

**DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2020-21**

**Purpose of the Report**

1. To present the final outturn budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2020-21 as at 31<sup>st</sup> March 2021.

**Main Considerations**

2. Appendix 1 to this report outlines the budget monitoring summary as at 31<sup>st</sup> March 2021.
3. An overspend of £7.906 million is currently projected against the overall schools budget. This is an improved position than previously reported in part due to staff time supporting COVID activity being chargeable to certain COVID grants. The main driver for the adverse variance is 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, final variance (0.695M))***

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 31<sup>st</sup> 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 1<sup>st</sup> 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.
7. For the Spring Term, the government's expectation was that settings remained open whilst schools were closed and would 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. Private income losses cannot be supported from this grant.

9. The intention was for any significant underspends to be redistributed to settings under the local discretion guidance however, due to the overall number of children being not dissimilar to previous years and the local discretion payment schemes used to supplement and support settings, the underspend (0.35%) is not enough to redistribute.
10. The early years reference group met on 19<sup>th</sup> May and requested that the early years block variance for future years (i.e. for 21-22 financial year onwards) be separately ringfenced. The national regulations assume that all blocks are separately ringfenced the co-joining some years ago was due to local agreement and so from 1<sup>st</sup> April 2021, all variances and lagged funding changes will be separately accounted for and reported.
11. The table below shows an extract from Appendix 2, the volume variance analysis;

	<b>Budgeted PTE</b>	<b>Actual PTE</b>	<b>PTE Variance</b>	<b>Budgeted Spend £M</b>	<b>Actual Spend £M</b>	<b>Actual spend Variance £M</b>
3- & 4-year olds	9,938	9,542	(396)	24.358	24.129	(0.229)
2-year olds	774	721	(53)	2.382	2.219	(0.162)

12. 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.

### **COMF Grant Funding**

13. A separate COVID grant has been received by the local authority (COMF grant) to support, facilitate and aid containment of the virus. Services were invited to apply for schemes to support this. The Council's corporate leadership team approved an amount of £1.0 million was approved to allocate to providers under certain criteria, namely
- Payment to open or partially open settings - funded and non-funded provision; a one-off grant to support purchase of PPE and increased cleaning costs.
  - To provide additional support in the event of continued staff absence due to pregnancy, extremely clinically vulnerable or COVID sickness in cases where staff cannot be furloughed to aid containment of the virus
  - To fund private losses at the EYE rates where bubbles burst, and closures take place. This includes wraparound childcare.
  - To fund a deep clean prior to the re-opening of a bubble or, whole setting
14. Total funding payments and applications totalled £0.418M in 2020-21. It has been agreed that the unclaimed allocation of £0.582M can be rolled forward to support the sector in the 2021-22 financial year.
15. An additional sum of £0.600m has been approved by CLT for the 2021-22 financial year. This will be made available to support settings to contain the virus.

### **Schools Budgets (Budget £291.677M, variance (£2.838M))**

16. The underspend on schools largely relates to the schools growth fund which is helping to offset the overall pressure on the DSG.

**High Needs Budgets (Budget £53.632M, variance £11.507M)**

17. High needs budgets are projected to overspend by £11.507m. The biggest areas of overspend are named pupil allowances and top ups, independent special school packages, alternative provision.
18. 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.
19. 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 reduced face to face contact with pupils due to the COVID pandemic.

	<b>Children with an EHCP in Wiltshire</b>
Number as at 1 <sup>st</sup> April 2018	3,052 (233 - 8.27% increase on previous April)
Number as at 1 <sup>st</sup> April 2019	3,456 (404 - 13.24% increase on previous April)
Number as at 1 <sup>st</sup> April 2020	3,860 (404 - 11.69% increase on previous April)
<b>Number as at 31<sup>st</sup> March 2021</b>	<b>4,105 (245 – 6.35% increase)</b>

20. At outturn, it is also useful to look at the average unit price variances to indicate where spend per pupil type has increased.
21. The table below shows an extract from Appendix 2, the volume variance analysis showing the movement from budgeted average unit cost;

	Increase in budgeted unit weekly price (average)
Special School Top Ups	+ £487
ELP To Ups	+ £1,228
Resource Base Top Ups	+ £392
Named Pupil allowance	+ £434
Independent Special School Fees	- £99 (reduction)
6 <sup>th</sup> Form / College Top Ups	+ £634
Inter authority	+ £476
Alternative Provision & Direct Payments	+ £3,031

22. As Schools Forum are aware, much work has been done, over recent years to investigate and address the issues. The High Needs Group meets regularly to discuss the recovery actions and more detail on activity and progress is reported regularly in the High Needs update report.

## **DSG Reserve**

23. The reserve brought forward of £11.350 million is increased by the positive early years block adjustment of £0.539 million. The overspend takes the reserve into a deficit position of £18.717 million.

	<b>DSG Reserve £ M</b>
2019-20 Brought Forward	(11.350)
2019-20 Early Years Adjustment	0.539
2020-21 Overspend	(7.906)
2020-21 DSG Reserve Deficit	(18.717)

24. With effect from 2018-19, the department tightened the rules governing deficits in local authorities' overall DSG accounts, under which local authorities must 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.
25. 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. Which was approved at the January Schools Forum and at Full council on the 23<sup>rd</sup> February 2021.
26. Officers have a meeting scheduled with the DfE regarding the plan later this month and will report back any useful information, insight or recommendations to both the High needs group and Schools Forum. It is anticipated an updated plan will be brought to the October meeting for information, update and approval.

## **Proposals**

27. Schools Forum is asked to note the final outturn budget monitoring position and the deficit DSG reserve balance.
28. Schools Forum are asked to note the change in accounting treatment around the early years grant for 2021-22.

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