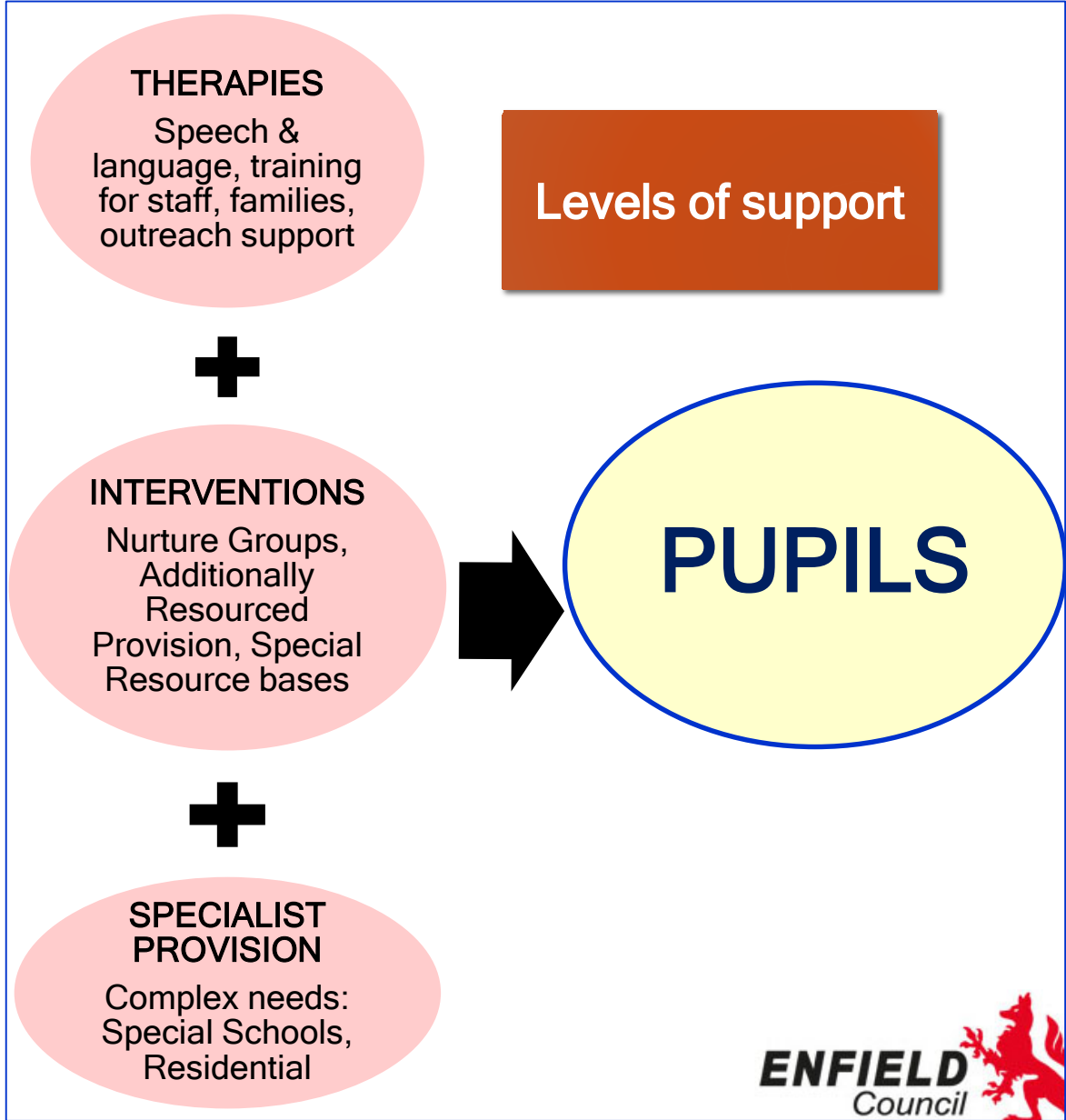
Forecast DSG surpluses/deficits 2020-21 and 2021-22

	Total DSG 2020-21	Forecast DSG Surplus	% share of DSG	Forecast accumulated DSG Surplus 2021-22	Accumulative deficit as a % of DSG	Forecast accumulated DSG Surplus 2021-22	Accumulated deficit as % of DSG
Enfield							
Total	3,853.9	-79.9	-2.1%	-223.3	-5.8%	-251.15	-6.5%
Total for those in deficit	3,065.7	-83.8	-2.7%	-235.9	-8.6%	-263.97	-10.3%
No of LAs responded		24		24		24	
No of LAs in deficit		18		16		15	
Percentage in deficit		75%		67%		63%	

- Data collected by London Councils as @ November 2020
- DSG overspend accounted against following years grant and not on Council's reserves

How are pupils with SEN supported?

- Delivery of Support**
- Therapies & Intervention:
- Schools
 - Council
 - Commissioning external partners and agencies
- Specialist Provision
- Special Schools
 - Pupil Referral Unit
 - Residential
 - Hospital & home tuition



High Needs Provision

Mainstream School

- Pupil on school roll
- School funds up to £6,000
- Local Authority funds all costs above £6,000

Mainstream Intervention

- LA commissions and funds a lump sum
- School identifies pupils
- School manages and delivers
- SLA and lump sum provided

Mainstream Resource Base

- LA commissions
- LA confirms pupils
- School manages and delivers
- SLA and funded on place plus

Support Mainstream Resource Base

- LA commissions
- Special school manage and deliver
- Mainstream school provides accommodation & access to curriculum
- Joint SLA with both the special and mainstream schools

Special School

- Funded on place plus approach
- LA places pupils
- School manages and delivers

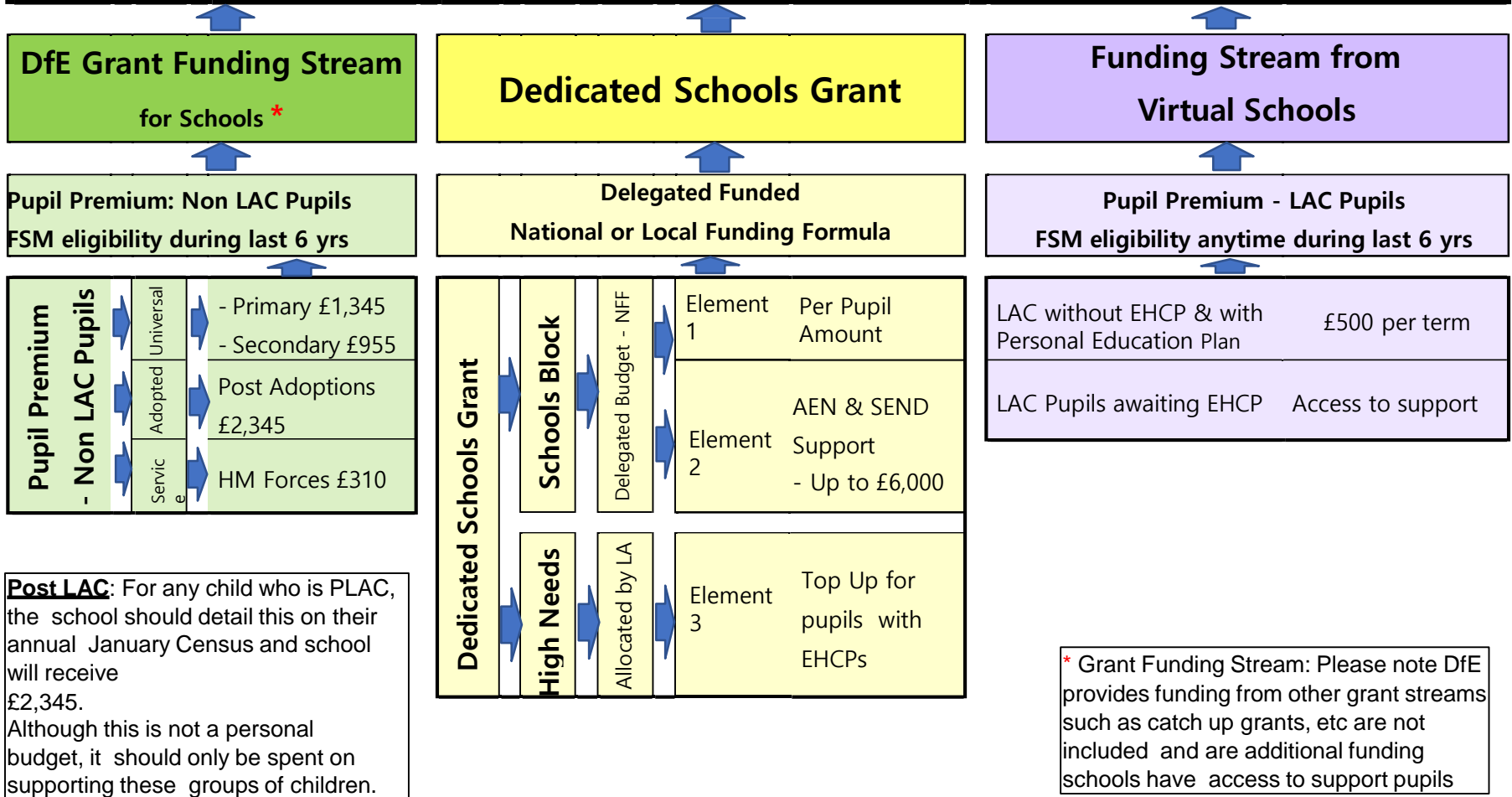
Special Satellite Provision

- Expansion of special school on another site
- Funded on place plus approach
- LA places pupils
- School manages and delivers

Independent / Out-borough

- LA purchases place
- School manages and delivers

MAINSTREAM SCHOOL FUNDING



High Needs Block - Demand

Number of Pupils supported in Enfield

ENFIELD Pupils	2015/16	2016/17	2017/18	2018/19	2019/20	3Year Change (2017/18-2019/20)
Total Pupils	58929	59648	59750	59621	59260	-0.8%
SEN Support	6483	6538	6210	6133	6040	-2.7%
% SEN Support	11.0%	11.0%	10.4%	10.3%	10.2%	
EHCP/Statements	1350	1444	1659	1800	2230	34.4%
% EHCP/Statements	2.3%	2.4%	2.8%	3.0%	3.8%	

Differentiation of support

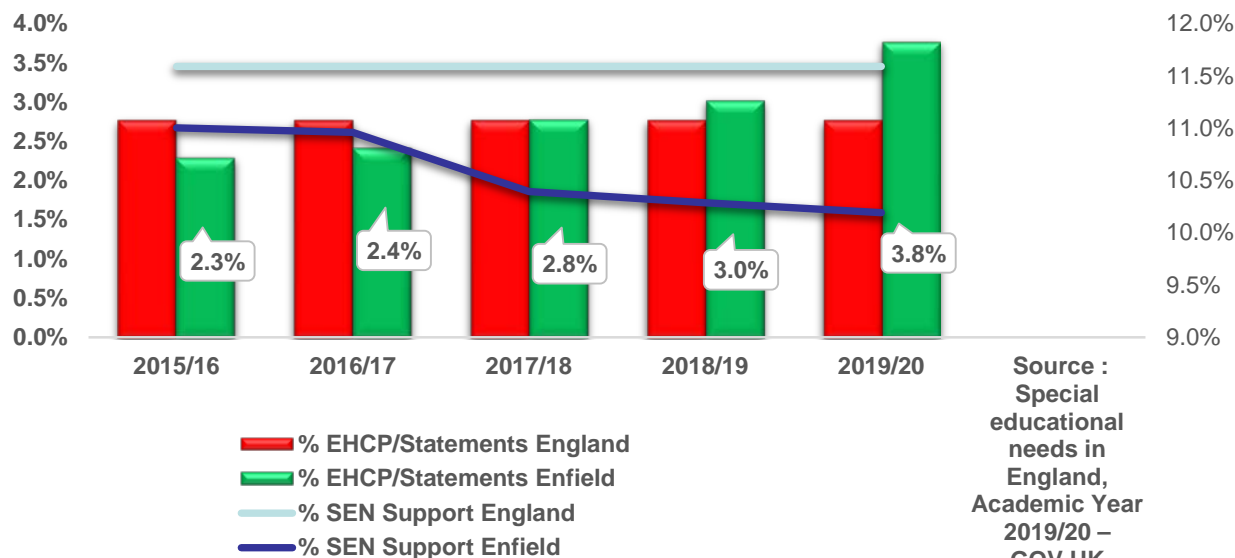
- SEN Support:
Support provided by school funded from their budget
- Education, Health and Care Plans (EHCPs):
Support assessed and funded from High Needs block

National Position

Increase for academic year 2019/20

- EHCPs: 3.3% from 3.1%
- SEN Support: 12.1% from 11.9%

% of Pupil Supported in Enfield vs National (England) 2015/16-2019/20



Main concern is the gradual increase away from the national average

High Needs Block: Type of need supported

Key: Types of Needs Supported

ASD	Autistic Spectrum Disorder
HI	Hearing Impairment
MLD	Moderate Learning Difficulties
MSI	Multi-Sensory Impairment
OTH	Other Difficulty/Disability
PD	Physical Difficulties
PMLD	Profound & Multiple Learning Difficult
SEMH	Social, Emotional and Mental Health
SEN	Special Education Needs & Disability
SLCN	Speech Language & Communication
SLD	Severe Learning Difficulties
SPLD	Specific Learning Difficulty
VI	Visual Impairment

National Position

For academic year 2019/20

For EHCPs:

- ASD: Increased to 30% from 28%
- SLCN: 15% no change from previous year

For SEN Support:

- SLCN: 24%
- MLD: Increased to 24% from 22%
- SEMH: 19%

Local Position

For academic year 2019/20

For EHCPs:

- ASD: Slight decreased to 30.3% from 31.2%
- SLCN: Increased to 26.9% from 25.6%

For SEN Support:

- SLCN: 29.7% - no change
- SEMH: 23% - no change
- MLD: Increased to 19.1% from 16.4%

High Needs Block: Year Groups

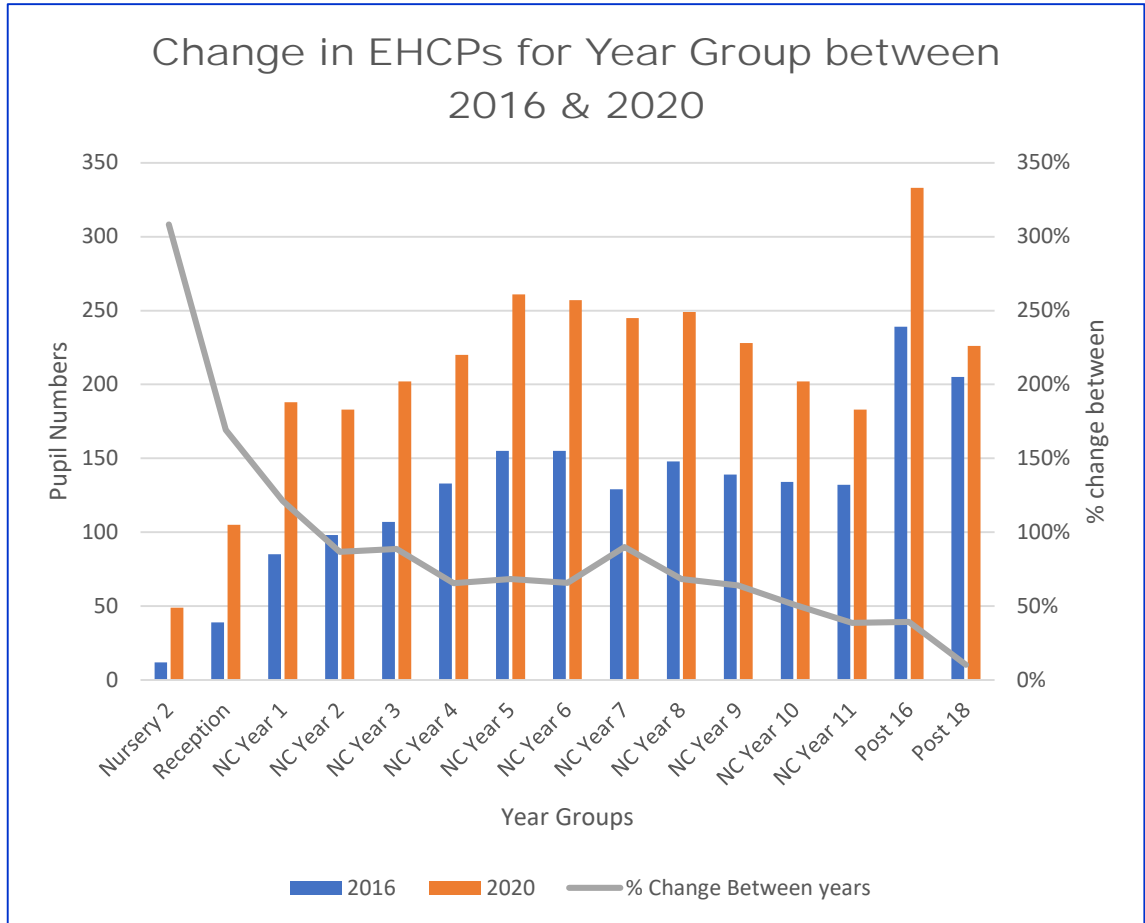
Number of Pupils Supported across year groups

SEND Reforms and requirement to support children and young people from birth to 25 years old the data shows between 2016 and 2020:

- Highest percentage rise has been for nursery & foundation stage
- significant increase has occurred during transition from one key stage to the next
- Increase in the percentage of pupils supported from 16 years of age

The concern with these changes is that the DSG provided to:

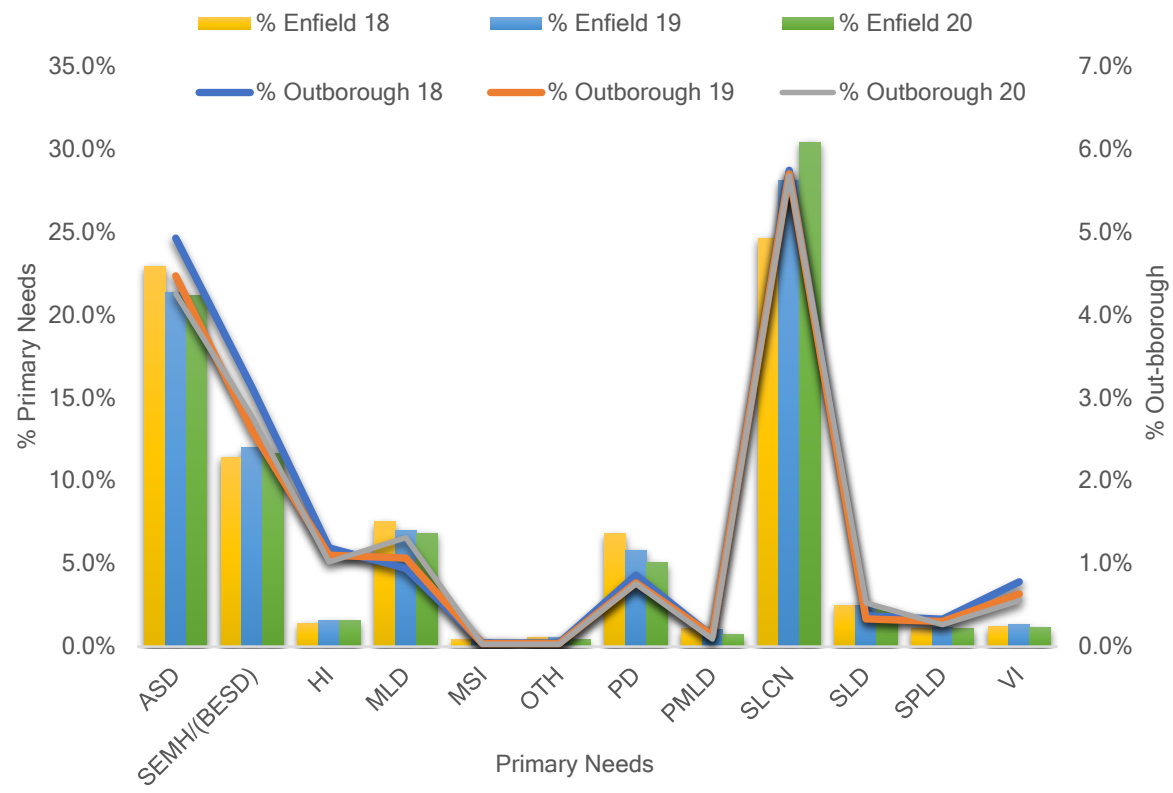
- Schools only funds pupils from 5 to 15 years old.
- A small element of the funding provided for High needs includes population data from birth to 18 years old. However, this is not adequate to address the needs required to be supported.



High Needs Block: Pupils Not Placed in Enfield Schools

- Following the introduction of the SEND Reforms to meet the rising demand for support, pupils had to be placed in provision other than Enfield Schools. This included expensive independent provision.
- The consequences were a financial pressure on the high needs budget, which has led to the current overspend.

% of Pupils with EHCPs in Enfield & Outborough 2018-2020



% of Pupils with EHCPs in Enfield and Outborough between 2018 to 2020

The graph shows there is minimal in the percentage change over the three years for primary needs. Having said this, the graph does highlight:

- Highest percentage rise has been for nursery & foundation stage
- Similarities between the highest percentage of common primary needs for pupils placed in Enfield Schools and those in either outborough or independent
- There is appears to be a slight reduction in the percentage of pupils in outborough or indepement provision.

High Needs: Summary of spend across the different provision

Type of Establishment	Area	2016/17		2017/18		2018/19		2019/20		2020/21	
		Pupils Nos	Actual Spend £	Pupils Nos	Actual Spend £	Pupils Nos	ACTUAL Spend £	Pupils Nos	ACTUAL Spend £	Pupils Nos	ESTIMATED 2020/21 Spend £
Special Schools	LBE	625	13,618,589	639	14,993,489	753	16,074,717	780	17,401,255	865	19,630,762
ARPs	LBE	134	1,932,286	139	2,006,286	120	1,754,570	165	2,268,965	204	3,138,691
Mainstream Schools	LBE	571	6,331,564	710	5,215,181	892	5,809,334	1092	7,356,516	1158	8,076,223
Pupil Referral Unit	LBE	100	2,141,433	100	2,141,433	100	2,241,433	100	2,289,433	100	2,289,433
Out of School	LBE	15		-							
Post 16 Further Education College (FE)	LBE	170	1,599,268	201	1,459,817	205	1,842,644	210	1,578,636	236	2,000,000
Special Schools	OB	88	1,082,390	119	1,761,850	139	2,500,117	116	2,614,362	112	2,312,257
Mainstream with Support	OB	4		4		6		8		8	
Mainstream Schools	OB	136	562,220	145	731,335	154	752,264	179	1,190,615	172	1,175,924
Pupil Referral Unit	OB	1		1						0	
Education Otherwise	LBE	23	86,864	13	6,029,238		6,418,863		7,986,772		7,572,238
Independent	LBE	20	209,989	13		55		46		22	
Independent Special	LBE	5	75,663	19		9		7		6	
Independent DAY	OB	37	5,770,011	126		147		154		146	
Alternative Provision	LBE	6		8							
Post 16 FE	OB	16	384,923	20	459,538	40	820,195	54	826,472	53	740,000
Independent Residential	OB	19	2,821,990	18	2,538,402	28	2,327,281	23	2,536,286	21	2,047,162
TOTAL		1,970	36,617,190	2,275	32,121,388	2,608	40,541,418	2,934	46,049,312	3,103	48,982,690

High Needs Block: How Financial Pressure is being managed?

2016

- Mainstream ARPs and Specialist Units,
- Mainstream Nurture Group,
- Provision used to support Post 16 students,
- Reducing use of out borough independent day provision by expanding provision in-borough.

2020

Review carried out by EY. The outcomes from review led to following recommendations:

- Expand in-borough provision to reduce reliance on out-borough;
- Increase support for early intervention;
- Review the methodology used for funding the top up rates for pupils with EHCPs;
- Develop a charter mark for schools for supporting pupils with SEN.

2021

Review

- Assess accurately the trends in number of pupils with SEN requiring support;
- Implementation of each option as planned both in terms of costs and timeline;
- National changes to the regulations governing school funding;
- Other local requirements to change current funding arrangements.
- Special school place funding

Update on progress

- Increasing Satellite provision of special schools
- Increasing Additional Resource Provision
- Further developing early intervention for pupils with autism and speech & Language needs
- Additional provision created

School	Places Agreed					Pupil Nos Feb-21	Var. btw places & Pupil	Places Planned
	2017/18	2018/19	2019/20	2020/21 Orig	2020/21 Final			2021-22
Special Schools	639	718	854	821	825.5	824	-1.5	912.5
Special School - Satellite,			161	175	175	166	-9	165
Mainstream Resource Bases	86	88	112	112	128	119	-9	152
Total	725	806	1127	1108	1128.5	1109	-19.5	1229.5

Next Steps and Risks

- LA required to develop a management plan to manage and where possible develop strategies to reduce the overspend
- Risks associated with the management plan:
 - Accuracy of trend data;
 - Implementation of recommendations from EY review
 - National regulatory changes governing school funding
 - Other local requirements to change current funding arrangements
- Options for future updates:
 - Schools in deficits
 - High Needs