

## **DSG FINANCIAL MONITORING REPORT PERIOD 5 2020/21**

### **Purpose of the Report**

1. The purpose of this report is to provide the Schools Forum with a summary of the Dedicated Schools Grants (DSG) financial position for the current financial year.

### **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 2020/21 NCC's total DSG is £643.898m. £580.649m of the grant has been allocated to the Individual Schools Budget (ISB) which is delegated to schools, academies and Private, Voluntary and Independent (PVI)s. The remaining £63.248m (Non-ISB) is held centrally by NCC and used to support children and young people in schools and other forms of education.

### **Forecast Outturn 2020/21**

3. At period 5 the DSG is forecasting an overspend of £3.563m. A summary of the variances by funding block is included in the report.

<b>Previous Variance £m</b>	<b>Funding Block</b>	<b>Budget £m</b>	<b>Forecast Expenditure £m</b>	<b>Forecast Variance £m</b>
-	Schools	509.903	509.903	-
1.359	High Needs	78.195	81.517	3.322
-	Early Years	50.005	49.961	(0.044)
0.285	Central Services	5.795	6.080	0.285
<b>1.644</b>	<b>Total</b>	<b>643.898</b>	<b>647.461</b>	<b>3.563</b>

### **Explanation of Significant Under and Overspends**

4. High Needs Block £3.3m overspend

The high needs block is reporting a forecast £3.3m overspend, the major contributing variances are as follows:

- £3.2m overspend (£1.5m overspend period 2) on EHCP specialist provision. This is made up of:
  - £1.9m for EHCP specialist provision and is based on numbers currently on roll and projected net growth of 5 per month. The lack of special school places is having an impact with 50 new starters in September 2020 and 30 CYP with a pending start date, which is the highest ever September intake. There is a risk that the overspend will increase in future months due to the same reason.
  - £0.5m overspend for Looked After Children (LAC) Specialist Provision which relates to LAC residing and educated in other local authority areas. There are currently 42 LAC being funded compared to 20 last year.
  - £0.9m overspend on Post 16 EHCP Further Education. The specialist colleges have started submitting their intake for September 2020 and Portland are showing a 33% increase on last academic year which is the main cause of the overspend. There is a risk that the overspend on this budget will increase further when mainstream colleges submit their September intake figures in October at the earliest.
- £0.2m overspend due to an adjustment to the import/export numbers for pupils educated in other local authority areas.
- £0.1m underspend in the Inclusion Service mainly due to vacant posts.

Period 2 Forecast variance £000	Change £000	Service	Budget Allocation 2020/21 £000	Forecast Expenditure 2020/21 £000	Variance 2020/21 £000
-	8	Special School Budgets (Including Academy place funding paid directly by ESFA)	26,629	26,637	8
-	-	Special School Equipment	823	823	-
(45)	(72)	Special School Hub	235	118	(117)
-	-	Place Funding for AP, CCP and FE providers	1,190	1,190	-
-	117	Mainstream Enhanced Provision	441	558	117
(80)	9	Inclusion Services	3,546	3,475	(71)
-	-	Devolved Partnership Funding	4,979	4,979	-
-	-	Partnership Team	731	731	-
-	-	SEN Home to School Transport	1,764	1,764	-
-	-	Post 16 High Needs (outside of special schools and academies)	5,100	5,100	-
1,484	1,692	Independent Non Maintained Schools and Alternative Provision (EHC Plan)	13,301	16,477	3,176
-	5	Independent Non Maintained Schools and Alternative Provision (Non EHC Plan)	1,183	1,188	5
-	-	Targetted HLN	6,104	6,104	-
-	-	Additional family needs	8,555	8,555	-
-	-	Family Network Funding	1,306	1,306	-
-	(6)	Health Related Education Team, Physical Disability unit and Residential	1,421	1,415	(6)
-	-	SEND Divisional Costs	887	887	-
-	210	Import/Export Adjustment	-	210	210
<b>1,359</b>	<b>1,963</b>	<b>Total</b>	<b>78,195</b>	<b>81,517</b>	<b>3,322</b>

## 5. Early Years Block £0.044m underspend (see Appendix A)

The forecast for 2020/21 has been calculated by Children and Families Finance and is based on the trend in termly pupil number fluctuations continuing from 2019/20 into 2020/21. For 2020/21 the funding received by Nottinghamshire has been calculated on the number of children recorded on the Jan 2020 census and an estimate of the Jan 2021 census.

$$\text{Funding} = 5/12 \text{ Jan 2020} + 7/12 \text{ Jan 2021 (estimated)}$$

The forecast is showing a small underspend taking into account the additional 10p per hour temporarily agreed for 2020/21. Payments made to providers are based on the number of children recorded on the termly school census or headcount return, this means that the

number of places funded by the Early Years Block can fluctuate dramatically from term to term.

The local authority has received confirmation of the 2019/20 Early Years Block funding allocation and this is less than the amount estimated for that year. A query has been raised with the Education Skills Funding Agency to clarify if this correct and the reason for it.

#### 6. Central School Services Block £0.3m overspend

The earlier report, Central School Services Block Funding 2020/21 (agenda item 3e), outlines the circumstances for this overspend and the proposal for it to be met from the Non ISB reserve for 2020/21 and the action to be taken to address it for 2021/22 and beyond.

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

7. The accumulated Schools (Non-ISB) Reserve was £5.709m at the beginning of 2020/21.
8. At the June Schools Forum meeting it was agreed to carry forward of £0.686m of underspends from 2019/20 to support services in 2020/21. In addition, a £0.026m carry forward for the Early Years Inclusion Fund to provide 2 free Early Years SEND conferences, was also agreed by the forum in February.
9. Nottinghamshire's funding for the Central School Services Budget has been calculated incorrectly for 2018/19 and 2019/20 resulting in an overpayment of £241,082. This was due to the treatment of the Copyright Licence as part of the historic spend which was incorrect. This will be recovered by the ESFA during 2020/21 and will need to be met from the Non-ISB reserve.
10. Based on the net effect of the in-year variances detailed in this report, there is currently a forecast deficit of £0.076m on the general element of the reserve at 31 March 2021. The earmarked growth funding of £2.936m offsets this deficit meaning that the overall DSG position is a net surplus reserve of £2.860m. A recovery plan will be needed to address the deficit which should include establishing a reasonable level for the reserve in this and future years acknowledging that there is limited opportunities to add to it.

Non ISB Reserve	Earmarked for Growth	General	Total
	£m	£m	£m
<b>Balance bought forward 01.04.2020</b>	1.520	4.189	5.709
2019/20 carry forwards agreed by Schools Forum	(0.251)	(0.461)	
Early Years Block Adjustment 2019/20 TBC		-	-
2020/21 Uncommitted Growth Funding	1.667		
Central Schools Services Block recovery of overpayment		(0.241)	
Forecast High Needs Block Overspend 2020/21		(3.322)	
Forecast Early Years Block Underspend 2020/21		0.044	
Forecast Central Schools Services Block overspend 2020/21		(0.285)	
<b>Balance carried forward 31.03.2021 surplus/(deficit)</b>	<b>2.936</b>	<b>(0.076)</b>	<b>2.860</b>

## **RECOMMENDATION**

1. That the Schools Forum notes the content of the report.

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