

**Agenda Item
9**



Report Status

For information/note ☒
For consultation & views ☒
For decision

Report to Haringey Schools Forum –14th July 2022

Report Title: DSG 2021/22 DSG Outturn and Finance Update

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Purpose:

1. To inform members of the provisional DSG position 2021/22 for the Early Years Block, Schools Block, High Needs Block and Central School Services Block.
2. To note the schools closing balance as at 31st March 2022.
3. To inform members of an update for the DSG recovery plan.

Recommendations:

1. To note the DSG 2021/22 provisional outturn and schools' balances plus the implications for 2022/23 DSG and the DSG recovery plan.

1 Introduction.

- 1.1 This report sets out the provisional outturn for the Dedicated Schools Grant (DSG) for 2021/22. The outturn shows that the overall deficit of the DSG grant stands at £20.7m having increased from £17.0m the previous year. The increase is driven by the cost pressures faced by the High Needs Block which are outlined in this report.
- 1.2 This paper sets out a summary of the DSG analysis of the four blocks' financial position for the financial year 2021/22 and the indicative allocations for the financial year 2022/23.
- 1.3 The DSG is currently divided into four blocks: Schools, High Needs, Early Years and Central School Services blocks.

2 Analysis of Dedicated Schools Grant Allocations

- 2.1 Graph A below sets out Haringey's DSG allocations for 2020/21, 2021/22, and the indicative DSG allocations for 2022/23.

Graph A: Dedicated Schools Grant Year on Year Allocations

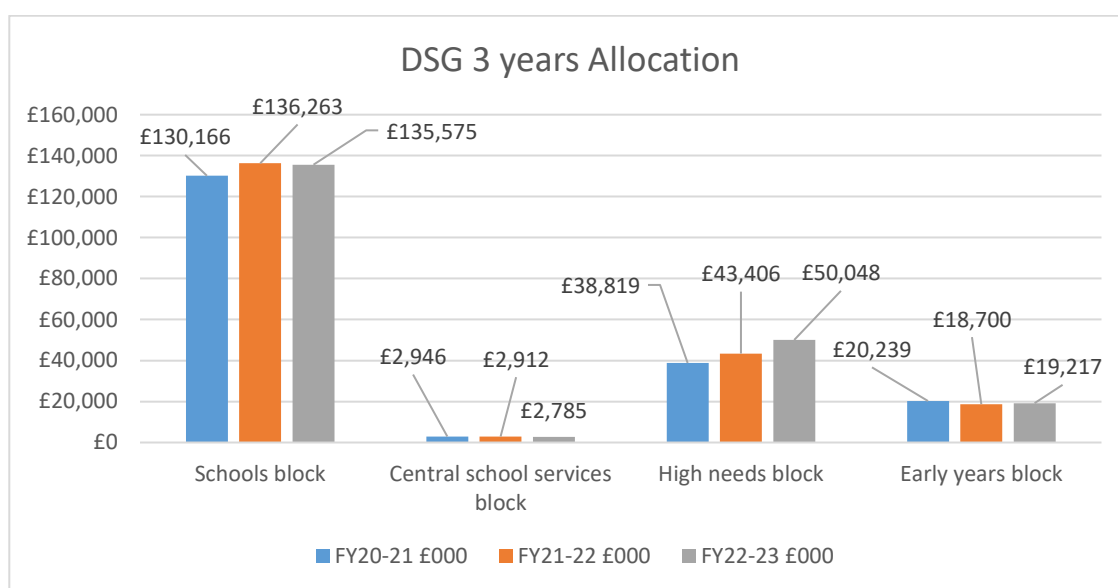


Table A: Dedicated Schools Grant Year on Year Allocations

DSG - Funding breakdown (excluding academies)	FY20-21 £'000	FY21-22 £'000	FY22-23 £'000
Schools block *	130,166	136,263	135,575
CSSB	2,946	2,912	2,785
High needs block **	38,819	43,406	50,048
Early years block	20,239	18,700	19,217
Total allocation	192,170	201,281	207,625

* Schools block increased in 2021/22 due to Teachers Pay and Pension grant being rolled into DSG

** Increase in High needs block allocation is due to increase in pupil numbers with SEN and higher national grant funding.

- 2.2 The funding formulae are largely based on pupil census numbers and the funding is passported to the schools and nurseries. There has been a year on year decrease in the Central School Services Block rate per pupil has decreased by 2.5% each year. The High Needs Block has seen an increase in the funding rate as well as an increase in the number of pupils funded. However, there is a lag in funding the increased demand and the actual cost of per pupil expenditure currently exceeds the available budget.

3 Overview of Schools balances as at 31st March 2022

- 3.1 The analysis below provides an update on the schools' year end balances as at 31st March 2022. Table B of Schools Reserve Balances is a financial year overview of movement in schools reserve balances during 2021/22.

Table B: Schools Reserve Balances

Financial Year 2021/22	Opening Balance	In-year change	Closing balance
Primary Schools	7,477,633	-1,671,515	5,806,118
Secondary Schools	2,250,367	-287,383	1,962,984
Special Schools	1,247,121	-514,498	732,623
Nursey Schools	356,944	21,726	378,670
Total	£11,332,065	-£1,656,632	£8,880,395

Licenced Deficits

- 3.2 At the end of financial year 2021/22, 17 schools had a licenced deficit with the total amount outstanding of £1.913m in comparison to financial year 2020/21, 17 schools had a licenced deficit, when the total amount outstanding was £2.5m. Due to Covid, several schools faced exceptional financial difficulty during 2020/21 particularly with the loss of income.

Schools in Financial Difficulty

- 3.3 The council has supported schools in financial difficulty with dedicated central finance support, providing cashflow advances and assisting with redundancy costs of restructures relating to permanent staff savings via the Restructure and Scrutiny Panel.

Growth Fund

- 3.4 Due to the funding lag on school places, a growth fund of £1.1m was earmarked in 2021/22 to fund agreed bulge classes and oversized classes for both maintained schools and academies.
- 3.5 The following Table C shows how the funding was allocated during the financial year 2021-22.

Table C: Growth Fund Allocations 2021/22

Growth Fund 2021-22	£000
Budget Allocation	1,100
B/Fwd	10
Total available to spend	1,110
Growth fund allocation	865
Surplus growth fund re-distributed to schools	245
Total spent during the year	1,110
Balance	0

DSG closing position – 31st March 2022.

Summary

- 3.6 The in-year DSG outturn deficit position compared with Q3 forecast has improved by £3.0m from £6.7m to £3.7m and the cumulative DSG deficit is £20.7m. The £3.0m movement between Q3 and outturn is as a result of a favourable movement of £2.1m on the High Needs Block (HNB) and £879k on the Early Years (EY) block.
- 3.7 The HNB movement is due to reclassification work between the HNB and general fund codes (£1.0m); HNB in-year demand lower than forecasted as a result of management actions (£0.6m); and alternative HNB funding sources for pupil placements (£0.5m).
- 3.8 The EY movement follows the notification by the DfE during 2021/22 of the EY recoupment relating to 2020/21 and the final in-year position, the Early Years closing balance is £879k surplus.
- 3.9 Table D below shows the opening deficit of £17.0m solely within the High Needs Block; the increase in the HNB deficit to £21.6m; the EY surplus of £0.9m and the overall DSG closing deficit of £20.7m

Table D: 2021/22 DSG Provisional Outturn

Blocks	Opening DSG deficit at 01/04/21	Budget	Outturn 2021/22	Outturn Variance 2021/22	Closing deficit at 31/03/22
	£m	£m	£m	£m	£m
Schools Block	0	136.3	136.3	0	0
Central Block	0	2.9	2.9	0	0
High Needs Block	17.0	43.4	48.0	4.6	21.6
Early Years Block	0	19.6	18.7	(0.9)	(0.9)
Total	17.0	202.2	205.9	3.7	20.7

Schools Block

- 3.10 The total £136.3m of the schools block was passported to schools using the Authority Planning Tool (APT) and variations agreed by the Schools Forum. This

is fully allocated to schools in the year. However, as noted in paragraphs 3.1 and 3.2 the schools will have their individual surplus or deficit at the year end.

Central School Services Block

- 3.11 The total £2.9m of the Central Schools Services block is retained by the council as a contribution towards the council's statutory duties.

High Needs Block

- 3.12 The High Needs Block (HNB) DSG budget allocation was £43.4m and the overspend for the year is £4.6m. This is due to the way the DSG was funded by the ESFA and significant growth in pupil numbers within SEND. The main pressure areas continue within special schools and the children in post 16 settings.
- 3.13 There is still pressure due to multiple factors, the growing number of EHCP's requiring additional resources to be secured from an already pressured high needs budget, year on year growth in the use of independent educational provision and the ongoing budgetary demand within the FE sector.
- 3.14 A comprehensive report on the HNB from the Head of Service is a separate agenda item at this meeting. Officers are working with the ESFA on the DSG recovery plan and will keep Schools Forum updated.

Early Years Block

- 3.15 The Early Years block 2021/22 allocation was notionally set at £19.6m by the ESFA. £18.7m was last notified allocation for 2021/22. There was a further £879K positive adjustment to the 2020/21 grant funding. The full funding for 2021/22 was passported to providers on the agreed basis. However, the additional grant from 2020/21 is being carried forward to 2022/23.

4 Dedicated Schools Grant (DSG) Management Plan

- 4.1 The DSG reserve is ringfenced and outside the council's general fund reserves until 31st March 2023. The cumulative DSG deficit is significant, continuing to increase and unsustainable. This deficit cannot be funded from general fund but dealt with from future DSG income. Holding a deficit balance outside of the General Fund is not good practice.
- 4.2 The ESFA and the Council have started discussions around the Council's actions to date, future plans and specific pressures. The council has been invited to take part in the national Safety Valve programme and is in active discussions with the DfE
- 4.3 Updates from the DfE regarding the DSG Management Plan will be provided to School's Forum when they are received. There is a separate presentation on the HNB at this meeting.

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