

Schools Forum Briefing

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|-----------|-------------------------|---|
| 1. | Date of meeting: | 18th SEPTEMBER 2020 |
| 2. | Title: | DSG 2020/21 – MID YEAR UPDATE REPORT |
| 3. | Directorate: | CYPS |

1. SUBJECT: DSG 2020/21 – MID YEAR FUNDING UPDATE REPORT

2. PURPOSE OF REPORT

To update all members of Schools Forum on the the wider dedicated schools grant (DSG) position for 2020/21.

3. RECOMMENDATION (S)

That members note the current position.

4. REASON FOR RECOMMENDATION (S)

To ensure Schools Forum members are aware of the current year position of the wider dedicated schools grant (DSG) and the impact this has on the DSG reserve.

5. BACKGROUND INFORMATION

5.1 The 2019/20 outturn provided the closing DSG reserve balances to be;

| | |
|-----------------------|------------------|
| High Needs Block | -£20.425m |
| Early Years Block | £ 0.773m |
| Schools Block | £ 0.392m |
| Central Schools Block | £ 0.089m |
| Pupil Referral Units | -£ 0.721m |
| Total | -£19.892m |

On closure of the 2019/20 accounts the local authority had not been notified of the final early year's adjustment for 2019/20 as a result of the January schools & early year's census. The local authority estimated that this would be £50k addition. On the 17th July 2020 the ESFA provided the final allocations to local authorities and for Rotherham the adjustment was an increase in funding of £43k.

The overall impact of the ESFA final allocations is that the LA received £7k less income than initially anticipated and this has been analysed below;

| | Variance | No. PTE pupils |
|--------------------------------------|----------|----------------|
| Nursery school supplementary funding | -£5k | -2 |
| EY Pupil Premium | -£ 2k | -7 |

The spring 2020 census is also used to re-run the allocations for 2020/21 financial year as outlined further in 5.2 below.

- 5.2 The additional £7k has been used to increase the Early Years Reserve carry forward budget for the 2020/21 financial year.

2020/21 overall DSG position

The initial allocations were issued in December 2019 and the latest July 2020 allocations have been updated as follows;

| | Dec 2019 (£m) | Jul 2020 (£m) | Movement (£m) |
|---|------------------|------------------|------------------|
| Schools block (incl. academy allocations) | £197.067m | £197.067m | Nil |
| Central schools block | £1.136m | £1.136m | Nil |
| High Needs block (incl. EFA funded places) | £36.854m | £37.109m | (+£0.255m) |
| Early Years block (inc. estimated Jan 20 Census Adjustment) | £17.625m | £17.701m | (+£0.76m) |
| Total | £252.682m | £253.014m | (£0.332m) |

The above table excludes block transfers

The High Needs adjustment can be analysed as:

| | |
|--|---------|
| Additional Funding for Imported Places (Jan 20 Census) | (£255k) |
|--|---------|

This adjustment is to reflect any changes either in the placement by a local authority of pupils in schools and colleges located in other local authority areas (exports), or in the funding required by schools and colleges accepting pupils and students resident in other local authority areas (imports).

The Early Years adjustment (following Jan 20 census) can be analysed as:

| | |
|--------------------------------------|--------|
| 3 & 4 year old universal funding | -£23 |
| 3 & 4 year old extended funding | -£181k |
| 2 year old funding | £116k |
| Early Years Pupil Premium Grant | -£15k |
| Nursery school supplementary funding | £27k |

Excluding EFA direct funding of academies (and high needs places) the revised DSG allocations are:-

| | Allocation | Additional information |
|-----------------------|-----------------|--|
| Schools block | £38.856m | After recoupment for all conversions as notified by the DfE in July 2020 |
| Central schools block | £1.136m | |
| High Needs block | £31.052m | Allocation less £6.057m for ESFA direct funded places |
| Early Years block | £17.701m | Incl. EYPP & DAF funding allocations |
| Total | £88.745m | |

As at the end of August (period 5), the anticipated outturn position is as follows:

5.3

Early Years are currently forecasting a breakeven position at year end.

High Needs DSG has a forecast overspend of £0.420m based on the DSG recovery plan and included anticipated growth on EHCs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy see table below for details:

| High Needs Block Budget Monitoring 2020-21 as at the 31st August | Original Budget 2020-21 | Original Place Numbers April to August | Original Place Numbers Sept to March | Revised Budget 2020-21 | Forecast Outturn 2020-21 | Forecast Variance to Revised Budget 2020-21 |
|--|-------------------------|--|--------------------------------------|------------------------|--------------------------|---|
| Special Schools Total | 13,545,516 | 731 | 745 | 14,169,813 | 14,169,813 | -1 |
| Primary Units Total | 325,677 | 12 | 42 | 325,677 | 114,830 | -210,847 |
| Secondary Resource Units | 463,106 | 15 | 51 | 456,106 | 220,931 | -235,176 |
| Special School Units Total | 491,808 | 0 | 43 | 491,808 | 335,883 | -155,925 |
| Top Up Funding Total | 7,559,741 | 706 | 723 | 7,236,266 | 7,103,931 | -132,335 |
| Alternative Provision Total | 5,676,088 | 304 | 314 | 5,479,266 | 5,568,907 | 89,641 |
| External Residential Total | 1,973,135 | 60 | 48 | 1,973,135 | 2,347,601 | 374,466 |
| Independent Service Providers Total | 5,934,575 | 172 | 162 | 5,956,746 | 6,605,331 | 648,585 |
| Inclusion Services Total | 2,205,094 | 18 | 19 | 2,208,094 | 2,402,078 | 193,984 |
| Other Education Services Total | 480,228 | 0 | 0 | 358,057 | 327,628 | -30,429 |
| CCP & FE Places Total | 1,410,190 | 192 | 236 | 1,410,190 | 1,288,548 | -121,643 |
| TOTAL | 40,065,158 | 2,211 | 2,384 | 40,065,158 | 40,485,480 | 420,322 |

Based on the above, the level of DSG central reserves deficit will increase from a deficit of £19.892m (carried forward from 2019/20) to £20.312m at the end of 2020/21 as outlined below;

| | |
|--|------------------|
| Reserve brought forward | -£19.892m |
| Plus: in-year overspend | (£0.420m) |
| Anticipated reserve at 31.03.21 | -£20.312m |

This would equate to 8.03% of the overall DSG allocation.

In summary, the financial sustainability of the high needs block remains a significant cause for concern for the borough which will require addressing for 2021/22

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