

Author: Karen Gurney (x38755)

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

2 March 2021

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

**DEDICATED SCHOOLS GRANT MONITORING 2020-21 – QUARTER 3
(as at 31 December 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 December 2020 (Quarter 3).

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 £371.665m.

The Revenue Budget Monitoring Statement prepared at quarter 2 shows projected year-end expenditure of £373.639m. The expected overspend compared to income is £1.994m however this includes an underspend of £0.622m which is ring-fenced to schools, the overspend falling to the Authority is therefore £2.616m.

This overspend 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 £3.941m.

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 continue to seek opportunities to make reductions in DSG spend in 2020-21 where possible. Proposals for 2021-22 have recently been considered at Schools Forum and at Cabinet and contributions of £0.012m from Pupil Growth Fund and £0.209m have been approved by School Forum.

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	4.265	4.260	(0.005)
Pupil Growth Funding	2.723	1.158	(1.565)
Re-pooled school funding	4.495	3.873	(0.622)
Early Years Block	41.525	41.460	(0.065)
High Needs Block	67.867	72.574	4.707
Schools Block	250.314	250.314	0.000
Total Expenditure	371.188	373.639	2.450
Dedicated Schools Grant Income	(371.188)	(371.645)	(0.457)
(Surplus)/Deficit	0.000	1.994	1.994

2.2. Key Variances

2.2.1. Pupil Growth Fund, underspend £1.565m

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.

2.2.2. Re-pooled school funding, underspend £0.622m

Projections for maternity costs, redundancy costs and contingency payments for Primary schools are below allocated re-pooled amounts.

2.2.3. High Needs Block, overspend £4.707m

Expenditure to support children with additional and high needs is expected to exceed the allocated grant for 2020-21. Areas where support for children and young people has been increasing above the estimates prepared at the start of the year are support for primary children attending mainstream schools where costs are now expected to be £2.100m higher than the estimates prepared for 2020-21 initially. This estimate has increased by £1.342m compared to that prepared for the Quarter 2 report. For children attending secondary schools, the full year spend is now £0.546m above the estimate prepared at the start of 2020-21.

Expenditure to support children receiving their education in independent and non-maintained schools is also now expected to be higher than the initial estimate prepared for 2020-21 by £1.176m.

There has also been an increase in the estimate of expenditure to support children who are educated in Derbyshire Special schools and academies of £1.046m compared to the estimate prepared at the start of the year.

These estimates have been updated reflecting the information available as at December 2020.

These overspends are partially offset by a contingency unallocated budget within the High Needs Block of £0.300m

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	£0.300m - £0.700m	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.

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

**Peter Handford
Director of Finance
& ICT**