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Agenda Item No. 4 (b)

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

4 August 2020

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

DEDICATED SCHOOLS GRANT OUTTURN 2019-20

(YOUNG PEOPLE)

1. Purpose of the Report

To provide the Cabinet Member with a report of the Revenue Budget outturn of the Dedicated Schools Grant (Young People portfolio) for 2019-20.

2 Information and Analysis

2.1 Outturn Summary

The Dedicated Schools Grant (DSG) and 6th form grant income received by the Authority in 2019-20 was £365.845m. This, plus the use of reserves for 2019-20 of £2.278m covering planned expenditure, totalled income available to fund expenditure of £368.123m.

The Revenue Budget Outturn Statement showed full year expenditure of £371.260m. The overspend compared to income is £3.137m however this includes an underspend of £0.291m which is ring-fenced to schools and a further £1.520m underspend of school growth funding, £1.002m of which has been earmarked to contribute to pre and post opening grants to planned new schools. The overspend falling to the Authority is therefore £4.430m.

Uncommitted DSG earmarked reserves of £1.290m are available to support this overspend meaning that the Authority will report a DSG deficit reserve at the end of 2019-20 estimated at £3.140m. Other DSG committed reserves totalling £3.327m offset this deficit reserve

within the Authority's accounts meaning that the reported DSG position is a net surplus reserve of £0.187m.

Following a recent consultation with LAs and other stakeholders, the DfE have amended the School and Early Years Finance (England) Regulations 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 2020-21 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	Actuals £m	Forecast Over/(Under) Spend £m
Expenditure			
Central School Services Block	6.000	6.012	0.012
Schools Growth funding incl KS1	2.341	0.821	(1.520)
Re-pooled school funding	3.542	3.251	(0.291)
Early Years Block – Central LA expenditure	1.849	1.705	(0.144)
Early Years Block - Schools/PVI	39.527	39.670	0.143
High Needs Block – LA expenditure	56.344	61.682	5.338
High Needs Block – Allocated LA School budgets	4.898	4.898	0.000
Schools Block – LA mainstream Primary and Secondary schools	253.221	253.221	0.000
Total Expenditure	367.722	371.260	3.538
Dedicated Schools Grant Income	(360.897)	(361.298)	(0.401)

6th Form Grant	(6.825)	(6.825)	0.000
Total Income	(367.722)	(368.123)	(0.401)
(Surplus)/Deficit	0.000	3.137	3.137

2.2 Key Variances

2.2.1 Schools Growth funding, underspend £1.520m. £1.002m of pupil growth funding received in 2019-20 has been earmarked with the approval of School Forum for future pre and post opening grants for new schools. The balance of 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, underspend £0.291m. The net underspend is ring-fenced to schools and has arisen mainly because contingency payments to primary schools were lower than expected, partially offset by support to secondary schools which was greater than anticipated.

2.2.3 High Needs Block, overspend £5.338m. £0.892m of the overspend is due to higher 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 sums paid to primary schools for pupils with high needs is also above the allocated budget by £2.279m reflecting the increased number of pupils being supported over the past 3 years. Funding to support pupils with special needs in other local authorities and independent and non-maintained schools is overspent by £2.368m, reflecting the increase in numbers and costs of placements.

2.2.4 Dedicated Schools Grant income, underspend £0.401m. The underspend is due to additional funding drawn from reserves to cover a shortfall in the grant receivable compared to that estimated when the budgets were set plus an additional small grant receipt in respect of Early Years 2018-19 received during 2019-20.

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 – Karen Gurney, extension 38755.

8. Officer Recommendations

That the Cabinet Member notes the report.

**Jane Parfremment
Executive Director
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**Peter Handford
Director of Finance
& ICT**