



Title of meeting: Cabinet Member for Children, Families and Education

Date of meeting: 24 May 2022

Subject: Dedicated Schools Grant 2021-22 Quarter 3 Budget Monitoring

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 forecast outturn position of the Dedicated Schools Grant (DSG) as at the end of December 2021.

2 Recommendations

2.1 It is recommended that Schools Forum:

2.1.1 Notes the forecast budget position for the Dedicated Schools Grant as at 31 December 2021, together with the associated explanations contained within this report.

2.1.2 Endorses the budget adjustment to the Post-16 Element 3 Top-up by £12,000.

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 This report provides Schools Forum with the latest forecast estimate of the year-end outturn at 31 December 2021 as set out in Table 1 below.



Table 1 - Dedicated Schools Grant				
	Original budget 2021-22 £000's	Revised Budget 2021-21 £000's	Projected outturn 2021-22 £000's	Projected over / (under) spend £000's
Income				
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>(77,449)</u>	<u>343</u>
Total Income	(78,791)	(83,290)	(82,947)	343
Expenditure				
Schools block				
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>1,175</u>	<u>(428)</u>
Total Schools block	43,947	42,856	42,427	(428)
Central School Service	810	964	958	(6)
Early Years block				
Nursery ISB	11,587	11,587	11,587	0
Other Early Years	2,702	2,702	2,702	0
High Needs block				
High Needs ISB	967	1,006	891	(115)
Other High Needs cost	19,068	19,188	18,227	(960)
Total Expenditure	79,081	78,302	76,792	(1,510)
DSG Carried forward	(290)	4,988	6,155	1,167

3.4 Overall, the budget is forecast to underspend by £1.167m, the details of which are set out in the sections below.

4 DSG funding changes

4.1 In November 2021 the authority received an update to the Early Years block allocation for the 2020-21 financial year. This reflected the change in pupil numbers following the submission of the May 2021 census and compared to the January 2021 census. This reduced the early years allocation by £355,100, which has been offset against the 2020-21 carry forward as previously endorsed by Schools Forum and approved by the Cabinet Member.

4.2 There has been an increase of £12,000 for the High Needs Block following a successful challenge on the import/export numbers for pupils in post-16 settings.



- 4.3 In March 2022 the Cabinet Member approved the update to the budget, by increasing the DSG allocation and the Post-16 Element 3 Top-up expenditure budget by £12,000.

5 Schools Block

De-delegated budgets and Growth Fund

- 5.1 Following confirmation that there were no bulge years that required growth funding in September 2021, the planned underspend (£304,000) on the Growth Fund has been released for use in 2022-23 for the same purpose.
- 5.2 In May 2021, Schools Forum approved a payment to Manor Infant from the schools specific contingency budget. No further expenditure is expected from this budget in the current financial year and the underspend of £124,000 will be carried forward to 2022-23.

6 Central Schools Services Block

- 6.1 The small underspend follows confirmation of the licence costs purchased by the DfE for all publicly funded schools.

7 Early Years Block

- 7.1 At the end of the third quarter, the authority was still awaiting the impact of the Autumn census, but whilst funding is likely to reduce in the region of £1.2m, this will not create a pressure on the Early Years budget as expenditure is expected to reduce by a similar amount.
- 7.2 Therefore, at this stage the Early Years block is forecast to be as per the original budget.
- 7.3 As in previous years, any balance (surplus or deficit) on the early years block will be carried forward as part of the DSG balance to offset the further funding adjustment to the 2021-22 early years block in July 2022.

8 High Needs Block

- 8.1 Overall, the High Needs Block is set to underspend by 1.075m. Table 2 below summarises the forecast outturn position as at 31 December 2021.



Table 2 High Needs Budget			
	Total 2021-22		
	2021-22 Revised Budget	Forecast Outturn as at 31 Dec 2021	Variance (Under)/Over
	£	£	£
Individual Schools Budgets	1,006,300	891,100	(115,200)
Element 3 Top up	13,359,600	12,566,000	(793,600)
Out of City providers	3,034,800	2,738,700	(296,100)
Permanent exclusion recharge	0	(7,400)	(7,400)
EYs Complex Needs Inclusion Fund	356,200	456,200	100,000
SEN support services	963,800	994,600	30,800
Medical Education	675,000	680,900	5,900
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
Total High Needs Block	20,193,800	19,118,200	(960,400)

Individual Schools Budget

- 8.2 The authority budgeted to locally fund 34 additional Special School places for the summer term, the actual pupil numbers were 14 lower than budget. The budget was revised in October 2021 to take account of the changes in pupil numbers from September 2021. The budget revision contained a provision for an additional eight places which were being discussed with The Harbour School. Following the approval of the budget, confirmation was received that the eight places were no longer required. This has increased the underspend to £115,200.

Element 3 Top-up

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

Table 3 - Element 3 Top-up			
	Total 2021-22		
	2021-22 Revised Budget	Forecast Outturn as at 31-Dec-21	Variance (Under)/Over
	£	£	£
EHCP Mainstream	2,735,300	2,393,800	(341,500)
Element 3 Top Up Special Schools	8,721,900	8,345,200	(376,700)
Element 3 Top Up - Inclusion Centres	354,900	350,600	(4,300)
Element 3 Top Up - AP	263,700	163,100	(100,600)
Post 16 Special Educational Needs	904,000	933,500	29,500
Element 3 Top Up - OLA School	379,800	379,800	0
Total Element 3 Top-up	13,359,600	12,566,000	(793,600)



- 8.4 Due to the pandemic and previous lock downs, this has inevitably had an impact on the number of assessments that might have taken place to determine if an Education, Health and Care Plan (EHCP) should be put in place for a child and is a major factor for why the numbers of EHCPs have been increasing at a lower rate than previously budgeted. As we emerge out of the pandemic, we anticipate that the number of EHCPs will therefore increase at a faster rate than previous years.
- 8.5 The overall 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 EHCPs are increasing over the Autumn, it is at a lower rate than budgeted, leading to the forecast underspend.
- 8.6 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 December 2021 were 650, an increase of 44 over the third quarter of the financial year. The forecast also includes estimated costs for a further 38 pupils over the remainder of the financial year, where EHCP assessments are in progress but not yet completed.
- 8.7 The Special School underspend (£376,600) reflects the 44 pupils placed in Portsmouth Special Schools by other local authorities for which Portsmouth is not responsible for paying the Element 3 Top-up, plus the associated Element 3 Top-up related to the additional places budgeted at the Harbour School that were not commissioned.
- 8.8 There is a small underspend projected for the Inclusion Centres as the numbers of pupils attending is slightly lower than budgeted, but this is offset by pupils being put on bands higher than budgeted.
- 8.9 The Alternative Provision budget is projected to underspend by £100,600 due to the authority placing less pupils than budgeted.
- 8.10 The September 2021 in-take of Post 16 pupils has been agreed and finalised with colleges following confirmation of pupil destinations. A forecast overspend of £29,500 reflects the net position which includes an increase in pupil numbers from the 2020-21 academic year (27) and a decrease in average cost per pupil.
- Out of City Placements**
- 8.11 As at the end of the third quarter, the Out of City budget is forecasting an underspend of £296,100. The total budget consists of placements in Independent and Specialist providers and those at Child and Adolescent Mental Health Service (CAMHS). The table below provides a breakdown of the forecast position.

Table 4: Out of City Placements						
	Budget		Forecast position		Variance	
	£,000	Pupils	£,000	Pupils	£,000	Pupils
Independent & Specialist providers	2,992	47	2,726	46	(266)	(1)
CAMHS	43	7	13	1	(30)	(6)
Total	3,035	54	2,739	47	(296)	(7)

8.12 The forecast includes several pupil movements in Independent and Specialist Providers, but the budget is still expected to underspend in 2021/22.

8.13 There is no change to the forecast cost related to those pupils in CAMHS placements.

8.14 It should be noted that there remain a few 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.

Early Years complex needs Inclusion Fund

8.15 The forecast overspend (£100,000) includes funding for 158 pupils where funding has been agreed to the end of the financial year, plus a provision for a further 17 new pupils for the spring term 2022.

SEND Support services

8.16 The £30,800 overspend relates to increased costs associated with the Sensory Impairment and Portage plus teams.

9 Carry forward balance

9.1 As at the end of December 2021, the carry forward balance is projected to be £6.1m, but there remains uncertainty regarding the DSG Early Years Funding allocation adjustments, High Needs pupil numbers and increased levels of need for the spring term, which could have an impact on the balance.

9.2 In reporting the 2022-23 budget proposals, the authority set out the revenue impact of the planned increase in the numbers of high needs places which are required over a three year period. Along with a proposal to retain a 1% contingency to manage future in-year pressures.

9.3 The table below provides a breakdown of the movement on the carry forward balance from 01 April and future commitments against the balance.



	£m	£m
Forecast carry forward as of 31 December 2021		6.143
Impact of decisions on 2021-22 carry forward		
Schools specific contingency	(0.124)	
Carry forward of Growth Fund balance	(0.304)	(0.428)
Sub total		5.715
Revenue implications of High Needs places for future years	(2.040)	
Contingency to manage in-year pressures	(1.826)	(3.866)
Forecast carry forward available for use		1.849

10 Reasons for recommendations

10.1 It is recommended that Schools Forum notes the contents of the report in respect of the forecast outturn for 2021-22 as at the end of the December 2021.

11 Integrated impact assessment

11.1 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.

12 Legal implications

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

13 Director of Finance's comments

13.1 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:

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: