

REPORT TO: Schools Forum
DATE: 20th January 2021
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 £37,135. This is due to the under achievement on Exclusions income. The closure of schools during the summer term and continuing difficulties regarding working with Covid-19 restrictions have resulted in very few pupils being permanently excluded in the current financial year to date.

3.4 High Needs Block

The High Needs Block is forecast to come in over budget by £1,319,473. The key areas of pressure are:

	Budget	Forecast	Variance
INMSS	£3,172,450	£4,433,862	£1,261,412
IAR	£375,000	£469,088	£94,088
Top-up funding	£1,300,000	£2,111,668	£811,668
Inclusion Staffing	£1,833,320	£1,552,424	(£280,896)
Supplies & Svcs	£172,820	£152,488	(£20,332)
HN Contingency	£539,729	£0	(£539,729)

We are continuing to see an increase in the number of pupils placed in out of borough provision, resulting in the current combined forecast deficit of £1,355,500.

3.5 Early Years Block

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 paid just over £540k to providers for the Autumn term over and above the estimated hours for that term.

It is considered that we will come within budget by an estimated £110k, however there are a number of variables that will change this forecast which include the likely adjustment to the grant allocation for this year and the actual costs for Spring term.

3.6 DSG Balances

Forecast outturn 2020-21	£1,246,341 deficit
2019-20 DSG balance	£136,464 surplus
DSG as at March 2021	£1,109,876 deficit

We have continued to be cautious in calculating the forecast position and there are now considered minimal savings that may arise throughout the remainder of 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

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