

Report to:	SCHOOLS' FORUM
Date:	21 June 2022
Reporting Officer:	Caroline Barlow – Assistant Director of Finance Tim Bowman – Director of Education (Tameside and Stockport)
Subject:	DEDICATED SCHOOLS GRANT OUTTURN 2021-22 AND BUDGET UPDATE 2022-23
Report Summary:	A report on the Dedicated Schools Grant (DSG) outturn position for 2021-22 and an update of the budget position for the financial year 2022-23.
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 outturn position for 2021-22 resulted in a deficit on the overall DSG of £3.243m. The current projection for 2022-23 is expected to be a deficit on the DSG of £5.786m. A deficit recovery plan has been developed and work continues to resolve the deficit position.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>This grant is paid to support the local authority's schools budget. The Council is responsible for determining the split of the grant between central expenditure and the individual schools budget (ISB) in conjunction with local schools forums.</p> <p>The Council is also responsible for allocating the ISB to individual schools in accordance with it's local schools funding formula.</p> <p>The grant is provided to the Council by the Secretary of State for Education under section 16 of the Education Act 2002 which states the following must be adhered to failing which the grant can be recovered:</p> <ul style="list-style-type: none"> • The grant is a ring-fenced specific grant and it must be used in support of the schools budget as defined in the School and Early Years Finance Regulations 2020 for 2020-21 and the School and Early Years Finance (England) Regulations 2020 for 2021-22; and for no other purpose. • At the end of the financial year the Chief Finance Officer (CFO) of the local authority is required to append an additional note to the statement of accounts confirming the deployment of the grant in support of the schools budget as required by the Accounts and Audit (England) Regulations 2015.

- The Chief Finance Officer is also required to confirm the final deployment of the DSG in support of the schools budget.
- Given the deficit position a meaningful engagement is required with the DfE so as to address the position and avoid action by the Secretary of State and to minimise any impact of educational provisions.

Risk Management:

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 cumulative deficit brought forward from 2020-21 and the increase in the size of the deficit at the end of 2021-22 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:

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



Telephone: 0161 342 3216



e-mail: christine.mullins@tameside.gov.uk

1. INTRODUCTION

1.1 This report is presented to advise Schools' Forum of the outturn position for the overall Dedicated Schools Grant (DSG) in 2021-22, to provide an update on the DSG budget for 2022-23 and the DSG reserve position. The report sets out:

- The outturn position for the DSG for 2021-22 (Section 2)
- A budget update for the DSG for 2022-23 (Section 3)
- The DSG reserve position as 31 March 2022 and the estimated DSG reserve position at 31 March 2023 (Section 4)

2. DSG OUTTURN POSITION FOR 2021-22

2.1 The outturn position against the 2021-22 DSG settlement is shown in Table 1.

TABLE 1 – DSG Outturn 2021-22

DSG Funding Blocks	DSG Settlement 2021-22 at March 2022 £000	Block Transfer 2021-22 £000	Revised DSG 2021-22 £000	Distribution / Spend 2021-22 £000	Surplus / (Deficit) £000
Schools Block	183,081	(878)	182,203	182,025	178
Central School Services Block	1,114	0	1,114	1,107	7
High Needs Block	28,196	878	29,073	31,046	(1,973)
Early Years Block	16,571	0	16,571	16,424	147
Variation to Early Years Block 2020-21 funding adjustment	6	0	6	0	6
Early Year Block estimated 2021-22 funding adjustment	78	0	78	0	78
Total	229,045	0	229,045	230,602	(1,558)

Note: the above table includes rounding's

2.2 The surplus on the schools block relates to actual business rates charges being £0.049m lower than estimated and unallocated growth of £0.128m. As agreed with Schools Forum in January 2021, the unallocated growth should support the deficit on the DSG. It is proposed this surplus contributes to the DSG deficit

2.3 There is a small surplus on the Central Services Schools Block (CSSB) of £7k. This relates to the costs of servicing Schools Forum being lower than budget as a result of remote meetings and a small surplus on the Admissions Team costs due to reduced expenditure on non-staffing resources. It is proposed this surplus contributes to the DSG deficit.

2.4 The high needs budget continues to be under significant pressure with a closing in year deficit for 2021-22 of £2.851m and after the schools block transfer of £0.878m, this reduces to £1.973m. Further information on high needs spending and the Deficit Recovery Plan is provided in a separate agenda item.

2.5 The surplus on the early years block is currently £0.153m, which relates to £0.147m in-year surplus and £6k additional funding from the final 2020-21 early years allocation from DfE. It

is estimated there will be additional funding of £0.078m allocated in relation to the 2021-22 financial year as the final settlement will be adjusted based on the early years census data from January 2022. The final early years settlement for 2021-22 will be announced in July 2022. This would result in an overall surplus on early years of £0.231m. It is proposed this surplus contributes to the DSG deficit.

2.6 A detailed breakdown of the early years block for 2021-22 is included in Table 2.

TABLE 2 – Early Years Outturn (Provisional) 2021-22

Early Years Funding Block	Early Years DSG Settlement 2021-22 at March 2022 £000	Distribution / Spend 2021-22 £000	Outturn Surplus / (Deficit) £000	Estimated Funding Adjustment for 2021-22 £000	Estimated Final Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	8,556	8,395	161	(21)	140
3 and 4 Year Olds Extended Entitlement	4,012	3,911	102	48	149
2 Year Olds	2,740	2,847	(107)	52	(55)
Early Years Pupil Premium	177	181	(4)	0	(4)
Disability Access Fund	73	38	35	0	35
Central Retention	780	647	134	0	134
SEN Inclusion Fund	232	405	(173)	0	(173)
Total	16,571	16,424	147	78	225

Note: the table above includes rounding's

2.7 The distribution / spend is based on the actual payments made to providers for 2, 3 and 4 year olds and central spend to support the Early Years sector. The current position indicates an underspend of £0.289m for 3 & 4 year olds, an overspend of £0.055m for 2 year olds and an overspend £4k on early years pupil premium.

2.8 The SEN Inclusion Fund has an overspend of £0.173m which is partly offset by underspends of £0.035m on the Disability Access Fund and £0.134m on the centrally retained budget. Savings on the centrally retained budget are as a result of reduced activity due to the Covid 19 pandemic and some staffing savings.

2.9 Due to the pressure on the SEN Inclusion Fund in 2021/22, it was agreed at Schools Forum in March 2022 to increase the budget as demand continues to grow in this area. This was afforded through an increase in the funding rates from DfE. This will be closely monitored throughout 2022-23 and updates will be reported to Schools Forum and Members.

3. DSG BUDGET UPDATE FOR 2022-23

3.1 The current DSG settlement for 2022-23 and forecast distribution / spend is included in Table 3.

TABLE 3 – DSG Forecast for 2022-23

DSG Funding Blocks	DSG Settlement 2022-23 at March 2022 £000	Block Transfer 2022-23 £000	Revised DSG 2022-23 £000	Forecast Distribution / Spend 2022-23 £000	Forecast Surplus / (Deficit) £000
Schools Block	190,743	(954)	189,789	189,535	254
Central School Services Block	1,182	0	1,182	1,182	0
High Needs Block	32,918	954	33,871	36,755	(2,884)
Early Years Block	16,965	0	16,965	17,201	(236)
Early Years Estimated July 2022 Funding Adjustment			323		323
Total	241,807	0	242,130	244,673	(2,543)

Note: the table above includes rounding's

- 3.2 As agreed with Schools' Forum, the 0.5% transfer from the Schools Block to the High Needs Block of £0.954m has been completed as shown in Table 3.
- 3.3 A review of the PFI contract for the Pyramid Schools resulted in a reduction to the PFI contributions for the three schools. This wasn't known until after the report was taken to Schools Forum to agree the 2022-23 funding formula in January 2022. The value of the reduction (approx. £0.26m) would have resulted in minimal increases across all schools and due to the timing of determining this reduction and DfE statutory deadlines this surplus funding was added to the growth fund.
- 3.4 There is a forecast surplus of £0.254m on the schools block. This relates to £0.257m unallocated growth (as discussed in the paragraph 3.3) offset by a £3k retrospective business rates charge. The final growth allocation is based on pupil numbers at the October 2022 census point and the figures will be updated once this has been finalised. This may impact on the current surplus forecast. It is proposed that any surplus on the schools block contributes to the DSG deficit.
- 3.5 The CSSB is expected to be spent in full.
- 3.6 The projected in-year deficit on the high needs block is expected to be £4.526m, which reduces to £2.884m with the £0.954m transfer from the schools block and a combination of both savings and cost avoidance totalling £0.688m identified in the Deficit Recovery Plan. The projection also includes £5.402m of estimated in-year growth related to increasing number of EHCP's and the planned new Resourced bases. Further information on high needs is included in a separate agenda item.
- 3.7 The early years block is currently forecasting a deficit of £0.236m, However, the funding settlement for early years will be updated in July 2022 and it's anticipated there will be an increase of £0.323m to reflect the January 2022 census data. Therefore, there is an estimated surplus of £0.087m. A detailed breakdown of the estimate is included at Table 4.

TABLE 4 – Early Years Forecast 2022-23

Early Years Funding Block	Early Years DSG Settlement 2022-23 at March 2022 £000	Distribution / Spend 2022-23 £000	Forecast Outturn Surplus / (Deficit) £000	Estimated Funding Adjustment for 2022-23 £000	Estimated Forecast Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	8,851	8,828	23	(89)	(66)
3 and 4 Year Olds Extended Entitlement	4,094	4,113	(19)	197	178
2 Year Olds	2,543	2,784	(240)	215	(26)
Early Years Pupil Premium	179	179	0	0	0
Disability Access Fund	94	94	0	0	0
Central Retention	764	764	0	0	0
SEN Inclusion Fund	439	439	0	0	0
Total	16,965	17,201	(236)	323	87

Note: the table above includes rounding's

- 3.8 The forecast distribution / spend for 3 and 4 year old universal and extended entitlements and 2 year olds is based on the anticipated participation for 2022-23. Participation is difficult to estimate and the figures will be closely monitoring throughout the year and reported to Schools Forum.
- 3.9 The SEN Inclusion Fund was increased as stated in 2.9 and will be closely monitored.

4. DSG RESERVE AS AT 31 MARCH 2022 AND ESTIMATED POSITION AS AT 31 MARCH 2023

- 4.1 Table 5 provides details on the closing position of the DSG reserve for 2021-22 and the estimated position of the DSG at 31 March 2023.

TABLE 5 – DSG Reserve

	2021-22 Surplus / (Deficit) £000	2022-23 Forecast Surplus / (Deficit) £000
DSG Reserve Brought Forward	(1,686)	(3,243)
Schools Block Changes		
In year position on business rates	49	(3)
In year position on the growth fund	128	257
Schools Block Subtotal	178	254
In year position on Central Schools Services Block	7	0
In year position on High Needs Block	(1,973)	(2,884)
In year position on Early Years	147	(236)

Early Years 2020-21 final adjustment	6	0
Estimated Early Years 2021-22 Adjustment	78	0
Estimated Early Years 2022-23 Adjustment	0	323
DSG Reserve after Commitments	(3,243)	(5,786)

Note: the table above includes rounding's

- 4.2 In 2021-22, there has been an increase in the deficit in the reserve mainly as a result of the in-year high needs deficit. Contributions to the reserve have slightly reduced the burden but there continues to be a significant issue to resolve.
- 4.3 If the 2022-23 projections materialise there would be a deficit of £5.786m on the DSG. A deficit recovery plan has been developed and submitted to the DfE. Discussions are continuing 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 continue to be closely monitored and updates reported to Schools' Forum

5. RECOMMENDATIONS

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