

London Borough of Enfield

Education Resources Group – 16 June 2020
Schools Forum – 15 July 2020

Subject: DSG Outturn Report 2019/20

Purpose of Report

This report provides a review of the DSG revenue expenditure for 2019/20 which resulted in a cumulative year-end deficit of £4.482m being carried forward into 2020/21. A detailed breakdown of the outturn position is included as an appendix to the report. The reasons for the key variances are detailed in the report.

Proposal

To note the contents of the report and the DSG cumulative deficit position as at 31 March 2020.

Relevance to the Council's Council Plan

The Dedicated Schools Grant (DSG) is a ringfenced grant which funds schools and some central education functions. Updates on the DSG position are provided on a quarterly basis to EMT and Cabinet as part of the Council's overall financial monitoring reports.

Main Considerations for ERG and Schools Forum

1. 2019/20 DSG OUTTURN POSITION

- 1.1 The original estimate of gross DSG resources for 2019/20 amounted to £334.186m. Of this amount £1.945m will be provided direct by the Education and Skills Funding Agency (ESFA) to fund post 16 places in special schools and places in mainstream academy units and academy special schools. Budget allocations for 2019/20 were agreed within this level of resources.
- 1.2 In January 2020, revised DSG allocations for 2019/20 were published. These allocations reflected updated academy and college recouplement for the Schools Block and High Needs. The revised DSG position for 2019/20 is summarised in Table 2.

Table 1 – DSG Allocation 2019/20

DSG Summary 2019/20	ORIG 2019/20	Academy Recoup	Import/Export Adj 19/20	Early Years Adj 19/20	REVISED 2019/20
	£000	£000	£000	£000	£000
SCHOOLS BLOCK	259.009	(130.954)			128.054
CENTRAL SERVICES	2.925				2.925
EARLY YEARS BLOCK	25.410			0.022	25.431
HIGH NEEDS BLOCK	46.843		0.435		47.278
GROSS DSG	334.186	(130.954)	0.435	0.022	203.689
Direct ESFA Funding	(1.945)	(0.131)			(2.076)
NET TOTAL DSG	332.241	(131.085)	0.435	0.022	201.613

1.3 A final DSG allocation was received in March 2020 and there were no changes to the above position.

2. ACCUMULATED DSG CARRIED FORWARD

Table 2 sets out the cumulative DSG deficit position as at 31 March 2020.

Table 2 – Accumulated DSG Position

	£'000s
Balance brought forward 1 April 2019	0.412
Net Overspend 2019/20	(4.894)
Cumulative Deficit Balance 31 March 2020	(4.482)
Outstanding Adjustments 2019/20	0.110
Net 2019/20 Carry Forward	(4.372)

The 2019/20 carry forward shows a significant decline in the DSG cumulative position due to high level of in year overspend. An Early Years adjustment for 2019/20 will be made in July 2020 but it is estimated that this will not be significant as overall early years pupil numbers have remained fairly consistent between January 2019 and January 2020.

3. REASONS FOR VARIATIONS FROM ORIGINAL BUDGET

3.1 During 2019/20 we have bought regular DSG monitoring updates to the Education Resources Group and Schools Forum which have detailed the variances against the various budget areas during the financial year. Appendix A details the final monitoring position for 2019/20 which resulted in a net overspend of £4.894m

3.2 The Appendix shows variances for each expenditure block and this information can be summarised as follows

Schools Block

Gross underspend of £0.302m which will increase to a net underspend of £0.412m when the outstanding adjustments have been processed. This underspend is due to lower demand on the Growth Fund, underspend on

the Appeals Service and a saving on rates liability due to 19/20 academy conversions.

The outstanding adjustments for 2019/20 will be processed in 2020/21 and are as follow

- LAC Fund – draw down the unspent reserve for use in 20/21
- Southbury Primary – to repay the £250k additional advance made to them in 19/20 when they move to HSBC and move to rolling credit agreement

Early Years Block

Net underspend of £0.461m across all early year's provision resulting from fluctuations in pupil numbers across the financial year and underspends on deprivation and Disability Access Fund allocations. As stated above, this position may be affected by the 2019/20 adjustment that will be made in 2020/21 but it is estimated that this will not be significant.

High Needs Block

Net overspend of £5.658m resulting from various overspends across all areas of high needs expenditure including outborough provision, post 16, exceptional needs, additional places in Enfield special schools and increased salary costs for the EPS and SEN Services.

Although the final overspend is significant, it is lower than projected in the Jan/Feb Monitoring Reports which is mainly due to costs for outborough provision being lower than anticipated.

Conclusions

The bought forward deficit from 2019/20 will be built into the monitoring process for 2020/21 and will be the first call on the 2020/21 DSG allocation. The first detailed budget monitor for 2020/21 will be carried out in July, in relation to expenditure to the end of June, and this information will be presented at the September meeting.

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Appendices

DSG Budget Outturn Summary 2019/20

Background Papers

DSG Updates to ERG/Schools Forum during 2019/20 financial year.