



SCHOOLS FORUM
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ITEM
01/22

**Dedicated Schools Grant Centrally Held Budgets –
2021-22 Final Outturn**

SUMMARY

- 1.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant. Regulations allow any underspends or overspends to be carried forward and dealt with as part of the budget setting process for the following financial year. **Schools Funding Regulations do not permit a redetermination of schools budgets in year.** This report excludes balances held by schools.
- 1.2 The final outturn position for the central elements of the DSG for the financial year 21-22 was a £2.8 million pressure.

Overall DSG balances at the end of the financial year 31 March 2022, were £1.4m deficit (see 3.7). 3.3 gives details of the final out turn.

RECOMMENDATIONS

- 2.1 To note the final outturn position for 2021-22 and cumulative forecast deficit in 22-23.

SUPPORTING INFORMATION

- 3.1 The DSG is reporting a deficit for the first time due to accumulating pressure within the High Needs Block and Early Years Block. The deficit has reduced from Quarter 3 due to the number of High Needs payments not made as previously planned and the reduced demand on contingency budgets.
- 3.2 The total number of EHC plans has continued to increase both nationally and locally. In Derby, there were 2,900 statutory EHC plans maintained by the LA at January 2022. This is an increase of 287 since the previous year. An increase of 11% which is a higher rate than our comparator authorities who have seen an increase of 8.3% (nationally the increase is reported to be 9.9%)

The latest statistical data produced by the Department for Education also shows,

69.7% of Derby Children with new EHC plans attended a mainstream school, compared to 72.8% nationally. And 21.1% attended a special or hospital school, compared to 14.2% nationally.

- 3.3 The High Needs Block outturn was a £2.8m deficit, there are some significant pressures reported, offset by savings including one-off maximisation of grants to ease in year pressures.
- Out of Authority payments for children with SEN reported a pressure of £3.3m (Budget set £12.3m), associated transport costs for these placements are not funded from the DSG but from the Council's General Fund reported a pressure of £2.3m on a £3.5m transport budget.
 - Additional funded places within Special Schools and Enhanced resource units reported a pressure of £0.370m.
 - E3 additional support to mainstream schools reported an underspend of £0.350m, however with £0.750m of payments that were ceased during the year it is anticipated that these will need to be funded (backdated), this presents the service with a forecast pressure going into the new financial year.
 - Personal budgets and additional tailored support reported a pressure of £0.230m
 - Post 16 provision reported an underspend of £0.5m (Budget set £3m)
 - Hospital and Medical provision reported a £0.058m pressure on a budget of £0.330m, this was offset by a reported underspend in behaviour support.
 - Other reported contingency underspends total £0.250m.

The High Needs Transformation Project which had previously been approved is broadly spent as planned, £1.2m with £0.36m remaining, see reserves table below.

- 3.4 The regulations remain whereby there is little or no ability to allow other funding blocks to offset the pressure. This is due to the both the ring-fencing of some of the elements of the DSG and financial pressures across the whole system. The maximum allowable amount of £0.9m (0.5% of the Schools Block) had already been transferred to the High Needs Block with £0.5m used to support in year pressures and the remaining to fund the transformational programme.
- 3.5 The **School's block** and **Central Block** are reporting balanced positions. Maintained school balances held are broadly the same as the previous year-end, circa £8m.
- 3.6 **The Early years block** was forecasting a balanced position in Quarter 3 (which included the anticipated clawback of funding totalling £0.4m due to the reduced actual participation).

The Early Years Block budget is adjusted by the ESFA during the year for early years payments. Due to the actual hours falling in the sector Derby had an in-year clawback during Quarter 4 of circa £1m. The consequences of such a significant budget change is the impact on the initial budget top slice and inclusion fund set at the start of the year, the reduced hours leaves a pressure where the top slice has been set too high, currently there is no mechanism to revisit any top slice budget within the year.

The final out turn is now a reported overspend of £0.677m (budget £19m). This was due to the £1m clawback being partially offset with one off covid funding and increased income generation. The concern with the overspend is reason it was unknown until Quarter 4. Previous years hours have been in line with the budget initially set, however if numbers continue to trend downwards, then there are implications for future year pressures.

A final adjustment for 21-22 is expected in July 22 and at the time of reporting there is an estimated reimbursement of £0.18m in 22-23.

There is a request for £0.278m of this to be carried forward to support projects in the new year, centred around inclusion.

- 3.7 The balance of DSG reserves carried forward into 2021/22 was £4.21m the existing commitments and the 2021/22 deficit leaves the current deficit balance at £1.407m.

To note: the Councils year end accounts will reflect the DSG reserve as £0.7m deficit due to some of the commitments not being actually dispersed.

The forecast deficit for financial year 2022/33 of £4.081m will leave a cumulative deficit balance of £5.488m.

The table below shows the breakdown.

DSG Reserves 21-22		Committed	Actual reserves used in 2021/22	Balance of commitments to be dispersed in 2022/23
		£'m	£'m	£'m
2020/2021	Balance C/fwd	4.21	4.21	-0.721
Commitments approved by school's forum Jan 21	Use of reserves to balance the 21/22 budget	-0.6	-0.6	
Commitment approved by school's forum June 21	Underspend on Early Years will be clawed back in 2021/22	-0.415	-0.415	
Approved as part of the 20/21 budget setting by school's forum January 20	SEN Graduated response	-0.426	-0.426	
Approved by school's forum	E4E school's forum commitment	-0.048		-0.048
Approved by school's forum	IYFA commitments	-0.09	-0.09	
Approved By school's forum October 21	HN transformation	(0.96) – ** £0.36m to be spent	-0.6	-0.36
	2021-22 In Year Deficit	-2.8	-2.8	
	Further committed spend 21-22 AY	-0.278		-0.278
	21-22 FINAL DEFICIT	-1.407	-0.721	-1.407

			As per the statement of accounts	As per the final reported deficit
	Forecast Deficit for 2022/23	-4.081		
	cumulative Deficit 22-23	-5.488		

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Background papers:	None
List of appendices:	None