

Schools' Forum 6 July 2022	
Report from the Executive Director of People (Children)	
Provisional DSG Annual Report 2021-22	
Wards Affected:	All
Key or Non-Key Decision:	N/A
No. of Appendices:	N/A
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This report is for information and relates to all Schools' Forum representatives

1 Purpose of the Report

- 1.1 This report sets out the use of the Dedicated Schools Grant (DSG) in 2021-22. It explains the main variances, and reports on the amounts carried forward into 2022-23.
- 1.2 The analysis focuses on the four blocks within the DSG and includes details of schools balances.
- Early Years Block (EYB)
 - Schools' Block (SB)
 - High Needs Block (HNB)
 - Central Schools' Service Block (CSSB)
 - Schools' balances

2 Recommendation

- 2.1 Schools' Forum is asked to note the report.

3 Reasons for Recommendations

- 3.1 Local Authorities are obliged to provide Schools' Forum with the annual financial position for each block.

4 Report

4.1. The DSG is a ring-fenced grant and can only be applied to meet expenditure properly included in the Schools' Budget as defined in the Schools Finance Regulations.

4.2 The majority of funding is delegated to schools, using locally determined factor rates, determined by annual consultation and approved by Schools' Forum. A large proportion of the grant is recouped by the DfE to fund Academy schools within the authority. The remainder is used to fund Early Years, High Needs provisions, and central functions.

4.3 Year End Position – Summary 2021/22

Table 1 provides a high level analysis of the financial performance of the DSG, both in year and cumulatively. The main area of concern, from both an in-year performance and a cumulative position, continues to be the High Needs Block.

TABLE 1

DSG Block	2020/21 Cumulative Deficit/(Surplus) Balances as at 31/3/2021 £m	2021/22 In-year Deficit/(Surplus) £m	2021/22 Cumulative Deficit/(Surplus) Balances as at 31/3/2022 £m
EYB	(0.427)	0.317	(0.110)
SB	0.298	(0.179)	0.119
HNB	20.777	4.686	25,463
CSSB	(0.033)	0.031	(0.002)
Total	20.615	4.855	25.470

4.4 The DSG in-year over spend is currently **£4.855 million**, excluding the final adjustment for Early Years. The final funding position for the Early Years block has not yet been confirmed but is expected later this month, once the January 2021 census data has been analysed and any adjustments made.

4.5 The **cumulative deficit** before any adjustments is **£25.470 million**. Any end of year balances must be rolled forward into the next financial year, which has the first call upon the forthcoming budget. The DSG Management Plan is currently being drawn up for DfE submission by 30th June 2022 and will form ongoing discussions with the DfE on

our 'safety valve' intervention programme. It is proposed that the progress on the DSG Management Plan will be a standing item on future Schools' Forum agendas.

4.6 The reported expenditure variances are explored in greater detail further on within the report.

5 Early Years Block

5.1 The **provisional** end of year position is an overspend of **£0.317 million** but a cumulative underspend of **£0.110 million**. This is a demand funded service with providers claiming funding for actual hours of provision at the hourly rate set by the authority for that particular financial year.

5.2 The final funding position within the Early Years Block will not be confirmed until the January census data has been analysed and the budget adjusted accordingly. This is usually completed in July; we are currently awaiting this information from the DfE.

5.3 Table 2 sets out the provisional 2021-22 Early Years DSG revenue budget and outturn position. The current funding allocation is based on the January 2021 census data, and will be updated in July 2022 to reflect 5/12ths of the January 2021 and 7/12ths of the January 2022 censuses. Expenditure is based on actual take up achieved during the financial year, with providers claiming funding for actual hours of provision at the hourly rate set by the authority for that particular financial year.

5.4 There will be variances between actual funding and expenditure incurred because the funding is always an estimate of the potential activity for Early Years users and the demand is not uniform over the year. Both expenditure and funding are therefore variable and challenging to predict.

TABLE 2

	Budget 2021/22	Actual 2021/22	Variance
Early Years Block	£m	£m	£m
Brought Forward from 2020/21		(0.427)	(0.427)
<u>Income</u>			
DSG Settlement	(14.020)	(14.020)	-
Early Years Adjustment July 2022 (TBC)			
Final Total DSG Settlement 2021/22	(14.020)	(14.020)	
<u>Expenditure</u>			

Maintained Nursery Schools			
2 Year Old Funding	0.162	0.162	-
3-4 Year Old Universal Entitlement	1.519	1.476	(0.043)
3-4 Year Old Extended Entitlement	0.271	0.271	-
Deprivation	0.037	0.037	-
EYPP	0.027	0.027	-
Maintained Nursery Supplement	0.722	0.722	-
Subtotal	2.739	2.696	(0.043)
Primary Schools			
2 Year Old Funding	0.155	0.155	-
3-4 Year Old Universal Entitlement	3.456	3.590	0.134
3-4 Year Old Extended Entitlement	0.407	0.407	-
Deprivation	0.056	0.056	-
EYPP	0.042	0.042	-
Subtotal	4.116	4.250	0.134
Special Schools			
2 Year Old Funding	0.001	0.001	-
3-4 Year Old Universal Entitlement	0.008	0.010	0.002
Subtotal	0.009	0.011	0.002
PVI Sector	6.353	6.894	0.541
Central Budgets			
Disability Access Fund	-	0.002	0.002
Early Years Adaptations/ Practical Support	0.050	0.002	(0.048)
Early Years Strategic Financial support	0.079	0.060	(0.019)
Early Years Behaviour Support Services	0.042	-	(0.042)
Central Early Years Expenditure	0.070	0.068	(0.001)
Early Years Team Contribution	0.427	0.220	(0.208)
EYB DSG Non Controllable	0.135	0.135	-
Central Expenditure Total	0.803	0.487	(0.316)
Total Expenditure	14.020	14.337	0.317

Projected Variance		0.317	0.317
Carry Forward to 2022/23			(0.110)

- 5.5 A review of the main variances follows:
- 5.6 Primary and Special Schools: There is an overspend of £0.134m due to increased demand for 3-4 years universal entitlement. This will be reflected in July 2022 DSG adjustments.
- 5.7 PVI Sector and Private: There is an overspend of £0.541m, due to increase demand against funding levels, specifically 2 Year Funding and 3-4 Year Extended Entitlement. This will also be reflected in the DSG adjustment in July 2022
- 5.8 Centrally Retained: There is a large underspend across the centrally retained portion of the EY Block of (£0.316m). £0.48m of this relates to the Adaptations/Practical Support which is a relatively new area of funding and the take up has been slower than expected. This balance is expected to reduce as the Early Years' service have raised awareness and agreed criteria across the sector. There are a number of staff vacancies including the previous Assistant Director that add to the general underspend in 2021-22.

6 Schools' Block

- 6.1 Table 3 provides a more detailed analysis of the Schools' Block for 2021-22. The reported end of year position is an overspend of **(£0.119m)**. This is a reduction to the 2020-21 overspend due to the underspend of Growth fund

TABLE 3

Schools' Block	Budget 2021/22 £m	Actuals 2021/22 £m	Variance £m
Brought Forward from 2020/21		0.298	0.298
<u>Income</u>			
DSG Settlement	(149.703)	(149.703)	-
Academy Recoupment	112.428	112.428	-
CSSB Transfer	0.100	0.100	-
Net Income	(37.175)	(37.175)	-
<u>Expenditure</u>			
Maintained Primary Schools Budget Shares	27.377	27.377	-
Maintained Secondary Schools Budget Shares	8.825	8.825	-
De-delegated Budget: Behavioural Services	-	-	-
Growth Fund: School Block Top Slice	0.739	0.560	(0.179)
Growth Fund: Not Recouped	0.234	0.234	-
Expenditure	37.175	36.995	(0.179)
Variance	-	(0.179)	(0.179)
Carry Forward to 2022/23			0.119

7. High Needs

- 7.1 The DSG 2021-22 High Needs Block final outturn shows an in-year overspend of **£4.686m** and a cumulative overspend of **£25.464m**.
- 7.2 The council received a gross cash settlement of £20.004m which is reflective of in-year import and exports, and place funding recoupment. This settlement has been revised to £19.792m, to reflect the pre-agreed in-year block transfers. Total expenditure incurred was recorded at £24.478m, which can be traced through table 4, beneath.

TABLE 4

High Needs Block	Revised Funding 21.22 £m	Outturn 21.22 £m	Variance £m
Brought Forward from 2020/21			20.777
Income			
High Needs DSG	(20.004)	(20.004)	-
Schools Block Transfer	-	-	-
Central Block Transfer	0.212	0.212	-
Income Total	(19.792)	(19.792)	-
Expenditure			
Planned Place Funding			
HN Place Funding - Nursery	0.100	0.100	-
HN Place Funding - Maintained Schools	0.426	0.426	-
HN Place Funding - Secondary	0.126	0.126	-
Subtotal	0.652	0.652	-
Top-up funding within in-borough settings			
Maintained schools			
HN Mainstream Based Top Ups - Nursery	0.028	0.052	0.024
**Primary	0.982	1.094	0.112
**Secondary	0.092	0.083	(0.009)
HN Resource Based Top Ups - Nursery	0.096	0.084	(0.012)
**Primary	0.762	0.774	0.012
**Secondary	0.176	0.198	0.022
Academies, free schools and colleges			
HN Mainstream Based Top Ups - Academies			
**Primary	1.260	1.416	0.156
**Secondary	0.823	1.127	0.304
HN Resource Base/SEN Unit Top Ups – Academies			
**Primary	1.045	1.156	0.111
**Secondary	0.392	0.380	(0.012)
Subtotal	5.655	6.363	0.708
SS Based Top Ups – Academies			
Arbour Vale	5.105	5.693	0.588

Littledown	0.440	0.544	0.104
Haybrook	1.225	1.444	0.219
Alternative Provision and PRUs			
Littledown AP	0.247	0.236	(0.011)
Haybrook AP	0.650	0.650	-
Subtotal	7.667	8.568	0.901
In-borough Maintained, Resources based and Special schools	13.974	15.583	1.608
Independent Schools	1.249	2.399	1.151
HNB Out-borough placements Special	1.699	2.043	0.344
HNB Out-borough placements Mainstream	0.642	0.540	(0.101)
Post 16 Learners	4.220	1.455	(2.764)
EY Inclusion	0.200	0.169	(0.031)
Out-borough Special, Maintained, Post 16, PVI EY Top ups, EY inclusion & Other	8.009	6.608	(1.402)
SEN Support			
SEND Financial Support	0.105	0.160	0.055
SEN - Assessment Capacity	0.060	0.060	-
Early Years Inclusion	0.070	0.070	-
Hard to Place Pupils	0.120	0.046	(0.074)
Exclusions and Access to Education	0.032	-	(0.032)
Home Education	0.043	0.019	(0.024)
0-5 SEN Transport	0.046	0.046	-
Vulnerable Children Management Incl.	0.030	-	(0.030)
Autism Outreach Team	0.135	0.111	(0.024)
EY SEN advisory Teachers/support Workers EY settings	0.118	0.118	-
EY SEN advisory Teachers/support Workers in Children's Centres	0.063	-	(0.063)
SENCO Network	0.065	-	(0.065)
SEND Teacher Advisor	0.020	0.048	0.028
Education Resource Services (Formerly LACES)	0.107	0.043	(0.063)
Primary Provision Behaviour	0.164	0.164	-
Early Intervention	0.105	0.001	(0.104)
Other Alternative provision services	0.100	0.391	0.291
Hospital Education Services	0.150	0.039	(0.111)
Sensory Consortium Service	0.470	0.543	0.073
Growth for Schools	-	(0.024)	(0.024)
SALT	0.400	0.280	(0.120)
Sub-Total	2.402	2.116	(0.286)
Central Services	0.172	0.172	-
Total	24.558	24.479	(0.079)
Projected End of Year Variance			4.686
Cumulative Surplus/Deficit			25.464

7.2.1 A review of the main variances follows:

- 7.3 **In-Borough Budgets for mainstream, Resource based and Special Schools** have been re-aligned to be fully funded during 2021/22 to account for EHCP. The overspend of £1.608m is due to the increase of the number of placements in-borough, as opposed to out-of-borough and Post 16 which is showing a corresponding underspend. The changes to the bandings have also contributed to the increase of in-borough take up as they have become more attractive. This will have an impact on the other areas such as Independent Special Schools.
- 7.4 **Independent Special Schools** Overspend of **£1.151m**. This is still an overspend but reduced from the 2020-21 outturn which was £1.997m. This budget has been consistently overspending over the past four years, attributable to a mixture of increased demand and an inadequate budget provision.
- 7.5 **Out of Borough Special and Maintained Schools:** Overspend of **£0.243m**. This is still an overspend but greatly reduced from the 2020-21 outturn of £1.706m. We are endeavouring to use more in-borough settings where possible, along with renegotiation of fees
- 7.6 **Post 16:** This service has underspent by **£2.764m**, which is attributable to consistently more in-borough placements and negotiating the price of out-borough placement made above budget.
- 7.7 **Centrally Retained** There has been an underspend of £0.286m in the Centrally Retained for 21-22 for the following reasons:
The council wide re-structure from April 2021
There have been difficulties in staff retention
An efficiency exercise to see if there could be savings made
By re-negotiating existing contracts with external bodies for better value for money

8. **CSSB**

8.1 The underspend reported at end of year is **£0.002m**, which is itemised in the table 5

Table 5

CSSB	Budget 2021/22 £m	Actual 2021/22 £m	Variance £m
Brought Forward from 2020/21		(0.033)	(0.033)
<u>Receipts</u>			
DSG Settlement	(0.708)	(0.708)	-
Block Transfer	(0.312)	(0.312)	-
Income Total	(1.020)	(1.020)	-
<u>Expenditure</u>			
Servicing of Schools' Forum	0.053	0.050	(0.003)
Admissions	0.278	0.279	0.001
Education Welfare (Former ESG)	0.145	0.145	-
Asset Management (Former ESG)	0.013	0.013	-
Statutory & Regulatory (Former ESG)	0.258	0.262	0.004
Licences	0.143	0.143	-
LA Safeguarding Board	0.030	0.030	-
VH	0.100	0.100	-
CSSB overheads	-	0.030	0.030
Expenditure Total	1.020	1.051	0.031
Variance	-	0.031	0.031
Balance C/Fwd to 2022/23			(0.002)

8.2 **Admissions:** This is a staff driven service, and this overspend is owed to agency staffing cover.

8.3 **Statutory and Regulatory:** Internal audit fees for 4 schools have contributed to the overspend.

8.4 **CSSB overheads:** No budget for support charges

9 School Balances

9.1 A list of the actual balances carried forward by maintained schools is listed in table 6 below. This shows three nurseries now in deficit and three primary schools with low balances.

9.2 Schools with low balances or who are in deficit are receiving additional support so that the local authority is satisfied that robust plans are in place to ensure that the school is in good financial health. DfE SRMA (School resource management adviser) have worked with the schools to develop evidence-based recommendations which the schools and LA can take forward. **All** maintained schools are required to submit a three year balanced budget plan. LA officers will be analysing all budget plans and will RAG rate them. Appropriate discussions will then take place with the affected schools and actions will be drawn up.

Table 6

School	Opening Surplus/ (Deficit) Balance At 1.4.21	Closing Surplus/ (Deficit) Balance At 31.3.22	Change in Year
	£m	£m	£m
Baylis Court Nursery School	(0.153)	(0.140)	0.013
Chalvey Nursery School	(0.169)	(0.147)	0.022
Cippenham Nursery School	0.150	0.202	0.052
Lea Nursery School	0.034	0.072	0.038
Slough Centre Nursery	(0.250)	(0.165)	0.085
St Mary's CofE Primary School	0.352	0.385	0.033
Wexham Court Primary School	1.429	1.607	0.178
Claycots School	2.405	3.665	1.260
Holy Family Catholic Primary School	0.081	0.096	0.015
Iqra Slough Islamic Primary School	0.380	0.312	(0.068)
OLOP Catholic Primary & Nursery School	0.167	0.091	(0.075)
Penn Wood Primary and Nursery School	0.218	0.262	0.043
Pippins School	0.090	0.088	(0.002)
Priory School	1.622	1.238	(0.383)
St Bernard's Catholic Grammar School	0.465	0.628	0.162
Wexham School	1.078	1.355	0.277
Total	7.899	9.549	1.650

9.3 Three of our maintained nursery schools are in deficit, although their overall deficits reduced in 2021-22, which is encouraging. We will be working with these 3 schools to see how we can agree deficit recovery plans over the coming months to bring them all back into surplus by March 2026 in line with DfE schools in deficit guidance.

9.4 Four primary schools had operating deficits (Expenditure higher than income) in 2021-22 which were covered by cumulative surpluses in each of the schools. Priory School had an operating deficit of £383,074 in 2021-22 and will be closely monitored along with the 3 other primary schools to see if any proactive action can be taken to avoid any of them going into deficit in future years.

10 Supporting Information

10.1. There is no additional supporting information.

11 Financial Implications

11.1 The financial implications have been detailed in the body of this paper.

12 Alternative Options Considered

12.1 Not applicable

13 Supporting Information

13.1 Not applicable

14 Legal Implications

14.1 There are no legal implications for this report.

15 Equality Implications

15.1 Not applicable