

Meeting:	Schools Forum
Date:	15 November 2020
Subject:	Item 5: 2020-21 DSG Budget Monitoring
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

1. This report is the 2020-21 budget monitoring report for the Dedicated Schools Grant (DSG)
 - Schools Block
 - Early Years Block
 - High Needs Block
 - Centrally retained and de-delegated budgets
2. Schools Forum is required to:
 - Note the position on the overall DSG
 - Note the position on the HNB
 - Note the position on the growth fund
 - Decide on use of the schools brought forward contingency.

Section 2 – report

2. The total notified DSG budget after recoupment for academies and high needs places as at Q2 is £132.751m. A summary of funding blocks and forecast expenditure is shown at Table 1.
3. There is a projected overspend on the High Needs Block of £3.157m and a projected underspend on the Schools Block (growth fund) of £155k

Table 1 – DSG budget and forecast 2020-21

Block	2020-21 Budget £'000	2020-21 Forecast £'000	Variance £'000
Central	£1,250	£1,250	£0
Early Years	£19,223	£19,223	£0
High Needs	£33,502	£36,659	£3,157
Schools – Growth Fund	£1,994	£1,839	-£155
Schools – ISB	£76,783	£76,783	£0
Total	£132,751	£135,753	£3,002

Early Years Block

4. In 2020-21 the Early Years Block is £19.223m. The overall impact on the budget in 2020-21 is still not clear due to Covid.
5. In Summer term 2020 providers were funded based on the eligible children on roll regardless whether they were open or closed
6. In Autumn term 2020 providers will be paid as the same level as Autumn 2019 or actual participation, whichever amount is higher
7. The majority of settings are now open.

High Needs Block

8. The High Needs Block budget is £33.502m after recoupment of place funding for academies/free schools and post 16 institutions. It is currently forecasting to overspend by £3.157m.
9. In 2018-19 the Government introduced a High Needs National Funding Formula which has generated funding which is £2.9m lower than the actual budget allocated to High Needs in 2017-18. This is partially due to the fact that the 50% of the overall allocation is based on previous years' HNB allocations, rather than the actual spending on HNB.

10. The LA has set a deficit budget based on projected spend and numbers of children and will need to fund this from future years' DSG allocations. From 2019 LAs are no longer required or permitted to fund any pressures in relation to High Needs from general fund balances. Any changes to SEND funding or provision for young people would be subject to consultation with relevant stakeholders.
11. The LA brought the DSG Deficit Recovery Plan (DRP) to Schools Forum in July. Since then the DfE has issued a new template which is more comprehensive and more clearly links activity data to financial information as well as including benchmarking data and other statistics.
12. Schools Forum asked for the updated DRP to be brought back to Schools Forum in November however given the impact of Covid and delays this has caused to any progress, as well as the revised DRP template issued by the DfE, it is suggested that this is brought back to Schools Forum in March 2021.
13. The 2020-21 High Needs Block is set out at Table 2 below which includes the budget, forecast spend, variance and includes the number of pupils in both 2019-20 and estimated 2020-21.

Table 2 – High Needs Block 2020-21 Quarter 2

Provision Type	2020-21 Budget £'000	2020-21 Forecast £'000	2020-21 Variance £'000	No. Pupils	2019-20 Outturn £'000	No. Pupils
Independent & NMSS Day & Residential Provision	£6,950	£6,874	-£77	145.87	£6,042	144.33
Harrow Maintained Special Schools	£9,886	£9,886	-£0	403.50	£8,591	400.00
Harrow Academies Special Schools	£1,098	£1,098	£0	80.00	£915	80.00
Other LA Special Schools	£2,424	£2,458	£34	128.42	£2,398	132.58
Harrow Academies ARMs Units	£649	£659	£9	74.17	£541	73.58
Harrow Schools ARMs Units	£1,126	£1,126	£0	67.42	£948	55.42
EHCPs in Harrow Maintained Schools	£2,398	£2,398	£0	226.00	£3,031	232.00
EHCPs in Harrow Academies	£2,410	£2,410	-£0	288.00	£2,890	258.00
EHCPs in Out Borough Mainstream Schools	£771	£775	£4	119.92	£612	105.21
SEND Support Fund (new 2020-21)	£564	£564	£0		£0	
Independent Specialist Provision Post 16	£1,287	£1,356	£69	34.83	£1,330	35.96
FE Colleges	£1,578	£2,223	£645	222.02	£2,115	223.41
Early Years SEN Provision	£266	£319	£52	43.78	£288	49.68
EOTAS & Alternative Provision	£324	£362	£38		£338	
Pupil Referral Unit	£1,437	£1,437	£0	74.00	£1,437	74.00
PFI Special Schools	£449	£449	£0		£449	
Sensory Teams	£1,151	£1,151	£0		£1,102	
SEN Transport	£187	£187	£0		£187	
Therapy	£927	£927	£0		£681	
BUDGETED DEFICIT	-£2,383	£0	£2,383		0	
GRAND TOTAL	£33,502	£36,659	£3,157	1907.93	£33,893	1864.17

14. The forecast as at quarter 2 is a predicted overspend of £3.157m. There are still a number of provisional forecasts as not all of the changes for September are known or confirmed and this in particular applies to the post 16/19 budgets.

Independent & Non Maintained Special Schools (INMSS)

Day Provision

15. The forecast as at quarter 2 is an overspend of £214k. The majority of in-borough provision is full and therefore any growth in pupil numbers is increasingly placed out of borough. The forecast also includes the full year effect of last year's growth which started in September 2019 and projections for further growth this financial year. The forecast includes further possible placements this academic year totalling £408k.

Residential Provision

16. The forecast as at quarter 2 is an underspend of £290k. There has been an overall reduction in the number of children placed in residential school provision over the past few years. The forecast includes further possible placements this academic year totalling £106k.

Harrow Maintained Special School Budgets

17. The forecast as at quarter 2 is within budget. This budget funds the place funding and element 3 top up funding for the three maintained special schools.
18. As shown in Table 2 above the budgets have increased between years by around £1.2m. This is due to the review of special school funding and movement to a matrix/banding system to reflect the increasing complexity of need in special schools.
19. No adjustment has been made for claw back of top up funding for vacant places or for other LA pupils.

Harrow Academies Special Schools

20. The forecast as at quarter 2 is a balanced budget. This budget funds top up funding for places in Harrow special academies. Place funding has been recouped by the ESFA from the Council and is paid to the academy directly. No adjustment has been made for claw back of top up funding for vacant places or for other LA pupils.

Other Local Authority special schools

21. This budget funds top up funding for Harrow pupils in other Local Authority special schools. The forecast as at quarter 2 is an overspend of £34k. This includes projected in year growth of £121k.

Harrow Schools & Academies ARMs Units

22. The forecast as at quarter 2 is a small overspend. This budget funds top up funding for places in specialist units in Harrow schools and academy primary and secondary schools. No adjustment has been made for claw back of top up funding for vacant places or for other LA pupils.

Harrow Schools & Academies EHCPs

23. The forecast as at quarter 2 is a balanced budget. An allowance of £275k has been included to take account of the net anticipated cost of starters and leavers for the remainder of the academic year as top up funding is adjusted monthly.

Out of Borough Education Health Care Plans

24. This budget funds top up funding for EHCPs for Harrow pupils in other local authority mainstream schools and academies. The forecast as at quarter 2 is broadly on budget.

SEND Support Fund

25. This is newly introduced funding for 2020-21 to acknowledge schools which have an above average number of pupils with EHCPs. This has been allocated at £6k per pupil with an EHCP over and above 1.5% or 1.64% for primary and secondary schools respectively of NOR on October 2019 census.

26. In addition, Schools Forum agreed to allocate £700k from the contingency as a transitional arrangement to support schools with the first £6k of all pupils with EHCPs. This has been allocated at £1,250 per pupil with an EHCP on the October 2019 census. This is not included in the above figures as is assumed to be cost neutral to this budget.

Independent Specialist Provision

27. The forecast as at quarter 2 is an overspend of £69k. The number of young people in ISPs is expected to be similar as last year although the forecast includes 4 further possible placements this academic year totalling £186k.

Further Education Colleges

28. The forecast as at quarter 2 is an overspend of £645k. At this point in the year it is difficult to estimate the forecast for the full financial year until more clarity is available in relation to college placements from September. This continues to be a rising area of pressure as the extension of the age range to 25 years adds in another year group each year whilst young people are not moving on as quickly as they would previously. It is hoped that this will plateau over the next year.

Early Years SEN Provision

29. The forecast at quarter 1 is a small overspend of £52k. This budget commissions places at Chatter Tots Pre School Language Unit and provides an ARMs type unit at Hillview nursery school. In addition this budget provides funding for EHCPs for 3 and 4 year old nursery age children accessing PVI provision.

Education Other Than At School (EOTAS) & Alternative Provision

30. The forecast at quarter 2 is an overspend of £38k. The budget funds young people with high needs who are educated outside of a school setting including 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. The budget is also required to fund education placements for Looked After Children who are educated in alternative or other non-mainstream provision.

Pupil Referral Unit

31. Funding for The Helix pupil referral unit for 74 places. This is projected to be on budget.

PFI Schools

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

Sensory Teams

33. The forecast as at quarter 1 is that the service will spend within budget.

SEN Transport

34. This is an agreed and fixed amount of funding from the DSG to contribute to SEN home to school transport.

Therapy

35. The forecast as at quarter 2 is that the service will spend within budget. The budget funds the Speech and Language Therapy contract with London North West Healthcare NHS Trust. In addition there is funding for adhoc therapy packages to individual children. The forecast is based on the agreed contractual values as well as an allowance for adhoc therapy packages.
36. In 2020-21 the budget has been increased as the onus for funding the Occupational Therapy contract has fallen to the LA.

Growth Fund

37. The growth fund has been primarily established for Additional Class Funding for planned increases in PAN for the Primary Expansion Programme. Schools taking a bulge class or expanding permanently will receive £63k per class to cover the period September to March until the additional pupils are funded in the following year's budget through the census. In addition, funds have been added for expansion funding for schools extending the age range, in year bulge classes in the second year and funding for schools with varying rolls.

Table 3 – Growth Fund

Areas	Budget	Forecast	Variance
Expansions	£1,468,865	£1,468,865	£0
Licences	£160,962	£160,962	£0
Trigger Funding	£137,035	£137,035	£0
Post opening grants	£60,000	£60,000	£0
Recoupment growth fund academies	£0	£167,500	£167,500
Rate Revaluations		£12,225	£12,225
Total Growth Fund 2020-21	£1,826,862	£1,671,587	£155,275

38. 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 2021 to August 2022 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 £167.5k. This is partially offset by in-year rate revaluations of schools totalling £12k.

Contingency

39. The anticipated impact on the contingency in 2020-21 is shown at Table 4:

Table 4 – 2020-21 Contingency

Description	Non Earmarked £'000	Earmarked £'000	Total £'000
Balance brought forward from 2019-20	£3,213	£0	£3,213
Allocated to Schools Funding Formula 2020-21		-£1,000	-£1,000
Earmarked for SEND Element 2 Funding		-£700	-£700
Secondary bulge classes		-£274	-£274
High Needs Block projects		-£274	-£274
EY Underspend earmarked for Early Years	-£965		-£965
Balance April 2020	£3,213	-£3,213	£0
Add back EY underspend not needed for EY	£965		£965
Growth fund underspend	£155		£155
Grand Total September 2020	£1,120	£0	£1,120

40. The balance brought forward for 2019-20 is £3.213m. Of this, £1m has already been allocated in the Schools Funding Formula for 2020-21 and is included in school budgets this year. A further £700k was earmarked to support a proportion of the first £6k of all EHCPs as set out at paragraph 23 above.

41. £274k was earmarked for secondary bulge classes but has so far not been needed.

42. A further £274k was earmarked for SEND projects but due to Covid any plans for September 2020 have been delayed. The LA requests that this funding continues to be earmarked and can be drawn down later this year or the following year.

43. Underspends on the Early Years Block from 2019-20 were earmarked in the context of Covid in order to potentially support providers if possible. However, the regulations around the use of EY funding remained restricted and funding could only be paid using the EY single funding formula based on actual or estimated participation. No separate mechanisms of funding were allowed.

44. The underspend in the growth fund of £155k can be added back into the contingency.

45. Schools Forum needs to decide whether to:

- Continue to earmark £274k to support secondary expansion
- Continue to earmark £274k to support HNB projects
- Earmark the remainder of the funding £1.12m to the schools funding formula in full or part.

Section 3 – contact details

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