



2020-21 DSG Monitoring

Agenda Item 04

January 2021 Schools Forum



DSG Financial Summary (1)

- Schools Forum are asked to note the forecast outturn position for the financial year 2020-21.
- This is an indicative view based on the data to period 9.
- The DSG forecast outturn position for the financial year ending 31st March 2021 is an overspend of **£4m** against the budget of £233m after academy recoupment (1.7%)
- This is mainly due to High Needs block pressures of £4.3m relating to the increased number and cost of ‘out of county’ placements (£3.7m overspend), increased special school demand (£0.2m overspend), increased demand for provision in mainstream settings (£1.0m overspend) and alternative provisions (£0.2m overspend) which are partly offset by an underspend on SEN Unit provision (£0.8m underspend).

DSG Financial Summary (2)

- The 2020-21 forecast deficit is £4.0m but the underspend on the schools block of £0.3m relates to de-delegated funds which will need to be carried forward.
- The full £4.3m deficit on high needs block will need to be fully funded. This will be covered from a £3.75m planned contribution from the 2021-22 DSG budget (funding announcements included a £10.57m increase in funding for the High Needs Block), and 2020-21 growth fund underspend.
- The in-year deficit is temporarily financed through balances which have been earmarked for carry forward for the maintained schools own balances, de-delegated funds (earmarked contributions set aside from maintained schools budgets for future redundancy costs, trade union and school improvement support), and the Wooldale PFI reserve required to meet the Wooldale PFI commitments over the life of the contract, resulting in an overall net DSG surplus for 2020-21 of £1.3m as set out in Table One.



DSG Financial Summary (3)

Table One

	Gross Expenditure Budget £000	Forecast Spend at 31/03/21 £000	Final Outturn Variance at 31/03/21 £000
Schools Block	504,375		(323)
Early Years Block	47,483		0
High Needs Block	92,113		4,314
Central Schools Services Block	3,181		0
Total	647,151		3,991
Carried Forward Committed Balances			323
Use of Growth Fund underspend 2019-20 and recoupment refund			(2,233)
Wooldale PFI Reserve			(3,377)
Overall DSG Balance as at 31/3/21			(1,296)



DSG Deficit Recovery Plans

- Previously reported to Schools Forum in December 2020 that:
- All local authorities that have a cumulative DSG deficit of 1% or more at the end of a financial year are required to submit a recovery plan to the DfE outlining how they will bring their deficit back into balance in a three-year time frame.
- However, the Dedicated Schools Grant terms and conditions have changed and **any** overall deficit on the DSG needs to have recovery plans in place, and they need to be brought to Schools Forum and may be requested by the Department of Education (see next slide for details).
- As per Table One, the overall DSG position is not forecast to be in an overspend position at the end of 2020-21 due to large PFI reserves. However, the LA plans to implement a recovery plan and to report to schools forum as if this reserve were not present.

DSG Deficit Recovery Plans – extract from DFE guidance

5.2 Further conditions relating to DSG overspends and deficits

Any local authority that has an overall deficit on its DSG account at the end of the 2020 to 2021 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education in handling that situation. In particular, the authority must:

- provide information as and when requested by the department about its plans for managing its DSG account in the 2021 to 2022 financial year and subsequently
- provide information as and when requested by the department about pressures and potential savings on its high needs budget
- meet with officials of the department as and when they request to discuss the authority's plans and financial situation
- keep the schools forum regularly updated about the authority's DSG account and plans for handling it, including high needs pressures and potential savings

The Secretary of State reserves the right to impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation.

Schools Block

- Current forecast is an underspend of £0.3m, largely relating to de-delegations which are ring fenced (and would carry forward at year end)
- The table below shows the risks and opportunities for 2020-21:

	Opportunities £m	Risks £m
Rates gains on academy converters	0.1	
Deficit budgets and costs of redundancies		0.2

- The risks of costs to the DSG from schools in deficit are currently small. We can claim back from the Government any deficits arising at the point of conversion to academy. There is also a redundancy scheme that maintained primary schools contributed to through the de-delegation system.

High Needs Block

- **Current forecast is a £4.3m overspend**

Main pressures include:

- £3.7m in Out of County, £0.2m in Special School budgets, £1.2m in mainstream provision
- There is a relationship between these budgets. The ‘Out of County’ budget includes both independent special schools and in other counties. As special school and SEN Unit places are full, pupils are having to be placed in independent schools more often. This is significantly more expensive.
- Please see separate agenda item for discussion on high needs overspend and additional detail.

Early Years Block

- Current forecast is nil variance to budget
- Financial and geographical modelling of the impact of the covid19 and funding changes has been produced and is discussed in a later agenda item on Early Years. The aim of this modelling is to arrive at a balanced outturn position.



Summary

- **Schools Block** – small underspends forecast, largely relating to de-delegations which will be carried forward.
- **High Needs Block** – Small movement on financial forecast from £4.4m in December to £4.3m final outturn overspend predicted in January 2021.
- **Early Years Block** – Break even expected. See later agenda item.