

DSG Recovery Plans

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Workshop Aims

- Provide an overview of the new requirement for local authorities with cumulative DSG deficit of 1% or more to provide the Department with a recovery plan.
- Discuss the consultation responses and outline how they have shaped this new process.
- Confirm the delivery cycle of the recovery plans and discuss upcoming key milestones.
- Provide an in-depth look at the recovery plan template.
- Allow colleagues to ask any questions they may have regarding these new requirements.

Background Information

- Due to the increase in local authorities going into deficit. It was announced in July 2018 that all local authorities with a cumulative DSG deficit of 1% or more would need to provide the Department with a deficit recovery plan from 2019-20.
- The recovery plans would allow the department to have more visibility on deficits and work with authorities to help bring them back into balance.
- A consultation outlining these new requirements was published on 12 November 2018.
- New guidance and a recovery plan template was published on 18 March 2019.

Consultation Responses

- A consultation document was published on 12 November and closed on 7 December 2018.
- We received a total of **93** responses from local authorities and **2** from representative bodies, the Local Government Association and The Society of London Treasurers.
- The majority of authorities welcomed the new DSG deficit plan requirement.

Consultation Responses – Common Themes

- **High needs pressures**

The government announced an additional £250 million in high needs funding to support authorities that are struggling with high needs pressures.

- **3 year time frame seems too short**

Given the urgency of the situation, the department requires authorities to stick to the 3 year time frame. Any authority that believes their recovery plans should be longer than three years must submit substantial evidence with their plans to support this.

- **The Department should provide a recovery plan template**

We designed a recovery plan template for authorities can utilise when creating their plans. The template was created with a working group of local authority representatives so that the final result reflected the needs of both the department an local authorities.

- **June 30 deadline is too soon**

Guidance and a recovery plan template was published March 18, allowing authorities around 3 months to produce their plans

Consultation Responses – Common Themes

- **Clarification on School Forum engagement**

You must discuss the recovery plan with your School Forum, however their approval of your recovery plan is not a requirement.

- **How the recovery plans will be reviewed both from year to year and between annual reviews**

Plans will be reviewed against a checklist of criteria regularly to ensure authorities are on track to bring deficits back into balance. Where an authority is unable to reduce their deficits in line with their approved plan, we will contact them to provide further support. The recovery plan will be a continuation of any disapplication block movement requests, as evidence will need to be provided to demonstrate how the block transfer has impacted spend.

- **What happens if we do not accept a plan/outcomes of DfE review**

The department will consult with the authority to discuss steps to take to make sure the recovery plan is viable.

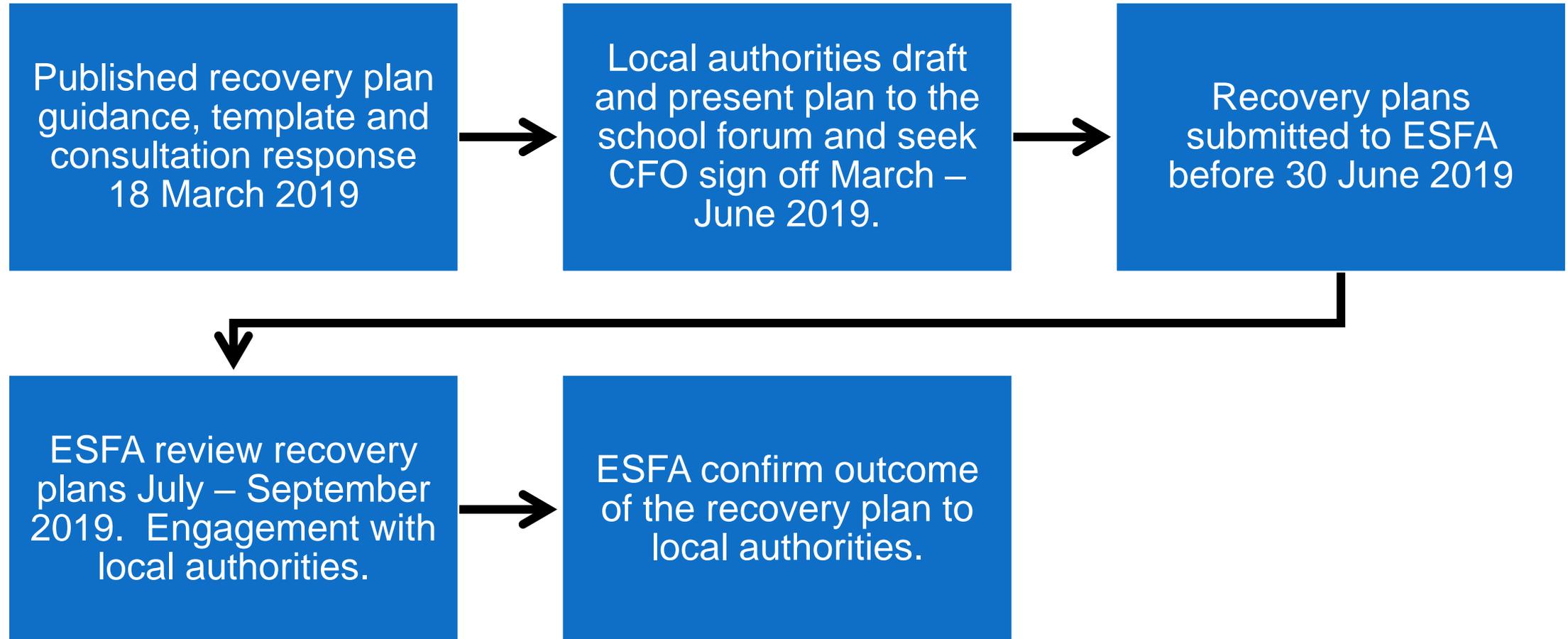
- **Definition of deficit**

The DSG deficit is a cumulative deficit of 1% or more of their Dedicated Schools Grant (DSG). The 1% calculation will be based on the latest published total DSG allocations for 2018-19, gross of recoupment, as at the end of the 2018-19 financial year.

Progress made since the consultation

- We adapted an existing recovery plan that a local authority had previously submitted when the benchmark was 2%.
- Formed a working group with 10 local authorities to discuss the new requirements, share draft versions of the guidance and template, and ensure we received consistent feedback.
- Consulted across the department and with colleagues in other Government departments to finalise this process.
- Published final versions of the new guidance and recovery plan template on 18 March 2019.

Delivery Cycle



Spending Review

- We will be using the recovery plans as evidence of the HN pressures. We are aware that the SR will have an impact on local authority budgets and plans and we are aiming to get the best possible settlement.

DSG Recovery Plan – an overview

Principal Points to take away

- Recovery plans must outline how authorities intend to bring their DSG deficit back into balance in a 3 year time frame. If 3 years is not viable, then authorities must submit extensive evidence to support the requirement for more than 3 years.
- Authorities must include thorough evidence of local pressures they have faced that have resulted in them finding themselves in a DSG deficit.
- Recovery plans must be submitted no later than 30 June.
- Approval from School Forum is not essential criteria when submitting recovery plans.
- The department will review plans over the summer and inform local authorities in the autumn if their plans have been deemed realistic. Following this, plans will be reviewed on a rolling basis and authorities will have to inform the department if they are not staying on track with their recovery plans.
- In exceptional circumstances, the department may allow authorities to leave some of their historical deficits as outstanding until they can bring their in-year spending back into balance. Any authority that proposes to leave some historical deficit outstanding must obtain CFO sign off and provide detailed evidence to support their request.

Q&A