

## Schools Forum

14 January 2021

### 2020/21 Dedicated Schools Grant Financial Monitoring Report

This report relates to both maintained and academy schools and all members of the Schools Forum.

#### Recommendations

The Schools Forum is recommended to:

1. Note the DSG forecast financial outturn position for 2020/21.
2. Note the remaining Schools Block contingency underspend and the recommendation that it is retained within the Growth Fund for now.

#### 1. Introduction

- 1.1. This report provides an update on the 2020/21 forecast outturn position of the Dedicated Schools Grant (DSG).
- 1.2. The total 2020/21 DSG allocation for Warwickshire, reported to Schools Forum in March 2020, was £442.156m, split across the funding blocks as follows:

Table 1: 2020/21 DSG Allocations	2020/21
	£m
Schools Block	349.680
<i>Total High Needs</i>	<i>68.073</i>
<i>Less: recoupmnt</i>	<i>(12.770)</i>
High Needs Block	55.303
Early Years Block	33.112
Central School Services Block	4.061
<b>Total DSG Allocation</b>	<b>442.156</b>

1.3. Since then the DSG allocation has been updated to reflect the Academy/High Needs recoupmnt, Early years adjustments and special school growth and imports/exports adjustments. Table 2 and Appendix A show the latest allocations to reflect these changes.

<b>Table 2: 2020/21 Revised DSG Allocations</b>	<b>Original Allocation</b>	<b>Change</b>	<b>Latest Allocation</b>	<b>Reason for Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Schools Block	349.680	(207.401)	142.279	Academy recoupmnt
<i>Total High Needs</i>	<i>68.073</i>	<i>0.414</i>	<i>68.487</i>	<i>Special school growth and import/exports adjustments High Needs recoupmnt</i>
<i>Less: recoupmnt</i>	<i>(12.770)</i>	<i>(0.565)</i>	<i>(13.335)</i>	
High Needs Block	55.303	(0.151)	55.152	
Early Years Block	33.112	0.557	33.669	Adjustment for EY Census data
Central School Services Block	4.061		4.061	
<b>Total DSG Allocation</b>	<b>442.156</b>	<b>-206.994</b>	<b>235.162</b>	

## 2. 2020/21 Forecasts

2.1. Table 3 summarises the 2020/21 forecast position by Block, as at 7<sup>th</sup> September 2020, and Appendix A provides a detailed breakdown:

<b>Table 3: 2020/21 Forecasts</b>	<b>Latest Allocation</b>	<b>Forecast @ 7-Dec-20</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Schools Block	142.279	139.827	(2.452)
High Needs Block	55.152	65.868	10.716
Early Years Block	33.669	33.086	(0.583)
Central School Services Block	4.061	4.028	(0.034)
<b>Total DSG Allocation</b>	<b>235.162</b>	<b>242.809</b>	<b>7.648</b>

2.2. It should be noted that the ESFA has indicated that any local authorities overspending their DSG by more than 1% in 2020/21 is expected to have a recovery plan that they may request a copy of. At present, Warwickshire is forecasting an overspend of 1.73%<sup>1</sup>. If the schools block contingency is fully allocated, and forecast to be fully spent, the overall DSG overspend would increase to £10.1m (2.28%).

2.3. Although the Total DSG position of the four blocks is used to calculate whether the DSG overspend is above the 1% threshold, in reality, we are not able to move funding between blocks without secretary of state approval (disapplication process); so the key financial risk to be highlighted in Table 3 is the £10.716m overspend in the High Needs Block.

<sup>1</sup> Calculation of overspend is based on DSG allocation of £443.128m, i.e. the allocation prior to recoupmnts.

### **3. Explanations for Variances**

The sections below explain the main reasons for the variances across the blocks. A detailed breakdown of variances is shown in Appendix A.

#### **Schools Block (£2.452 million underspend)**

3.1. There is an underspend of £2.452 million on the Schools block which comprises:

- Schools Block Contingency of £2.344 million (after the sparsity allocation has been made)
- An overspend on School Performance of £0.010 million.
- Underspends on Ethnic Minority & Traveller Achievement Service of £0.026 million, Early Intervention of £0.011m and DBS checks of £0.082m.

#### **High Needs Block (£10.716 million overspend)**

3.2. High Needs is forecasting an overspend of £10.716 million. This overspend excludes the £5.240 million deficit from 2019/20 that, as per DFE guidance, has been carried forward to 2020/21 and held on the council's balance sheet.

3.3. The overspend is made up as follows:

- £0.069 million on Mainstream top ups
- £8.412 million on top ups in Independent and OLA Special Schools.
- £0.077 million on resourced provision
- £0.530 million on Post 16 funding
- £0.165 million on flexible learning
- £0.223 million for Alternative provision
- £2.281 million shortfall in budget for which work is progressing to identify new saving/interventions to bridge the gap identified through the DSG recovery plan.
- Of the overspends on the High Needs Block detailed above, £7.843 million has savings/interventions identified in future years as part of the DSG recovery plan.

Offsetting some of these overspends are underspends in the following areas:

- £0.817 million for Mainstream top ups
- £0.158 million for SEND Integrated services (Low incidence and Specialist teaching services)
- £0.066 million for Integrated Disability

3.4. Proposals for closing the overspend are being developed as part of the DSG recovery plan and the SEND change programme.

### **Early Years Block (£0.583 million underspend)**

3.5. Overall, Early Years is forecasting to underspend by £0.583 million.

- Universal funding for 3 & 4 year olds is forecasting an underspend of £0.028 million
- Additional 15 hours for 3 & 4 year olds is forecasting an underspend of £0.732million
- Funding for 2 year olds is forecasting an overspend of £0.207 million
- IDS TL Early Years if forecasting an overspend of £0.139 million
- Early Years - Sufficiency & Business Support is forecasting an underspend of £0.083 million which is due to staffing vacancies that were due to be filled from September.
- £0.083 million underspend due to contingency budget held that is not required.

Schools Forum are asked to note that the Early Years forecast variance will change to reflect the updated allocation following the January 2021 census data.

### **Central Schools Services Block- CSSB (£0.034 million underspend)**

3.6. There is a small forecast underspend of £0.034 million, due to forecast underspends in Child Protection.

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## Appendix A

Schools Block	Latest Budget	Latest Forecast @ 7th Dec	Forecast Variance
	£m	£m	£m
Mainstream Individual School Budgets	136.693	136.693	0.000
Rates Adjustments	0.000	0.000	0.000
Rates Benefit from Academy Conversions	0.000	0.000	0.000
Loss on Delegation from Conversions	0.000	0.000	0.000
Growth Fund (exceptional pupil numbers)	2.149	2.149	0.000
Schools Block Contingency	2.631	0.288	(2.344)
<b>De-delegated budgets</b>			
School Performance	0.195	0.205	0.010
Early Intervention Service	0.031	0.020	(0.011)
Ethnic Minority & Traveller Achievement Service	0.245	0.219	(0.026)
Free School Meals	0.020	0.020	0.000
Teaching Union Cover	0.065	0.066	0.000
Non-Teaching Union Cover	0.016	0.016	0.000
HR – Occupational Health (Primary Only)	0.013	0.013	0.000
Central Establishment Charges	0.039	0.039	0.000
Education Functions - DBS	0.182	0.100	(0.082)
<b>Total Schools Allocations</b>	<b>142.279</b>	<b>139.827</b>	<b>(2.452)</b>

High Needs Block	Latest Budget	Latest Forecast @ 7th Dec	Forecast Variance
	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	5.920	5.920	0.000
SEN Top up – Mainstream Schools & Academies	10.351	9.533	(0.817)
SEN Top up – WCC Special Schools & Academies	15.876	15.945	0.069
SEN Top up – Independent & OLA Special Schools	9.079	17.491	8.412
Tier 4 Hospital Education	0.180	0.180	0.000
Resourced Provision – SEN Support	2.510	2.587	0.077
SEND Speech & Language	0.191	0.191	0.000
Post 16 Funding	6.531	7.061	0.530
SEND Commissions	0.067	0.067	0.000
SEND Integrated Services (Low incidence SEND)	1.303	1.242	(0.061)
SEND Integrated Services (Flexible Learning)	0.332	0.497	0.165
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.366	2.588	0.223
Contribution to Early Intervention Behaviour Panels	0.063	0.063	0.000
SEND Integrated Services (Specialist Teaching Service)	0.784	0.687	(0.097)
Integrated Disability Service SEN Inclusion Grant (EY)	0.452	0.386	(0.066)
Special Nurseries (Universal Hours)	0.000	0.000	0.000
High Needs Contingency/ (Shortfall)	(2.281)	0.000	2.281
Central Establishment Charges	1.428	1.428	0.000
<b>High Needs Allocations</b>	<b>55.152</b>	<b>65.868</b>	<b>10.716</b>

Early Years Block	Latest Budget	Latest Forecast @ 7th Dec	Forecast Variance
	£m	£m	£m
Nursery schools (Universal Hours)	1.586	1.586	0.000
Special nurseries (Universal Hours)	0.000	0.000	0.000
Nursery Funding 3&4 year olds (Universal funding - Independent Providers & Nursery Classes)	18.430	18.402	(0.028)
Nursery Funding 3&4 year Olds (Additional 15 hours)	8.226	7.494	(0.732)
Maintained Nursery Supplement	0.627	0.627	0.000
DSG Pupil Premium	0.162	0.160	(0.001)
Funded 2 year olds	2.981	3.188	0.207
Disability Access Fund	0.119	0.119	0.000
IDS TL Early Years	0.830	0.969	0.139
Early Years - Sufficiency & Business Support	0.271	0.186	(0.085)
Early Years Quality & Development	0.040	0.040	0.000
Early Years Contingency/ (Shortfall)	0.083	0.000	(0.083)
EYB Central Establishment Charges	0.314	0.314	0.000
<b>Early Years Allocations</b>	<b>33.669</b>	<b>33.086</b>	<b>(0.583)</b>

Central Schools Services Block	Latest Budget	Latest Forecast @ 7th Dec	Forecast Variance
	£m	£m	£m
Taking Care	0.000	0.000	0.000
Child Protection	0.175	0.141	(0.034)
Children's Mental health	0.150	0.150	0.000
Admissions	0.718	0.718	0.000
Heads Termly / SACRE	0.018	0.018	0.000
DSG SF Allocation - Historic Pension Contribution	0.737	0.737	0.000
DSG SF Allocation - North Leamington School Prudential Borrowing	0.266	0.266	0.000
DSG SF Allocation - Copyright Licences	0.435	0.435	0.000
Employers Liability Insurance	0.045	0.045	0.000
CSSB Central Establishment Charges	0.727	0.727	0.000
<b>Education functions for all schools:</b>			
Planning for the education service as a whole (Sch 2, 15b)	0.262	0.262	0.000
Formulation and review of local authority schools funding formula (Sch 2, 15d)	0.033	0.033	0.000
School attendance (Sch 2, 16)	0.261	0.261	0.000
Responsibilities regarding the employment of children (Sch 2, 18)	0.048	0.048	0.000
Admissions (Sch 2, 9)	0.060	0.060	0.000
Contribution to Services funded corporately by WCC	0.127	0.127	0.000
<b>Central Schools Services Allocations</b>	<b>4.061</b>	<b>4.028</b>	<b>(0.034)</b>
<b>2019/20 DSG Total</b>	<b>235.162</b>	<b>242.809</b>	<b>7.647</b>

\* Note that there may be rounding differences between the figures presented in this Appendix compared to the Tables in the body of the report.