



**Title of meeting:** Schools Forum

**Date of meeting:** 19 January 2022

**Subject:** Dedicated Schools Grant 2021-22 Quarter 2 Budget Monitoring

**Report by:** Chris Ward Director of Finance

**Wards affected:** All

**Key decision:** Yes/No

**Full Council decision:** Yes/No

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**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 September 2021.

**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 September 2021, together with the associated 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 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. The budget was revised and subsequently endorsed by Schools Forum and approved by Cabinet Member in October 2021.

3.3 Whilst the budget revisions had not been approved when the accounting period closed the revised budget has been included in this report to provide a more complete picture of the financial forecast.

3.4 This report provides Schools Forum with the latest forecast estimate of the year-end outturn at 30 September 2021 as set out in Table 1 below.

<b>Table 1 - Dedicated Schools Grant</b>				
	<b>Original budget 2021-22 £000's</b>	<b>Revised Budget 2021-21 £000's</b>	<b>Projected outturn 2021-22 £000's</b>	<b>Projected over / (under) spend £000's</b>
<b>Income</b>				
DSG Brought forward 2020-21	0	(5,498)	(5,498)	0
DSG and other specific grants	<u>(78,791)</u>	<u>(77,792)</u>	<u>(77,792)</u>	<u>0</u>
<b>Total Income</b>	<b>(78,791)</b>	<b>(83,290)</b>	<b>(83,290)</b>	<b>0</b>
<b>Expenditure</b>				
<b>Schools block</b>				
Primary ISB	28,859	27,554	27,554	0
Secondary ISB	13,699	13,699	13,699	0
De-delegated and growth fund	<u>1,390</u>	<u>1,603</u>	<u>1,603</u>	<u>0</u>
<b>Total Schools block</b>	<b>43,947</b>	<b>42,856</b>	<b>42,856</b>	<b>0</b>
Central School Service	810	964	964	0
<b>Early Years block</b>				
Nursery ISB	11,587	11,587	11,587	0
Other Early Years	2,702	2,702	2,702	0
<b>High Needs block</b>				
High Needs ISB	967	1,006	920	(86)
Other High Needs cost	19,068	19,188	18,411	(777)
<b>Total Expenditure</b>	<b>79,081</b>	<b>78,302</b>	<b>77,439</b>	<b>(863)</b>
<b>DSG Carried forward</b>	<b>(290)</b>	<b>4,988</b>	<b>5,852</b>	<b>863</b>

3.5 Overall, the budget is forecast to underspend by £863,000, the details of which are set out in the sections below.

#### 4 **Early Years Block**

4.1 At the end of the second quarter, the Early Years Block is forecast to be on budget. The authority has received the confirmed pupil numbers for the summer term, which are close to the budgeted estimates. As the autumn term progresses, the forecast position will be reviewed and adjusted accordingly for Quarter Three monitoring.

4.2 As previously reported, 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.

**5 High Needs Block**

5.1 Overall, the High Needs block is forecast to underspend by £863,300.

5.2 Table 2 below summarises the forecast outturn position as at 30 September 2021.

<b>Table 2 High Needs Budget</b>			
	<b>Total 2021-22</b>		
	<b>2021-22 Revised Budget</b>	<b>Forecast Outturn as at 30-Sep-21</b>	<b>Variance (Under)/ Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Individual School Budget (ISB)	1,006,300	919,900	(86,400)
Element 3 Top up	13,359,600	12,804,800	(554,800)
Out of City providers	3,034,800	2,705,700	(329,100)
Permanent exclusion recharge	0	(7,400)	(7,400)
EYs Complex Needs Inclusion Fund	356,200	465,900	109,700
SEN support services	963,800	963,800	0
Medical Education	675,000	679,700	4,700
Outreach	191,900	191,900	0
Special School Teachers pay and pensions	546,200	546,200	0
Fair Access Protocol	60,000	60,000	0
<b>Total High Needs Block</b>	<b>20,193,800</b>	<b>19,330,500</b>	<b>(863,300)</b>

**Individual School Budget**

5.3 The authority budgeted to locally fund 34 additional Special School places for the summer term, the actual pupil numbers were 14 lower than budget, providing a forecast underspend of £86,400. The budget was revised in October 2021 to take account of the changes in pupil numbers from September 2021.



**Element 3 Top up**

5.4 The table below provides a breakdown of the Element 3 Top-up funding forecast position.

<b>Table 3 - Element 3 Top-up</b>			
	<b>Total 2021-22</b>		
	<b>2021-22 Revised Budget</b>	<b>Forecast Outturn as at 30-Sep-21</b>	<b>Variance (Under)/ Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>
EHCP Mainstream	2,735,300	2,475,700	(259,600)
Element 3 Top Up Special Schools	8,721,900	8,478,200	(243,700)
Element 3 Top Up - Inclusion Centres	354,900	343,000	(11,900)
Element 3 Top Up - AP	263,700	224,100	(39,600)
Post 16 Special Educational Needs	904,000	904,000	0
Element 3 Top Up - OLA School	379,800	379,800	0
<b>Total Element 3 Top-up</b>	<b>13,359,600</b>	<b>12,804,800</b>	<b>(554,800)</b>

5.5 The forecast position reflects that the number of pupils in receipt of Element 3 top-up funding is lower than budget for the summer term. When setting the budget, pupil numbers were increased in line with previous year's growth, but whilst the actual numbers of Education Health and Care Plans (EHCP) are increasing, it is at a lower rate than budgeted, leading to the forecast underspend.

5.6 When setting the 2021-22 budget for pupils in mainstream schools with an EHCP, pupil numbers at the start of April 2021 were expected to grow throughout the year in line with the growth in 2019-20 and 2020-21. Actual pupil numbers at the end of September 2021 were 606 an increase of 57 over the second quarter of the financial year. The forecast also includes estimated costs for a further 62 pupils over the remainder of the financial year, where EHCP assessments are in progress but not yet completed.

5.7 The Special School underspend (£243,700) reflects the 39 pupils placed in Portsmouth Special Schools by other local authorities for which Portsmouth is not responsible for paying the Element 3 Top-up and the associated Element 3 Top-up related to the reduced number of pupils in the summer term as set out in paragraph 5.3.

5.8 The net underspend on the Inclusion Centres is due to seven less pupils in the summer term, but the overall level of need was higher than budgeted. The forecast will be updated when the numbers for the new academic year are confirmed.

5.9 As with the Inclusion Centre, there were fewer pupils (13) placed in the Alternative Provision settings by the authority over the summer term compared to budget.



5.10 The September 2021 in-take of Post 16 pupils will not be agreed and finalised with colleges until after October 2021, when pupil destinations are confirmed. Therefore, the forecast position will be updated in the third quarter following receipt of the final data.

**Out of City Placements**

5.11 As at the end of the second quarter, the Out of City budget is forecasting an underspend of £329,100. The total budget consists of placements in Independent and Specialist providers and those at Child and Adolescent Mental Health Service (CAMHS).

5.12 The table below provides a breakdown of the forecast position.

<b>Table 4 - Out of City Placements</b>						
	<b>Budget</b>		<b>Forecast position</b>		<b>Variance</b>	
	<b>£'000</b>	<b>Pupils</b>	<b>£'000</b>	<b>Pupils</b>	<b>£'000</b>	<b>Pupils</b>
Independent & Specialist providers	2,992	47	2,693	45	(299)	(2)
CAMHS	43	7	13	2	(30)	(5)
<b>Total</b>	<b>3,035</b>	<b>54</b>	<b>2,737</b>	<b>42</b>	<b>(329)</b>	<b>(7)</b>

5.13 Since quarter one, the forecast underspend has increased this is due to a high-cost CAMHS placement moving to a post-16 provision.

5.14 The forecast position has not changed despite the increase in pupils numbers, this is due to a reduction in the average cost per pupil.

5.15 In addition, it should be noted that there remain 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

**Permanent Exclusion Recharge**

5.16 The credit of £7,400 represents the proportion of permanent exclusion income from schools where pupils have been placed in an alternative provision setting for a period 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**

5.17 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 supported 54 pupils and the forecast includes a further 29 projected for the remainder of the financial year.

## 6 DSG Grant funding and carry forward balances

- 6.1 As at the end of September 2021, the carry forward balance is projected to be £5.9m, but there remains uncertainty regarding the DSG Early Years Funding allocation adjustments and High Needs pupil numbers and level of need, which could have an impact on the balance. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

<b>Table 5 - forecast carry forward balance</b>	
	<b>£,000</b>
Brought forward balance as at 1 April 2021	5, 498
Schools specific contingency	(141)
Growth fund	(369)
<b>Carry forward balance</b>	<b>4,988</b>
Projected 2021/22 underspend as at 30 September 2021	863
Potential reduction in Early Years Block funding <sup>1</sup>	(2,133)
<b>Forecast carry forward</b>	<b>3,718</b>
<b>Future commitments 2022-23</b>	
Wymering places and Element 3 Top-up September 2023 (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)
<b>Uncommitted DSG carry forward</b>	<b>1,824</b>

## 7 Reasons for recommendations

- 7.1 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 second quarter.

## 8 Integrated impact assessment

- 8.1 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.

## 9 Legal implications

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

## 10 Director of Finance's comments

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

<sup>1</sup> 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.

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Signed by: Chris Ward, Director of Finance and Resources

**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 and Early Years Finance (England) Regulations 2021	<a href="#">The School and Early Years Finance (England) Regulations 2021</a>

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

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Signed by: **Chris Ward Director of Finance**