



ISLINGTON SCHOOLS FORUM

Chair: Abi Misselbrook-Lovejoy
c/o Governor Services
222 Upper Street
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SCHOOLS FORUM

MEETING DATE	16 July 2020
AGENDA ITEM 5	Final DSG Budget Outturn
RECOMMENDATIONS	That Schools Forum notes that the final underspend against the DSG of £2.68m remain unchanged from the draft outturn reported to Schools Forum in May.

1 Final DSG Outturn

- 1.1 The final DSG outturn position for the financial year to 31 March 2020 is an underspend of £2.68m (1.5%), of which £2.46m relates to balances from previous years. A detailed breakdown of the underspend is shown in Appendix A against each spending block. This position and the contents of the report below and in Appendix A is unchanged from that reported to Schools Forum in May.

Schools Block

- 1.2 This consists of funding centrally retained for growth and falling rolls. There is a £6k underspend against falling rolls. This is funding that is due to be claimed by academies, so will be carried forward into 2020/21 to meet this purpose.
- 1.3 The unallocated balance of £321k from the one-off cash payment in relation to the Secondary Unit of Funding (SUF) is being retained for use in 2020/21 as previously agreed by Schools Forum.

De-delegated Budgets

- 1.4 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.
- 1.5 There are the following underspends against de-delegated budgets:
- - £15k underspend against the trade union facility time budget.
 - - £26k underspend against the de-delegated NQT release time budget.
 - - £32k unallocated secondary school priority support funding
 - - £8k unallocated schools in financial difficulty funding
 - - £192k underspend against the redundancy budget, a reduction of £80k on the previous monitoring report to Schools Forum.
- 1.6 The redundancy budget (£292k) is made up of in-year de-delegated funding of £83k, a £109k carry forward from previous years and £100k of core Council funding. As 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.
- 1.7 The total underspend against the school redundancy budget is, £215k, meaning the full DSG budget of £192k can be carried forward. In the normal course of events we would request corporately for the core budget underspend of £23k to also be carried forward, but have not done so this year due to the extent of the cost pressures the Council is facing in relation to Covid-19.

Central Schools Services Block (CSSB)

1.8 There is a £56k underspend against the CSSB block. This underspend will need to be used to offset part of the overall overspend of £110k on the high needs block. The budget variances are:

- + £30k unbudgeted costs in relation to the work with all schools (including academies and free schools) to raise progress and achievement for the two lowest achieving groups in schools (black Caribbean and white British) and Equaliteach workshops which was removed in error during 2018/19 budget setting. This has been corrected through Schools Forum for 2020/21.
- - £60k underspend in the School Admissions Service
- - £27k unallocated CSSB funding.

High Needs Block

1.9 Following realignment of the budget through Schools Forum for 2018/19 and 2019/20, alongside expected in-year funding adjustments from the ESFA (which have now materialised) our high needs budget is broadly balanced.

1.10 A one-off contingency budget for high needs was carried forward by Schools Forum from the 2018/19 DSG underspend of £854k. We were expecting to have a balance remaining at the end of this year, but increased costs of provision, and the impact of changes to devolved funding in schools following the October census, means that this balance has largely been used to meet cost pressures in 2019/20.

1.11 Other cost pressures against the high needs block, lead to a net overspend of £110k, which will be partly met from the net underspend against the CSSB (£56k), leaving a balance of £54k that will be offset against the 2020/21 high needs budget. The budget variances were as follows:

- + £101k overspend against the SEND outreach budget. This is in relation to the cost of an additional tutor for the deaf at Richard Cloudesley School that has been in place for the last few years, in line with statutory requirements, but for which there is not currently a budget, and includes costs in relation to previous years. This has been permanently budgeted for in 2020/21.
- + £16k overspend against the budget for alternative provision / exclusions as payments for provision exceeded income recovered from schools.
- - £7k balance on the one-off high needs contingency budget.

Early Years Block

1.12 There is an underspend of £2,134k against the early years block of £2,134k. £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.

1.13 The remaining underspend against the early years block of £1,671k is made up of the following:

- + £358k overspend in relation to Early Years SEND following a significant increase in applications from settings during the year, and will be met from the Early Years contingency budget.
- + £16k overspend against the speech and language therapy budget
- + £21k shortfall in funding for the Early Years Pupil Premium as eligibility was greater than the numbers used by the DfE to allocate funds to the Council.
- - £25k surplus funding in relation to the Disability Access Fund as eligibility was lower than the numbers used by the DfE to allocated funds to the Council.
- - £96k staffing underspend across Children's Centres that is notionally funded by the DSG.
- - £1,945k balance remaining in the early years contingency budget (see below).

- 1.14 All of the above variances will be netted off against the Early Years contingency budget and carried forward to 2020/21 (£1,671k).

Early Years Contingency Budget

- 1.15 Under the new Early Years funding arrangements, the Council sets aside a 3.7% contingency in line with DfE guidance. The purpose of this contingency budget is to fund increased numbers of 3 and 4 year olds in the summer term (funding allocations from the ESFA are based on January numbers) and any new provision. It also provides a buffer against any in-year reductions in funding from the ESFA which can be significant if numbers reduce in the January census. This was experienced in 2017/18, where we had an in-year funding reduction of £884k from the DfE following the January 2017 census.
- 1.16 In addition, the contingency holds the balance of deprivation funding - 10% of funding is channelled through the deprivation factor, however as not all children attract deprivation funding there is a balance of funding left over. Steps were taken for 2019/20 to reduce this balance, and further steps are proposed in the Early Years Funding Consultation for 2020/21, by changing the way in which we calculate the deprivation factor, that passes more funding to providers.
- 1.17 The new DSG funding arrangements for the Early Years Block make it very difficult to set a realistic contingency budget that is neither too small nor too large. The sources of funding are very volatile and demand led. It is extremely difficult to predict the level of resources that will go into it when the annual early years funding consultation takes place. We have been taking a prudent approach – as the new funding arrangements bed in we are able to refine the level of the contingency budget that we set.
- 1.18 The 2019/20 original contingency budget was £1,740k, made up of the 3.7% growth contingency of £628k and a balance of deprivation funding of £1,112k. The budget subsequently increased to £3,609k following the carry forward of unspent early years block funding from 2018/19 (£1,869k).
- 1.19 There were a number of calls against the contingency budget during the year, leaving an a year-end balance of £1,671k, as shown below. These include additional funding due to settings following the October 2019 and January 2020 census, and a retrospective increase to the base rate and deprivation factor for 3 and 4 year olds following the outcome of the 2020/21 Early Years Funding Consultation and agreement by the Early Years Sub Group.
- 1.20 Caution needs to be exercised in relation to this budget due to the volatility in the Early Years system as the extended entitlement for 3 and 4 year olds and the associated funding regime continues to bed in. In addition, there are significant funding risks stemming from Covid-19. We are also considering how we can flexibly use Early Years Block funding to support settings, but this will take time to assess, and is dependent on a number of factors, such as retrospective early years funding adjustments from the DfE, some of which we will not know until after the spring 2021 census.

Item	£k	Description
<u>BUDGET</u>		
3.7% growth contingency	628	To fund increased numbers in the summer term and new provision
Balance of deprivation funding	1,112	Difference between 10% allowance in the funding rate for deprivation and the amount 3 and 4 year olds qualify for
Original budget	1,740	
Carry forward of 2018/19 Early Years contingency budget	1,869	Balance at end of 2018/19 financial year
Carry forward of other 2018/19 Early Years Block underspends	121	Underspend of £73k against children's centres and an unallocated balance against the Early Years Pupil Premium and Disability Access Fund budgets of £9k and £39k respectively.
In year adjustments	329	Net 2018/19 prior year and 19/20 in year funding adjustment from the DfE
Revised budget	4,059	
<u>ALLOCATION</u>		
Additional funding paid to settings following the October 2019 and January 2020 census	1,055	Funding is adjusted termly to reflect participation in line with the DSG Operational Guidance and additional hours above statutory entitlements
EYPR adjustments	652	Place holding by settings (in line with EYPR disapplication)
Retrospective increase to the base rate and deprivation factor	407	Retrospective increase to the base rate and deprivation factor for 3 and 4 year olds as previously agreed.
Net cost pressures against the Early Years Block	274	£358k overspend in relation to Early Years SEND, £16k overspend against the speech and language therapy budget, £21k shortfall in EYPP funding less £25k surplus DAF and £96k underspend in Children's Centres
Total allocation	2,388	
Contingency Balance	1,671	This is a one-off balance

Summary Position

1.21 The underlying final DSG outturn in Appendix A is an underspend of £2,680k, as shown below:

	Forecast variance (£k)				
	Schools Block	De-delegated Funding	CSSB	High Needs Block	Early Years Block
Net variance by spending block	(327)	(273)	(56)	110	(2,134)
	Total (all blocks)				(2,680)

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Appendix A

	DSG Final Outturn	Forecast variance (£k)					Comments / options for use
		Schools Block	De-delegated Funding	CSSB	High Needs Block	Early Years Block	
	As at 31 March 2020						
1	SCHOOLS BLOCK <i>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</i>						
	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) is being retained for use in 2020/21, primarily to continue to phase in the reduction of the NFF rate for the lump sum	(321)					Carry forward to 2020/21 as agreed by Schools Forum
	Falling rolls Balance of the falling rolls fund due to be claimed by Academies in the new financial year	(6)					This is due to be paid to academies when they invoice the Council in the new financial year
2	DE-DELEGATED FUNDING <i>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</i>						
	School Redundancies Forecast underspend (DSG share)		(192)				£215k underspend against the redundancy budget, (split as £192k de-delegated funding and £23k core Council funding). We spend against 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 (as has happened in recent years).
	Trade union facility time Reduced demand for trade union facility time from schools		(15)				These budgets will be carried forward for the same purpose in 20/21 in line with previous years
	NQTs Reduced demand against the de-delegated NQT release time budget from schools		(26)				
	Priority Support Unallocated secondary school priority support funding		(32)				
Schools in Financial Difficulty Unallocated balance of schools in financial difficulty funding		(8)					

	DSG Final Outturn As at 31 March 2020	Forecast variance (£k)					Comments / options for use
		Schools Block	De-delegated Funding	CSSB	High Needs Block	Early Years Block	
3	CENTRAL SCHOOLS SERVICES BLOCK <i>These funds are managed on behalf of all schools</i>						Net underspend of £56k to be used to partially offset the £110k overspend against the High Needs Block
	Equalities Unbudgeted costs in relation to work with all schools (including academies and free schools) to raise progress and achievement for the two lowest achieving groups in schools (black Caribbean and white British) and Equaliteach workshops			31			
	Admissions Staff vacancies in the School Admissions Service			(60)			
	Unallocated CSSB funding Balance of CSSB funding			(27)			
4	HIGH NEEDS BLOCK <i>These funds are managed on behalf of maintained schools, academies and free schools including special schools</i>						Net overspend of £110k. Will partially be offset by underspend of £56k against the CSSB. Balance of £54k will roll forward to 20/21 and be met from next year's high needs budget
	One-off High Needs contingency Balance of one-off contingency for high needs from previous years				(7)		
	SEND Outreach Additional costs of a teacher for the deaf at Richard Cloudeley School to meet statutory requirements and includes payments in relation to previous years				101		
	Alternative provision Small overspend against the budget for alternative provision / school exclusions				16		

	DSG Final Outturn As at 31 March 2020	Forecast variance (£k)					Comments / options for use
		Schools Block	De-delegated Funding	CSSB	High Needs Block	Early Years Block	
5	EARLY YEARS BLOCK <i>These funds are ring-fenced for Early Years under the DSG Operational Guidance</i>						
	2 year old trajectory funding Balance of 2 year old trajectory funding. The cost of provision for 2-year olds is greater than the funding provided by the ESFA. The council receives approval on an annual basis from the Secretary of State to top-up 2-year old funding from 3 and 4 year old funding. This balance is being held to smooth in reduced funding for settings when this approval expires.					(463)	We have approval from the Secretary of State to use 3 and 4 year old funding again in 20/21, therefore we will hold this balance for its intended purpose in 21/22, as following the impact of Covid-19, we believe it is less likely that approval will now be forthcoming in future years.
	Early Years SEND Cost pressure in relation to Early Years SEND following a significant increase in applications from settings during the year.					358	
	Early Years Speech and Language Therapy Overspend against the SLT budget.					16	
	Children's Centres Staffing underspends in Children's Centres (DSG share)					(96)	
	Early Years Pupil Premium Eligibility for the Pupil Premium was greater than the numbers used by the DfES in the EYPP allocation in the Early Years Block					21	
	Disability Access Fund Eligibility for the Disability Access Fund was lower than the numbers used by the DfES in the DAF allocation in the Early Years Block					(25)	
						Net overspend of £466k will be met from the balance on the Early Years contingency budget	

DSG Final Outturn	Forecast variance (£k)					Comments / options for use
	Schools Block	De-delegated Funding	CSSB	High Needs Block	Early Years Block	
As at 31 March 2020						
<p>Early Years contingency budget</p> <p>This budget is used to fund increased numbers of 3 and 4 year olds in the summer term (funding allocations from the DfES 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 DfES which can be significant if numbers reduce in the January census, as experienced in 2017/18. This is a difficult budget to forecast but we are currently expecting a significant balance at year end. This contingency will be used to offset the other pressures within the Early years Block.</p>					(1,945)	Net balance of £1,671k after taking into account the pressures above. This will be carried forward to 20/21. We are considering how we can flexibly use Early Years Block funding to support settings, but this will take time to assess, and is dependent on a number of factors, such as retrospective early years funding adjustments from the DfE, some of which we will not know until after the spring 2021 census
	(327)	(273)	(56)	110	(2,134)	
	Total (all blocks)				(2,680)	