



Report to Schools Forum

Date: 27th June 2023

Title: Dedicated Schools Budget – Outturn 2022-23

Author and contact officer: Liz Williams, Head of Finance (Children’s Services)

Recommendations: Schools Forum is asked to note the final outturn position against the Dedicated Schools Grant in 2022-23 and the impact on the DSG reserve.

Reason for decision: For Information

1. Purpose of the Report

1.1. This report updates Schools Forum on the Dedicated Schools Grant (DSG) allocation, outturn for 2022-23, the DSG Reserve, and the impact of 2022-23 outturn on the 2023-24 financial year.

2. DSG Allocation 2022-23

2.1. The final DSG allocation for 2022-23 and the income received is as follows:

Table 1: Reconciliation of DSG Allocation and Income Received 2022-23

DSG Block	Allocation prior to Academy Recoupment and other Deductions £'000	Less Academy Recoupment and other Deductions £'000	Final Allocation After Recoupment and Other Deductions £'000
Schools Block	387,291	214,193	173,098
High Needs Block	112,080	7,999	104,081
Early Years Block	34,579	0	34,579
Central Schools Services Block	5,295	0	5,295
Total DSG Allocation 2022-23	539,244	222,192	317,053
Income Received in 2022-23			(317,550)
Difference in income compared to allocation			(497)
Difference due to:			
Early Years prior year adjustment			(497)

3. Outturn 2022-23

3.1. The final outturn position for 2022-23 was a net underspend of £2.2 million against the overall Dedicated Schools Budget. This is a favourable movement of £2.5m from the previous report to Schools Forum. The reasons for the movement compared to forecast are summarised in the following paragraphs.

Table 2: Final Outturn 2022-23

	Budget £'000	Actual £'000	Variance £'000	Previous report to Schools Forum £'000	Movement £'000
Central Block	5,054	4,962	-92	131	-223
Early Years Block	34,579	33,435	-1,144	-1,292	148
High Needs Block	104,062	103,133	-929	1,446	-2,375
Schools Block	174,797	174,785	-12	0	-12
	318,492	316,315	-2,176	285	-2,461

3.2. The following amounts have been transferred into the DSG reserve from the Schools Block at the end of the year prior to finalising the outturn:

- Underspend against the pupil growth fund £0.782m

3.3. This amount has been rolled forward into earmarked reserves and is expected to be drawn down during 2023-24. The agreed plan for growth funding in 2023-34 requires utilisation of the underspend from 2022-23.

3.4. It should also be noted that no funds have been de-delegated from maintained schools for the school specific contingency in 2022-23 (as agreed by Schools Forum in December 2022) and therefore it is expected that the remainder of the balance rolled forward from previous years will be utilised in 2023-24. Following the most recent meeting of the Schools Specific Contingency Panel there remains a balance of £250k for utilisation against 2023-24 contingency applications.

3.5. The High Needs Block is £0.9 million underspent at the end of the year against the budget of £104.1 million. This is a favourable movement of £2.4m compared with the previous forecast. The main reason for the movement is summarised as follows:

1) **Post-16 spend** – favourable movement of £2.3m

- Decisions re Continuing Health Care contributions not always clear or timely and therefore health income not fully forecast during the year. This is being addressed for future years.
- Data quality – including data on placements in FE Colleges

2) **Integrated Therapies** – favourable movement of £0.9m

- additional investment agreed by the Council not fully utilised by the Provider as additional staffing not recruited.

3) Top Ups and Place Funding in schools

- increased spend of £0.4m compared with forecast

3.6. Further detail on the high needs block spend for 2022-23 is contained in the report of the DSG Spending Review Group.

3.7. The Early Years block is underspent by £1.1m, most of which is against the budget for the free entitlement for early education and childcare for 3 and 4 year olds. It is possible that this amount, or a proportion of it, will be clawed back when the DSG allocation is updated for January 2023 census data.

4. DSG Reserve

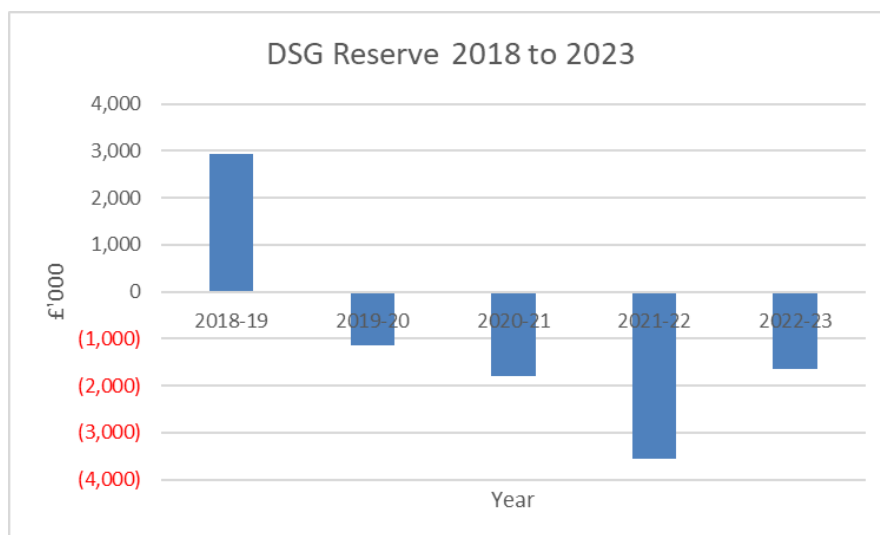
4.1. Any variance against the DSG is to be managed through the DSG reserve which is ringfenced. At the end of the 2022-23 financial year the council has a deficit of £1.653m against its DSG reserve. This is a reduction of £1.913m in the council's DSG deficit compared with the previous year. It is important to note that this includes the transfers to reserves from the Schools Block (para 3.2 above) and an underspend against the early years block, which may be subject to clawback.

Table 3: Summary of DSG Reserve 31 March 2023

DSG Reserve - Surplus/(deficit)	£'000
Opening Balance 2022-23	(3,566)
Recovery Actions agreed by Schools Forum	
Unallocated Historic Commitment funding to hold against pressures in future years as part of agreed savings plan	241
Balance following agreed Actions	(3,325)
Drawdown from Reserves 2022-23	
Drawdown of last years reserve - Growth	(1,681)
Contingency Payments	(104)
Total Drawdowns from Reserve	(1,785)
Contributions to Reserves 2022-23	
Growth Fund underspend - committed in 2023-24	783
Early Years cash adjustments - additional income for 2021-22	497
Total contribution to reserve	1,280
Contribution to reserve for in year Underspend	2,176
Closing Balance 2022-23 - Surplus/(Deficit)	(1,653)

4.2. The DSG deficit has increased year on year since the 2018-19 financial year until 2022-23 when we have seen the deficit reduce.

Figure 1: DSG Reserve 2018-19 to 2022-23



5. Impact on 2023-24

- 5.1. The budget set for 2023-24 takes into account the additional £11.5 million funding allocated to the High Needs Block in the 2023-34 funding settlement. The allocation of the growth has prioritised the impact of demand from previous years, expected increases in demand in 2022-23 and proposals from the DSG Spending Review Group aimed at reducing costs in future years, including mitigating savings. Budgets will be closely monitored to identify risks of overspend at an early point in the year.
- 5.2. The Council will also be engaging with the Delivering Better Value in SEND Programme in the summer of this year. This will support us to further understand trends in expenditure and develop plans for a more sustainable high needs system. More detail is provided in the report of the DSG Spending Review Group.