

Schools Forum

16th January 2020

2019/20 Dedicated Schools Grant Financial Monitoring Report

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

Recommendations

Schools Forum is recommended to:

1. Note the DSG forecast financial outturn position for 2019/20, as at end November 2019.
2. Approve in relation to Schools Block the total net transfer of £0.067m to the growth fund resulting from Academisation (as reflected in Appendix A)
3. Approve that any overspend in the Schools Block will be offset by any underspends in the Growth fund before carrying forward any Growth fund balance into the new financial year.

1. Introduction

- 1.1. This report provides an update on the DSG allocations for 2019/20 and provides the 2019/20 forecast outturn position of the Dedicated Schools Grant (DSG), as at Period 8 (end of November 2019).

2. Changes to the Overall Dedicated Schools Grant 2019/20

- 2.1. The total DSG allocation for Warwickshire, reported to Schools Forum in March 2019, was £426.346m. Since then, the DfE has confirmed that the total DSG allocation for Warwickshire has increased to £427.250m, and that total recoupment is £203.654m, resulting in a net allocation across Blocks after recoupment of £223.596m. This reflects what was reported at the December Schools Forum meeting, as there have been no further changes to the allocation or recoupment since then.

| Table 1: 2019/20 DSG Allocations | Gross Allocation £m | Total Recoupment £m | Allocation across Blocks £m | Notes |
|---|--------------------------------|--------------------------------|--|-----------------------|
| Schools | 327.385 | (191.283) | 136.102 | Academy recoupment |
| High Needs | 62.926 | (12.371) | 50.555 | High Needs recoupment |
| Early Years | 32.534 | 0 | 32.534 | |
| Central School Services | 4.405 | 0 | 4.405 | |
| Total DSG | 427.250 | (203.654) | 223.596 | |

2.2. Following the Schools Forum meeting in December, the Academy recoupment figures were reflected in individual budget lines within Blocks as approved by Schools Forum.

3. 2019/20 Forecasts

3.1. Table 2 summarises the 2019/20 forecast position by Block, as at end November 2019, and Appendix A provides a detailed breakdown:

| Table 2: 2019/20 Forecasts | Latest Allocation £m | Forecast @ end November-19 £m | Forecast Variance £m |
|-----------------------------------|---------------------------------|--|---------------------------------|
| Schools Block | 136.102 | 135.867 | (0.235) |
| High Needs Block | 50.555 | 55.969 | 5.414 |
| Early Years Block | 32.534 | 32.566 | 0.032 |
| Central School Services Block | 4.405 | 4.284 | (0.121) |
| Total DSG | 223.596 | 228.686 | 5.090 |

3.2. It should be noted that the DfE requires all local authorities to complete a recovery plan should their overspend on the DSG exceed 1%. The Council's current forecast of £5.090m equates to a 1.19%¹ overspend, which exceeds the DfE threshold. The position is not unique to Warwickshire and is a national one that is being closely monitored. At the October Schools Forum meeting, we provided an overview of the DfE guidance relating to recovery plan requirements and the timetabling of our June meeting does enable us to consult with Schools Forum on a plan if required before the 30 June submission deadline.

¹ Calculation of overspend is based on the DSG allocation of £427.250m, i.e. the allocation prior to recoupment.

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 (£0.235 million underspend)

- 4.1. There is an underspend of £0.235 million on the Schools block which comprises:
- Rates reimbursements overspend to maintained schools of £0.112m
 - Exceptional Pupil Numbers (growth fund) underspend of £0.349
 - An overspend on Ethnic Minority & Traveller Achievement Service of £0.007
 - An underspend on Education Functions - DBS checks of £0.005m

High Needs Block (£5.414 million overspend)

- 4.2. High Needs is forecasting an overspend of £5.414 million. There continue to be significant overspends in the SEN top-ups for Mainstream Schools (£1.318m), Special Schools and Academies (£0.967m), Independent and OLA Special Schools (£0.760m), Resourced Provision (£0.361m), Post-16 funding (£1.215m) and Area Behaviour Partnerships (£0.526m).
- 4.3. The SEN Inclusion Grant budget, which transferred from the Early Years block in 2019/20 is overspending by £0.108m. In addition, there are minor overspends in the budgets for SENDS Commissions and Contribution to Early Intervention Behaviour Panels of £0.008 and £0.003 respectively.
- 4.4. There are some underspends within the High Needs Block:
- Integrated Disability Service - £0.035m
 - Warwickshire Flexible Learning Team - £0.088m
 - Tier 4 Hospital Education - £0.020m
 - STS Links and Exclusions - £0.387m
- 4.5. The High Needs Contingency budget is forecasting a pressure of £0.678m which represents the deficit on place funding.

Early Years Block (£0.032 million overspend)

- 4.6. Overall, Early Years is forecasting to overspend by £0.032 million which consists of the following variances:
- 4.7. An underspend of £0.974 on Nursery funding for 3 and 4 year olds – Universal Funding; and an underspend of £0.193m on Nursery funding for 3 and 4 year olds – Additional 15 hours. There is also an underspend forecast on DSG Pupil Premium of

£0.026; and minor underspends on Funded 2 year olds and Early Years - Sufficiency & Business Support of £0.020 and £0.010 respectively.

- 4.8. Overspend are being forecast for IDS TL Early Years of £0.065m and the Early Years year end adjustment budget of £1.190m.
- 4.9. At the time of the December Schools Forum monitoring report, payments for Autumn Term were still being processed. This monitoring report is based on actual payments made relating to the Autumn term.
- 4.10. In the October report, it was noted that one-off monies are available for Early Years in 2019/20. Schools Forum agreed that the utilisation of this is to be ringfenced to Early Years, and should be considered in light of the budget setting process for 2020/21 to enable sustainability. It is recommended that the first call of the £0.162m one off monies is to offset any 2019/20 overspend. This is referenced further in the Early Years Budget Setting report within this agenda.

Central Schools Services Block (£0.121 million underspend)

- 4.11. There is a forecast underspend of £0.121 million, consisting of forecast underspends in Child Protection and Taking Care of £0.011m, Admissions of £0.104m and in Employers Liability Insurance of £0.006.

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DSG Forecast Summary as at end of November 2019²

| Schools Block | Latest Budget | Latest Forecast @ end November 19 | Forecast Variance |
|---|----------------|--------------------------------------|----------------------|
| | £m | £m | £m |
| Mainstream Individual School Budgets | 133.599 | 133.599 | 0 |
| Rates Adjustments | 0 | 0 | 0 |
| Rates Benefit from Academy Conversions* | 0.073 | 0.073 | 0 |
| Loss on Delegation from Conversions* | (0.006) | (0.006) | 0 |
| Rates reimbursement to maintained schools | 0 | 0.112 | 0.112 |
| Growth Fund (exceptional pupil numbers) | 1.601 | 1.253 | (0.349) |
| Schools Block Contingency | 0 | 0 | 0 |
| De-delegated budgets | | | |
| School Performance | 0.208 | 0.208 | 0 |
| Early Intervention Service | 0.033 | 0.033 | 0 |
| Ethnic Minority & Traveller Achievement Service | 0.242 | 0.249 | 0.007 |
| Free School Meals | 0.021 | 0.021 | 0 |
| Teaching Union Cover | 0.071 | 0.071 | 0 |
| Non-Teaching Union Cover | 0.016 | 0.016 | 0 |
| HR – Occupational Health (Primary Only) | 0.014 | 0.014 | 0 |
| Central Establishment Charges | 0.039 | 0.039 | 0 |
| Education Functions - DBS Checks | 0.190 | 0.185 | (0.005) |
| Total Schools Allocations | 136.101 | 135.867 | (0.235) |

² Variances in figures reported in the main body of this report and appendix may differ slightly due to the rounding of budgets.

| High Needs Block | Latest Budget | Latest Forecast | Forecast Variance |
|---|---------------|-----------------|-------------------|
| | £m | £m | £m |
| SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision | 5.116 | 5.116 | 0 |
| SEN Top up - Mainstream Schools & Academies | 6.217 | 7.535 | 1.318 |
| SEN Top up - WCC Special Schools & Academies | 13.890 | 14.857 | 0.967 |
| SEN Top up - Independent & OLA Special Schools | 14.082 | 14.842 | 0.76 |
| Tier 4 Hospital Education | 0.180 | 0.160 | (0.020) |
| Resourced Provision - SEN Support | 1.701 | 2.062 | 0.361 |
| SEND Speech & Language | 0.191 | 0.191 | 0 |
| Post 16 Funding | 4.726 | 5.941 | 1.215 |
| SEND Commissions | 0.067 | 0.075 | 0.008 |
| Integrated Disability Service (Teaching & Learning) | 1.416 | 1.381 | (0.035) |
| Warwickshire Flexible Learning Team | 0.457 | 0.369 | (0.088) |
| Area Behaviour Partnerships (Secondary & Primary Exclusions) | 2.132 | 2.658 | 0.526 |
| Contribution to Early Intervention Behaviour Panels | 0.063 | 0.066 | 0.003 |
| STS Links & Exclusions (Primary MOU for learners at risk of exclusion, LINK Centres, transition support/ EHC at risk of exclusion secondary.) | 1.371 | 0.984 | (0.387) |
| Early Years SEN Inclusion Grant | 0.277 | 0.385 | 0.108 |
| Special Nurseries (Universal Hours) | 0 | 0 | 0 |
| High Needs Contingency/ (Shortfall) | (2.759) | (2.081) | 0.678 |
| Central Establishment Charges | 1.428 | 1.428 | 0 |
| High Needs Allocations | 50.555 | 55.969 | 5.414 |
| | | | |

| Early Years Block | Latest Budget | Latest Forecast | Forecast Variance |
|---|---------------|-----------------|-------------------|
| | £m | £m | £m |
| Nursery schools (Universal Hours) | 1.626 | 1.626 | 0 |
| Special nurseries (Universal Hours) | 0.043 | 0.043 | 0 |
| Nursery Funding 3&4 year olds (Universal funding - Independent Providers & Nursery Classes) | 18.491 | 17.517 | (0.974) |
| Nursery Funding 3&4 year Olds (Additional 15 hours) | 7.650 | 7.457 | (0.193) |
| DSG Pupil Premium | 0.160 | 0.134 | (0.026) |
| Funded 2 year olds | 3.016 | 2.996 | (0.02) |
| Disability Access Fund | 0.118 | 0.118 | 0 |
| IDS TL Early Years | 0.826 | 0.891 | 0.065 |
| Early Years - Sufficiency & Business Support | 0.250 | 0.240 | (0.01) |
| Early Years Quality & Development | 0.040 | 0.040 | 0 |
| Early Years – Year end account adjustment | 0 | 1.190 | 1.190 |
| EYB Central Establishment Charges | 0.314 | 0.314 | 0 |
| Early Years Allocations | 32.534 | 32.566 | 0.032 |

| Central Schools Services Block | Latest Budget | Latest Forecast | Forecast Variance |
|--|----------------|-----------------|-------------------|
| | £m | £m | £m |
| Child Protection & Taking Care | 0.175 | 0.164 | (0.011) |
| Children's Mental health | 0.150 | 0.150 | 0 |
| Admissions | 0.718 | 0.614 | (0.104) |
| Heads Termly / SACRE | 0.018 | 0.018 | 0 |
| DSG SF Allocation - Historic Pension Contribution | 0.737 | 0.737 | 0 |
| DSG SF Allocation - North Leamington School Prudential Borrowing | 0.266 | 0.266 | 0 |
| DSG SF Allocation - Copyright Licences | 0.422 | 0.422 | 0 |
| Employers Liability Insurance | 0.051 | 0.045 | (0.006) |
| CSSB Central Establishment Charges | 0.727 | 0.727 | 0 |
| Education functions for all schools: | | | |
| Planning for the education service as a whole (Sch 2, 15b) | 0.378 | 0.378 | 0 |
| Formulation and review of local authority schools funding formula (Sch 2, 15d) | 0.047 | 0.047 | 0 |
| School attendance (Sch 2, 16) | 0.377 | 0.377 | 0 |
| Responsibilities regarding the employment of children (Sch 2, 18) | 0.069 | 0.069 | 0 |
| Admissions (Sch 2, 9) | 0.086 | 0.086 | 0 |
| Contribution to Services funded corporately by WCC | 0.183 | 0.183 | 0 |
| Central Schools Services Allocations | 4.404 | 4.283 | (0.121) |
| 2019/20 DSG Total | 223.594 | 228.685 | 5.090 |