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(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting:	Schools Forum
Subject:	Dedicated Schools Grant Out-turn 2020-21
Date of meeting:	7 July 2021
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 year end outturn position of the Dedicated Schools Grant (DSG) as at the end of March 2021.

3 Recommendations

It is recommended that Schools Forum:

3.1 Notes the year end budget position for the Dedicated Schools Grant as at 31 March 2021, 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 and approved by the Cabinet Member for Children, Families and Education in September and October 2020. This report provides Schools Forum with the year end outturn position as at 31 March 2021.

5 Dedicated Schools Grant

5.1 Table 1 below sets out the DSG final outturn position as at 31 March 2021.

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Budget Headings	Original budget 2020-21 £000's	Revised Budget 2020-21 £000's	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>(74,655)</u>	<u>(74,581)</u>	73
Total Income	(76,571)	(77,769)	(77,696)	73
Expenditure				
Primary ISB	27,302	27,302	27,302	0
Secondary ISB	12,543	12,543	12,543	0
Special school place funding	244	980	885	(95)
Inclusion Centre Place funding	374	374	333	(41)
Alternative provision place funding	<u>40</u>	<u>828</u>	<u>828</u>	<u>0</u>
Total Delegated	40,503	42,026	41,890	(136)
De-delegated and central budgets	2,401	2,401	2,426	24
Early Years	14,416	14,110	13,423	(687)
High Needs	16,278	16,635	14,459	(2,176)
Total Expenditure	73,598	75,173	72,198	(2,975)
Net Outturn position	(2,973)	(2,597)	(5,498)	(2,901)
DSG Carried forward	2,973	2,597	5,498	2,901

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

- 5.2 The final 2020-21 DSG income was £74.58m, £73,000 lower than the revised budget, this relates to the net impact of the increase in funding due to the High Needs block import/export adjustment (£102,000) and the reduction in the Early Years Block relating to 2019-20 (£175,000).
- 5.3 The overall expenditure was less than budgeted, resulting in an underspend of £3.0m, giving an overall net underspend of £2.9m. The breakdown of the expenditure is set out in the report below.

6 DSG Devolved Individual School Budgets

- 6.1 As previously reported, additional special school places were commissioned locally at the beginning of the financial year to start in September 2020. At the end of the

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financial year not all of these places were utilised providing a net 9.7 reduction in the number of places used compared to budget, providing an underspend of £95,000.

- 6.2 The Inclusion Centre budget included nine new places from September 2020, at the end of the financial year five full time equivalent places had been used providing an underspend of £41,000.

De-delegated budgets, growth fund and centrally retained

- 6.3 Following the amalgamation of Wimborne Infant and Wimborne Junior schools to form Wimborne Primary, the Schools Specific contingency had to be utilised to transfer the closing balances of £538,000 from the Infant and Junior school to the Primary school. It should be noted that the final surplus balances from the former schools are returned to the the DSGand form part of the carry forward to 2021/22, thus offsetting the overspend.
- 6.4 The schools specific contingency budget of £142,000 was not spent in 2020/21 and forms an underspend to be carried forward to the next financial year.
- 6.5 As previously reported the Growth Fund includes a planned underspend of £368,000, in December 2020 Schools Forum approved the carry forward of the 2020-21 underspend to 2021-22 to cover the costs of Growth Fund commitments in 2021-22 and future financial years.
- 6.6 The combination of the transfer of the amalgamating schools balances and theunderspend on the Growth Fund provided a net overspend of £28,000.

7 Early Years

- 7.1 The net underspend of £688,000 on the Early Years budgets relates to a reduction in the number of funded hours paid to settings across the financial year.
- 7.2 The Early Years team worked with the sector across the financial year to ensure that where settings were delivering funded hours for eligible two, three and four years they were receiving the appropriate funding. In some cases settings weren't able to deliver these hours due to the Covid-19 restrictions and in these cases settings were paid their indicative budget which was the equivalent funding for the number of hours they provided for the relevant term in the 2019-20 financial year.
- 7.3 In addition to the funded hours, Schools Forum endorsed and Cabinet Member approved additional grants to all settings to support and maintain sufficiency over this period. This provided total funding of £555,000.

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7.4 As stated in previous reports, the Early Years' population is falling across the city and the DSG is adjusted annually to reflect the pupil numbers as at the January census. In July 2020 the DSG was adjusted to reflect a reduction in pupils eligible for funded Early Years provision and it is expected that the number of pupils would continue to fall in January 2021 in line with the birth rate. Due to the pandemic it is not possible to establish if the underspend is related to a falling Early Years population or a reduction in the number of pupils related to the national lockdowns.

7.5 The Early Years funding the authority receives is expected to be adjusted in 2021-22, but due to changes in the data collection methodology it is not possible to estimate the impact. The carry forward from 2020-21 will support any reduction in the 2021-22 funding.

8 High Needs Block

8.1 The pandemic has had a considerable impact on the high needs budgets with actual pupil numbers being lower than budgeted, leading to an overall underspend of 2.3m (including the individual school budgets mentioned above). The impact of the lockdowns will become more apparent during 2021/22. The table below sets out the underspends on the high needs budgets (excluding the individual school budgets), with further explanation set out in the paragraphs below.

Table 3 - High needs budget 2020-21			
	Budget	Actuals	Variance
	£'000	£'000	£'000
Element 3 Top- up	11,657	10,228	(1,429)
Out of City Placements	2,977	2,458	(519)
SEN support services	2,001	1,773	(228)
Total	16,635	14,530	(2,176)

Element 3 Top-up

Pupils with SEND in Mainstream Schools

8.2 As previously reported the number of pupils with EHCP in mainstream schools was lower than budgeted at 583 (budget 606 pupils) and a lower average cost per pupil of £3,303 (budget £3,974). Leading to a total underspend of £446,000.

Special Schools

8.3 The final outturn position was an underspend of £413,000. This relates to the net impact of 38 pupils placed by other local authorities in these schools, for which Portsmouth is not responsible for paying the Element 3 Top-up funding.

Other Local Authority Schools

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8.4 This budget provides element 3 Top-up for Portsmouth pupils placed in other local authority schools. The budget contained funding for 87 pupils at an average cost of £4,941 per pupil. The actual number of pupils were 72 at an average cost of £4,430, providing an underspend of £111,000.

Post 16 funding

8.5 The budget included funding for 142 pupils at an average cost of £7,224 per pupil, but there were slightly less pupils (133) and the courses they took had a lower average cost of £4,724 per pupil, providing an underspend of £398,000.

Out of City Placements

8.6 At the end of the financial year there were 58 pupils (budget 61 pupils) placed in independent and specialist out of city settings at an average cost of £42,400 compared to a budgeted average cost of £48,800.

SEND Support services

8.7 The £228,000 underspend relates to the permanent exclusion recharges and the repayment of part of the SEND Hub funding due to the late recruitment of posts due to the pandemic.

9 Carry forward balance

9.1 As at the 31 March 2021, the carry forward balance is £5.5m, a net increase of £2.4m from 2019-20 financial year. As previously endorsed by Schools Forum and approved by Cabinet Member, the brought forward balance will be used to provide funding for the schools specific contingency (£141,800) and to support the Growth Fund (£368,000). Leaving a balance of £5.0m

9.2 Due to the lag in DSG funding, the carry forward balance will be required to fund the place and Element 3 Top-up for The Wymering Special School. This expected to be in the region of £1.0m.

9.3 The remaining balance will support any reduction in DSG funding in the Early Years and High Needs blocks. Due to the changes in the method of recording pupil numbers within the Early Years Block and the lower than expected high needs pupils in 2020-21, it is not possible to estimate the impact on the adjustments to the DSG allocations in the 2021-22 financial year. Additionally it will also provide support to any increased costs due to additional EHCP budgetary pressures that may materialise due to the long term impact of the pandemic.

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10 Reasons for recommendations

10.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial outturn for 2020-21 as at the end of the March 2021.

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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
School & early Years Finance (England) Regulations 2020	The School and Early Years Finance (England) Regulations 2020
DSG Budget estimates and Monitoring Records	Children, Families and Education Finance