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Agenda Item

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 MONITORING 2020-21 – PERIOD 2
(as at 31 May 2020)**

(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 2020-21 up to the end of May 2020 (Period 2).

2. Information and Analysis

2.1. Forecast Summary

The expected Dedicated Schools Grant (DSG) and 6th form grant income due to the Authority in 2020-21 is £375.222m.

The Revenue Budget Monitoring Statement prepared at period 2 shows projected year-end expenditure of £373.864m. The expected underspend compared to income is £1.358m however this includes an underspend of £0.373m which is ring-fenced to schools, the underspend falling to the Authority is therefore £0.985m.

This underspend includes the benefit of £1.325m which Schools Forum agreed could remain uncommitted to assist with the pressures within the DSG therefore the underlying overspend against in-year grant is £0.340m.

The net total DSG reserves as at the end of 2019-20 were £0.188m surplus, within which the uncommitted DSG reserve stood at a deficit of £3.140m.

The DfE have included provisions in the School and Early Years Finance (England) Regulations 2020 - which came 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.

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
Expenditure			
Central School Services Block	6.966	5.432	(1.534)
Re-pooled school funding	4.543	4.170	(0.373)
Early Years Block	41.165	41.185	0.020
High Needs Block	69.076	69.823	0.747
Schools Block	253.255	253.255	0.000
Total Expenditure	375.005	373.864	(1.142)
Dedicated Schools Grant Income	(375.005)	(375.222)	(0.217)
(Surplus)/Deficit	0.000	(1.358)	(1.358)

1.1. Key Variances

1.1.1. Central School Services Block, underspend £1.534m
The unallocated growth of £1.325m forms the majority of this underspend. The balance is primarily due to allocations to support schools to meet KS1 pupil/teacher ratios projected to be below the allocated budget.

1.1.2. Re-pooled school funding, underspend £0.373m
Projections for maternity costs and contingency payments for Primary schools are below allocated re-pooled amounts.

1.1.3. High Needs Block, overspend £0.747m

£0.200m 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 projected to be above the allocated budget by £0.188m. Additional places have been purchased at Derbyshire special schools leading to a projected overspend of £0.390m in this area.

1.2. 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	£1.000m - £2.000m	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 – Karen Gurney, karen.gurney@derbyshire.gov.uk

8. Officer Recommendations

That the Cabinet Member notes the report.

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Peter Handford
Director of Finance
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