

**REPORT TO:** Schools Forum  
**DATE:** 14<sup>th</sup> October 2020  
**REPORTING OFFICER:** Operational Director - Finance  
**SUBJECT:** DSG Forecast Outturn 2020-21  
**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

To report to the Schools Forum the Dedicated Schools Grant forecast outturn for 2020-21.

## **2.0 RECOMMENDATION: That**

2.1 The report is noted.

## **3.0 SUPPORTING INFORMATION**

### **3.1 DSG Allocation**

The Dedicated Schools Grant allocation for 2020-21 is £122,099,358 broken down as follows:

Schools Block	£92,581,025
CSSB	£665,450
High Needs Block	£19,004,582
Early Years Block	£9,848,301

Of this, £39,824,678 is recouped from the Schools Block and £2,906,662 from the High Needs Block for academies etc.

### **3.2 Schools Block**

As we did not request a transfer to the High Needs Block for 2020-21, the full amount of £92,581,025 was devolved to schools and academies through the funding formula. We are fully following the National Funding Formula and using those cash values except for the Lump Sum factor which was increased to ensure the whole of the Schools Block was devolved.

### **3.3 Central Schools Services Block**

The CSSB is currently forecast to come in over budget by £11,871. This is mainly due to the under achievement on IAR/Exclusions income. The closure of schools during the summer term and continuing difficulties regarding working with Covid-19 restrictions have resulted in no schools permanently excluding pupils in the current financial year to date. The income budget for exclusions is therefore not going to be achieved but it is uncertain at this point in time what the

shortfall on income is going to be so we can expect this block to have a significantly higher deficit than currently shown.

### 3.4 High Needs Block

The High Needs Block is forecast to come in over budget by £902,468. The key areas of pressure are:

	Budget	Forecast	Variance
INMSS	£3,172,450	£3,964,386	£791,936
IAR	£375,000	£482,870	£107,870
Top-up funding	£1,300,000	£1,729,826	£429,826
Inclusion Staffing	£1,833,320	£1,676,138	(£157,182)
Supplies & Svcs	£172,820	£198,795	£25,975
HN Contingency	£539,729	£240,509	(£295,957)

The INMSS budget was originally set at £2,412,450 and we have added £760,000 from the HN Contingency as we were expecting spend in the region of £3.2M. This was based on last year's outturn. As at 31<sup>st</sup> March 2020 we had 94 placements of which 19 ended during the summer term. We currently have 99 placements, which is 24 new placements this financial year, with the full year costs for 30 pupils taking up placements from September 2019, resulting in the current forecast deficit of £792k.

Top-up funding is also looking to come in over budget by £430k. This is a combination of EHCP support funding, Resource Base funding, Special School and PRU funding. We have seen Special School pupil numbers increase by 20 from the start of the autumn term contributing to a deficit of £165k with a further £244k deficit on EHCP support funding.

### 3.5 Early Years Block

The Early Years Block is extremely difficult to forecast. The DfE have announced that for this year only the funding they pay to local authorities will be as follows: 9/12ths based on January 2020 census plus 3/12ths based on January 2021 census. As such, we will not know how much grant we are likely to receive until February next year and will not receive the confirmed figure until July.

The DfE asked that local authorities fund EY on either the 2019 Autumn term actual hours or the 2020 Autumn term estimated hours, whichever is the higher. We have calculated that we will be paying just over £520k to providers for 3&4 year old provision for the Autumn term over and above the estimated hours for this term.

With the additional costs for 2 year old provision taken into account, it is considered that we will come within budget here, by an estimated £113k. Overall we currently consider the EY block will come in under budget by £67,871.

### 3.6 DSG Balances

Forecast outturn 2020-21	£846,468 deficit
2019-20 DSG balance	£136,464 surplus
DSG as at March 2021	£710,004 deficit

We have been cautious in calculating the forecast position and there are savings that may arise throughout the year to reduce this deficit. A breakdown of the budgets, forecast and variance is shown in Appendix A.

## **4.0 FINANCIAL IMPLICATIONS**

4.1 The Department for Education has made changes to the School and Early Years (Finance) (England) Regulations 2020 to give statutory backing to a new process for handing DSG deficits. A local authority must now carry forward all of the deficit forward to set against the schools budget in the next financial year, or carry part of the deficit forward to set against the schools budget in the next financial year and carry the rest of it forward to the following financial year.

If the local authority sets any part of the deficit against the schools budget for the next financial year, it must plan to eliminate that part of the deficit through funding from the DSG that it will receive during that financial year.

Therefore a deficit position this year will impact on the amount of DSG available to spend in the coming financial years.

## **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 Ending the year with a DSG deficit balance will impact on plans to change and improve services and provision until we get back to a balanced position.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

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