

Schools Forum

30th September 2021

2021/22 Dedicated Schools Grant Financial Monitoring Report

This report relates to both maintained and academy schools and all members of the schools forum and is for information and comment.

Recommendation

Schools forum is recommended to:

- Note the DSG forecast financial outturn position for 2021/22, as at Period 5.

1. Introduction

- 1.1. This report provides an update on the 2021/22 forecast outturn position of the Dedicated Schools Grant (DSG).
- 1.2. The total 2021/22 DSG allocation for Warwickshire, reported to schools forum in March 2021, was £481.953m (shown in the original allocation column in Table 1 below).
- 1.3. Since then, the DSG allocation has been updated to reflect the Academy/High Needs recoupment and an increase in the high needs funding for import/export's and Growing special free schools. Table 1 and Appendix A show the latest allocations to reflect these changes.

Table 1: 2021/22 Revised DSG Allocations	Original Allocation	Change	Latest Allocation	Reason for Change
	£m	£m	£m	
Schools Block	381.551	(240.093)	141.458	Academy recoupment
<i>Total High Needs</i>	<i>75.748</i>	<i>0.447</i>	<i>76.195</i>	<i>Update for increased import/export funding and increased funding for growing special free schools</i>
<i>Less: recoupment</i>	<i>(13.680)</i>	<i>(0.665)</i>	<i>(14.345)</i>	<i>High Needs recoupment</i>
High Needs Block	62.068	(0.219)	61.849	
Early Years Block	34.147		34.147	
Central School Services Block	4.188		4.188	
Total DSG Allocation	481.953	-240.312	241.641	

2. 2021/22 Forecasts

2.1. Table 2 summarises the 2021/22 forecast position by Block, as at 9th September 2021, and Appendix A provides a detailed breakdown:

Table 2: 2021/22 Forecasts	Latest Allocation	Drawdown from Reserves	Forecast @ 9th July	Variance
	£m	£m	£m	£m
Schools Block	141.458	2.405 ¹	143.828	(0.034)
High Needs Block	61.849		66.788	4.939
Early Years Block	34.147		34.186	0.039
Central School Services Block	4.188		3.812	(0.375)
Total DSG Allocation	241.641	2.405	248.615	4.569

2.2. It should be noted that historically the DfE have required all local authorities to complete a recovery plan should the expenditure variance on the DSG exceed 1%. The forecast position of £4.569 million equates to a 1.89% overspend, which exceeds the DfE threshold.²

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 2 is the £4.939m overspend in the High Needs Block.

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 (£0.034 million underspend)

3.1. There is an underspend of £0.034 million on the Schools block which comprises:

- Overspend on the Ethnic Minority and Traveller Achievement Service (EMTAS) of £0.008million due to increased costs of staffing
- Underspends of £0.006m due to a software charge that is no longer required to support free school meals; £0.006m of Teaching union cover and £0.030 based on the number of estimated DBS checks needed for the year

¹ The draw down of reserves from the schools block included funding of £1.827 for the 0.5% disapplication to the high needs block as well as additional lump sums and sparsity funding above the NFF.

² Calculation of overspend is based on total DSG allocation of £481.953m, i.e. the allocation prior to academy recouplement and adjustments for pupil numbers.

High Needs Block (£4.939 million overspend)

- 3.2. High Needs is forecasting an overspend of £4.939 million. This overspend excludes the £5.240 million deficit from 2019/20 and the £8.610 million deficit from 2020/21 that, as per DFE guidance, has been carried forward to 2021/22 and is therefore being held on the Council's balance sheet as a DSG debt.
- 3.3. The overspend is made up as follows:
- £0.334 million for additional speech and language and occupational health therapy provision.
 - £3.984 million from Independent Special Provision (ISP) which at budget setting was anticipated to be overspending by £4.8million. Through strict monitoring by the service the number and average cost of ISP Day places and Residential places has been reduced.
 - £0.020 million for the increased number of admission places for hospital tuition.
 - £0.027 million on Resourced Provision (RP). This is due to an increased uptake of the spaces available in RP. Although the capacity we fund is being better utilised, we are still spending circa £200k on approx. 24 ghost places (empty places that make the facilities financially viable).
 - £0.205 million on Other Local Authority (OLA) Special schools. This is due to additional placements at a higher unit cost than originally anticipated at budget setting.
 - £0.065 million on the Integrated Disability Service (IDS) Inclusion Grant. In Warwickshire pre-school settings we now have virtually 100% inclusion (out of 618, only 2 children attend a specialist nursery). There has also been an increase of nursery entitlement for two-year-olds and many more three/four-year-olds are now able to attend for 30 hours rather than 15. In the summer term alone, £200,541 has already been allocated – supporting 228 children. This trend of take up/support results in the overspend forecasted.
 - £0.091 million for Low incidence SEND which is due to an unavoidable teaching salary pressure and a shortfall in a school's allocation for the vision support service because of a review that has not been concluded.
 - On top of the overspends on the High Needs Block detailed above, £3.541 million of savings/interventions has already been identified in future years as part of the DSG recovery plan.

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

- £1.404 million of top up funding at Special Schools. However, it should be noted that this underspend is not as large as anticipated at budget setting due to

having increased the number of places we are purchasing from our special schools with additional 'top ups' costed here and place elements costed in Commissioning.

- £0.184 million on Flexible learning and the Specialist Teaching service due to unfilled vacancies.
- £1.097 million on Alternative Provision. New challenge on behaviours of exclusions and placements that although have meant an increase in packages has meant a reduction in unit cost due to a better turnover in getting children back into school. This is resulting in savings in the service. As well as this a large number of provisions ceased at the end of the summer term. The team are trying now to maintain this reduced level of activity by revolving the placements back to school faster and allowing only minimised growth in new 'net' places.
- £0.492 million of additional funding. Following the Transfer of the 0.5% disapplication from Schools Block to High Needs Block an update to the DSG allocation was published which includes increased import/export funding and funding for growing special free schools above what was expected.

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

Early Years Block (£0.039 million overspend)

3.5. Overall, Early Years is forecasting to overspend by £0.039 million.

This is due to an increase in staffing costs for the service to include accurate calculations for SEN allowances.

Schools forum are asked to note that the Early Years forecast variance will change to reflect the updated allocation following the January 2022 census data.

Central Schools Services Block- CSSB (£0.375 million underspend)

3.6. The forecast underspends of £0.375 million comprises of:

- £0.115 million for the admissions service which is due to vacancies in the service and funding which is being held pending a review of the service structure and the potential increase in support from Business support.
- £0.261 million that is being held as contingency for potential use on increases to the Historic Pension Contribution, Prudential Borrowing or Employers Liability Insurance.

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Appendix A

Schools Block	Latest Budget	Latest Forecast @ 9th September	Forecast Variance
	£m	£m	£m
Mainstream Individual School Budgets	138.483	138.483	0.000
Rates Adjustments	0.000	0.000	0.000
Growth Fund (exceptional pupil numbers)	2.770	2.770	0.000
Schools Block Contingency	1.827	1.827	0.000
De-delegated budgets			
School Performance	0.190	0.190	0.000
Early Intervention Service	0.030	0.030	0.000
Ethnic Minority & Traveller Achievement Service	0.236	0.244	0.008
Free School Meals	0.019	0.013	(0.006)
Teaching Union Cover	0.064	0.058	(0.006)
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	0.175	0.145	(0.030)
Total Schools Allocations	143.863	143.828	(0.034)

High Needs Block	Latest Budget	Latest Forecast @ 9th September	Forecast Variance
	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	6.170	6.170	0.000
SEN Top up – Mainstream Schools & Academies	16.914	10.793	(6.122)
SEN Top up – WCC Special Schools & Academies	23.073	16.861	(6.212)
SEN Top up – Independent & OLA Special Schools	7.551	17.659	10.108
Tier 4 Hospital Education	0.180	0.200	0.020
Resourced Provision – SEN Support	1.279	1.266	(0.013)
SEND Speech & Language	0.000	0.000	0.000
Post 16 Funding	10.159	7.903	(2.256)
SEND Commissions	0.258	0.592	0.334
SEND Integrated Services (Low incidence SEND)	1.243	1.335	0.091
SEND Integrated Services (Flexible Learning)	0.840	0.788	(0.052)
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.201	1.659	(0.542)
Contribution to Early Intervention Behaviour Panels	0.064	0.064	0.000
	0.973	0.418	(0.555)
SEND Integrated Services (Specialist Teaching Service)	1.163	1.031	(0.132)
Integrated Disability Service SEN Inclusion Grant (EY)	0.385	0.450	0.065
High Needs Contingency/ (Shortfall)	(12.033)	(1.827)	10.206
Central Establishment Charges	1.428	1.428	0.000
High Needs Allocations	61.849	66.788	4.939

Early Years Block	Latest Budget	Latest Forecast @ 9th September	Forecast Variance
	£m	£m	£m
Nursery schools (Universal Hours)	1.662	1.662	(0.000)
Nursery Funding 3&4 year olds (Universal funding - Independent Providers & Nursery Classes)	18.865	18.810	(0.055)
Nursery Funding 3&4 year Olds (Additional 15 hours)	8.226	8.226	0.000
Maintained Nursery Supplement	0.627	0.627	0.000
DSG Pupil Premium	0.163	0.163	0.000
Funded 2 year olds	3.023	3.005	(0.018)
Disability Access Fund	0.145	0.145	0.000
IDS TL Early Years	0.866	0.900	0.034
Early Years - Sufficiency & Business Support	0.351	0.248	(0.104)
Early Years Quality & Development	0.000	0.084	0.084
Early Years Contingency/ (Shortfall)	(0.097)	0.000	0.097
EYB Central Establishment Charges	0.314	0.314	0.000
Early Years Allocations	34.147	34.186	0.039

Central Schools Services Block	Latest Budget	Latest Forecast @ 9th September	Forecast Variance
	£m	£m	£m
Taking Care	0.000	0.000	0.000
Child Protection	0.000	0.000	0.000
Children's Mental health	0.150	0.150	0.000
Admissions	0.718	0.603	(0.115)
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	0.445	0.445	0.000
Employers Liability Insurance	0.045	0.045	0.000
CSSB Contingency	0.292	0.031	(0.261)
CSSB Central Establishment Charges	0.727	0.727	0.000
Education functions for all schools:			
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
Central Schools Services Allocations	4.188	3.812	(0.375)
2021/22 DSG Total	244.046	248.615	4.569

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