

**Report to: Schools Forum**

**Date: 22nd June 2020**

**Report of: John Betts, Interim Finance Business Partner (Education & Skills)**

**Title: 2019/20 Non-Schools DSG Outturn Position**

1. **Purpose of the Report**To inform Schools Forum of the DSG Non-schools outturn position as at 31st March 2020
2. **Breakdown**

2.1 As at 31st March 2020 the cumulative net DSG Non-schools outturn position is a deficit of £8.477m. The breakdown by DSG Block is set out in the table below together with the 2018/19 position.

2.2 Table 1 Analysis of DSG reserves 2019/20



2.3 It is to be noted:

1. The net DSG Deficit of £8.5m comprises of a gross surplus of £6m and a gross deficit of £14.5m.
2. Total net DSG Deficit has reduced by £0.2m from 2018/19.
3. Local authorities that have a cumulative DSG deficit of 1% or more at the end of a financial year are required to submit a recovery plan outlining how they will bring their deficit back into balance.
4. The net deficit is 0.7% of the final DSG of £1,188.056m allocated for 2019/20.
5. The LA will not be required to provide a deficit recovery plan to the EFA. However the LA will be recouping £5m in 2020/21 as part of High Needs Deficit Repayment Plan as agreed with Schools Forum at the January 2020 meeting.
6. In year appropriations to reflect Schools’ Forum decisions on the 19th June 2019 took place. These were:
* £0.7m committed to funding the shortfall in the Growth Fund Budget within the Schools Block budget in 2019/20 as reported to Schools Forum on the 10th January 2019.
* A further £0.7m set aside to fund any potential shortfall in growth Funding in 2020/21.
* £2.7m of the Early Years block net surplus allocated to Early Years SEND for early intervention measures.
* £0.5m from the High Needs net deficit set aside for Invest to Save Initiatives as previously reported to schools forum on the 14th March 2019.
* Overall £2.7m balance of the cumulative DSG surplus was used to reduce the High Needs deficit of £16m to £13.3m.
	1. The final key issues for 2019/20 DSG were as follows:
		1. **Schools Block £0.2m overspent**
1. The Schools Block was overspent by £0.2m due to:
2. overspend of £0.2m in Falling Pupil Fund
3. underspend of £0.2m on Growth Fund
4. overspend of £0.2m on de-delegated Closing Schools Contingency Fund
5. The LA has been supporting schools with deficits to either come out of deficit and/or stop them increasing. As at 31 March 2019 the net balance on school carry forward was £51.2m, which comprised £58.5m surplus balances and £7.3m deficit balances. As at 31 March 2020 the net balance on the school carry forward was £51.6m, which comprised £60.8m surplus balances from 198 schools and £9.2m deficit balances from 40 schools. The growing level of deficit is an increasing concern since where those deficits are not addressed and schools are directed to become academies due to poor educational performance BCC is required to fund the deficits.
6. In the financial year 2019/20, 13 schools converted to academy status. Of the schools that converted a number have significant deficit balances that will remain with BCC, these currently amount to £5.746m in 2019/20. The extent of the final deficits will not be confirmed until each schools deficit balance has been determined and confirmed with the school, in line with ESFA guidelines (4 months after the date of conversion).
7. Although the deficit of £5.746m was covered from the DSG Closing Schools Contingency of £0.748m with most of the balance met from revenue funding released through application of capital receipts, there is still a shortfall remaining of £0.243m in 2019/20. There is less than £3m of capital receipts left for future deficits from 2020/21 onwards, which poses a significant risk.

 **2.4.2 Central Schools Services Block £0.3m underspend**

1. **Admissions**

An underspend of £0.2m has arisen mainly due to income overachieved £0.15m from appeals services provided and £0.05m underspend on employee budget after netting off non-pay costs. BCC has decided to charge academies for admission appeals and fund maintained and voluntary controlled schools appeals from General Fund.

1. **Schools Forum**

An underspend of £0.1m has arisen due to non confirmation from Schools Forum of the breakdown of amounts due to all the associated Schools Forum sub groups.

**2.4.3 High Needs Block £0.7m overspend**

The net overspend on High Needs Block for 2019/20 was £0.7m which comprises of £1.9m overspend on High Needs Service offset by underspends of £0.5m in Innovate to save project, £0.1m in LACES, £0.2m in Access to Education and £0.4m on Alternative Provision (Placements), Attendance and Independent School’s & Exclusions.

The net overspend of £0.7m in the High Needs Block largely relates to the following:

1. **High Needs Service Area**
2. £1.4m overspend in special schools as a result of additional place changes to top-up funding and ESN payments to reflect increased complexity of need
3. £0.1m overspend in Resource Base provision
4. Criteria for Special Provision £0.2m overspend
5. £0.8m overspend in Colleges/ FE providers Post 16 & Post 19 placements
6. £2.0m underspend in independent placement provision (including tripartite)
7. Early years provision £0.1m overspend
8. Higher than average SEN £0.1m underspend
9. Alternative Provision initiatives £1.1m overspend
10. Contribution to Equipment loan scheme £0.3m overspend
11. **Innovate to save project**

A further underspend of £0.5m relates to the funding set aside for the Innovate to save project which will need to be set aside in reserves to support the project in 2020/21.

1. **Virtual School – Looked After Children Education Service**

An underspend of £0.1m has arisen at out-turn due mainly to reduced staffing costs

1. **Access to Education**

An underspend of £0.2m has arisen due to staff savings and additional income generated by the service**.**

1. **Alternative Provision (Placements), Attendance and Independent School’s & Exclusions**

The service has underspent by £0.4m, due to:

* 1. Saving of £0.3m as less than budgeted number of pupils being placed in alternative provision in 2019/20 to date.
	2. Staff vacancy saving of £0.06m
	3. Exclusions underspend/ income overachieved £0.04m

**2.4.5 Early Years Block estimated £2.0m underspend**

(a) There has been a significant underspend on Early Years of £2.0m. This has been confirmed late in the financial year due to the late notification from DFE of census information which influences the funding position and was only received mid-March. There has also been a reduction in take up for the past two years, exacerbated by the introduction of working parent conditions. Other savings relate to:

1. Higher 2 year old hours funded compared to those paid,
2. lower levels of deprivation and therefore less Free School Meals paid than built into the funding formula.
3. It has historically been difficult to forecast the year end position due to these factors and the implementation of the Early Years National Funding Formula’s universal and additional entitlement which limits the historical trend data available.
4. The final 2019/20 DSG Early Years Block allocation is yet to be confirmed by the DFE. This is expected to be announced in July 2020 and once the 2019/20 DSG Early Years Block allocation is released, Schools Forum will be updated at the next meeting with the final position as ESFA will clawback any over funding of non participation allocation based on the January census of 2019 and 2020. Schools Forum can then make a more informed decision in how to treat the actual 2019/20 DSG Early Years Block underspend.
5. **Recommendations**
School’s Forum to note the final 2019/20 Non-Schools DSG Outturn Position.