



Schools Forum
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Item

Public

Paper

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DEDICATED SCHOOLS GRANT MONITORING

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Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) final outturn position for the 2021-2022 financial year.

Recommendation

That Schools Forum:

- note the report and approve that the £1.452m in-year underspend is partially used to offset against last year's deficit carried forward of £0.870m with the remaining balance of £0.582m representing the cumulative surplus to be carried forward into 2022-23 financial year.

REPORT

1. The overall 2021-22 outturn position for the DSG is a £1.452m in year-surplus. It should be noted that this figure is the in-year surplus and needs to be added to the £0.870m overspend carried forward from 2020-21 in order to give the overall cumulative surplus position of £0.582m.
2. In December 2020, Schools Forum approved a transfer of 0.5% from the Schools Block to the High Needs Block to support growth pressures on the High Needs Block. Agreement was given to transfer the remaining schools block budget, up to 0.5% after fully funding schools with the National Funding Formula factors and values. In 2021-22, the Council has been able to fully fund schools in this way, while transferring across the full 0.5% of the Schools Block budget to the High Needs Block budget which has increased the High Needs Block budget in year by £0.876m from the published allocation of £31.797m to a budget of £32.674m
3. The main reasons for a variation from budget in year are detailed below.

Centrally Controlled Early Years Budget

4. The outturn position for the Early Years Block is an underspend of £0.093m on a provisional budget of £16.592m.
5. The main reason for this is an underspend of £0.427m identified in relation to the Early Years allocations for three and four year old nursery entitlement. This is due to a decreased level of take up of free entitlement places from eligible parents.
6. The Council will receive a final 2021-22 Early Years DSG allocation later in the year to take account of the January 2022 census figures. It is anticipated that the final Early Years DSG allocation for 2021-22 will be smaller than the provisional allocation reflecting this lower level of take-up.
7. This underspend was partially offset by a £0.174m overspend on SEN Support. The demand experienced on this budget has grown in recent years with Shropshire seeing a growing number of children presenting with a range of development and emotional difficulties which require support. In 2021-22 actual expenditure totalled £0.474m against a budget set internally of £0.300m.
8. In addition to SEN Support, the 2021-22 outturn position reflects increased expenditure on Early Years deprivation payments and sustainability payments accounting for an overspend of £0.109m.
9. Sustainability funding is used to 'top-up' the amount of per pupil funding paid to providers in more rural areas to ensure that they have enough overall income to continue to operate. A small element of this funding is also used to support providers in short term crises. The overspend on sustainability funding can be attributed to pandemic recovery with a few settings taking time to get numbers back up to sustainable levels.
10. It is important to note that this position on the Early Years budget is provisional and it is anticipated that the relatively small underspend will change to an overspend for 2021-22 once the final Early Years DSG allocation is published later in the year.

Centrally Controlled High Needs Budget

11. The centrally controlled High Needs Block is the largest budget area within central DSG accounting for £24.188m of the £44.221m central DSG budget in 2021-22. The budget excludes the place funding element of the High Needs Block totalling £8.485m but does include the transfer of £0.876m funding from the Schools Block to the High Needs Block as approved by Schools Forum.
12. Overall, the outturn position for the High Needs Block is an in-year surplus of £1.297m.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools

13. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there was an overall underspend of £1.063m. Of this £1.063m, £0.040m relates to top-up funding paid to mainstream schools or recoupment of top-up funding between local authorities.

Total expenditure on top-up funding to mainstream schools in Shropshire totalled £4.996m in 2021-22. A table below shows the actual expenditure on top-up funding to Shropshire mainstream schools over the period 2019-20 to 2021-22. This table shows that while an underspend was incurred against the £5.036m budget, actual expenditure has increased by 24% between 2019-20 and 2021-22 and 16% between 2020-21 and 2021-22. An increase in demand for top-up funding in mainstream mirrors the national picture. This could be attributed to a growth in new EHC plans and growth in the SEND hubs attached to mainstream schools.

	2019-20	2020-21	2021-22
Top-Up and GSP Payments	£	£	£
Mainstream Primary	2,248,729	2,435,329	3,030,191
Mainstream Secondary	1,775,416	1,877,045	1,965,336
Total	4,024,145	4,312,375	4,995,527
% Increase on previous year		7.2%	15.8%

14. The above figures include the Graduation Support Pathway payments as well as top-up funding. The Graduated Supported Pathway provides additional funding to supplement element 2 funding which comes directly through the Schools Block of DSG. Further work will be undertaken to analysis the specific elements of GSP.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Special Schools

15. Of this £1.063m underspend, £0.095m relates to top-up funding paid to Shropshire special schools. Total expenditure on top-up funding to special schools totalled £4.988m in 2021-22. A table below shows the actual expenditure on top-up funding to Shropshire special schools over the period 2019-20 to 2021-22. This table shows that the total value paid to our special schools in 2021-22 decreased by £0.239m which was not anticipated and therefore further work will need to be undertaken to explore this.

	2019-20	2020-21	2021-22
Top-Up funding	£	£	£
Special Schools	4,956,492	5,226,448	4,987,940
% Increase on previous year		5.4%	-4.6%

Line 1.2.2 - Post 16 Further Education Colleges

16. Within the “1.2.2 - Top Up funding - Academies, Free Schools and Colleges” budget heading there is a budget of £2.770m allocated for Post 16 funding at further education colleges and sixth form colleges. Of the overall increase in allocation against the High Needs Block DSG in 2021-22, £0.581m was allocated against this budget heading.
17. The reason for significant growth in the expenditure budget on post 16 further education college placements at the time was in reaction to a £0.409m increase in actual expenditure in 2020-21 where expenditure had increased to £2.218m reflecting a large increase in numbers at 2 mainstream colleges in particular.

18. Despite this anticipated growth, the 2021-22 outturn position reflects actual expenditure of £1.844m and therefore an underspend of £0.926m against the £2.770m budget, as well as reduction in actual expenditure of £0.374m compared to 2020-21. This budget area therefore accounts for the majority of the underspend against the budget line, 1.2.2, as well as the High Needs Block as a whole. This level of underspend did not become apparent until the final quarter of the 2021-22 financial year with the previous Schools Forum paper in January reporting a forecast outturn position of £2.328m expenditure, representing an underspend of £0.442m. This outturn position therefore shows a movement of £0.486m.
19. The table below shows a direct comparison between the 2020-21 and 2021-22 financial year figures breaking down the student numbers and unit cost per placement. This table highlights that the trend of a large increase in student numbers at 2 lower cost mainstream colleges has not continued in 2021-22 with the total number of mainstream college students decreasing by 11 from 225 to 214 overall. In contrast to this, reversing the trend of previous years, an increase in post 16 students attending Post 16 independent specialist settings has been reported although the increase can be attributed to just one setting.

Post 16 FE College Placements Expenditure	2020-21 £	2021-22 £
Mainstream College FE Placements	1,267,304	701,108
Independent Specialist P16 Settings	1,449,135	1,497,492
Recharge to Social Care	- 498,405	- 355,002
Total	2,218,034	1,843,598
Student Numbers	2020-21	2021-22
Mainstream College FE Placements	225	214
Independent Specialist P16 Settings	37	40
Total	262	254
Cost per FE College Placement	2020-21 £	2021-22 £
Mainstream College FE Placements	5,632	3,276
Independent Specialist P16 Settings	39,166	37,437

20. The other noticeable trend is the decrease in cost per placement for our cohort of students in mainstream FE college settings. However, caution needs to be applied here as part of the reason for the decrease is due to the payment arrangements for one of the mainstream colleges.
21. Although we have not seen the growth in student numbers and therefore expenditure in the Post 16 FE College placements budget, it is worth noting that this budget represents a proportion of the cohort of the post 16 students, the remaining proportion are within other budget areas. We have seen an increase in Post 16 students in Independent Special School placements and this partially explains the underspend on this budget and also the corresponding overspend on

the Independent Special School placements budget. The service has also reported growth in the post 16 cohort accessing new Alternative Provisions.

Lines 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

22. While the High Needs Block DSG is reporting a £1.297m underspend overall, the Independent Providers budget did overspend by £0.116m against a budget of £6.550m. This is despite a large increase of £1.000m in the Independent Special Schools budget to £6.058m in 2021-22. Expenditure of £6.340m against the £6.058m reflects a £1.312m or 26% increase compared to 2020-21 expenditure levels reflecting an increase in demand for this type of provision, mirroring the national picture.
23. The overspend of £0.282m in relation to this Independent Special Schools placements budget relates specifically to the “Education” led placements. There has been an increase in numbers from 50 to 70 at our 2 most utilised, SEMH day providers. This has accounted for an increase in expenditure of £0.699m. We have also seen an increase in numbers and expenditure (£0.821m) at other Independent providers. Counteracting this overspend, we have seen a decrease of £0.209m in 2021-22 in the value of, and number of contributions to complex, joint funded placements with social care and the Shropshire Clinical Commissioning Group (CCG).
24. The £0.282m overspend mentioned above is offset by underspends of £0.068m against the Independent non-special schools budget and £0.098m against the Independent SEN Nursery providers budget.

Lines 1.2.4 - Additional High Needs Targeted Funding for Maintained Schools and Academies

25. This budget is in line with the Government’s recommendation to target additional high needs funding at schools with a disproportionate number of high needs pupils. A high needs contingency payment is made where a school does not receive enough Element 2 funding within their notional SEN budget to contribute £6,000 to the cost of provision for each high needs pupil, or a school does not have at least 20% of Element 2 funding within their notional SEN budget remaining once they have contributed £6,000 for each of their high needs pupil.
26. A budget of £0.409m was set aside for additional high needs target funding required in year. This budget was increased by £0.150m in 2021-22 on the basis that actual expenditure had increased to a level of £0.280m in 2020-21 and it was anticipated that this level of expenditure could increase again in 2021-22. In 2021-22, actual expenditure only totalled £0.185m resulting in a £0.224m underspend. The lower level of expenditure in 2021-22 reflects a decrease in demand for these high needs contingency payments in this financial year, however it is important to note that the level of expenditure can fluctuate year on year.

Lines 1.2.8 – Support for Inclusion

27. A budget for £1.101m was set for “Support for Inclusion”. This budget was increased by £0.103m in 2021-22 using the growth in High Needs Block DSG allocation, in anticipation of greater demand on this budget as the country recovered from the pandemic. While actual expenditure on 6th Day provision has increased in 2021-22, the total level of expenditure has been below that of the budget set resulting in an underspend of £0.190m. An explanation for this underspend is the receipt of a few central government grants e.g DfE – Covid-19 Catch-up Premium and DfE- Recovery Premium funding which are not budgeted for but do offset the expenditure in this area as they relate to pupils in alternative provision.

Central Schools Services Block

28. An in-year overspend was incurred in 2021-22 of £0.142m. £0.111m of this overspend occurred as the result of one-off budget monitoring pressures reported under Ongoing Duties as per line 1.5. in the Appendix. This budget covers “Asset Management” and contributions to “Central Support Services”.

Schools Growth Fund

29. As per “Paper D – Growth Fund Allocations 2021-22 and 2022-23” there was actual expenditure of £0.236m in 2021-22 against the allocated Growth fund of £0.438m resulting in a £0.202m in year underspend. This underspend is effectively carried forward in to 2022-23 as part of the overall £0.582m DSG surplus carried forward.

Accounting for the DSG Deficit

30. The DSG guidance states conditions relating to DSG deficits for those local authorities that have an overall deficit on their DSG as follows:

- Provide information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 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 local authority’s plans and financial situation.
- Keep the schools forum regularly updated about the local authority’s DSG account and plans for handling it, including high needs pressures and potential savings

31. Given that the overall DSG position has moved from a revised deficit carried forward of £0.870m to a cumulative DSG surplus of £0.582m as at the end of the 2021-22 financial year, the Council has met the Department for Education’s requirement to reduce or manage down the deficit as soon as possible.

32. It is important to note that this removal of the deficit is as a result of less growth in expenditure in 2021-22 compared to growth in High Needs Block DSG allocation in 2021-22 rather than any strategic reductions to High Needs Block DSG expenditure itself.
33. While the Council's DSG financial position is relatively healthy in terms of carrying forward a surplus of £0.582m in to 2022-23, there is significant work required to understand the growth required in 2022-23 and beyond. It is also important to note that a small proportion of high-cost, low incident cases can disproportionately impact the High Needs Block DSG financial position. We know that many young people have been adversely impacted over the past 2 years and this is no different for SEND children, and may well be even more pronounced. The impact over this period has the potential to see the number of vulnerable children and young people presenting with complex mental health and behavioural needs requiring provision increasing and this will have a knock on effect on the High Needs Block DSG as we meet the needs of this cohort.

2022-23 High Needs Block DSG Allocation

34. Shropshire's High Needs Block DSG allocation for 2022-23 is £29.467m (after deductions), an increase of £3.766m. In addition to this, Shropshire has received £1.342m additional high needs funding, an allocation of which will need to be allocated to the Council's special schools and discussions with these schools are ongoing.
35. Some of the increase in High Needs Block DSG allocation in 2022-23 has been set aside by way of top-up funding for the new Special School which will open in September 2022.
36. Please note that no 2022-23 DSG budget monitoring forecasts will be completed until the Council's Quarter 1 (end of June) position is finalised in July 2022.