

SCHOOLS FORUM

SUBJECT	2022/23 Dedicated Schools Grant (DSG) Outturn and Contingency Balances
DATE	19th September 2023
REPORT OF	Liz Brummer, Strategic Finance Lead

PURPOSE OF THE REPORT

To advise Schools Forum members of the 2022/23 Dedicated Schools Grant (DSG) Outturn position and overall contingency balances.

RECOMMENDATIONS

It is recommended that Schools Forum:

- Note the 2022/23 DSG outturn position.
- Approve the earmarking of the PAN growth fund balance of £0.25M for use in future years.

BACKGROUND

The DSG is split into 4 notional blocks:

- Schools Block
- High Needs Block
- Early Years Block
- Central Services Block

These blocks remain notional, with limited possibility to move funding between blocks to reflect the needs, pressures and priorities of the geographical area.

In the case of the Schools Block any transfers require Schools Forum agreement and in certain cases the express approval of the Secretary of State. The Schools Block must also be fully distributed.

In respect of the Early Years Block the funding is participation based, where funding is received for a number of hours that exceeds actual take up this will be recouped by the ESFA or vice versa. This ensures funding matches activity.

DSG 2022/23 OUTTURN POSITION

The outturn position for each of the notional blocks together with an explanation of the main reasons for the variances is shown below.

	Schools Block £M	Early Years Block £M	High Needs Block £M	Central Services Block £M	Total £M
Budget	119.98	10.47	27.84	1.40	159.69
Outturn	119.68	10.48	28.08	1.39	159.63
Variance	(0.30)	0.01	0.24	(0.01)	(0.06)

Schools Block

The outturn position for the Schools Block is an underspend of £0.30M. This overspend equates to 0.2% of the total DSG Schools Block allocation of £119.98M.

Early Years

The Early Years Block outturn position is an overspend of £0.01M

High Needs Block

The High Needs Block outturn position is an overspend of £0.24M against a total allocation of £27.84M.

The key variance areas are summarised below and are detailed in Appendix A.

Service	(Under)/ Overspend	Reason
Alternative Provision	(£0.08M)	
Top Up Funding (special / mainstream)	£1.13M	Increasing demand and complexity of need has resulted in increased spend in year. The total expenditure in 2022/23 was £8.0M, an increase of £1.4M against 2021/22
Agency Placements	£1.44M	The continued trajectory of demand within this service is reflected in the overspend of £1.4M. Total expenditure in 2022/23 is £8.2M, which is £1.5M higher than the previous year.
SEN Services	(£0.55M)	Includes £0.15M of expenditure funded from EY block in 2022/23
Post 16	(£0.09M)	

Aspire Income	(£0.13M)	Income collected from exclusions over and above the original 2022/23 allocation.
Additional In Year Funding	(£0.86M)	Balance of additional funding received in 2022/23
Import/Export Adjustment	(£0.40M)	
Additional SEND Resource	(£0.19M)	New allocations for 2022/23
Sub Total	£0.27M	
Original 2022/23 High Needs Block Over Allocation and In-year recoupment	(£0.03M)	
TOTAL	£0.24M	

Central Services

There is a small underspend of £0.01M on the central services school block.

CONTINGENCY BALANCE AND GROWTH FUND AT 31st MARCH 2023

At the start of the financial year the DSG contingency balance brought forward was a deficit of £1.53M. The unaudited DSG over / under spend for each of the blocks for the financial year is shown below and totals a net over spend of £1.47M at the end of financial year 2022/23.

The Funding Formula for 2022/23 established a PAN Growth Fund of £0.4M of which £0.15M was distributed in-year, leaving a balance of £0.25M. It is recommended that this element of the contingency balance is earmarked to support future growth.

This would result in a general contingency balance of £1.72M, which is an increase of £0.19M on the opening position.

DSG Contingency	£M	£M
Opening Balance 1st April 2022		1.53
Schools Block – Underspend	(0.30)	
Early Years Block - Overspend	0.01	
High Needs Block – Overspend	0.24	
Central Schools Block - Underspend	(0.01)	
Closing Balance 31st March 2023		1.47
Of which:		
Growth Fund Surplus		(0.25)
General Contingency Deficit		1.72

CONCLUSION

Before adjustment for any agreed ring fencing of unspent growth funding, there has been a small decrease in the overall DSG Contingency deficit balance over 2022/23, demand on the High Needs Block has remained high and is expected to continue.

The Delivering Better Value programme is key to reviewing and addressing this by ensuring we have the most appropriate resource provision and support available to schools. The reduction in the use of expensive out of area placements by providing sufficient in borough provision is vital to keep within the DSG budget envelope going forward.

The DSG is a specific ring-fenced grant and there is no requirement for North East Lincolnshire Council to meet any deficit. Indeed, should this approach wish to be taken it would require Secretary of State approval, however given the very significant financial challenges being faced by the Council this should not be considered an option.