

Subject: DSG Budget Monitoring Report 2021/22 – Update

Cabinet Member: Cllr Uddin

Report Number: 34

Item: 5c

Purpose of Report

This report provides details of the latest DSG budget monitoring position for 2021/22 including confirmation of the latest DSG allocation from the EFA as at January 2022.

Proposal

To note the contents of the report and the projected DSG cumulative deficit position for 31 March 2022.

Relevance to the Council's Council Plan

The Dedicated Schools Grant (DSG) is a ringfenced grant which funds schools and some central education functions. Updates on the DSG position are provided on a quarterly basis to EMT and Cabinet as part of the council's overall financial monitoring reports.

Main Considerations for ERG and Schools Forum

1. Cumulative DSG Deficit Position

Table 1 sets out the cumulative DSG deficit position as at 31 March 2021 as presented at the last meeting.

Table 1 – Accumulated DSG Carry Forward 2020/21

	£'000s
Balance brought forward 1 April 2020	(4.482)
Net Overspend 2020/21	(3.567)
Cumulative Deficit Balance 31 March 2021	(8.049)
Outstanding Adjustments 2020/21	0.950
Net 2020/21 Carry Forward	(8.999)

The outstanding adjustments largely relates to the clawback of Early Years funding and this is still to be confirmed by the ESFA. This would normally be confirmed as part of the July DSG update but has been delayed for 2021/22 due to additional data collections requested by the ESFA to identify trends in pupil numbers in early years settings.

2. DSG Allocation 2021/22

The original estimate of gross DSG resources for 2021/22 amounted to £373.187m. Of this amount £2.1m would be provided direct by the Education and Skills Funding Agency (ESFA) to fund places in mainstream academy units and academy special schools. Budget allocations for 2021/22 were agreed within this level of resources.

In March, July, and November 2021, revised DSG allocations for 2021/22 were published.

These allocations reflected updated academy and college recoupment for the Schools Block and High Needs. In January 2022 a further revised DSG allocation was received which updated the Early Years allocation. The latest DSG position for 2021/22 is summarised in Table 2.

Table 2 – DSG Allocation 2021/22

DSG Summary 2021/22	ORIG 2021/22	Academy Recoup	Import/Export Adj 21/22	Early Years Adj 21/22	REVISED 2021/221
	£000	£000	£000	£000	£000
SCHOOLS BLOCK	283.399	-145.835			137.564
CENTRAL SERVICES	2.537				2.537
EARLY YEARS BLOCK	26.554			-2.071	24.483
HIGH NEEDS BLOCK	60.697		-0.234		60.463
GROSS DSG	373.187	-145.835	-0.234	-2.071	225.047
High Needs Recoupment	-2.100	-0.069			-2.169
NET TOTAL DSG	371.087	-145.904	-0.234	-2.071	222.878

The reduced Early Years Block allocation reflects numbers recorded on the January 2021 census and termly returns for the Summer and Autumn terms. This arrangement was applied for 2021/22 only due to the fluctuation in early years numbers during the Covid pandemic. For 2022/23, allocations will return to the previous methodology and will initially be based on January 2021 numbers and then updated to reflect January 2022 census.

There are not expected to be any further DSG updates for 2021/22.

3. DSG Monitoring Update 2021/22

The DSG budget is monitored on a quarterly basis and any variances are shared with DMT. The table below shows the monitoring position to the end of December 2021.

Table 3 – DSG Monitor 2021/22 as at 31/12/2021

DSG Monitor 2021/22	b/f	Q1	Q2	Q3	Q3-Q2
	£000	£000	£000	£000	£001
DSG Deficit b/f 01/04/2021	8,048				
Schools Block					
Funds moved to Rolling Credit		-450	-450	-450	0
Growth Fund		0	0	-150	-150
Schools Block Total		-450	-450	-600	-150
Central Schools Services Block					
Appeals Service vacancy		-38	-16	-10	6
Early Years Block					0
Backdated Funding Adj 20/21		1,330	1,330	585	-746
High Needs Block					
Variance from initial 21/22		3,108	3,108	3,108	0
Adjusted HN Block 21/22		0	0	234	234
ARPs & Special Units		0	-13	-21	-8
Special Schools		0	116	-592	-708
Nurture Groups		0	-226	-226	0
New Early Interventions		0	-113	-213	-100
Exceptional Needs		0	0	200	200
Outborough Placements		-18	1,369	2,216	846
SEN Team		0	333	333	0
Behaviour Support Service		0	0	-55	-55

Therapies		0	161	256	95
Home & Hosp 20/21 underspend		-56	-56	-56	0
Parenting Support		63	66	66	0
High Needs Block Total		3,097	4,745	5,250	505
DSG Monitoring Position 21/22		3,939	5,610	5,225	-385
Cumulative DSG TOTAL 21/22	8,048	11,987	13,657	13,272	

The main changes in the monitoring position between Q3 and Q2 are as follows

- Growth Fund – release of funding as not expected to be required this financial year
- Early Years Block 20/21 – confirmation of clawback for 2020/21 financial year. Maximum clawback had been projected but actual lower due to new methodology to allow for number fluctuations during the pandemic
- Adjusted HNB Allocation 21/22 – to reflect latest import/export adj
- Special Schools – reduction on projected expenditure as increase in places lower than expected
- Early Interventions – year 1 expenditure lower than projected due to delays in recruitment
- Outborough Placements – ongoing increase in overspend due to increased placements. Analysis requested to show detail of new placements to identify trends/needs to inform actions going forward to minimise any further increase in expenditure in this area.
- Exceptional Needs - £500k contingency utilised for autumn and summer term adjustments. Estimate £200k for spring term adjustments.
- Therapies – increased costs for speech and language provision in special schools
Further updates will be provided at each meeting.

Conclusions

The DSG budget remains under considerable pressure due to ongoing high needs overspends. As part of an ongoing programme, additional in borough places have been made available from September 2021, providing the most cost effective way of meeting pupil needs. New early intervention programmes have also been introduced from September 2021 to identify and pupils with special needs as early as possible and provide them with support with the aim of reducing the longer term financial impact. Updates on the monitoring position will be provided at future meetings.

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Appendices

None

Background Papers

DSG Updates to ERG/Schools Forum during Summer term 2021/22.