

2.1 - 2020/21 Forecast Outturn Report

15 October 2020

Sonia Hattle – Senior Finance Business Partner, Children’s Services
01908 253524
Sonia.Hattle@milton-keynes.gov.uk

1 Purpose

- 1.1 To inform the Schools Forum of the Dedicated Schools Grant (DSG) funding allocation and the period six forecast outturn position for 2020/21.

2 Recommendations

- 2.1 That the Schools Forum notes the latest DSG funding allocations for 2020/21 and the latest forecast outturn position.

3 2020/21 Position

Latest DSG Funding Allocation for 2020/21

3.1 High Needs Block

The high needs block allocation has been updated to reflect the latest data from the January 2020 school census and as a result the import and export adjustment has changed, resulting in additional funding of £0.060m. The additional funding has been allocated to the contingency and the budget has been updated to reflect this.

3.2 Early Years Block

At the time of setting the 2020/21 budget, the early year’s allocation was provisional as the January 2020 census data had not been confirmed. This has since been confirmed and the block funding adjustment has resulted in an increase of £0.043m to £21.652m (from £21.609m) and the budget has been updated to reflect this. Usually the allocation would be subject to recalculation based on the actual take up in January 2021 as well, however as a result of the COVID impact on take up, the DfE have confirmed that the full 2020/21 funding allocations will be based on the January 2020 census data.

- 3.3 The following table shows the change in the funding allocation from the draft budget in January to the latest budget allocation in July 2020.

	3&4 YO Universal	3&4 YO Additional	2 YO	Pupil Premium	Disability Access Fund	MNS Supplement ary Funding	Total Early Years Block
	£m	£m	£m	£m	£m	£m	£m
January 2020 Allocation	13.933	5.188	2.185	0.115	0.061	0.127	21.609
July 2020 Allocation	13.625	5.600	2.152	0.096	0.061	0.117	21.652
Variance	(0.307)	0.412	(0.033)	(0.019)	0.000	(0.010)	0.043

Latest 2020/21 Budget Forecast Outturn Summary (Period Six)

- 3.4 This report details the income and expenditure on the DSG for 2020/21. The DSG is a ring-fenced grant that must be used in support of the Schools Budget as defined in the School and Early Years Finance (England) Regulations 2020. It cannot be used for any other purpose and is not available to support general council services.
- 3.5 With effect from 2018/19, the funding blocks within the DSG have been ring fenced, therefore brought forward and carried forward balances will be reported on a block by block basis. Given that the blocks are now ring-fenced it is essential that a reasonable level of contingency / surplus is held to manage volatility against each of the blocks.
- 3.6 The 2020/21 budget was set with an overall estimated surplus balance of £1.936m at 31 March 2021. The period six forecast position estimates a surplus carry forward of £2.564m. This surplus will be carried forward into 2021/22 against the relevant blocks to which it relates and will be considered as part of setting the budget for 2021/22.
- 3.7 At the last report to forum a budget forecast was not available therefore the variance in this report is a comparison to the revised budget reported to the school's forum (17 July 2020).
- 3.8 A summary of the forecast variance is shown in the following table:

DSG Income and Expenditure	Budget	Forecast	Variance
	£m	£m	£m
Schools Block			
Budget Shares	202.270	202.215	(0.055)
MFG	0.304	0.304	0.000
Growth Fund	1.709	1.431	(0.278)
Expenditure	204.283	203.950	(0.333)
Surplus C/Fwd	(0.727)	(0.792)	(0.065)
DSG Allocation	(203.584)	(203.584)	0.000
Income	(204.311)	(204.375)	(0.065)
Total Schools Block	(0.028)	(0.425)	(0.398)
Central School Services Block			
Admissions	0.583	0.583	0.000
Schools Forum	0.034	0.034	0.000
ESG Retained Duties	0.670	0.670	0.000
CLA and MPA Licence Fees	0.231	0.231	0.000
Miscellaneous	0.025	0.025	0.000
Contribution from High Needs Block	(0.047)	(0.047)	0.000
Expenditure	1.496	1.496	0.000
Surplus C/Fwd	0.000	(0.006)	(0.006)
DSG Allocation	(1.496)	(1.496)	0.000
Income	(1.496)	(1.501)	(0.006)
Total Central Services Block	0.000	(0.006)	(0.006)
Early Years Block			
Providers 3 and 4 Year Olds	18.368	18.032	(0.336)
Providers 2 Year Olds	2.151	2.225	0.074
MNS Supplementary Funding	0.127	0.127	0.000
Pupil Premium	0.096	0.096	0.000
Disability Access Fund	0.061	0.061	0.000
Early Years Inclusion Fund	0.230	0.230	0.000
Central Expenditure	0.618	0.618	0.000
Expenditure	21.651	21.389	(0.262)
Surplus C/Fwd	(0.243)	(0.164)	0.079
DSG Allocation	(21.652)	(21.652)	0.000
Income	(21.895)	(21.816)	0.079
Total Early Years Block	(0.244)	(0.427)	(0.183)
High Needs Block			
Special School Place and Top Up Funding	21.807	21.909	0.102
Departments / Unit Place and Top Up Funding	2.391	2.296	(0.095)
Alternative Provision Place and Top Up Funding	3.155	3.157	0.002
Mainstream Top Up funding (EHCP and No EHCP)	5.711	5.477	(0.234)
College Place and Top Up Funding	2.235	2.276	0.041
Independent School Fees	5.350	4.974	(0.376)
Contingency	0.486	0.486	0.000
Central Expenditure	3.372	3.449	0.077
Expenditure	44.507	44.022	(0.485)
Surplus C/Fwd	(1.666)	(1.224)	0.442
DSG Allocation	(44.506)	(44.506)	0.000
Income	(46.172)	(45.729)	0.442
Total High Needs Block	(1.665)	(1.707)	(0.042)
Total Expenditure	271.937	270.857	(1.080)
Surplus C/Fwd	(2.636)	(2.185)	0.451
DSG Allocation	(271.236)	(271.236)	0.000
In-Year Deficit/(Surplus)	(1.936)	(2.564)	(0.629)

4 Significant Variations to Budget

4.1 A full explanation of the significant variations to budget are as follows:

Schools Block

There is a predicted surplus carry forward into 2020/21 of **£0.425m**. This amount represents 0.2% of the total DSG allocation.

The underspend against budget of **£0.398m** is due to; an additional £0.065m carry forward from 2019/20, a reduction in in-year growth costs and rates reductions. The growth fund contingency for additional places required at secondary schools is not expected to be required resulting in a reduction of £0.278m. The actual business rates charges will result in an underspend of £0.055m - when the budget is set, these are based on estimates.

Early Years Block

There is a predicted surplus carry forward into 2021/22 of **£0.427m**. This amount represents 2.0% of the DSG allocation.

The underspend against budget of **£0.183m** is due to a reduction of £0.079m carry forward from 2019/20 and an underspend on the 3 and 4 year olds, which is to be expected as the increase in grant in 2020/21 was not fully passed to providers in order to build up a small contingency early in the year to manage fluctuations in take up during the year (given the carried over contingency from 2019/20 was just £0.164m). An overspend on the 2 year olds is forecast as take up is expected to be higher than the funding allocation due to the census being based on January 2020 only this year. The current forecast is based on actuals for block one, block two is based on estimates and block three is a forecast. Given the level of volatility in this block, it is essential that a reasonable contingency is held to manage growth and increases in take up during the year – as the block is ring-fenced, should there be an overspend, this would have to be recovered from the formula in the following year. Forecast predictions this year are even more difficult as a result of the impact of Covid, so the forecast will be closely monitored.

It is expected that attendance at settings will be lower as a result of Covid 19 and the DfE expect LAs to fund providers at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus outbreak. A number of modelling options were undertaken, and these were discussed with the early years reference group. The autumn 2020 funding will be based on actual submissions with a top up for providers who have seen a significant loss of funding (more than 10%) from autumn 2019.

High Needs Block

There is a predicted carry forward into 2020/21 of **£1.707m**. This amount represents 3.8% of the DSG allocation.

There is a small underspend against budget of **£0.042m** and the main reasons are as follows:

The carry forward from 2019/20 was £0.442m worse than budget and this was explained at the [July Schools Forum](#).

Top up funding for special schools is forecast to overspend by £0.102m. The forecasts have been updated to reflect this based on the information known in time for the September payments to special schools, however this will continue to be reviewed to ensure all new starters and leavers are properly accounted for, with the correct bandings for the October payments.

Funding for special units is forecast to underspend by £0.095m. This is as a result of vacant places within departments during the summer term and therefore reductions in top up spend. The budget was set on 122 places during this period, whilst we have seen 99 places being occupied. Place numbers have increased from 122 to 127 from September, with filled places continuing to be reviewed throughout the financial year and as part of the 2021/22 budget setting in order to ascertain the level of places needed across the departments.

Top up funding in mainstream schools is forecast to underspend by £0.234m. This is predominantly from seeing a reduction in the amount of SEN support payments being made to children without an EHCP, as schools have been closed due to Covid-19. Top up funding for children with an EHCP attending a mainstream school continues to increase year on year, with a forecasted spend of £4.118m compared to last year's expenditure of £3.631m (an increase of £0.487m). This is also reflected in the non-statutory additional notional SEN payments made termly to schools with high numbers of children with an EHCP, which is forecasted to overspend by £0.066m, against a budget of £0.200m. This is based on the recent Summer term payment made, where there were an extra 69 pupils with an EHCP in mainstream schools, compared to the same period last financial year.

Independent Special School Fees is forecast to underspend by £0.376m. The number of residential school placement numbers have fallen from 16 in 2019/20 to 14 in 2020/21, with a number of expensive packages coming to an end. We have also seen 12 leavers attending day placements at the end of the Summer term, whilst six new starters have begun, resulting in a net reduction in expenditure. The SEN team will try and place children in more appropriate, closer settings such as day placements rather than alternative residential placements where it is possible to do so.

The high needs contingency of £0.486m is not expected to be needed in 2020/21, this will be reviewed and reported within period nine. It is vital that the high needs block has a prudent level of contingency in order to manage volatile expenditure due to the nature of the services. It is expected that future years will be challenging and so it is important that forward planning is put in place to ensure a strong position going forward.