

DERBYSHIRE SCHOOLS FORUM

30th June 2021

6:00pm

Virtual Teams Meeting

AGENDA

1. Apologies for Absence
2. Minutes of the Schools Forum meeting held on 28th January 2021 p.2
3. (a) LA Maintained Schools' Insurance 2022-23: Presentation, not circulated in advance
(b) LA Maintained Schools' Insurance 2022-23: Report p.8
4. DSG Outturn 2020-21 p.16
5. SEN Strategic update – presentation (not circulated in advance)
6. DSG Financial Overview & Deficit Recovery Plan p.24
7. Derbyshire's Scheme of Financial Management – Procurement update p.36
8. Platform for future Forum meetings – discussion item
9. Dates of future meetings (provisional, subject to item 8 above):

13th October 2021 6:00 p.m.
1st December 2021 6:00 p.m.
27th January 2022 6:00 p.m.
29th June 2022 6:00 p.m.

Please remember to send any
apologies to
schoolsforum@derbyshire.gov.uk

DERBYSHIRE COUNTY COUNCIL
DERBYSHIRE SCHOOLS' FORUM
Minutes of the Meeting Held on 28th January 2021
At 6pm on Microsoft Teams

Present

Members

George Wolfe	Curbar Primary
Peter Johnston	The Village Federation
Dr Alan Thomas	Northfield Junior School
Thomas Osborn	Baslow St Anne's Primary
Peter Hallsworth	South Normanton Nursery
Chris Greenhough	Swanwick School & Sports College
Martin Brader	Dronfield Henry Fanshawe
Siobhan Johnston	The Brigg Infants
Chris Wayment	ASCL
Philip Curtis	Catholic Dioceses of Nottingham and Hallam
Sarah Lorking	Redhill Academy Trust
Julian Scholefield	Esteem MAT
Emma Hill	Castle View Primary School
Jennifer Murphy	Hunloke Park Primary
Sarah Baker	Team Education Trust
Jeannie Haigh	Willows Academy trust
Daniel Neale	NEU
Lisa Key	QEGS
Michelle Jenkins	Etwall Primary School

Substitutes

Cilla Hollman	Hadfield Infants
Peter Crowe	ASCL
Ben Riggott	Parkside Community School

Observers

Cllr Robert Flatley	Elected Member DCC
Cllr Julie Patten	Elected Member DCC
Cllr Jim Coyle	Elected Member DCC

DCC Officers/others

Saranjit Shetra	Assistant Director, Education and Improvement
Iain Peel	Service Director, Schools and Learning
Paula Williams	Assistant Director, Learning Access and Inclusion
Amanda Gordon	Early Years Manager
Chris Allcock	Children's Services Finance
Phil Burrows	Children's Services Finance
Andy Walker	Children's Services Finance
Karen Gurney	Children's Services Finance
Ruth Lane	Children's Services Finance

Martin Brader chaired the meeting. Chris Allcock welcomed two new members, Councillor Robert Flatley replacing Councillor George Wharmby and Canon Linda Wainscot who replaces David Channon.

Chris Allcock confirmed that the meeting was quorate.

21/01 Apologies

Nick Goforth and Cllr Alex Dale.

21/02 Minutes of the meeting held on 15th December 2020

The minutes were approved for accuracy and there were no matters arising.

21/03 Schools Block 2021 – 22 update – final allocations

Chris Allcock presented an update on the final Schools Block settlement for 2021-22 and the formula multipliers to be used to calculate mainstream schools' budgets.

In order to implement the National Funding Formula (NFF) in full, excluding the Pupil Growth Fund, there is a shortfall of £1.111m. This is slightly higher than at the briefing, due to an in-year budget adjustment for Free Schools. The shortfall will be funded by a draw down from reserves to cover the Free Schools element, with savings in the rates budgets of schools which are set to become academies and £0.615m from the Pupil Growth Fund making up the balance. The latter contribution follows on from the briefing held on 8th January 2021 and subsequent e-mails in support from Forum Members.

There were no comments from the floor and the Forum agreed the report's recommendations.

21/04 DSG Monitoring 2020 - 21

Karen Gurney presented the paper to update the Forum with the Revenue Budget position of the Dedicated Schools Grant (DSG) for 2020-21 up to the end of December 2020.

The expected year-end overspend is £1.994m, however, this includes an underspend of £0.622m which is ring-fenced to schools, resulting in an LA overspend of £2.616m.

The key expenditure variances compared with the budget are underspends of £1.570m and £0.622m in the Central School Services Block/Pupil Growth Fund and re-pooled school funding and an overspend of £4.707m in the High Needs Block (HNB).

The HNB overspend is largely to support children in mainstream settings and in the independent sector and the overspend has grown substantially since the last report to Schools Forum. There is a risk that the overspend could continue to grow before the year end, the risk is estimated to be between £0.300m - £0.700m.

Overall, the forecast overspend would result in an accumulated DSG deficit at 31st March 2021 of ~ £1.5m, which would require the LA to prepare a deficit recovery plan for the DfE. If required, a plan will be brought to the Forum meeting in June 2021.

Julian Scholefield commented that the natural reaction to the increasing spend on the HNB would be to restrict expenditure. However, expenditure on the independent special school sector is also increasing and if we don't invest in state funded schools external costs may rise further. We need to look at an invest to save model and use money wisely. There is a danger of looking purely financially without considering the impact of those potential decisions.

Paula Williams replied that we must consider individual needs and preventative spend. There is a review planned for independent provision and current placements. We are looking to get value for money and don't wish to restrict spending in one area which causes spend in others.

Michelle Jenkins asked about protecting the underspend of re-pooled funding when some budgets like Trade Union facilities release were being cut. Chris Allcock replied we are forecasting an underspend of the re-pooled allocation for this year, although he didn't have an exact breakdown to hand. Some of that has been committed to subsidise an increase in rates in funding collected from schools for re-pooling in 2021-22.

No further comments were raised and the Schools Forum agreed to note the report.

21/05 High Needs Block 2021-22 update

The paper informed the Schools Forum of the High Need Block (HNB) settlement for 2021-22 and considered priorities for funding. The HNB is a matter for the LA but views are sought from the Forum. The settlement is £0.650m more than the July forecast and totals £88.965m. However, whilst this was good news, the emerging problem is that Derbyshire's HNB is forecast to overspend by £4.707m in 2020-21, £3.595m more than the September forecast.

Table 1 shows a sector breakdown of the over/underspends & Table 2 shows the increasing top-up expenditure between 2017-18 to 2020-21. Increases in HNB income have not matched the increases in HNB expenditure. In view of the expenditure trends and the forecast DSG deficit, it has been necessary to re-assess spending for 2021-22. The target, therefore, is to at least keep high needs spending within the grant for 2021-22. Therefore, the only increases shown in budget headings in Appendix 2 are for the Teachers Pay and Pension grants and the contingency which is increased by £1m to £1.3m. However, there is still a risk that the contingency may not be enough. The proposals leave an uncommitted grant of £0.584m. However, since the report was written, further adjustments have reduced this to £0.430m.

Chris Greenhough said that, speaking from a special school point of view, if top-ups were not increased, as discussed at the last meeting, this has a proportionally bigger impact on special schools than mainstream because top-ups represent 50% of their income. No increase would make a mockery of the Minimum Funding Guarantee (MFG) of 1.5% which mainstream schools are receiving, and special schools are not.

Julian Scholefield said he fully agreed with Chris Greenhough and we should look at our HNB plans in the context of other LAs whose positions are worse than ours. If they are overspending, what are the DfE saying to them. He felt that we should have some room for manoeuvre. Not increasing top-ups will increase demand at independent schools. Historically, independent spend was high, then it reduced, and now it is increasing again. We should spend more on state-funded special schools and less on the independent sector. Freezing spending will have a significant impact on special schools.

A conversation took place on the 'meeting chat'. Iain Peel asked Julian to expand on his 'room for manoeuvre comment' to which Julian replied that as other LAs have been overspending on HNB for a number of years, presumably Derbyshire would be allowed latitude also. Iain replied that others have either applied to the DfE to move funding from the Schools Block, applied cuts and/or reduced top ups etc. Paula Williams added that she believed all LAs with an overspend are asked to prepare a recovery plan.

Chris Allcock replied that in December we were looking at a top-ups increase of 1.45% and that approximately 60% of special school funding came via this funding stream. Mainstream schools were also not going to see an increase in funding for their top ups. However, he understood that schools were set to receive at least 1.5% via the MFG in their Schools Block

funded budgets and understood the points that Chris Greenhough and Julien were making regarding equity.

Chris Allcock had undertaken a quick internet trawl and found that Surrey have an accumulated DSG deficit of £80m, anticipated to increase to £101m in 2021-22. Cambridgeshire have a DSG deficit of £30m although this wasn't clear whether this was for one year or an accumulated position and Devon's deficit was £46.5m. He didn't know what the DfE were saying but assumed the LAs had approved recovery plans. Derbyshire's position, although concerning, was not on the scale of these and some other LAs.

No further comments were raised and the Forum noted the report.

21/06 Early Years Block 2021 - 22

Chris Allcock presented the paper to update the Schools Forum on the Early Years Block announcements for 2021-22 and seek approval to Central Early Years budgets for next year. For information, the Schools Forum set early years central budgets and the LA the formula.

No increase in the DfE's hourly rate had been received in 2020-21, Derbyshire's rate being £4.39. For 2021-22 all LAs will receive a £0.06 increase on their pure EYFF with a minimum of £4.44. As Derbyshire's pure EYFF rate for 2021-22 is £4.30, the on-going protection of £0.14, raises our rate to the £4.44 minimum. This means our actual the increase is £0.05, (£4.44 - £4.39) a 1.14% increase on 2020-21.

The settlement for this block is always indicative as it is based on January 2020 census data. Final 2021-22 allocations will be based on the actual January 2021 and January 2022 census data. There is concern that as the January 2021 census drives the funding allocation for January to August 2021, and attendance is low due to Covid 19, if attendances increase during the summer there may be a gap between funding and costs. The DfE have, however, included a safety net that January 2021 census funding could be lifted up to 85% of January 2020 levels if attendances increase.

The DfE have said that the Maintained Nursery Schools grant for the period September 2021 to March 2022 (£0.582m) is conditional and thus unconfirmed. The DfE expect to comment further in early 2021 but the government remains committed to the long term funding of nursery schools.

Peter Hallsworth commented that MNS grant and future funding for nursery schools is an area for concern and all through the pandemic they have been lumped together with PVI's and not been able to claim for additional funding as schools have e.g. PPE and sickness support etc. Peter had attended a meeting with Vicky Ford MP, who said that it was planned that nursery schools and PVI's should have parity in funding in the future.

No further comments were made and the Forum agreed the report's recommendations.

21/07 Pupil Growth Fund Budgets 2021-22

Chris Allcock presented the paper to inform the Schools Forum of the LA's Pupil Growth Fund for 2021-22 and to seek approval to its allocation. The total allocation is £2.495m and is based on increases in pupils in Middle Super Output Area (MSOA) counts between October 2020 and October 2019 plus new schools registered for the first time in October 2020. The fund can be used to: Support additional classes needed to meet infant class size regulation; support growth in pre-16 pupil numbers to meet basic need; meet the costs of supporting free schools and support mainstream school and academy budgets

The Forum noted the agreement to use Pupil Growth funding to support mainstream school and academy budgets following the recent briefing.

Support for Infant Class Sizes

Chris proposed that the current arrangements continued in that schools with more than 300 pupils on roll were ineligible for support and all schools are expected to self-fund the first £500 per month of any claim.

The current budget is £1.128m equating to around £9 per pupil, a level still above the most recent figures published by the DfE for our statistical neighbours.

The Forum agreed a KS1 class size base budget of £1.128m for 2021-22 and agreed to retain the existing allocation arrangements also for 2021-22.

Support for In-year pupil increase to meet basic need

Chris proposed a £0.250m fund to support in-year pupil increases where the LA has required the school or academy to admit a significant number of children. The first 1% of any claim must be borne by the school and they should utilise any existing balances if at all possible.

The Forum agreed an in-year pupil increases budget of £0.250m for 2021-22 and to retain the existing eligibility arrangements for 2021-22.

New Free Schools

Two new primary free schools opened in September 2019, another in September 2020 and one more is planned to open in September 2021. A further four primary schools are planned under the DfE's Free School Presumption process for September 2023 & 2024. Additionally, there are a further three schools currently under consideration for direct funding from the DfE which, if agreed via that process, would not have a claim on DSG funding.

The paper then explained the background to pre and post opening support for Free schools and gave an estimate of the long term costs and required future contributions to the Free Schools reserve.

The Forum noted the forecast position in respect of Free Schools and agreed to contribute £0.500m to the Free schools Reserve for 2021-22.

21/08 Central School Services Block 2021 – 22 – further update

Chris Allcock presented the paper to update the Schools Forum regarding the final 2021-22 Central School Services Block (CSSB) allocation and seek approval to some residual actions.

Since the paper presented at the last meeting there has been an increase in income of £0.664m in respect of increased pensions costs and a slight reduction in the budget requirement for copyright licences of £0.021m.

The pensions allocation is to meet the increased costs of the increase in employer contributions from 14.48% to 23.68% of gross pay from September 2019 for centrally employed teachers. It is unclear why this has been allocated as part of the CSSB rather than the relevant HNB and EYB where the staff are employed. Most of the additional CSSB funding can be set aside towards the expected DSG deficit as the costs of staff in the other DSG blocks have already been budgeted for within those blocks. It is thought that £0.169m of the pension funding relates to staff employed in the Adult Education Services. Karen Gurney

confirmed that regulations regarding the CSSB had just been changed and allowed this funding to be transferred to the Adult Education Service within the LA.

No comments were raised from the floor.

The Forum agreed the report's recommendations.

21/09 Dates of future meetings

30th June 2021 at 6:00 p.m. – Teams Meeting

The meeting closed at 7.10pm.

DERBYSHIRE COUNTY COUNCIL**SCHOOLS FORUM****30th June 2021****Joint Report of the Executive Director for Children's Services and
Director of Finance & ICT****LA Maintained Schools' Insurance 2022-23****Purpose of the Report**

To inform the Schools Forum of potential changes to the arrangements for providing local authority maintained schools' insurance cover and to seek initial views.

2. Information and Analysis**2.1 Current Position**

LA maintained schools' insurance is provided by a combination of measures. For mainstream primary and secondary schools, funds are de-delegated from budget shares at the rate of £22.56 per pupil (2021-22 rate) which funds blanket insurance cover for such as premises, employers' liability, public liability; building work; governors liability; employee and third party dishonesty; libel and slander and cash in transit.

Outside of these arrangements, individual schools can purchase specific insurances for buildings and contents, personal accident, travel insurance and staff or school vehicle cover.

The national funding framework does not permit the de-delegation of funds for nursery and special schools so individual schools make their own decisions each year. All nursery and special schools currently insure through the Authority's current insurers.

2.2 Issues for 2022-23

There are two inter-related insurance issues to consider for next year on which the Authority will need to seek the views of schools and the Schools Forum. The first is to decide the basis for funding future insurance arrangements, specifically whether or not funding for mainstream schools should continue to be de-delegated, assuming the national framework continues to allow this.

The second issue to decide is whether the current insurance contracts should continue and, if not, which alternative provider to use. The Authority's current insurance contracts are set to run until 2024. However, the Authority has an option to exercise a break clause in the contracts which would allow alternative arrangements to be put in place from May 2022.

2.2.1 **De-delegation of funding (mainstream)**

In looking at the options, it would greatly assist the Authority to understand schools' preferences regarding de-delegation and assessing this position will be subject to a consultation at the start of September. For its part, the Authority remains of the view that commissioning blanket insurance on behalf of all schools is the preferred option. The main reasons for this are so that the Authority and schools can be assured that:

- the insurance provided is affordable;
- economies of scale can be achieved across all Derbyshire Schools;
- the education of Derbyshire pupils will continue in the event of a major loss;
- both schools' and the Council's insurable interests are met;
- the policy terms and conditions are appropriate;
- the provider is registered with the Financial Conduct Authority;
- the provider has a good track record of dealing with claims; and
- has the financial capacity to provide the level of business support required.

If schools and/or the Schools Forum are not supportive of de-delegating insurance, or if the national framework were not to permit this, an alternative approach would be required. This would necessitate schools commissioning their own insurance from next May. If this were the case, schools would be bound by the requirements of the Authority's Scheme of Management, section 10 of which states: *"If funds for insurance are retained by any school, the County Council will require the school to provide reasonable evidence to demonstrate the parity of cover and not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier for cover relevant to the County Council's insurable interests. It may also be necessary for insurance to be in joint names of the Governing Body and the County Council."*

In determining the relevant minimum level of cover, the Authority will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such requirement, rather than applying an arbitrary minimum level of cover for all schools (see also 6.2.6)."

Section 6.2.6 of the Scheme sets out the circumstances in which the Authority may charge an individual school's budget and states: *"Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority (see also 10.1);"*

In such circumstances the Authority would seek to put in place insurance arrangements to mitigate against individual schools who fail to demonstrate that they have arranged appropriate alternative insurance cover. Any associated costs would be charged under Section 6.2.6.

Notwithstanding the choice of supplier, which will be covered in section 2.2.2 below, the Authority's strongly preferred option is to seek the support of schools, and subsequently the approval of Schools Forum, to continue to de-delegate funding for the majority of insurances for 2022-23.

2.2.2. Insurance Cover 2022-23

The current insurance arrangements with the Council's Insurers have a break clause which, if triggered, would take effect from May 2022. However, should the Authority decide to exercise this option, it would need to notify the Insurers of its intentions by the end of 2021 or January 2022, at the latest.

The Authority continually looks at the insurance marketplace and at this point has identified the following options:

- School and Academy Insurance Framework (SAIF) – policies provided by Zurich Municipal, one of the leading providers of insurance within the public sector. The base cost is £17.75 per pupil in year 1, £18.00 in years 2 and 3. Schools would be committed to stay with SAIF for 3 years. This scheme would allow schools to access support of the Authority in the event of a claim or coverage query. The indicative price quoted reflects all DCC schools joining the scheme to achieve economies of scale.
- DfE Risk Protection Arrangement (RPA) Scheme – this is the DfE's standard insurance for academies, which is now available to LA maintained schools not covered by an existing insurance contract. The base cost from September 2021 is £19 per pupil. Schools can give a three month notice period to leave the RPA. However, this scheme is a discretionary mutual with no guarantee that claims will be paid and joining the scheme will mean that schools potentially lose all insurance and claims support.
- Exercise the break clause and join the SAIF for a one year period –. The Authority runs a procurement for Derbyshire schools in 2022-23 to obtain a competitive schools standalone insurance program.
- Remain in the current Derbyshire scheme – provided by the Authority's current insurers and recharged at the base rate of £22.56 per pupil. If renewed the contract would commit schools until 2024. The Authority runs a procurement for Derbyshire schools in 2023-24 to obtain a competitive schools standalone insurance program.

Attached as Appendix 1 is a comparison of the cover provided by each insurer. Both the RPA and SAIF are at a lower cost than the current Council contract. However, there are some differences in cover which may mean an additional charge under Section 6.2.6; however, this will be evaluated in conjunction with any improvements in cover secured.

In addition, the Authority has some concerns regarding the DfE's RPA scheme, the main one being that it is a discretionary mutual which means the payment of any claim is at the RPA's discretion and will not be contractually guaranteed as it would be under a contract with a reputable insurer. The RPA also has stringent risk management procedures that schools must adhere to in order for a claim to be paid. If schools were to join the RPA scheme, it would also completely remove the Council from any risk; insurance and claims support. One of the key features that schools value from the current arrangements is that the policies are administered by Council staff with an extensive knowledge of the specialist nature of school insurance. The current team have extensive experience of working with

other divisions of the Council to resolve large losses and risk issues, combining the knowledge of all teams working together to come up with a solution.

One important point to note is that at the point the current insurance contract with the current insurers is broken, schools could choose to join the RPA or alternative supplier, irrespective of what de-delegation decisions may have been made. The proposed consultation in September will ask schools to indicate if joining the RPA or alternative supplier is something they would be “minded” to do. This will provide useful intelligence for the Authority in its ongoing discussions with potential insurers.

By contrast the SAIF, although a national scheme, would continue to be administered locally, thus allowing schools to benefit from continued support from Council staff. The base cost is also marginally below that of the RPA.

Further alternatives would be for the schools to either continue with the current arrangements as they stand or to exercise the break clause and join the SAIF; but for the Authority run a competitive tender to create a Derbyshire Schools scheme in 2023-24 or 2022-23 respectively with a view to obtaining better cover than the RPA or SAIF for a comparable cost to either scheme as an alternative.

2.3 Next steps

September 2021 - Publish a consultation with schools seeking their views on de-delegation for 2022-23 and an indication of whether or not they would be minded to join the RPA scheme, should the Council exercise the break clause with AIG.

19th October 2021– results of consultation presented to Schools Forum for a decision on de-delegation.

November 2021 – write to schools updating them and advising what actions, if any, they need to take.

The views of the Schools Forum on the report and the issues raised are welcomed.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, HR, legal & human rights, environmental, health, property and transport considerations.

4. Background Papers

Held within Finance.

5. Executive Director’s Recommendations

- (i) That the Schools Forum notes the report and offers its views on the issues raised; and
- (ii) Agrees to receive further updates on this issue in the autumn.

Jane Parfremment

Executive Director for Children's Services

Summary of cover

Appendix 1

Cover	RPA	Schools & Academy Insurance Framework (SAIF)	Current Derbyshire
Material damage: Loss or damage to buildings, contents, computers and stock owned by or the responsibility of the academy	Reinstatement value of the property (<i>accidental damage not included</i>)	Reinstatement value of sum insured. <i>Zurich Municipal theft policy operates on "all theft" opposed to forcible entry/exit.</i>	Reinstatement value (subject to average) of the property, theft cover forcible and violent means of entry/exit out of school hours
Business interruption (BI): Compensation for increase in cost of working, resulting from interruption or interference with the business following a material damage loss	£10,000,000 any one loss (36 month indemnity period)	£6,000,000 over 48 months	£25,000,000 any one occurrence 48 months
BI – Loss of Revenue: Loss of Revenue insures your school's income streams, following a building claim	Not included	Not included	Not included
BI – Loss of Data: Loss of Data covers the expense associated with reinstating data from back-up servers	Not included	£25,000	£100,000
Works in progress: Works in progress cover will cover properties which are undergoing repair, renovation or major rebuilding work	£250,000 (fixed)	£500,000 (flexible) Flexible is included as ZM are able to extend this should a large renovation/ extension occur in a policy year.	£2,500,000 (flexible – notice required) also includes existing structures
Money: Loss of money whilst in transit or elsewhere	Various, including cash on premises or in transit £5,000	Various, including cash on premises or in transit £5,000	Various, including cash in transit £20,000, up to £10,000 in safe (on premises the limit can be agreed based on the type of safe)
Hirers liability: Cover for hirers in the event of damage or personal injury caused by their activity.	Included in public liability	£2,000,000	£5,000,000
Cover	RPA	Schools & Academy Insurance Framework (Zurich Municipal)	Current Derbyshire

Governors liability (inc. Trustees): Governors' liability expense	£10,000,000	£5,000,000	£50,000,000
Public liability: For all sums the academy may become legally liable to pay (including claimants' costs and expenses) as damages in respect of accidental third party injury or third party	Unlimited	£25,000,000 per incident <i>ZM cannot promise an unlimited sum as regulated commercial insurers. However, they do not have any academies which have more than £25m for PL and EL</i>	£50,000,000
Employers liability: All sums the academy may become legally liable to pay (including claimants' costs and expenses) following death, injury or disease sustained by employees and arising out of and in the course of their employment	Unlimited	£25,000,000 per incident <i>ZM cannot promise an unlimited sum as regulated commercial insurers. However, they do not have any academies which have more than £25m for PL and EL</i>	£50,000,000
Libel and slander: Libel & Slander in the event you are sued for comments made verbally or in writing including via social media	Included in public liability	£2,000,000	£50,000,000
Deterioration of stock: Loss of stock including frozen and refrigerated food	£3,000 any one loss	£2,000	£3,000
Employee and third party dishonesty: Direct pecuniary loss due to the dishonesty of academy. Employees and/or theft of money by computer fraud	£500,000	£1,000,000	£10,000,000
Personal accident: Compensation for accidental bodily injury to Employees, governors, trustees, volunteers and pupils of the academy, whilst on the business of the academy in the UK	Included	Included	Optional

Cover	RPA	Schools & Academy Insurance Framework (Zurich Municipal)	Current Derbyshire (AIG)
Legal expenses: Reimbursement of legal expenses relating to employment disputes, contractual disputes, tax investigations, civil actions in relation to school expulsions	£100,000	£250,000	Optional
School journey (winter sports included): Compensation for travel related costs outside of the UK including medical expenses, loss of baggage, cancellation, curtailment, rearrangement and change of itinerary. Compensation for accidental bodily injury to Employees, governors, trustees, volunteers and pupils of the academy whilst on the business of the academy outside of the UK	Included	Included	Optional
Terrorism: Damage caused as a result of a Terrorist Act	Included in material damage	Optional	Full reinstatement value

DERBYSHIRE COUNTY COUNCIL**SCHOOLS FORUM****30th June 2021****Joint Report of the Executive Director of Children's Services
& Director of Finance & ICT****DEDICATED SCHOOLS GRANT OUTTURN 2020-21****1. Purpose of the Report**

To provide the Schools Forum with details of the Revenue Budget outturn of the Dedicated Schools Grant for 2020-21.

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

The Dedicated Schools Grant (DSG) and 6th form grant income recorded by the Authority in 2020-21 was £368.052m. This, plus the release of a reserve holding rates refunds in respect of schools of £0.701m, resulted in income of £368.753m being available to fund expenditure in 2020-21.

The Revenue Budget Outturn Statement showed full year expenditure of £370.037m. The overspend compared to income is £1.284m, however this includes an underspend of £1.370m which is ring-fenced to schools and a further £0.850m underspend of school growth funding, £0.322m of which has been earmarked to contribute to pre and post opening grants to planned new schools. The overspend falling to the Authority is therefore £2.976m.

The Authority will report a DSG deficit reserve at the end of 2020-21 of £6.188m. Other DSG committed reserve balances totalling £5.030m partially offset this within the Authority's accounts meaning that the aggregate reported DSG position is a net deficit reserve of £1.157m.

Following a consultation with LAs and other stakeholders, the DfE have amended the School and Early Years Finance (England) Regulations such that a DSG deficit must be carried forward to be dealt with from future years' DSG income, unless the Secretary of State authorises the LA not to do this.

In anticipation of the pressures in the system, the Schools Forum agreed in January 2020 to under-allocate some of the 2020-21 Pupil Growth fund within the Schools Block. The Forum agreed to leave £1.325m of the Pupil Growth fund grant (£3.428m) for unallocated as a positive contribution towards the shortfall and the reported position for 2020-21 reflects this contribution.

In setting budgets for 2021-22, the core Schools Block was overcommitted to maintain the National Funding Formula factors where the rise in pupil related counts were not yet reflected in the calculation of funding allocated to the

Authority. The shortfall was met from the Pupil Growth Fund which, together with other spending decisions, meant that this Fund was fully committed in 2021-22 and unable to make a further contribution to the deficit.

The only planned contribution to the deficit in 2021-22 is from the Central Schools Services Block which the Schools Forum agreed should be under-committed by £0.725m for this purpose.

The significant areas of expenditure and income for 2020-21 are shown in the table below:

	Budget £m	Actuals £m	Over/ (Under) Spend £m
Expenditure			
Central School Services Block	4.265	4.262	(0.003)
Pupil Growth funding incl KS1	3.448	1.273	(2.175)
Re-pooled school funding	4.489	3.119	(1.370)
Early Years Block – Central LA expenditure	1.338	1.220	(0.118)
Early Years Block - Schools/PVI	39.676	40.221	0.545
High Needs Block – LA expenditure	64.353	69.606	5.253
High Needs Block – LA Maintained Special School Places	3.200	3.200	0.000
Schools Block – LA mainstream Primary and Secondary schools	247.136	247.136	0.000
Total Expenditure	367.905	370.037	2.132
Dedicated Schools Grant Income	(361.746)	(361.873)	(0.147)
6th Form Grant	(6.159)	(6.159)	0.000
Release of rates reserve	0.000	(0.701)	(0.701)
Total Income	(367.905)	(368.753)	(0.848)
(Surplus)/Deficit	0	1.284	1.284

2.2. Key Variances

2.2.1. Pupil Growth funding, underspend £2.175m

£0.725m of the funding for 2020-21 was earmarked, with the approval of School Forum, for pre and post opening grants for new schools. Grants of £0.403m were made during 2020-21 and the unspent balance of £0.322m has been transferred to an earmarked DSG reserve to contribute to expected future payments to new schools. Schools Forum approved that £1.325m could remain uncommitted for 2020-21 to be set against either in-year or accumulated overspend within the High Needs Block.

The balance of the underspend, £0.528m, is primarily due to the allocations to support schools to meet KS1 class size requirements being lower than anticipated.

2.2.2. Re-pooled school funding, underspend £1.370m

The net underspend is ring-fenced to schools and has arisen mainly because claims from primary schools for the cost of covering staff on maternity leave were lower than the re-pooled amount leading to an underspend of £0.420m. Also, the top-sliced amount collected for redundancy costs exceeded actual costs in year by £0.701m. This underspend has been transferred to an earmarked DSG reserve.

Despite the challenges facing the overall DSG, it is requested that the Forum approve utilising £0.050m of the re-pooled 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).

An update on the impact of the £0.050m approved from the 2019-20 pooled balances is provided at Appendix 2. The Schools Forum is invited to consider the request for an equivalent allocation for use in the 2021/22 academic year.

2.2.3. Early Years Block – Schools/PVI, overspend £0.545m

The final Early Years Block allocation for 2020-21 will not be determined until November 2021 (usually July) and will be calculated 75% on January 2020 planned attendance and 25% on January 2021 planned attendance at schools and settings.

Although Early Years settings were open during the lockdown period between January and March 2021, attendance in January 2021 was lower than that experienced throughout February and March 2021. The Authority's expenditure is driven by the number of hours that children actually attend settings and the funding is driven by the planned attendance recorded in January 2021. Children's Services Finance has estimated the grant value reflecting the recorded January 2021 attendance and compared this to actual expenditure during the period January 2021 to March 2021. Expenditure is expected to exceed the grant income and this position has been reflected in the 2020-21 outturn. This is the main cause of the overspend on the Early Years block.

2.2.4. High Needs Block, overspend £5.253m

Appendix 1. shows a more detailed breakdown of High Needs Block spending for 2020-21 compared to the budget allocations.

Top-ups paid to mainstream schools in Derbyshire were greater than planned by £3.063m, mainly due to a greater number of children for whom this support was assessed as being required.

Expenditure on top-ups paid to special schools within Derbyshire exceeded plan by £1.209m, again mainly due to an increase in the number of children receiving support in their education from these establishments.

Planned spend for children educated in schools in other local authority areas, or where provision was made in independent and non-maintained special schools, was also exceeded by £2.417m. The higher spend was due increases in both the numbers of children supported in this way and the average cost of provision overall.

These overspends were offset by underspends on High Needs Block central services provided by the Authority totalling £1.048m. These underspends are primarily due to lower travel expenditure and lower expenditure on supplies and services due to staff working remotely and delivering support virtually. There was also lower expenditure on specific support for individual pupils due to lower referrals into services.

2.2.5. Dedicated Schools Grant income, underspend £0.147m

The underspend is due to a grant adjustments in respect of Early Years block 2019-20 received during 2020-21 following finalisation of grant allocations for the Early Years Block.

2.2.6. Release of Rates Reserve, underspend £0.701m

The underspend is due to the release of rates refunds received in respect of schools where appeals against valuations had been lodged. School rates are funded by the DSG – individual schools being funded on the basis of actual costs - and it is therefore appropriate that reductions in this expenditure are allocated back to the DSG and help mitigate against the deficit position.

2.3. DSG Reserves

The table below shows the movements in the individual elements of the Dedicated Schools Reserve during 2020-21.

The Authority is now recording an overall deficit on the DSG reserve of £1.157m which represents cumulative overspend against allocated grant of £6.188m which is being offset by other earmarked DSG funds.

The Department for Education (DfE) has issued a template recovery plan and has indicated that Authorities that show either a deficit DSG balance or a significant reduction in their DSG reserve will need to demonstrate to the DfE that an action plan is in place to address this deficit. Derbyshire is building on the work identified within the SEND review by ISOS to ensure that SEND provision is effective and efficient and continues to make representations to DfE to ensure that need is adequately funded.

Reserve title	Balance before final DSG outturn Surplus/ (Deficit)	Increase/ (Decrease)	Balance at 31 March 2021
	£m	£m	£m
Uncommitted DSG	(3.228)	(2.959)	(6.188)
Support for pupils in schools	0.038	-	0.038

New Schools pre and post opening grants	2.102	0.322	2.424
Schools re-pooled funds	1.063	1.370	2.433
Early Years contingency	0.152	(0.016)	0.136
Total	0.127*	(1.284)	(1.157)

*Note: The closing balance at the end of March 2020 was a surplus of £0.188m however £0.061m was drawn down during the year, mostly to cover increases to the budget allocated for schools' rates bills where these changed from estimates set at the start of 2020-21.

2.4. Individual School Balances

Collectively, local authority school and PRU budgets underspent in-year by a total of £11.355 million after allowing for a reduction of £0.328 million due to schools converting to academy status. The following table shows an analysis of schools' balances as at 31 March 2021 compared with the position at 31 March 2020.

	Nurs (£ million)	Prim (£ million)	Sec (£ million)	Spec (£ million)	Total (£ million)
Balance as at 31 March 2021	0.517	29.459	2.313	1.066	33.356
Balance as at 31 March 2020 – schools remaining maintained	0.383	20.082	0.858	0.678	22.000
Balance as at 31 March 2020 – schools converted to academy in 2020/21	0.000	0.537	(0.422)	0.013	0.129
Net Increase/(Decrease) (£ million)	0.134	8.840	1.878	0.375	11.227
March 2021 surplus balances (£ million)	0.517	29.760	2.949	1.090	34.316
March 2020 surplus balances (£ million)	0.383	20.619	0.436	0.691	22.129
March 2021 deficit balances (£ million)	0.000	0.300	0.636	0.024	0.960
March 2020 deficit balances (£ million)	0.000	0.737	1.097	0.049	1.883

In addition to the £33.356m held by schools, £1.569m 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.

The significant increase in overall balances is driven by lower spending in schools during the year due to fewer pupils in school and the cancellation of exams. In addition, schools receive additional grants from DfE for PE and catch-up for pupils and the opportunities to run activities and programmes using these funds has been constrained due to the pandemic during 2020-21.

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' Recommendations

That the Schools Forum:

- (i) notes the report; and
- (ii) considers the request 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**

	Budget £	Actuals £	Over/(Under) Spend £
HNB Recoupment	10,698,948	10,698,948	0
Out of County Special Provision	13,183,824	15,600,807	2,416,983
HNB Special Top ups	12,648,043	13,857,427	1,209,384
HNB Secondary Top up	6,947,024	7,591,280	644,256
HNB PRU Top ups	1,740,233	1,755,796	15,563
HNB Primary Top ups	9,012,210	11,437,186	2,424,976
HNB Nursery Top ups	374,582	468,265	93,683
Post 16 SEN non school provision	3,846,624	3,670,470	(176,154)
Children Missing Education	3,649,251	3,312,052	(337,199)
HNB SSSEN - Specialist Teaching	4,736,186	4,476,708	(259,478)
HNB SPSS Sensory & Physical Impairment Support Service	2,154,067	2,008,737	(145,330)
HNB Virtual school	1,031,019	968,628	(62,391)
HNB Social and Emotional Mental Health Services	1,927,170	1,709,438	(217,732)
HNB Contribution to Education Psychology Service	400,000	400,000	0
HNB - Behaviour Support - TAPS	324,157	173,388	(150,769)
DSG Access & Inclusion	314,000	110,418	(203,582)
HNB Contingency	500,000	377,742	(122,258)
Other HNB	1,564,220	1,687,401	123,181
Total High Needs Block	75,051,557	80,304,691	5,253,134

The purpose of the funding agreed by the Schools Forum is to support LA maintained schools which are vulnerable in terms of school improvement and which are also experiencing significant financial constraints.

During this academic year, 16 schools have been supported through this additional funding. The amount of funding allocated for improvement activities for an individual school ranges from £375 to £9,250.

The funding has been used to broker and secure support from a range of colleagues such as National Leaders of Governance, headteacher mentors; teachers; teaching assistants, link advisers, teaching, learning and assessment consultants, early years improvement officers and external partners. The various types of support have included reviews of school self-evaluation, governance, provision for pupils with Special Educational Needs and Disabilities (SEND) and children in the Early Years. Mentoring and coaching support has been provided for Senior Leaders including headteacher designates, new headteachers and subject leaders. Specific training and guidance have also been provided to secure improvements in the leadership of different subject departments, SEND and phonics.

Although it is difficult to isolate the impact of explicit activities on school improvement, it is notable that those schools inspected by Ofsted this academic year have been able to secure a judgement that, 'Leaders and those responsible for governance are taking effective action to provide education in the current circumstances.'

SCHOOLS FORUM**30th June 2021****Report of the Executive Director for Children's Services****DSG Financial Overview and Deficit Recovery Plan****1. Purpose of the Report**

To update the Schools Forum of the Department for Education's (DfE) revised processes for managing local authority Dedicated Schools Grant (DSG) deficits and to provide details of the current position for Derbyshire.

2. Information and Analysis**2.1 DSG Accounts 2020-21**

The 2020-21 outturn report – item 4 on this meeting's agenda – reported the LA's DSG balances, excluding those held by schools, as having a deficit of £1.157m. This total consists of a DSG General Reserve deficit of £6.188m, partially offset by £5.030m held as earmarked reserves, including funds for new free schools and the accumulated balance of resources re-pooled from schools since 2013-14.

There are two key points to note. First, local authorities which report an accumulated deficit must have a plan to deal with it, see section 2.2 below. Secondly, and for the avoidance of doubt, the problem to be resolved is the deficit on the main DSG reserve (£6.188m). The earmarked reserves will, as their title suggests, be required to meet future years' costs. These funds cannot be assumed to be available to offset the General Reserve deficit unless the liabilities they are intended to fund reduce.

2.2 DfE Reporting process

The DfE's Dedicated Schools Grant (DSG): conditions of grant 2021 to 2022 published at [DSG: conditions of grant 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/dsg-conditions-of-grant-2021-to-2022) require the following:

“Any local authority that has an overall deficit on its DSG account at the end of the 2020 to 2021 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education in handling that situation. In particular, the authority must:

- *provide information as and when requested by the department about its plans for managing its DSG account in the 2021 to 2022 financial year and subsequently*
- *provide information as and when requested by the department about pressures and potential savings on its high needs budget*
- *meet with officials of the department as and when they request to discuss the authority's plans and financial situation*

- *keep the schools forum regularly updated about the authority's DSG account and plans for handling it, including high needs pressures and potential savings*

The Secretary of State reserves the right to impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation."

It is also worth noting that the Conditions of Grant confirm that *"a 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 remainder of this report focusses on the LA's plans to address the DSG deficit.

2.3 DSG Deficit Recovery Plan

Enclosed with this report is a financial Recovery Plan which summarises future years' estimated income and expenditure, including the impact of possible measures to help address the deficit. This report should be read alongside that summary.

The focus of the summary is the high needs block as this element has the single largest influence on the over DSG's balances. The objectives of the LA's recovery planning are to ensure that over a manageable timeframe:

- The accumulated deficit on the General DSG reserve is recovered; and
- Annual HNB costs are contained within the level of the high needs grant.

N.B. It needs to be recognised that many of the assumptions in the summary are outside of the LA's control e.g. future DSG funding levels, demographic and inflationary cost pressures etc. The accuracy or otherwise of these assumptions will have a material impact on the robustness of the plan. For example, if income estimates were to fall short of the levels assumed, and/or demographic cost pressures were exceeded, further measures would be needed to address the resultant shortfall. Accordingly, the plan will be updated regularly in the light of changes to internal and external factors, including the outcome of consultations and any subsequent changes to policies and priorities.

Future iterations of the Recovery Plan will reflect the outcomes from the Authority's normal financial monitoring work undertaken during the year. The key points of the Recovery Plan are covered below.

2.3.1 High Needs Income (SECTION A of Plan)

Establishing the level of grant is particularly problematic for 2023-24 onwards as those years will be covered by the next national Comprehensive Spending Review settlement. The income assumptions at this point are as follows:

2022-23	Increase reflects East Midlands 2021-22 average (7.62%) less the possible impact of Derbyshire losing £0.5m (0.55%) due to changes to its historic spend baseline.
2023-24 onwards	As per 2022-23 but with a lower starting percentage.

N.B. each 1% variation in the actual increase equates to around £1m. Based on the assumptions in this section, by 2024-25 gross income will have increased by 19.8% compared with the 2021-22 budget.

The LA's gross HNB grant is adjusted to reflect movements of pupils between local authorities, these are known as "imports" and "exports". In essence, some of the children for which an authority is responsible may receive their SEN provision in another authority's institution. The responsible, or "home" authority is said to have exported these children to the other "host" authority. If no funding adjustment were made, the home authority would benefit financially as the host LA would be responsible for the £6k Element 2 funding. The import/export adjustment corrects for these transfers, deducting £6k per place from the exporting "home" LA's DSG, adding the equivalent sum to the importing "host" LA's funding. N.B. the "home" LA retains the responsibility for top up payments (Element 3).

Also included as an export (only) adjustment are placements in institutions for which the Education and Skills Funding Agency (ESFA) is the responsible funding body e.g. non-maintained specialist schools.

The combined impact of movements of pupils between Derbyshire and other LAs, and including ESFA funded institutions, has been to increase the deduction from our DSG from £1.878m in 2017-18 to £2.418m (provisionally) for 2021-22. The net high needs grant is the gross allocation less the import/export adjustment.

2.3.2 High Needs Expenditure (SECTION B of Plan) – based on current practices

Places – Since 2018-19, the start of year places commissioned by the LA across enhanced resource schools, special schools, pupil referral units, post 16 and further education colleges have increased in value from £14.301m (18-19) to £15.261m (21-22), this equates to an average increase of £0.320m per year. For the purposes of the initial plan a further £0.300m has been allowed each year, included (for ease) against the special school sector line. A breakdown of the Cabinet-approved places by sector for the current and previous three years is shown below:

Sector	2018-19	2019-20	2020-21	2021-22	Change
	f.t.e.	f.t.e.	f.t.e.	f.t.e.	(£m)
Maintained special schools - £10k	896.0	900.7	931.4	986.0	+0.900
Enhanced resource schools - £6k*	255.5	248.9	261.6	257.6	+0.013
Support centres / PRUs - £10k	272.0	272.0	277.8	278.5	+0.065
FE colleges – University of Derby/Chesterfield College - £6k	104.7	123.0	128.0	136.0	+0.188
Post 16 - £6k	76.7	66.7	41.3	42.3	-0.206
Total	1,604.9	1,611.3	1,640.1	1,700.4	+0.960
Increase (per annum)		+6.4	+28.8	+60.3	
Increase (cumulative)		+6.4	+35.2	+95.5	
Cost of places (£m)	14.301	14.358	14.678	15.261	
Increase (cumulative) (£m)	-	+0.057	+0.377	+0.960	

*ER school receives £6k per place (Element 2), & £4k Element 1 via NFF if place filled. £10k (Element 2) if place vacant.

The figures in the table exclude places in non-maintained or specialist college provision which are funded via the high needs block export deduction. Payments to independent special schools are outside the “places plus” model and the total costs are included in the top up section below.

The latest data published by the DfE in May 2021, from the January 2021 SEN2 census, shows that the number of EHCPs in Derbyshire grew by 9.5% as against 11% nationally. In 2020, 12.2% of these new placements accessed a special school place, 2.6% a further education place and 74.9% a mainstream place. Sixteen of the special school new placements were in independent non maintained special schools which is an increase from ten in 2019. In the January 2021 SEN2 census, which covers 2020, Derbyshire had 141 (placed 5/9 of the East Midlands LAs) young people in INMSS with the highest being 382 children and the second highest being 208 children. In Derbyshire in 2020, 3.5% of children with an EHCP were placed in a INMSS against 3.3% nationally

Based on the assumptions in this section, by 2024-25 expenditure on places will have increased by 5.9% compared with the 2021-22 budget.

Element 3 Top ups – for some time the level of spend in this area of the HNB has been the key financial pressure within the DSG: this position is not expected to change significantly in the short term. The table below shows the spend for the last 4 years plus base budget provision 2021-22.

	Actual	Actual	Actual	Actual	Budget
	2017-18	2018-19	2019-20	2020-21	2021-22
	£m	£m	£m	£m	£m
Early Years	0.356	0.434	0.531	0.468	0.549
Primary	6.929	7.657	9.706	11.437	11.346
Secondary	6.572	6.585	6.506	7.591	7.512
Special - Derbyshire	11.003	11.583	12.350	13.857	14.668
Special - other LAs	1.338	1.656	1.567	1.825	2.391
Independent/Non Maintained	4.479	6.144	6.797	9.473	8.100
Section 75 pooled budget	1.716	2.027	2.367	2.335	2.376
Social Care contribution	0.850	0.850	1.500	1.500	1.500
Post 16	2.830	3.369	3.000	3.670	4.039
Pupil Referral Units	1.896	1.710	1.991	2.224	2.396
Contingency					1.491
Total	37.969	42.015	46.315	54.380	56.368
Increase vs 2017-18 £m		+4.046	+8.346	+16.411	+18.399
Increase vs 2017-18 %		+10.7%	+22.0%	+43.2%	+48.5%

The forecasts for future years are based on recent trends and reflect the following assumptions:

- (i) **Early Years Top ups** – no allowance for demographic changes has been provided for, inflation will be met from the overall pay and prices contingency.
- (ii) **Primary sector top ups** – details of the calculations are provided in Appendix 1 of this report. In summary, the number of Graduated Response for Individual Pupils

(GRIPs) is assumed to rise from 1,083, 1.83% of the pupil population in 2020-21 to 1,392 (2.43%) by 2024-25. It is also assumed that the unit cost increases of recent years will continue with the average allocation per pupil rising by 3.8% per year from £4,262 in 2020-21 to £4,947 by 2024-25.

Similarly, the number of pupils with an EHCP is assumed to increase from 688 (1.16%) in 2020-21 to 849 (1.48%) by 2024-25. The projections also assume the average allocation per pupil will rise by 2.19% each year from £7,393 in 2020-21 to £8,061 by 2024-25.

The combined impact of the assumed changes in number and value of GRIPs/ EHCPs would, if correct, increase total spend on top ups, including children in Enhanced Resource provision, to £15.376m by 2024-25, 14.5% of the assumed HNB grant.

(iii) Secondary sector top ups – further details regarding the assumptions for predicting future costs are also shown in Appendix 1. The number of GRIPs is assumed to rise from 171 (0.43%) of the population in 2020-21 to 331 (0.81%) by 2024-25. It is also assumed that the unit cost increases of recent years will continue with the average allocation per pupil rising by 8.41% per year from £4,239 in 2020-21 to £5,855 by 2024-25.

The number of secondary sector pupils with an EHCP is assumed to increase from 817 (2.07%) in 2020-21 to 848 (also 2.07%) by 2024-25. The projections also assume the average allocation per pupil will rise by 4.32% each year from £6,332 in 2020-21 to £7,500 by 2024-25.

The combined impact of the assumed changes in the number and value of GRIPs and EHCPs would, if correct, increase total spend on top ups, including children in ER provision, to £9.997m by 2024-25, 9.4% of the assumed HNB grant.

(iv) Derbyshire special school and academy top ups – expenditure on element 3 top ups for maintained special schools and academies in Derbyshire has increased from £11.000m in 2017-18 to £14.668m in 2020-21. Leaving aside the future effects of general inflation – which would be covered from the general pay and prices contingency – the average increase over the period is around 5%, reflecting both changes in the number and distribution of need supported.

(v) Other local authorities' special school and academy top ups – expenditure has increase from £1.338m in 2017-18 to £1.825m in 2020-21, an increase of ~12% per annum over the period. Going forward a demographic increase of 8% has been allowed for.

(vi) Independent Special Schools - These are independent special schools that are not controlled by the Secretary of State but which he/she has approved under section 41 of the Children and Families Act 2014. These are schools which a parent or young person can request to be named in an EHC plan. Funding for these schools is outside of the place/top up model and LAs which use them are responsible for all of the costs of provision. Locally, expenditure on this provision has more than doubled in recent years, from £4.479m in 2017-18 to £9.473m in 2020-21.

(vii) Contribution to Section 75 Pooled budget - this is the DSG contribution to a pooled fund which includes resources from the core Children's Services and Clinical Commission Groups (CCG) budgets. The fund supports provision for some of the most vulnerable in children Derbyshire with complex needs. The majority are children in care and experience a range of health and special educational needs that cannot collectively be addressed by local or ordinary services. The DSG contribution represents around 1/3rd of the annual spend.

(viii) Contribution to Social Care Placements – this is a contribution to the education-related costs arising from social care placements. No changes to the allocation have been assumed in the estimates going forward other than inflation covered from the contingency.

(ix) Post 16 top ups – this is the cost of EHCPs for students in mainstream schools' post 16 provision or who attend either the University of Derby or Chesterfield College. An annual increase of 8% has been assumed.

(x) Pupil Referral Unit/Alternative Provision – this funds pupils who have been excluded on a permanent or temporary basis and attend PRU provision. No increase in numbers or cost has been assumed over the planning period.

(xi) Top up contingency - for 2021-22 this represents the balance of DSG HNB funding after other pressures. The same figure has been retained for future years to enable unforeseen demographic pressures in individual sector budgets to be met.

(xii) Other resources – this includes a range of miscellaneous funds which do not sit easily elsewhere, specifically: PRU to provision transport (£0.510m), mainstream contingency (£0.500m), SEN Equipment fund (£0.250m), direct payments (£0.225m), Vulnerable Children's fund (£0.150m) & an historic contribution to SEN transport (£0.080m). The only planned change in spending is the reinstatement of a £50,000 temporary reduction applied to the 2021-22 Vulnerable Children's fund.

Based on the assumptions in this section, by 2024-25 expenditure on top ups will have increased by 23.7% compared with the 2021-22 budget.

Services (all) - Expenditure on services funded by the high needs block remains stable over the planning period, save for inflation (see below). The only change being an increased high needs contribution to funding the Early Years Pre School Service.

Pay and Prices Contingency – An annual sum equivalent to 2% of spend across all budget heads, including places, has been set aside to cover inflationary pressures in individual budgets.

Aggregate high needs costs, before the impact of any cost reduction measures, are likely to exceed the assumed annual grant by £2.4m - £3.1m from 2022-23.

2.3.3 Possible Actions to cover the HNB shortfall (SECTION C of Plan)

Measures under consideration include:

Review of responsibility for costs – this could include requiring schools to contribute more to the Tailor Made Programme for dual registered children. Dual registered pupils remain on the roll of their school and the school therefore continues to receive funding for them under the National Funding Formula. The review would also consider whether or not schools should make a greater contribution to supporting the needs of children accessing the Out of School Tuition Service.

Places and top ups – this will ensure that the places commissioned are in the most appropriate settings and deliver the best value for money. The review of top ups will consider whether the pupil profiles used to fund special and ER schools and academies are still appropriate. The basis for allocating GRIP funding to mainstream schools will be reviewed with a view to committing funding for a Key Stage rather than annually. This is designed to improve efficiency allowing payments to be considered and, where agreed, paid more quickly.

Service Reviews – to review existing subsidies by a combination of increasing efficiencies, possibly devolving more funding and control to schools, and trading non statutory elements of services. DSG contributions to council-funded services will be reviewed to ensure they remain appropriate.

Schools Block transfer – it is likely that the Authority will consult schools in the autumn on a proposed transfer of funding from the schools block to the high needs block for 2022-23. A transfer of 0.5% would generate £2.5m, top-slices of 0.75% or 1% would release £3.75m and £5m respectively.

For transfers up to and including 0.5% of the schools block, Schools Forum approval would be required. Transfers above this threshold, or below it if the Forum were to reject the Authority's request, would require the approval of the Secretary of State for Education. The other possible savings measures are unlikely to generate sufficient savings in 2022-23 to close the predicted shortfall, hence the need to transfer resources and thus avoid increasing the accumulated DSG deficit.

At this stage the recovery plan only assumes a 0.5% transfer for one year only, a higher figure may need to be considered for example if the forecast high needs spend for 2021-22 looks like exceeding the grant thus increasing the cumulative deficit.

The school-level impact of a 0.5% Schools Block transfer would depend on which formula multipliers were adjusted. To give a flavour of the impact, removing funding by reducing the basic per pupil allocations would result in a reduction of around £22 per primary pupil and £30/£34 per pupil at Key Stage 3 and 4. These reductions would typically result in a budget reduction of £4,400 for a primary school with 200 on roll and £28,440 for a secondary school with 900 on roll. The reductions for top-slices of 0.75% & 1% would be 50% & 100% higher. N.B. the actual reductions for some schools would vary due to the impact of other formula factors, specifically those relating to the Minimum Funding Guarantee protection, Minimum Per Pupil Funding requirements and any cap on gains.

The Authority is continuing to shape potential savings and once completed will seek the views of stakeholders, including the schools and the Schools Forum, on the details.

Based on the assumptions in the initial plan, the measures do not close the over-commitment of the high needs grant in full. This position will continue to be monitored and additional measures considered if necessary.

2.3.4 Other contributions to the General DSG reserve (SECTION D of Plan)

To help eliminate the accumulated DSG General Reserve deficit, including the impact of the residual HNB over-commitment, further savings outside of the high needs block are required. Appendix 2 summarises the planned contributions from other blocks and brief details are provided below.

(i) Core Contributions: Central School Services Block & Pupil Growth Fund – spending levels for these blocks are determined by the Schools Forum. In recent years planned spending has been set below the levels of the grants. The resulting underspends have been added to the General DSG Reserve. In future years it has been assumed that these blocks will continue to contribute around £1.18m per annum to DSG reserves. However, these benefits are dependent upon future expenditure levels agreed by the Forum as well as grant levels remaining in line with 2021-22.

(ii) Pupil Growth Fund – For 2021-22 the Schools Forum allocated £1.128m to help infant and primary schools meet the cost of national Key Stage 1 class size requirements. This level of support is significantly above that provided by many other LAs and the Recovery Plan assumes the Authority will introduce measures to reduce expenditure to levels in line with other similar LAs.

The measures outlined above, coupled with the other planning assumptions, would result in the following impacts:

Reduce the General DSG Reserve deficit from £6.188m (31/3/2021) to £1.322m (31/03/2025);

Bring aggregate DSG reserves, including earmarked funds, back into surplus (31/03/2023); and

Limit the high needs block over-commitment to £0.917m by 2024-25.

Technically, taking both general and earmarked reserves together – the measure the DfE focus on - the plan would deliver a DSG surplus by the end of 2022-23. However, despite this the two key tests – removing the General DSG deficit and keeping high needs spending within the level of the annual grant – would still require more work.

Unless future grant allocations were to increase, over and above the levels already assumed, and/or unless costs were to increase by a lower percentage than assumed, further measures will be required to close the residual DSG deficit and HNB over-commitment. Further reports on both positions will be brought to the Schools Forum on a regular basis.

3. **Other Considerations** In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, finance, human resources, legal & human rights, environmental, health, property and transport considerations.
4. **Background Papers** Held within Finance.
5. **Executive Director's Recommendation** - That the Schools Forum
- (i) notes the recovery plan and offers its initial views; and
 - (ii) agrees to receive further reports on the DSG deficit and high needs spend.

Jane Parfremment
Executive Director for Children's Services

Support for Mainstream schools via EHCP/GRIP							Appendix 1	
<i>(Costs based at a point in time)</i>							Annual	
				Chge		Chge	Aggregate	Change
Primary GRIP		GRIP	GRIP	GRIP	Avge	GRIP	GRIP	GRIP
	NOR	No.	%	%	Cost	%	Cost	Cost
2018-19	59,528	632	1.06%		£3,961		£2,501,491	
2019-20	59,297	959	1.62%	+0.56%	£4,013	7.60%	£3,847,138	£1,345,647
2020-21	59,206	1,083	1.83%	+0.21%	£4,262		£4,615,257	£768,119
2021-22 - forecast	59,128	1,170	1.98%	+0.15%	£4,423	+3.80%	£5,176,561	£561,303
2022-23 - forecast	58,655	1,249	2.13%	+0.15%	£4,591	+3.80%	£5,734,113	£557,552
2023-24 - forecast	57,853	1,319	2.28%	+0.15%	£4,766	+3.80%	£6,284,117	£550,004
2024-25 - forecast	57,299	1,392	2.43%	+0.15%	£4,947	+3.80%	£6,885,592	£601,475
2024-25 f'cast if 2021-22 avge £ used		1,392			£4,423		£6,157,006	-£728,586
							Annual	
				Chge		Chge	Aggregate	Change
Primary EHCP		EHCP	EHCP	EHCP	Avge	EHCP	EHCP	EHCP
	NOR	No.	%	%	Cost	%	Cost	Cost
2018-19	59,528	592	1.00%		£7,083		£4,196,063	
2019-20	59,297	611	1.03%	+0.04%	£7,255	4.37%	£4,435,891	£239,828
2020-21	59,206	688	1.16%	+0.13%	£7,393		£5,086,231	£650,340
2021-22 - forecast	59,128	734	1.24%	+0.08%	£7,554	+2.19%	£5,547,954	£461,723
2022-23 - forecast	58,655	775	1.32%	+0.08%	£7,720	+2.19%	£5,986,119	£438,166
2023-24 - forecast	57,853	811	1.40%	+0.08%	£7,889	+2.19%	£6,398,506	£412,387
2024-25 - forecast	57,299	849	1.48%	+0.08%	£8,061	+2.19%	£6,845,413	£446,907
2024-25 f'cast if 2021-22 avge £ used		849			£7,554		£6,415,224	-£430,189
							Annual	
				Chge		Chge	Aggregate	Change
Secondary GRIP		GRIP	GRIP	GRIP	Avge	GRIP	GRIP	GRIP
	NOR	No.	%	%	Cost	%	Cost	Cost
2018-19	37,942	94	0.25%		£3,628		£339,868	
2019-20	38,697	142	0.37%	+0.12%	£4,168	16.82%	£591,561	£251,693
2020-21	39,409	171	0.43%	+0.07%	£4,239		£724,847	£133,286
2021-22 - forecast	39,959	211	0.53%	+0.09%	£4,595	+8.41%	£968,508	£243,661
2022-23 - forecast	40,511	252	0.62%	+0.09%	£4,982	+8.41%	£1,253,235	£284,728
2023-24 - forecast	40,950	293	0.71%	+0.09%	£5,401	+8.41%	£1,580,203	£326,968
2024-25 - forecast	40,927	331	0.81%	+0.09%	£5,855	+8.41%	£1,936,261	£356,058
2024-25 f'cast if 2021-22 avge £ used		331			£4,595		£1,519,649	-£416,612
							Annual	
				Chge		Chge	Aggregate	Change
Secondary EHCP		EHCP	EHCP	EHCP	Avge	EHCP	EHCP	EHCP
	NOR	No.	%	%	Cost	%	Cost	Cost
2018-19	37,942	818	2.16%		£5,828		£4,765,938	
2019-20	38,697	783	2.02%	-0.13%	£5,970	8.65%	£4,672,925	-£93,013
2020-21	39,409	817	2.07%	+0.05%	£6,332		£5,173,346	£500,421
2021-22 - forecast	39,959	828	2.07%	+0.00%	£6,606	+4.32%	£5,472,340	£298,994
2022-23 - forecast	40,511	840	2.07%	+0.00%	£6,892	+4.32%	£5,787,900	£315,560
2023-24 - forecast	40,950	849	2.07%	+0.00%	£7,190	+4.32%	£6,103,575	£315,676
2024-25 - forecast	40,927	848	2.07%	+0.00%	£7,500	+4.32%	£6,363,904	£260,329
2024-25 f'cast if 2021-22 avge £ used		848			£6,606		£5,604,941	-£758,962

File: Recovery Plan 9 as at 24 May 2021.xls

Summary of other potential contributions to the DSG deficit					Appendix 2
	2021-22	2022-23	2023-24	2024-25	
	£m	£m	£m	£m	Notes
Schools Block - Pupil Growth grant	2.495	2.427	2.427	2.427	
Actual/assumed allocations:					
Key Stage 1 Class size funding	1.128	1.128	0.564	0.282	Phased reduction - subject to consultation
In year pupil increases	0.250	0.250	0.250	0.250	
Free School Reserve	0.500	0.725	0.725	0.725	
Support for mainstream budgets	0.615	0.000	0.000	0.000	Agreed by Forum to ensure NFF fully funded in 2021-22
Balance (contribution to DSG deficit)	0.002	0.324	0.888	1.170	
% of grant towards DSG deficit	0.08%	13.35%	36.59%	48.21%	
Central School Services Block					
Grant income - historic responsibilities	1.112	0.834	0.556	0.278	Expected phased reduction by DfE
Grant income - ongoing responsibilities inc pensions	3.791	3.936	3.933	3.910	
Total Grant	4.903	4.770	4.489	4.188	
Actual/assumed allocations:					
Historic responsibilities	1.112	0.834	0.556	0.278	Based on grant level, assumes Forum continued approval
Retained Duties	1.680	1.691	1.689	1.680	
Licences	0.618	0.618	0.618	0.618	
Admissions	0.559	0.559	0.559	0.559	
Pensions (Adult Ed)	0.169	0.169	0.169	0.169	
Schools Forum	0.041	0.041	0.041	0.041	
Balance (contribution to DSG deficit)	0.724	0.858	0.857	0.843	
% of grant towards DSG deficit	14.77%	17.99%	19.09%	20.13%	
Schools Block ex Pupil Growth					
Total grant	504.853	521.776			2022-23 increase based on East Midlands. No projections beyond 2022-23
Contribution to DSG		2.495			
% of grant		0.48%			Less than 0.5% as divisor includes teachers' pay/pension funding
Early Years - no forecast/contribution to DSG planned					
File Recovery Plan 9 as at 24 May 2021.xls					

			DSG Recovery Plan			Schools Forum June 2021 - Agenda Item 6				
			Financial Summary			Key Data/Indicators				
	2021-22	2022-23	2023-24	2024-25	Item	Unit	2022-23	2023-24	2024-25	Notes
SECTION A - High Needs Income	£m	£m	£m	£m						
Gross High Needs Block grant	91.383	97.954	103.563	109.480	Yr on yr increase	£m	6.571	5.609	5.917	April 22 7.62% est. less red'n in historic spend element and adjusted for assumed incr. in special school places
Import export adjustment	-2.418	-2.539	-2.666	-2.799	Yr on yr increase	%	7.19%	5.73%	5.71%	
Net High Needs Income	88.965	95.415	100.897	106.681	Yr on yr increase	%	5.00%	5.00%	4.99%	Notional
							7.19%	5.73%	5.71%	
SECTION B - High Needs Expenditure - before actions										
Total Places (all)	15.261	15.561	15.861	16.161	Yr on year increase	%	1.97%	1.93%	1.89%	
Early Years top ups	0.549	0.549	0.549	0.549						Inflation only
Primary sector top ups	11.346	13.365	14.328	15.376	Incl m/stream EHCP/GRIPS	No	2,024	2,130	2,241	Forecast reflects previous years' increases
					Average spend - GRIP	£	4,591	4,766	4,947	" "
					Average spend - EHCP	£	7,720	7,889	8,061	" "
Secondary sector top ups	7.512	8.738	9.380	9.997	Incl m/stream EHCP/GRIPS	No	1,091	1,142	1,179	" "
					Average spend - GRIP	£	4,982	5,401	5,855	" "
					Average spend - EHCP	£	6,892	7,190	7,500	" "
Derbyshire special school & academy top ups	14.668	15.397	16.163	16.967	Yr on year increase	%	4.97%	4.97%	4.98%	
Other LAs' maintained special school & academy top ups	2.391	2.582	2.789	3.012	Yr on year increase	%	8.00%	8.00%	8.00%	
Independent Special Schools	8.100	9.947	10.444	10.966	Yr on year increase	%	22.80%	5.00%	5.00%	2022-23 high as 2021-22 under-budgeted
Contribution to S75 pooled budget (complex cases)	2.376	2.495	2.620	2.751	Yr on year increase	%	5.00%	5.00%	5.00%	Increases to be funded from pay/prices contingency
Contribution to social care placements	1.500	1.500	1.500	1.500	-					Increases to be funded from pay/prices contingency
Post 16 top ups	4.039	4.362	4.711	5.088	Yr on year increase	%	8.00%	8.00%	8.00%	
PRU/Alternative Provision	2.396	2.396	2.396	2.396	Yr on year increase	%	0.00%	0.00%	0.00%	Increases to be funded from pay/prices contingency
Top up contingency	1.491	1.491	1.491	1.491						
Other funds	1.715	1.765	1.765	1.765						
Sub total - top ups	58.084	64.587	68.136	71.858	Yr on year increase	%	11.20%	5.49%	5.46%	
Services (all)	15.620	15.774	15.774	15.774	Yr on year increase	%	0.99%	0.00%	0.00%	
Pay and Prices contingency	0.000	1.918	3.914	5.990	2% per year for pay/prices					
Total High Needs Spend - before actions	88.965	97.840	103.684	109.782						
HNB (Under)/Over commitment	(0.000)	2.425	2.787	3.101						
SECTION C - Possible mitigations:										
Review responsibility for costs	0.000	(0.420)	(0.820)	(0.820)						See report
Places & Top ups	0.000	(0.290)	(0.330)	(0.330)						See report
Service Reviews	0.000	(0.114)	(0.859)	(1.034)						See report
Transfer from Schools Block - 0.5%		(2.495)								See report
Sub total - possible mitigations	0.000	(3.319)	(2.009)	(2.184)						
Revised HNB (Under)/Over commitment	(0.000)	(0.894)	0.778	0.917						
Section D - General DSG Reserve - deficit recovery										
Opening (surplus)/deficit balance	6.188	5.461	3.385	2.418						
Central School Services Block - core contribution	(0.725)	(0.858)	(0.857)	(0.843)						See report
Pupil Growth Fund - core contribution	(0.002)	(0.324)	(0.324)	(0.324)						See report
Pupil Growth Fund - Key Stage 1 class size funding	0.000	0.000	(0.564)	(0.846)						See report
High Needs (under)/overspend - see above	(0.000)	(0.894)	0.778	0.917						
Closing (surplus)/deficit balance	5.461	3.385	2.418	1.322						
Memo items:										
Balances held in earmarked reserves	(4.283)	(3.894)	(3.329)	(2.828)						
Aggregate DSG reserves excl schools	1.178	(0.509)	(0.911)	(1.506)						

SCHOOLS FORUM**30th June 2021****Report of the Executive Director for Children's Services****Derbyshire Scheme for Financing Schools – Procurement update****1. Purpose of the Report**

To seek Schools Forum approval to proposed changes to Derbyshire's Scheme for Financing Schools to align the tender thresholds with those recommended by the DfE.

2. Information and Analysis

The Authority's Scheme sets tender thresholds for schools, these determine the maximum level of spend for a project or scheme that can be procured using quotes rather than formal tenders.

The tender threshold for each school is linked to the size of its budget, with the upper limit being calculated as: £10,000 plus 1% of the allocations from the schools block, high needs block, including enhanced resource school funding, and early years block of the DSG, as well as post 16 and pupil premium funding streams. Where this calculation exceeds £30,000, the threshold at which quotes can still be used is capped at this figure. The thresholds are maxima, individual governing bodies can set lower levels if they wish.

The proposed minor change to the Scheme is to increase the cap in the above calculation from £30,000 to £40,000 to align the Scheme with DfE guidelines published at: <https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools/find-the-right-way-to-buy>. The DfE regard spend of £10,000 to £40,000 as "medium" value with anything above this as "high", with an expectation that formal bids will be needed.

It should be noted that the proposed change would only have an impact for those schools currently caught by the £30,000 limit, other schools' maxima will remain at £10,000 plus 1% of their budget, as defined above.

In making changes to its Scheme, other than for changes directed by the DfE, the Authority is required to consult all LA maintained schools. Changes to the Scheme are a matter for the Schools Forum rather than the Council.

The Authority wrote to LA maintained schools on 10th May 2021 seeking the views of headteachers and governing bodies on the proposed change. The closing date for comments was 28th May 2021, and a summary of the responses is shown in the table overleaf.

2.1 Responses from schools to the consultation

Sector	Total LA schools	Responses in agreement to changes	Responses NOT in agreement to changes
Nursery	8	0	0
Primary	256	1	0
Secondary	13	4	0
Special	4	1	0
Total	281	5	0

Comments from responses:

“I would absolutely support the raise in tender limit. I would also like to request that the LA provides more detailed guidance to schools about the process of tendering”.

A large secondary school commented that even with an increase to £40,000, it was still too restrictive.

The Authority will look at its guidance to see what additional information might help schools. With regards to the second comment, the Authority understands the point but considers that £40,000 is a reasonable threshold, as well as being consistent with the DfE’s own guidance.

Schools Forum is asked to approve the change to the procurement threshold in Derbyshire’s Scheme of Financial Management as set out in the report

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, HR, legal & human rights, environmental, health, property and transport considerations.

4. Background Papers

Held within Finance.

5. Executive Director’s Recommendations

That the Schools Forum notes the report and agrees to increase the maximum tender limit in the Scheme from £30,000 to £40,000 as set in the report.

Jane Parfremment
Executive Director for Children’s Services