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Title of meeting:	Schools Forum
Subject:	Dedicated Schools Grant Out-turn 2021-22
Date of meeting:	13 July 2022
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 2022.

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 2022, 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 2021-22 was set in February 2021, with subsequent revisions endorsed by Schools Forum and approved by the Cabinet Member for Children, Families and Education in October 2021. This report provides Schools Forum with the 2021-22 year end outturn.

5 Dedicated Schools Grant

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5.1 Table 1 below sets out the DSG final outturn position as at 31 March 2022.

Table 1 - Dedicated Schools Grant				
	Original budget 2021-22 £000's	Revised Budget 2021-22 £000's	Outturn 2021-22 £000's	Over / (under) spend £000's
Income				
DSG Brought forward 2020-21	0	(5,498)	(6,036)	(538)
DSG and other specific grants	<u>(78,791)</u>	<u>(75,662)</u>	<u>(75,300)</u>	<u>362</u>
Total Income	(78,791)	(81,160)	(81,336)	(176)
Expenditure				
Schools block				
Primary ISB	28,859	26,619	26,619	0
Secondary ISB	13,699	13,699	13,699	0
De-delegated and growth fund	<u>1,390</u>	<u>1,621</u>	<u>1,174</u>	<u>(446)</u>
Total Schools block	43,947	41,939	41,492	(446)
Central School Service	810	964	932	(31)
Early Years block				
Nursery ISB	11,587	10,554	10,198	(355)
Other Early Years	2,702	2,536	2,546	10
High Needs block				
High Needs ISB	967	980	833	(148)
Other High Needs cost	19,068	19,200	16,882	(2,318)
Total Expenditure	79,081	76,172	72,883	(3,289)
DSG Carried forward	(290)	4,988	8,454	3,465

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

5.2 The routine yearend reconciliation process identified that the full balance had not been brought forward from 2020-21 following the implementation of the new financial system increasing the brought forward position by £0.5m, which had been correctly included in the 2020/21 carry forward figures.

5.3 The final 2021-22 DSG income was £75.3m, £0.4m lower than the revised budget, due to the net impact of the reduction in the Early Years Block relating to 2020-21 (£355,000), adjustments to the recoupment relating to risk protection arrangements

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following academy conversion of two schools and a high needs block recoupment adjustment. The authority recovered the funding from the two schools concerned and the related income is included in the de-delegated and growth fund underspend.

5.4 The overall expenditure was less than budgeted, resulting in an underspend of £3.3m, giving an overall net underspend of £3.4m. The reasons for the underspend are set out in the report below.

6 Schools Block

De-delegated budgets, growth fund and centrally retained

6.1 The £446,000 underspend contains £428,000 of planned underspend relating to the:

- Growth Fund (£304,000), to be carried forward to support the cost of commitments in 2022-23 and future financial years.
- Balance on the schools specific contingency (£124,300) - this forms part of the carry forward balance to be used for the same purpose in 2022-23.

6.2 The remaining balance relates to the funding adjustments made of national and non-domestic rates and the recovery of risk protection arrangements recoupment following the conversion to academy status of two schools.

7 Central Schools Services Block

7.1 The underspend reflects the lower than expected cost of the central licences purchased nationally by the Department for Education on behalf of all publicly funded schools.

8 Early Years Block

8.1 The net underspend of £345,619 on the Early Years budgets relates to a reduction in the number of funded hours paid to settings across the financial year. However, a retrospective adjustment to the funding is expected in July, which is likely to remove a similar amount of funding from the Authority.

8.2 As previously reported the Department for Education changed the methodology of funding the Early Years Block during 2021-22 financial year. Instead of using the January 2021 and January 2022 census data they used the data from three census returns (May 2021, October 2021, and January 2022). Following the receipt of the updated allocations in February 2022 (May and October 2021 census) the Authority saw a reduction in Early Years Block funding of £1.2m, this was reflected in the budgets as endorsed by Schools Forum and approved by the Cabinet Member.

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8.3 A further adjustment to the Early Years Block funding is expected in July 2022, this will be based on the January 2022 census and will cover the three month period January 2022 to March 2022 and is estimated to be a reduction of £332,000.

8.4 The underspend therefore reflects the lower number of pupils in funded early years places. The underspend will form part of the overall DSG carry forward and will support any further reduction in funding allocation in July 2022.

9 High Needs Block

9.1 The table below sets out the underspends on the high needs budgets, with further explanation set out in the paragraphs below.

Table 2 - High Needs Block Year End Position 2021-22			
	Total 2021-22		
	2021-22 Revised Budget	Outturn as at 31 March 2022	Variance (Under)/ Over
	£	£	£
Individual Schools Budgets	980,300	832,516	(147,784)
Element 3 Top up	13,371,600	11,675,855	(1,695,745)
Out of City providers	3,034,800	2,410,003	(624,797)
Permanent exclusion recharge	0	(7,432)	(7,432)
EYs Complex Needs Inclusion Fund	356,200	436,003	79,803
SEN support services	905,500	882,491	(23,009)
Medical Education	675,000	680,901	5,901
Outreach	191,900	139,522	(52,378)
Special School Teachers Pay and Pensions	546,200	546,200	0
Fair Access Protocol	60,000	60,000	0
Turnaround Project	58,300	58,300	0
Total High Needs Block	20,179,800	17,714,359	(2,465,441)

Individual Schools Budget

9.2 As previously reported, the budget contained provision for the full year effect of additional special school places commissioned locally from September 2020 with a further increase in September 2021. This was due to slightly fewer places being required than budgeted for earlier in the year, although the numbers decreased in the 2021-22 academic year.

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Element 3 Top-up

9.3 Element 3 Top-up funding accounts for £1.7m of the underspend, the table below provides a further breakdown of the year end position along with the explanations.

Table 3 - Element 3 Top-up			
	Total 2021-22		
	2021-22 Revised Budget £	Outturn as at 31 March 2022 £	Variance (Under)/ Over £
EHCP Mainstream	2,735,300	2,331,764	(403,536)
Element 3 Top Up Special Schools	8,721,900	7,647,228	(1,074,672)
Element 3 Top Up - Resource Units	354,900	354,606	(294)
Element 3 Top Up - AP	263,700	119,656	(144,044)
Post 16 Special Educational Needs	916,000	910,697	(5,303)
Element 3 Top Up - OLA School	379,800	311,903	(67,897)
Total Element 3 Top-up	13,371,600	11,675,855	(1,695,745)

Pupils with an EHCP in Mainstream Schools

9.4 The banding methodology for mainstream pupils with an EHCP was implemented in April 2021. Whilst the underspend (£403,500) was due to the increase in pupils being lower than budgeted by 35 pupils, but there was a bigger than budgeted increase in the Exceptional Plus band.

Special Schools

9.5 The final outturn position was an underspend of £1.1m. This relates to the net impact of 44 pupils (£596,300) placed by other local authorities, for which Portsmouth is not responsible for paying the Element 3 Top-up funding, lower numbers of pupils in the summer term (£602,800) partially offset by increased costs due to higher assessed levels of need in the autumn and spring terms (£124,300).

Alternative Provision

9.6 The budget contained provision for the Authority to place 32 pupils in the City's Alternative Provision settings, over the course of the financial year the authority placed and funded the equivalent of 15 full time places, leading to an underspend of £144,000. The reduction in pupil numbers placed by the authority reflects the movement of a number of pupils back to mainstream provision during the year, and reduced availability

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of key stage 3 places, leading to new-to-the-City pupils being placed in mainstream provision.

Other Local Authority Schools

9.7 This budget provides element 3 Top-up for Portsmouth pupils placed in other local authority schools. The budget contained funding for 78 pupils at an average cost of £4,869 per pupil. The actual number of pupils was 50 at an average cost of £6,238, providing an underspend of £67,900.

Out of City Placements

9.8 Out of City Placements comprises both independent and specialist providers and Child and Adolescent Mental Health Service (CAMHS). The table below shows the budget and the current position for each service.

Table 4 - Out of City Placements position at 31 March 2022						
	Budget		Actual position		Variance	
	£	Pupils	£	Pupils	£	Pupils
Independent & Specialist providers	2,992,000	47	2,405,000	48	(587,000)	1
CAMHS	43,000	7	5,000	1	(38,000)	(6)
Total	3,035,000	54	2,410,000	49	(625,000)	(5)

9.9 Whilst the total pupil numbers are close to the budget there is a net underspend of £587,000 in relation to the independent and specialist providers. This is due to pupil movements, which have reduced the overall average cost per pupil from £63,700 budgeted to £50,100 at the end of the financial year.

Early Years Complex needs Inclusion Fund

9.10 Over the course of the financial year there was an increase of 66% in the number of children receiving funding from 61 in Spring 2021 to 93 in Spring 2022.

9.11 As previously reported, work is underway to review the Early Years High Needs offer, including Portage and Portage plus to ensure families and Early years settings continue to have access to the support they require.

SEND Support services

9.12 The £23,000 underspend relates to a vacant post in the SEND Hub, partly offset by additional costs on Portage and the Sensory Impairment Service.

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Outreach

9.13 The £52,400 underspend mostly relates to 2020-21 year end accruals being reviewed.

10 Carry forward balance

10.1 As at the 31 March 2022, the carry forward balance is £8.5m, a net increase of £2.4m from 2020-21 financial year. The table below sets out the movement in the DSG balances.

Table 5 - Movement in DSG Balances between April 2021 and March 2022		
	£m	£m
Brought forward as of 31 March 2021		5.498
Reconciliation adjustment	0.538	
Revised brought forward as of 31 March 2021		6.036
Movement in year		
Agreed use of brought forward		
Growth Fund 2021-22	(0.368)	
Schools specific contingency 2021-22	(0.142)	
Early Years Block adjustment 2020-21	(0.355)	
Unbudgeted recoupment	(0.007)	
2021-22 net underspend	3.289	2.417
Balance carried forward to 2022-23		8.453

10.2 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 (£124,300) and to support the Growth Fund (£304,000).

10.3 The remaining balance will support any reduction in DSG funding in the Early Years expected in July 2022.

10.4 In February 2022 Schools Forum and the Cabinet Member were updated on the proposed use of the carry forward balance in 2022-23, which included £2.0m due to the lag in funding for high needs places in Special Schools, Inclusion Centres and Alternative Provision settings in September 2023 and September 2024. Plus, a balance of 1% (£1.8m) of overall DSG funding to manage any in-year cost pressures particularly in the high needs sector as both pupil numbers and complexity are expected to increase as the country comes out of the pandemic. As set out in the table below.

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Table 6 - Proposed use of DSG Balances		
	£m	£m
Carry forward as of 31 March 2022		8.454
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		8.026
Early Years Block adjustment January 2022 to March 2022 ¹	(0.332)	
Revenue implications of High Needs places for future years	(2.040)	
Contingency to manage in-year pressures	(1.826)	(4.198)
Balance available for use		3.828

10.5 Any residual balance would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurrent expenditure.

11 Reasons for recommendations

11.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial outturn for 2021-22.

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Signed by Chris Ward, Director of Finance and Section 151 Officer

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.

¹ Estimated figure

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Title of document	Location
School & Early Years Finance (England) Regulations 2021	The School and Early Years Finance (England) Regulations 2021
DSG Budget estimates and Monitoring Records	Children, Families and Education Finance