

TITLE	2021/22 Revenue Outturn Report
FOR CONSIDERATION BY	Schools Forum on 6 July 2022
WARD	None Specific;
LEAD OFFICER	Director, Children's Services - Helen Watson

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to note the report.

SUMMARY OF REPORT

The report provides Schools Forum with an update on the 2021/22 outturn on the Dedicated Schools Grant (DSG), explanations on key variances / movements from forecast, and highlights the cumulative deficit as at 31st March 2022.

At the time of budget setting, a deficit of £2.6m was anticipated on the DSG for the 2021/22 financial year. Outturn for the year shows a net overspend of £4.2m, representing 2.6% of total DSG income for the year.

Movement over the year relates primarily to significantly increasing number of EHCPs and the associated costs within the High Needs Block.

Together with the brought forward deficit balance, the cumulative DSG deficit at the end of 2021/22 sits at £10.04m.

2021/22 Revenue Outturn Report July 2022

01. Purpose of the Report

The report provides Schools Forum with an update on the final 2021/22 outturn on the Dedicated Schools Grant (DSG), explanations on key variances / movements from forecast, and highlights the cumulative deficit as at 31st March 2022.

02. Recommendation

Schools Forum is asked to note the contents of this report.

03. Background

The Dedicated Schools Grant (DSG) is a ring-fenced, specific grant provided to Local Authorities that must be spent in accordance with the School and Early Years Finance (England) Regulations. Within the DSG there are four funding blocks:

- Schools Block
- High Needs Block
- Early Years Block, and
- Central Schools Services Block

The Local Authority and Schools Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations. Regular monitoring of spend against the grant is required to enable decision making on deficits and surpluses and to inform service strategy and future year budget requirements.

The way in which local authorities account for DSG deficits has been altered by the Local Authorities (Capital Finance and Accounting) Regulations 2020, issued by the Department for Levelling Up, Housing and Communities (DLUHC). This requires DSG deficits to be held in a separate reserve in local authorities' accounts. However, the way in which local authorities should plan their management of DSG and report to DfE remains governed by the School and Early Years Finance Regulations 2022.

This report shows the outturn for the Dedicated Schools Grant (DSG), and how that impacts on balances held both centrally and on behalf of maintained schools. Figures remain provisional, pending external audit review, however no material changes are anticipated.

04. 2021/22 DSG Outturn Summary

The outturn for the 2021/22 financial year, across the four blocks of the DSG, reports an in-year deficit of £4.2m. This represents a 2.6% overspend on block income for the year.

Individual block summary is shown below, with further information provided in Appendix A.

				[A]	[B]	[C]	[C] - [A]	[C] - [B]
DSG Block Outturn 2021/22	Original Budget £,000	Block Transfer £,000	Budget Changes £,000	Final Budget £,000	Forecast £,000	Outturn £,000	Variance Outturn to Final Budget £,000	Variance Outturn to Forecast £,000
Schools Block	123,079	-588	0	122,491	122,560	122,375	-116	-185
High Needs Block	22,802	588	-12	23,378	27,546	27,705	4,327	159
Early Years Block *	11,302	0	-448	10,854	10,807	10,854	0	47
Central School Services Block	945	0	0	945	945	949	4	4
Total DSG	158,128	0	-460	157,668	161,858	161,883	4,215	25

* Early Years Block final funding allocation not yet known for 2021/22 - £397k reduction notified January 2022, further £51k anticipated

Balances held on behalf of individual maintained schools increased by £1.26m in comparison to that held as at 31st March 2021.

Maintained School Balances	Balance as at 01/04/21 £,000	Year End Transfers £,000	Balance as at 31/03/22 £,000
Nursery	96,767	-15,022	81,746
Primary	-3,628,186	-452,056	-4,080,242
Secondary	78,942	-485,464	-406,522
Special	-831,808	-429,270	-1,261,078
PRU	-511,790	124,732	-387,058
Total DSG	-4,796,075	-1,257,080	-6,053,155

* balances exclude Bulmershe Sports Partnership, and impact of conversions

05. Key Variances & Explanation of Movements from Forecast

Schools Block

The outturn on the Schools Block reports a £116k underspend against allocated funding of £112.4m (<0.1%).

The key variances against budget and movements on forecast are provided below.

Academy Recoupment - £94k underspend

Final academy recoupment adjustments for the year were £94k below that anticipated in the forecast, largely due to timings of rates adjustments relating to school conversions.

De-delegation – Supply cover - £84k underspend

Outturn on maternity supply cover was £84k lower than forecast, with an outturn of £316k for the year. This is paying for school staff (teaching and support staff) that are on maternity and paternity leave, with forecasting difficult in advance of payroll processing.

Growth Fund - £69k overspend

Final Growth Fund expenditure for the year was in line with that expected in the forecast. Figures reflect an expected overspend of £69k against the £800k growth fund allocation for 2021/22, planned for through balances held from previous financial years. Further detail on the Growth Fund outturn is available in Appendix B.

High Needs Block

The outturn on the High Needs Block reports a £4.3m overspend against allocated funding of £23.4m (18.5%).

Key movements on forecast are provided below. Appendix C provides further analysis on outturn against original budget setting assumptions.

Mainstream Top-ups £41k increase on forecast

Final outturn on top-ups for Wokingham mainstream schools was £63k higher than forecast, however this was partially off-set by a reduction in out of borough top-ups of £22k. With the introduction of the FLO (Finance Liaison Officer) post to the Finance Team, a number of data queries were identified and resolved just before year-end with funding backdated to an earlier date than had been assumed in the forecast.

Special Schools £5k increase on forecast

Final outturn on top-ups for Wokingham pupils in Independent and Non-Maintained special schools was £45k higher than forecast, however this was offset by top-ups in Wokingham schools being £46k lower than previously reported.

The movement reflects the profile of specialist placements at year end, and the resolution of some longer held queries.

PRU - Foundry College £75k increase on forecast

The final outturn for Foundry College was £75k higher than forecast. This was due to payments for Alternative Provision for 3 Wokingham pupils which were agreed just before year end, backdated for the year that had not been included in the forecast.

Targeted Education / Support for Inclusion £41k increase on forecast

Final outturn on EOTAS (Education Other Than At School) packages, tutors and direct payments was £72k higher than forecast. This was partially offset by reduced outturn of £31k on support for inclusion. The ability to produce accurate predictions of EOTAS has proven difficult and complex due to lack of suitable provision and the response to complex cases from some families to INMSS options presented. Improved processes for tracking of EOTAS are being implemented for the 2022/23 financial year.

Early Years Block

The outturn on the Early Years Block reports an on budget position for the year against expected final allocated funding of £10.8m.

The 2021/22 Early Years Budget was set based on block income of £11.3m, with £147k held centrally in reserve to allow for changing circumstances during the year. Activity levels were below that assumed in the original funding formula calculations by the DfE, and therefore block funding for 2021/22 was reduced by £397k in January 2022.

	Number for 3 and 4 year old universal entitlement funding (part-time equivalent)	Number for 3 and 4 year old additional 15 hours entitlement for eligible working parents (part-time equivalent)	Number for 2 year old entitlement funding (part-time equivalent)	Total early years block (£s)
Notified in December 2020	2,776.73	951.49	111.50	11,302,341
Notified in January 2022	2,670.94	931.20	99.90	10,905,130
Variance	-105.79	-20.29	-11.60	-397,211.00

As in previous years, the final Early Years position for the 2021/22 financial year will not be known until final adjustments are notified by the DfE, which is expected later in July. A further clawback adjustment of £51k is anticipated and has therefore been assumed within year end accounts.

Central School Services Block

Outturn in line with forecast, with no material variances for the financial year.

06. Balances and Reserves

The Local Authorities (Capital Finance and Accounting) Regulations 2020 altered the way in which local authorities are required to account for DSG deficits. This required the establishment of a new statutorily ring-fenced unusable reserve – the Dedicated Schools Grant Adjustment Account.

This accounting practice has the effect of separating schools budget deficits from the Local Authority's General Fund to confirm no liability on LAs. This arrangement was put in place by central government for an initial 3-year period running through to the end of 2022/23. Confirmation of arrangements from 1st April 2023 has not yet been issued.

	High Needs Block Deficit £,000	General DSG Reserve £,000	De-delegated Contingency £,000	Growth Fund £,000	Sub-Total £,000	ISB £,000	Total including ISB £,000
Opening Balance as at 31st March 2021	6,472	-116	-55	-475	5,826	-5,597	229
Academy Conversions - transfer of ISB						119	119
Academy Conversions - movement still held as at 31st March						-371	-371
Year End Movements - maintained schools						-1,255	-1,255
DSG Block Movements	4,327	-182	0	69	4,214		4,214
Closing Balance as at 31st March 2022	10,799	-298	-55	-406	10,040	-7,104	2,936

07. Summary

The 2021/22 outturn position shows a net overspend of £4.21m across the four blocks of the DSG, representing 2.6% of income for the year.

The cumulative deficit balance as at 31st March 2022 stands at £10.04m, equivalent to 6.3% of the total DSG income of £157.7m for the 2021/22 financial year.

The High Needs Block remains the driver of the deficit position, with the SEND Innovation & Improvement Programme, Safety Valve Programme and associated deficit management plan remaining the key areas of focus for the 2022/23 financial year and beyond.

Appendix A – 2021/22 DSG Outturn by Block

Appendix B – 2021/22 Growth Fund Outturn

Appendix C – 2021/22 Outturn Further Analysis

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