

Author: Eddie Grant (x38748)

Agenda Item 4b

**DERBYSHIRE COUNTY COUNCIL**  
**CABINET MEMBER FOR YOUNG PEOPLE**

**3rd March 2020**

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

**DEDICATED SCHOOLS GRANT MONITORING 2019-20 – PERIOD 9  
(as at 31 December 2019)**

**(YOUNG PEOPLE)**

**1. Purpose of the Report**

To provide the Cabinet Member with an update of the Revenue Budget position of the Dedicated Schools Grant (Young People portfolio) for 2019-20 up to the end of December 2019 (Period 9).

**2. Information and Analysis**

**2.1. Forecast Summary**

The expected Dedicated Schools Grant (DSG) and 6<sup>th</sup> form grant income due to the Authority in 2019-20 is £367.935m. This, plus the expected use of reserves for 2019-20 of £2.042m covering planned expenditure, makes total income available to fund expenditure of £369.977m.

The Revenue Budget Monitoring Statement prepared at period 9 shows projected year-end expenditure of £374.948m. The expected overspend compared to income is £4.971m however this includes an overspend of £0.117m which is ring-fenced to schools, the overspend falling to the Authority is therefore £4.854m.

Uncommitted DSG earmarked reserves of £1.154m are available to support this overspend meaning that the Authority will report a DSG deficit at the end of 2019-20 estimated at £3.851m.

Following a recent consultation with LAs and other stakeholders, the DfE have confirmed their intention to include provisions in the School and Early Years Finance (England) Regulations 2020 - which come into force in February 2020 - 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.

As a first step to recovering the deficit in Derbyshire, the Schools Forum agreed in January 2020 to allocate only some of the Pupil Growth fund within the Schools Block. The Forum agreed to leave £1.325m of the £3.428m grant for 2020-21 unallocated as a positive contribution towards the shortfall. The Authority will seek further opportunities to make reductions in DSG spend in 2020-21 where possible, and it is expected that this will be supplemented in 2021-22 should Derbyshire receive another above-inflation increase in its DSG settlement.

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

	Controllable Budget £m	Projected Actuals £m	Forecast Over/(Under) Spend £m
<b>Expenditure</b>			
Central School Services Block	6.890	6.709	(0.181)
Re-pooled school funding	4.967	5.084	0.117
Early Years Block	43.452	43.324	(0.128)
High Needs Block	61.208	66.638	5.430
Schools Block	253.194	253.194	0.000
<b>Total Expenditure</b>	369.710	374.948	5.238
<b>Dedicated Schools Grant Income</b>	(369.710)	(369.977)	(0.267)
<b>(Surplus)/Deficit</b>	0.000	4.971	4.971

## 2.2. Key Variances

### 2.2.1. Central School Services Block, underspend £0.181m

The underspend is primarily due to allocations to support schools to meet KS1 pupil/teacher ratios being lower than anticipated.

2.2.2. Re-pooled school funding, overspend £0.117m  
 Estimates for school insurance have increased from the previous year due to one-off rebates that were applied in 2018-19

2.2.3. High Needs Block, overspend £5.430m

£0.892m of the overspend is due to the costs of the team supporting children and young people who have been permanently or temporarily excluded or are being supported as part of a preventative measure. This is due to increased numbers of children and young people being supported. The additional support paid to primary schools for pupils with high needs is also above the allocated budget by £1.364m reflecting the increased number of pupils being supported over the past 3 years. Additional support paid to support pupils with special needs in other Local Authorities and independent and non-maintained schools is overspent by £2.537m, reflecting the increase in placements.

### 2.3. Risks

There is a risk that the following issues could negatively impact on the portfolio's forecast outturn position reported in the Forecast Summary above:

Service	Risk	Sensitivity* £m	Likelihood 1=Low 5=High
High needs block placements and top-ups	Increased number of children requiring placements or support	£0.25m - £1m	4

\*Sensitivity represents the potential negative impact on the outturn position should the event occur.

### 3. Financial Considerations

As detailed in the report.

### 4. Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality of opportunity, environmental, health, human resources, property, social value and transport considerations.

### 5. Key Decision

No

**6. Call-in**

No

**7. Background Papers**

Held on file within Children's Services Department. Officer contact details – Eddie Grant, extension 38748.

**8. Officer Recommendations**

That the Cabinet Member notes the report.

**Jane Parfremment  
Executive Director  
Children's Services**

**Peter Handford  
Director of Finance  
& ICT**