**Report to Hartlepool Schools’ Forum 9July 2021**

**From Amanda Whitehead (Assistant Director - Education)**

# Agenda Item 4 – Dedicated Schools Grant & De-delegated Budgets Update

1. **Introduction**
   1. The purpose of the report is to update Schools’ Forum on the outturn position for the Dedicated Schools Grant (DSG) and de-delegated budgets for the financial year 2020/21.
2. **Background**
   1. In accordance with the Education and Skills Funding Agency (ESFA) ‘Schools Revenue Funding 2020/21 Guide’, the local authority is required to outline the Dedicated Schools Grant financial outturn at the end of the financial year.
   2. Local authorities are also required to report any unspent de-delegated funding remaining at the year end and obtain the consent of the Schools’ Forum to fund any overspend from the schools budget. Funding may be carried forward to the following funding period and can be used specifically for de-delegated services if the local authority wishes.

**3** **DSG Financial Position for 2020/21**

3.1 The table below summarises the DSG actual spend against budget.

|  |  |  |  |
| --- | --- | --- | --- |
| **DSG Block** | **2020/21 Revised**  **Budget**  **£m** | **2020/21**  **Actual**  **£m** | **2020/21**  **Variance over/(under)**  **£m** |
| **Early Years Block** | 6.281 | 6.282 | 0.001 |
| **High Needs Block** | 11.186 | 10.339 | (0.847) |
| **Central School Services Block** | 0.551 | 0.555 | 0.004 |
| **Schools Block (after Academy recoupment)** | 30.389 | 30.389 | 0.000 |
| **Growth Funding** | 0.343 | 0.154 | (0.189) |
| **TOTAL DSG** | **48.750** | **47.719** | **(1.031)** |

3.2 Early Years Block

The forecast overspend for 2020/21 against two year old provision was expected to be in the region of £0.105m. The final outturn of £0.034m overspent is a significantly improved position. The improvement is strongly linked to changes in the way the block was funded in 2020/21 and it is likely that the improvement continues in 2021/22. In response to the pandemic, government funded Councils on different census points in 2020/21 (and is doing so again in 2021/22). This change has proved beneficial to Hartlepool’s allocation. Unfortunately, the government is planning to return to the usual census points for funding in 2022/23 and beyond.

3.3 Forum will recall the historic funding shortfall against 2 year-old early years spending.  The Task and Finish Group established to analyse and review options to address the overspending has reconvened and plans to report back to Forum during the autumn term

3.4 Provision for 3 to 4 year olds underspent by £0.048m. This underspend was primarily linked to a low level of claims against Disability Living Allowance funding.

3.5 To help ensure the ongoing sustainability of early years providers during the pandemic, Forum agreed to establish a sustainability fund to allow providers to apply for financial assistance. The fund was set up using £15,000 of the underspend on 3 to 4 year old provision and a further £30,000 from early year’s reserves. Successful applications amounted to £24,200. (£15,000 funded from the underspend and the remaining £9,200 was funded from Early Years reserves).

3.6 Therefore, the final outturn on the Early Years block was an overspend of £0.001m which was funded from Early Year’s reserves.

3.7 High Needs Block

As reported to Forum at their meeting on 10 June 2021, the High Needs Block underspent by £0.847m in 2020/21. It is likely that the pandemic influenced the level of spending in 2020/21. The high needs block outturn will continue to be closely monitored and reported to Schools’ Forum throughout the year.

3.8 Central School Services Block (CSSB)

There is an overall overspend of £0.004m against the block. This relates to the continuing financial pressure of £0.008m relating to the pension costs for historic redundancies at Brierton School. The pressure is partially offset by underspending against the Admissions Team.

3.9 Should the pension cost pressure result in an overall financial pressure against the total CSSB funding (prior to transfer of residual funding to the Schools Block), an application can be made to ESFA.

3.10 Growth Fund

The Growth Fund underspent by £0.189m. The funding is carried forward in reserves. The total growth fund reserve balance stands at £0.242m and will be utilised in future years to fund existing commitments.

**4** **De-delegated Services**

4.1 De-delegated services show a net underspend of £0.009m. This relates primarily to underspending against english as a second language services owing to a staff vacancy for part of the year.

4.2 In accordance with the Regulations, the £0.009m underspend in de-delegated services has been carried forward into 2021/22.

**5** **Recommendations**

5.1 Forum is recommended to note the contents of this report.