

6 2019/20 DSG and Budget Monitoring

1.1 In November, the DfE produced revised DSG allocations to account for the recoupment for ARK Pioneer Academy. The impact of these changes on the overall (gross) DSG is shown below:

Block	October 2019 Schools Forum	October 2019 - Recoupment	October 2019 Schools Forum (Net)	January 2020 - additional Recoupment	January 2020 Schools Forum (Net)
	£m	£m	£m	£m	£m
Schools Block	254.863	(110.850)	144.013	(0.606)	143.407
Central	2.183	0	2.183	0	2.183
Early Years	28.928	0	28.928	0	28.928
High Needs	50.052	(4.707)	45.345	(0.176)	45.169
DSG Income	336.026	(115.557)	220.469	(0.782)	219.687
2018/19 B/fwd	1.543	0	1.543		1.543
Total DSG	337.569	(115.557)	222.012	(0.782)	221.230

1.2 In light of the updated DSG allocation, the block expenditure budgets have been realigned to match income. The November (Month 8) forecast position is now:

Block	Revised Budget £m	November forecast £m	Variance £m
Schools			
- Individual Schools Budget	141.289	141.089	(0.200)
- Growth Fund	2.118	0.443	(1.675)
- Central schools expenditure	1.281	1.281	0
- ESG retained funding	0.902	0.902	0
Sub-total	145.590	143.715	(1.875)
Early Years Block	28.928	28.928	0
High Needs Block	46.712	47.317	0.605
Sub-total	221.230	219.960	(1.270)
DSG Income	(219.687)	(219.687)	0
DSG c/f	(1.543)	(0.273)	1.270
Total DSG	0	0	0

1.3 The DSG budget for 2019/20 has been revised to take into account the brought forward reserve of £1.543m and additional funding from Central Government of £0.964m announced in December 2018. With these additions to the budget the DSG is forecasting an overall underspend of £1.270m. This is reflected in the Table above.

- 1.4 The High Needs block is forecasting an overspend of £0.605m due to top-up funding for high needs pupils. However, forecasts are being reviewed and are expected to reduce. The high needs funding system supports provision for children and young people with Special Educational Needs and Disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality Alternative Provision for pre-16 pupils who cannot receive education in schools.
- 1.5 DSG High Needs funding has not kept up with inflation or the rate of demographic growth in recent years, whereas demand, driven by a mixture of demographic change, the growing complexity of needs and the new framework created by the SEN reforms, has grown significantly. Local authorities across England are facing similar problems and many are known to have faced significant overspending on their High Needs budgets.
- 1.6 The Growth Fund for expanding schools is forecasted to underspend by £1.675m. In addition, there is underspend in school improvement de-delegation of £0.200m, as agreed with School's forum.
- 1.7 There have been no previous transfers between funding blocks under the new ring-fenced arrangements for funding blocks. In previous years there has been underspending in the overall Schools Budget, which helped to create reserves that could be used to address new pressures, such as the need to allocate 'growth funding' for new and expanding schools. However, the reserves have gradually been used up, largely to pay for growth funding and because of the growing pressures on the High Needs budget.