

Schools Forum

13th January 2022

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 8/Quarter 3.
- Note the forecasted position of each of the DSG Block reserves at financial outturn position for 2021/22

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 imports/exports 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	(241.066)	140.485	Academy recoupment
Total High Needs	75.748	0.429	76.176	Update for increased import/export funding and increased funding for growing special free schools
Less: recoupment	(13.680)	(0.665)	(14.345)	High Needs recoupment
High Needs Block	62.068	(0.665)	61.831	
Early Years Block	34.147		34.147	
Central School Services Block	4.188		4.188	
Total DSG Allocation	481.953	(241.732)	240.650	

2. 2021/22 Forecasts

2.1. Table 2 summarises the 2021/22 forecast position by Block, as at 3rd December 2021, and Appendix A provides a detailed breakdown:

Table 2: 2021/22 Forecasts	Latest Allocation	Drawdown from Reserves	Forecast @ 3 rd Dec	Variance
	£m	£m	£m	£m
Schools Block	140.485	2.405 ¹	141.774	(1.116)
High Needs Block	61.831		65.416	3.585
Early Years Block	34.147		33.935	(0.212)
Central School Services Block	4.188		0.790	(0.347)
Total DSG Allocation	240.650	2.405	244.965	1.910

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 £1.910 million equates to a 0.40% overspend, which is within 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 £3.585m overspend in the High Needs Block.

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 recoupment and adjustments for pupil numbers.

3. Reserve position

- 3.1. Table 3 below shows the opening position of the DSG reserves as at the 1st April 2021, the subsequent drawn down from Schools Block reserves noted in table 2 and the forecasted effect of outturn that informs the forecasted closing balance of the reserves.

Table 3: 2021/22 Reserves	Opening Balance 01/04/2021	In Year Drawdowns	Effect of outturn	Forecast Closing Balance as at 31/03/2021
Central Services Block DSG	0.500		0.347	0.847
Schools Block DSG	2.969	(2.405)	1.116	1.680
Early Years Block DSG	2.109		0.212	2.321
High Needs Block DSG	(13.850)		(3.585)	(17.434)
DSG Total	(8.271)	(2.405)	(1.911)	(12.587)

4. 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 (£1.116 million underspend)

- 4.1. There is an underspend of £1.116 million on the Schools block which comprises:
- Minor Overspends of £0.002m on EMTAS due to pressure on Staffing budgets
 - Underspend of £1.070m due to a reduction in the need for growth funding for the pushed back opening of new primary schools
 - Underspends of £0.006m due to a software charge that is no longer required to support free school meals; £0.020m on Transition support that will not be required this year, £0.005m of Teaching union cover and £0.016 based on the number of estimated DBS checks needed for the year

High Needs Block (£3.585 million overspend)

- 4.2. High Needs is forecasting an overspend of £3.585 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 over drawn reserve.
- 4.3. The overspend is made up as follows:
- £0.334 million for additional speech and language and occupational health therapy provision as well as an increase to fund additional special school places at £0.210m.

- £3.611 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 continue to be reduced.

	Budget		Forecast	
	Full Year Equivalent (FYE)	Average Cost per FYE	FYE	Average Cost per FYE
Day Placements	280	£52,800	245	£56,500
Residential (38 weeks)	19	£69,200	10	£60,800
Residential (52 weeks)	19	£69,200	26	£66,500

- £0.068 million for the increased number of admission places for hospital tuition.
- £0.006 million for Flexible Learning due to a loss in income which is being mostly offset by staff vacancies
- £0.088 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:

- £0.503 million of top up funding at Mainstream School

	Budget		Forecast	
	FYE	Average Cost per FYE	FYE	Average Cost per FYE
Maintained Schools	776	£5,676	729	£5,606
Academy	657	£5,102	950	£5,264

- £1.194 million of top up funding at Special Schools.

	Budget		Forecast	
	FYE	Average Cost per FYE	FYE	Average Cost per FYE
Special Schools	1,583	£11,317	1,510	£11,450

- £0.084 million on Resourced Provision (RP). This is due to a number of Service Level agreements which are now presumed not to be required by the service in the year. Although the capacity we are funding is being better utilised, we are still spending circa £0.200m on approx. 24 ghost places (empty places that make the facilities financially viable).

- £0.041 million on Other Local Authority (OLA) Special schools.

	Budget		Forecast	
	FYE	Average Cost per FYE	FYE	Average Cost per FYE
Other Local Authority Schools	72.83	£11,071	71.5	£10,699

- £0.500 million on Post 16

	Budget		Forecast	
	FYE	Average Cost per FYE	FYE	Average Cost per FYE
Post 16	72.83	£11,071	71.5	£10,699

- £1.000 million on Alternative Provision. New challenge on behaviours of exclusions and placements have given 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.

	Budget		Forecast	
	FYE	Average Cost per FYE	FYE	Average Cost per FYE
ABP Countywide	75	£16,707	43	£20,492
SENDAR AP	60	£16,300	16	£26,700

- £0.267 million on Low incidence SEND and Specialist Teaching service due to unfilled vacancies.
- £0.475 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.

4.4. 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 (£0.212 million underspend)

- 4.5. Overall, the Early Years Block is forecasting to underspend by £0.212 million.
- 4.6. £0.201 million of this is due to lower numbers of nursery pupils than anticipated due to COVID. The remainder is from small staffing vacancies

- 4.7. Schools forum are asked to note that the Early Years forecast variance will change this year to reflect the updated allocation following the release of the October 2021 and January 2022 census data. (We are anticipating the release of the October 2021 Census data and updated allocation in February)

Central Schools Services Block- CSSB (£0.347 million underspend)

- 4.8. The forecast underspends of £0.375 million comprises of:
- £0.086 million for the admissions service which is due to vacancies in the service.
 - £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 @ 3rd Dec	Forecast Variance
	£m	£m	£m
Mainstream Individual School Budgets	137.509	136.921	(0.588)
Rates Adjustment and Risk Protection Adjustment	0.000	0.588	0.588
Growth Fund (exceptional pupil numbers)	2.770	1.700	(1.070)
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	0.010	(0.020)
Ethnic Minority & Traveller Achievement Service	0.236	0.238	0.002
Free School Meals	0.019	0.013	(0.006)
Teaching Union Cover	0.064	0.059	(0.005)
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	0.159	(0.016)
Total Schools Allocations	142.889	141.774	(1.116)

High Needs Block	Latest Budget	Latest Forecast @ 3rd Dec	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	10.439	(6.476)
SEN Top up – WCC Special Schools & Academies	23.073	17.071	(6.001)
SEN Top up – Independent & OLA Special Schools	7.551	17.041	9.489
Tier 4 Hospital Education	0.180	0.248	0.068
Resourced Provision – SEN Support	1.279	1.155	(0.124)
SEND Speech & Language	0.000	0.000	0.000
Post 16 Funding	10.159	7.403	(2.756)
SEND Commissions	0.258	0.592	0.334
SEND Integrated Services (Low incidence SEND)	1.243	1.304	0.061
SEND Integrated Services (Flexible Learning)	0.840	0.846	0.006
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.201	1.760	(0.441)
Contribution to Early Intervention Behaviour Panels	0.064	0.065	0.001
	0.973	0.414	(0.560)
SEND Integrated Services (Specialist Teaching Service)	1.163	0.927	(0.235)
Integrated Disability Service SEN Inclusion Grant (EY)	0.385	0.381	(0.004)
High Needs Contingency/ (Shortfall)	(12.051)	(1.827)	10.224
Central Establishment Charges	1.428	1.428	0.000
High Needs Allocations	61.831	65.416	3.585

Early Years Block	Latest Budget	Latest Forecast @ 3rd Dec	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	18.678	(0.187)
Nursery Funding 3&4 year Olds (Additional 15 hours)	8.226	7.761	(0.466)
Maintained Nursery Supplement	0.627	0.627	0.000
DSG Pupil Premium	0.163	0.163	0.000
Funded 2 year olds	3.023	3.091	0.068
Disability Access Fund	0.145	0.145	0.000
IDS TL Early Years	0.866	0.886	0.020
Early Years - Sufficiency & Business Support	0.351	0.234	(0.117)
Early Years Quality & Development	0.000	0.087	0.087
Early Years Contingency/ (Shortfall)	(0.097)	0.000	0.097
EY Estimated Budget Adjustment	0.000	0.287	0.287
EYB Central Establishment Charges	0.314	0.314	0.000
Early Years Allocations	34.147	33.935	(0.212)

Central Schools Services Block	Latest Budget	Latest Forecast @ 3rd Dec	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	0.632	(0.086)
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	3.841	(0.347)
2021/22 DSG Total	243.055	244.965	1.911

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