

## 8. 2020/21 DSG and Budget Monitoring

1.1 In November 2020, the DfE revised the DSG allocations to further account for the Import/Export adjustments in the High Needs Block. The revised DSG is shown in the table below.

| Block             | Original DSG Allocation 2020-21* | July 2020 Amended DSG Allocation* | November 2020 Amended DSG Allocation* | Variance     |
|-------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------|
|                   | £m                               | £m                                | £m                                    | £m           |
| Schools Block     | 145.369                          | 145,369                           | 145,369                               | -            |
| Central           | 2.141                            | 2,141                             | 2,141                                 | -            |
| Early Years       | 29.303                           | 29.877                            | 29,877                                | -            |
| High Needs        | 49.508                           | 49.418                            | 49,676                                | 0.258        |
| <b>DSG Income</b> | <b>226.322</b>                   | <b>226.806</b>                    | <b>227.064</b>                        | <b>0.258</b> |

\*After Recoupment

1.2 In light of the updated DSG allocation, the block expenditure budgets have been realigned to match income. The December (Month 9) forecast is as below.

| Block                         | Revised Budget<br>£m | December Forecast<br>£m | Variance<br>£m |
|-------------------------------|----------------------|-------------------------|----------------|
| <b>Schools</b>                |                      |                         |                |
| - Individual Schools Budget   | 142.824              | 142.754                 | (0.071)        |
| - Growth Fund                 | 2.545                | 360                     | (2.185)        |
| - Central schools expenditure | 1.087                | 1.087                   | 0              |
| - ESG retained funding        | 1.054                | 1.054                   | 0              |
| <b>Sub-total</b>              | <b>147.511</b>       | <b>145.255</b>          | <b>(2.256)</b> |
| Early Years Block             | 29.877               | 29.410                  | (0.467)        |
| High Needs Block              | 49.676               | 51.390                  | 1.714          |
| <b>Sub-total</b>              | <b>79.553</b>        | <b>80.800</b>           | <b>1.246</b>   |
| DSG Income                    | (227.064)            | (227.064)               | 0              |
| <b>Total DSG</b>              | <b>0</b>             | <b>(1.009)</b>          | <b>(1.009)</b> |

1.3 The Schools Block is forecast to have small underspends compared to budget and the central block is forecast to have a spend equalling the budget.

- 1.4 The High Needs block is forecasting an overspend of £1.794m due to increasing numbers of placements both in and out of Borough, and pupils with EHCPs (Education, Health and Care Plans).
- 1.5 The Early Years Block is forecasting an underspend currently of £467k, mostly due to the removal of a £400k contingency fund which was no longer necessary as the EY allocation increased in year. However, it should be noted that there is significant uncertainty around the EY block because of COVID-19 especially in light of the latest lockdown. Current Government guidance states that the Jan 2021 census will be used to finalise the EY block income to the authority, and EY settings will be paid based on actual pupil numbers for the Spring term. Measures were put in place for the Summer 2020 and Autumn 2020 terms to ensure settings were funded at the same levels as 2019-20. As the LA is expecting significantly fewer children to be on the Jan 2021 census due to the national lockdown, the level of funding is likely to be lower than forecast.
- 1.6 As reported at the last school's forum, the underspend in the Growth Fund has developed over the course of the year and we are now forecasting an underspend of £2.185m. However, initial estimates of the growth fund for the next two years show a decrease in income and an increase in expenditure required, which this underspend will help to offset.