

Bristol Schools Forum
Dedicated Schools Grant - Overview 2021/22 (Outturn)

Date of meeting:	24 May 2022
Time of meeting:	5pm
Venue:	Virtual meeting

1 Purpose of report

- 1.1 This report provides an update on the Dedicated schools grant (DSG) provisional outturn position for the 2021/22 financial year. This includes the draft outturn and clarification on the approach of treating in-year deficits or surpluses in each of the DSG blocks, and maintained schools and children centres end of year balances.

2 Recommendation

2.1 Schools Forum is invited to:

- a) note the 2021/22 provisional outturn position of £14.647m as set out in Table 1, which is a favourable movement of £2.142m from the forecast position at Period 10 (last reported in March 2022).
- b) note that the total provisional cumulative DSG deficit carried forward to 2022/23 is £24.650m including brought forward balances of £10.004m from previous years.
- c) note the maintained schools and children centres provisional end of year balances of £4.258m as set out in Table 2.
- d) note 14 maintained schools have a deficit balance totalling £2.103m.

3 Background

- 3.1 The Schools Forum has been receiving updates on the 2021/22 financial position of the DSG throughout the financial year. In March 2022, Period 10 (P10) forecast position was £16.778m in deficit, which gave an indicative forecasted cumulative deficit position of £26.792m including previous years brought forward balance of £10.004m. The provisional outturn position is £14.647m, indicating an improvement of £2.142m which is explained in the report.
- 3.2 The overall maintained schools (including Children Centres) balances as at 31 March 2022 is £4.258m. This position has decreased by £2.103m (including £0.302m movements from 5 closed schools) from the position reported 31 March 2021. This report covers the financial position of

maintained schools, including numbers of schools with surpluses and deficits, the overall financial position of each sector and changes since March 2021.

4 Summary DSG Outturn 2021/22

- 4.1 The previously reported position in March 2022 (P10) was a forecast £16.788m in-year deficit on the DSG Budget for 2021/22 and forecast cumulative deficit balance of £26.792m when including previous years brought forward balance of £10.004m.
- 4.2 The provisional outturn position has improved by £2.142m leading to a final overall in-year deficit position of £14.647m and a cumulative deficit position of £24.650m as at 31 March 2022.
- 4.3 The Outturn position is set out in **Table 1** with more detail set out in **Appendix 1**.

Table 1: 2021/22 DSG Outturn position as at 13-5-2022 (draft position)							
DSG funding by block	b/f Deficit	DSG funding 2021/22	2021/22 P12 draft outturn	In-year Variance	2021/22 carry forward position at Period 12	P10 in-year variance forecast	Movements between P12 draft outturn and P10 forecast
All numbers are in £'000							
School's Block	(619)	295,864	294,966	(898)	(1,517)	(960)	62
De-delegation	(553)	0	49	49	(504)	66	(17)
Central School's Services Block		2,627	2,634	8	8	0	8
Early Years	(621)	35,532	35,681	149	(472)	30	119
High Needs Block	12,609	68,513	83,780	15,267	27,876	17,440	(2,173)
Education Transformation	(812)	1,400	1,472	72	(740)	213	(141)
Funding		(403,936)	(403,936)	0	0	0	0
Total	10,004	0	14,647	14,647	24,650	16,788	(2,142)

- 4.4 **Schools Block (-£0.898m underspend).** The formula funding for maintained mainstream schools and academies has been fully allocated. The underspend of £0.898m is attributed to the growth fund, and schools closing during the year. Three schools (St Pius X, St George and St Michael on the Mount) have closed at the end of August 2021, and one new school (Willow Park) opened on 1st September. These movements accounts for £0.454m forecast variance on Schools Block. Growth commitments are expected at £2.419m against funding of £2.861m, an underspend of £0.442m.
- 4.5 The forecast cumulative surplus balance was £1.517m when including previous years brought forward balance of £0.619m. The utilisation of this surplus is at the discretion of the LA and given the overall deficit position within the DSG, it is proposed that this balance should be utilised to offset deficits within the DSG.
- 4.6 **De-delegation (£0.049m overspend).** The majority of this in-year overspend is attributable to facilities costs (NAS / UWT £0.016m and NUT costs £0.033m) where no funding was collected from schools and reserves being used to offset these costs. The forecast cumulative surplus balance was £0.504m when including previous years brought forward balance of £0.553m.
- 4.7 **School Central Block (£0.008 overspend).** This block ended the financial year in a broadly balanced position, with a slight overspend of £0.008m on support costs.
- 4.8 **Early Years (£0.149m overspend).** The final analysis of the January 2021 pupil census was not available until very late in the financial year and accounts for the swing from the previous forecast as it generates 7/12ths of the income for this block. The main pressure within this block is from Early Year's SEN support, currently reporting an in-year deficit of £0.499m, offset by underspend in Quality Improvement teams (£0.109m) and recovered overpayment of (£0.250m).
- 4.9 Funding for 2 year olds is based on uptake figures and we have seen a slight reduction on year on year participation numbers (0.2%), which is offset by 1.5% uplift in hourly rate (moved from £5.51 to £5.59). As the January census is used to calculate funding for the remaining of the year, this has led to an increased funding gap in 2 years old of £0.201m as at the end of this financial year.
- 4.10 For 3 and 4 years old we had seen a year on year reduction of 4.6% in participation which is equivalent of £1.032m reduction in funding when comparing to the previous year.

- 4.11 There was a carry forward balance of £0.621m at the start of the year on this block which has been used to offset the £0.149m in-year deficit leaving a cumulative carry forward position of £0.472m within the block.
- 4.12 **High Needs Block (£15.339m in year overspend).** The outturn for 2021/22 was £2.314m better than forecast at P10, ending with an in-year overspend against budget of £15.339m (or £15.267m excluding Education Transformation Project £0.072m). This is predominantly driven by the following; enhanced internal business processes on data resulting in approximately £0.600m; GFE contingency spending was not materialised saving c.£1.000m, pay costs under spend £0.182m and reduced spot purchasing needs £0.242m.

The main areas of need, driving the overspend in the block continue to be top-ups, which have seen an increase of 10% in number of CYP with an EHC plan at January 2022. Number of live cases increased by 25.6% (461 cases at the end of 2021 compared to 367 cases at the end of 2020) and an increased proportion of children with higher banding due to complexity of needs.

The underlying trend in High Needs deficit indicates a 46% increase on the reported deficit position in the previous year. Nationally the pressures in this area have been recognised by government and an increase in funding (of £9.848m) has been announced for 2022/23.

5 2021/22 year-end balances by block

- 5.1 The Local Authority is obliged to carry forward the balance on the Dedicated Schools Grant, whether it is in surplus or deficit. It has become customary for Schools Forum to review year-end balances and note whether these balances should remain in the block where the surplus accrued, or to move surplus balances to other blocks where deficits might exist.
- 5.2 **Table 1** summarised in-year net deficit position of £14.647m on the DSG at the end of 2021/22 financial year by DSG blocks.

Both the High Needs and Early Years Blocks ended the year in deficit, with a small surplus on the Schools Block. Deficits on High Needs Block and Early Year's block will be transferred to the designated DSG reserve. Surplus on the Schools Block is anticipated to be utilised for offsetting in-year DSG deficits.

Balances on de-delegated items will be carry forward to the DSG reserves and continue to be used for the purpose that it was de-delegated and Education Transformation Project balances will be carried forward to support the ongoing Transformation programme activities in the new year.

Table 3 sets out the carry forward positions by DSG blocks.

Table 3: DSG year-end balances 2021/22

£'000	b/f	2021/22 movement	c/f
Schools Block	(619)	(898)	(1,517)
De-Del	(553)	49	(504)
CSSB	0	8	8
EYB	(621)	149	(472)
HNB	12,609	15,267	27,876
Transformation Project	(812)	72	(740)
TOTAL	10,004	14,647	24,650

6 Individual School Balances

- 6.1 Overall schools balances have decreased by £2.103m including £0.302m movements from 5 closed schools. Analysis by settings is summarised in **Table 2**.

Table 2: Maintained School (and Children's Centre) balances 2021/22

	b/f 1/4/2021 £'000	Movement 2021/22 £'000	c/f 31/3/2022 £'000
Nursery	3,956.067	1,236.405	5,192.472
Primary	-6,874.676	598.158	-6,276.518
Secondary	-723.990	-154.314	-878.304
Special	-2,103.566	240.483	-1,863.083
Hub	-850.370	77.144	-773.226
Children's Centre	235.579	104.702	340.281
Total	-6,360.955	2,102.577	-4,258.378

- 6.2 15 out of 63 (excluding 4 hubs and 1 Bristol LA Maintained Children's centre) LA maintained schools started the year with a revenue deficit. By the end of the year, 14 schools shared a deficit position totalling £2.103m to carry forward into 2022/23. **Table 2** above provides the summary position.
- 6.3 Out of 14 schools with deficit position, the nursery sector continues to be a concern, with 11 out of the 12 maintained nursery schools in a deficit position totalling £5.192m (movement of £1.236m), some of the deficits representing a substantial proportion of their annual budgets. The

Education Early Years team has been working with the ESFA regional support team this Spring to find a sustainable way forward. Different models of operation have also been considered which could potentially reduce the deficit going forward.

- 6.4 The LA will continue to support and challenge the 14 schools with deficits to help them manage their medium term recovery to a balanced position in line with the scheme for financing schools.

7 DSG Deficit

As outlined above the in year deficit in the DSG is £14.647m in 2021/22, or £24.650m cumulatively including previous years' brought forward deficit balance of £10.004m. This is mainly driven by High Needs Block with an in-year deficit of £15.267m (*excluding £0.072m overspend in Transformation Project*) Whilst there are some small variations in each of the blocks, the High Needs Block is where the most significant financial pressure lies.

- 7.1 The additional funding allocation for 2022/23 recognises the pressure nationally but is still not sufficient to meet any increase in need or to tackle the historic deficit. The high level strategy for dealing with the funding pressures in the High Needs Block, continues to be:
- **Transforming** the High Needs service through the Education Transformation Programme via stakeholder engagement and public consultation; and
 - **Transfers** of funding from different blocks or funds to support the High Needs budget (within limits set out by ESFA, and only where appropriate).

High Needs block overall spend in 2021/22 was £83.780m (excluding £1.472m on Transformation Project). The budget for 2022/23 has been set, with the High Needs Block having a total budget of £78.214m which is £5.566m less than 2021/22 total expenditure.

The DSG is a ring-fenced budget and regulations state that it cannot be subsidised by the General Fund, so must balance in the longer term. The transfer of 0.5% (approximately £1.5m) from the Schools Block to fund the Education Transformation Programme for another year to enable further work on DSG improvements plans in order to achieve a balanced in-year position and deliver DSG within a sustainable envelope in the long term.

Appendix 1

Appendix 1 - 2021/22 Outturn position for Overall DSG	Brought forward 1.4.21	Funding 2021/22	Period 12 draft outturn	In-year movement	Carry forward 31.3.22	Forecast Outturn Period 10 2021/22	Movement between P10 & P12
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Maintained Schools		83,128	82,672	(456)		(454)	(2)
Academy Recoupment		209,874	209,874	0		0	0
Growth Fund		2,861	2,420	(442)		(507)	65
Schools Block	(619)	295,864	294,966	(898)	(1,517)	(960)	62
De-delegation Services	(553)	0	49	49	(504)	66	(17)
Admissions		526	532	6	6	0	6
Centrally Retained		2,101	2,102	1	1	0	1
Schools Central Services	0	2,627	2,634	8	8	0	8
National Formula		27,913	27,523	(390)		(517)	127
2 Year Old Funding		3,472	3,562	90		(4)	94
Pupil Premium (EYPP)		267	288	21		0	21
Additional Support Services		500	499	(1)		(24)	23
SEN Top up		1,275	1,774	499		614	(115)
Staffing		1,986	1,980	(6)		30	(36)
Disability Access Fund		121	56	(65)		(69)	4
Early Years Block	(621)	35,532	35,681	149	(472)	30	119
Commissioned Services		2,301	3,069	768		927	(159)
Core Place Funding		9,507	8,499	(1,008)		(688)	(320)
Staffing		1,160	2,178	1,018		403	615
Top Up		32,037	42,845	10,808		12,342	(1,534)
Placements		9,044	12,264	3,220		3,712	(493)
Pupil Support		814	1,241	428		744	(316)
HOPE Virtual School		236	269	34		(0)	34
Academy Recoupment		13,415	13,415	0		0	0
Education Transformation		1,400	1,472	72		213	(141)
High Needs Block	11,797	69,913	85,252	15,339	27,136	17,653	(2,314)
Funding		(403,936)	(403,936)				
Total	10,004	0	16,788	14,647	24,650	16,788	(2,142)