

CITY OF WESTMINSTER**SCHOOLS' FORUM 20th JANUARY 2022****REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES****2021/22 DEDICATED SCHOOLS GRANT BUDGET MONITORING AS AT
DECEMBER 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 November 2021 compared to the April 2021 position.
- 1.3 The change since April is due to an expected increase to the High Needs block of £516,000 to reflect the amended the FE college data error and a £59,000 increase to the academy recoupment adjustment.
- 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 adjustments to the 2021/22 Early Years Block.

2 2021/22 DSG ALLOCATION

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

Table 1 – DSG Allocations 2021/22

Funding Blocks	2021/22 DSG Apr 21	2021/22 DSG @ Dec 21 (Updated Nov 21)	Change since Apr 21
	£'000	£'000	£'000
Early Years Block			
3-4yo funding	11,719	11,719	0
Maintained Nursery Supplement	1,560	1,560	0
2 yo funding	1,249	1,249	0
Early Years Pupil Premium	81	81	0
EY DAF	38	38	0
Total Early years Block	14,647	14,647	0
Schools and Central Schools Services Block (CSSB)			
Schools Block Formula and CSSB	123,083	123,083	0
Academy Recoupment Adjustment	(76,631)	(76,690)	59
Total Schools and CSSB	46,452	46,393	59
High Needs Block			
High Needs Block Formula Funding	32,459	32,982	(523)
Deductions for High Needs Places in Academies	(2,626)	(2,633)	7
Total High Needs Block	29,833	30,349	(516)
Total DSG Allocation 2021/22	90,932	91,389	(457)

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 28th February 2021.

3 DSG BUDGETS AND BUDGET MONITORING

3.1 At December 2021, 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 2021/22

Budget Area	Revised Budget	Forecast Sept 21	Projected Variance
	£'000	£'000	£'000
Early Years Block			
3 to 4-year old Formula Funding (PVI)	5,000	5053	53
3 to 4-year old Formula Funding (Schools)	5,143	5,206	63
3 to 4-year old Formula Contingency	334	334	0
2-Year old Funding	1,249	1,249	0
Deprivation	456	514	58
Maintained Nursery Supplement	990	990	0
SEN Inclusion Fund (SENIF)	200	258	58
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	126	126	0
EY Years and Children's Centres Teams	118	118	0
Childcare and Early Education Service	372	372	0
Total Early Years	14,647	14,878	231
Schools Block & CSSB			
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	585	585
Virtual School	217	217	0
Admissions	346	396	50
Servicing of Schools' Forum	46	60	14
Statutory duties chargeable to the DSG eg planning for education service and finance functions	328	328	0
Total Schools and CSSB	46,393	47,101	708
High Needs Block			
Top-Up Maintained Pre-16	4,458	6,093	1,635
Top-Up Academies, Free, College Pre-16	2,542	3,042	500
Top-Up Out of Borough	5,453	5,619	166
Top-Up Independents Pre-16	3,157	3,206	49
Top-Up Post 16 Academies, Colleges	4,310	4,083	(227)
Top-Up Post 16 Independents	1,018	1,951	933
Top-Up Post 16 Maintained	400	355	(45)
Targeted Support	250	250	0
Special Schools and Units Places	2,406	2,352	(54)
Alternative Provision Commissioning	1,293	1,199	(93)

Budget Area	Revised Budget	Forecast Sept 21	Projected Variance
Hospital Education	340	340	0
Looked After Children Belongings Regulations	830	563	(267)
SEN Outreach	759	775	16
SEN Commissioning ABA	0	0	0
SEN Services	523	523	0
Occupational Therapy	451	507	56
Portage	195	135	(60)
Other Support & Therapies	160	160	0
Speech & Language Therapy (SALT)	1,172	1,188	16
Equipment	50	50	0
Earmarked for High Needs pupils development	372	340	(32)
DSG higher than anticipated when budgets were set	210	0	(210)
Total High Needs Block	30,349	32,731	2,382
Total Dedicated Schools Grant 21/22 (Rounding's to £1,000)	91,389	94,711	3,322

EARLY YEARS

- 3.2 The 3 to 4 year old formula funding budget is 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 The £231,000 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 The forecast figures are inclusive of the 2020/21 post-year reduction of £515k; the in-year pressure has been mitigated primarily by prior year accruals and some use of contingencies.
- 3.6 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.
- 3.7 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 agreed budget is £708,000.
- 3.9 The forecast overspends are: £585,000 due to forecast school re-organisation costs based on actual costs to date; and £14,000 chargeable to the DSG reserve for the ISOS strategic review project. Secondary fair access DSG payments are forecast at £50,000. Most of these will relate to asylum seekers being educated in mainstream schools and academies.

HIGH NEEDS

- 3.10 An overspend of £2,382,000 is forecast on the High Needs Block and the significant variances are detailed below. The national and London trend is increasing High Needs pressures. The scale of increase is higher than anticipated compared to the last projected overspend of £1,107,000. This is 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.
- 3.11 There is a net overspend forecast against top ups of £1,817,000 and a forecast overspend for placements in the independent sector of £982,000. Payments for placements out of borough and in the Independent Sector are significant.
- 3.12 Alternative Provision Commissioning is now forecast to underspend by £93,000 to reflect final allocations including the cost of the family school and peer family placements.
- 3.13 Looked After Children Belongings Regulations is now forecast to underspend by £267,000 based on the latest estimates of 2021/22 charges.
- 3.14 The high needs block of the DSG is higher than expected when the budgets were set and this therefore shows as an underspend of £210,000.
- 3.15 The reformed high needs review group will continue to review costs and ensure value for money within the high needs block.
- 3.16 The implementation of a new banded approach to top up payments in mainstream has seen a significant increase in the funding for individual pupils. Whilst an increase in funding was anticipated, the scale of the increase is higher than forecast. A review, to include sampling work comparing the cost of provision with the allocated band, is taking place during the spring term. The outcomes of this review will be a recommendation to amend or maintain the rates attached to each band.

4 CONCLUSION

- 4.1 Schools' Forum are asked to note the revised 2021/22 DSG allocation of £91.389m and forecast overspend of £3.322m. The forecast in year overspend would result in the DSG cumulative reserves being in deficit by £1.071m and as referred to in the November DSG monitor paper results in the requirement for a transfer to the high needs block in 2022/23.

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Background Papers:

EFSA – DSG Allocations 2021-22

Budget Monitoring Reports 2021-22