

## Agenda Item



## Report Status

For information/note ☒  
For consultation & views  
For decision

### Report to Haringey Schools Forum –3<sup>rd</sup> December 2020

#### Report Title: DSG Outturn Projections 2020-21

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##### Purpose:

1. To note the DSG 2020-21 forecast outturn
2. To note the updated position with regard to the DSG Deficit Recovery Plan.

##### Recommendations:

To note projected 2020-21 DSG outturn position

## 1 Introduction.

- 1.1 In July 2017, the Department for Education (DfE) announced the introduction of the National Funding Formula (NFF) which was supported by additional investment in 2018-19 and 2019-20. The additional funding over the last two years, has enabled the council to maintain per-pupil spending on the schools and high needs blocks.
- 1.2 The DSG is currently divided into four notional blocks: Schools, High Needs (HNB), Central School Services Block (CSSB), and Early Years. This paper sets

out a summary of the DSG analysis of the four blocks and the forecasted financial position for the financial year 2020-21.

- 1.3 The policy document which sets out the background and principles of the National Funding Formula for schools can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/838394/National\\_funding\\_formula\\_policy\\_document\\_-\\_2020\\_to\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838394/National_funding_formula_policy_document_-_2020_to_2021.pdf)

- 1.4 The DfE has confirmed that there are no changes to local flexibility factors for 2021-22, and so local/soft formula will still apply. Regarding hard funding, the DfE expects to have a consultation on this soon. The consultation will include how to transition, the hardening of different factors and arrangements for streams such as CSSB and Growth.

## 2 DSG 2020-21 Outturn Forecast as at October 2020.

- 2.1 The overall DSG position projection as at October 2020 (P7) is a £5.3m in-year deficit. The HNB is the main pressure to the DSG overspend and this deficit projection has grown since the last report to Schools Forum by approximately £700k. The following graph A and Table B represents the under and overspends projections of the different blocks for 2020-21. The overall overspend equates to 2.75% of Haringey's overall grant allocation after recoupment.

Graph A: DSG Outturn Projection at P7 2020-21

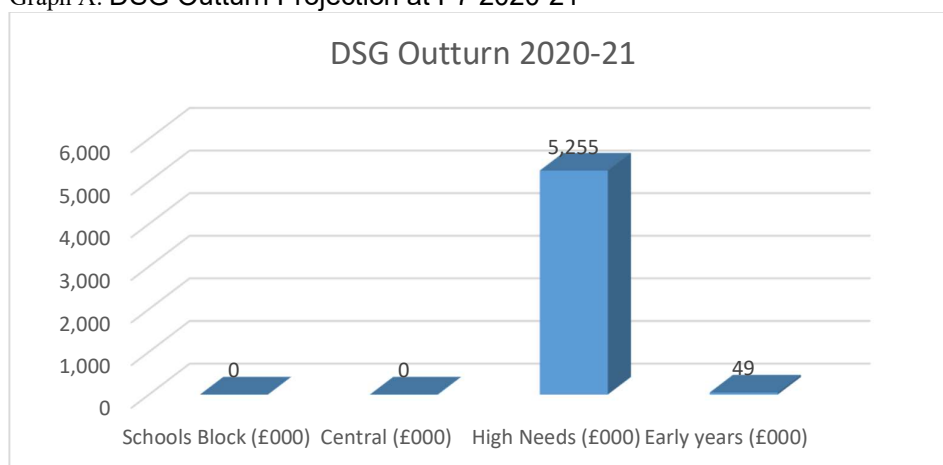


Table B below provides the gross expenditure projections of the DSG and details of the forecasted closing DSG reserve balances.

Table B: DSG Outturn Projection at P7 2020-21

2020-21 DSG Budget Forecast @ P7	Schools Block (£000)	Central (£000)	High Needs (£000)	Early years (£000)	Total (£000)
Schools Block DSG funding settlement	130,166.44	2,945.89	38,942.50	20,823.13	192,877.96
<b>Total funding Allocation</b>	<b>130,166.44</b>	<b>2,945.89</b>	<b>38,942.50</b>	<b>20,823.13</b>	<b>192,877.96</b>
<b>Projected Expenditure</b>	<b>130,166.44</b>	<b>2,945.92</b>	<b>44,197.29</b>	<b>20,871.99</b>	<b>198,181.64</b>
<b>In year Position</b>	<b>0.00</b>	<b>-0.03</b>	<b>-5,254.79</b>	<b>-48.86</b>	<b>-5,303.68</b>
<b>B/fwd Balances</b>	<b>0.00</b>	<b>-10.26</b>	<b>-10,066.96</b>	<b>-107.53</b>	<b>-10,184.75</b>
<b>Net Position</b>	<b>0.00</b>	<b>-10.29</b>	<b>-15,321.75</b>	<b>-156.39</b>	<b>-15,488.43</b>

The in-year overspend needs to be added to the 2019-20 Carry Forward deficit meaning the DSG is forecasted to have a deficit of £15.5m.

### **High Needs Block**

- 2.2 The High Needs Block (HNB) overspend for the year is forecasted at £5.255m and when added to the carry forward deficit of £10.067m will result in a closing deficit of £15.322m. The main pressure areas continue within the special schools spend and various top up funding as this is a demand led funding pot.

The HNB finances are also discussed at the HNB committee. With strategies to address the deficit including:

Reviewing the Top Up bandings and award processes.

Alternative provision strategy.

Review of all funding processes.

- 2.3 The SEND review by the DfE is still awaiting publication.

### **Schools Block**

- 2.4 The projections for the Schools Block is reported as breaking even but there has been a rise in licensed deficit applications from our schools in this financial year. There are 19 schools with a licensed deficit. Of these, one school has asked for a debt restructure. The total number of schools with a licensed deficit enquiry made in the last ten months is now ten. Of these applications, five have been approved; three of these schools have received a cash advance whilst cashflow forecasts are being drawn up; and two schools have been rejected and advised

to provide full capital and revenue cashflow projections and a sustainable repayment plan.

- 2.5 Covid and the subsequent loss of income generation is the main driver for schools seeking licenced deficits. The Council are still committed to providing cash advances to address any cash flow problems that schools face due to Covid.
- 2.6 The Haringey Covid Fund as agreed at October Forum has now been paid to all eligible schools.

### **3 Dedicated Schools Grants (DSG) Deficit Recovery Plans Update**

- 3.1 The Deficit Recovery Plan (DRP) is recognised as a national issue and the requirement to have a plan was lifted for the year ended 2019/20 and the negative reserve was reported for the year without the need for the council to provide for the deficit from general fund reserves. We are awaiting central government updates guidance. However, it is recognised that it is good practice to have a deficit recovery plan within the local authority-maintained schools and this will be informed by the review of SEND and the Alternative Provision services.
- 3.2 SEND will lead on this strategy. The currently it is recognised the need to draw together the different LA working groups that are engaged with High Needs as these individual projects all dove-tail into reducing the deficit. This includes Haringey's SEND Review and Alternative Provision work.
- 3.3 SEND and AP have separate report for this Schools Forum meeting agenda.
- 3.4 The DRP template from the DfE will be used to record and report back the progress to Schools Forum.
- 3.5 Recovery plans will be discussed with Schools' Forums at a future date and be signed off by the local authority's chief financial officer (CFO) before the plans are submitted to the DfE. Therefore, we plan to provide Schools Forum with recovery plan updates throughout the academic year.
- 3.6 Updates from the DfE regarding DRPs will be provided to Schools Forum when they are received.

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