

## SCHOOL'S FORUM



Subject	<b>Dedicated Schools Grant (DSG) Outturn 2021-22</b>
Meeting Date	24 <sup>th</sup> June 2022
Executive Summary	<p>The report considers the end of year position for the DSG budget 2021-22 at a net in-year deficit of £12.5 million. This is against a budgeted deficit of £9.6 million.</p> <p>The additional £2.9 million is largely the result of the high needs expenditure increasing further, including a £0.9 million provision for an ongoing legal case. In addition, there has been a net overspend on the early years funding formula of £0.4 million.</p> <p>The accumulated deficit has grown as a result from £7.9 million to £20.3 million at March 2022, with this required to be carried forward and recovered from future DSG allocations.</p>
<b>Recommendations</b>	To note the contents of the report.
Reasons for Recommendations	To update schools forum on the DSG financial position
Portfolio Holder(s):	Councillor Nicola Greene – Covid Resilience, Public Health and Education Councillor Mike White – Children and Young People
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Wards	Council-wide
Classification	For Information

## Summary DSG Outturn 2021-22

1. The DSG outturn in-year deficit for 2021-22 is £12.5 million (£2.9 million more than the £9.6 million budgeted). This is in addition to the cumulative net £7.9 million deficit brought forward to give an overall cumulative deficit at 31 March 2022 of £20.3 million.
2. The growing deficit continues to be the result of unfunded pressures in high needs, with the in-year deficit for this block of expenditure rising to £12.2 million (£2.5 million more than budgeted). The decrease compared with the £3.2 million overspend forecast at the end of quarter 3 is largely due to an overestimation of the cost relating to SALT and HVSS contracts. Over the year the growth in EHCPs numbers was higher than budgeted, due to a sharper than expected rebound after the pandemic. The average cost of plans requiring funding was slightly higher than budgeted due to the mix of provision continuing to shift towards more expensive independent and alternative providers.
3. The early years block was overspent by £0.4 million this year due to a pressure on the SEN inclusion element of the formula.
4. The table below summarises the DSG outturn for 2021-22

**Table 1: Summary DSG Outturn 2021-22**

			<b>Funding</b>	<b>Spend</b>	<b>Net</b>
Early Years	Budget	£000's	-21,283	21,283	0
	Actual	£000's	-19,829	20,268	439
	Variance	£000's	1,453	-1,014	439
School Block	Budget	£000's	-227,785	227,624	-161
	Actual	£000's	-227,785	227,612	-173
	Variance	£000's	0	-12	-12
Central School Services Block	Budget	£000's	-2,058	2,058	0
	Actual	£000's	-2,058	2,039	-20
	Variance	£000's	0	-19	-19
High Needs Block	Budget	£000's	-48,850	58,587	9,737
	Actual	£000's	-48,916	61,134	12,218
	Variance	£000's	-66	2,547	2,481
Total DSG	Budget	£000's	-299,976	309,552	9,576
	Actual	£000's	-298,589	311,053	12,464
	Variance	£000's	1,387	1,501	2,888

## DSG Income 2021-22

5. A net reduction in funding of £1.5 million in the early years block is largely the result of the reduced take up of the free entitlements from the falling birth rate and impact of Covid. In addition, the change of methodology was the result of the disruption caused by the pandemic, and to better match funding levels with the uptake of provision, a termly census is used rather than only the January position.
6. The income for early years includes the prior year adjustment from the January 2021 census resulting in additional funding of £44,000, slightly reducing the overall reduction in funding for 2021-22 estimated at £1.5 million.

7. As previously reported, £66,000 of additional high needs block funding was provided due to updated pupil data. This comprises an extra £12,000 for special free school places and £54,000 from the import / export adjustment.

### **DSG Expenditure 2021-22**

8. Expenditure for each block is summarised in the appendix.

### **Early Years Block Spend**

9. Overall, the funding payments made to early years providers is significantly less than budgeted due to demographic changes and the impact of Covid. As the latter was difficult to predict at budget setting, the DfE provisional allocation was used. Table 2 below shows the revised funding allocation and spend to show the detailed budget variances.

**Table 2: Breakdown of early years block spend against funding 2021-22**

	<b>Funding</b>	<b>Spend</b>	<b>Variance</b>
2 Year Olds	£2,444,338	£2,692,070	£247,732
3 & 4 Year Olds	£16,455,011	£16,289,085	-£165,926
SEN Inclusion Fund	£501,095	£913,536	£412,441
Central expenditure	£184,859	£163,115	-£21,744
Prior year funding adjustment	£44,482		-£44,482
Disability Access Fund	£76,875	£52,890	-£23,985
Early Years Pupil Premium	£122,727	£157,574	£34,847
	<b>£19,829,387</b>	<b>£20,268,270</b>	<b>£438,883</b>

10. The pressure on the SEN element of the formula reported in January has increased slightly. This underlines the need for additional funding to maintain the current level of SEN children in early years provision. Overall, the early years block has a deficit of £0.4 million for 2021-22.

11. Schools Forum will be asked to consider use of part of the School Block transfer to High Needs to support this fund in 2022-23.

### **Schools Services Block Spend**

12. The mainstream schools funding formula was paid to mainstream schools and recouped by the ESFA as per the formula set in January 2021.
13. Growth funding payments were £18,000 less than budgeted. Rates bills were £5,000 more than budgeted.
14. Unallocated school block funds of £161,000 have contributed to the overall DSG position at year end.

### **Central Schools Services Block Spend**

15. There were savings in the schools forum budget from the continuation of virtual meetings and with only four held during the year.

## **High Needs Block Spend**

16. The overspend of £2.1 million on independent and non-maintained special schools remains as reported at quarter 3 (forecast as £1.266 million INMSS and £0.833 million historic commitment).
17. Overall, the cost of EHCP funding was as reported in January, although there has been some variation in the provision type as pupils moved between placements. There are small underspends on the Early Years SEN teams and inclusion teams which were not previously forecast. The most significant variance is the spend on the centrally commissioned services which is much lower than forecast due to an over estimation of the SALT and HVSS contracts.

## **Legal Implications**

18. It is a requirement of the Council to monitor budgets during the financial year and for schools forum to be informed of the DSG outturn.

## **Background Papers**

Previous schools' forum papers are available at the link below:

[http://ced-pri-cms-02.ced.local/ieListMeetings.aspx?Committeed=149&\\$LO\\$=1](http://ced-pri-cms-02.ced.local/ieListMeetings.aspx?Committeed=149&$LO$=1)

## **Appendix**

Presentation of detailed DSG outturn budget variances for 2021-22.

## Appendix – DSG Outturn 2021-22

Budget Monitoring	Early Years £000's	Schools £000's	Central Services £000's	High Needs £000's	Total Budget £000's	Outturn	
						Total £000's	Variance £000's
DSG 2 year olds NFF	-2,427				-2,427	-2,444	-17
DSG 3 year olds NFF	-18,661				-18,661	-17,141	1,520
DSG Pupil Premium	-118				-118	-123	-5
DSG Disability Access Fund	-77				-77	-77	0
DSG Prior Year					0	-44	-44
DSG NFF School Block		-225,765			-225,765	-225,765	0
DSG Premises		-1,679			-1,679	-1,679	0
DSG Growth Fund NFF		-1,435			-1,435	-1,435	0
Block Transfer		1,094		-1,094	0	0	0
DSG High Needs Block				-47,756	-47,756	-47,822	-66
DSG Central School Services Block			-2,058		-2,058	-2,058	0
<b>Total Funding</b>	<b>-21,283</b>	<b>-227,785</b>	<b>-2,058</b>	<b>-48,850</b>	<b>-299,976</b>	<b>-298,589</b>	<b>1,387</b>
Providers - 2 year olds	2,364				2,364	2,377	12
Providers - 3 and 4 Year olds	18,037				18,037	16,289	-1,748
Providers SEN top up grants	501				501	913	412
Disability Access Fund	77				77	53	-24
Early Years Pupil Premium	118				118	158	40
Early Years LA duties	185				185	163	-22
Mainstream Schools Formula		227,344			227,344	227,349	5
Growth Fund		280			280	262	-18
School Admissions			423		423	423	0
Servicing Schools Forum			18		18	1	-17
Ex ESG Services (all schools)			1,088		1,088	1,088	0
Commitments - Premature retirements			20		20	20	0
Commitments - ASD Base / other			275		275	274	-1
Licences Purchased by DfE			234		234	233	-1
Place Funding				12,849	12,849	13,158	309
Top up Funding - State Sector				16,971	16,971	17,842	871
Top up Funding - Independent/NMSS				15,351	15,351	17,465	2,114
Top up Funding - Post Schools				4,791	4,791	4,205	-586
Top up Funding - Pre schools				24	24	49	25
Top up Funding - Excluded Pupils/AP				1,844	1,844	1,272	-572
Commissioned Services				1,534	1,534	1,178	-357
Hospital Education Top up				98	98	61	-37
Bespoke SEN/Therapies				2,870	2,870	3,820	950
Support for Inclusion				141	141	0	-141
Special Schools Pay & Pension Grants				740	740	745	5
Early Years Central SEN support				616	616	578	-38
Sensory Impaired Service				758	758	761	3
<b>Total Expenditure</b>	<b>21,283</b>	<b>227,624</b>	<b>2,058</b>	<b>58,587</b>	<b>309,552</b>	<b>311,053</b>	<b>1,501</b>
<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>-161</b>	<b>0</b>	<b>9,737</b>	<b>9,576</b>	<b>12,464</b>	<b>2,888</b>
<b>(Surplus) / Deficit brought forward</b>						7,853	
<b>(Surplus) / Deficit carried forward</b>						20,317	

