Dedicated Schools Grant Final Outturn 2020/21

# Title of Report: Dedicated Schools Grant Final Outturn 2020/21

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| Details on who has been consulted with on this paper to date: n/a  Executive Summary  This report sets out the outturn position (excluding individual schools) for Tower Hamlets’ DSG budget for 2020-21  The net overspend of £0.09m is set out in table 1 and the cumulative position in table 2.  Forum is asked to note the position as an update to the June forum report.  Details of recommendations and timescales for decisions:  Schools Forum is asked to:  A) to note the outturn position |

## 1. 2020/21 Dedicated Schools Grant Provisional Outturn - Overview

* 1. The Dedicated Schools Grant (DSG) is distributed by the Department for Education (DfE) on a national formulaic basis. The DSG 2020-21 is allocated to local authorities in four blocks: Schools Block (SB), Early Years Block (EYB), High Needs Block (HNB) and the Central Schools Services Block (CSSB).
  2. Table 1 gives an overview of the outturn position for 2020-2021. DSG budgets are shown after deductions have been made for direct payments to academies, and takes account of the EYB accrual, which is confirmed in each June. See table 2.2)

## Table 1: Net DSG Budgets, Provisional Net Expenditure and Provisional Under/Overspends 2020-21

|  |  |  |  |
| --- | --- | --- | --- |
| Block | Net DSG Budgets1 | Net Expenditure2 | Under (-) / Overspend |
|  | £m | £m | £m |
| Schools Block | 199.61 | 198.61 | (1.00) |
| CSSB | 4.20 | 3.25 | (0.95) |
| High Needs Block | 54.71 | 58.47 | 3.76 |
| Early Years Block | 31.10 | 29.38 | (1.72) |
| Total | **289.62** | **289.71** | **0.09** |

1. Net DSG excludes the recoupment of amounts due to academies
2. Net expenditure takes delegated budgets as allocated. Under or overspends on delegated budgets are recorded as individual school balances.
3. EYB is shown before clawback
   1. In summary, the position of the total DSG spend shows a slight overspend with the major component of this being high needs spend offset by underspends in the other 3 blocks (see section 2 below).
   2. The in-year position needs to be added to balances brought forward as shown in Table 2.

## Table 2: Cumulative Position on Balances Brought Forward

|  |  |  |  |
| --- | --- | --- | --- |
| Block | B/F prior years | 2020-21 | Cumulative |
|  | £m | £m | £m |
| SB Central | (1.00) | (1.00) | (2.00) |
| CSSB | (0.40) | (0.95) | (1.35) |
| High Needs Block | 11.80 | 3.76 | 15.56 |
| Early Years Block | 0.70 | (1.72) | (1.02) |
| **Total** | **11.10** | **0.09** | **11.19** |

## Analysis of Year-end outturn for 2020/21 (as shown in tables 1 and 2)

* 1. **Centrally Retained Schools Block and Central School Services Block.**
     1. **The Schools Block** underspend represents the agreed transfer of budget to the HNB agreed by School’s forum at the beginning of the year (£-1.03m), netted off against other variances, notably the de-delegated budget of £0.26m mostly attributable to Trade Union Supply cover, and the school growth fund underspent by £0.29m where planned growth in schools did not materialise. The Schools delegated budgets are committed and transferred to schools as budgeted.
     2. **Central School Services Block (CSSB).** The termination of employment costs in schools overspent by £0.48m. However, as many of these budgets contribute to wider budget areas, they benefitted from savings made across the council in those central services. The overall underspend of £0.95 million contributed to the HNB overspend.
  2. **Early Years Block**
     1. The EYB is funded according to termly census’ recording pupil take up in settings. It is the most volatile block, with retrospective adjustments made each year. The DSG allocation in 2021-22 was announced in November, accounting for the 2020-21 underspend caused by a reduction in pupil attendance in early years settings. This reduction was implemented after budget protection during 2019-20 and 2020-21 and represents a “return to normal” position taken in the January 2021 census.
     2. The clawback in table 3 is slightly less than anticipated, as the council calculated the effect to be -£0.82m check

## Table 3. Early Years 2020-21 Funding adjustment (November 2021)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Universal 3-4 YO entitlement  £m | Additional hours for 3-4 YO  £m | 2-YO  £m | EY Pupil Premium  £m | Disability Access Fund  £m | Maintained nursery sch supplement  £m | **Total**  **£m** |
| Initial EYB 2020-21 | £21.89 | £5.17 | £3.14 | £0.22 | £0.10 | £0.58 | **£31.10** |
| Final EYB 2020-21 | £21.51 | £4.97 | £2.98 | £0.24 | £0.10 | £0.56 | **£30.36** |
| **Adjustment** | **-£0.39** | **-£0.19** | **-£0.16** | **£0.01** | **£0.00** | **-£0.02** | **-£0.74** |

* 1. **High Needs Block.**
     1. **A High Needs** working group has been set up of the Schools Forum and an several meeting have taken place. The draft management plan will be reviewed with both the working group and the full Schools Forum early in the new year.
     2. The overspend on this block represents the increase in numbers and costs for delivering an education to pupils with High Needs in schools and other settings. It is also a result of local authorities not having the freedom to manage the budgets within the DSG. The increase in direct provision costs puts pressure on the preventative support services managed by the authority and schools, which compound the expenditure risk in the future.
     3. DSG funding has been locked into baselines set is 2017-18, which do not necessarily reflect the current funding pattern, and increasing pressure on the HNB. In the last 3-year spending review, the DfE targeted additional funding to High Needs in response to the national overspending position, which is managing to reduce the in-year negative variance but has done nothing to redress the historic accumulated deficit.

## Carry Forward/Transfer of balances

* 1. Introduced in 2020, a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the LA not to do this. The impact of these statutory provisions means that an LA with a DSG deficit from the previous year must either:

(1) carry the whole of the deficit forward to be dealt with in the schools budget for the new financial year

(2) carry part of it forward into the new financial year and the rest of it into the following financial year

(3) carry all of it into the following financial year

(4) apply to the Secretary of State under for authorisation to disregard the requirements in Schedule 2 relating to deficits if it wishes to fund any part of the deficit from a source other than the DSG

* 1. Any local authority that has an overall deficit on its DSG account at the end of the 2020 to 2021 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education in handling that situation. In particular, the authority must:
* provide information as and when requested by the department about its plans for managing its DSG account in the 2021 to 2022 financial year and subsequently
* provide information as and when requested by the department about pressures and potential savings on its high needs budget
* meet with officials of the department as and when they request to discuss the authority’s plans and financial situation
* keep the schools forum regularly updated about the authority’s DSG account and plans for handling it, including high needs pressures and potential saving