

5. DEDICATED SCHOOLS GRANT 2020/21 BUDGET MONITORING

June 2020



The Council receives funding for schools through the Dedicated Schools Grant. The grant funds expenditure either directly through the Individual Schools Budget (ISB) or incurred by the Council on behalf of schools. Any over or underspends on the DSG are carried forward. The distribution of the ISB element of the grant is in accordance with the schools funding formula and the overall DSG has to be approved by the Schools Forum.

	£m
Updated DSG Allocation 2020/21 (March 2020 notification)	219.143
Made up of:	
Schools Block	164.443
Central Services Block	3.210
High Needs Block	34.164
Early Years Block	17.326

	£m
DSG Allocation	219.143
Deductions & Adjustments:	
Academies recoupment	(138.713)
High Needs deductions	(5.896)
Retained ESG (allocation to LA)	(0.601)
Retained ESG shortfall (allocation to LA)	(0.142)
DSG to allocate	73.791
Actually allocated 2020/21	73.733
Under allocation	0.058
High Needs 20/21 additional funding – included in forecast	(0.058)
Under allocation to report	0

The 2020/21 DSG allocation has been increased due to the following:

- Additional £0.058m received through High Needs Block, due to reduced deductions compared to budget setting.

The current forecast DSG underspend is (£0.866m)

At the moment this is all within the High Needs Block and relates to the residual contingency budget, a result of the additional £4m HNB funding in 2020/21. Budget Modelling Group are currently considering whether any proposals for the use of this funding are appropriate.

Papers A and B give more detail regarding budget monitoring.

DSG BALANCE

The table below shows the year end forecast DSG balance.

DSG Balance Reconciliation (£m)	
Balance b/f from 2019/20 - deficit	0.202
Forecast underspend 2020/21	(0.866)
Forecast year end DSG (surplus) balance*	(0.664)

*Note that proposals are being discussed to use the in-year HNB underspend before year-end, so there may not be a surplus

MAINTAINED SCHOOLS HEALTH CHECK

The financial stability of maintained schools is monitored using the budget monitoring returns. 2 maintained schools and 1 maintained nursery school ended the financial year with a deficit and we are currently awaiting 3 year budget plans from all maintained schools. Any maintained schools forecasting a deficit position will be expected to enter into a licenced deficit agreement with the Local Authority where a 3 year plan will be produced to enable the school to eliminate their deficit within 3 years.

Short Term and Medium Term Risks and Issues

Rating	Detail	Mitigation/Further Actions
Amber	<p>High Needs</p> <p>Continuing and growing pressures on the high needs block. Large overspend in 2019/20 and growing pressures; however respite year due to £4m increase in funding. Closely monitor as funding level is not guaranteed to be maintained next year.</p>	<p>Continuing good governance</p> <p>Implementing recommendations from BMG and further BMG work, especially on proposals for invest to save projects</p> <p>Monitoring developments regarding ongoing funding levels (2021/22 onwards).</p>