

DSG FINANCIAL MONITORING REPORT PERIOD 10 2020/21

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) 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 £643.680m. £580.677m 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 £63.003m (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 10 the DSG is forecasting an overspend of £3.879m. A summary of the variances by funding block is included in the report.

Previous Variance £m	Funding Block	Budget £m	Forecast Expenditure £m	Forecast Variance £m
-	Schools	509.903	509.903	-
2.127	High Needs	77.997	80.689	2.692
0.901	Early Years	49.985	50.886	0.901
0.286	Central Services	5.795	6.081	0.286
3.314	Total	643.680	647.559	3.879

Explanation of Significant Under and Overspends

4. High Needs Block £2.7m overspend

The high needs block is reporting a forecast £2.7m overspend (£2.1m period 8), the major contributing variances are as follows:

- £2.2m overspend (£2.2m overspend period 8) on EHCP specialist provision. This is made up of:
 - £1.9m for EHCP specialist provision (£2.0m period 8) 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.
 - £0.3m (£0.2m period 8) overspend for Looked After Children (LAC) Specialist Provision which relates to LAC residing and educated in other local authority areas. There are currently 48 LAC being funded compared to 21 last year (and 39 in October).
- £1.1m (£0.6m period 8) overspend on Post 16 Colleges. Actuals submitted for 2020/21 September intake have been higher than previously estimated as more students are choosing this route.
- £0.5m overspend in the independent sector for SEND children without an EHCP. £0.3m is directly attributable to COVID-19 as children remained in alternative places longer during the closure of schools rather than being placed at a school. A further £0.2m is due to the closure of an alternative provider that needed to be placed elsewhere.
- £0.2m overspend due to an adjustment to the import/export numbers for pupils educated in other local authority areas.
- £0.5m underspend on therapies within the Special School Equipment budget which was newly created in 2020/21 and is not forecast to be spent.
- £0.3m underspend on the ambitious capacity budget created to increase special school places.
- £0.2m underspend (£0.1m period 8) in the Inclusion Service mainly due to vacant posts and less travel due to the pandemic.
- £0.1m underspend (£0.2m Period 8) due to delays in establishing the special school hubs, which have been further exacerbated by the impact of Covid-19.
- £0.2m underspends mainly on staffing vacancies across the rest of the high needs block.

Period 8 Forecast variance £000	Change £000	Service	Budget Allocation 2020/21 £000	Forecast Expenditure 2020/21 £000	Variance 2020/21 £000
8	(297)	Special School Budgets (Including Academy place funding paid directly by ESFA)	26,629	26,340	(289)
(500)	(32)	Special School Equipment	823	291	(532)
(175)	55	Special School Hub	235	115	(120)
-	-	- Place Funding for AP, CCP and FE providers	1,190	1,190	-
-	-	- Mainstream Enhanced Provision	441	441	-
(132)	(128)	Inclusion Services	3,546	3,286	(260)
-	-	- Devolved Partnership Funding	4,979	4,979	-
(67)	(27)	Partnership Team	731	637	(94)
-	(5)	SEN Home to School Transport	1,764	1,759	(5)
587	549	Post 16 High Needs (outside of special schools and academies)	5,100	6,236	1,136
2,185	1	Independent Non Maintained Schools and Alternative Provision (EHC Plan)	13,301	15,487	2,186
16	505	Independent Non Maintained Schools and Alternative Provision (Non EHC Plan)	1,183	1,704	521
-	-	- Targetted HLN	6,104	6,104	-
-	-	- Additional family needs	8,555	8,555	-
-	-	- Family Network Funding	1,306	1,306	-
7	(56)	Health Related Education Team, Physical Disability unit and Residential	1,421	1,372	(49)
-	-	- SEND Divisional Costs	887	887	-
198	-	- Import/ Export Adjustment	(198)	-	198
2,127	565	Total	77,997	80,689	2,692

5. Early Years Block £0.901m overspend

The Early Years Block (EYB) is reporting the same £0.901m overspend as period 8. The data to enable the forecast to be updated is not fully available due to the modification of the census rules due to Covid-19 and that the work on verifying the census data is still taking place. Given the impact these numbers will have on the final outturn there is still some uncertainty about its accuracy.

The predicted overspend is largely due to the approach taken to fund places in line with government guidance during Covid-19 which has resulted in more places being funded than in the previous financial year. This has been exacerbated by the payment of the temporary 10p per hour increase. There has also been a Government announcement to temporarily change the way the grant funding for the EYB is to be calculated.

The basis of the EYB funding has changed from being 5/12^{ths} of January 2020 census data and the remaining 7 months on the January 2021 (estimated) to be the following:-

$$\text{Funding} = 9/12 \text{ Jan 2020} + 3/12 \text{ Jan 2021}$$

6. Central School Services Block £0.3m overspend

This was previously reported to the Forum in September 2020 and the report 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 the 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. The £0.296m adjustment for the final early years funding allocation for 2019/20 has now been accounted for.
10. 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.
11. Based on the net effect of the in-year variances detailed in this report, there is currently a forecast deficit of £0.688m 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 £2.248m. 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 £m	General £m	Total £m
Balance bought forward 01.04.2020	1.520	4.189	5.709
2019/20 carry forwards agreed by Schools Forum	(0.251)	(0.461)	(0.712)
Early Years Block Adjustment 2019/20		(0.296)	(0.296)
2020/21 Forecast Growth underspend	1.667		1.667
Central Schools Services Block recovery of overpayment		(0.241)	(0.241)
Forecast High Needs Block Overspend 2020/21		(2.692)	(2.692)
Forecast Early Years Block Overspend 2020/21		(0.901)	(0.901)
Forecast Central Schools Service Block Overspend 2020/21		(0.286)	(0.286)
Balance carried forward 31.03.2021 surplus/(deficit)	2.936	(0.688)	2.248

RECOMMENDATION

1. That the Early Years & Schools Forum notes the content of the report.

Mark Needham
Finance Business Partner – Children & Families
Chief Executive's Department
T: 0115 977 3022
E: mark.needham@nottsc.gov.uk