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Title of meeting:	Schools Forum
Subject:	Dedicated Schools Grant 2020-21 Quarter 2 Budget Monitoring
Date of meeting:	2 December 2020
Report by:	Chris Ward, Director of Finance and Section 151 Officer
Wards affected:	All

1. Requested by

Schools Forum.

2. Purpose

2.1 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 September 2020.

3. Recommendations

It is recommended that Schools Forum:

3.1 Notes the forecast year-end budget position for the Dedicated Schools Grant as at 30 September 2020, together with the associated explanations contained within this report.

4. Background

4.1 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.

4.2 The original DSG budget for the financial year 2020-21, was set in February 2020, with subsequent revisions endorsed by Schools Forum in September 2020 and approved by the Cabinet Member for Children, Families and Education in October 2020. Whilst the revisions were approved after the end of the second quarter they have been included in this report for completeness and to provide Schools Forum with the latest forecast estimate of the year-end outturn as at 30 September 2020.

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4.3 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 September 2020.

Table 1 - Dedicated Schools Grant				
	Original budget 2020-21 £000's	Revised 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)	(3,115)	0
DSG and other specific grants	<u>(73,456)</u>	<u>(75,155)</u>	<u>(75,155)</u>	<u>0</u>
Total Income	(76,571)	(78,269)	(78,269)	0
Expenditure				
Primary ISB	27,302	27,302	27,302	0
Secondary ISB	12,543	12,543	12,543	0
Special school place funding	244	1,218	1,218	0
Inclusion Centre Place funding	374	374	374	0
Alternative provision place funding	<u>40</u>	<u>1,090</u>	<u>1,090</u>	<u>0</u>
Total Delegated	40,503	42,526	42,526	0
De-delegated and central budgets	2,401	2,401	2,117	(284)
Early Years	14,416	14,110	13,587	(524)
High Needs	16,278	16,635	15,974	(661)
Total Expenditure	73,598	75,673	74,204	(1,469)
Net forecast position	(2,973)	(2,597)	(4,065)	(1,469)
DSG Carried forward	2,973	2,597	4,065	1,469

Academy conversions / school closures

4.4 As at 30 September 2020 there have not been any academy conversions this financial year.

4.5 Wimborne Infant School and Wimborne Junior School closed on 31 August 2020 following their amalgamation to form Wimborne Primary School on 1 September 2020. The closing balances for the Infant and Junior Schools are being calculated and will be brought to a future Schools Forum and Cabinet Member for approval to pass the balances to the primary school via the Schools Specific Contingency.

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4.6 For completeness it should be noted that Isambard Brunel Junior and Meredith Infant School amalgamated on 1 September 2020 to form New Horizons Primary School. As all three schools are part of the Thinking Schools Academy Trust the calculation of the balances will not impact on the DSG in 2020-21.

De-delegated and Central Budgets

4.7 As reported in Quarter 1, 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. This will result in a planned £284,000 underspend compared to budget. A consultation has been undertaken with maintained and academy schools to agree the carry forward of any Growth Fund balance to support the continuing payments in future years, the results are reported in the School Funding Arrangements 2021-22 report on the agenda.

Early Years Block

4.8 Table 2 below sets out the forecast position as at the end of September 2020.

Table 2 Early Years Block Forecast two three and four year old place funding			
	Total 2020-21		
	Budget 2020-21	Forecast	Variance (Under)/ Over
	£	£	£
Two year old hours	1,681,700	1,841,300	159,600
Two year old contingency growth fund	42,700	42,700	0
Three & four year old universal hours	7,973,300	8,001,900	28,600
Three & four year old additional hours	3,284,500	2,569,500	(715,000)
Three & four year old contingency growth fund	177,500	177,500	0
Total	13,159,700	12,632,900	(526,800)

4.9 As stated previously the impact of the Coronavirus lockdown on the early year's 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 hours at the beginning of the summer term, this was adjusted in July and August for any actual pupils that may have attended over and above the initial forecast hours. For the autumn 2020 term the authority has paid settings the indicative budget based on the actual hours paid in autumn 2019.

4.10 As with the summer term the authority will be paying settings for any additional hours over and above the indicative budget, based on requests from providers at the October half term. Therefore the forecast includes actual expenditure to the end of

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September, autumn 2020 term payments for additional and spring 2021 term indicative budgets.

- 4.11 The Early Years Team continues to work closely with providers over this challenging period and where required, providing specialist business support. This includes a proposal to pay providers a support grant from the in-year underspend, which recognises the impact of Covid-19 on the financial sustainability of the sector. The details of the proposal are set out in a separate report to the Cabinet Member and Schools Forum. This would still allow enough funding to cover commitments even if numbers change during the Spring Term.
- 4.12 At the time of writing this report the authority has clarified with settings how payments for the spring term will be made, funding in accordance with the guidance issued by the DfE in July 2020. Should further guidance be issued by the DfE over the autumn term which changes the method of funding for the spring 2021 term then providers will be updated accordingly.
- 4.13 Table 4 sets out the forecast position on the other areas of expenditure relating to the early years block. This shows a small overspend on the Early Years pupil premium for three and four year olds due to increased numbers of eligible pupils.

Table 3 Early Years Block Forecast Other Expenditure			
	Total 2020-21		Variance (Under)/ Over
	Budget 2020-21	Forecast	
	£	£	
Disability Access Fund	65,800	65,800	0
Inclusion Fund (2,3 and 4 year olds)	114,600	114,600	0
Central services	630,000	630,000	0
Three & four year olds Pupil Premium	140,100	143,400	3,300
Total	950,500	953,800	3,300

High Needs Block

- 4.14 As at the end of September 2020, the authority has received, reconciled and paid all class list for Specials Schools Inclusion Centres and Alternative Provision (AP) settings for the summer term. Element 3 top-up has been paid where the authority where the pupil is on roll at the school, irrespective of whether the pupil was able to attend the school during the lock down period. The forecast position therefore includes all payments made for the summer term and a forecast for the rest of the year based on projected pupil numbers for the rest of the financial year.

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4.15 Place funding for individual school budgets remains on budget following the approval of the revised budget in October 2020.

4.16 Overall the High Needs Block is forecasting an underspend of £661,200.

4.17 Table 5 below summarises the forecast outturn position for the remaining elements of the high needs block (excluding individual school budgets).

Table 5 High Needs Budget			
	Total 2020-21		
	2020-21 Revised Budget	Forecast Outturn as at 30-Sep-20	Variance (Under)/ Over
	£	£	£
Element 3 Top up	11,656,900	11,241,300	(415,600)
Out of City providers	2,976,800	2,741,600	(235,200)
Permanent exclusion recharge	0	(70,400)	(70,400)
Early Years Complex Needs Inclusion Fund	200,000	260,000	60,000
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 High Needs Block	16,635,000	15,973,800	(661,200)

4.18 As at the end of September 2020 the forecast position reflects a decrease in the number of pupils in receipt of Element 3 Top-up over the course of the summer and early part of the autumn term. It is currently not clear if the forecast underspend is as a result of the national lockdown and a reduction in the numbers of requests for Education Health and Care Plans (EHCP) or an overall reduction in the level of need across the city. Following lock down in March 2020 there was an initial flurry of activity to complete any EHCPs in progress at that time, but requests in the number of new EHCP requests reduced during the latter part of the summer term.

4.19 It is not known if the impact of the lockdown will create an increase in the number of new EHCP requests over the course of the autumn and spring terms that could lead to higher numbers of pupils and associated costs.

4.20 This area will continue to be monitored closely over the remainder of 2020-21. However if the number of EHCP requests do increase, the timescale for agreeing an EHCP means that it is more likely to impact on the High Needs Block budgets in 2021-22 financial year. .

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Element 3 Top-up funding

4.21 Table 6 below breaks down the forecast overspend position for the Element 3 Top up funding as at the end of September 2020.

Table 6 - Element 3 Top-up			
	Total 2020-21		
	2020-21 Revised Budget	Forecast Outturn as at 30-Sep-20	Variance (Under)/ Over
	£	£	£
EHCP Mainstream	2,408,100	2,159,500	(248,600)
Element 3 Top Up Special Schools	7,289,100	7,109,500	(179,600)
Element 3 Top Up - Inclusion Centres	263,100	251,000	(12,100)
Element 3 Top Up - AP	242,300	267,000	24,700
Post 16 Special Educational Needs	1,024,400	1,024,400	0
Element 3 Top Up - OLA School	429,900	429,900	0
Total Element 3 Top-up	11,656,900	11,241,300	(415,600)

4.22 The September 2020 in-take of Post 16 pupils will not be agreed and finalised with Colleges until after October 2020, when pupil destinations are confirmed. Therefore the forecast position will be updated in the third quarter following receipt of the final data.

4.23 The Special School underspend (£179,600) is the net reduction due to 38 pupils placed in Portsmouth Special Schools by other local authorities for which Portsmouth is not responsible for paying the Element 3 Top-up which offsets an increase in the Element 3 Top-up paid for Portsmouth pupils, reflecting higher level of need than budgeted for.

4.24 The Inclusion Centre underspend relates to an overall reduction on the number of pupils on roll at the Inclusion Centres over the summer term.

4.25 The forecast overspend relating to alternative provision settings has reduced from the previous quarter due to a reduction in the number of pupils in the second half of the summer term.

Out of City Providers

4.26 The table below sets out the position regarding the current forecast underspend on the Out of City providers. As at the end of September the number of pupils in Independent and Specialist providers is lower than budgeted particularly with regards to the Child and Adolescent Mental Health Services (CAMHS). As set out in

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paragraph 4.18 it is not clear if the reduced numbers are related to the national lockdown and a decrease in the number of pupils that have moved or been placed in specialist settings. This area will continue to be monitored closely.

Table 7 - Out of City Placements						
	Budget		Forecast position		Variance	
	£	Pupils	£	Pupils	£	Pupils
Independent & Specialist providers	2,915,600	50	2,707,600	41	(208,000)	(9)
CAMHS	61,200	11	34,000	5	(27,200)	(6)
Total	2,976,800	61	2,741,600	46	(235,200)	(15)

Permanent Exclusion Recharge

4.27 The credit of £70,400 represents the proportion of permanent exclusion income from schools where pupils have been placed in an alternative provision setting for a period of time before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.

Early Years Complex Needs Inclusion Fund

4.28 The overspend reflects the increase in the number of pupils with complex needs receiving additional support in mainstream early years settings. As at the end of the quarter the funding has been provided for 54 pupils over the financial year at an average cost of £4,044 per pupil, the forecast includes a potential increase of a further 10 pupils over the remainder of the financial year.

Grant funding

4.29 The authority received an allocation adjustment in relation to the Early Years Block and High Needs Block in July 2020. An explanation of the adjustments were taken to Schools Forum and Cabinet Member in September and October 2020 respectively and the budget revised accordingly. These changes have been incorporated in to the Quarter 2 monitoring as set out in Table 1 of this report.

Carry forward balance

4.30 As at the 30 September 2020 the forecast carry forward has increased to £4.6m a net increase of £1.4m on Quarter 1, which is the net impact of the underspend on the Growth Fund, High Needs Block and Early Years Block.

4.31 There are a number of potential calls on the carry forward which won't be known until later in the financial year, for example following the outcome of the consultation with

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Schools regarding the carry forward of the Growth Fund. The Table below sets out the forecast year end carry forward, should the potential adjustments materialise.

Table 8 - Estimated 2020-21 Carry forward		
	£m	£m
Forecast carry forward as at 30 September 2020		4.065
Potential impact of future decisions on 2021-22 brought forward		
Schools specific contingency	(0.142)	
Early Years provider Covid-19 grant payment	(0.300)	
Carry forward of Growth Fund balance	(0.284)	(0.726)
Estimated available DSG carry forward		3,339

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 second quarter.

Signed by (Director)

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:

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