

**CITY OF WESTMINSTER****SCHOOLS' FORUM 13TH JANUARY 2020****REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES****DEDICATED SCHOOLS GRANT BUDGET MONITORING 2019/20 AS AT  
DECEMBER 2019****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 2019/20.

**FOR INFORMATION / DECISION**

**1 INTRODUCTION**

- 1.1 The Dedicated Schools Grant allocation for 2019/20, based on information published by the ESFA in November 2019, is £84.014m. This figure is after deductions for academies recoupment, funding of high needs places in academies and deductions for copyright licences. An extra place for Alternative Provision was deducted based upon September 2019 changes equating to £6,000.
- 1.2 Table 1 shows a comparison between the updated DSG allocation as reported by ESFA in November 2019 compared to the April 2019 position.
- 1.3 The main changes are adjustments to Early Years budgets resulting from the anticipated increase in numbers of children taking up both the universal free and extended working families entitlements. Conversely, the budget provided for 2-year old places has fallen. There is also a small change to the High Needs allocation.

**2 2019/20 DSG ALLOCATION**

- 2.1 The DSG allocation as at November 2019 compared to the April 2019 DSG allocation is shown in table 1 below.

**Table 1 – DSG Allocations 2019/20**

<b>Funding Blocks</b>	<b>2019/20 DSG April 19</b>	<b>2019/20 DSG @ Dec 19 (Updated Nov 19)</b>	<b>Change since April 19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Early Years Block</b>			
3-4yo funding	10,637	11,677	1,040
Maintained Nursery Supplement	1,399	1,574	175
2 yo funding	1,333	1,267	(66)
Early Years Pupil Premium	90	86	(4)
EY DAF	33	33	0
<b>Total Early years Block</b>	<b>13,491</b>	<b>14,637</b>	<b>1,146</b>
<b>Schools and Central Schools Services Block (CSSB)</b>			
Schools Block Formula and CSSB	113,257	113,257	0
Academy Recoupment Adjustment	(67,642)	(67,642)	0
ESFA deduction for copyright licences		(112)	(112)
<b>Total Schools and CSSB</b>	<b>45,615</b>	<b>45,503</b>	<b>(112)</b>
<b>High Needs Block</b>			
High Needs Block Formula Funding	26,377	26,413	36
Deductions for High Needs Places in Academies	(2,645)	(2,651)	(6)
<b>Total High Needs Block</b>	<b>23,732</b>	<b>23,762</b>	<b>30</b>
<b>Total DSG Allocations</b>	<b>82,838</b>	<b>83,902</b>	<b>1,064</b>

2.2 The Academy Recoupment Adjustment became available after the ESFA confirmed the validity of the APT submission in February. Academies receive their budgets from the ESFA and Maintained Primary and Secondary Schools received their Formula Budgets before 28<sup>th</sup> February 2019.

2.3 The ESFA adjusted the 2019/20 DSG allocations by £112,295 for deductions for copyright licences to cover all schools.

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

3.1 At December 2019, the projected year end DSG position 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 2019/20**

<b>Budget Area</b>	<b>Revised Budget</b>	<b>Forecast December 19</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)	4,093	4,093	0
3 to 4-year old Formula Funding (Schools)	4,751	4,751	0
3 to 4-year old Formula Contingency	1,307	1,307	0
2-Year old Funding	1,267	1,267	0
Deprivation	542	542	0
Maintained Nursery Supplement	1,003	1,003	0
SEN Inclusion Fund (SENIF)	400	400	0
Disability Access Fund (DAF)	33	33	0
Early Years Pupil Premium	86	86	0
Early Years Provision	129	129	0
Children in Need Provision	363	363	0
EY Miscellaneous and Nursery Rents	370	370	0
EY Years and Children's Centres Teams	118	118	0
Childcare and Early Education Service	175	175	0
<b>Total Early Years</b>	<b>14,637</b>	<b>14,637</b>	<b>0</b>
<b>Schools Block &amp; CSSB</b>			
Schools Formula Primary	38,175	38,175	0
Schools Formula Secondary	5,962	5,962	0
Falling Rolls	347	347	0
Copyright Licences	(112)	0	112
De-delegated Trade Unions supply	45	66	21
Contingency and Restructures	0	350	350
Virtual School	218	218	0
Admissions	431	431	0
School Standards & Intervention	141	141	0
Bi-Borough Education Finance	103	103	0
Bi-Borough Director of Opps and Progs	17	17	0
Transformation & Innovation	160	160	0
Multi-Agency Safeguarding Hub	17	17	0
<b>Total Schools and CSSB</b>	<b>45,504</b>	<b>45,987</b>	<b>483</b>
<b>High Needs Block</b>			
Top-Up Maintained Pre-16	3,750	3,272	(478)

<b>Budget Area</b>	<b>Revised Budget</b>	<b>Forecast December 19</b>	<b>Projected Variance</b>
Top-Up Academies, Free, College Pre-16	2,160	1,831	(329)
Top-Up Out of Borough	3,536	3,275	(261)
Top-Up Independents Pre-16	3,369	3,578	209
Top-Up Post 16 Academies, Colleges	850	1,026	176
Top-Up Post 16 Independents	2,680	2,499	(181)
Top-Up Post 16 Maintained	700	317	(383)
Targeted 'Element 2'	300	857	557
Special Schools and Units Places	1,926	1,977	51
Alternative Provision Commissioning	1,244	1,137	(107)
Hospital Education	566	486	(80)
Belongings Regulations	791	791	0
SEN Outreach	580	570	(10)
SEN Commissioning ABA	100	50	(50)
SEN Services & Ed Psychology	533	573	40
Occupational Therapy	31	116	85
Portage	124	152	28
Other Support & Therapies	82	82	0
Speech & Language Therapy (SALT)	420	903	483
Equipment	20	32	12
<b>Total High Needs Block</b>	<b>23,762</b>	<b>23,524</b>	<b>(238)</b>
<b>Total Dedicated Schools Grant 19/20 (Rounding's to £1,000)</b>	<b>83,902</b>	<b>84,147</b>	<b>245</b>

## EARLY YEARS

- 3.2 Take-up of the universal free early education entitlement for 3 and 4-year olds (15 hours) continues to increase in Westminster, however this is still lower than the national average. Increasing take up continues to be a focus for the service.
- 3.3 Take-up of the extended entitlement for working parents (additional 15 hours) continues to be low and the service is working actively on identifying ways to promote this entitlement flexibly to enable families who qualify to access the funding.
- 3.4 There has been a fall in the numbers of eligible 2-year olds, which may be linked to the decrease of births in recent years. The expectation is that numbers will continue to fall throughout the year.
- 3.5 Underspends against early years formula budgets are clawed back by the ESFA, hence no variance being reported against these lines. Variances against contingency, deprivation and SENIF budgets can impact the hourly

rate set going forwards and any underspends will be reviewed once the final adjustment is made in summer 2020.

- 3.6 There is a recognised need to increase the number of childminders offering funded places in Westminster and the expectation is that this will have a direct and positive impact on take up of funded places.
- 3.7 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**

- 3.8 The expected overspend on the revised budget is £400,000. The forecast overspends are: the ESFA deduction for copyright licences of £112,295; £350,000 overspend due to school re-organisation costs (based on the cost to date with no further costs expected) and £21,000 overspend on de-delegated Trade Union duties. Falling rolls funding has been allocated and the balance of £67,000 was distributed to schools via the formula as agreed at the previous schools' forum.
- 3.9 From 2020/21 the cost of the copyright licences which the ESFA organise on behalf of all schools and then deduct from the Schools Block of the DSG will be deducted from the Schools Block before it is allocated to schools via the funding formula.

### **HIGH NEEDS**

- 3.10 The High Needs Block is projecting an underspend of £238,000 and the significant variances are detailed below.
- 3.11 The national and London trend is towards increasing High Needs pressures. There is underlying pressure for backdated claims for placements in other boroughs and suggestions that providers can claim additional funds because commissioning agreements were not agreed in advance for post-16. These trends remain risks against the forecast spend.
- 3.12 There is a net underspend forecast against top ups but forecast overspends in the independent sector. Payments for placements out of borough and in the Independent Sector are significant.
- 3.13 £557,000 overspend is forecast against targeted support, this includes £307,000 of backdated 2017/18 support, agreed with Schools' Forum (June 2019) and £160,000 re payments to maintained Nursery Schools for SEND provision.
- 3.14 Hospital Education is forecast to underspend in 2019/20 by £80,000 and this is due to invoices from the Priory Hospitals for hospital education. There may be other hospital education pressure in the sector from the expansion of health services and particular relating to children's mental health.

- 3.15 Speech and Language Therapy is forecast to overspend by £483,000 to reflect the £468,000 that was previously charged to the LA's general fund in error as in accordance with the school funding regulations this should be charged to HNBs of funding as it is educational provision.
- 3.16 In line with discussions at the high needs review group additional locum Occupational Therapy staff will be taken on between January and March 2020.

#### 4. DSG 2019/20 FORECAST AND RESERVES POSITION

- 4.1 The summary position for the 2019/20 DSG forecast is £245,000 overspend which is broken down as follows:

Block	Forecast end of 2019/20 over/ (under) spend £'000
Early Years	0
Schools and CSSB	483
High Needs	(238)
<b>Total (roundings at £1k)</b>	<b>245</b>

- 4.2 Table 3 below shows the expected movement in the DSG reserve balance:

**Table 3 DSG Reserve Balance Position**

	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	To fund
<b>Balance b/f</b>	<b>2.581</b>	<b>1.798</b>	<b>1.098</b>	
2019/20 DSG forecast outturn excluding restructuring which is shown below	0.105			£133k schools block overspend excluding restructures, £238k underspend high needs block
School restructure costs to support viability.	(0.350)	(0.500)	(0.400)	Based on 2019/20 allocations
Estimated final early years adjustment related to 2019/20	(0.300)			To be provided for in 2019/20
High Needs 2019/20 underspend	(0.238)			Carried forward balance from 2019/20 to be deployed for part of HNB growth
High needs pressures 2021/22			(0.200)	Estimate

Proposed allocation to primary (£80k), secondary (£80k) and early years (£40k) sectors		(0.200)		Sector by sector decision see paragraphs 4.4 and 4.5 below
<b>Estimated Balance c/f</b>	<b>1.798</b>	<b>1.098</b>	<b>0.498</b>	

- 4.3 After the estimated 2019/20 year end position and other changes to the DSG reserve are taken account of, it is estimated that the reserve balance remaining will be £1.798m at the end of 2019/20 as shown above. This has reduced from £4.080m at the end of 2017/18. Some of the remaining balance will be needed to fund the cost of school restructures in 2020/21 and 2021/22 (approximately £0.900m). It should be noted that due to the forecast increase in children with Education Health and Care Plans (EHCPs) and the increase required in commissioned SEN places, that after taking account of the High Needs reserve referred to in the table above, the Westminster High Needs Block is forecast to overspend in 2021/22 and an allowance is made for that overspend.
- 4.4 It is proposed that £80,000 is allocated to the primary and secondary sectors. The allocation methodology for the £80,000 secondary funding would be decided by Westminster Secondary Schools Improvement Collaborative (WSSIC) (subject to ratification by the Schools' Forum). The allocation methodology for the £80,000 primary funding would be decided (subject to ratification by the Schools' Forum) via the primary heads executive and primary heads partnership.
- 4.5 The Early years reference group have identified a funding barrier and in order to address this it is proposed that £40,000 of the reserves is used to fund SEND training, which may be facilitated by backfilling staff attending training.

## **5. CONCLUSION**

- 5.1 Schools' Forum are asked to:
- 5.1.1 note the revised 2019/20 DSG allocation of £83.902m and forecast overspend of £245,000.
- 5.1.2 agree the allocation of £200,000 from the DSG Reserves as per table 3 and paragraph 4.4 and 4.5.

**Anita Stokes**

**Lead Strategic Finance Manager – Children's Services**

**Sarah Newman**

**Bi-Borough Executive Director of Children's Services**

**Contact officers:**

Nick Grey, Finance Manager – Education & Capital

**Tel:** 020 7361 3152

**E-mail:** [Nicholas.Grey@rbkc.gov.uk](mailto:Nicholas.Grey@rbkc.gov.uk)

**Background Papers:**

EFSA – DSG Allocations 2019-20.

Budget Monitoring Reports 2019-20.