

Title of meeting:	Schools Forum
Date of meeting:	8 July 2020
Subject:	2019-20 Dedicated Schools Grant Outturn Report
Report by:	Chris Ward, Director of Finance and Resources and Section 151 Officer
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1 The purpose of this report is to inform Schools Forum of the year-end outturn position as at the end of March 2020 for the Dedicated Schools Grant (DSG).

2. Recommendations

- 2.1 It is recommended that Schools Forum:
 - a. Note the year-end outturn budget position for the Dedicated Schools Grant as at the end of March 2020 and the variance explanations contained within this report.

3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original DSG budget for the financial year 2019-20, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2019, with subsequent changes approved throughout the financial year. This report provides Schools Forum with the year-end outturn position as at 31st March 2020.
- 3.3. The year-end position for 2019-20 was complicated by the introduction of a National lockdown due to Covid-19 on 23rd March 2020. Financially this came across the year-end financial close down at a time when the

Children, Families and Education Finance Team would be meeting with Education Colleagues to clarify placement costs and receiving the final class lists for payment to schools. As the authority's focus switched to business critical functions the remaining financial transactions were made based on the last agreed status or known position. Where estimated payments have been made these are now being followed through to ensure that any adjustments are completed and included in the first quarter of 2020-21.

4. Dedicated Schools Grant

4.1. Table 1 below sets out the DSG final outturn position as at the 31st March 2020.

Table 1 - Dedicated Schools Grant				
	Original budget 2019-20 £000's	Revised Budget 2019-20 £000's	Outturn 2019-20 £000's	Over / (under) spend £000's
Income				
DSG Brought forward 2018-19	0	(3,138)	(3,280)	(142)
DSG and other specific grants	<u>(72,309)</u>	<u>(70,263)</u>	<u>(70,212)</u>	51
Total Income	(72,309)	(73,401)	(73,492)	(91)
Expenditure				
Primary ISB	28,753	26,672	26,493	(179)
Secondary ISB	11,680	11,680	11,680	0
Special school place funding	1,578	1,411	1,348	(63)
Inclusion Centre Place funding	302	307	307	0
Alternative provision place funding	<u>1,090</u>	<u>1,090</u>	<u>1,090</u>	<u>0</u>
Total Delegated	43,403	41,159	40,918	(241)
De-delegated and central budgets	1,580	1,746	1,254	(493)
Early Years	14,138	14,176	13,796	(379)
High Needs	13,189	13,652	14,410	758
Total Expenditure	72,309	70,734	70,377	(356)
Net Year end position	0	(2,668)	(3,115)	(447)
DSG Carried forward	0	2,668	3,115	447

The figures in the above table are subject to rounding to the nearest £1,000 and may not calculate exactly.

Dedicated School Grant

- 4.2. The 2019-20 DSG grant income was £51,000 lower than budgeted; this relates to the following factors:
- a. Increase to the import/export following a challenge to the Department for Education relating to number of pupils imported into the City £18,000 increase.
 - b. Decreased funding following recoupment of high needs places for an independent provider £52,000
 - c. Decreased funding following recoupment of additional places following the expansion of Cliffdale Primary Academy due to the closure of Willows centre for Children £35,000
 - d. Decrease from outstanding refund of recoupment funding regarding over recoupment of high needs places for an academy inclusion centre £4,000.
 - e. An increase of £22,000 was made in respect of the 2018-19 financial year, for children accessing early education. The funding is based on the spring 2019 census which is finalised in the following July and therefore adjusted in the following financial year.
- 4.3. The value of the DSG funding received directly by the Council reduced during the financial year, as a consequence of schools converting to Academy status and their funding being paid directly to them from the Education & Skills Funding Agency (ESFA). The final amount allocated to Portsmouth City Council amounted to £70.2m compared to an initial budget estimate of £70.3m.
- 4.4. The net overall position is a decrease to the carry forward of £165,000, a breakdown of which is set out in the report below.

Academy conversion - budget adjustments

- 4.5. There was one academy conversion (Stamshaw Infant School) in 2019-20. The revised budget includes adjustments relating to this academy conversion.
- 4.6. Table 2 below shows the adjustments made to the budgets during the course of the year, to reflect these academy conversions, for the primary and secondary individual School Budgets (ISB) and the de-delegated budget.

	Original Budget as at Jan 2019	FYE of 2018-19 academy conversions	2019-20 Impact of Academy Conversions	Revised Budget
	£000's	£000's	£000's	(as shown above)
				£000's
Primary ISB	28,753	-1,052	-1,029	26,671
Secondary ISB	11,680	0	0	11,680
De-delegated	754	0	142	896
Total	41,187	-1,052	-887	39,248

- 4.7. The De-delegated adjustment shows the net position of the schools-specific contingency of £141,800 brought forward from 2018-19.
- 4.8. The variances shown in Table 1 are explained in more detail in the following sections.

DSG Devolved - Individual School Budgets

- 4.9. The underspend on the primary budgets relates to a budget adjustment for rates relief for Diocesan schools, this is in line with the permitted in-year budget adjustments as set out in the Schools and Early Years Finance (England) regulations.
- 4.10. As previously reported, additional special school places were commissioned locally at the beginning of the financial year. At the end of the financial year not all of these places were utilised at Mary Rose (1.6 places) and Cliffdale (7.7 places) Academy special schools. This has led to an underspend of £62,700.
- 4.11. The Inclusion Centre and Alternative Provision place expenditure was on budget for the 2019-20 financial year.

DSG retained

De-Delegated budgets, growth fund and centrally retained

- 4.12. The Schools Specific contingency of £141,800 remains unspent at the year end. As agreed by the Cabinet Member and Schools Forum, this will be carried forward to be used for the same purpose in 2020-21.
- 4.13. The remaining element of the underspend is due to one off recoupment adjustments made to the DSG following schools' conversion to academy status (£67,000) and the Growth fund (319,300).

Early Years

- 4.14. The net underspend of £379,500 on the early years budgets relate to a decrease in the number of eligible two year olds accessing early education and a decrease in the number of three and four year olds taking up the additional 15 hours. This has partially been offset by a small increase in pupil numbers taking the universal hours.
- 4.15. The cost for funding provision for two year olds was less than the budget by £47,900, the two year old growth contingency was not required to offset any growth above budget, which provided a total underspend of £96,000 on two year old funding.
- 4.16. The budget for three and four year old provision includes both the universal 15 hours and the additional 15 hours for working parents, which was introduced in September 2017. There was an increase in pupils accessing the universal hours and a decrease in those accessing the additional 15 hours, which led to a small underspend, with the underspend on the growth contingency, this led to an overall underspend of £154,500.

	Budget	Actual	Variance
	£'000	£'000	£'000
Universal 15 Hours	7,924	8,051	127
Additional 15 hours for working parents	3,237	3,109	-128
Growth contingency	153	0	-153
Total	11,314	11,160	-155

- 4.17. The growth contingency forms part of the on-going budget provision into 2020-21, with the decision to not increase the hourly value allocated to the two year old contingency and an expected reduction in the number of pupils from the January 2020 census the contingencies for two, three and four years are expected to reduce following the updated DSG allocation in July 2020.
- 4.18. It should be noted that any change in pupil numbers accessing early education at the time of the January 2020 census will result in an adjustment to Early Years funding allocation from the DfE in 2020-21. Current estimates expect this to be a net decrease of approximately £1.5m.
- 4.19. In addition to the place funding variations, there were underspends on the disability access fund (DAF) and centrally retained budgets. The Inclusion Fund for nursery pupils with low level special educational needs and disabilities (SEND) had a small underspend, this reflects the overall reduction in the early years population and potentially the impact of some pupils now being funded from the Early Years complex needs budget in the high needs block.

- 4.20. The nursery pupil premium overspent by £34,800 in 2019-20, as this is funded based on the January 2019 census and updated in the following financial year using the January 2020 census, the authority is expecting to receive additional funding to cover these costs, but this may be offset by the overall reduction in the number of two three and four year olds.

High Needs

- 4.21. The High Needs budgets are the most volatile area of the DSG budget and very difficult to project accurately, due to a significant proportion of the funding being linked to pupil needs and movements. At the end of 2019-20, the overall High Needs Block was overspent by £694,800, this comprised of an underspend of £62,700 on individual school budgets (as per paragraph 4.10) and an overspend of £757,500 on the other High Needs budgets as explained below.

Table 4 - High needs budget 2019-20			
	Revised Budget	Actual	Variance
	£,000	£,000	£,000
Element 3 Top- up	9,706	10,127	422
Out of City Placements	2,365	2,768	403
SEN support services	1,582	1,514	-67
Total	13,652	14,410	758

Element 3 Top-up

The element 3 overspend comprises of a number of elements and contributing factors as set out in the paragraphs below.

Pupils with SEND in mainstream schools

- 4.22. As previously reported, the increasing number of Education Health and Care Plans (EHCP) has led to an increase in Element 3 funding being paid to mainstream schools to support children with high needs where the cost of additional support exceeds £6,000. The numbers of pupils with an EHCP in mainstream schools has increased from a budget of 465 pupils at an average cost of £3,040 average cost to 529 pupils at an average cost of £3,445 per pupil during 2019-20.
- 4.23. This was reflected in the overspend of £356,500 on this area of the budget.

Special Schools

- 4.24. The final outturn position for Element 3 funding for special schools was a £173,600 underspend. The underspend relates to:

- 36 pupils placed in Portsmouth special schools by other local authorities for which Portsmouth is not liable for top-up funding (£471,100)
 - Offset by additional funding required to meet the element 3 due to an increase in the levels of need and complexity of individual pupils (£319,800).
- 4.25. Due to the national lock-down a number of class lists were not received in-time for the closing of the 2019-20 accounts. Schools received payments for the final period of the year based on the pupils and bands as per the previous period's class lists. It is possible that once the final class lists are received that further adjustments to the funding will be required for these schools.
- 4.26. Over the year a total of 553 pupils were placed at Portsmouth Special schools compared to a budget of 560, with an increase in the number of pupils placed by other local authorities (35 compared to a budget of 26).
- 4.27. The underspend on this budget partially offsets the overspend on the mainstream element 3 top-up payments.

Inclusion Centres and Alternative Provision units

- 4.28. There was an overspend in respect of the Alternative Provision (£600) and Inclusion Centres (£4,600). The final payment for Spring term 2020 was based on the pupils in the settings as at the end of the Autumn 2019 term as due to the Covid-19 lockdown no class lists were received by the end of the financial year. Further adjustments may be required for these settings following receipt of the class lists.

Other Local authority schools

- 4.29. Portsmouth City Council is responsible for the element 3 top-up funding of pupils with SEND placed in other local authority schools. For 2019-20 this budget has underspent by £126,300, the underspend was due to clarification regarding placement of a number of pupils that had moved to Post-16 Education and final clarification of the cost of placements.

Post 16 Funding

- 4.30. The 2019-20 Post 16 element 3 Top-up budget included funding for 119 pupils based on the 2018-19 academic year, this assumed the same level of stability of pupil numbers that were seen in both the 2017-18 and 2018-19 academic years. The 2019-20 academic year saw an increase of 57 pupils with SEND attending further education establishments in the City. The increased cost due to the number of pupils has been partially offset by the decrease in the average cost per pupil from a budgeted £8,495 to £7,651 per pupil, has led to an overall overspend of £270,500 on post 16 funding.

Out of City Placements

- 4.31. The budget for Out of City placements includes pupils based in independent and specialist settings and those placed by Child and Adolescent Mental Health Service (CAMHS). The total overspend on this budget is £403,200 analysed as:
- Independent and specialist provision - Overspend of £360,400
 - CAMHS - overspend of £42,800
- 4.32. Over the course of the final quarter all 2019-20 open orders, commitments, contributions from other services and the remaining 2018-19 accruals were reviewed in detail with the SEND team. These final adjustments are included in the outturn position.
- 4.33. At the end of the financial year there were 46 pupils (budget 36 pupils) placed in independent and specialist out of city settings at a total cost of £2,698,100. Whilst there was an increase of 10 pupils over the course of the year the average cost per pupil reduced from a budgeted cost of £64,900 to £58,700, due to a lower cost for a number of new placements.
- 4.34. There were 10 pupils (budget 7 pupils) placed in CAMHS settings over the course of the year. The combination of 3 additional pupils and an increased average cost of £6,400 from a budget of £3,900 (based on the previous year average), which lead to an overspend of £42,800.

SEN Support Services

- 4.35. £67,300 relating to permanent exclusion recharges was received in 2019-20 which helped to reduce the overspend on the high needs block to £694,800

Carry forward balance

- 4.36. The carry forward decreased in 2019-20 from £3.280m to £3.115m, representing the sum of all the variances in the overall DSG. As set out at previous meetings a number of decisions were made over the course of the financial year to utilise the 2018-19 carry forward to support the:
- Schools specific contingency (£141,800)
 - High needs block pressures (£22,200)
- 4.37. The underspends across the Schools, Early Years and Central Schools Services Blocks have helped to offset the overspend in the High Needs Block, thus reducing the requirement to use the carry forward to the extent previously reported.

4.38. The final balance brought forward from 2019-20, has placed the authority in a stronger position to manage any fluctuation in expenditure in 2020-21, particularly within the high needs block and the expected adjustments to early years funding.

5. Reasons for recommendations

It is recommended that Schools Forum note the contents of the report in respect of the financial outturn for 2019-20.

6. Equality impact assessment (EIA)

An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity. .

7. Legal implications

There are no legal implications arising directly from the recommendations within this report.

8. Finance comments

Finance comments have been included within the body of this report.

.....
Signed by: Chris Ward - Director of Finance and Resources and Section 151 Officer

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
School & Early Years Finance (England) Regulations	www.legislation.gov.uk
DSG Budget Estimates and Monitoring Records	Education Finance

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by: