

## Schools Forum

8th July 2021

### Dedicated Schools Grant (DSG) Outturn 2020/21

#### 1. Introduction

- 1.1 The purpose of this report is to set out the final expenditure position in relation to the 2020/21 Dedicated Schools Grant (DSG).

#### 2. Background

- 2.1 The DSG funding regulations require that any surplus arising from a particular year is carried forward and spent on items within the schools budget. The Authority, in consultation with the Schools Forum, is required to decide how the surplus should be used. Similarly, any deficit within the DSG should be carried forward and be dealt with from future DSG income. In the event that a local authority has an overall deficit on its DSG at the end of the financial year, or if any prior year surplus has substantially reduced during the year, the Authority must work with the Department for Education (DfE) as required to effectively manage the situation.

#### 3. Dedicated Schools Grant 2020/21

- 3.1 Appendix 1 sets out the outturn position in respect of the DSG for 2020/21 (subject to external audit). The table below summarises the final position:

<b>Summary of DSG outturn 2020/21</b>	<b>£m</b>
Total budget 2020/21 (after academies and high needs block recoupment)	119.376
Total expenditure 2020/21	120.350
<b>In year (2020/21) DSG pressure / (surplus) (prior to the 2020/21 Early Years Block adjustment)</b>	<b>0.974</b>
Prior year adjustment	<b>(0.050)</b>
Prior year balance brought forward	<b>(0.182)</b>
<b>Total DSG pressure / (surplus) (prior to the 2020/21 Early Years Block adjustment)</b>	<b>0.742</b>

- 3.2 There was a significant pressure within the high needs block of the DSG (£2.120m). Funding within this block was not sufficient to meet the underlying level of demand for pupils with Statements or Education, Health and Care Plans, and those pupils who cannot be educated in a mainstream setting and require a place in a specialist

independent provision The cost of these independent school fees also includes educational provision for children looked after where the nature of the placement necessitates alternative educational arrangements. .

3.3 Budget provision for non-maintained, independent and further education providers (line 1.2.3) was overspent by £2.226m whilst top up funding for maintained schools and academies was overspent by £0.374m (lines 1.2.1 and 1.2.2). These overspends were partially offset by underspends of £0.336m in respect of SEND support services (line 1.2.5) and £0.144m relating to other alternative provision services (line 1.2.7).

3.4 There is an initial overall underspend of £0.694m in relation to the early years block. However, the funding in support of the Free Education Early Years Entitlement within this block is provisional as it is based on historic data. A final adjustment relating to the 2020/21 early years block will be made during the 2021/22 financial year utilising the January 2021 census figures. Normally, the DfE would use the January 2021 census numbers to update the final funding allocation to cover the September 2020 to March 2021 period. Instead it is currently intended that final funding will be updated as follows:

- provisional allocations will be updated based on nine-twelfths of the January 2020 census numbers (to cover the April 2020 to December 2020 period); and
- the remaining three-twelfths of the year will be updated using the January 2021 census numbers (to cover the January 2021 to March 2021 period).

It is our understanding that use of the January 2021 census numbers for the spring term remains under review and is subject to final confirmation. However, it is anticipated that the DfE will revise the 2020/21 early years block allocation downwards overall for the Authority, thereby significantly reducing this underspend.

3.5 There was an underspend of £0.426m in respect of the schools block which was primarily related to pupil growth / infant class sizes (line 1.4.10 and 1.4.13). However, it should be noted that the funding allocated within the schools block for this purpose is prescribed by the DfE and that for the 2021/22 financial year, this has been significantly reduced from £0.932m to £0.689m (a reduction of £0.243m).

3.6 There was a small underspend of £0.026m in respect of the central school services block of the DSG. Schools Forum have previously been informed that from 2020/21 there have been significant changes to the historical commitments element of this block. There had been a longstanding arrangement with schools where an amount of funding is set aside to be managed on behalf of schools (included in 1.4.6 – Capital Expenditure from Revenue). This funding predominately relates to statutory servicing contracts and lower value landlord repairs for non-voluntary aided maintained schools. In February 2021, the Authority wrote to schools to advise them of the budgetary arrangements they will need to consider in this regard for future years.

#### 4. Funding the in-year budget deficit

4.1 As set out at Section 3, in 2020/21 expenditure exceeded in year resources by £0.974m. Accumulated prior year reserves total £0.182m and as previously approved by Schools Forum, these have been used to part fund this pressure, together with the £0.050m prior year adjustment. This results in an overall deficit

position on the DSG of £0.742m, however as reported at paragraph 3.4, it is anticipated that this deficit will increase following the final adjustment to the 2020/21 early years block by the DfE.

- 4.2 It is anticipated that because there is an overall deficit on the DSG, the Authority will be required to prepare and submit to the DfE, a Deficit Management Plan that sets out how we intend to address this issue. Provisions included in the School and Early Years Finance (England) Regulations 2020, establish a statutory basis that a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the local authority not to do this.

## 5. Recommendations

- 5.1 It is recommended that the Schools Forum:

- notes the contents of the report; and
- approves that in year 2020/21 underspends against the schools and central services blocks of the DSG, together with any underspend that may result against the early years block following the final budget adjustment by the DfE, are used to help mitigate the pressures associated with the high needs block.

## APPENDIX 1

## DEDICATED SCHOOLS GRANT OUTTURN 2020/21

s251 Line	S251 Narration	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
1.0.1	Individual schools budget (excl. academy recoupment)	93.252	93.286	92.723	-0.563
1.0.2	High needs place funding (ISB)	5.478	5.478	5.478	0
1.2.1	Top up funding – maintained schools	10.671	10.515	10.896	0.381
1.2.2	Top up funding - academies	0.680	0.680	0.673	-0.007
1.2.3	Top up funding – non-maintained & independent providers	3.923	3.923	6.149	2.226
1.2.5	SEN support services	1.885	1.885	1.549	-0.336
1.2.7	Other alternative provision services	0.466	0.466	0.322	-0.144
1.3.1	Central expenditure on early years entitlement	0.715	0.715	0.559	-0.156
1.4.2	School admissions	0.201	0.201	0.201	0
1.4.3	Servicing of schools forums	0.023	0.023	0.013	-0.010
1.4.6	Capital expenditure from revenue (CERA)	0.722	0.722	0.738	0.016
1.4.10 / 1.4.13	Pupil growth / Infant class sizes	0.932	0.932	0.532	-0.400
1.4.11	SEN transport	0.050	0.050	0.050	0
1.4.14	Other items	0.120	0.120	0.129	0.009
1.5.1	Education welfare service	0.104	0.104	0.104	0
1.5.3	Statutory / regulatory duties	0.276	0.276	0.234	-0.042
		<b>119.498</b>	<b>119.376</b>	<b>120.350</b>	<b>0.974</b>
	Prior year adjustment	0	0	-0.050	-0.050
	DSG b/fwd from prior years	0	0	-0.182	-0.182
		<b>119.498</b>	<b>119.376</b>	<b>120.118</b>	<b>0.742</b>