

## Schools Forum

1<sup>st</sup> October 2020

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

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

#### Recommendation(s) / Decision(s)

The Schools Forum is recommended to:

- Note the DSG forecast financial outturn position for 2020/21.
- 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, 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: recoupment</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 and High Needs recoupment. Table 2 and Appendix A show the latest allocations to reflect this change.

Table 2: 2020/21 Revised DSG Allocations	Original Allocation	Change	Latest Allocation	Reason for Change
	£m	£m	£m	
Schools Block	349.680	(207.401)	142.279	Academy recoupment
<i>Total High Needs</i>	<i>68.073</i>		<i>68.073</i>	<i>High Needs recoupment</i>
<i>Less: recoupment</i>	<i>(12.770)</i>	<i>(0.565)</i>	<i>(13.335)</i>	
High Needs Block	55.303	(0.565)	54.738	
Early Years Block	33.112		33.112	
Central School Services Block	4.061		4.061	
<b>Total DSG Allocation</b>	<b>442.156</b>	<b>-207.966</b>	<b>234.190</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:

Table 3: 2020/21 Forecasts	Latest Allocation	Forecast @ 7-Sept-20	Variance
	£m	£m	£m
Schools Block	142.279	139.912	(2.367)
High Needs Block	54.738	66.416	11.678
Early Years Block	33.112	32.364	(0.748)
Central School Services Block	4.061	4.028	(0.033)
<b>Total DSG Allocation</b>	<b>234.190</b>	<b>242.720</b>	<b>8.530</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 will be expected to submit a recovery plan. At present, Warwickshire is forecasting an overspend of 1.88%<sup>1</sup>. If the schools block contingency is fully allocated, and forecast to be fully spent, the overall DSG overspend would increase to £10.913m (2.40%).

2.3. Although the Total 'net' DSG position 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 £11.678m overspend in the High Needs Block.

<sup>1</sup> Calculation of overspend is based on DSG allocation of £454.926m, i.e. the allocation prior to recoupments and adjustments for pupil numbers.

2.4. The DfE have recently published the revised format and guidance for required DSG recovery plans, where local authorities overspent their DSG by more than 1% in 2019/20. Warwickshire were included within this category with an overspend of 1.19%.

2.5. The DfE guidance states the following regarding the revised DSG recovery plans:

*“We expect the plan to be updated and presented at schools forum meetings and any high needs subgroups regularly and at least on a termly basis. The LA should aim to present the first version of the plan to the schools forum in time for budget planning discussions for 2021 to 2022 and before the deadline for block movement requests, if it is submitting one. We realise that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. We have developed the template in such a way that it is intended to be a live document.”*

2.6. Based on this guidance, it is proposed that the DfE recovery plan is presented (in the new DfE format) at the December Schools Forum meeting, in time for 2021-22 budget planning discussions. To fulfil the termly requirement, it is proposed that updates are presented in the March (spring term), June (summer term) and October/December (autumn term) meetings thereafter.

### **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 (£2.367 million underspend)**

3.1. There is an underspend of £2.367 million on the Schools block which comprises:

- Schools Block Contingency of £2.383 million (after the sparsity allocation has been made)
- An overspend on School Performance of £0.010 million.
- An overspend on Ethnic Minority & Traveller Achievement Service of £0.005 million.

#### **High Needs Block (£11.678 million overspend)**

3.2. High Needs is forecasting an overspend of £11.678 million. This overspend is comprised of the £5.240 million deficit from 2019/20 that, as per DfE guidance, has been carried forward to 2020/21.

3.3. The remaining overspend is made up as follows:

- £6.348 million on top ups based on the projected growth and savings within the DSG recovery plan. This will be updated to take into consideration actual delivery this year for the next monitoring report.
- £0.117 million for Alternative provision
- £0.022 million that reflects the updated budget for vision support service
- £0.049 million underspends in IDS Early Years due to a reduction in the number of attendees

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 (£0.748 million underspend)**

3.5. Overall, Early Years is forecasting to underspend by £0.748 million.

- Universal funding for 3 & 4 year olds is forecasting an underspend of £0.550 million
- Additional 15 hours for 3 & 4 year olds is forecasting an underspend of £0.062 million
- The Maintained Nursery supplement is forecasting an underspend of £0.041 million
- Funding for 2 year olds is forecasting an underspend of £0.135 million
- IDS TL Early Years is forecasting an overspend of £0.074 million
- Early Years - Sufficiency & Business Support is forecasting an overspend of £0.034 million which is due to staffing vacancies that were due to be filled from September.

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. In addition, there has been a recent DSG allocation update which shows an increase in the Early Years Block funding of £0.557m. Due to timing, this has not currently been reflected in the budget figures in this report.

#### **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.

**Purnima Sherwood**  
**Service Manager for Finance Delivery**

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

Tel: 01926 742035

## Appendix A

Schools Block	Latest Budget	Latest Forecast @ 7th Sept	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	0.248	(2.383)
<b>De-delegated budgets</b>			
School Performance	0.195	0.205	0.010
Early Intervention Service	0.031	0.031	0.000
Ethnic Minority & Traveller Achievement Service	0.245	0.250	0.005
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	0.182	0.000
<b>Total Schools Allocations</b>	<b>142.279</b>	<b>139.912</b>	<b>(2.367)</b>

High Needs Block	Latest Budget	Latest Forecast @ 7th Sept	Forecast Variance
	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	5.495	5.495	0.000
SEN Top up – Mainstream Schools & Academies	8.859	8.859	0.000
SEN Top up – WCC Special Schools & Academies	15.718	15.718	0.000
SEN Top up – Independent & OLA Special Schools	17.689	17.689	0.000
Tier 4 Hospital Education	0.180	0.180	0.000
Resourced Provision – SEN Support	2.587	2.587	0.000
SEND Speech & Language	0.191	0.191	0.000
Post 16 Funding	7.065	7.065	0.000
SEND Commissions	0.067	0.067	0.000
SEND Integrated Services (Low incidence SEND)	1.303	1.325	0.022
SEND Integrated Services (Flexible Learning)	0.457	0.457	(0.000)
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.757	2.874	0.117
Contribution to Early Intervention Behaviour Panels	0.063	0.063	0.000
SEND Integrated Services (Specialist Teaching Service)	0.784	0.784	0.000
Integrated Disability Service SEN Inclusion Grant (EY)	0.452	0.403	(0.049)
Special Nurseries (Universal Hours)	0.000	0.000	0.000
High Needs Contingency/ (Shortfall)	(10.358)	1.229	11.588
Central Establishment Charges	1.428	1.428	0.000
<b>High Needs Allocations</b>	<b>54.738</b>	<b>66.416</b>	<b>11.678</b>

Early Years Block	Latest Budget	Latest Forecast @ 7th Sept	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)	18.278	17.728	(0.550)
Nursery Funding 3&4 year Olds (Additional 15 hours)	7.701	7.639	(0.062)
Maintained Nursery Supplement	0.668	0.627	(0.041)
DSG Pupil Premium	0.160	0.160	0.000
Funded 2 year olds	3.061	2.926	(0.135)
Disability Access Fund	0.119	0.119	0.000
IDS TL Early Years	0.830	0.904	0.074
Early Years - Sufficiency & Business Support	0.271	0.237	(0.034)
Early Years Quality & Development	0.040	0.040	0.000
Early Years Contingency/ (Shortfall)	0.083	0.083	0.000
EYB Central Establishment Charges	0.314	0.314	0.000
<b>Early Years Allocations</b>	<b>33.112</b>	<b>32.364</b>	<b>(0.748)</b>

Central Schools Services Block	Latest Budget	Latest Forecast @ 7th Sept	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>234.191</b>	<b>242.720</b>	<b>8.529</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.