

Meeting: Schools Forum

Date: 14 June 2022

Subject: Item 5: DSG Budget 2021-22 Outturn

Responsible Officer: Jo Frost, Finance Business Partner – Children's Services

## **Section 1 – summary**

1. This report is the 2021-22 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 net position on the Early Years Block
  - Note the net position on the Schools Block
  - Note the net position on the High Needs Block
  - Note the position on the contingency
  - Note the position on the School Improvement Monitoring & Brokerage Grant
  - Agree the proposed Schools Forum dates form 2022-23

## **Section 2 – report**

## Overall DSG Position

- The final notified DSG budget for 2021-22 is £138.034m after recoupment for academies and free schools and including a contribution of £632k from the schools brought forward contingency. A summary of funding blocks and final expenditure is shown at Table 1.

**Table 1 – DSG budget and outturn 2021-22**

Block	Budget £'000	Outturn £'000	Variance £'000
Central	£1,388	£1,385	-£2
Early Years	£18,044	£18,320	£277
High Needs	£37,020	£37,297	£277
Schools Growth	£1,479	£662	-£817
Schools ISB	£80,103	£80,103	£0
<b>Totals</b>	<b>£132,751</b>	<b>£132,487</b>	<b>-£264</b>

## Central Block

- There is small underspend of £2k on the Central Services Block,

## Early Years Block

- In 2021-22 the final Early Years Block is £18.044m. The overall outturn in the Early Years Block was a net overspend of £277k.

**Table 2 – Early Years Block budget and outturn 2021-22**

Early Years Block	2021-22 Budget	2021-22 Outturn	Variance
3&4 year old maintained nursery classes	£2,467	£2,509	£42
3&4 year old PVI	£8,434	£8,621	£186
3&4 year old additional 15 hours	£3,575	£3,288	-£287
Early Years Pupil Premium	£83	£100	£17
Early Years Disability Access Fund	£55	£12	-£43
Early Years SEND Inclusion Fund	£837	£1,037	£200
2 year old PVI	£1,713	£1,873	£161
Early Years Centrally Retained	£881	£881	£0
<b>Early Years Block Total</b>	<b>£18,044</b>	<b>£18,320</b>	<b>£277</b>

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

6. There is an overspend on the 3&4 year old maintained and PVI nursery provision of £229k.
7. In 2021-22 there was a clawback of Early Years budget of £1.398m to reflect the updated number of participating children on the January 2021 census which has contributed to the overspend.
8. This overspend is funded from the overall schools brought forward contingency. This is set out in further detail at Table 5 in this report.

### **Early Years Pupil Premium and Disability Access Fund**

9. Funding for EYPP and DAF are distributed based on claims by providers for eligible children. There was a combined underspend of £26k.

### **SEND Inclusion Fund**

10. 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.
11. There is an overspend of £200k however this is funded by a carried forward from last year's Early Years underspend in the contingency, as due to COVID-19, many settings were not open or operating to capacity and it was not possible to passport all of the fund in 2020-21.

### **2 year old 15 hour free entitlement**

12. There is an overspend of £161k on this funding because the census funding is based on the Spring Term (January 2021) count however the highest term for participation is the Autumn Term so more funding is paid out than received. Despite COVID-19 there has still been a pressure on this budget.

### **Schools Block**

13. The final outturn is shown at Table 3 below

**Table 3 – Schools Block outturn 2021-22**

Category	Budget	Outturn	Variance
	£'000	£'000	£'000
TU Duties	£19	£19	£0
Maintained School Budgets	£80,084	£80,084	£0
Growth Fund	£1,479	£662	£-817
<b>Total Schools Block</b>	<b>£81,582</b>	<b>£80,765</b>	<b>£-817</b>

14. The budget for the schools block includes £632km allocated from the 2020-21 contingency.

### **Growth Fund**

15. The overall underspend on the growth fund is £817k. The majority of this underspend £777k has been reported in previous periods and is committed within the contingency for future projects and the schools funding formula. The additional balance has also been added to the contingency.

### **High Needs Block**

16. The budget for the High Needs Block in 2021-22 is £37.020m 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 2021-22**

<b>Provision Type</b>	<b>Budget</b>	<b>Final Outturn</b>	<b>Variance</b>
Independent & NMSS Day & Residential	£7,725	£7,428	-£297
Harrow Maintained Special Schools	£10,805	£10,533	-£271
Harrow Academies Special Schools	£1,152	£1,105	-£47
Other LA Special Schools	£2,352	£1,997	-£355
Harrow Academies ARMs Units	£643	£722	£79
Harrow Schools ARMs Units	£1,140	£1,068	-£72
SEND Support Fund	£726	£726	£0
EHCPs in Harrow Maintained Schools	£2,653	£2,666	£12
EHCPs in Harrow Academies	£2,706	£2,694	-£12
EHCPs in Out Borough Mainstream Schools	£1,068	£929	-£139
Independent Specialist Provision	£935	£1,022	£87
FE Colleges	£2,115	£1,794	-£321
Early Years SEN Provision	£288	£179	-£109
EOTAS & Alternative Provision	£338	£301	-£37
Pupil Referral Unit	£1,437	£1,437	£0
PFI Special Schools	£449	£449	£0
Sensory Teams	£1,151	£1,147	-£4
SEN Transport	£187	£187	£0
Therapy	£927	£913	-£15
<b>BUDGETED DEFICIT</b>	<b>-£1,778</b>	<b>£0</b>	<b>£1,778</b>
<b>Total</b>	<b>£37,020</b>	<b>£37,297</b>	<b>£277</b>

17. The outturn position is a net overspend of £0.277m. This is a further improved position that reported in previous periods due to a reduction in the rate of growth than previously built into the budget. Part of this is due to a lower take up in post 16 provision as well as a reduction requirement for INMSS and out of borough provision.

### High Needs Block Deficit

18. The revised updated provisional deficit position is as follows:

<b>Year</b>	<b>Deficit £'000</b>
Deficit 2019-20	£2,944
Deficit 2020-21	£787
Deficit 2021-22	£277
<b>Total cumulative deficit</b>	<b>£4,007</b>

19. 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 back into balance.
20. 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.
21. The current deficit of £4.007m represents 1.64% of the latest published DSG budget in 2022-23.
22. The DSG Deficit Recovery Plan is currently being updated to reflect the revised outturn, latest projections and implications of new provision currently being developed for 2022-23 academic year.
23. This will be brought back to Schools Forum at a later date. The ESFA has also requested an informal discussion with officers in respect of the current deficit position and plans to bring the deficit back in balance. This meeting will take place later this month.

## Contingency

24. Table 5 below shows the contingency at the end of the financial year 2021-22.

Description £'000	Committed £'000	Uncommitted £'000
<b>Balance</b>		<b>£2,920</b>
High Needs Block Projects	£274	
Raising Achievement BBCH Project Y1	£80	
Raising Achievement BBCH Project Y2	£150	
Committed to Schools Funding Formula	£700	
Other projects to be determined 2022-23	£400	
Balance uncommitted		£1,316
<b>Total Commitments 2022-23.</b>	<b>£1,604</b>	<b>£1,316</b>

25. The balance brought forward as at 1 April 2022 is £2.920m. Of this, £1.604m has been committed as shown above. This leaves a balance of £1.316m which is uncommitted.
26. This balance is brought forward from 2019-20 and relates to Early Years underspends due to closure of settings during Covid. The brought forward balance of £1.785m was earmarked to claw back of early years budget in 2021-22.
27. As set out in paragraph 7 above, the overall clawback was £1.398m. However, spend in 2021-22 was also reduced which led to a small overspend.

Therefore, the full balance brought forward from 2021-22 was not required leaving £1.316m uncommitted.

28. There will be a further adjustment to Early Years budgets relating to 2021-22 and impacting on the 2022-23. This will be based on the January 2022 Early Years Census. The final adjustment will be notified in the Summer Term. It is proposed to leave this balance uncommitted until the final adjustments have been notified and the updated balance on the contingency can be reviewed in September.

### **School Improvement Monitoring & Brokerage Grant 2023-24**

29. In October 2021 the DfE launched a consultation seeking views on the intention to remove the SIMB grant allocated to LAs to support school improvement activities and make provision within the regulations to allow LAs to fund all of their school improvement activity via de-delegation from schools' budget shares.
30. The SIMB Grant has been allocated to LAs to support them in fulfilling their statutory school improvement function of the Education and Inspections Act 2006 and school improvement expectations as set out in the Schools Causing Concern guidance.
31. Many LAs also provide additional school improvement and other services to schools on a traded basis where school leaders choose to buy in services.
32. The DfE is of the view that the current funding arrangements presume that there is a clear distinction between core school improvement activities, principally relating to formal intervention, and additional activity. However, the DfE believes that this balance of duties no longer reflects the reality of how councils operate. Councils rarely intervene formally and, in practice, actively engage in improvement activities that form part of a continuum of wider school improvement activity. The DfE hold that LAs should not be funded for this. LAs may choose to undertake this work, but it would be entirely funded by maintained schools going forward.
33. Although a large majority of respondents did not support this reduction in funding and pointed to the many creative ways the funding was used to support the schools' sector, the DfE has decided to remove 50% of the grant

in 2022-23 and the full grant in 2023-24. For Harrow the annual grant amount is £153k.

34. Due to the late notice of the consultation response in Autumn 2021, we were unable to carry out any discussions or local consultations with maintained schools in time for the 2022-23 financial year. The shortfall in grant in 2022-23 of £76k is therefore being funded from corporate one-off reserves.
35. However, we are proposing to work with maintained schools to explore opportunities to de-delegate funding to mitigate the loss of the grant whilst also reviewing our own structures and processes to minimise expenditure to enable us to continue to fulfil the LA's statutory duties in relation to School Improvement. This will be explored in more detail in the Autumn Term. The DFE has further proposed that the LA would no longer be able to operate as an Associated Body from 31 August 2023. This will have a further impact on its traded offer if confirmed.

### **Schools Forum Meeting Dates Academic Year 2022-23**

36. The proposed meeting dates for AY22-23 are set out below. These follow a similar schedule to AY21-22 with the exception of the proposal to reduce the number of meetings in the Autumn term from 3 to 2. This would mean that there would no longer be a meeting in October. Historically there had been meetings in September, October and November to accommodate discussions and consultations in relation to school funding changes for the forthcoming year. However, since we have moved to the NFF the amount and complexity of consultations has reduced.

37. Proposed dates:

13 September 2022  
9 November 2022  
17 January 2023  
7 March 2023  
6 June 2023



## **Section 3 – contact details**

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