

## 7. 2020/21 DSG Final Outturn

1.1. This report is to inform Schools Forum of the end of year position for the Dedicated Schools Grant (DSG) and provide an update of the end of year reserves and provisions position for 2020/21.

1.2. The DSG budget for 2020/21 was revised in March 2021 to take into account a final adjustment in the HN block of £0.258m as a result of final import/export adjustments.

Table 1 – DSG Budget March 2020/21

Block	July 2020 Amended DSG Allocation*	March 2021 Amended DSG Allocation*	Variance
	£m	£m	£m
Schools Block	145,369	145,369	-
Central	2,141	2,141	-
Early Years	29.877	29.877	-
High Needs	49.418	49.676	0.258
<b>DSG Income</b>	<b>226.806</b>	<b>227.064</b>	<b>0.258</b>

\*After Recoupment

1.3. Table 2 below shows the final FY 20/21 DSG outturn figures, taking into consideration the final change in budget above.

Table 2 – Final DSG Outturn FY 20/21

Block	Revised Budget £m	Final Outturn £m	Variance £m
<b>Schools</b>			
- Individual Schools Budget	142.824	142.772	(0.052)
- Growth Fund	2.545	0.302	(2.243)
- Central schools expenditure	1.087	1.121	0.033
- ESG retained funding	1.054	1.054	0
<b>Sub-total</b>	<b>147.511</b>	<b>145.249</b>	<b>(2.262)</b>
Early Years Block	29.877	29.332	(0.545)
High Needs Block	49.676	51.233	1.556
<b>Sub-total</b>	<b>79.553</b>	<b>80.565</b>	<b>1.011</b>
DSG Income	(227.064)	(227.249)	(0.185)
<b>Total DSG</b>	<b>0</b>	<b>(1.436)</b>	<b>(1.436)</b>

1.4. The High Needs block had an overspend of £1.556m mostly due to a significant increase in pupils with EHCPs and also increased numbers of pupils with placements in independent settings. 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 High Needs pressure was offset by underspends in the Schools Block. The Growth Fund for expanding schools was underspent by £2.243m. Growth is awarded based on changes in pupil numbers in localities within the Borough, but expenditure does not necessarily occur in the year the funding was awarded. Analysis undertaken by the LA suggests that growth funding will fall in future years, but expenditure will increase.

1.7. The EY block is underspent largely due to fewer 2 yr olds and also fewer claims in early years pupil premium. It was already agreed in the February Schools Forum that £168k of this underspend would be used to fund lump sums for maintained nursery schools. These have been paid out in FY21/22. In addition, the LA accrued £323k which makes up part of the final outturn, to distribute to providers (see item 7) in FY 21/22. This is a result of a projected underspend in the 3 and 4 yr old funding.

1.8. The net underspend for the year was £1.436m, which will be added to the reserves carried forward from 2019-20, bring the total reserve to £3.244m, as indicated in the table below. As mentioned above, an agreed £162k of the underspend has been ringfenced for maintained nursery lump sums, leaving a balance of £3.082m. There are a number of potential calls on the remaining reserves:

- Future school growth needs – funding is expected to fall whereas costs are expected to rise.
- High Needs budget pressures – there remain significant pressures on the High Needs budget as a result of a continuing rise in the number of pupils with an EHCP and the increasing complexity of needs.
- Potential claw-back of early years funding, if actual early years numbers fall below what has been forecast and assumed in the current level of funding for 2021-22.

## 2020/21 RESERVES & PROVISIONS

Description	Reserves b/fwd 01 April 2020	Drawdown	movement	Contribution	Reserves C/fwd 31st March 2021
	£000	£000	£000	£000	£000
<u>Ringfenced</u>					
DSG	1,808	-	-	1,436	3,244

**Recommendation** - Members are asked to note the 2020/21 DSG outturn and the reserve balance carried forwards to 2021/22