

Agenda Item



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 25th February 2021

Report Title: Projected Out-turn for 2020-21 DSG.

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Purpose:

1. Update on 2020-21 Financial position at period 9.
2. Update of Deficit Recovery Plan.

Recommendations:

3. School forum to note the progress of the Deficit Recovery Plan.
4. School forum to recognise that the Deficit Recovery cannot be self-contained within the High Needs Block and SEND sector and a cultural shift in the Borough should be considered as necessary to instigate meaningful change.
5. To produce for next forum a more statistic led report detailing current SEND climate, at the conclusion of the current stage of intelligence and data gathering to be led by the key decision makers.

2 Introduction.

- 2.1 In July 2017, 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.
- 2.2 The 'soft' formula was originally planned for 2018-19 and 2019-20 only, with a 'hard' formula, without local input, to be implemented in 2020-21. However, the DfE announced that there will be no changes for 2021-22. The "hardening" of the formulas is still being reviewed by central government and will be reported back when the DfE confirm implementation.
- 2.3 At the January 2020 Schools Finance LMS (Local Management of Schools) Exchange Group Meeting of LA Schools Finance officer and the DfE. The department confirmed that conversations with ministers for the "hardening" of the NFF to commence in Spring 2021. First stage consultation will be followed by a second stage consultation in 2022. Each part of the formula will be looked at in detail. But the DfE are unable to say when it is likely to be administered.
- 2.4 The final DSG block allocation for 2021-22 was published on 15th December 2020. The Teachers Pay Grant and Teacher Pension Grants have been rolled into the main DSG for 2021-22.
- 2.5 This paper sets out a summary of DSG's four blocks' financial position for the financial year 2021-22.
- 2.6 The policy document which sets out the background and principles of the new National Funding Formula for schools can be found at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648532/national_funding_formula_for_schools_and_high_needs-Policy_document.pdf
- 2.7 The ESFA have published the allocations tables and supporting documents which show how much funding each local authority will receive, and how that funding has been calculated can be found at:
<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022>
Further breakdown of the funding blocks for Haringey can be found:
<https://skillsfunding.service.gov.uk/view-latest-funding/local-authority/statement/309>
- 2.8 The conditions of grant have also been updated on the 17th December 2020. This includes changes to treatment of deficits and reporting, and can be found:
<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022/dsg-conditions-of-grant-2021-to-2022>

3 Projected Outturn of Dedicated Schools Grant 2020-21

- 3.1 The predicted DSG forecast financial position for the financial year 2010-21 at period 9 is a £6.55M in year deficit. The HNB continues the main material pressure to the DSG accounting for £6.49M of this total. It should be noted that the P9 figures are those that are reported through to Cabinet. The P10 Projections indicate an increase in HNB Top

Ups and Further Education Costs so the out-turn deficit may increase further by March 2021.

- 3.2 Detailed reporting on HNB and EYB will be presented by the council services and are discussed in detail at their working groups.

**Table A: 2020-21 Haringey
DSG Out-turn @ Period 9.**

2020-21 DSG Budget Forecast @ P9	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
Schools Block to High Needs Block (0.25%)	0.00	0.00	0.00	0.00	0.00
Growth Fund	0.00	0.00	0.00	0.00	0.00
Additional SEN funding	0.00	0.00	0.00	0.00	0.00
Total funding Allocation	130,166.44	2,945.89	38,942.50	20,823.13	192,877.96
Projected Expenditure	130,166.44	2,953.88	45,435.68	20,871.99	199,427.99
In year Position	0.00	-7.99	-6,493.18	-48.86	-6,550.03
B/fwd Balances	0.00	-10.26	-10,066.96	-107.53	-10,184.75
Net Position	0.00	-18.25	-16,560.14	-156.39	-16,734.78

- 3.3 The increase in High Needs Block expenditure correlate with the growth in EHCP plans in Haringey.

4 Dedicated Schools Grants (DSG) Deficit recovery Plans Update/National and Other LA's

- 4.1 The following is a brief overview of the most recent updates to provide school forum with an overview of the current SEND and deficit recovery climate that is operating nationally and at a more local authority level. Sections 3.2 to 3.5 paraphrase the Departments response to questions on what is the Department doing to support LA's

DFE Approach to Deficits

- 4.2 The DfE's have stated to a number of working groups (SWEGCS and LMS Exchange) they are communicating with ministers and the Treasury for the need for more funding to be released. It requires ministerial direction and treasury acceptance.
- 4.3 They are working with ESFA colleagues on the SEND review and are keen from a financial perspective that whatever comes out will not increase costs but hopefully get a more sustainable system in place. They state their hopes are whatever is done nationally will make a difference locally and are working with LA's that have particular problems - this work is being led by EFSA colleagues. Conversations have started with a handful of LA's with the most serious cumulative deficits to find out what the best way forward is for those LA's and will be extending this programme of work over the coming year. Look more widely at what can be done to help LA's by way of guidance and support (not

necessarily financial support) and will be looking at LA information and submissions as to who to support.

- 4.4 The DfE acknowledge recoupment is an issue so looking to update / tweak some feedback on it. The SEN review will look at all of this and hopefully come up with proposals that will make a difference.

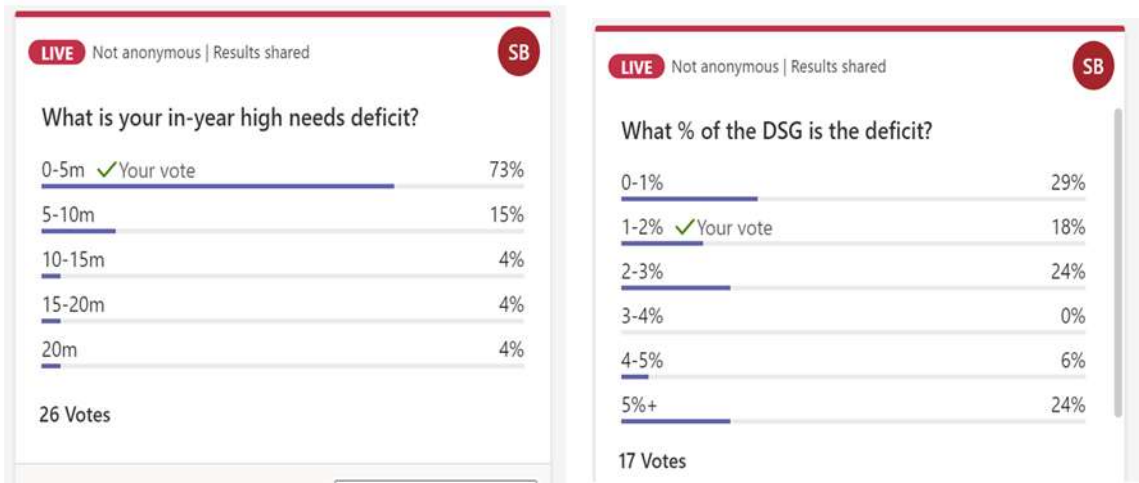
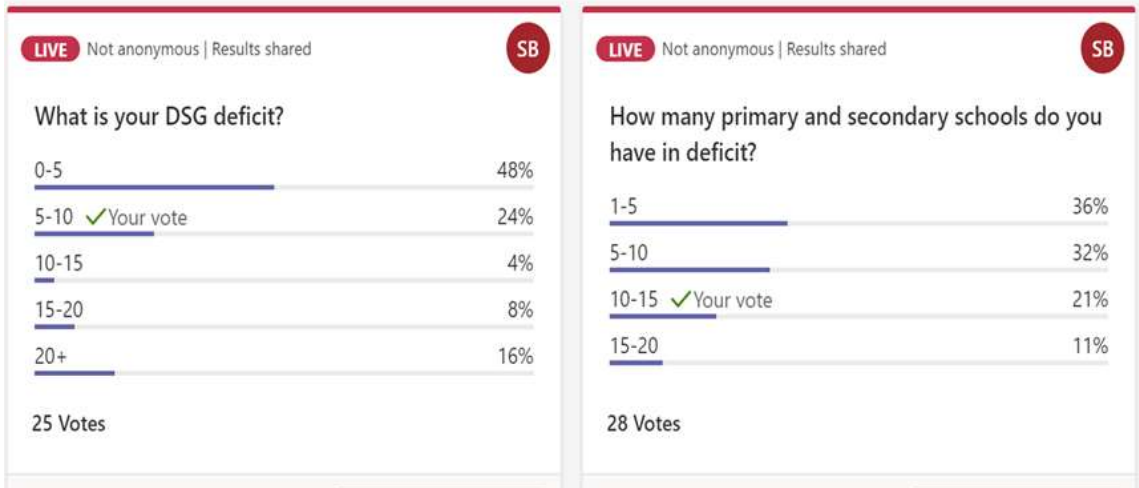
Haringey Compared to Other Local Authorities

- 4.5 Haringey’s deficit position is not unique across other boroughs. Appendix below details the result of a recent poll held at the most recent LMS Exchange with other Local Authority Officer supporting Schools/Education. The results are only indicative may not reflect the final out-turn. But it is fair to say there are other LA’s who may have larger deficits and a different range of issues.

The polls below were taken from the January LMS exchange between a number of London/South East LA’s. *Haringey did not answer all these questions at the time. “Your vote” is Enfield’s position.

For reference:

Haringey’s DSG Deficit is between £5M – £10M, with X School’s in Deficit. The in year high needs deficit is between £5M – £10M. Haringey’s % of DSG in Deficit is 3.55%. Appendix A – DSG Out-turn Polls.



Deficit Recovery Options/Plans

- 4.6 Haringey's projected DSG cumulative deficit, at this point is expected to be £16.73m by the end of financial year 2020/21. If recover by the end of 2023/24 is to be achieved, this will mean savings on average of **£5.58m** in each of the following three years: 2021/22 through to 2023/24. This requires establishment of a recovery plan over the next 3 years. recovery will be challenging even with the additional government funding, due to significant projected growth and growing complexity within this service area
- 4.7 There is nil LA maintained DSG reserves to support any deficits. The current arrangement is that all Schools maintain 100% of their surplus/deficit balances. Other LA's use a threshold methodology where a school can only retain a percentage surplus with the difference retained by the LA for use in supporting LA Maintained School Strategies i.e. creation of falling roll fund or a re-share out across schools. **Fact check this.*
- Despite Government increase in HNB funding for 2021-22 it is not sufficient to meet the growing demand in the borough; and evidence and trends across the country confirm this also.
- 4.8 The current plans for any underspends in specific school funding segments i.e. Growth Fund – is to highlight these variances to Schools Forum and agree a treatment. Some underspends may be required to meet the deficit recovery.
- 4.9 The LA has the option to apply for disapplication's to Blocks to support meeting the deficit but any decisions to apply this would be grounded in the appropriate research and modelling of consequences for all stakeholders. It is apparent a whole system review is required so the expectation is 2021-22 will be a year where review of the whole system is required. To allow settings to continue in line with previous years operations but with the expectation that 2022-23 will usher in system wide changes.
- 4.10 As commented on in previous School Forums by SEND/Early Year reports. The HNB deficit cannot be wholly contained within this block and there will be a push to make decisions in the approach to meeting the deficit that will impact on all Schools in the borough.
- 4.11 The Head of Service for SEND provided the overarching strategy for the Deficit Recovery Plan at the December forum. The current status is 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. Appendix B – as attached provides a progress report.
- 4.12 A detailed timetable and milestones for the recovery plan will be provided by the services.
- 4.13 Recovery plans should be discussed with Schools' Forums 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.
- 4.14 Updates from the DfE regarding DRPs will be provided to Schools Forum when they are received.
- 4.15 A data pack to be provided at the next School's Forum to provide a robust illustration of the scale of the problem. This will then allow for Year End to be completed and bedding in of permanent SEND Officers.

End of Report