

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	28 September 2021
<b>Reporting Officer:</b>	Caroline Barlow – Assistant Director of Finance Tim Bowman – Director of Education (Tameside and Stockport)
<b>Subject:</b>	<b>DEDICATED SCHOOLS GRANT BUDGET UPDATE 2021-22</b>
<b>Report Summary:</b>	A report on the Dedicated Schools Grant budget position for the financial year 2021-22.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note and support the contents of the report.
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policy and framework.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>The current projection for 2021-22 is expected to be a deficit on the DSG of £3.124m at the end of the financial year.</p> <p>The report details the in year movements and forecasts on the 4 main blocks of the DSG, with the High Needs Block continuing to be under pressure with a forecast in year shortfall of funding of £2.393m, offset by underspends of £0.787m on the Early Years block, £0.168m on the Schools Block.</p> <p>A deficit recovery plan has been developed and work continues to resolve the deficit position.</p>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	<p>The Council has a statutory duty to use resources efficiently and effectively against priorities and to achieve a balanced annual budget.</p> <p>In noting the report, Forum Members should ensure they understand the outturn and budget positions and that robust challenge is factored into the reporting mechanism especially given the current known deficits and recovery plan.</p>
<b>Risk Management:</b>	<p>The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved.</p> <p>The Council is responsible for the effective administration and management of the DSG. The deficit brought forward from 2019-20 and the increase in the size of the deficit at the end of 2020-21 is subject to a deficit recovery plan with the DfE. There is a risk that this may impact on the effective support and education of our most vulnerable children.</p>

**Access to Information:**

**NON-CONFIDENTIAL**

**This report does not contain information which warrants its consideration in the absence of the press or members of the public.**

**Background Information:** The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Children's and Safeguarding Services



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## 1. INTRODUCTION

- 1.1 This report is presented to provide Schools' Forum with an update on the Dedicated Schools Grant (DSG) budget for 2021-22 and the DSG reserve position. The report sets out:
- A budget update for the DSG for 2021-22 (Section 2)
  - A detailed update for High Needs for 2021-22 (Section 3)
  - A detailed update for Early Years (Section 4)
  - The DSG reserve position at 31 March 2021 and the estimated DSG reserve position at 31 March 2022 (Section 5)

## 2. DSG BUDGET UPDATE FOR 2021-22

- 2.1 The current DSG settlement for 2021-22 and projected distribution/spend is included in Table 1.

**TABLE 1 – DSG Forecast for 2021-22**

<b>DSG Funding Blocks</b>	<b>DSG Settlement 2021-22 at July 2021 £000</b>	<b>Block Transfer 2021-22 £000</b>	<b>Revised DSG 2021-22 £000</b>	<b>Forecast Distribution / Spend 2021-22 £000</b>	<b>Forecast Surplus / (Deficit) £000</b>
Schools Block	183,081	(878)	182,203	182,036	168
Central School Services Block	1,114	0	1,114	1,114	0
High Needs Block	28,196	878	29,073	31,467	(2,393)
Early Years Block	17,494	0	17,494	16,706	787
<b>Total</b>	<b>229,884</b>	<b>0</b>	<b>229,884</b>	<b>231,323</b>	<b>(1,439)</b>

*Note the table above includes roundings*

- 2.2 The forecast surplus of £0.168m on the schools block relates to actual rates charges being lower than estimated (£0.049m) and unallocated growth (£0.118m). As agreed with Schools Forum in January 2021, the unallocated growth should support the deficit on the DSG. The growth allocation is based on pupil numbers at the October 2021 census point and the figures will be updated once this has been finalised. Any surplus on the schools block is proposed to contribute to the DSG reserve deficit.
- 2.3 The central schools service block is expected to be spent in full.
- 2.4 The projected in-year deficit on the high needs block is expected to be £3.271m, which reduces to £2.393m with the £0.878m transfer from the schools block. Included in this figure is a further £0.994m of estimated in-year growth for September to March 2022. Further information on this can be found in Section 3.
- 2.5 It is currently estimated the early years block will have a surplus of £0.787m. As discussed in the last update report, the DfE are changing the funding mechanism for early years in 2021-22. Funding will be based on data collections in summer 2021, autumn 2021 and spring 2022 terms. This is different to prior years when the funding has been based on the spring census data only. Further information on the early year's position can be found in Section 4.

## 3. HIGH NEEDS UPDATE FOR 2021-22

- 3.1 The High Needs budget has now been updated following the summer term real time The exercise and the impact on the budget is shown in table 2 below.

**TABLE 2 - High Needs Budget Position at August 2021:**

High Needs Budget Position 2021-22	2021-22 Original Forecast £000	2021-22 Forecast Budget Summer Term £000	2021-22 Variance £000	% Change
Mainstream	3,015	3,452	(437)	14%
Special	12,554	12,733	(179)	1%
Tameside Pupil Referral Service	2,702	2,726	(24)	1%
Resourced Units	155	424	(269)	174%
Independent Schools	2,374	2,749	(375)	16%
Private Voluntary and Indepedant Settings	49	78	(29)	59%
Non Maintained Special School(NMSS)	452	452	0	0%
Out of Borough (OOB) (Pre 16)	1,132	1,326	(194)	17%
Post 16	3,103	3,217	(114)	4%
Hospital Education	88	88	0	0%
SEN Support Services	1,865	1,741	124	-7%
Income OOB	(403)	(367)	(36)	-9%
<b>Total Spend</b>	<b>27,086</b>	<b>28,619</b>	<b>(1,533)</b>	<b>6%</b>
Original Funding	28,277	28,277	0	
Academy Recoupment	(1,854)	(1,854)	0	
Adjusted Import / Export	0	(81)	81	
<b>Total Funding</b>	<b>26,423</b>	<b>26,342</b>	<b>81</b>	
<b>In Year Deficit Before Growth</b>	<b>(663)</b>	<b>(2,277)</b>	<b>1,614</b>	
Projected in Year Growth:				
Summer Term Real Time	662	0		
Autumn Term Real Time	472	568		
Spring Term Real Time	218	426		
<b>Total Growth</b>	<b>1,352</b>	<b>994</b>		
0.5% transfer Schools Block	878	878		
<b>High Needs Block In Year 2021-22 Deficit</b>	<b>(1,137)</b>	<b>(2,393)</b>		

- 3.2 The in year deficit has increased from £1.137m to £2.393m, an increase of £1.256m and this is as a result of an increase in the numbers of EHCP's and further anticipated growth way beyond anticipated growth levels.
- 3.3 Following the real time exercise the SEN Team have reviewed the new plans issued to date this financial year and used this information to update the expected Growth to the end of the financial year. Initial projections were based on 207 new EHCP'S being issued in year. However, after reviewing the current plans issued to date, this has been revised to include 407 new plans expected for the full financial year, see Table 3 below:

**TABLE 3 - Expected Growth of New EHCP's in year:**

Sector	Forecast April 21	Original Expected Growth In Year	Actual Growth Summer 21	Revised Growth In Year	Expected Growth in Plans by Year End
Mainstream	575	63	82	249	824
Resourced	57	40	-2	40	97
Special	676	74	5	52	728
Pre 16 (Independent, OOB & NMSS)	212	0	25	36	248
Post 16	209	30	13	30	239
<b>Totals</b>	<b>1,729</b>	<b>207</b>	<b>123</b>	<b>407</b>	<b>2,136</b>

3.4 Work continues with the SEN team to assess the impact of this Growth on future years.

#### 4. EARLY YEARS UPDATE FOR 2021-22

4.1 A detailed update of the early years block for 2021-22 is included in Table 4.

**TABLE 4 – Early Years Budget Position at August 2021**

Early Years Funding Block	Early Years DSG Settlement 2021-22 at March 2021 £000	Forecast Distribution / Spend 2021-22 £000	Forecast Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	9,117	8,646	472
3 and 4 Year Olds Extended Entitlement	4,335	3,888	446
2 Year Olds	2,820	2,870	(50)
EY Pupil Premium	136	166	(30)
Disability Access Fund	73	34	39
Central Retention	780	780	0
SEN Inclusion Fund	232	322	(89)
<b>Total</b>	<b>17,494</b>	<b>16,706</b>	<b>787</b>

4.2 Table 4 reflects the current settlement compared with the forecast distribution / spend. The projections are based on the actual payments made to providers for the summer term and estimated uptake for the autumn and spring terms for 2, 3 and 4 year olds. The current forecast indicates an underspend of £0.918m for 3 & 4 year olds, an overspend of £0.05m for 2 year olds and an overspend £0.03m on early years pupil premium. However, this is based on the current settlement and as previously reported, we are expecting our funding to be adjusted in line with the data collections from the summer term and future collections at autumn and spring. This is envisaged that the position will become more balanced and there will not be an underspend.

4.3 The current forecast for the SEN Inclusion Fund (SENIF) is illustrative of the increasing demand on the fund. The SENIF is being reviewed through the Early Years Working Group, further work is being undertaken to understand the demand, and funding allocated to ensure

funding support is being provided in the best way. This forecast is may be partly offset by the forecast underspend on the disability access fund. However, there is likely to be a pressure on the SENIF and overall early years funding as the allocation to the LA is adjusted.

- 4.4 It is extremely difficult to forecast the uptake of places, especially in light of the pandemic. This is a complex area of funding which continues to be closely monitored.

## 5. DSG RESERVE AS AT 31 MARCH 2021 AND ESTIMATED POSITION AT 31 MARCH 2022

- 5.1 Table 5 provides details on the closing position of the DSG reserve for 2020-21 and the estimated position of the DSG at 31 March 2022.

**TABLE 5 – DSG Reserve**

	2020/21 Surplus / (Deficit) £000	2021/22 Forecast Surplus / (Deficit) £000
<b>DSG Reserve Brought Forward</b>	<b>(557)</b>	<b>(1,686)</b>
<b>Schools Block Changes</b>		
In year surplus on business rates	51	49
In year surplus on growth fund	244	118
<b>Schools Block Subtotal</b>	<b>296</b>	<b>168</b>
<b>In year deficit on Central Schools Services Block</b>	<b>6</b>	<b>0</b>
<b>In year deficit on High Needs Block</b>	<b>(1,822)</b>	<b>(2,394)</b>
<b>In year surplus on Early Years</b>	<b>703</b>	<b>787</b>
<b>Variation to Early Years Block 2019-20 Adjustment</b>	<b>(18)</b>	<b>0</b>
<b>Estimated Early Years 2020-21 Adjustment (TBC November 2021)</b>	<b>(293)</b>	<b>0</b>
<b>DSG Reserve after Commitments</b>	<b>(1,686)</b>	<b>(3,124)</b>

- 5.2 If the 2021-22 projections materialise there would be a deficit of £3.124m on the DSG. A deficit recovery plan has been developed and submitted to the DfE. Discussions have been held with the DfE and are ongoing. Further information on the high needs deficit recovery can be found in a separate agenda item. The position will be closely monitored throughout the year and updates will be reported to Schools' Forum.

## 6. RECOMMENDATIONS

- 6.1 As set out at the front of the report.