

Title of meeting: Schools Forum

Date of meeting: 16 September 2020

Subject: Dedicated Schools Grant 2020-21 Quarter 1 budget monitoring and budget revision

Report by: Chris Ward, Director of Finance and Section 151 Officer

Wards affected: All

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 projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2020-21 as at the end of June 2020.

2. Recommendations

It is recommended that Schools Forum:

- 2.1. Notes the forecast year-end budget position for the Dedicated Schools Grant as at 30 June 2020, together with the associated explanations contained within this report.
- 2.2. Endorses the revisions to the 2020-21 budget as set out in Appendix and section 4.

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 2020-21, was approved by the Cabinet Member for Education and endorsed by Schools Forum in February 2020. This report provides Schools Forum with the latest forecast estimate of the year-end outturn as at 30 June 2020.
- 3.3. Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 June 2020.



Table 1 - Dedicated Schools Grant			
	Original (SF) Budget 2020-21 £000's	Projected outturn 2020-21 £000's	Projected over / (under) spend £000's
Income			
DSG Brought forward 2019-20	(3,115)	(3,115)	0
DSG and other specific grants	<u>(73,456)</u>	<u>(73,456)</u>	<u>0</u>
Total Income	(76,571)	(76,571)	0
Expenditure			
Primary ISB	27,302	27,302	0
Secondary ISB	12,543	12,543	0
Special school place funding	244	244	0
Inclusion Centre Place funding	374	374	0
Alternative provision place funding	<u>40</u>	<u>40</u>	<u>0</u>
Total Delegated	40,503	40,503	0
De-delegated and central budgets	2,401	2,117	(284)
Early Years	14,416	14,416	0
High Needs	16,278	16,334	56
Total Expenditure	73,598	73,370	(228)
Net forecast position	(2,973)	(3,201)	(228)
DSG Carried forward	2,973	3,201	228

Academy conversions / school closures

- 3.4. As at 30 June 2020 there have not been any academy conversions this financial year.

De-delegated and Central Budgets

- 3.5. The forecast position includes growth fund allocations that have been issued to all eligible schools and academies meeting the criteria for 2020-21 financial year. One maintained school and eleven academies received growth funding for the financial year 2020-21 and no further payments are expected. This will result in a £284,000 underspend compared to budget. As discussed at previous meetings a consultation is underway with maintained and academy schools to agree the carry forward of any Growth Fund balance to support the continuing payments in future years.

Early Years Block

- 3.6. At the end of the first quarter the Early Years block is forecast to be on budget. The impact of the Coronavirus lockdown on the early years

provision has provided a level of uncertainty for both the local authority and early years settings across the city. For the summer term, the authority has paid providers based on the forecast head count at the beginning of the summer term, this will be adjusted at the end of July and August for any actual pupils that may have attended over and above the initial estimate. Until this data is received it is not possible to forecast the outturn position of this budget effectively.

- 3.7. The Early Years Team have been working closely with providers over the lockdown period to support them in accessing the additional financial support provided by central government and where required providing specialist business support.
- 3.8. At the time of writing this report the authority has clarified with settings how payments for the autumn term will be made, recognising that not all pupils will return in the autumn and therefore funding in accordance with the guidance issued by the DfE. Following the receipt of mid-term actual pupil numbers, the authority will inform settings regarding the process for making payments in the spring 2021 term in line with any further guidance issued by the DfE.

High Needs Block

- 3.9. As at the end of June 2020 work is still underway to reconcile the final class lists at the end of the 2019-20 financial year which were delayed due to the coronavirus lockdown. This work is still in progress and is expected to be finalised by the end of the second quarter, along with the summer term class lists. Therefore the Element 3 Top up budgets forecast is based on the budget.
- 3.10. The authority has received class lists from The Harbour School alternative provision setting for the half term period to the end of May 2020. This class list is showing an additional three pupils attended the school during this period and the forecast has assumed that these pupils will continue for the full financial year. Thus showing an overspend of £25,000.
- 3.11. In addition, during the Spring Term, agreement was reached between the Education Department and The Harbour School in relation to the funding of near to school and short stay places for the summer term. These places are normally commissioned by schools who would pay the Element 3 top-up funding for these places. Due to the coronavirus lockdown schools have not been commissioning these places and whilst the guidance issued by the DfE suggested that schools should be charged for the top-up funding based on previous activity, due to the nature of these services it is not feasible to identify which school would have commissioned these places over the summer 2020 term. To ensure The Harbour School continues to receive Top-up funding as per the national guidance the DSG is covering this top-up funding at a cost of £31,000.

3.12. Forecasting an overall high needs block overspend of £56,000.

3.13. Table 4 below summarises the forecast outturn position for the remaining elements of the high needs block (excluding individual school budgets).

Table 4 - Other High Needs Budget	Original (SF) Budget 2020-21	Forecast Outturn as at 30-Jun-20	Forecast (under)/ overspend
	£	£	£
Element 3 Top up	11,299,900	11,355,900	56,000
Out of City providers	2,976,800	2,976,800	0
Permanent exclusion recharge	0	0	0
EYs Complex Needs Inclusion Fund	200,000	200,000	0
SEN support services	877,300	877,300	0
Medical Education	672,100	672,100	0
Outreach	191,900	191,900	0
Fair Access Protocol	60,000	60,000	0
Total Other High Needs Block	16,278,000	16,334,000	56,000

Grant funding

3.29 At the end of June 2020 there were no adjustments to the Dedicated School Grant funding received by the authority. However following the closure of the quarter end accounts the authority received an allocation adjustment in relation to the Early Years block and High Needs block. Further details on the impact of the adjustments are set out in Section 4 relating to the revised budget.

Carry forward balance

3.35 The authority carried forward a balance of £3.1m from the 2019-20 financial year, of the balance £0.1m was used to support the schools specific contingency for maintained schools as previously agreed with Schools Forum, leaving a balance of £3.0m.

3.36 As at the 30 June 2020 the forecast carry forward has increased to £3.2m which is the net impact of the overspend on the high needs block and the underspend on the Growth Fund.

4. Budget Revision 2020-21

- 4.1. Since setting the budget in February 2020 the academy conversion of the Harbour School has been postponed and subsequent to the end of June budget monitoring there have been a number of changes to both income and expenditure that have impacted on the DSG budget, relating to:
- Clarification of the number of pupils in the highly exceptional places at The Harbour School SEN provision.
 - Clarification of the location of a number of additional special school high needs places at Solent Academies Trust.
 - Confirmation of post-16 high needs places recouped from the authority's DSG.
 - An update to the DSG allocation in relation to the impact of the January 2020 census for the Early Years block and the import/export adjustment for the High needs block.

The Harbour School academy conversion

- 4.2. At the time of setting the budget it was expected that The Harbour School would have converted to academy status by the start of the 2020-21 financial year and that place funding would be recouped from the local authority and passed to the school direct by the DfE.
- 4.3. The school was due to convert on 1 April 2020, but following the national coronavirus lockdown just before the conversion and the lack of clear guidance from the DfE regarding the funding of alternative provision settings the authority, school and Delta Academy Trust took the decision to postpone the conversion until a time when the impact on the funding had been clarified.
- 4.4. Whilst the conversion date has yet to be finalised it is proposed to reinstate the Harbour places as part of the authority's DSG budget for both the Special School SEN places and the Alternative Provision places and reduce the recoupment of the DSG grant by the DfE by an equivalent amount. Thus providing a nil impact on the overall budget.

The Harbour School Highly Exceptional Element 3 Top-up funding

- 4.5. Following the approval of the 2020-21 original budget an error was identified with pupil numbers used to estimate the Highly Exceptional band funding for The Harbour School. The Element 3 Top-up budget has been adjusted to incorporate those additional pupils at a cost £294,200.

Additional Special school places at Solent Academies Trust (SAT)

- 4.6. The original budget contained an estimate for an additional number of Special School High Needs places required from September 2020. At the time of setting the budget discussions were still underway with Schools regarding the location of the places and the actual number of places required.

- 4.7. As reported in February, the Original budget included funding for an additional 20 places (prorate) from September 2020 and associated Element 3 Top-up (based on the Cliffdale band values) which had not been allocated to a specific school.
- 4.8. Following agreement with the Academy Trust the budget has been updated and the places allocated to the specific schools using the appropriate element 3 top-up rates, as set out in the table below.

Table 5 - Impact of Place change on Element 3 Top-up funding						
	Original Budget 2020-21		Revised Budget 2020-21		Variance between Revised & Original	
	Places	Element 3 top-up	Places	Element 3 top-up	Places	Element 3 top-up
		£		£		
Mary Rose	152	2,276,862	169	2,533,124	17	256,262
Cliffdale - Willows	18	210,395	18	210,395	0	0
Cliffdale	156	1,964,337	150	1,890,220	-6	-74,117
Total Cliffdale	174	2,174,732	168	2,100,615	-6	-74,117
Redwood Park	141	1,184,391	143	1,200,024	2	15,633
Additional Places	12 ¹	117,471	0	0	-12	-117,471
Total SAT	479	5,753,456	481	5,833,763	2	80,307
The Harbour	95	1,161,137	95	1,455,366	0	294,229
Total	574	6,914,593	576	7,289,129	2	374,536

- 4.9. The impact on this budget is a net increase of an additional two places from September 2020 at cost of £23,300 for the place funding and an increase in the associated element 3 top-up £80,307 as the majority of the additional places have gone to Mary Rose rather than Cliffdale.
- 4.10. The total cost of the additional places (paragraph 4.9) and the adjustments to the Harbour Highly Exceptional pupil numbers (£294,200) have created a potential High Needs block overspend of £397,800.

Post-16 High needs places recoupment

- 4.11. Following the agreement of additional places at Highbury and Portsmouth Colleges from September 2020 and confirmation that Portsmouth is no longer the Home Authority for an independent Post-16 provider, the level of funding recouped by the DfE for post-16 High Needs places has reduced by a net £52,000. The budget has been adjusted accordingly as set out in Appendix 1.

¹ Places are prorated if they start partway through the financial year, therefore for 20 additional places for the period September 2020 to March 2021, the total is divided by 12 and multiplied by 7 months to calculate the cost.

July 2020 DSG Allocation

4.12. In July 2020 the authority received an adjustment to the DSG Allocation which is summarised in the table below.

Table 6 DSG Funding Blocks	March 2020 allocation (excluding academies)	July 2020 allocation (excluding academies)	Revised DSG allocation (excluding academies)
	£,000	£,000	£,000
Schools Block	41,248	41,248	0
Central School Services Block	856	856	0
Early Years Block	14,416	14,110	(305)
High Needs Block	18,988	18,940	(48)
Total DSG	75,508	75,155	(353)

4.13. The movement in the Early Years block relates to the annual adjustment to pupil numbers in relation to the January 2020 census. The original allocation received from the DfE was based on the January 2019 census, following the receipt of the January 2020 census the DfE adjusts the DSG allocation in July to reflect the change in pupil numbers between the two census dates. Additionally it also adjusted the 2019-20 DSG allocation for the period September 2019 to March 2020.

4.14. This year the authority has seen a reduction in pupils between January 2019 and January 2020. The impact on the 2020-21 DSG funding is as set out in Table 7. In addition to the funding reduction it is proposed the related Early Years budgets are adjusted in line with the funding as set out in Appendix 1.

Table 7 - 2020-21 - funding adjustment for period April 2020 to March 2021	Actual		
	Initial 2020-21 Allocation (Mar 20)	2020-21 funding (July 20)	Actual variation
	£	£	£
2 year olds	2,039,300	1,809,800	-229,500
3 & 4 year olds universal hours	8,649,600	8,565,900	-83,600
3 & 4 year olds additional hours	3,533,100	3,528,600	-4,500
Total Place funding	14,222,000	13,904,300	-317,600
Disability Access Fund	65,100	65,800	0
Early Years pupil premium	127,800	140,100	12,300
Total Early years estimated adjustment	14,414,900	14,110,200	-305,300

4.15. For 2019-20 the authority has seen a reduction in funding of £175,300. As this relates to the previous financial year it is proposed that the 2019-20 carry forward is used to fund the reduction in grant.

4.16. The reduction in High Needs block funding is the net impact of the import/export adjustment. The authority has challenged the import/export

adjustment as there were a number of pupil movements that did not match the authority's understanding. Should the DfE agree with the data changes then the high needs block allocation could be adjusted by an additional £90,000, this has not been included in the revised budget due to the level of uncertainty regarding the DfE response to the challenge.

4.17. Overall the combined changes set out in section 4 above have provided a nett increase to the High Needs block budget of £376,300. It is proposed that these additional costs are covered from the use of the 2019-20 brought forward balance.

5. Reasons for recommendations

5.1. It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast outturn for 2020-21 as at the end of the first quarter and endorses the amendments to the budget for 2020-21 for the reasons set out in section 4.

6. Equality impact assessment

6.1. 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

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

8. Director of Finance's comments

8.1. Financial comments are contained within the body of the report

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Signed by:

Appendices:

Appendix 1: Dedicated Schools Grant revised Budget 2020-21

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

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the children and Education Finance Team. Please contact Angela Mann, Finance Manager, if required.

Title of document	Location

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

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Signed by:

Appendix 1 - Dedicated Schools Grant Revised Budget 2020-21

	2020-21 Original Budget (SF) (Inc. Academies)	2020-21 Proposed Budget Revisions	2020-21 Revised Budget July 2020 (Inc. Academies)	2020-21 Revised Budget July 2020 (Ex. Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets (ISB)				
Primary	68,019	0	68,019	27,302
Secondary	54,634	0	54,634	12,543
Total ISB	122,653	0	122,653	39,845
De-Delegated and Central Budgets				
Growth Fund	1,403	0	1,403	1,403
De-delegated Budgets	0	142	142	142
Academy Conversions	0	0	0	0
Other Schools Block Sub Total	1,403	142	1,545	1,545
Total Schools Block	124,056	142	124,198	41,390
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	333	0	333	333
Licences (negotiated by DfE)	124	0	124	124
ESG retained duties	384	0	384	384
Central School Services Block Total	856	0	856	856
Early Years Block				
3 & 4 Year Old Provision ¹	11,829	(73)	11,756	11,756
2 Year Old Provision	1,943	(219)	1,724	1,724
Central Expenditure on under 5's	643	(13)	630	630
Early Years Block Total	14,416	(305)	14,110	14,110
High Needs Block				
Individual Schools Budgets				
Special School Place Funding	5,735	23	5,759	1,218
Resource Unit Place Funding	598	0	598	374
Alternative Provision Place Funding	1,210	0	1,210	1,090
Total ISB	7,543	23	7,567	2,682
Element 3 Top-up funding	11,300	357	11,657	11,657
Out of City Placements	2,977	0	2,977	2,977
SEN Support Service	877	0	877	877
Medical Education	672	0	672	672
Outreach Services	192	0	192	192
Fair Access Protocol	60	0	60	60
Early Years Complex Needs Inclusion fund	200	0	200	200
Post-16 high needs places	704	(52)	652	0
Other High Needs block sub total	16,982	305	17,287	16,635
Total High Needs block	24,525	328	24,854	19,317
Total Expenditure	163,853	165	164,018	75,673



	2020-21 Original Budget (SF) (Inc. Academies)	2020-21 Proposed Budget Revisions	2020-21 Revised Budget July 2020 (Inc. Academies)	2020-21 Revised Budget July 2020 (Ex. Academies)
Income				
Schools Block	(124,056)	(0)	(124,056)	(41,248)
Central Schools Services Block	(856)	(0)	(856)	(856)
Early Years Block	(14,416)	305	(14,110)	(14,110)
High Needs Block	(24,525)	48	(24,477)	(18,940)
DSG Income ^{2,3}	(163,853)	353	(163,500)	(75,155)
One-off use of Carry Forward	0	(518)	(518)	(518)
Total Income	(163,853)	(165)	(164,018)	(75,673)

¹Includes early years pupil premium

²2020-21 per ESFA allocations July 2020

³ Includes reimbursement of Growth funding for Academy schools