



Title of meeting: Schools Forum

Date of meeting: 6 October 2021

Subject: Dedicated Schools Grant 2021-22 Quarter 1 Budget
Monitoring and Revised Budget

Report by: Chris Ward Director of Finance

Wards affected: All

Key decision: Yes/No

Full Council decision: Yes/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 2021-22 as at the end of June 2021, along with proposed budget revisions.

2 Recommendations

2.1 It is recommended that Schools Forum:

2.1.1 Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 June 2021, together with the associated explanations contained within this report.

2.1.2 Endorse the delegation to the Section 151 Officer or their delegated representative, the responsibility to adjust the Early Years block budget in line with the DSG allocation adjustments in November 2021 and January 2022.

2.1.3 Endorse the revisions to the 2021-22 budget as set out in Appendix 1 and section 8.

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 In February 2021, the Cabinet Member for Children, Families and Education approved, and Schools Forum endorsed, the Original DSG budget for the 2021-22 financial year. There have been subsequent revisions in line with Schools Forum endorsement and Cabinet Member approval in relation to academy conversions and the carry forward of the 2020-21 balance on the Growth Fund for the use in the 2021-22 Growth Fund¹. This report provides Schools Forum with the latest forecast estimate of the year-end outturn as at 30 June 2021 as set out in the Table below.

Table 1 - Dedicated Schools Grant			
	Original (SF) Budget 2021-22 £000's	Projected outturn 2021-22 £000's	Projected over / (under) spend £000's
Income			
DSG Brought forward 2020-21	(5,498)	(5,498)	0
DSG and other specific grants	<u>(77,486)</u>	<u>(77,486)</u>	<u>0</u>
Total Income	(82,984)	(82,984)	0
Expenditure			
Schools block			
Primary ISB	27,554	27,554	0
Secondary ISB	13,699	13,699	0
De-delegated and growth fund	<u>1,660</u>	<u>1,660</u>	<u>0</u>
Total Schools block	42,912	42,912	0
Central School Service	760	760	0
Early Years block			
Nursery ISB	11,587	11,587	0
Other Early Years	2,702	2,702	0
High Needs block			
High Needs ISB	967	967	0
Other High Needs cost	19,068	18,343	(725)
Total Expenditure	77,996	77,271	(725)
DSG Carried forward	4,988	5,713	725

3.3 Overall, the budget is forecast to underspend by £725,000, the details of which are set out in the sections below.

¹ Schools Forum 6 December 2020 and Cabinet Member for Children, Families and Education 16 December 2020.



4 Academy Conversions

- 4.1 As at the 30 June 2021, there has been one academy conversion. Corpus Christie Catholic Primary School converted to academy on 1 April 2021. The budget includes the associated adjustments to the Primary ISB and the DSG allocation.

5 Early Years Block

- 5.1 At the end of the first quarter, the Early Years Block is forecast to be on budget. As in previous years, the Authority will not receive the confirmed pupil numbers until the end of the summer term, following the receipt of this data an updated expenditure forecast will be provided as part of the quarter two monitoring.
- 5.2 Unlike previous years' the Authority will not know the adjustments to the Early Years Block funding until late autumn 2021. This follows a change to the process and timetable by the Department for Education due to the national lockdowns. Therefore, there will be a greater level of uncertainty regarding the Early Years forecasts for the 2021-22 financial year.

6 High Needs Block

- 6.1 As per previous years', the deadline for the class lists for Special Schools, Inclusion Centres and Alternative Provision settings was after the end of the quarter. These budgets are therefore forecast on budget.
- 6.2 Additionally, the final costs for September placements across the high needs budgets have yet to be finalised, which provides some uncertainty in the forecast position, therefore the forecast could change as the year progresses.
- 6.3 As at 30 June 2021 the high needs block is forecast to underspend by £725,000 due to Mainstream Schools Education Health and Care Plans (EHCP) and Out of City Placements budgets.

Mainstream schools EHCP

- 6.4 When setting the 2021-22 budget, pupil numbers at the start of April 2021 were expected to grow throughout the year in line with the percentage growth in 2020-21. Actual pupil numbers at the end of June 2021 were 549, a reduction of 74 pupils to budget. This has led to a forecast underspend of £427,500.
- 6.5 The national lockdowns in 2020-21 may have affected the budgeted forecast growth in the first quarter. Children's Families and Education Finance Team are working with the Service to get a better understanding of the underlying data, which may lead to an increase in the projected expenditure.



Out of City Placements

- 6.6 As at the end of the first quarter the Out of City budget is forecasting an underspend of £297,300. The total budget consists of placements in Independent and Specialist providers and those at Child and Adolescent Mental Health Service (CAMHS).
- 6.7 The table below provides a breakdown of the forecast position. It should be noted that there are a number of new placements within the forecast (based on average cost) where the funding has not been finalised, therefore the forecast position may change as the placements are finalised.

Table 2 - Out of City Placements						
	Budget		Forecast position		Variance	
	£'000	Pupils	£'000	Pupils	£'000	Pupils
Independent & Specialist providers	2,992	47	2,692	40	(300)	(7)
CAMHS	43	7	45	2	2	(5)
Total	3,035	54	2,737	42	(297)	(12)

7 DSG Grant funding and carry forward balances

- 7.1 Following the end of the first quarter, the Authority is expecting to receive an adjustment to the 2021-22 DSG allocation in July 2021, which are included in Section 8.
- 7.2 As at the end of June 2021, the carry forward balance is projected to be £5.7m, but there are a lot of changes that could happen in September due to the new term. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

Table 3 - forecast carry forward balance	
	£,000
Brought forward balance as at 1 April 2021	5, 498
Schools specific contingency	(141)
Growth fund	(369)
Carry forward balance	4,988
Projected 2021/22 underspend as at 30 June 2021	725
Potential reduction in Early Years Block funding ²	(2,133)
Forecast carry forward	3,580
Future commitments 2022-23	
Wymering places and Element 3 Top-up September 2022 (7 months)	(943)
Growth Fund budgeted carry forward to 2022-23	(221)
Turnaround project	(42)
Full year effect of revised budget high needs place changes	(688)
Uncommitted DSG carry forward	1,686

- 7.3 In July the Authority normally receives an adjustment to the Early Years Block to reflect the pupil numbers in the previous January census. Due to the impact on Covid-19 on the census data, in particular the national lockdown in the spring term, there are changes to the calculation and timing of the funding adjustments in the financial year 2021-22.
- 7.4 As the DfE will now use data from four census and make allocation adjustments in November 2021 and January 2022, this provides a measure of uncertainty on the funding the Authority will receive for the Early Years block in 2021-22. As a minimum, the Authority will receive funding based on 85% of the January 2020 census data that could reduce the Early Years block funding by £2.1m.
- 7.5 Due to the timing of the Early Years Block allocation adjustments and the formal meeting cycle it will not be possible to bring the required budget adjustments to Schools Forum and Cabinet Member for endorsement and approval before February 2022. It is therefore proposed that the Section 151 Officer or their representative is given delegated responsibility to adjust the budget in line with the Early Years Block allocation adjustments in November 2021 and January 2022.

8 Budget Revision 2021-22

- 8.1 In July 2021, the Authority received an adjustment to the DSG Allocation, which is summarised in the table below.

² Reflects 85% of the January 2020 pupil numbers as advised by the DfE as the funding authorities will receive if their pupil numbers are lower than the January 2020 census.



Table 4 DSG Funding Blocks	March 2021 allocation (excluding academies)	July 2021 allocation (excluding academies)	Revised DSG allocation (excluding academies)
	£,000	£,000	£,000
Schools Block	43,658	42,357	(1,300)
Central School Services Block	964	964	0
Early Years Block	14,289	14,289	0
High Needs Block	20,022	20,187	165
Total DSG	78,933	77,797	1,135

8.2 The movement in the School's Block relates to the academy conversion of Corpus Christie Catholic Primary school and the budget has been adjusted under delegated powers. The High Needs Block variance relates to the net impact of the import/export adjustment providing an increase in funding of £165,000, the equivalent of 27.5 pupils.

8.3 Since setting the budget in February 2021, the places required from September 2021 at a number of High Needs settings have been adjusted. The proposed budget revisions are set out in Appendix 1, relate to changes from September 2021, and are set out below:

- Clarification of the number of places (8) and associated Element 3 top-up funding relating to a new Inclusion Centre at Penhale Infant School,
- Increase in the number of places at Devonshire Inclusion Centre (from 8 to 9)
- Increase of 8 places and associated Element 3 Top-up at the Harbour School split equally between the SEND and Alternative Provision places
- Confirmation of the Element 3 Top-up funding for the Pre Wymering class at The Harbour School.
- Increase in the number of locally agreed places at Redwood Park Academy from September 2021.
- Decrease in the number of locally agreed places at Cliffdale Primary Academy and Mary Rose Academy from September 2021.

8.4 The revised budget has been changed to reflect the agreed project funding from September 2021 of the new 'Turnaround' project.

8.5 Additionally, the Early Years Complex Needs inclusion budget is seeing pressures as at the end of the summer term with pupil numbers already meeting the full year budgeted number of 98. July forecasting has indicated that this budget will overspend should the level of growth continue through the autumn and spring terms. It is proposed to increase the funding to support a further 26 pupils (net growth) at a cost of £74,600.

9 Reasons for recommendations

9.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast for 2021-22 as at the end of the first quarter, endorses

the proposed budget delegation as set out in paragraph 7.4 and endorses the amendments to the budget for 2021-22 for the reasons set out in section 8.

10 Integrated impact assessment

10.1 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.

11 Legal implications

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

12 Director of Finance's comments

12.1 Financial comments and implications are included in the body of this report.

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Signed by: Chris Ward, Director of Finance and Resources

Appendices:

Appendix 1: Dedicated Schools Grant Revised Budget 2021-22

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 and Early Years Finance (England) Regulations 2021	The School and Early Years Finance (England) Regulations 2021

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

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Signed by:

Appendix 1

	Approved 2021-22 Budget - Feb 2021 (including Academies)	Proposed Budget Revisions	2021-22 Schools Budget July 2021 (Including Academies)	2021-22 Schools Budget July 2021 (Excluding Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets (ISB)				
Primary	72,120	(4)	72,115	27,554
Secondary	60,160	0	60,160	13,699
Total ISB	132,280	(4)	132,276	41,252
De-Delegated and Central Budgets				
Growth Fund	1,249	220	1,469	1,469
De-delegated Budgets	142	0	142	142
Academy Conversions	0	4	4	(7)
Other Schools Block Sub Total	1,390	224	1,615	1,603
Total Schools Block	133,670	220	133,890	42,856
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	333	0	333	333
Licences (negotiated by DfE)	154	0	154	154
ESG retained duties	411	0	411	411
Central Teachers Pay /pensions grant	49	0	49	49
Central School Services Block Total	964	0	964	964
Early Years Block				
3 & 4 Year Old Provision ¹	11,909	0	11,909	11,909
2 Year Old Provision	1,751	0	1,751	1,751
Central Expenditure on under 5's	630	0	630	630
Early Years Block Total	14,289	0	14,289	14,289
High Needs Block				
Individual Schools Budgets				
Special School Place Funding	6,128	29	6,158	533
Resource Unit Place Funding	646	(7)	638	411
Alternative Provision Place Funding	1,210	23	1,233	63
Total ISB	7,984	45	8,029	1,006
Element 3 Top-up funding	13,373	(13)	13,360	13,360
Out of City Placements	3,035	0	3,035	3,035
SEN Support Service	906	0	906	906
Medical Education	675	0	675	675
Outreach Services	192	0	192	192
Turnaround Project	0	58	58	58
Fair Access Protocol	60	0	60	60
Early Years Complex Needs Inclusion fund	282	75	356	356
Post-16 high needs places	836	0	836	0
Teachers Pay/Pension grants High Needs	546	0	546	546
Other High Needs block sub total	19,904	120	20,024	19,188



	Approved 2021-22 Budget - Feb 2021 (including Academies)	Proposed Budget Revisions	2021-22 Schools Budget July 2021 (Including Academies)	2021-22 Schools Budget July 2021 (Excluding Academies)
	£000	£000	£000	£000
Total High Needs block	27,888	165	28,053	20,194
Total Expenditure	176,811	385	177,196	78,302
Income				
Schools Block	(133,381)	0	(133,381)	(42,346)
Central Schools Services Block	(964)	0	(964)	(964)
Early Years Block	(14,289)	0	(14,289)	(14,289)
High Needs Block	(27,888)	(165)	(28,053)	(20,194)
DSG Income ^{2,3}	(176,521)	(165)	(176,686)	(77,792)
One-off use of Carry Forward	(290)	(220)	(510)	(510)
Total Income	(176,811)	(385)	(177,196)	(78,302)

¹Includes early years pupil premium

²2021-22 per ESFA allocations July 2021

³ Includes reimbursement of Growth funding for Academy schools