

Meeting:	Schools Forum
Date:	2 June 2020
Subject:	Item 4: DSG Budget 2019-20Final Outturn
Responsible Officer:	Jo Frost, Finance Business Partner – Children's Services

Section 1 – summary

1. This report is the 2019-20 budget outturn report for the Dedicated Schools Grant (DSG)
 - Centrally retained and de-delegated budgets
 - Early Years Block
 - Schools Block
 - High Needs Block
2. Schools Forum is asked to:
 - Note the overall DSG position from paragraph 3
 - Note the underspend on the Central Block from paragraph 5
 - Note the net position on the Early Years Block from paragraph 6
 - Note the net position on the Schools Block from paragraph 12
 - Note the net position on the High Needs Block from paragraph 17
 - Note the final position on the Contingency at Table 5
 - Agree the final proposed allocation of the Contingency at Table 6

Section 2 – report

Overall DSG Position

3. The final notified DSG budget for 2019-20 is £128.024m after recoupment for academies and free schools and including a contribution of £0.9m from the

schools brought forward contingency. A summary of funding blocks and final expenditure is shown at Table 1.

- Table 1 also shows the variance forecast at Q3. The final outturn shows an improved position of £0.846m on the Schools, Early Years and Central Blocks and an improved position on the HNB of £0.640m.

Table 1 – DSG budget and outturn 2019-20

Block	2019-20 Budget £'000	2019-20 Outturn £'000	Final Variance £'000	Q3 projected variance £'000
Central	£1,225	£1,223	-£2	£0
Early Years	£18,211	£17,638	-£573	£0
Schools	£78,539	£77,864	-£675	-£404
Total	£97,975	£96,725	-£1,250	-£404
High Needs	£30,949	£33,893	£2,944	£3,584
Total Budget/Spend	£128,924	£130,618	£1,693	£3,180

Central Block

- There is a small underspend on the Central Services Block of £2k due to funding set aside for administering Schools Forum which was not required in 2019-20.

Early Years Block

- In 2019-20 the final Early Years Block is £18.211m. The overall outturn in the Early Years Block was a net underspend of £0.573m. This is an improved position from Q3 mainly as a result of underspends on the 3&4 year old nursery education budgets.

Table 2 – Early Years Block budget and outturn 2019-20

Early Years Block	2019-20 Budget	2019-20 Outturn	Variance
3&4 year old maintained nursery classes	£2,685	£2,733	£48
3&4 year old PVI	£9,062	£8,715	-£347
3&4 year old additional 15 hours	£3,243	£2,918	-£325
Early Years Pupil Premium	£58	£58	-£1
Early Years Disability Access Fund	£44	£18	-£26
Early Years SEND Inclusion Fund	£737	£705	-£32
2 year old PVI	£1,605	£1,704	£98
Early Years Centrally Retained	£776	£787	£11
Early Years Block Total	£18,211	£17,475	-£521

3&4 year old 15 hour free entitlement & additional hours

There is an underspend on the 3&4 year old maintained and PVI nursery provision of £624k. The majority of this is due to a reduction in funding of £176k which related to clawback of 2017-18 funding as a result of updated allocation for the pupil numbers on the January 2018 census.

7. It is proposed to earmark this underspend to Early Years in 2020-21. More details are set out in the Contingency section at the end of this report.

Early Years Pupil Premium and Disability Access Fund

8. Funding for EYPP and DAF are distributed based on claims by providers for eligible children. There was a combined underspend of £27k.

SEND Inclusion Fund

9. The SEND Inclusion Fund is a mandatory fund required to support providers in improving outcomes for children with special educational needs. The fund is focussed on children with lower level and emerging SEN, since those with more complex SEN can receive funding through an Education Health & Care Plan.
10. There is an underspend of £32k and it is proposed to carry this forward to 2019-20 to be earmarked for SEND Inclusion.

2 year old 15 hour free entitlement

11. There is an overspend on this funding because the census funding is based on the Spring Term (January) count however the highest term for participation is the Autumn Term so more funding is paid out than received.

Schools Block

12. The final outturn is shown at Table 3 below

Table 3 – Schools Block outturn 2019-20

Category	Budget	Outturn	Variance
	£'000	£'000	£'000
TU Duties	£38	£23	-£15
Maintained School Budgets	£76,675	£76,455	-£220
Growth Fund	£1,827	£1,386	-£440
Total Schools Block	£78,539	£77,864	-£675

13. There is a small underspend on TU Duties. The underspend on Maintained School Budgets is due to differentials in calculations of academy recoupment for those schools converting in 2019-20.

Growth Fund

14. The budget for the growth fund in 2019-20 is £1.827m

Table 4 – Growth Fund Outturn 2019-20

Category	2019-20 Budget £'000	2019-20 Outturn £'000	2019-20 Variance £'000
Rates	£0	£2	£2
Expansion	£1,312	£1,060	-£252
Licences	£165	£99	-£66
Varying Rolls Fund	£121	£123	£2
Extension of Age Range	£102	£102	£0
Sub Total	£1,700	£1,386	-£314
Recoupment from ESFA for academies growth	£127	£0	-£127
Budget 2019-20	£1,827	£1,386	-£440

15. £1.312m was earmarked for schools taking expansion classes from September 2019. Included in this budget was also a contingency for additional bulge classes in other year groups that was not required in 2019-20.

16. As part of the budget setting process the LA is required to allocate primary expansion funding for academies for a full academic year. The element that relates to April 2020 to August 2020 is then reallocated back into the DSG via recoupment. This is therefore additional to the anticipated schools budget available and will be an underspend in the growth fund of £127k. There was also an underspend on the licences.

High Needs Block

17. The budget for the High Needs Block in 2019-20 is £30.949m after recoupment for place funding for academies, free schools and post 16 provision. It is made up of a number of service areas covering staffing, funding to schools, academies, independent & non maintained school sector and further education institutes and is considered to cover educational provision for young people aged 0-25 years in line with the SEND reforms. An overview of the High Needs Block is set out at Table 4 below.

Table 4 – High Needs Block 2019-20

Provision Type	2019-20 Budget	Final Outturn	Variance	Count		Q3 Forecast	Count
Independent & NMSS Day & Residential Provision	£6,574	£6,042	-£532	144.33		£6,164	140.83
Independent Specialist Provision	£1,299	£1,330	£31	35.96		£1,389	34.04
Harrow Maintained Special Schools	£8,860	£8,591	-£269	400		£8,745	400
Harrow Academies Special Schools	£1,003	£915	-£88	80		£915	80
Other LA Special Schools	£2,359	£2,398	£38	132.58		£2,413	131.42
Harrow Academies ARMs Units	£683	£541	-£143	73.58		£541	73.58
Harrow Schools ARMs Units	£988	£948	-£40	55.42		£933	55.42
EHCPs in Harrow Academies	£2,838	£2,890	£52	258		£2,856	258
EHCPs in Harrow Maintained Schools	£2,678	£3,031	£354	232		£3,058	232
EHCPs in Out Borough Mainstream	£614	£612	-£2	105.21		£684	100.46
FE Colleges	£1,740	£2,115	£374	223.41		£2,183	234.75
Early Years SEN Provision	£356	£288	-£68	49.68		£356	60.19
EOTAS & Alternative Provision	£265	£338	£73			£300	
Pupil Referral Unit	£1,437	£1,437	£0	74		£1,437	74
PFI Special Schools	£449	£449	£0			£449	
Sensory Teams	£1,151	£1,102	-£49			£1,151	
SEN Transport	£187	£187	£0			£187	
Therapy	£773	£681	-£93			£773	
BUDGETED DEFICIT	-£3,306		£3,306			£0	
Total	£30,948	£33,893	£2,944	1,864.17		£34,533	1,874.69

18. The outturn position is a net overspend of £2.944m. This is a more favourable outturn than that projected at Q3. Further details are set out in the following paragraphs.

Independent & Non Maintained Special Schools (INMSS) Day and Residential Provision

19. The final outturn is an underspend of £532k. The overall underspend relates to capacity for growth for new starters built into the budget that did not come to fruition. This is a reduction from Q3 of £122k

Independent Specialist Provision

20. The final outturn is an overspend of £31k. This is a reduction since Q3 due to a placement which was delayed.

Harrow Maintained & Academies Special Schools

21. The final outturn is an underspend of £357k. This is due to claw back of top up funding for vacant places and for a number of places being filled and funded by other local authority pupils.

Other Local Authority Special schools

The final net outturn is an overspend of £38k. This has remained largely unchanged from the position reported at Q3.

Harrow Maintained Schools & Academies ARMs Units

22. The final outturn is an underspend of £406k. This is due to a reduction in funding required due to a number of vacant places and places filled and funded by other local authority pupils.

EHCPs in Mainstream Schools & Academies in Harrow

23. The final outturn is overspend of £406k due to a significant increase in mainstream EHCPs requiring funding compared to the budget. This is largely unchanged from the position reported at Q3.

EHCPs in Out of Borough Mainstream Schools & Academies

24. The final outturn is a small underspend of £2k.

Further Education Colleges

25. The final outturn is an overspend of £374k. Final negotiations on college contracts are still underway so there are a number of estimates included in

the outturn. FE college placements are difficult to forecast since a young person may approach a college directly for provision and the LA is notified retrospectively.

Early Years SEN Provision

26. The final outturn is an underspend of £68k. This is an improved position on the Q3 forecast due to a reduction in estimated number of hours for which funding was required and out of borough early years funding being based on estimates.

Education Other Than At School (EOTAS) & Alternative Provision

27. The final outturn is an overspend of £73k. There is an increase in the number of young people with high needs who are educated outside of a school setting. In addition there is an increase of young people who are receiving medical treatment in a medical facility for example for mental health issues and accessing education at the provision. The responsibility for the education funding lies with the Local Authority through the high needs block regardless of whether the young person has a statement or EHCP. Often these young people are only known about once an invoice is received from the medical provision.

Pupil Referral Unit

28. This is place funding and element 3 top up funding for The Helix.

PFI Schools

29. PFI affordability gap funding for the three maintained PFI schools

Sensory Teams & SEN Transport

30. The final outturn is an underspend of £49k in relation to efficiencies in the Sensory Teams.

Therapy

31. The final outturn is an underspend of £93k. The budget funds the Speech and Language Therapy contract with London North West Healthcare NHS Trust. The main reason for the movement is lower than forecast requirement for funding for adhoc therapy packages to individual children.

DSG Deficits

32. The overspend on the High Needs Block of £2.944m which will be transferred to a separate reserve which will hold a deficit balance which sits with the LA.

33. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves.
34. With effect from 2019-20 the DfE has tightened up the rules under which local authorities have to explain their plans for bringing the DSG account back into balance.
35. The DfE will require a report from any LA that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2019-20 compared with the deficit shown in the authority's published draft accounts.
36. The final deficit in 2019-20 of £2.944m represents 1.35% of the overall DSG allocation (including academy funding).
37. Recovery plans will need to be discussed with Schools Forum and it is included at Item 5 on this agenda.

Contingency

38. Table 5 below shows the contingency at the end of the financial year 2019-20

Table 5 – Contingency 2019-20

Description	Non Earmarked £'000	Earmarked £'000	Total £'000
Contingency opening balance 2019-20	£1,270	£1,344	£2,614
Allocated to Schools Funding Formula 2019-20		-£900	-£900
Proposed Earmark for Clawback EY	£444	-£444	£0
Actual 2018-19 EY 2 year old clawback	-£159		-£159
Actual 2018-19 EY 3&4 year additional funding	£574		£574
2019-20 Early Years Block Underspend	£573		£573
2019-20 Schools Block Underspend	£675		£675
2019-20 Central Services Block Underspend	£2		£2
2019-20 High Needs Block Overspend			£0
Adjustment to recoupment	-£12		-£12
Clawback for copyright licences	-£155		-£155
Final Balance 2019-20	£3,213	£0	£3,213

39. The contingency brought forward from 2018-19 totalled £2.614m. Of this, £900k was earmarked to the 2019-20 School Funding Formula and included in school budgets. £444k was earmarked for potential clawback of Early Years Funding due to underspends in the previous financial year.
40. Adjustments were made to Early Years funding in July 2019 to update for the January 2019 Early Years Census. There was a clawback of £159k in respect of 2 year olds as the participation had reduced, however there was an additional allocation of £574k for 3&4 year old entitlement as the participation had increased.
41. In addition to this there were underspends on the Early Years Block (£573k), Schools Block (£675k) and Central Block (£2k) which have increased the contingency.
42. There was also a small adjustment of £12k for additional recoupment and top-slicing for licences of £155k
43. Table 6 shows the contingency at the start of 2020-21 and provisional allocation

Table 6 – Contingency 2020-21

Description	Non Earmarked £'000	Earmarked £'000	Total £'000
Balance brought forward 2020-21	£3,213	£0	£3,213
Allocated to Schools Funding Formula 20-21		-£1,000	-£1,000
Earmarked for SEND Element 2 Funding EHCPs 2020-21		-£700	-£700
Secondary bulge classes		-£274	-£274
High Needs Block projects		-£274	-£274
EY Underspend earmarked for Early Years		-£965	-£965
Proposed carry forward to 2020-21	£3,213	-£3,213	£0

44. In previous Schools Forum meetings, members agreed to earmark brought forward balances in 2020-21 as set out at the table above which includes the schools funding formula, Element 2 EHCPs, secondary bulge classes and High Needs Block projects.
45. However there is an additional £965k within the contingency over and above that projected at Q3.

46. The majority of this relates to underspends on the Early Years Block £573k, increased underspend on the Schools Block £271k and additional retrospective 2018-19 Early Years Block adjustments.
47. At this point in the financial year it is proposed to earmark this to Early Years because the final Early Years 2020-21 allocation will not be finally known until adjustments for the January 2020 census will be made in July 2020. Any retrospective clawback for reduced participation would have to be funded from this.
48. In addition, the LA is still working with providers to ensure there is sufficient child care provision during this pandemic. The Government has advised that we may use our funding more flexibly (within a set of parameters) in order to ensure this however we are not yet clear what the overall financial implications might be.
49. It is proposed that Schools Forum review this proposal in the Autumn Term once the position on Early Years is clearer, at which point a decision can be made as to whether any of this funding can be earmarked to other blocks/projects.

Section 3 – contact details

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