



Report to Schools Forum

Date: 8th December 2020

Title: Dedicated Schools Budget – Revenue Budget Monitoring 2020-21

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Recommendations: Schools Forum is asked to note the revenue budget monitoring position at the end of October (Period 7).

Reason for decision: For Information

1. Purpose of the Report

1.1. This report updates Schools Forum on the current forecast for the Dedicated Schools Grant (DSG) budget for the 2020-21 financial year, based on the spend to 31st October 2020 (period 7).

2. Forecast 2020-21

2.1. The current projected position against the DSG blocks is summarised in the following table:

DSG Block	Budget 2020-21 £m	Forecast Outturn £m	Forecast Variance £m
Schools Block	174.712	173.585	(1.127)
Central Schools Services Block	5.535	5.344	(0.191)
High Needs Block	82.120	84.260	2.141
Early Years Block	32.601	32.753	0.152
Total	294.968	295.943	0.975

2.2. It has previously been reported that pressures within the High Needs Block (HNB) can be managed within the overall Dedicated Schools Budget. Risks against the HNB have continued to grow as costs of supporting pupils with EHCPs across all different types of settings are confirmed, and currently show a projected overspend of

£2.1m. This means that it is now projected that there will be an overspend against the overall DSG.

3. Schools Block

3.1. The Schools Block is currently projected to underspend by £1.127m. This relates to a projected underspend against the growth fund in the current year. A summary of all growth fund costs in 2020-21 and 2021-22 is provided in Appendix 4 to the School Budget Proposals report on the agenda for this meeting. The report identifies that the underspend against the growth fund in the current year will be required to support costs associated with pupil growth in 2021-22.

3.2. The schools revenue funding guidance from the Department for Education (DfE) states that *“local authorities should report any unspent growth funding remaining at the year-end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.”*

4. Central Schools Services Block (CSSB)

4.1. The CSSB is projected to underspend by £191k in the current year due to savings made within the Early Years service against the historic commitment element of the budget.

5. High Needs Block (HNB)

5.1. The HNB is projected to overspend by £2.140m. This reflects updated forecasts for the costs of support across all types of school settings, taking into account starters and leavers in September.

5.2. The key variances and risks within the HNB are shown in Appendix 1 to this report. The table also includes a comparison with the outturn from 2019-20 to show how spend patterns have changed compared with last year.

5.3. Key areas of concern are:

- Exceptional Support costs, which include costs relating to Supply Teaching to support pupils at home – as previously reported to Schools Forum, costs have been reduced in this area compared with last year however the budget is still projected to overspend in 2020-21.
- ARP placements are expected to be over plan by £296k.
- Independent placements, at the latest forecast position, is at risk of a £247k overspend. A detailed report was considered at the October Schools Forum

meeting on the types and costs of placements in Independent Schools. Expenditure is lower than in previous years.

- Placement costs for Buckinghamshire pupils with EHCPs placed in other local authority schools are now forecast to overspend by £1.538m, a significant increase compared with last year. This budget line also includes income from other LAs where pupils are placed in our schools. These placements tend to be a lower cost than placements in the independent sector however in a number of local authority areas, unit costs have increased significantly in the current year. Analysis of the data for this shows that there has been a net increase of 15 pupils in this financial year compared with March 2020 and that unit costs have also increased. The total increase in forecast spend compared with last year is £593k, of which £215k is as a result of the increased number of pupils and £378k relates to increases in average unit cost.
- Analysis of placements in other local authority schools shows that high functioning Autism and SEMH are the main areas of need. This is consistent with the pattern in independent special school placements outlined to Schools Forum at the October meeting.

5.4. There are a number of areas where further work is required to confirm the forecast and this may include areas where there is the opportunity to reduce the forecast. These areas include:

- Post-16 Colleges – expenditure is currently forecast to be on budget, in line with spend in 2019-20. Work is taking place to review the forecast now that we have the data on September starters and leavers.

6. Early Years Block

6.1. Early Years budgets are currently projected to overspend by £152k.

6.2. In recent years there has been an underspend against the Early Years block which has helped to mitigate some of the pressures in High Needs. There are a number of uncertainties against the early years budgets this year that make it more difficult to confirm the likely outturn, these are mainly due to the impact of the covid-19 pandemic on the sector. In accordance with DfE Guidance the Council is continuing to fund providers which have been advised to close, or left with no option but to close, due to public health reasons. These settings are being funded at autumn 2019 levels. This is to support sustainability within the sector during the pandemic. Where providers have increased numbers of pupils compared with last year, these are also being funded. It is currently unclear whether adjustments will be made to the Council's DSG following the January 2021 census. This may impact on the final funding level for 2020-21 as if numbers of pupils recorded in the census is reduced compared with last year, funding will be reduced.

7. DSG Reserve and Deficit Management Planning

- 7.1. Any variance against the DSG is to be managed through the DSG reserve which is ringfenced. At the start of the 2020-21 financial year the council had a deficit of £1.153m against its DSG reserve. Following contributions agreed by Schools Forum in January from former Historic Commitment budgets and additional early years funding received in July to reflect the impact of the January 2020 census on the 2019-20 DSG allocation, the reserve now has a positive balance of £86k. Part of this reserve will be required to meet the costs of any claims for TU facilities costs as no funding was de-delegated for this purpose in 2020-21.
- 7.2. The current projection will result in a year end deficit against the DSG reserve. The development of the DSG management plan is under way and will be reported to Schools Forum in January. This is expected to be a multi-year plan and will take into account the latest projections of demand in future years and the impact on cost.

