

## Schools Forum – 29 June 2021

<b>Title of paper:</b>	<b>2020/21 Dedicated Schools Grant - Outturn Report</b>
<b>Director(s)/ Corporate Director(s):</b>	Catherine Underwood, Corporate Director for Children and Adults Clive Heaphy, Chief Finance Officer
<b>Report author(s) and contact details:</b>	Ceri Walters, Head of Commercial Finance 01158 764 128 ceri.walters@nottinghamcity.gov.uk
<b>Other colleagues who have provided input:</b>	Aman Patel, Solicitor 0115 8765072 aman.patel@nottinghamcity.gov.uk
<b>Summary</b> This report sets out the 2020/21 Dedicated Schools Grant (DSG) outturn position and the updated reserve balance.	
<b>Recommendation(s):</b>	
<b>1</b>	To note that the 2020/21 financial outturn position of the DSG was an under spend of £3.789m (1.3% of the overall budget) against a final budget of £289.578m, as per <b>Table 2</b> .
<b>2</b>	To note that this under spend has been allocated back to the Statutory Schools Reserve (SSR) resulting in a closing balance of £9.485m for 2020/21, as per <b>Table 7</b> .
<b>3</b>	To note that the <b>uncommitted balance</b> on the SSR balance is <b>£3.738m</b> , as per <b>Table 7</b> .

### **1 Reasons for recommendations**

- 1.1 Enable the formal monitoring of progress against the 2020/21 DSG budget.
- 1.2 To confirm the impact of the 2020/21 outturn on the SSR, the impact on its commitments and the robustness of this reserve to manage risk.
- 1.3 To comply with the Schools and Early Years Finance (England) Regulations 2020.

### **2 Background (including outcomes of consultation)**

- 2.1 The 2020/21 initial schools budget, as reported at Schools Forum (SF) on 21 January 2020, was **£289.163m**.

The Education and Skills Funding Agency (ESFA) made in-year funding adjustments to the allocation totalling £0.415m resulting in a **final budget of £289.578m for 2020/21**.

An analysis of those movements are set out in **Table 1** below:

<b>TABLE 1: IN YEAR BUDGET MOVEMENTS</b>	
<b>Reason</b>	<b>£m</b>
High needs (HN) block recouplement adjustment	(0.012)
Early years block adjustment to reflect January 2020 pupil counts	0.427
<b>TOTAL</b>	<b>0.415</b>

2.2 The schools budget is allocated on a block basis; **Table 2** provides a summary of the DSG blocks comparing actual spend to budget and referencing other funding streams.

<b>TABLE 2: 2020/21 OUTTURN SUMMARY</b>				
	<b>Budget as at 21 Jan 2020 SF report</b>	<b>Final Budget £m</b>	<b>Actual Spend £m</b>	<b>(Under)/ Over Spend £m</b>
Schools Block (section 2.3 and table 3)	220.180	220.180	219.439	(0.741)
Central School Services Block	7.068	7.068	6.825	(0.243)
Early Years Block (see section 2.4)	22.434	22.861	21.065	(1.796)
High Needs Block (see section 2.5)	39.482	39.470	38.461	(1.008)
<b>TOTAL SCHOOLS BUDGET</b>	<b>289.163</b>	<b>289.578</b>	<b>285.790</b>	<b>(3.789)</b>
Less funding not included in DSG allocation:				
ESFA Income	0.327	0.327		
DSG reserves – Note a)	1.060	1.060		
<b>DSG ALLOCATION</b>	<b>287.776</b>	<b>288.192</b>		

The following sections provide more analysis of the variances shown in **Table 2**.

2.3 Schools Block variance – **Table 3** provides a further breakdown of this with detailed narrative in sections 2.3.1 to 2.3.4.

<b>TABLE 3: BREAKDOWN OF SCHOOLS BLOCK VARIANCES</b>				
	<b>Budget £m</b>	<b>Actual £m</b>	<b>(Under)/ Over Spend £m</b>	<b>(Under)/ Over Spend %</b>
1. Pupil Growth Contingency Fund	1.961	1.228	(0.733)	(37%)
2. Trade Union Cover	0.042	0.034	(0.008)	(19%)
<b>TOTAL</b>	<b>2.003</b>	<b>1.262</b>	<b>(0.741)</b>	

2.3.1 The underspend of £0.733m on the pupil growth fund in 2020/21 is mainly due to the remaining balance on the Schools Block that could not be equitably allocated to all schools through the NFF during the budget setting process, was allocated to the pupil growth fund.

This approach was set out in the SF report dated 3 December 2019 “Proposed pupil growth allocation for 2020/21”.

2.3.2 The underspend of £0.008m on trade union cover budget was mainly due to one union not taking up all its allotted allowance in 2020/21. The underspend of £0.008m will be taken into account when calculating the rate per pupil and lump sum per school for maintained schools and academies in the financial year 2022/23 if de-delegation continues in this financial year.

2.4 Central Schools Services Block variance – the overall variance on this block was an underspend of £0.243m.

2.4.1 This underspend of £0.243 was mainly due to Virtual School funding being substituted by funding from the Pupil Premium Plus Grant (PPPG).

2.5 EY’s block variance - **Table 4** provides a further breakdown of this with detailed narrative in sections 2.5.1 to 2.5.4.

<b>TABLE 4: BREAKDOWN OF EARLY YEARS BLOCK VARIANCES</b>				
	<b>Budget £m</b>	<b>Actual £m</b>	<b>(Under)/ Over Spend £m</b>	<b>(Under)/ Over Spend %</b>
1. 2 Year old funding for schools/providers (see section 2.5.1)	3.717	3.376	(0.341)	(9%)
2. 3 & 4 year old funding for schools/providers (see section 2.5.2)	17.681	16.511	(1.170)	(7%)
3. EY Pupil Premium	0.230	0.231	0.001	-
4. EY Disability Access Funding (see section 2.5.3)	0.090	0.022	(0.067)	(75%)
<b>SUB-TOTAL – Demand driven</b>				
5. EY Special Education Needs (SEN)	0.170	0.022	(0.148)	(87%)

inclusion fund (see section 2.5.4)				
6. EY Central expenditure	0.974	0.902	(0.071)	(7%)
<b>TOTAL</b>	<b>22.861</b>	<b>21.065</b>	<b>(1.796)</b>	<b>(8%)</b>

2.5.1 **Point 1** – Numbers of two year olds accessing EY provision fell during the pandemic compared to the previous year.

It is estimated that up to £0.207m of the £0.341m underspend will be clawed back by the ESFA in the final 2021/21 early years block adjustment, due to 22% lower pupil numbers in the January 2021 count compared to January 2020. However, as our 2-Year old numbers for January 2021 were below 85% of January 2020, the Local Authority LA may qualify for up to £0.075m in funding protection. The exact level of funding protection will depend on the participation numbers in the summer term.

2.5.2 **Point 2** – Numbers of pupils accessing the early years entitlements for 3 and 4 year olds were also lower than usual due to the effect of the pandemic.

The ESFA made a one off change to funding arrangements so that Autumn 2020 was funded based on January 2020 numbers rather than January 2021. However, we are still forecasting a clawback of £0.483m by the ESFA when they complete the final 2020/21 early years block adjustment.

From the remaining £0.687m underspend, £0.075m is specifically ring-fenced for Nottingham Nursery School. SF approved that decision on **25 January 2021** in support of a disapplication request to provide £0.075m in additional lump sum funding.

Following advice from ESFA, this is being provided to Nottingham Nursery School via a £0.025m increase over three financial years from 2021/22 onwards rather than as a one-off additional payment in 2020/21 as originally planned.

The remaining underspend on 3 & 4 year old funding is ring-fenced in reserves as a contingency. It is anticipated that the 3 & 4 year old funding stream may well be overspent in 2021/22. This is due to the increased 3 & 4 funding rate by £0.12/hour from September 2020 which takes account of the benefit experienced in the past 3 years from the discrepancy in count dates (i.e. with single January counts being used for funding in to the LA and termly counts used for funding out schools and providers). However, due to the pandemic the ESFA are going to use termly count data to fund LA's during 2021/22 which will reduce funding. This will be met from the reserve if required for 2021/22.

2.5.3 **Point 3** – There has continued to be significantly fewer applications for early years Disability Access Funding (DAF) compared to the Department for Education (DfE) projections underpinning our funding level.

This underspend has been ring-fenced in reserves as there is an expectation from the DfE that this will be spent to support inclusion of pupils with SEND.

2.5.4 **Point 4** – The underspend on the SEN Inclusion Fund was at a similar level to 2019/20. This was the subject of a report to Schools Forum at the **21 January 2021** meeting.

As described in that report, the level and criteria for the SEN Inclusion fund will be reviewed and consulted on with the sector as part of the wider HN funding review for the EY phase. It is anticipated that this consultation will start this summer, after half term.

2.6 High Needs (HN) block variances - **Table 5** shows a summary of the HN Block variances.

<b>TABLE 5: BREAKDOWN OF HIGH NEEDS BLOCK VARIANCES</b>				
	<b>Budget £m</b>	<b>Actual £m</b>	<b>(Under)/ Over Spend £m</b>	<b>(Under)/ Over Spend %</b>
1. High Level Needs (HLN) support in mainstream schools – (see section 2.6.1)	5.837	5.643	(0.194)	(3%)
2. SEN resource unit top up funding	0.627	0.566	(0.061)	(10%)
3. Special schools	9.948	10.034	0.085	1%
4. Net cross border top ups with other LA's - (see section 2.6.1)	0.452	0.426	(0.026)	(6%)
5. Post 16 HLN top ups in FE settings	1.100	1.117	0.017	2%
6. Independent/Non Maintained Specials - (see section 2.6.2)	0.790	1.245	0.455	58%
7. Behaviour PRUs & devolved AP – (see section 2.6.3)	7.036	6.107	(0.928)	(13%)
8. Hospital & Home Education	1.893	1.867	(0.027)	(1%)
9. Education cost residential placements	1.390	1.390	-	-
10. Fair access	0.250	0.283	0.033	13%
11. IDEAL asylum seeker provision	0.152	0.183	0.031	20%
12. Outreach	0.159	0.159	-	-
<b>SUB TOTAL - Demand driven</b>				<b>(2%)</b>
13. LA support services – (see section 2.6.4)	2.905	2.629	(0.276)	(9%)
14. SEN transport contribution	1.000	1.000	-	-
15. Disability Access – (see section 2.6.5)	0.200	0.081	(0.119)	(59%)

<b>TOTAL HN spend (LA)</b>				(10%)
11. Places funded via recoupment	5.730	5.730	-	-
<b>TOTAL</b> (see section 2.6.3)	39.110	38.102	(1.008)	(3%)

2.6.1 **Point 1** – The budget for HLN support in mainstream schools, consisting of HN top up funding and additional inclusion allowance, was increased by £1.166m for 2021/22 to support the primary HLN funding review.

Due to COVID-19, implementation was delayed until April 2021 and although some interim rate increases and COVID contingency funding were put in place for 2021/22 there was a 3% underspend against the increased budget.

2.6.2 **Point 2** – The overspend on the independent/non maintained special school budget was linked to a number of factors;

1. A number of children moving into the City during the year requiring specialist autism places who could not be accommodated at Rosehill as places were not available,
2. A number of tribunal decisions resulted in placements in INMSS settings. In 4 cases, these tribunal outcomes hinged on sensory occupational therapy services which would be provided at the named INMSS settings but were not available at our local special schools. From September 2021, the LA is commissioning a Sensory Occupational Therapist who will deliver sessions at our maintained special schools,
3. Fee increases from the INMSS providers.

2.6.3 **Point 3** – Funding required for the behaviour PRUs was significantly below budget. As a result of the partial closure of schools, permanent exclusions during the year were at 40% of the level assumed in setting the indicative budget. This is the key driver of the HN's block underspend for 2021/21.

2.6.4 **Point 4** – The majority of the HN's LA central under-spend related to the inclusive education services and a combination of reduced mileage costs, staffing underspends and income being over budget.

2.6.5 **Point 5** – the underspend on disability access has been ring-fenced in the reserve to cover future commitments under **Appendix A point 1**.

2.7 The outturn position set out in **Table 2** includes a number of further drawdowns from the SSR. These reserve commitments were outlined in the 2018/19 Outturn Report and **Table 6** below shows the detail:

<b>TABLE 6: IN YEAR RESERVE DRAW-DOWNS AND (REPLENISHMENTS)</b>	
<b>Reason</b>	<b>£m</b>
Bulwell St Mary's temporary classroom funding	0.023
Secondary Fair Access b/f from 2019/20	0.045
Early years SEN for PVI Sections underspend 2018/19	0.004
Early years funding adjustment 2019/20	(0.245)
Nethergate expansion – furniture and IT equipment	0.059
Intensive Support Team (April-August 2020)	0.072
Routes to inclusion delivery	0.136
Intensive Support Team (September 20-March 21)	0.149
<b>TOTAL</b>	<b>0.243</b>

No further costs are to be incurred in relation to the temporary classrooms at Bulwell St Mary's Primary School.

SF approved the allocation of £0.304m to fund the temporary classrooms at this site on 21 January 2016 report titled "Funding to support temporary accommodation at Bulwell St Mary's CE Primary School". This was to fund the hire costs of a single and double classroom and reinstatement costs. All costs have now been incurred there is a remaining balance of £0.034m. This funding has been un-earmarked.

- 2.8 The SSR balance as at 1 April 2020 was £6.999m, after in year movements during 2020/21 the balance is £9.485m. **Table 7** below summarises the position:

<b>TABLE 7: RESERVE ANALYSIS</b>	
	<b>Actual £m</b>
Opening Balance as at 1 April 2020*	6.999
Less: DSG reserve supporting 2020/21 budget (See Table 2)	(1.060)
Less: 2020/21 Draw downs (See Table 6)	(0.243)
Add: 2020/21 Under spend (See Table 2)	3.789
<b>Closing Balance as at 31 March 2021</b>	<b>9.485</b>
Less: Future Commitments (see Appendix A)	(5.747)
<b>Uncommitted Balance as at a 1 April 2021</b>	<b>3.738</b>

**Appendix A** sets out the commitments/ring fenced funding from the SSR resulting an **unearmarked balance of £3.738m**.

The uncommitted element of the SSR is 0.1% of the DSG budget; this was 0.8% as at 31 March 2020. There is no statutory requirement for the levels of this reserve however it needs to align to any risk value which will be. This value will be captured as part of future reports.

- 2.9 All recommendations within this report align to the Schools and Early Years Finance (England) Regulations 2020. Future use of the reserve needs to align to the following expenditure categories set out in **Table 8**.

<b>TABLE 8: EXPENDITURE CATEGORIES</b>	
<b>HIGH NEEDS BUDGET</b>	
Top-up funding – maintained schools	
Top-up funding – academies, free schools and colleges	
Top-up and other funding – non-maintained and independent providers	
Additional high needs targeted funding for mainstream schools and academies	
SEN support services	
Hospital education services	
Other alternative provision services	
Support for inclusion	
Special schools and Pupil Referral Units (PRU's) in financial difficulty	
PFI/ BSF costs at special schools and AP/ PRUs	
Direct payments (SEN and disability)	
Carbon reduction commitment allowances (PRUs)	
Therapies and other related services	
<b>EARLY YEARS BUDGET</b>	
Central expenditure on early years entitlement	
<b>CENTRAL PROVISION WITHIN SCHOOLS BUDGET</b>	
Contribution to combined budgets	
School admissions	
Servicing of schools forums	
Termination of employment costs	
Falling Rolls Fund	
Capital expenditure from revenue (CERA)	
Prudential borrowing costs	
Fees to independent schools without SEN	
Equal pay - back pay	
Pupil growth	
SEN transport	
Exceptions agreed by Secretary of State	
Infant class sizes	
Other Items	

2.10 The value of maintained school balances has increased during the financial year 2020/21 from £7.056m to £8.347m.

### **3 Other options considered in making recommendations**

3.1 No other options were considered as part of this report.

### **4 Outcomes/deliverables**

4.1 To provide SF with the 2020/21 outturn position and to confirm the opening balance of the SSR for 2021/22.

### **5 Finance colleague comments (including implications and value for money/VAT)**

5.1 This report contains financial implications.



**6 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2021, SI 2021/59. Spend from the SSR needs to align with the requirements of the Regulations.

10 June 2021  
Aman Patel, Solicitor  
Commercial, Employment and Education Team  
0115 8765072

**7 HR colleague comments**

7.1 Not applicable.

**8 Equality Impact Assessment**

8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:  
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

**9 List of background papers other than published works or those disclosing confidential or exempt information**

9.1 None

**10 Published documents referred to in compiling this report**

10.1 Schools Forum 13 October 2020 – Outturn Report 2019/20

10.2 Schools Forum 21 January 2020 – Schools Budget 2020/21

10.3 Schools Forum 3 December 2020 – Proposed pupil growth allocation for 2020/21

**APPENDIX A**

<b>No.</b>		<b>Date Approved</b>	<b>Funding Narrative</b>	<b>2021/22 £m</b>	<b>Other comments</b>
1	Disability Access funding	29 March 2012 - Agenda Item 12-03-10		0.473	
2	Pupil growth		In 2020/21 there was a surplus balance on the Schools Block which was allocated	0.733	
3	Pupil growth	16 Oct 2014 – Agenda item 10	Balance of funding previously set aside for pupils without a school place	0.100	
4	Trade Union cover underspend b/f 2020/21	08 October 2019 – Agenda item 9	Funding used in the calculation of the rate per pupil and lump sum per school for the financial year 2022/23 for maintained schools and academies trade union representation.	0.008	
5	Trade Union cover underspend b/f 2019/20		Funding to be used in the calculation of the rate per pupil and lump sum per school for the financial year 2021/22 for maintained schools and academies trade union representation.	0.015	
6	Fair Access Contingency	23 Feb 2017 Agenda item 7	Contingency for emergency expenditure incurred by primary & secondary in year	0.025	Ongoing contingency of £25,000
7	Secondary Fair Access b/f from 2019/20		Available to support Fair Access costs in future years.	0.002	
8	Primary Fair Access b/f from 2020/21		Available to support Fair Access costs in future years.	0.011	
9	Early Years DAF underspends 18/19, 19/20 and 20/21		Underspend must be ring-fenced for purpose consistent with DAF objectives.	0.196	£0.057m from 18/19 ring-fenced for R2i in early years. £0.072m from 19/20 ring-fenced to provide support to settings with addressing gaps in Speech Language & Communication (SLC) Needs post-COVID.
10	Underspend on Early Years Provision 2018/19		This balance is being kept available as an early years block contingency to be drawn down in the event of future overspends.	0.652	
11	Underspend on Early Years Provision 2020/21		To cover clawback following final EY block adjustment for 2020/21 and contingency for potential overspend in 2021/22 due to variation to funding	1.511	0.075m of this is ring-fenced specifically for Nottingham Nursery School to be allocated over 3 financial years (see section 2.5.2 of this report)

			arrangements implemented by ESFA for 2021/22.		
12	EY SEN Inclusion Fund underspend 2020/21			0.148	
13	Nethergate expansion		Special school expansion does not qualify for funding from the pupil growth contingency, so is funded directly from reserves. This amount allows for 3 final classrooms/teaching spaces requiring set up at £8,000 each.	0.024	
14	R2I Delivery Team			0.411	
15	Initiatives to reduce exclusions, to be allocated in consultation with SF Sub-group			1.438	
<b>TOTAL COMMITTED</b>				<b>5.747</b>	