Agenda Item No 4

**DERBYSHIRE COUNTY COUNCIL**

**Schools Forum**

**14th December 2017**

**Report of the Strategic Director for Children’s Services**

**Dedicated Schools Grant Monitoring 2017-18**

1. **Purpose of Report**

To report the latest projected out-turn position for the 2017-18 Dedicated Schools Grant (DSG).

**2. Information and Analysis**

**2.1 Summary**

The DSG is a ring-fenced grant comprising the Schools Block, High Needs Block, Early Years Block and Central Budgets. In 2017-18, these individual elements are not ring-fenced. Any under or overspend on the grant can be carried forward to future years.

Funding allocated to schools, either as their allocated budget or as additional payments during the year for Early Years provision of for additional provision for pupils with High Needs, can be carried forward at the end of a school’s financial year as part of a school’s balance. Funding allocated to schools is therefore treated as fully spent for the purpose of projecting the use of the Dedicated Schools Grant by the LA, regardless of whether the formula allocation is to an Authority school or to an Academy.

Overall, expenditure of £426.757 million is projected against a grant of £423.117 million plus use of previous years’ unspent grant income £4.535 million, a net underspend of £0.895 million.

The table in Appendix 1 shows the analysis of this variance by area and the following paragraphs provide a brief narrative on the reasons for them.

Of the net underspend, £0.243 million overspend is projected on de-delegated budgets of mainstream schools, due mainly to overspending on Trade Union representation, insurance and contingency support to secondary schools. This is partly offset by a projected underspend for primary schools contingency. It is intended that the School Forum be asked that any net overspend on these budgets be offset against the accumulated reserves from previous years’ de-delegated budgets, which currently stand at £0.859 million.

An underspend of £1.585 million is projected on Early Years block budgets of which £1.395 million is the projected underspend on actual payments for hours attended to schools, academies and PVI settings for 2, 3 and 4 year olds at those settings. The DSG Early Years block allocation and budget has been set based on the DfE’s expected hours attended based on January 2015 and 2016 census data and an estimate of the take-up of the additional 15 hours available to working parents. The DfE will recalculate the amount of DSG due to the Authority in July 2018 based on the January 2016 and January 2017 census data and there is likely to be a claw-back of this underspend.

High Needs Block budgets are projected to overspend by £0.856 million. Assuming that the majority of the Early Years block underspend is needed to meet any future DfE adjustment to the DSG in 2018-19, the residual projected overspend would have to be covered from the residual DSG balance which currently stands at £3.162 million.

The most significant area of overspend is on top-up payments for special school placements provided by other local authorities and independent and non-maintained schools. Projected expenditure is £8.879 million and reflects that expenditure on places at independent and non-maintained schools has been growing by 5.4% per year on average over the last four years and expenditure on top-ups at other local authority special schools has increased by almost 28% per year on average over the last four years.

In addition, post 16 top-ups are also projected to overspend by £0.471 million. The overspend is mainly on the top-ups paid to further education colleges and relates to additional places at Derby College for 2016-17 and 2017-18 which were not agreed by the college with the Authority until 2017-18.

**3. Other Considerations**

In preparing this report the relevance of the following factors has been considered – legal and human rights, human resources, equality and diversity, health, environmental, social value, transport, property and prevention of crime and disorder.

**4. Background Papers**

Files held in Children’s Services Finance - Accountancy section.

**5.** **OFFICER RECOMMENDATIONS**

The Schools Forum is asked to note the latest projected outturn of the 2017-18 Dedicated Schools Grant.

**JANE PARFREMENT**

**Strategic Director for Children’s Services**

County Hall

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Appendix 1

|  | **Allocated Resources**  **£ million** | **Expenditure/ (Income)**  **£ million** | **(Under)/ over**  **£ million** |
| --- | --- | --- | --- |
| High Needs Block Top-ups | 36.959 | 38.223 | 1.264 |
| High Needs Block - Special and PRU budgets | 12.266 | 12.266 | 0.000 |
| High Needs Block Central Services & other | 16.312 | 15.904 | -0.408 |
| Other central budgets | 4.549 | 4.564 | 0.015 |
| School KS1 class size fund | 1.100 | 1.100 | 0.000 |
| Schools’ re-pooled budgets | 4.641 | 4.884 | 0.243 |
| Individual School Budgets (Mainstream, maintained only) | 310.427 | 310.427 | 0.000 |
| Central Early Years | 2.328 | 2.136 | -0.192 |
| 2 year old provision | 4.644 | 5.078 | 0.434 |
| 3 & 4 year olds in Private Voluntary and Independent (PVI) settings, schools and Academies | 32.994 | 31.165 | -1.829 |
| Nursery Schools allocated budgets | 1.008 | 1.010 | 0.002 |
| 2017/18 DSG + post 16 grant | -422.693 | -423.117 | -0.424 |
| Drawdown from reserves | -4.535 | -4.535 | 0.000 |
| Total | 0.000 | -0.895 | -0.895 |