



**DEDICATED SCHOOLS GRANT OUTTURN 2021/22**

**Purpose of the Report**

1. The purpose of this report is to provide the Early Years & Schools Forum (the Forum) with a summary of the Dedicated Schools Grants (DSG) 2021/22 final accounts.

**Information and Advice**

2. The DSG is a ring-fenced grant that is paid to Local Authorities specifically to be used in support of the schools budget. For 2021/22 NCC's total DSG is £702.071m. £630.406m of the grant has been allocated to the Individual Schools Budget (ISB) which is delegated to schools, academies and Private, Voluntary and Independent (PVIs). The remaining £71.665m (Non-ISB) is held centrally by NCC and used to support children and young people in schools and other forms of education.
3. There were £0.273m of approved contributions from the Non ISB reserve in 2021/22 and a net underspend of £3.631m against the Schools (Non-ISB) budgets. There are £0.362m of year-end carry forwards from de-delegated services for allocation to services for the 2022/23 financial year. A summary of the DSG is set out in below.

<b>Previous Variance £m</b>	<b>Funding Block</b>	<b>Budget £m</b>	<b>Forecast Expenditure £m</b>	<b>Forecast Variance £m</b>
-	Schools	556.729	554.048	(2.681)
0.914	High Needs	88.806	89.377	0.571
(1.584)	Early Years	50.681	49.326	(1.355)
-	Central Services	5.855	5.689	(0.166)
<b>(0.670)</b>	<b>Total</b>	<b>702.071</b>	<b>698.440</b>	<b>(3.631)</b>

**Explanation of Significant Under and Overspends**

4. Schools and Central Schools Services Blocks £2.847m underspend
  - £2.034m underspend in the growth fund.
  - £0.217m underspend against de-delegated trade union facilities funding. The underspend is to be carried forward into 2022/23.

- £0.145m underspend against de-delegated English as an additional language funding due to in year vacancies. This underspend is to be carried forward into 2022/23.
- £0.361m underspend on Rates savings associated with academy conversions, the closure of Manners Sutton school and the unallocated contingency balance from the 2021-22 APT budget cycle.
- £0.097m underspend on the Education Psychology Service. A combination of reduced travel due to the pandemic and increased income generation has resulted in the underspend.
- 0.007m net overspend on various other services within the two blocks.

#### 5. High Needs Block £0.573m overspend

**Appendix A** provides a full breakdown of the variances within the High Needs Block.

- £1.336m overspend on EHCP specialist provision. This is made up of:
  - £0.669m for EHCP specialist provision where the lack of special school places is having an impact.
  - £0.735m overspend for Looked After Children (LAC) Specialist Provision which relates to an increase in children residing and educated in other local authority areas but funded by NCC.
  - £0.069m underspend on reduced costs in the mediation service.
- £0.704m overspend on places in other local authorities (OLA) for special schools, The income and expenditure to/from other LAs tend to go on for several years before final settlement.
- £0.624 overspend on HLN and AFN as we paid more out that we received more from other LAs (OLA) for children we look after.
- £0.562m underspend in the independent sector for SEND children without an EHCP. Where more income has been generated and more top-up funding retained to offset the expenditure for this service.
- £0.497m underspend on therapies service for our special schools within the Special School Equipment budget. The therapies service has struggled to get underway with delays caused by the pandemic. It is expected to fully operational in 2022/23.
- £0.256m underspend in the Inclusion Service mainly due to vacant posts and less travel due to the pandemic.
- £0.199m underspend delays caused by the pandemic to the SEND Employability programme have resulted in a £0.70m underspend. There is also an underspend of £0.129m on Post-16 courses.
- £0.187m underspend due to delays in the setup of the enhanced provision / special school hub.
- £0.159m underspend on the ambitious capacity budget created to increase special school places.
- £0.134m underspend in the Partnership Team mainly due to vacant posts.
- £0.099m net underspend across the rest of the high needs block.

#### 6. Early Years Block £1.355m Underspend (Indicative)

**Appendix B** provides a full breakdown of the variances within the Early Years Block.

To take account of any reduction in pupil numbers caused by the pandemic at the January 2021 Census date (when the country was in a lockdown) the ESFA have changed the funding from being based on the January Census (5/12ths of January 2021 and 7/12ths of January 2022) to being 5/12ths of May 2021, 4/12ths of October 2021 and 3/12ths of the January 2022 censuses with the aim of aligning the pupil patterns of the pandemic with the funding and the payments.

The funding calculation is also not in the same weekly pattern as the payments that are made. For example, the summer term is funded on 5/12ths of 38 weeks, which is 15.83 weeks, whereas the summer term is paid for 13 weeks. The remaining terms work the other way with more weeks paid out than funding received e.g., Autumn is funded on 4/12ths (or 12.67 weeks) but paid on 14 weeks. As the summer term pupil numbers are normally higher this has benefitted us and is reflected in the indicative outturn.

Subject to final confirmation from ESFA, it is proposed to redistribute the underspend from the allocation for 3 & 4 year olds entitlement at the rate of 11 pence per hour per funded child attending in the year 2021/22. This amount will be paid in one lump sum to providers at the beginning of the Autumn Term. Further consultation on any potential opportunities to uplift the current and future hourly rate will take place in the Autumn term, once a forecast of the current year (2022/23) can be estimated.

**The underspend on the Early Years Block will be confirmed in Summer 2022 when the ESFA announce the final 2021-22 funding allocation for the Early Years Block.**

### **Use of the Schools (Non-ISB) Reserve**

7. As the summary of the Schools Budget set out above shows, the accumulated Schools (Non-ISB) Reserve was £3.982m at the beginning of 2021/22. Based on the net effect of the in-year underspend, and use of reserves outlined in paragraph 3, there is currently a surplus of £7.379m on the Schools (non-ISB) Reserve for 2021/22. See table below.
8. Of the £7.379m balance there is already commitment to spend the carry forwards for the de-delegated services. Also (and subject to approval) the distribution of the underspend for 3 & 4 year olds for 2021/22 to the Early years sector, meaning a projected balance at the end of 2022/23 of £5.991m.
9. The reserve can be used to support additional expenditure provided that the Schools and Early Years Finance (England) Regulations 2022 are complied with.

<b>Non ISB Reserve</b>	<b>Earmarked for Growth £m</b>	<b>General £m</b>	<b>Total £m</b>
<b>Balance bought forward 01.04.2021</b>	<b>3.635</b>	<b>0.347</b>	<b>3.982</b>
2020/21 carry forwards		(0.273)	(0.273)
Early Years Block Adjustment 2020/21		0.039	0.039
Forecast Schools Block Underspend 2021/22	2.034	0.647	2.681
Forecast High Needs Block Overspend 2021/22		(0.571)	(0.571)
Forecast Early Years Block Underspend 2021/22		1.355	1.355
Forecast Central Schools Service Block Underspend 2021/22		0.166	0.166
<b>Balance carried forward 31.03.2022 surplus/(deficit)</b>	<b>5.669</b>	<b>1.710</b>	<b>7.379</b>
<b>2021/22 underspends to carry forward</b>			
Dedelegated Trade Union Facilities		(0.217)	(0.217)
Dedelegated English as Additional Language		(0.145)	(0.145)
Indicative Early Years uplift for 2021/22 (subject to approval)		(1.026)	(1.026)
<b>Projected Balance 2022/23</b>	<b>5.669</b>	<b>0.322</b>	<b>5.991</b>

## RECOMMENDATION

That the Early years and Schools Forum:

- 1) Note the contents of this report.
- 2) Note the carry forward of underspend detailed in paragraph 4 into 2022/23
- 3) To approve the distribution of the underspend for 3 & 4 year olds for 2021/22 to the Early years sector.

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