

DERBYSHIRE COUNTY COUNCIL**SCHOOLS FORUM****25th June 2020****Joint Report of the Executive Director of Children's Services and the
Director of Finance & ICT****DEDICATED SCHOOLS GRANT OUTTURN 2019-20****1. Purpose of the Report**

To provide the School Forum with a report of the Revenue Budget outturn of the Dedicated Schools Grant for 2019-20.

2. Information and Analysis**2.1. Outturn Summary**

The Dedicated Schools Grant (DSG) allocation to Derbyshire for 2019-20 was £555.704m, comprising the following elements:

Block	£m
Schools	440.170
Central School Services	4.593
Early Years	40.969
High Needs	69.972
Total	555.704

The following amounts were recouped from this allocation and paid directly to Academies and other settings as part of their direct funding agreements with the Education and Skills Funding Agency.

	£m
Mainstream School budget allocations	187.927
High Needs places allocations	8.815
Total	196.742

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 £2.278m of reserves for covering planned expenditure in High Needs and Early Years blocks, meant that the overall resources available to fund expenditure in 2019-20 was £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 the pre and post opening grants of 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 of £3.140m. Other DSG committed reserves totalling £3.328m offset this deficit reserve within the Authority's accounts meaning that the reported overall DSG position is a net surplus reserve of £0.188m.

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:

Item	2019-20 Actual £m	2019-20 Plan £m	(U)/Over spend £m
Income:			
In year Grant (DSG + EFA 6th form funding)	365.787	365.787	0.000
Planned use of reserves	2.278	1.935	(0.343)
18/19 E. Years grant additional funding	0.058	-	(0.058)
Total Income	368.123	367.722	(0.401)
Expenditure:			
Schools' delegated budgets	253.221	253.221	0
Central School Services Block			
Historic Commitments	1.737	1.737	0.000
Former ESG Retained duties	1.620	1.620	0.000
KS1 Growth fund	0.821	2.341	-1.520
Licences	0.600	0.602	-0.002
Admissions	0.552	0.538	0.014
Schools Forum	0.041	0.041	0.000
Support for School MIS	0.039	0.039	0.000
Sub Total – Central School Services Block	5.410	6.918	-1.508
Re-pooled/Top-sliced School Funding	4.674	4.965	-0.291

Item	2019-20 Actual £m	2019-20 Plan £m	(U)/Over spend £m
Early Years			
2 year olds	4.727	4.630	0.097
3 & 4 year olds	33.998	33.952	0.046
Nursery Schools - start of year budgets	0.945	0.945	0.000
Central expenditure on Nursery Schools	0.051	0.028	0.023
Early Years Improvement service	1.201	1.353	-0.152
Pre-school Education Psychology service	0.453	0.468	-0.015
Sub Total – Early Years	41.375	41.376	-0.001
High Needs Block			
Behaviour Services	1.325	1.328	-0.003
Behaviour Support in Schools	0.329	0.348	-0.019
Integration Pathways	3.387	2.495	0.892
Virtual School for Children in Care	0.875	0.969	-0.094
Hospital Tuition	0.063	0.050	0.013
Contribution to Ed Psychology	0.400	0.400	0.000
Specialist SEN Services	2.099	2.145	-0.046
SSEN	4.515	4.628	-0.113
Contribution to Advisory Service	0.034	0.114	-0.080
Vulnerable Children allocation	0.169	0.200	-0.031
Nursery top-ups	0.531	0.341	0.190
Primary Top-ups	9.706	7.426	2.280
Secondary Top-ups	6.506	6.824	-0.318
Special School Places	4.561	4.561	0.000
Special School Top-ups	12.370	11.837	0.533
Special School top-ups - Other LAs &	12.450	10.082	2.368
Post 16 top-ups	3.000	3.360	-0.360
PRU Places	0.337	0.337	0.000
PRU top-ups	1.772	1.468	0.304
PRU to Provision transport	0.316	0.350	-0.034
Contribution to Early Years SEN	0.257	0.257	0.000
Contribution to Inclusion in Derbyshire Schools	0.519	0.519	0.000
Education Direct Payments	0.305	0.284	0.021
Access improvements funded from revenue	0.059	0.050	0.009
SCIP licence	0.075	0.075	0.000
Contribution to Early Help	0.215	0.215	0.000
Contribution to SEN transport	0.080	0.080	0.000
HNB Contingency	0.325	0.350	-0.025
HNB Unallocated	0.000	0.149	-0.149
Sub Total – High Needs Block	66.580	61.242	5.338
Total expenditure	371.260	367.722	3.538
Net overspend	3.137		

A large element of the HNB overspend was on primary top-ups. This was due to an increase in the number of children supported, especially by GRIP top-

ups which are back-dated to the date of initial application. There were also significant overspends against plan for top-ups for children educated in special schools – both those located within DCC and other local authorities and those provided by the independent and non-maintained sectors. This reflected the increase in placements that had arisen since the budgets were set in December 2018 as well as increases during 2019-20.

£0.892m of the High Needs Block 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. Underspends in Authority central services such as the Early Years Improvement Service and SSEN are largely due to staffing vacancies which arose during the year.

The underspend against the Dedicated Schools Grant Income 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. With regards to the re-pooled and top-sliced funds, a breakdown of the funds is provided in the table below:

De-delegated and top-sliced income and expenditure 2019-20

Description	Actual	Budget	(Under)/ Over
	£ million	£ million	£ million
Insurance	1.152	1.174	(0.022)
Trade Union Facilities time	0.207	0.204	0.003
Contingency	0.517	0.399	0.048
Maternity claims – Primary	0.450	0.772	-0.322
Public Duties – Primary	0.006	0.004	0.002
School Improvement	0.831	0.831	0.000
Total	3.163	3.454	-0.291

The accumulated balance of de-delegated and top-sliced funds at 31st March 2020 now stands at £1.063 million.

It is requested that the Forum approve utilising £0.050m of the balance to provide a resource to support work in LA maintained schools which are vulnerable in terms of school improvement. Previous years' allocations approved by the Forum have been used to broker and secure support from a range of providers such as National Leaders of Governance; National Leaders of Education; Teaching School Alliances (from within Derbyshire and beyond).

It is proposed that the balance of the funding be retained to cover any deficit in future years, thus reducing the risk of having to top slice the DSG in the event of an overspend.

2.2 Dedicated Schools Grant (DSG) Reserve

The table overleaf shows the movements in the Dedicated Schools Grant reserve during the year and the anticipated commitments against the balance.

	TAPS/ CLAFE/ School MIS/ EY Cont'y	School Re- pooled Funds	New Schools Transition funds	Uncomm'd DSG	Total
	£m	£m	£m	£m	£m
Balance b/f 1/4/2019	0.235	1.464	1.100	2.804	5.603
Used in year	(0.118)	(0.692) ¹²	0.000	(2.118)	(2.928)
Additions in year	0.046	-	-	0.604 ²	0.650
Subtotal	0.163	0.772	1.100	1.290	3.325
2019-20 outturn	0.000	0.291	1.002	(4.430)	(3.137)
Balance c/f 31/3/2020	0.163	1.063	2.102	(3.140)	0.188

¹ Refund of 2018-19 School Library Service contributions to primary schools.

² Transfer to contribute to HNB deficit approved by Schools Forum.

2.3 Individual Schools' Balances

The Authority only has access to information on LA schools as academies operate to a 31 August financial year end and are part of independent trusts reporting directly to ESFA. Collectively, schools' budgets overspent in-year by a total of £0.588 million after allowing for a reduction of £1.864 million due to schools and PRUs converting to academy status. The following table shows an analysis of schools' balances as at 31 March 2020 compared with the position at 31 March 2019.

	Nurs £m	Prim £m	Sec £m	Spec £m	PRU £m	Total £m
Balance as at 31 March 2020	0.383	20.619	0.436	0.691	0.000	22.129
Balance as at 31 March 2019 – schools remaining maintained	0.445	19.851	0.961	1.460	0.000	22.717
Like for like net Increase/(Decrease)	(0.062)	0.768	(0.525)	(0.769)	0.000	(0.588)
Balances as at 31 March 2019 – schools converted to academy in 2019/20	0.000	0.995	0.638	0.091	0.140	1.864
March 2020 surplus balances (£ million)	0.383	21.366	2.241	0.740	0.000	24.730
March 2019 surplus balances (£ million)	0.445	20.531	2.742	1.460	0.000	25.178
March 2020 deficit balances (£ million)	0.000	0.747	1.805	0.049	0.000	2.601
March 2019 deficit balances (£ million)	0.000	0.680	1.781	0.000	0.000	2.461
	Nurs	Prim	Sec	Spec	PRU	Total
No. schools in surplus 31 March 2020	8	242	10	4	0	264
No. schools in surplus 31 March 2019 (schools remaining maintained)	8	247	10	5	0	270
No. schools in deficit 31 March 2020	0	27	5	1	0	33
No. schools in deficit 31 March 2019 (schools remaining maintained)	0	22	5	0	0	27

In addition to the £22.129 million held by schools, £1.768 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.

In its funding formula for 2020-21, Derbyshire has been able to replicate the National Funding Formula factors in full for schools. The Authority is ensuring that those schools with deficit balances have access to curriculum planning, HR and financial advice to help with their recovery planning.

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. Background Papers

Held on file within Children's Services Department. Officer contact details – Karen Gurney, extension 38755.

6. Officers' Recommendation.

That the School Forum:

- (i) notes the report; and
- (ii) agrees to release £0.050m of re-pooled balances to support school improvement work in LA maintained schools as set out in section 2.2.

Jane Parfremment
Executive Director
Children's Services

Peter Handford
Director of Finance
& ICT