

DSG FINANCIAL MONITORING REPORT PERIOD 6 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) 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 2021/22 NCC's total DSG is £702.335m. £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 (PVI)s. The remaining £71.929m (Non-ISB) is held centrally by NCC and used to support children and young people in schools and other forms of education.

Forecast Outturn 2021/22

3. At period 6 the DSG is forecasting an overspend of £0.913m. 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	556.729	556.729	-
2.208	High Needs	89.070	91.562	2.492
-	Early Years	50.681	49.102	(1.579)
-	Central Services	5.855	5.855	-
2.208	Total	702.335	703.248	0.913

Explanation of Significant Under and Overspends

4. High Needs Block

The high needs block is reporting a £2.492m forecast overspend, the major contributing variances are as follows:

Period 4 Forecast variance £000	Change £000	Service	Budget Allocation 2021/22 £000	Forecast Expenditure 2021/22 £000	Variance 2021/22 £000
343	(233)	Special School Budgets (Including Academy place funding paid directly by ESFA)	28,313	28,423	110
-	-	Special School Equipment & Therapies	823	823	-
(17)	-	Place Funding for AP, CCP and FE providers	1,180	1,163	(17)
-	-	Mainstream Enhanced Provision + Special School Hubs	748	748	-
(242)	10	Inclusion Services	3,725	3,493	(232)
5	-	Devolved Partnership Funding	5,265	5,270	5
(116)	44	Partnership Team	812	740	(72)
-	(6)	SEN Home to School Transport	1,764	1,758	(6)
500	-	Post 16 High Needs (outside of special schools and academies)	6,100	6,600	500
1,741	438	Independent Specialist Provision (EHC Plan)	19,913	22,092	2,179
-	-	Independent Specialist Provision (Non EHC Plan)	1,433	1,433	-
-	-	Targetted High Level Needs (HLN)	6,104	6,104	-
-	-	Additional family needs (AFN)	9,078	9,078	-
-	-	Family Network Funding (FNF)	1,306	1,306	-
(2)	-	Health Related Education Team	961	959	(2)
(37)	46	Physical Disability Specialist Service	335	344	9
19	(15)	SEND Divisional Costs	960	964	4
14	-	Import/ Export Adjustment	250	264	14
2,208	284	Total	89,070	91,562	2,492

- £2.179m overspend is stemming from an unprecedented increase in demand for new Education, Health and Care plans (EHCP) meaning more places are required in the more expensive independent sector. The increase in demand is being felt across the country therefore the increase demand could also lead to even further price increases.
- £0.500m estimated overspend on Post-16 places, A firmer estimate will be made later in the Autumn as new places are confirmed to be taken up from September.
- £0.110m 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.
- £0.232m underspend in the Inclusion Service mainly due to vacant posts and less travel due to the pandemic.

5. Early Years Block

The Early Years block is reporting a £1.6m forecast underspend. Given the significant changes to the funding calculation for 2021/22 and the ongoing impact of the pandemic has on pupil numbers this forecast does come with some very strong caveats.

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, where as the summer term is paid for 13 weeks. As the summer term pupil numbers are normally higher this should benefit us and is reflected in the forecast. However, 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.

For the purposes of the forecast the pupil numbers from the last year unaffected by the pandemic (2019/20) has been used for both the funding and the actuals for the autumn and spring term. Therefore, the outcome of the next two censuses will have a major impact on the final position. We will continue to monitor the forecast for Early years on a termly basis.

The final 2021-22 allocation will be published in July 2022. Any underspend will be reported to the Schools Forum and consideration given to distribute this via the hourly rate at a future date.

Use of the Schools (Non-ISB) Reserve

6. The accumulated Schools (Non-ISB) Reserve was £3.982m at the beginning of 2021/22.
7. It was reported to the forum that £0.273m of de-delegated underspends was to be carried forward from 2020/21 to support services in 2021/22 (see below).
8. Based on the net effect of the in-year variances detailed in this report, there is currently a forecast deficit of £0.839m on the general element of the reserve at 31 March 2022. The earmarked growth funding of £3.635m meaning that the overall DSG position is a net surplus reserve of £2.796m.

Non ISB Reserve	Earmarked for Growth £m	General £m	Total £m
Balance bought forward 01.04.2021	3.635	0.347	3.982
2020/21 carry forwards		(0.273)	(0.273)
Forecast High Needs Block Overspend 2021/22		(2.492)	(2.492)
Forecast Early Years Block Underspend 2021/22		1.579	1.579
Balance carried forward 31.03.2022 surplus/(deficit)	3.635	(0.839)	2.796

List of Carry Forwards	£m
Dedelegated Trade Union Facilities	0.155
Dedelegated English as Additional Language	0.118
Total	0.273

RECOMMENDATION

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

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