

REPORT TO: Schools Forum
DATE: 18th June 2020
REPORTING OFFICER: Operational Director - Finance
SUBJECT: DSG Outturn for 2019-20
WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

To report to the Schools Forum the Dedicated Schools Grant Outturn for 2019-20.

2.0 RECOMMENDATION: That

- 2.1 The balance of DSG from 2019-20 of £136,464 is carried forward into the 2020-21 financial year to be noted by Schools Forum.

3.0 SUPPORTING INFORMATION

3.1 Grant settlement

The final amount of DSG allocated to Halton for 2019-20 was £114,320,639 split as follows:

Schools Block	£86,931,157
High Needs Block	£16,770,689
Early Years Block	£9,951,247
Central School Services Block	£667,546

We are anticipating a recovery of £46,136 in relation to the Early Years Block due to a small reduction in numbers in the January 2020 headcount.

3.2 DSG Expenditure

Schools Block:

Mainstream primary and secondary schools	£86,061,846
Transfer to High Needs Block	£869,311

High Needs Block:

Recoupment for HN places	£2,958,833
Special schools, PRU, Resource bases	£8,380,455
Top-up funding	£1,051,826
Independent & Non-Maintained Special Schls	£3,063,211
Inter- Authority Recoupment	£345,929
Central Services	£2,363,193
HN overspend	£420,501

We have split the top-up funding estimate for the special schools/academies, resource bases and PRU from the top-up figure for the outturn, although these figures were all included in the Top-up forecast in the February report.

The INMSS costs are £39.6k higher than forecast as additional placements were made in February and March that were not included in the February report. However, the Inter-Authority costs are £28k lower than forecast as some charges have come in lower than expected.

The specialist provision has come in under budget by £84k which is slightly down on the £92k forecast. There was an increase in demand for Home Tuition towards the end of the financial year.

Post 16 HN provision has come in £150.6k under budget which is considerably higher than the forecast of £35.1k. There are still a few placements that started during 2019-20 where funding agreements have yet to be settled as well as a couple of placements where funding has been disputed, settled on our part and we are waiting for the final agreement and invoice from the providers. These costs have not been included in the outturn due to the uncertainty.

We also had Post 16 HN creditor reserves from 2018-19 coming into 2019-20 to offset invoices due. It appears that invoices for around £30k of these reserves have not been received therefore the reserve has effectively reduced the level of expenditure by around £30k. There are slightly fewer numbers of students in placements and there has also been a slight reduction in the number of the more expensive placements. However, it should be remembered that the financial outturn for 2019-20 includes one term from the 2018-19 academic year and two terms from the 2019-20 academic year.

Inclusion Division staffing has also come in under budget by £164.6k which is more than double the forecast of £81.5k. Staff vacancies forecast to be filled were not filled by year-end and on-costs have come in lower than expected.

Early Years Block:

Free entitlement for 3&4 year old	£7,674,124
Free entitlement for 2 year old	£1,453,509
Central Services	£418,171
Reserve for expected recovery of grant	£46,136
EY underspend	£359,307

The forecast outturn for the EY block reported in February was £351,256 which is only £8k different to the outturn. The Free entitlement provision for 3 & 4 year olds came in £72k under budget while the provision for 2 year olds came in £32.5k over budget.

Central services were under budget by £51k and we had a year-end contingency balance of £228.5k.

Central School Services Block:

Premature Retirement Costs	£495,305
Licences	£102,360
Dismissal Costs/Staff responsibilities	£207,629
Schools Contingency	£324,941
Contribution to staffing	£353,510
Recharges	£107,710
CSSB income	(£774,004)
CSSB overspend	£149,905

The main budget pressures on the CSSB has been on the School Contingency code and the Staff responsibilities code. The School Contingency code had expenditure of £325k against a budget of £199k. Four schools were successful in requesting additional funding through Schools Forum Sub Group although the funding for two schools has been carried forward to be devolved in 2020-21. These schools shared total funding of £157,849 leaving a balance of £40,931. There were two further charges to this budget of £93,333 replacement grant funding for Ashley Special School and £73,759 for NNDR adjustments at year end for maintained mainstream primary and secondary schools.

The Staff Responsibilities code covered agreed suspension costs.

A detailed breakdown of the outturn is attached at Appendix A.

3.3 Outturn position

The DSG allocation for the year, excluding any carry forward, was £114,320,639 while the total spend was £114,531,738 meaning we had an in-year overspend of £211,099. The carry forward balance has therefore been reduced from £347,563 to £136,464, which equates to 60.7% reduction.

3.4 Outturn reporting

Due to the pandemic the Department for Education have reviewed the returns they receive. At the time of writing this report, the requirement to submit the Section 251 Outturn report for 2019-20 is still to be decided as is the requirement to submit the Consistent Financial Reporting

3.5 DSG Balances

The DfE brought in a new requirement for Local Authorities to produce a recovery plan where the DSG balance is in deficit. For the financial year 2019-20 the conditions of grant have been changed and we have been told that a recovery plan will be required where an LA is in a deficit position or has seen a significant reduction in the surplus

balance. Our year-end balance has reduced by more than 60%. The DfE have stated that they wish to support LAs rather than challenge.

4.0 FINANCIAL IMPLICATIONS

4.1 The Council is required to ensure that DSG funding is allocated in accordance with the regulations attached to each block of DSG. The balance of unspent DSG as at 31st March 2020 will contribute towards budget pressures in 2020-21.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None.

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

6.1 The Council will continue to closely monitor the level of DSG spend throughout the year to mitigate against the risk of overspend against available funding.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.