

SCHOOLS FORUM

SUBJECT	2023/24 Dedicated Schools Grant (DSG) Outturn and Contingency Balances
DATE	19th June 2024
REPORT OF	Liz Brummer, Strategic Finance Lead

PURPOSE OF THE REPORT

To advise Schools Forum members of the 2023/24 Dedicated Schools Grant (DSG) Outturn position and overall contingency balances.

RECOMMENDATIONS

It is recommended that Schools Forum:

- Note the 2023/24 DSG outturn position.
- Approve the earmarking of the PAN growth fund balance of £0.6M, for use in future years in line with the approved growth fund policy.

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 2023/24 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. These are before recoupment for academies, national non-domestic rates and direct funding of high needs places by ESFA.

Schools Block

The outturn position for the Schools Block is an underspend of £0.4M, of which £0.3M relates to in year PAN-growth. The total overspend equates to 0.3% of the total DSG Schools Block allocation of £126.3M.

Early Years

The Early Years Block outturn position is on budget.

High Needs Block

The High Needs Block outturn position is an overspend of £3.0M against a total allocation of £30.1M.

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

Service	(Under)/ Overspend	Reason
Top Up Funding (special / mainstream)	£0.8M	Increasing demand and complexity of need has resulted in increased spend in year. The total expenditure in 2023/24 was £9.0M, an increase of £1.0M against 2022/23
Agency Placements	£2.7M	The continued trajectory of demand within this service is reflected in the overspend. Total expenditure in 2023/24 is £11.3M, which is £3.1M higher than the previous year.
SEN Services	£0.4M	This predominantly represents an increase in EOTAS packages and Resource Based Provisions. There is an overall increase of £0.9M compared to 2022/23
AP Income	(£0.7M)	Income collected from exclusions over and above the original 2023/24 allocation.
Import/Export Adjustment	£0.3M	
Sub Total	£3.5M	
Original 2023/24 High Needs Block Under Allocation	(£0.5M)	
TOTAL	£3.0M	

Central Services

The Central Services outturn position is on budget.

CONTINGENCY BALANCE AND GROWTH FUND AT 31st MARCH 2024

At the start of the financial year the DSG contingency balance brought forward was a deficit of £1.5M. 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 £4.0M at the end of financial year 2023/24.

The Funding Formula for 2023/24 established a PAN Growth Fund of £0.3M and no payments were made in-year. It is recommended that the brought forward balance of £0.3M along with the in-year unspent allocation of £0.3M is earmarked to support future growth. This would result in a total PAN growth fund of £0.6M as of 31st March 2024

Earmarking the growth fund would result in a general contingency balance of £4.6M.

DSG Contingency	£M	£M
Opening Balance 1st April 2023		1.4
Schools Block	(0.4)	
Early Years Block	(0.0)	
High Needs Block	3.0	
Central Schools Block	0.0	
Closing Balance 31st March 2024		4.0
Of which:		
Growth Fund Surplus		(0.6)
General Contingency Deficit		4.6

SUMMARY

There has been a significant increase in the overall DSG Contingency deficit balance over 2023/24, demand on the High Needs Block has increased and this trajectory is expected to continue over the short to medium term.

The Delivering Better Value programme is key to reviewing and addressing this by ensuring we have appropriate resource provisions 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 bring DSG related expenditure back in line with budget.

The DSG is a specific ring-fenced grant and there is no current 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.