

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	14 January 2021
<b>Reporting Officer:</b>	Tim Bowman – Assistant Director, Education Tom Wilkinson – Assistant Director, Finance
<b>Subject:</b>	<b>DSG BUDGET UPDATE FOR 2020-21</b>
<b>Report Summary:</b>	A report on the Dedicated Schools Grant budget position for the financial year 2020-21.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note the contents of the report.  Schools Forum are asked to agree any unspent amounts are held in reserve to offset the High Needs deficit.
<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 support 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>	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.  The current projection for 2020-21 is expected to be a deficit on the DSG reserve of £2.711m at the end of the financial year.  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 £2.838m, offset by underspends of £0.395m on the Early Years block, £0.304m on the Schools Block and £0.003m on the Central Block.  A deficit recovery plan has been produced as to how the deficit is expected to be recovered and spending managed in future years. The main body of the report provides the detail of performance against the budget and the overall financial position.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	There is a statutory duty to use resources efficiently and effectively against priorities and to achieve a balanced annual budget.  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.
<b>Risk Management:</b>	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.  The Council is responsible for the effective administration and management of the DSG. The deficit brought forward from 2019-20 and the expected increase in the size of the deficit by 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.

**Access to Information:** **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 an update on the Dedicated Schools Grant (DSG) budget for 2020-21. The report sets out:
- A budget update for the DSG for 2020-21 (Section 2)
  - A detailed update for High Needs for 2020-21 (Section 3)
  - A detailed update for Early Years (Section 4)
  - The DSG reserve position at 31 March 2020 and the estimated DSG reserve position at 31 March 2021 (Section 5)

## 2. DSG BUDGET UPDATE FOR 2020-21

- 2.1 The updated DSG settlement and projected distribution / spend is included in Table 1.

**TABLE 1 – DSG Forecast for 2020-21**

<b>DSG Funding Blocks</b>	<b>DSG Settlement 2020-21 at Nov 2020 £000</b>	<b>Block Transfer 2020-21 £000</b>	<b>Revised DSG 2020-21 £000</b>	<b>Projected Distribution / Spend 2020-21 £000</b>	<b>Forecast Surplus / (Deficit) £000</b>
Schools Block	169,918	(850)	169,068	168,764	304
Central School Services Block	953	0	953	951	3
High Needs Block (Pre/Post 16)	24,425	850	25,274	28,112	(2,838)
Early Years Block	17,261	0	17,261	16,866	395
<b>Total</b>	<b>212,557</b>	<b>0</b>	<b>212,557</b>	<b>214,693</b>	<b>(2,136)</b>

*Note: the table above includes roundings*

- 2.2 There is a forecast surplus of £0.072m on the schools block relating to rates rebates in relation to schools that recently converted to Academy status and actual rates charges being lower than estimated. This partly offset by rates revaluations (relating to 6 schools) resulting in an increase in the costs of £0.019m. There is a surplus of £0.251m relating to unallocated growth funding. The growth allocation is based on pupil numbers at the October 2020 census point and the figures have now been updated in line with the census data. Any surplus is proposed to contribute to the DSG reserve deficit.
- 2.3 There is forecast to be a small surplus on the central school services block of £0.003m due to the cost of licences being slightly less than estimated.
- 2.4 The projected deficit on the high needs block is £2.838m and further information on this can be found in **Section 3**.
- 2.5 The projected surplus on the early years block is £0.395m and further details are provided in **Section 4** of this report.

## 3. HIGH NEEDS UPDATE FOR 2020-21

- 3.1 The high needs budget position has been updated with the latest figures and this includes real time movement up to December 2020. The latest position can be seen below in table 2. The in-year overspend against the high needs block is now estimated to be £3.687m and this will be offset by the schools block transfer leaving a projected year-end deficit of £2.838m.

**TABLE 2 – High Needs Budget Position at December 2020**

<b>High Needs Budget Position</b>	<b>2020-21 Original Forecast (April 20) £000</b>	<b>2020-21 Revised Forecast (Autumn Term) £000</b>	<b>2020-21 Variance £000</b>	<b>% Change</b>
Mainstream	2,662	3,187	(524)	20%
Special	11,099	11,535	(436)	4%
TRPS	2,560	2,559	1	0%
Resourced Units	155	184	(29)	16%
Independent Schools	3,139	3,163	(24)	1%
NMSS	374	452	(78)	17%
OOB (Pre 16)	1,064	1,043	21	-2%
Post 16	2,855	2,763	91	-3%
Hospital Education	82	82	0	0%
SEN Support Services	1,822	1,776	46	-3%
Income OOB	(358)	(439)	82	19%
<b>Total Spend</b>	<b>25,454</b>	<b>26,303</b>	<b>(849)</b>	<b>28%</b>
Original Funding	24,401	24,425	(24)	
Academy Recoupment	(1,630)	(1,630)	0	
<b>Total Funding</b>	<b>22,771</b>	<b>22,795</b>	<b>(24)</b>	
<b>Overspend before Overspend bfw &amp; Growth</b>	<b>(2,683)</b>	<b>(3,509)</b>	<b>825</b>	
Projected in Year Growth:				
Summer Term Real Time	1,238	0		
Autumn Term Real Time	990	0		
Spring Term Real Time	743	179		
Total Growth	2,971	179		
<b>High Needs Block - Projected Overspend at Year End (Before Overspend bfwd &amp; Block Transfer)</b>	<b>(5,654)</b>	<b>(3,687)</b>		
<b>0.5% transfer Schools Block</b>	<b>850</b>	<b>850</b>		
<b>High Needs Block In Year 2020-21</b>	<b>(4,804)</b>	<b>(2,838)</b>		

- 3.2 This is an improved position and as reported at Schools' Forum in September and November 2020. There does appear to be a slowing or flattening in growth and this is explained further in tables 3 and 4 below.
- 3.3 In addition, a review of SEN Support services has identified some savings related staffing charged to the high needs block. These savings are now included above and the full year effect will be seen in next year's spend.

**TABLE 3 – Growth in year 2020-21**

<b>Increase EHCP'S</b>	<b>Original April 2020</b>	<b>Current Dec 2020</b>	<b>No's Increase</b>	<b>% Increase</b>
Mainstream	460	570	110	24%
Special	579	634	55	10%
TRPS	19	34	15	79%
Resourced Units	49	57	8	16%
Independent Schools	99	101	2	2%
NMSS	9	9	0	0%
OOB (Pre 16)	89	91	2	2%
Post 16	219	216	-3	-1%
<b>TOTAL</b>	<b>1,523</b>	<b>1,712</b>	<b>189</b>	<b>12%</b>

- 3.4 Tameside has seen significant growth in the last 2-3 years and this has brought us more in line with the national average, which at January 2020 was 3.1%. The number of EHCP's is expected to increase to 1,832 by the end of this financial year, which will bring the percentage of pupils with EHCP's in Tameside to 3.79%.
- 3.5 The Growth projections are based on some growth in the special sector next year then this will flatten as schools reach capacity. There is also expected growth in resource bases, with the implementation plans for new units across the borough. This leaves the mainstream sector where growth is expected to increase at a slower rate flattening out in 2025. The growth below is net and offset by plans ceasing.

**TABLE 4 – Growth Projections EHCP's**

<b>Year</b>	<b>No of EHCP'S</b>	<b>Growth No's</b>	<b>% Growth</b>	<b>2-18 Population</b>	<b>% EHCP to Population</b>
2018	977			46,405	2.11%
2019	1,344	367	37.56%	47,002	2.86%
2020	1,575	231	17.19%	47,426	3.32%
<b>2021</b>	<b>1,832</b>	<b>257</b>	<b>16.32%</b>	<b>48,335</b>	<b>3.79%</b>
2022	2,132	300	16.38%	48,335	4.41%
2023	2,332	200	9.38%	48,335	4.82%
2024	2,400	68	2.92%	48,335	4.97%
2025	2,400	0	0.00%	48,335	4.97%

#### **4. EARLY YEARS UPDATE FOR 2020-21**

- 4.1 A detailed update of the early years block for 2020-21 is included in Table 5.

**TABLE 5 – Early Years 2020-21 Projections**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2020-21 at Nov 2020 £000</b>	<b>Projected Distribution / Spend 2020-21 £000</b>	<b>Estimated Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal Entitlement	9,028	8,558	470
Early Years for 3 and 4 Year Olds Extended Entitlement	4,276	3,873	404
Early Years for 2 Year Olds	2,789	2,643	146
Autumn 2020 Term Adjustment		716	(716)
Early Years Pupil Premium	136	159	(23)
Early Years Disability Access Fund	69	30	39
Early Years Centrally Retained Expenditure (3 & 4 Year Olds) based on 5% Retention	710	635	75
Early Years Centrally Retained Expenditure (2 Year Olds)	69	69	0
SEN Inclusion Fund - 3 & 4 Year Olds	180	180	0
SEN Inclusion Fund - 2 Year Olds	5	5	0
<b>Total</b>	<b>17,261</b>	<b>16,866</b>	<b>395</b>

*Note: the table above includes roundings*

- 4.2 Table 5 reflects the 2020-21 early years' settlement, compared with the projected distribution / spend against the grant. The projections are based actual payments for the Summer 2020 and Autumn 2020 terms, along with the adjustment to increase the hours of participation to Autumn 2019 levels where required (as reported at Forum in September 2020) and estimates for uptake in the Spring 2021 term. The DfE have confirmed that payments to providers for the spring 2021 should be based on actual participation. Due to the current Covid19 situation, it is more difficult to complete the projections for spend, due to the impact on providers. At present, we are anticipating a £0.395m surplus at the end of the financial year but this could significantly change due to changing nature of government directives in managing the covid19 outbreak, and the rapidly changing environment we find ourselves in.
- 4.3 Autumn 2020 has seen the vast majority of providers re-open. A number of providers have had temporary closures as a result of Covid19 and the requirements for self-isolation. The re-opening has seen participation steadily increasing throughout the term but it has not returned to pre Covid19 levels and as a result has required adjustment payments to 130 providers to top up to autumn 2019 participation levels.
- 4.4 The final settlement for early years funding will not be announced until July 2021 and as a result of the Covid19 situation the DfE have advised they will be changing the measurement of the adjustment. The projections will continue to be updated throughout the financial year to take account the actual uptake and reported to Schools Forum.
- 4.5 It is currently projected that there will be a surplus of £0.075m the centrally retained element of early years funding, again we propose any underspend in DSG is utilised to support the DSG deficit position.

## 5. DSG ESTIMATED RESERVE POSITION AT 31 MARCH 2021

- 5.1 Table 6 provides details on the closing position of the DSG reserve for 2019-20 and the estimated position of the DSG at 31 March 2021.

**TABLE 6 – DSG Reserve**

	<b>2019/20 Surplus / (Deficit) £000</b>	<b>2020/21 Forecast Surplus / (Deficit) £000</b>
<b>DSG Reserve Brought Forward</b>	<b>3,228</b>	<b>(557)</b>
<b>Schools Block Changes</b>		
In year surplus on business rates	13	53
In year surplus on growth fund	101	251
<b>Schools Block Subtotal</b>	<b>114</b>	<b>304</b>
<b>In year deficit on Central Schools Services Block</b>		<b>3</b>
<b>In year deficit on High Needs Block</b>	<b>(4,568)</b>	<b>(2,838)</b>
<b>In year surplus on Early Years</b>	<b>251</b>	<b>395</b>
<b>Estimated Early Years 2019-20 Adjustment (TBC June 2020)</b>	<b>296</b>	
<b>Early Years Block 2018-19 Adjustment</b>	<b>122</b>	
<b>Variation to Early Years Block 2019-20 Adjustment</b>		<b>(18)</b>
<b>DSG Reserve after Commitments</b>	<b>(557)</b>	<b>(2,711)</b>

- 5.2 If the 2020-21 projections materialise, there would be a deficit of £2.711m on the DSG. A deficit recovery plan has been developed as discussed at Schools' Forum in November. This has been submitted to the DfE. 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.