

DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2020-21

Purpose of the Report

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2020-21 as at 31st October 2020.

Main Considerations

2. Appendix 1 to this report outlines the budget monitoring summary as at 31st October 2020.
3. An overspend of £9.105 million is currently projected against the overall schools budget. The main driver for this forecast variance are the on-going pressures on the high needs block, the reasons for these are known and understood. The detailed budget monitoring report is shown in Appendix 1.

Early Years Budgets (Budget £27.827M, forecast variance (0.166M))

4. The pandemic has created much uncertainty around early years and grant guidance around settings has changed following government expectations around opening.
5. Summer Term until 31st May 2020 – the government's expectation was that settings would open to facilitate children of key workers, vulnerable children with a social worker and those children with an education health and care plan. Open settings were paid at 100% with additional incentive payments of £100 per child per week to fund the additional costs of PPE and deep cleaning. Closed settings were paid at 80%. A hardship fund was set up for those closed settings who evidenced financial hardship as a result of COVID19. From 1st June, the Government's expectation was that all settings would be open and therefore payments continued to be made at 100% to open settings and 80% to closed settings with lower payments made to open settings to help fund the additional costs of cleaning and PPE.
6. For the Autumn Term, there have been broadly the same number of children in settings as in the previous Autumn however, dual placements are not currently recommended and therefore some settings have above average reduced hours and some increased hours. Clearly the children in settings require funding at the usual rate in order for them to be able to staff appropriately. No additional payments for PPE and cleaning have been made. For providers who may be seeing a temporary dip, support payments are being made at the current hourly rates, representing above average reductions across the sector over the last three years. Modelling and consultation is currently underway to allocate any surplus funding to settings for the Autumn term.
7. For the Spring Term, the government's expectation is that settings will only be paid for children attending settings.
8. The local authority has a duty of sufficiency in this sector and is working closely with providers to support through these turbulent times, providing additional financial support whilst following the COVID guidance and remaining within the terms and conditions of the grant funding. This means that private income losses cannot be supported.

9. Due to the uncertainty, no variance is forecast on the budgets for the free entitlement for 15 and 30 hours childcare for 2, 3 & 4 year olds however, this will depend on the outcome of the October census, consultation with the sector representatives, increased numbers of children returning to childcare, and children becoming eligible and the DfE's post financial year adjustment which, could be negative if the January 2021 census numbers fall.

	Budgeted PTE	Forecast PTE	Forecast PTE Variance	Budgeted Spend £M	Forecast Spend £M	Forecast spend Variance £M
2 year olds	774	774	Nil	2.382	2.382	Nil
3 & 4 year olds	9,938	9,938	Nil	24.358	24.358	Nil
ISF	447	303	(144)	0.357	0.242	(0.116)

10. The 19-20 adjustment based on the January 2020 census data was an increase of £0.539 million. In addition, the 20-21 allocation increased by £0.943 million. This reflects a higher count of children than the previous year.

Schools Budgets (Budget £293.734M, forecast variance (£2.315M))

11. The forecast underspend on schools largely relates to the schools growth fund which currently shows an underspend and is helping to offset the overall pressure on the DSG.

High Needs Budgets (Budget £51.558M, forecast variance £11.588M)

12. High Needs budgets are projected to overspend by £11.588m. The biggest areas of overspend are Independent Special School packages, Named Pupil Allowances and top ups. When the level of funding available does not match the local needs, the budget cannot be set at an achievable level and so the location of the overspend is not an indication of individual budget issues but that the whole block under significant pressure.

13. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. Variance analysis is provided at Appendix 2. It is important to note that the number of EHCPs being requested has slowed slightly however this could be due to the COVID restrictions in the Summer term.

	Children with an EHCP in Wiltshire
Number as at 1 st April 2020	3,860
As at September (<i>new academic year</i>)	4,070
Forecast demand (<i>based on historical trend</i>)	4,289
Forecast Year to Date Movement	429 (11.12% increase)

14. As Schools Forum are aware, much work has been done, over recent years to investigate and address the issues. More detail is found in the high needs working group update from the Director, Education and Skills which follows this report.

DSG Reserve

15. The reserve brought forward of £11.350 million is increased by the positive early years block adjustment of £0.539 million. The forecast overspend would take the reserve into a deficit position of £19.916 million.
16. This deficit is cash flowed by the local authority and as such, is a major financial risk. By comparison, at the end of the 2019-20 financial year, the level of the Council's general reserves was £15.456 million.
17. In the current financial year, the impact of COVID on the local authority's finance is significant and the Council's forecast overspend has been offset by national grant of £30 million, compensation for net lost income estimated at £6 million, and the option to spread the impact of the losses from Council Tax and Business Rates (Collection Fund), across three years is forecast. Without additional income, a significant overspend on the Council's general position is anticipated at the end of the financial year.
18. The additional COVID funding available for Councils and Schools for 2021-22 is not yet clear.
19. With effect from 2018-19, the department tightened the rules governing deficits in local authorities' overall DSG accounts, under which local authorities have to explain plans for bringing DSG account back into balance. The DfE required a report from any local authority that had a DSG deficit of more than 1% as at the end of any financial year.
20. With effect from 2020-21, the department further updated the rules governing deficits and expanded the requirements around deficits to include a DSG management plan workbook. A draft of this is included later in the agenda.

	DSG Reserve £ M
2019-20 Brought Forward	(11.350)
2019-20 Early Years Adjustment	0.539
2020-21 Forecast Overspend	(9.105)
2020-21 Forecast DSG Reserve Deficit	(19.916)

Proposals

21. Schools Forum is asked to note the budget monitoring position at the end of October 2020 alongside the reports later in the agenda focussing on the high needs block recovery working group, the changes in DfE recovery planning requirements around the DSG deficit and the School Revenue Funding 2021-22.

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Appendix 1 – Outline of budget monitoring summary as at 31st October 2020.

Appendix 2 – Variance Analysis