

**FOR PUBLICATION**  
**DERBYSHIRE COUNTY COUNCIL**  
**REPORT TO CABINET MEMBER FOR EDUCATION**

**27 July 2022**

**Joint Report of the Executive Director for Children's Services  
and the Interim Director of Finance & ICT**

**Dedicated Schools Grant Monitoring 2021-22 – Outturn**

**1. Purpose of the Report**

To provide the Cabinet Member with the final position of the Revenue Budget outturn position of the Dedicated Schools Grant for 2021-22.

**Key decision**

This is not a key decision

**2. Outturn Summary**

**2.1 Opening position**

The net total DSG deficit brought forward from 2020-21 was £1.157m, which represents an accumulated overspend against the allocated grant of £3.755m, partially offset by other earmarked DSG reserve funds, as shown below.

<b>Reserve</b>	<b>Balance at 31<sup>st</sup> March 2021</b>
	£m
Uncommitted DSG	(3.755)
Support for pupils in schools	0.038
New Schools pre & post opening grants	2.424
Early Years contingency	0.136
<b>Total</b>	<b>(1.157)</b>

**2.2 In-year results**

The Dedicated Schools Grant (DSG) and 6<sup>th</sup> form grant income due to the Authority in 2021-22 total £373.636m. The Revenue Budget Monitoring Statement shows year-end expenditure of £377.336m. Both of these figures exclude monies recouped from the LA's gross DSG by the Education and Skills Funding Agency (ESFA), funds which are subsequently paid directly by the ESFA to academies.

Taking into account planned use of reserves of £0.193m, the 2021-22 DSG in year overspend was £3.700m.

The significant areas of expenditure and income are shown in the table below:

DSG Block	Approved* Budget	* Expenditure	Over/ (Under) Spend
	£m	£m	£m
Central School Services Block	4.903	4.145	(0.758)
Pupil Growth Funding	1.378	0.930	(0.448)
Re-pooled school funding	4.935	4.519	(0.416)
Early Years Block	41.268	40.900	(0.368)
High Needs Block	85.095	90.999	5.904
Schools Block	506.908	506.694	(0.214)
<b>Total Expenditure</b>	<b>644.487</b>	<b>648.187</b>	<b>3.700</b>
<b>Dedicated Schools Grant</b>	<b>(642.164)</b>	<b>(642.164)</b>	<b>0.000</b>
<b>(Surplus)/Deficit</b>			<b>3.700</b>

\*Figures are shown before recoupment of academy funds by the ESFA.

## 2.3 Key Variances

### 2.3.1 Central School Services Block (£0.758m underspend)

At the meeting of the Schools Forum on the 28<sup>th</sup> January 2021 the Schools Forum agreed to leave £0.724m unallocated and thus available to help support the Authority's deficit recovery plans. The balance of the underspend relates to the allocation for additional pension costs for centrally employed teachers within the Adult Education Service.

### 2.3.2 Pupil Growth Fund (£0.448m underspend).

The balance is primarily due to allocations to support schools to meet KS1 pupil/teacher ratios which was below the allocated budget.

### 2.3.3 Re-pooled school funding (£0.416m underspend)

This is the projected underspend for functions funded by monies de-delegated from schools' budgets. The underspend mainly relates to lower costs of maternity absences for primary school staff.

### 2.3.4 Early Years Block (£0.368m underspend)

Underspends on Nursery Education Funding £0.184m and the early years improvement service underspent by £0.177m due to staff vacancies.

### 2.3.5 High Needs Block (£5.904m overspend)

Areas where support for children and young people have been increasing above the initial estimates prepared for budget setting are:

Element 3 top up payments in respect of mainstream secondary, primary and nursery school children were £3.353m above the approved budget.

Element 3 top up payments in respect of children receiving their education in special schools and alternative provision exceeded the approved budget by £5.219m. This includes an overspend of £1.129m in respect of children who are educated in Derbyshire special schools and academies and £0.683m overspend on other Local Authority special schools and academies.

Independent and non-maintained special school fees exceeded budget by £3.625m. Expenditure on alternative provision reduced compared to initial estimates by £0.218m.

The individual overspends listed above are partially offset by an unallocated contingency budget within the High Needs Block of £1.268m, this sum was set aside to cover demographic pressures this year. Central support services and other budgets contributed a further £1.183m in underspends compared to budget.

### 2.3.6 Schools Block (£0.214m underspend)

Underspend arising from a reduction in rates liabilities due to schools converting to academy status.

## 2.4 Impact

The overall DSG balances at 31<sup>st</sup> March 2022 are as follows:

<b>Reserve</b>	<b>Balance at 31<sup>st</sup> March 2022</b>
	£m
Uncommitted DSG	(8.177)
Support for pupils in schools	0.056
New Schools pre & post opening grants	2.924
Early Years contingency	0.146
<b>Total deficit</b>	<b>(5.050)</b>

The DfE have included provisions in the School and Early Years Finance (England) Regulations 2021 that a DSG deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the LA not to do this.

At its meeting in October, the Schools Forum agreed a one-off 0.5% transfer from the Schools block in 2022-23 and it is estimated that this will contribute £2.627m to the net deficit above.

## 2.5 Individual School Balances

Collectively, local authority schools underspent in-year by a total of £4.139 million after allowing for a reduction of £0.514 million due to schools converting to academy status. The following table shows an analysis of schools' balances as at 31 March 2022 compared with the position at 31 March 2021.

	Nurs	Prim	Sec	Spec	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
<b>Balance as at 31 March 2022</b>	<b>0.619</b>	<b>30.905</b>	<b>3.654</b>	<b>1.801</b>	<b>36.980</b>
Balance as at 31 March 2021 – schools remaining maintained	0.517	29.056	2.202	1.066	32.841
Balance as at 31 March 2021 – schools converted to academy in 2021/22	0	0.403	0.111	0.000	0.514
Net Increase/(Decrease) (£ million)	0.102	1.446	1.341	0.735	3.625
	Nurs	Prim	Sec	Spec	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
March 2022 surplus balances (£ million)	0.619	31.442	4.164	1.853	38.078
March 2021 surplus balances (£ million)	0.517	29.76	2.949	1.09	34.316
March 2022 deficit balances (£ million)	0.000	0.537	0.509	0.052	1.098
March 2021 deficit balances (£ million)	0.000	0.300	0.636	0.024	0.960

In addition to the £36.980 million held by schools, £3.799 million was held in the Schools' Capital Reserve account. This reserve holds earmarked funds for future capital developments at individual schools in order to minimise the distorting effect of holding these funds within their own school balances.

### 3 Alternative Options Considered

Not applicable.

### 4 Implications

None.

### 5 Background Papers

Held on file within Corporate Services and Transformation Department. Officer contact details – Shelley Kerlake, shelly.kerlake@derbyshire.gov.uk.

### 6 Recommendation

That the Cabinet Member notes the report.

## **7 Reasons for Recommendation**

Not applicable.

## **8 Is it necessary to waive the call-in period?**

No

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