

Report to:	SCHOOLS' FORUM
Date:	19 January 2022
Reporting Officer:	Caroline Barlow – Assistant Director, Finance Tim Bowman – Director, Education (Tameside and Stockport)
Subject:	DEDICATED SCHOOLS GRANT BUDGET UPDATE 2021-22
Report Summary:	A report on the Dedicated Schools Grant budget position for the financial year 2021-22 and update on the Early Years final outturn for 2020-21.
Recommendations:	Members of the Schools' Forum are requested to note and support the contents of the report.
Corporate Plan:	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.
Policy Implications:	In line with financial policy and framework
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<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 £3.712m 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 £2.301m, offset by underspends of £0.091m on the Early Years block and £0.178m on the Schools Block.</p> <p>A deficit recovery plan has been developed and work continues to resolve the deficit position</p>
Legal Implications: (Authorised by the Borough Solicitor)	<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 especially in light of the deficit position and that they ensure that the forum is used as an opportunity to challenge robustly the reporting mechanism.</p>
Risk Management:	<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: 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

DSG Funding Blocks	DSG Settlement 2021-22 at Nov 2021* £000	Block Transfer 2021-22 £000	Revised DSG 2021-22 £000	Forecast Distribution / Spend 2021-22 £000	Forecast Surplus / (Deficit) £000
Schools Block	183,081	(878)	182,203	182,025	178
Central School Services Block	1,114	0	1,114	1,114	0
High Needs Block	28,196	878	29,073	31,375	(2,301)
Early Years Block	16,798	0	16,798	16,707	91
Total	229,188	0	229,188	231,220	(2,032)

Note: the above table includes roundings

* The Early Years DSG settlement figure has been adjusted for the estimated grant clawback, which is discussed in more detail in Section 4 of the report and the High Needs Settlement is before academy recoupment

- 2.2 The forecast surplus of £0.178m on the schools block relates to actual rates charges being lower than estimated (£0.049m) and unallocated growth (£0.129m). 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 have been updated to reflect this. 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 £3.179m, which reduces to £2.301m with the £0.878m transfer from the schools block. Included in this figure is a further £0.384m of estimated in-year growth for January 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 £0.091m. Further information on the early year's position can be found in Section 4.

3. HIGH NEEDS BUDGET UPDATE 2021-22

- 3.1 The high needs budget has now been updated following the autumn term real time exercise and the impact on the budget forecast is shown in table 2 below.

TABLE 2 – High Needs Budget Position at December 2021:

High Needs Budget Position 2021-22	2021-22 Original Forecast £000	2021-22 Forecast Budget Summer Term £000	2021-22 Forecast Budget Autumn Term £000	2021-22 Variance £000	% Change
Mainstream	3,015	3,452	3,639	(624)	21%
Special	12,554	12,733	12,955	(401)	3%
TRPS	2,702	2,726	2,732	(30)	1%
Resourced Units	155	424	487	(332)	214%
Independent Schools	2,374	2,749	2,868	(494)	21%
PVI Settings	49	78	115	(66)	135%
NMSS	452	452	463	(11)	2%
OOB (Pre 16)	1,132	1,326	1,456	(324)	29%
Post 16	3,103	3,217	3,070	33	-1%
Hospital Education	88	88	88	0	0%
SEN Support Services	1,865	1,741	1,741	124	-7%
Income OOB	(403)	(367)	(476)	73	18%
Total Spend	27,086	28,619	29,137	(2,052)	8%
Original Funding	28,277	28,277	28,277	0	
Academy Recoupment	(1,854)	(1,854)	(1,854)	0	
Adjusted Import / Export	0	(81)	(81)	81	
Total Funding	26,423	26,342	26,342	81	
In Year Deficit Before Growth	(663)	(2,277)	(2,795)	2,133	
Projected in Year Growth:					
Summer Term Real Time	662	0	0		
Autumn Term Real Time	472	568	0		
Spring Term Real Time	218	426	384		
Total Growth	1,352	994	384		
0.5% transfer Schools Block	878	878	878		
High Needs Block In Year 2021-22 Deficit	(1,137)	(2,393)	(2,301)		

- 3.2 The in year deficit has increased from £1.137m to £2.301m, an increase of £1.164m and this, as reported at the last forum meeting is as a result and in-line with the expected growth in the numbers of EHCP's and further anticipated growth to the end of the financial year.
- 3.3 Growth in EHCP's has continued at expected levels as table 3 below shows, although the distribution of growth has varied across sectors. The table shows growth in the special, Out of Borough placements and Post 16 has already outstripped total expected growth for the year, whilst there is still growth provision within the mainstream and Independent Sector. Growth will continue to be monitored closely.

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

Sector	Forecast April 21	Expected Growth In Year	Expected Plans at Year End	Actual Growth at Autumn 21	Remaining Growth Provision
Mainstream	575	249	824	651	173
Special	676	52	728	756	-28
Resourced Units	57	40	97	80	17
Independent Schools	72	36	108	67	41
PVI Settings	23		23	16	7
NMSS	9		9	10	-1
OOB (Pre 16)	108		108	142	-34
Post 16	209	30	239	253	-14
Totals	1,729	407	2,136	1,975	161

4. EARLY YEARS UPDATE FOR 2021-22 AND FINAL SETTLEMENT FOR 2020-21

- 4.1 Details of the final early years' settlement for 2020-21 are included in Table 4. For 2020-21 the overall settlement for early years has decreased by £0.287m. As reported in June 2021, it was estimated there would be a reduction of £0.293m in the final settlement. This has resulted in a surplus of £0.397m rather than the estimated £0.392m. The additional surplus will be required to support the wider DSG deficit. The variation against the actual settlement relates to additional funding received for Early Years Pupil Premium.

TABLE 4 – Early Years Outturn 2020-21 Final Position

Early Years Funding Block	Actual Distribution / Spend 2020-21 £000	Estimated Outturn Surplus / (Deficit) £000	Final Settlement for 2020-21 £000	Final Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	8,465	452	8,917	452
3 and 4 Year Olds Extended Entitlement	3,800	377	4,177	377
Autumn 2020 Term Adjustment 3 & 4 Year Olds	546	(546)	0	(546)
2 Year Olds	2,538	169	2,707	169
Autumn 2020 Term Adjustment 2 Year Olds	169	(169)	0	(169)
EY Pupil Premium	163	(27)	141	(21)
Disability Access Fund	36	33	69	33
Central Retention	632	147	779	147
SEN Inclusion Fund	211	(26)	185	(26)
Variation to EY's Block 2019-20 Adjustment	0	(18)	(18)	(18)
Total	16,559	392	16,956	397

Note: the table above includes roundings

- 4.2 A detailed update of the early years block for 2021-22 is included in Table 5.

TABLE 5 – Early Years Forecast 2021-22

Early Years Funding Block	Early Years DSG Settlement 2021-22 at November 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	706	75
SEN Inclusion Fund	232	397	(165)
Estimated Grant Clawback	(696)		(696)
Total	16,798	16,707	91

Note: the table above includes roundings

- 4.3 Table 5 reflects the current settlement compared with the forecast distribution / spend. The projections are based on the actual payments made to providers for the summer and autumn terms and estimated uptake for the spring term for 2, 3 and 4 year olds.
- 4.4 As previously reported, we are expecting the early years funding to be adjusted in line with the data collections from the summer and autumn term and future collection at spring. Table 5 includes an estimated clawback of the early years funding of (£0.696m). Participation is reducing which is why there appears to be surpluses specifically against 3 and 4 year olds but these will be offset by the estimated clawback. This is partly due to the birth rate reducing but take up of places is also dropping. Historically Tameside has seen a high level of take up at approx. 98% but more recently, this is closer to 93%.
- 4.5 The forecast deficit on the SEN Inclusion Fund (SENIF) has increased significantly from an estimated deficit of (£0.089m) to an updated estimate of (£0.165m). The SENIF continues to be reviewed through the Early Years Working Group, which includes further work to understand the demand, and funding allocated to ensure funding support is being provided in the best way. This forecast deficit 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.
- 4.6 It is anticipated there will be an underspend on the centrally retained element of the early years funding in 2021-22. This will be required to support the deficit on the SENIF.
- 4.7 As stated in prior reports, 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 6 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 6 – DSG Reserve

	2020-21 Surplus / (Deficit) £000	2021-22 Forecast Surplus / (Deficit) £000
DSG Reserve Brought Forward	(557)	(1,686)
Schools Block Changes		
In year surplus on business rates	51	49
In year surplus on growth fund	244	128
Schools Block Subtotal	296	178
In year deficit on Central Schools Services Block	6	0
In year deficit on High Needs Block	(1,822)	(2,301)
In year surplus on Early Years	703	91
Variation to Early Years Block 2019-20 Adjustment	(18)	0
Estimated Early Years 2020-21 Adjustment & final adjustment as confirmed in November 2021	(293)	6
DSG Reserve after Commitments	(1,686)	(3,712)

Note: the table above includes roundings

- 5.2 If the 2021-22 projections materialise there would be a deficit of £3.712m 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. 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.