

5. DEDICATED SCHOOLS GRANT 2020/21 BUDGET MONITORING

December 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 (November 2020 notification)	218.216
Made up of:	
Schools Block	164.443
Central Services Block	3.210
High Needs Block	34.068
Early Years Block	16.495

	£m
DSG Allocation	218.216
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	72.864
Actually allocated 2020/21	73.733
Over allocation	0.869
High Needs 2020/21 in year adjustment – included in forecast	(0.038)
Early Years 2019/20 adjustment – included in forecast	(0.531)
Early Years 2019/20 adjustment – offset against accrual	(0.300)
Under allocation to report	0

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

- Reduction of £0.038m for the High Needs Block allocation, due to reduced deductions compared to budget setting and import/export adjustments notified.
- Reduction of £0.831m relating to 2019/20 Early Years block - £0.300m of this adjustment was accrued for at year end, the rest has been offset against in-year Early Years Block savings.

The current forecast DSG underspend is -£1.316m (last forecast reported was an underspend of -£1.389m).

This is made up of the following:

Unchanged from previous forecast:

- **Schools Block** – underspend of -£0.413m relating to negative funding adjustments for growing secondary schools due to reduced Autumn NOR.
- **Early Years** – underspend of -£0.189m relating to closure of settings and reduction in SEND packages in summer term due to Covid.

High Needs Block - previous forecast (-£0.787m)

- **High Needs Block** – underspend of -£0.713m and relates to the residual contingency budget, a result of the additional £3m HNB funding in 2020/21. £0.600m to be ringfenced for Alternative Provision proposals

Papers A and B give more detail regarding budget monitoring.

DSG BALANCE

The table below shows the year end forecast DSG balance. Previous forecast year end DSG surplus was £0.587m

DSG Balance Reconciliation (£m)	
Balance b/f from 2019/20 - deficit	0.202
Forecast underspend 2020/21	(1.316)
Ringfenced for Alternative Provision proposals	0.600
Forecast year end DSG (surplus) balance	(0.514)

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. Quarter 2 monitoring returns from schools show that 4 maintained schools and 1 maintained nursery school are projecting a deficit at year end. 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>Funding for 2012/22 confirmed at an additional £3m. However, it is likely that beyond this funding will be, at best, static.</p> <p>Plymouth needs to consider the stability and sustainability of the High Needs Block over the longer term.</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>Consider future sustainability of High Needs Block</p>