



ISLINGTON SCHOOLS FORUM

Chair: Abi Misselbrook-Lovejoy
c/o Governor Services
222 Upper Street
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DSG SUB GROUP

MEETING DATE	13 May 2021
AGENDA ITEM 5	Provisional DSG Budget Outturn
RECOMMENDATIONS	<p>That DSG Sub Group:</p> <ol style="list-style-type: none"> 1. Note the provisional underspend against the DSG in this report of £4.646m, and that £2.680m relates to prior year balances. 2. Note that underspend against growth and falling rolls and the balance from the one-off SUF payment will be carried forward. Proposals for their use brought back to Schools Forum in July. 3. Note that the underspends against the de-delegated budgets will be carried forward to 2020/21 for their intended use; that the overspend against trade union facility time will be offset against the 2021/22 budget; and the treatment of the underspend against NQT release time will be considered further by Schools Forum in July. 4. Note that underspend against the High Needs Block will be carried forward as a one-off contingency for high needs in 2021/22. We will revisit use of this balance once we have the outcome of the recent high needs funding consultation by the DfE and the indicative 22/23 DSG settlement. 5. Note the final balance on the Early Years contingency budget and 2-year old trajectory funding.

1 Provisional DSG Outturn

1.1 The provisional DSG outturn position for the financial year to 31 March 2021 is an underspend of £4.646m (3.1%), of which £2.680m relates to balances from previous years. A detailed breakdown of the underspend is shown in Appendix A against each spending block.

Schools Block

1.2 This consists of funding centrally retained for growth (£300k) and falling rolls (£400k). The following variances against the budget are forecast, leading to a net overspend of - £163k:

- - £93k underspend against the budget for falling rolls (23%).
- - £70k underspend against the budget for growth (23%).

1.3 These can be carried forward for the same purpose in 2021/22 or allocated elsewhere by Schools Forum. Schools Forum was going to distribute these balances to schools in the spring term to offset some of the impact of the pandemic on school budgets, but subsequently decided to delay taking a decision until 21/22 pupil numbers are known in the new financial year. This will allow the funding to be directed to schools who may be impacted by falling rolls, should the need arise. This data should be available in May once the Schools Admissions data is known – this will come back to Schools forum in July.

1.4 In addition there is the £321k balance from the one-off cash payment in relation to the Secondary Unit of Funding from 2019/20. We will review options for how this money can be used for Schools Forum in July.

De-delegated Budgets

- 1.5 This is funding de-delegated by maintained schools for specific functions. Underspends cannot be used to offset overspends elsewhere within the DSG. As per principles used in previous years, these will be carried forward for their intended purpose in 2020/21.
- 1.6 There are the following underspends against de-delegated budgets:
- - £61k underspend against the de-delegated NQT release time budget (0.5%).
 - - £2k unallocated priority support and schools in financial difficulty funding (0.5%).
 - - £22k underspend against the redundancy budget (5.9%).
 - + £5k overspend against the trade union facility time budget (8.3%).
- 1.7 The treatment of the £61k underspend against the NQT release time budget needs to be reviewed in light of the forthcoming early career framework reforms, and therefore may be more appropriate to refund to maintained schools. We will review options for Schools Forum to consider in July.
- 1.8 The redundancy budget (£374k) is made up of in-year de-delegated funding of £83k, a £191k carry forward from previous years and £100k of core Council funding. In previous years, we have spent core Council funding first in order to maximise the carry forward of any underspend for future years. This has helped ensure that there is sufficient funding for years in which the calls against this budget are very high. We have continued with this approach this year.
- 1.9 The trade union facility time budget overspend will be offset against the 2021/22 budget.

Central Schools Services Block (CSSB)

- 1.10 There is a - £44k underspend (6.5%) against the CSSB block in relation to staffing underspends in the School Admission Service and reduced costs of school admission appeals during the pandemic.
- 1.11 It is recommended that this is carried forward to help phase in the impact of further funding reductions against the CSSB from the DfE that are expected in 2022/23 onwards.

High Needs Block

- 1.12 There is an underspend of - £1.542m against the high needs block:
- - £447k underspend due to the slower rollout of the new area based inclusion fund to strengthen our SEND support offer than planned due to the pandemic (74.5%). We will be pressing ahead with this approach during 2021/22.
 - - £275k underspend against the budget for centrally commissioned provision in academies, the independent sector and out of borough provision (1.9%). Costs pressures are continuing in this area, but were slightly less acute than budgeted for. While this is a good position to be in, it is expected that costs will increase by a further £900k in 2021/22.
 - - £589k unallocated funding for demographic pressures from the DfE / in-year finding adjustments.
 - - £254k underspend against alternative provision / managed moves due to fewer pupils being excluded from schools / moving schools as a result of the pandemic.
 - + £23k overspend against the SEND outreach budget (3.2%).
- 1.13 While there is a significant underspend against high needs this year, many of these underspends are one-off due to the pandemic and will not recur in future years. While we have further growth in high needs funding for 2021/22 from the government and have sufficient funding to balance the budget, the outlook for 2022/23 is less certain. The DfE have consulted on reforms to high needs funding that could see Islington lose £947k in funding from 2022/23.

- 1.14 The underspend against the High Needs Block will be carried forward as a one-off contingency for high needs in 2021/22. We will revisit use of this balance once we have the outcome of the recent high needs funding consultation by the DfE and the indicative 22/23 DSG settlement.

Early Years Block

- 1.15 There is an underspend of - £2.496m against the early years block. £463k of this underspend is the 2 year old balance from previous years and is being held to smooth in new funding arrangements for providers in future years.

- 1.16 The remaining underspend against the early years block of £2.033m is made up of the following:

- - £457k underspend in relation to PEL SEND top-ups as demand was suppressed due to the pandemic.
- - £41k overspend against the speech and language therapy and CAMHS budget due to reduced charges from the CCG for these services.
- - £60k unclaimed disability access funding (77.0%).
- - £1.457m contingency budget balance (12.8% reduction from the opening balance of £1.671m), but we need to be mindful of the following:
 - This budget is used to fund increased numbers of 3 and 4 year olds in the summer term (funding allocations from the DfE are based on January numbers), new provision and transitional protection for settings as the new Early Years Block funding regime sets in.
 - Retrospective DSG funding reductions can be significant following the spring census. The DfE have confirmed that they will be using a combination of the January 2021 and May 2021 headcount for funding the 2021 spring and summer terms. Depending on the impact of the May headcount we could get a negative funding reduction of £762k for the spring and autumn terms. If the DfE only apply it to the spring term the adjustment could reduce to £326k. This will remain a funding risk over the medium term to long term if the headcount does not recover to pre-pandemic levels.
 - The 2-year old balance is being held to smooth in new funding arrangements if the DfE no longer continues to allow us to cross-subsidise provision for 2-year olds from funding for 3- and 4-year olds. This is currently subject to annual agreement by the Secretary of State.
 - There are on-going pressures on SEND in early years, while these did not materialise in 2021/22 due to the periods of lockdown they are expected to re-emerge in 2021/22.
 - Settings were protected in full by the Council during the summer and autumn terms in line with DfE guidance and further protection was provided spring term.

- 1.17 It is recommended that the net balance of £2,033k is carried forward as a one-off contingency for Early Years in 21/22, this will offset any retrospective funding reduction due to reduced take-up of provision in the spring term 2021 due to COVID-19 and any further in-year reductions in 21/22 if take-up does not recover to pre-pandemic levels. We are also anticipating pressures against Early Years SEND to return in 21/22. These were £358k in 19/20, but did not materialise in 20/21 due to COVID-19.

Summary Position

- 1.18 The total provisional DSG outturn in Appendix A is an underspend of £4.646m, as shown below:

	Underspend (£)
Schools Block	0.484
De-delegated funding	0.080
Central School Services Block	0.044
High Needs Block	1.542
Early Years Block	2.496
Total	4.646

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Appendix A

Provisional DSG Outturn As at 31 March 2021	Variance (£k)	Comments / options for use
SCHOOLS BLOCK		
The DSG guidance states that these should be carried forward for the same purpose, however Schools Forum have the option to allocate these elsewhere if they see fit		
One-off cash payment in relation to the SUF The unallocated balance of £321k from the one-off cash payment in relation to the Secondary Unit of Funding (SUF). This is being carried forward to 2021/22 following agreement from Schools Forum	(321)	Carry forward to 2021/22 as agreed by Schools Forum
Growth budget Unallocated growth funding	(70)	These can be carried forward for the same purpose in 2021/22 or allocated elsewhere by Schools Forum. Schools Forum was going to distribute these balances to schools in the spring term to offset some of the impact of the pandemic on school budgets, but subsequently decided to delay taking a decision until 21/22 pupil numbers are known in the new financial year. This will allow the funding to be directed to schools who may be impacted by falling rolls, should the need arise. This data should be available in May once the Schools Admissions data is known – this will come back to Schools forum in July
Falling rolls Unallocated funding for falling rolls	(93)	
Subtotal Schools Block	(484)	
DE-DELEGATED FUNDING		
These funds are from maintained schools. Underspends cannot be used to offset overspends elsewhere in the DSG and vice versa. Balances can be rolled forward or returned to schools		
Trade union facility time Overspend	5	This balance will be carried forward to 21/22 and recovered from the 21/22 budget
School Redundancies Underspend (DSG share)	(22)	These budgets will be carried forward for the same purpose in 21/22 in line with previous years. Options for the treatment of the £61k underspend against the NQT release time budget will be worked-up for Schools Forum in the July
Schools in Financial Difficulty	(1)	
Priority Support	(1)	
NQTs	(61)	
Subtotal De-delegated	(80)	
CENTRAL SCHOOLS SERVICES BLOCK		
These funds are managed on behalf of all schools		
School Admissions Underspend against School Admissions and School admission appeals	(44)	Carry forward as one-off mitigation against future reductions to CSCB funding that we are anticipating in 22/23
Subtotal CSSB	(44)	

Provisional DSG Outturn As at 31 March 2021	Variance (£k)	Comments / options for use
HIGH NEEDS BLOCK These funds are managed on behalf of maintained schools, academies and free schools including special schools		
Centrally commissioned places Underspend against the budget for provision in Academies, the independent sector and out of borough provision	(275)	Carry forward the total underspend against the High Needs Block as a one-off contingency for high needs in 21/22. We will revisit use of this balance once we have the outcome of the recent high needs funding consultation by the DfE and the indicative 22/23 DSG settlement.
Additional needs funding Delayed roll-out of SEND additional needs funding due to COVID-19	(447)	
High needs growth funding Unallocated funding for demographic growth / in-year high needs funding adjustments from the DfE	(589)	
Alternative provision / managed moves Underspend due to fewer pupils excluded from school / moving schools	(254)	
SEND outreach budget Net overspend	23	
Subtotal High Needs Block	(1,542)	
EARLY YEARS BLOCK These funds are ring-fenced for Early Years under the DSG Operational Guidance		
2-year old trajectory funding. Carry forward of 2-year old DSG funding from previous years that is being used to smooth in funding reductions for the statutory entitlement for free childcare for deprived 2-year olds now funding is allocated to local authorities based on take-up.	(463)	Being met from 3 and 4 year old funding in 2021/22 following agreement of the Secretary of State. Will be carried forward for its intended purpose in 2022/23.
Early Years contingency Balance on the Early Years contingency budget. This budget is used to fund increased numbers of 3 and 4 year olds in the summer term (funding allocations from the DfE are based on January numbers), new provision and transitional protection for settings as the new Early Years Block funding regime sets in. It also provides a buffer against any in-year reductions in funding from the DfE which can be significant. While full protection has been provided for the summer and autumn terms 2020, protection is significantly reduced for spring 2021 onwards.	(1,475)	Carry forward the net balance of £2,033k as a one-off contingency for Early Years in 21/22, this will offset any retrospective funding reduction due to reduced take-up of provision in the spring term 2021 due to COVID-19 and any further in-year reductions in 21/22 if take-up does not recover to pre-pandemic levels. The loss for the Spring and autumn terms could be up to £762k. We are also anticipating pressures against Early Years SEND to return in 21/22. These were £358k in 19/20, but did not materialise in 20/21 due to COVID-19.
Early Years Disability Access Fund Eligibility for the DAF was lower than the numbers used by the DfE to allocated DAF funding	(60)	
Speech and Language Therapy / Strengthening Parenting Reduced charges from the CCG for these services due to COVID-19	(41)	

Provisional DSG Outturn As at 31 March 2021	Variance (£k)	Comments / options for use
Priority Early Learning SEND Reduced demand for PEL SEND top-ups due to COVID-19	(457)	
Subtotal Early Years Block	(2,496)	
Total all blocks	(4,646)	