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Dedicated Schools Grant Centrally Held Budgets – Quarter 3 Financial Position and Forecast 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. This report is to give account on the 2019 20 financial position forecasting to the end of the financial year March 2020.

RECOMMENDATIONS

- 2.1 To note the forecast outturn position for 2019-20, the current forecast is a £2.6m overspend.

The 2019-2020 allocation for the DSG is £234.766 million and is made up of four blocks of funding:

- Schools Block £175.608m
- Central School Services Block £3.956m
- High Needs Block £36.020m (£34.032m net of EFA recoupment for places funded direct)
- Early Years Block £19.183m

- 2.2 To note the implications for the 2019-20 DSG reserve and 2020-21 budget.

SUPPORTING INFORMATION

- 3.1 The current significant pressure reported on the High Needs Block of the Dedicated Schools Grant is currently £2.6m although this could rise during the course of the year as new pressures arise. Areas of overspend are:

- Additional support to children in mainstream settings, element 3 funding ('Top up Funding'). The base budget of £2.38m and contingency of £0.82m are forecast to be spent fully by the end of the year, demand is not abating with plans requesting varying amounts of support. The latest forecast is a pressure of £1.6m on the base budget.
- Independent out of authority specialist placements continue to rise. The base budget was increased by £1.4m to £9.3m this financial year, which has been revised through import and export adjustments to £9m. The forecast spend of children placed outside of the authority is a reported £10.4m for the full financial year, an increase of £0.6m from previous quarter.

The associated transport costs for these placements is not funded from the DSG but from the Council's General Fund and is overspending by an unprecedented £1m. (budget of £2.8m).

- High Needs – Block, Post 16 provision, the budget being increased again this year by £0.3m to £2m, the final budget is £2.8m due to import/export additions from the ESFA recognising the pressure of students out of authority, however the service is forecasting an pressure of £0.5m primarily due to the costs associated with students attending post 19 provisions.
- Additional alternative provision pressure due to numbers of exclusions is £0.3m at quarter 3
- Offsetting the pressures above is and cumulative £1.2m savings due to funding adjustment, rates savings.

There is little or no ability due to the both the ring-fencing of some of the elements of the DSG and financial pressures across the whole system to allow other funding blocks to offset the pressure. The maximum allowable amount of £0.8m (0.5% of the Schools Block) had already been transferred to the High Needs Block as part of the budget setting process.

The Early Years Block is forecasting a breakeven position for 2019-20, a favourable adjustment of £0.3m has been applied to the block for previous year number adjustment.

Central services block has a pressure of £0.5m

- 3.2 DSG Reserve Balances were reported at £2.8 million at the start of the financial year, an unprecedented low level, and are likely to be exhausted by the end of the financial year. The DSG is at a high risk of falling into a deficit position.

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Background papers:	None
List of appendices:	None



