



ISLINGTON SCHOOLS FORUM

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SCHOOLS FORUM

MEETING DATE	22 October 2020
AGENDA ITEM 4	DSG Budget Monitoring (in-year)
RECOMMENDATIONS	That Schools Forum notes the forecast variances against the DSG budget.

1 Summary

- 1.1 The DSG budget monitoring position at month 6 (end of September) is contained in this report. Due to the uncertain impact of Covid-19, particularly with regard to the early years block a position for the DSG overall is not provided. We are not anticipating a cost pressure on the DSG overall at this stage, however budget variances within each individual spending block are considered below. The risk of overspend against the high needs block is increased due to Covid-19.

2 Schools Block

- 2.1 This consists of funding centrally retained for growth (£300k) and falling rolls (£400k). Any net underspend against these budgets will be rolled forward at year end. Allocations could reduce following the October school's census, but this is not considered likely. The following variances against the budget are forecast, leading to a small net overspend of + £13k (+2%):
- + £107k (+35%) overspend against the budget for growth
 - - £94k (-24%) underspend against the budget for falling rolls

3 De-delegated Budgets

- 3.1 This is funding de-delegated by maintained schools for specific functions. Underspends cannot be used to offset overspends elsewhere within the DSG. We are expecting to allocate the schools in financial difficulties (£250k) and priority support (£195k) budgets in full this year. Some of the schools in financial difficulties budget was allocated to maintained schools in the summer term in light of the Covid-19 cost pressures that are being incurred.
- 3.2 There are the following variance is forecast against de-delegated budgets:
- - £136k (-36%) underspend against the school redundancy budget, although this forecast is subject to change pending further school reorganisations.
- 3.3 The redundancy budget (£374k) is made up of in-year de-delegated funding of £83k, a £191k carry forward from previous years and £100k of core Council funding. In previous years, we have spent core Council funding first in order to maximise the carry forward of any underspend for future years. This has helped ensure that there is sufficient funding for years in which the calls against this budget are very high. Our intention is to continue with this approach this year, subject to the budget position of the Council overall.

4 Central Schools Services Block (CSSB)

- 4.1 No variances are currently forecast against the CSSB (£1.627m), although the DfE top-slice for copyright licenses has increased from £122k in 2019/20 to £143k this year (21% increase).

5 High Needs Block

- 5.1 Following the receipt of additional funding for high needs by the DfE as part of the 2020/21 DSG funding settlement our high needs budget is broadly balanced in the current financial year.

Based on the forecast increase in demand at the start of the year, we would expect to have an underspend in the region of £300k against this block overall. However, we will have a much clearer understanding of demand and any impact of Covid-19 in the coming weeks. There is an increased risk of overspend due to Covid-19.

6 Early Years Block

6.1 The position against the early years block is challenging to forecast at this stage due to uncertainty over the impact of Covid-19, in particular in relation to the spring term and any subsequent participation adjustments we may receive from the DfE following the forthcoming spring census.

6.2 We carried forward the £463k 2 year old balance from previous years and is being held to smooth in new funding arrangements for providers in future years and the £1.671m contingency balance from 2019/20. It is very difficult to understand what the impact on the contingency balance may be. In addition we need to be mindful of the following:

- Retrospective DSG funding reductions. Early Years Block allocations are subject to retrospective adjustment by the DfE after year-end based on the spring census. We have lost significant levels of funding in previous years, when there has been a reduction in headcount from one spring term to the following spring term. This was experienced in 2017/18, where we had an in-year funding reduction of £884k from the DfE following the January 2017 census. This is now more likely to occur if take-up doesn't recover in full by the spring census date, of which there is no guarantee. This also represents a medium to long term funding risk, and will impact on the sustainability of provision of early education and childcare in the borough. We will not have final 2020/21 funding adjustments until the summer 2021 (after year-end), although we will be able to estimate the impact based on the spring 2021 census in February / March 2021.
- The 2 year old balance is being held to smooth in new funding arrangements in the event that the DfE no longer continue to allow us to cross-subsidise provision for 2 year olds from funding for 3 and 4 year olds. This is currently subject to annual agreement by the Secretary of State.
- There are on-going pressures on SEND in early years, with a forecast overspend of £190k this year.

7 Overall position

Due to the uncertain impact of Covid-19, particularly with regard to the early years block a position for the DSG overall is not provided, however the forecast variance by spending block is shown below. We are not currently anticipating a pressure on the DSG overall, but the risk of overspend against the high needs block is increased due to Covid-19.

	Schools Block	De-delegated	CSSB	High Needs Block	Early Years Block	Total
	£k	£k	£k	£k	£k	£k
Variance	+13	-136	0	-300	TBC	TBC

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