
York Schools Forum

5 July 2022

Report of the Corporate Director People and the Chief Finance Officer

Dedicated Schools Grant Outturn and Balances 2021/22

Summary

1. This report presents the summary financial outturn position for the services funded from the Dedicated Schools Grant (DSG) in 2021/22 and sets out how the balance carried forward to 2022/23 has been applied.
2. Headline gross DSG expenditure for 2021/22 totalled £156.175m, an underspend of £0.583m (0.4%) compared to the budget of £156.758m. This was offset by lower than budgeted DSG and post 16 income of £1.057m (0.7% of the £153.728m total grant income budget). However, as part of the Safety Valve Agreement that the Local Authority (LA) has made with the DfE, additional grant of £7.6m was also received at the end of the financial year. The net effect of these variations is an overall in year underspend variation to the net budget of £7.126m. This has resulted in a net carried forward of deficit DSG into 2022/23 of £5.843m.

Background

3. For 2021/22 the DSG continues to be treated as separate allocations and freedom to transfer resources between blocks without restrictions have been removed. From 2019/20 an additional Central School Services Block was created and transfers between the Schools Block and other blocks are subject to significant controls and restrictions.
4. Because of this additional information on how the net DSG outturn balance carried forward to 2022/23 has been applied across the four blocks has been provided.

Analysis

5. Details of the outturn position for each block within the 2021/22 DSG are provided in the table at Annex 1. The following paragraphs provide further explanations of the figures at Annex 1 for each block:

Schools Block

6. Annex 1 shows that there are only minor variations in the maintained schools and academy recoupment expenditure figures. The budgeted amounts reflect

the position at the time of the LA's Section 251 submission to the Education & Skills Funding Agency. The Section 251 requires that only schools that have converted to academy status prior to the start of the financial year are budgeted as such. This means that as further conversions occur during the year there could be significant divergence from the original budget position, however in 2021/22 there have been no additional conversions.

Central Services Block

7. Annex 1 shows a net underspend of £0.216m in central expenditure. In addition a balance of £0.304m was brought forward from 2020/21 in relation to the school improvement commissioning budget. As the commissioning budget is used to finance activity across the 2021/22 academic year, there is a requirement to carry forward £0.172m to 2022/23 to fund expenditure up until August 2022, or to support further allocations to schools yet to be agreed.
8. The remaining underspend of is mainly due to lower than budgeted prudential borrowing costs. Given the significant pressures being experienced within the High Needs Block in relation to SEND expenditure, current practice is for any remaining surplus balance to be transferred to the High Needs Block. For 2021/22 this transfer is £0.044m.

Early Years Block

9. Net in year expenditure within the Early Years Block has been £0.347m lower than budgeted for. The early years element of the DSG is calculated on the basis of actual take up of hours. However the final adjustment, based on the January 2022 early years census, has not yet been made. Therefore this surplus balance will need to be carried forward to 2022/23 to offset the negative DSG adjustment expected to be made to the early years DSG in 2022/23.

High Needs Block

10. Net in year expenditure within the High Needs Block has been £1.036m higher than budgeted for and £3.635m higher than the core DSG funding allocated by government. However, as part of the Safety Valve Agreement that the Local Authority (LA) has made with the DfE, additional grant of £7.6m was also received at the end of the financial year. The effect of this additional grant produces a net in year High Needs block surplus of £3.965m, and reduces the High Needs deficit carry forward to 2022/23 from the originally budgeted £12.970m down to an actual £6.362m
11. Further detail on the DSG Safety Valve recovery plan is the subject of a separate report on this agenda. However it should be noted that the plan agreed with the DfE, if implemented in full, would result in a balanced high needs budget by the end of 2024/25. The plan includes a commitment from the DfE to allocate additional funding to York of £9.5m on top of the £7.6m allocated in 2021/22, subject to certain conditions.

Recommendations

12. The Schools' Forum is asked to note and comment on the information contained in this report.

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Annexes

Annex 1 – Dedicated Schools Grant Outturn 2021/22

Background Papers

2021/22 Section 251 Statement

DEDICATED SCHOOLS GRANT - 2021/22 OUTTURN			
	Budget £m	Actual £m	Variance £m
<u>Schools Block</u>			
Maintained Schools Expenditure	45.372	45.324	(0.048)
Academy Recoupment	71.158	71.214	0.056
Pupil Growth Fund	0.391	0.391	0.000
DSG Funding	(112.597)	(112.597)	0.000
Post 16 Grant	(4.381)	(4.390)	(0.008)
Net Expenditure	(0.058)	(0.058)	0.000
Brought Forward from 2020/21	0.058	0.058	0.000
Carried Forward to 2022/23	0.000	0.000	0.000
<u>Central Services Block</u>			
Expenditure	3.070	2.854	(0.216)
DSG Funding	(2.766)	(2.766)	0.000
Net Expenditure	0.304	0.088	(0.216)
Brought Forward from 2020/21	(0.304)	(0.304)	0.000
Transferred to High Needs Block	0.000	0.044	0.044
Carried Forward to 2022/23	0.000	(0.172)	(0.172)
<u>Early Years Block</u>			
Expenditure	11.252	10.173	(1.079)
DSG Funding	(11.067)	(10.335)	0.732
Net Expenditure	0.185	(0.162)	(0.347)
Brought Forward from 2020/21	(0.185)	(0.185)	0.000
Carried Forward to 2022/23	0.000	(0.347)	(0.347)
<u>High Needs Block</u>			
Schools/Providers Expenditure	19.990	20.326	0.336
Direct Places Recoupment	3.698	3.698	0.000
Central Services Expenditure	1.828	2.195	0.367
DSG Funding	(22.917)	(22.584)	0.333
Additional Safety Valve Funding	0.000	(7.600)	(7.600)
Net Expenditure	2.599	(3.965)	(6.564)
Brought Forward from 2020/21	10.371	10.371	0.000
Transferred from Central Block	0.000	(0.044)	(0.044)
Carried Forward to 2022/23	12.970	6.362	6.608
<u>DSG TOTAL</u>			
Gross Expenditure	156.758	156.175	(0.583)
DSG Funding	(149.347)	(148.281)	1.066
Post 16 Grant	(4.381)	(4.390)	(0.009)
Additional Safety Valve Funding	0.000	(7.600)	(7.600)
Net Expenditure	3.030	(4.097)	(7.126)
Brought Forward from 2020/21	9.940	9.940	0.000
Carried Forward to 2022/23	12.970	5.843	(7.126)