

## Schools Forum

23<sup>rd</sup> June 2022

## 2021/22 Dedicated School Grant Outturn Position

This report relates to all members of the Schools Forum and is for information.

**Recommendation(s)**

The Schools Forum is recommended to:

- Note the DSG financial outturn position for 2021/22.

**1. Introduction**

- 1.1. This report sets out the final outturn position of the Dedicated Schools Grant (DSG) for 2021/22.

**2. 2021/22 Final Outturn Position**

- 2.1. The total DSG allocation for Warwickshire, as last reported to Schools Forum in **March 2022**, was £495.594m, with total recoupment of £255.574m, resulting in a net allocation across Blocks after recoupment of £240.021m. There were no further changes to the last allocation reported.

Table 1: 2021/22 Revised DSG Allocations	Original Allocation	Allocation before Recoupment	Recoupment	Latest Allocation	Reason for Change from Original Allocation
	£m	£m	£m	£m	
Schools Block	381.551	381.551	(241.228)	140.323	Academy recoupment
Total High Needs	75.748	76.176		76.176	increased import/export funding and funding for free schools
Less: recoupment	(13.680)		(14.345)	(14.345)	High Needs recoupment
High Needs Block	62.068	76.176	(14.345)	61.831	
Early Years Block	34.147	33.679	0.000	33.679	Update for October Census data
Central School Services Block	4.188	4.188	0.000	4.188	
<b>Total DSG Allocation</b>	<b>481.953</b>	<b>495.594</b>	<b>-255.574</b>	<b>240.021</b>	

2.2. The final DSG outturn position for 2021/22 is an overspend of £0.421m. This is a reduction of £2.185m to the February 2022 forecast overspend, as reported to Schools Forum in March 2022. This is primarily due to lower than anticipated costs/placements on ISP's and Mainstream top ups.

2.3. Table 2 summarises the outturn by DSG Block, with the narrative in this report providing further analysis and Appendix A providing a detailed breakdown:

Table 2: 2021/22 Outturn	Latest Allocation	Drawdown from Reserves	Actual Outturn	Outturn Variance	Forecast Variance @ 9th February
	£m	£m	£m	£m	£m
Schools Block	140.323	2.405	141.831	(0.897)	(0.957)
High Needs Block	61.831		63.961	2.130	4.124
Early Years Block	33.679		32.856	(0.823)	(0.214)
Central School Services Block	4.188		4.198	0.011	(0.347)
<b>Total DSG Allocation</b>	<b>240.021</b>	<b>2.405</b>	<b>242.846</b>	<b>0.421</b>	<b>2.606</b>

2.4. 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 outturn position of £0.421million equates to a 0.08% overspend, which is within the DfE threshold.<sup>1</sup> This is the first year since 2019/20 that the outturn has been below this threshold.

2.5. 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 in year without secretary of state approval (disapplication process); so the key financial risk to be highlighted in Table 2 is the £2.130m overspend in the High Needs Block. The pressures on the High Needs Block are not unique to Warwickshire and is a national issue. At Warwickshire, the financial position is being closely monitored as part of the DSG recovery plan.

### 3. 2021/22 Reserves

Table 3: 2021/22 Reserves	Opening Balance 01/04/2021	In Year Drawdowns	Effect of outturn	Forecast Closing Balance as at 31/03/2022
	£m	£m	£m	£m
Schools Block	2.969	(2.405)	0.897	1.461
High Needs Block	(13.850)		(2.130)	(15.980)
Early Years Block	2.109		0.823	2.932
Central School Services Block	0.500		(0.011)	0.489
<b>Total DSG Allocation</b>	<b>(8.272)</b>	<b>(2.405)</b>	<b>(0.421)</b>	<b>(11.098)</b>

\*Brackets reflect an over-drawn reserve

<sup>1</sup> Calculation of overspend is based on original DSG allocation of £495.594m, i.e. the allocation prior to academy recoupment and adjustments for pupil numbers.

#### **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 (£0.897m underspend)**

- 4.1. There is an underspend of £0.897m on the Schools block which comprises:
- Underspend on the growth fund of £1.122m, this is due to delays in the opening of a new primary school
  - Overspends of £0.298m due to Rates adjustments.
  - Other minor underspends on School performance £0.008m, Early Intervention Service £0.030m, Free School Meals £0.013m, Teaching union cover £0.006m and Education functions – DBS £0.016m.

##### **High Needs Block (£2.130m overspend)**

- 4.2. High Needs overspend of £2.130m. This overspend excludes the £5.240m deficit from 2019/20 and the £8.610m deficit from 2020/21 that, as per DFE guidance, have been carried forward to 2021/22 and are held on the council's balance sheet as DSG debt.
- 4.3. The overspend is made up as follows:
- £8.716m on top ups in Independent Schools & OLA Special Schools
  - £0.073m on Tier 4 Hospital Education
  - £0.243m of SEND commissions – This overspend is for additional agreed places at special schools and resourced provisions during the year.
  - £0.008m on the SEN inclusion Grant
  - £0.003m on contributions to Early Intervention Behaviour Panels

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

- £12.982m for Mainstream and special top ups as well as underspends on place funding due to academy conversions and the additional funding paid from the SEND commissions budget.
  - £2.918m on Post 16 top ups
  - £0.219m on resourced provision, this has reduced from the previous forecasts due to non-realisation of service level agreements with other parts of the service.
  - £0.331m for SEND Integrated services
  - £1.425m for Alternative provision
- 4.4. Of the overspends/underspends on the High Needs Block detailed above, £10.961m has savings/interventions identified in future years as part of the DSG recovery plan.

- 4.5. Proposals for closing the overspend are continually being reviewed and monitored as part of the SEND and Inclusion change programme.

#### **Early Years Block (£0.823m underspend)**

- 4.6. Overall, Early Years underspent by £0.823m.
- Funding for 3 & 4 year olds underspent by £0.366m
  - Funding for 2-year-olds overspent by £0.031m.
  - IDS TL Early Years underspent by £0.028m.
  - Disability Access Fund underspent by £0.066m.
  - Early Years - Sufficiency & Business Support underspent by £0.068m
  - Early Years budget underspend of £0.465m due to an estimated clawback of DSG, actioned by DfE in July of the following year, following the January 2022 census data. This was provisionally accounted for at a figure of £0.759m, which represents the impact on 2021/22 of prior years' census adjustments.

#### **Central Schools Services Block- CSSB (£0.011m underspend)**

- 4.7. There are small underspends of £0.152m, due to underspends in Admissions, Heads Termly/SACRE and Employers Liability Insurance. These were offset by overspends of £0.163m from the Teachers Pay and Pensions Grant.

**Brian Smith**

**Finance Portfolio Lead for Education, Children & Families**

Email: [briansmith@warwickshire.gov.uk](mailto:briansmith@warwickshire.gov.uk)

Tel: 01926 742462

## Appendix A

Schools Block	Latest Budget	Outturn	Outturn Variance	Forecast Variance @ 9th February
	£m	£m	£m	£m
Mainstream Individual School Budgets	137.347	137.545	0.197	(0.588)
Rates Adjustments and Risk Protection Adjustment	0.000	0.659	0.101	0.588
Growth Fund (exceptional pupil numbers)	2.770	1.648	(1.122)	(1.070)
Schools Block Contingency	1.827	1.827	0.000	0.000
<b>De-delegated budgets</b>				<b>0.000</b>
School Performance	0.190	0.182	(0.008)	0.000
Early Intervention Service	0.030	0.000	(0.030)	(0.020)
Ethnic Minority & Traveller Achievement Service	0.236	0.237	0.001	0.005
Free School Meals	0.019	0.006	(0.013)	(0.006)
Teaching Union Cover	0.064	0.058	(0.006)	(0.005)
Non-Teaching Union Cover	0.016	0.016	0.000	0.000
HR – Occupational Health (Primary Only)	0.013	0.013	0.000	0.000
Central Establishment Charges	0.039	0.039	0.000	0.000
Education Functions - DBS	0.175	0.159	(0.016)	(0.023)
<b>Total Schools Allocations</b>	<b>142.727</b>	<b>141.831</b>	<b>(0.897)</b>	<b>(1.119)</b>

Early Years Block	Latest Budget	Outturn	Outturn Variance	Forecast Variance @ 9th February
	£m	£m	£m	£m
Nursery schools (Universal Hours)	0.000	0.000	(0.000)	(0.000)
Nursery Funding 3&4 year olds (Universal funding - Independent Providers & Nursery Classes)	19.892	19.385	(0.507)	0.449
Nursery Funding 3&4 year Olds (Additional 15 hours)	8.297	8.439	0.142	(0.537)
Maintained Nursery Supplement	0.626	0.626	0.000	0.000
DSG Pupil Premium	0.207	0.209	0.002	(0.043)
Funded 2 year olds	3.078	3.108	0.031	0.013
Disability Access Fund	0.145	0.079	(0.066)	0.000
IDS TL Early Years	0.866	0.838	(0.028)	0.020
Early Years - Sufficiency & Business Support	0.351	0.236	(0.116)	(0.117)
Early Years Quality & Development	0.000	0.087	0.087	0.085
Early Years Contingency/ (Shortfall)	(0.097)	0.000	0.097	0.097
EY Estimated Budget Adjustment	0.000	(0.465)	(0.465)	(0.181)
EYB Central Establishment Charges	0.314	0.314	0.000	0.000
<b>Early Years Allocations</b>	<b>33.679</b>	<b>32.856</b>	<b>(0.823)</b>	<b>(0.214)</b>

High Needs Block	Latest Budget	Outturn	Outturn Variance	Forecast Variance @ 9th February
	£m	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	6.170	5.607	(0.562)	0.000
SEN Top up – Mainstream Schools & Academies	16.914	10.568	(6.347)	(6.188)
SEN Top up – WCC Special Schools & Academies	23.073	17.000	(6.072)	(6.081)
SEN Top up – Independent & OLA Special Schools	7.551	16.267	8.716	9.527
Tier 4 Hospital Education	0.180	0.253	0.073	0.068
Resourced Provision – SEN Support	1.279	1.060	(0.219)	(0.124)
SEND Speech & Language	0.000	0.000	0.000	0.000
Post 16 Funding	10.159	7.242	(2.918)	(2.464)
SEND Commissions	0.258	0.501	0.243	0.334
SEND Integrated Services (Low incidence SEND)	1.243	1.240	(0.003)	0.061
SEND Integrated Services (Flexible Learning)	0.840	0.798	(0.042)	0.006
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.201	1.557	(0.644)	(0.441)
Contribution to Early Intervention Behaviour Panels	0.064	0.067	0.003	0.001
SENDAR Alternative Provision	0.973	0.193	(0.780)	(0.560)
SEND Integrated Services (Specialist Teaching Service)	1.163	0.877	(0.286)	(0.235)
Integrated Disability Service SEN Inclusion Grant (EY)	0.385	0.393	0.008	(0.004)
High Needs Contingency/ (Shortfall)	(12.051)	(1.089)	10.961	10.224
Central Establishment Charges	1.428	1.428	0.000	0.000
<b>High Needs Allocations</b>	<b>61.831</b>	<b>63.961</b>	<b>2.130</b>	<b>4.124</b>

Central Schools Services Block	Final Budget	Outturn	Outturn Variance	Forecast Variance @ 9th February
	£m	£m	£m	£m
Taking Care	0.000	0.000	0.000	0.000
Child Protection	0.000	0.000	0.000	0.000
Children's Mental health	0.150	0.150	0.000	0.000
Admissions	0.718	0.588	(0.130)	(0.086)
Heads Termly / SACRE	0.018	0.000	(0.018)	0.000
DSG SF Allocation - Historic Pension Contribution	0.737	0.737	(0.000)	0.000
DSG SF Allocation - North Leamington School Prudential Borrowing	0.266	0.266	0.000	0.000
DSG SF Allocation - Copyright Licences	0.445	0.445	0.000	0.000
Employers Liability Insurance	0.045	0.041	(0.004)	0.000
CSSB Contingency	0.292	0.455	0.163	(0.261)
CSSB Central Establishment Charges	0.727	0.727	0.000	0.000
<b>Education functions for all schools:</b>				<b>0.000</b>
Planning for the education service as a whole (Sch 2, 15b)	0.262	0.262	0.000	0.000
Formulation and review of local authority schools funding formula (Sch 2, 15d)	0.033	0.033	0.000	0.000
School attendance (Sch 2, 16)	0.261	0.261	0.000	0.000
Responsibilities regarding the employment of children (Sch 2, 18)	0.048	0.048	0.000	0.000
Admissions (Sch 2, 9)	0.060	0.060	0.000	0.000
Contribution to Services funded corporately by WCC	0.127	0.127	0.000	0.000
<b>Central Schools Services Allocations</b>	<b>4.188</b>	<b>4.198</b>	<b>0.011</b>	<b>(0.347)</b>
<b>2021/22 DSG Total</b>	<b>242.425</b>	<b>242.846</b>	<b>0.421</b>	<b>2.444</b>