

**CITY OF WESTMINSTER****SCHOOLS' FORUM 28th MARCH 2022****REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES****2021/22 DEDICATED SCHOOLS GRANT BUDGET MONITORING AS AT  
FEBRUARY 2021****Purpose of the report**

This report provides Schools' Forum with an update on the revised Dedicated Schools Grant (DSG) allocation, budgets set and forecasts for 2021/22.

**FOR INFORMATION****1 INTRODUCTION**

- 1.1 The Dedicated Schools Grant allocation for 2021/22, based on information published by the Education and Skills Funding agency (ESFA) in March 2021, was £90.932m. This figure is after deductions for academies recoupment, and funding of high needs places in academies.
- 1.2 Table 1 shows a comparison between the updated DSG allocation as reported by the Education and Skills Fund Agency (ESFA) in January 2022 compared to the April 2021 position.
- 1.3 The change since April is due to the expected increase to the High Needs block of £516,000 to reflect the amended the FE college data error, a £59,000 increase to the academy recoupment adjustment and an early years block reduction of £2,213,000 due to lower child numbers based on the January 2020 census data compared to January 2019 (which the DSG was previously based on).
- 1.4 There was a final adjustment relating to the 2020/21 Early Years Block and the difference between this and the estimate set up in the 2020/21 accounts is taken into account in table 2. There will also be a final adjustment to the 2021/22 Early Years Block in 2022/23.

**2 2021/22 DSG ALLOCATION**

- 2.1 The DSG allocation as at January 2022 compared to the April 2021 DSG allocation is shown in table 1 below.

**Table 1 – DSG Allocations 2021/22**

<b>Funding Blocks</b>	<b>2021/22 DSG Apr 21</b>	<b>2021/22 DSG @ Jan 22</b>	<b>Change since Apr 21</b>	<b>Change since Apr 21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
<b>Early Years Block</b>				
3-4yo funding	11,719	9,869	(1,850)	(15.8%)
Maintained Nursery Supplement	1,560	1,297	(263)	(16.9%)
2 yo funding	1,249	1,179	(70)	(5.6%)
Early Years Pupil Premium	81	52	(29)	(35.8%)
EY DAF	38	37	(1)	(2.6%)
<b>Total Early years Block</b>	<b>14,647</b>	<b>12,434</b>	<b>(2,213)</b>	<b>(15.1%)</b>
<b>Schools and Central Schools Services Block (CSSB)</b>				
Schools Block Formula and CSSB	123,083	123,083	0	0.0%
Academy Recoupment Adjustment	(76,631)	(76,690)	(59)	(0.1%)
<b>Total Schools and CSSB</b>	<b>46,452</b>	<b>46,393</b>	<b>(59)</b>	<b>(0.1%)</b>
<b>High Needs Block</b>				
High Needs Block Formula Funding	32,459	32,982	523	1.6%
Deductions for High Needs Places in Academies	(2,626)	(2,633)	(7)	(0.3%)
<b>Total High Needs Block</b>	<b>29,833</b>	<b>30,349</b>	<b>516</b>	<b>1.7%</b>
<b>Total DSG Allocation 2021/22</b>	<b>90,932</b>	<b>89,176</b>	<b>(1,756)</b>	<b>(1.9%)</b>

2.2 The Academy Recoupment Adjustment became available after the ESFA confirmed the validity of the APT submission in February 2021. Academies receive their budgets from the ESFA and Maintained Primary and Secondary Schools received their Formula Budgets before 28<sup>th</sup> February 2021.

### **3 DSG BUDGETS AND BUDGET MONITORING**

3.1 The projected year end DSG position as at January 2022 is shown below in table 2 and includes overspend and underspend variances. This is based on the amended DSG allocation, the resulting revised budgets and is for information.

**Table 2 – DSG Budget Monitoring 2021/22**

<b>Budget Area</b>	<b>Revised Budget</b>	<b>Forecast Jan 22</b>	<b>Projected Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Early Years Block</b>			
3 to 4-year old Formula Funding (PVI)	4,268	4,321	53
3 to 4-year old Formula Funding (Schools)	4,268	4,331	63
3 to 4-year old Formula Contingency	281	281	0
2-Year old Funding	1,179	1,179	0
Deprivation	384	442	58
Maintained Nursery Supplement	740	913	173
SEN Inclusion Fund (SENIF)	175	258	83
Disability Access Fund (DAF)	38	38	0
Early Years Pupil Premium	81	81	0
Early Years Provision	129	129	0
Children in Need Provision	411	411	0
EY Miscellaneous and Nursery Rents	112	112	0
EY Years and Children's Centres Teams	118	118	0
Childcare and Early Education Service	250	250	0
<b>Total Early Years</b>	<b>12,434</b>	<b>12,864</b>	<b>430</b>
<b>Schools Block &amp; CSSB</b>			
Schools Formula Primary	38,300	38,300	0
Schools Formula Secondary	6,730	6,789	59
Falling Rolls	235	235	0
Copyright Licences	118	118	0
De-delegated Trade Unions supply	73	73	0
School Restructures	0	570	570
Virtual School	217	217	0
Admissions	346	410	64
Servicing of Schools' Forum	46	60	14
Statutory duties chargeable to the DSG eg planning for education service and finance functions	328	328	0
<b>Total Schools and CSSB</b>	<b>46,393</b>	<b>47,100</b>	<b>707</b>
<b>High Needs Block</b>			
Top-Up Maintained Pre-16	4,458	6,208	1,750
Top-Up Academies, Free, College Pre-16	2,542	3,168	626
Top-Up Out of Borough	5,453	5,691	238
Top-Up Independents Pre-16	3,157	3,739	582
Top-Up Post 16 Academies, Colleges	4,310	3,226	(1,084)
Top-Up Post 16 Independents	1,018	2,418	1,400
Top-Up Post 16 Maintained	400	407	7
Targeted Support	250	198	(52)
Special Schools and Units Places	2,406	2,352	(54)
Alternative Provision Commissioning	1,293	1,138	(155)

<b>Budget Area</b>	<b>Revised Budget</b>	<b>Forecast Jan 22</b>	<b>Projected Variance</b>
Hospital Education	340	307	(33)
Looked After Children Belongings Regulations	830	563	(267)
SEN Outreach	759	787	28
SEN Commissioning ABA	0	0	0
SEN Services	523	523	0
Occupational Therapy	451	520	69
Portage	195	135	(60)
Other Support & Therapies	160	100	(60)
Speech & Language Therapy (SALT)	1,172	1,100	(72)
Equipment	50	50	0
Earmarked for High Needs pupils development	372	340	(32)
DSG higher than anticipated when budgets were set	210	0	(210)
<b>Total High Needs Block</b>	<b>30,349</b>	<b>32,970</b>	<b>2,621</b>
<b>Total Dedicated Schools Grant 21/22 (Rounding's to £1,000)</b>	<b>89,176</b>	<b>92,934</b>	<b>3,758</b>

## EARLY YEARS

- 3.2 The 3 to 4 year old formula funding budget is now derived from the January 2020 school census and early years census. The hourly rate has been adjusted to take account of deprivation, SENIF and centrally retained budgets.
- 3.3 The 2 year old funding allocations are based on the January 2020 census data.
- 3.4 £231,000 of the projected £507,000 early years overspend reflects the redistribution of the final funds received for 2019/20, agreed by the Schools Forum in March 2021 and paid in 2021/22.
- 3.5 There is a further £250,000 in-year pressure due to the reduction in the Maintained Nursery Supplement announced as part of the allocation update on 27<sup>th</sup> January 2022. The reduced allocations are a result of lower child numbers and overall, the Early Years Block funding decreased by 15.1% compared to the initial allocations. To avoid reductions to maintained nurseries funding in 2021/22, £77,000 can be funded from the early years contingency. The balance of £173,000 will be charged to the contingency in 2022/23.
- 3.6 The maintained nursery allocations (including CIN funding) are based on historic places at each of the nurseries and may no longer be appropriate. Given the reduction in funding, a review of funding for 2022/23 will be undertaken with the maintained nurseries in the borough and recommendations regarding reductions will be reported at the next forum.

- 3.7 As a result of the DSG reductions, the SEN Inclusion Fund has been reduced to £175,000 to keep the SENIF at the same percentage of available funding. This £25,000 reduction will result in an overspend which will be met from the contingency budget.
- 3.8 The forecast figures are inclusive of the 2020/21 post-year reduction of £515,000; the in-year pressure has been mitigated primarily by prior year accruals and some use of contingencies.
- 3.9 The Early Years block will be adjusted to reflect the January 2021 census data and a final adjustment will be made in 2022/23 to reflect 2021/22 early years census counts.
- 3.10 Providers are encouraged to ensure census data is completed accurately and in a timely manner to ensure resulting payments are as expected. The data team can provide further advice where needed.

### **SCHOOLS AND CSSB**

- 3.11 The expected overspend on the agreed budget is £707,000.
- 3.12 The forecast overspends are: £570,000 due to forecast school re-organisation costs based on actual costs to date; £59,000 secondary formula re the academy recoupment increase for the new split site at Marylebone Boys; £14,000 chargeable to the DSG reserve for the ISOS strategic review project. Secondary fair access DSG payments are forecast at £64,000. Most of these will relate to new arrivals from abroad and asylum seekers being educated in mainstream schools and academies.

### **HIGH NEEDS**

- 3.13 An overspend of £2,621,000 is forecast on the High Needs Block and the significant variances and mitigating actions proposed are detailed in the separate high needs paper. The national and London trend is increasing High Needs pressures. The scale of increase in expenditure is higher than anticipated mainly due to an increasing number of new EHCPs with the higher banding allocations. The SEN transport cost, which is not charged to the DSG, has a significant pressure as a result of increases in numbers and transport costs.
- 3.14 The reformed high needs block review group will continue to review costs and ensure value for money within the high needs block.

## **4 THE FORECAST CUMULATIVE DSG POSITION**

- 4.1 Table 3 below shows the forecast cumulative DSG reserve position.

<b>Table 3 – Cumulative DSG Reserve</b>		
<b>DSG reserve at 31<sup>st</sup> March 2021</b>		<b>£2.386m surplus</b>
<b><i>Forecast 2021/22 in year overspend</i></b>		
Early years allocation relating to 2019/20 funded from reserves	£0.231m	
Early years – Maintained Nursery in year overspend	£0.173m	
Early years – SENIF overspend not relating to 2019/20 allocations	£0.026m	
Schools and CSS Blocks	£0.707m	
High needs overspend	£2.621m	
<b><i>Total 2021/22 in year forecast overspend</i></b>		<b>£3.758m overspend</b>
<b>Cumulative deficit forecast at 31st March 2022</b>		<b>£1.372m deficit</b>
<b><i>Estimated 2022/23 in year forecast</i></b>		
Early years block	breakeven	
Schools and central schools block overspend re fair access payments. Proposals regarding funding from schools to cover this from 2023/24 will be brought to the Schools Forum	£0.050m	
High Needs forecast underspend including the current year's forecast overspend with growth in numbers and external fees and reductions proposed in separate high needs paper. The £618,000 transfer from the high needs block is still required in order to start to pay off the 2021/22 overspend	(£0.563m)	
<b><i>Total 2022/23 in year forecast underspend</i></b>		<b>£0.513m underspend</b>
<b>Estimated cumulative deficit forecast at 31st March 2023</b>		<b>£0.859m</b>

4.2 It can be seen from the high needs paper proposals and the table above that the high needs block moves significantly towards an in year balance (£0.055m deficit excluding the transfer from the schools block i.e. £563,000 underspend including £618,000 transfer from the schools block) in 2022/23. As noted in previous forum papers a deficit management plan will be required to be submitted to the DfE with details of how the cumulative deficit will be repaid and a transfer from the schools block is likely to be required for a least one additional year.

## 5 CONCLUSION

5.1 Schools' Forum are asked to note:

5.1.1 the revised 2021/22 DSG allocation of £89.176m and forecast overspend of £3.758m. The forecast in year overspend would result in the DSG cumulative reserves being in deficit by £1.372m.

5.1.2 that a deficit management plan will be brought to a future Schools' Forum.

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### **Background Papers:**

EFSA – DSG Allocations 2021-22

Budget Monitoring Reports 2021-22