

2.1 - 2020/21 Forecast Outturn Report

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1 Purpose

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

2 Recommendations

- 2.1 To **note** 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 There have not been any changes to the funding allocations since the period seven position reported to school’s forum in October 2020.

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

- 3.2 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.
- 3.3 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.
- 3.4 The 2020/21 budget was set with an overall estimated surplus balance of £1.936m at 31 March 2021. The period eight forecast position estimates a surplus carry forward of £3.028m. 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. The period 8 forecast position is reported to school's forum to provide an up to date position but please note that the forecast is only reported to Cabinet on a quarterly basis.

3.5 At the last report to forum (15 October 2020) the forecast outturn was a surplus carry forward of £2.564m, therefore the latest forecast position has improved by £0.464m.

3.6 The explanation for the change in forecast is due to:

- High Needs - there is a reduction in spend of £0.457m which is across all areas of the service, further information is provided in section four below.

3.7 A summary of the forecast variance is shown in the following table:

DSG Income and Expenditure	Budget	Forecast	Variance	Movement in Forecast Variance
	£m	£m	£m	£m
Schools Block				
Budget Shares	202.270	202.208	(0.062)	(0.007)
MFG	0.304	0.304	0.000	0.000
Growth Fund	1.709	1.431	(0.278)	0.000
Expenditure	204.283	203.943	(0.340)	(0.007)
Surplus C/Fwd	(0.727)	(0.792)	(0.065)	0.000
DSG Allocation	(203.584)	(203.584)	0.000	0.000
Income	(204.311)	(204.375)	(0.065)	0.000
Total Schools Block	(0.028)	(0.432)	(0.405)	(0.007)
Central School Services Block				
Admissions	0.583	0.583	0.000	0.000
Schools Forum	0.034	0.034	0.000	0.000
ESG Retained Duties	0.670	0.670	0.000	0.000
CLA and MPA Licence Fees	0.231	0.231	0.000	0.000
Miscellaneous	0.025	0.025	0.000	0.000
Contribution from High Needs Block	(0.047)	(0.047)	0.000	0.000
Expenditure	1.496	1.496	0.000	0.000
Surplus C/Fwd	0.000	(0.006)	(0.006)	0.000
DSG Allocation	(1.496)	(1.496)	0.000	0.000
Income	(1.496)	(1.501)	(0.006)	0.000
Total Central Services Block	0.000	(0.006)	(0.006)	0.000
Early Years Block				
Providers 3 and 4 Year Olds	18.368	18.032	(0.336)	0.000
Providers 2 Year Olds	2.151	2.225	0.074	0.000
MNS Supplementary Funding	0.127	0.127	0.000	0.000
Pupil Premium	0.096	0.096	0.000	0.000
Disability Access Fund	0.061	0.061	0.000	0.000
Early Years Inclusion Fund	0.230	0.230	0.000	0.000
Central Expenditure	0.618	0.618	0.000	0.000
Expenditure	21.651	21.389	(0.262)	0.000
Surplus C/Fwd	(0.243)	(0.164)	0.079	0.000
DSG Allocation	(21.652)	(21.652)	0.000	0.000
Income	(21.895)	(21.816)	0.079	0.000
Total Early Years Block	(0.244)	(0.427)	(0.183)	0.000
High Needs Block				
Special School Place and Top Up Funding	21.807	21.993	0.186	0.085
Departments / Unit Place and Top Up Funding	2.391	2.161	(0.230)	(0.135)
Alternative Provision Place and Top Up Funding	3.155	3.157	0.002	(0.000)
Mainstream Top Up funding (EHCP and No EHCP)	5.711	5.207	(0.504)	(0.269)
College Place and Top Up Funding	2.235	2.287	0.052	0.011
Independent School Fees	5.350	4.935	(0.415)	(0.038)
Contingency	0.486	0.486	0.000	0.000
Central Expenditure	3.372	3.339	(0.033)	(0.111)
Expenditure	44.507	43.566	(0.941)	(0.457)
Surplus C/Fwd	(1.666)	(1.224)	0.442	0.000
DSG Allocation	(44.506)	(44.506)	0.000	0.000
Income	(46.172)	(45.729)	0.442	0.000
Total High Needs Block	(1.665)	(2.163)	(0.499)	(0.457)
Total Expenditure	271.937	270.393	(1.543)	(0.464)
Surplus C/Fwd	(2.636)	(2.185)	0.451	0.000
DSG Allocation	(271.236)	(271.236)	0.000	0.000
In-Year Deficit/(Surplus)	(1.936)	(3.028)	(1.092)	(0.464)

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 **£0.432m**. This amount represents 0.2% of the total DSG allocation.

The underspend against budget of **£0.405m** 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 £0.062m - 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 **£2.163m**. This amount represents 4.9% of the DSG allocation. There remains significant risk about future funding for

the high needs block as the funding increases were front loaded. The high needs budget report (item 2.6.1) provides further detail.

As at period eight, the projected underspend has increased from £0.042m to £0.499m, however a number of the reasons which will be explained below are due to Covid-19 and are therefore not expected to continue into future financial years.

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 £0.186m. This reflects the recent banding reviews carried out for the new academic year with all special schools. This included revising pupil lists to ensure starters and leavers were properly accounted for and reviewing those pupils who required a change in banding depending on the level of support needed. Analysis of children coming into a special school place has shown that a higher level of banding than those children leaving is required, and what has historically been the average banding giving to new starters. A breakdown of the mix of pupils across the tiered bandings and the movement since the previous academic year can be found included in the 2021/22 budget paper.

Funding for special units is forecast to underspend by £0.230m. This is as a result of vacant places throughout the financial year, which has continued into the autumn term, and therefore a reduction in top up funding payments. Place numbers increased from 122 to 127 from September 2020, however current filled places as of period eight sits at 105 (which has increased from 91 filled places in August 2020). We have reviewed the budget setting process for 2021/22, to ensure we do not overstate the top up funding budget and for it to be set at a more realistic level based on filled and unfilled places throughout the year.

Top up funding in mainstream schools is forecast to underspend by £0.504m, against a budget of £5.711m. This underspend has increased by £0.269m since we last reported the position. This is predominately due to the non-statutory SEN support payments made for a set period of time for children without an EHCP, as schools were closed due to Covid-19. It is expected that this funding will increase again going forward and return to normal in future years. However top up funding for children with an EHCP attending a mainstream school has increased again since we last reported the forecast outturn position, to £4.228m (an increase of £0.110m, and an increase against last year's expenditure of £0.597m). This increase is due to the number of children receiving top up funding across primary and secondary schools, which has increased by 11% when comparing Augusts numbers with Novembers (578 children in August 2020 to 639 in November 2020).

Independent Special School Fees is forecast to underspend by £0.415m. 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 6 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 movement of £0.038m since the October position was due to a young person transitioning to Adults services. However there are a number of independent school placements that are currently being sought for in January 2021 which may increase the forecast position.

Based on the increased demand for Early Years inclusion grants seen in 2019/20, and the pressures seen on Early Years block, an £0.080m contribution towards inclusion grant requests was built into the High Needs budget for 2020/21. As seen with SEN support payments however, requests have reduced whilst settings have been closed, and therefore the requirement for this contribution will not be needed this financial year. This is the main reason for the movement within the Central Expenditure forecasts.

The high needs contingency of £0.486m is not expected to be needed in 2020/21, however this has not yet been released into the overall forecasted position yet as of period eight. This will continue to be reviewed with the aim of reporting the position in 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 with uncertainties over future funding from the Government and so it is important that forward planning is put in place to ensure a strong position going forward.