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**York Schools Forum**

**12 July 2023**

Report of the Chief Finance Officer

## **DEDICATED SCHOOLS GRANT & MAINTAINED SCHOOLS OUTTURN 2022/23**

### **Summary**

- 1 This report presents the summary financial outturn position for the services funded from the Dedicated Schools Grant (DSG) in 2022/23 and sets out how the balance carried forward to 2023/24 has been applied.
- 2 Headline gross DSG expenditure for 2022/23 totalled £160.561m, an underspend of £1.209m (0.7%) compared to the budget of £161.770m. This was offset by lower than budgeted DSG income of £0.762m (0.5% of the £155.333m DSG income budget). However, as part of the Safety Valve Agreement that the Local Authority (LA) has made with the DfE, additional grant of £2.0m 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 £2.447m. This has resulted in a net carried forward of deficit DSG into 2023/24 of £2.723m.

### **Background**

- 3 For 2022/23 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 2023/24 has been applied across the four blocks has been provided.

### **Analysis**

- 5 Details of the outturn position for each block within the 2022/23 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 net 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 2022/23 there have been no additional conversions.

#### Central Services Block

- 7 Annex 1 shows a net underspend of £0.450m in central expenditure. In addition a balance of £0.172m was brought forward from 2021/22 in relation to the school improvement commissioning budget. As the commissioning budget is used to finance activity across the 2022/23 academic year, there is a requirement to carry forward £0.250m to 2023/24 to fund expenditure up until August 2023, or to support further allocations to schools yet to be agreed.
- 8 The remaining underspend is mainly due to lower than budgeted prudential borrowing costs and further reductions in combined budgets to meet the requirements of the safety valve agreement. 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 2022/23 this transfer is £0.372m.

#### Early Years Block

- 9 Net in year expenditure within the Early Years Block has been £0.196m 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 2023 early years census, has not yet been made. As the LA's practice is to always budget to spend the full Early Years DSG allocation and retain no contingency, then this surplus balance will need to be carried forward to 2023/24 to offset the negative DSG adjustment expected to be made to the early years DSG in 2023/24.

#### High Needs Block

- 10 Net in year expenditure within the High Needs Block has been £0.174m higher than budgeted for and £2.001m 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 £4.5m was also received during the financial year. The effect of this additional grant produces a net in year High Needs block surplus of £2.499m, and reduces the High Needs deficit carry forward to 2023/24 from the originally budgeted £5.170m down to an actual £3.124m
- 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, will 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 £17.1m. Of this £7.6m was allocated in 2021/22, £4.5m in

2022/23 with a further £5m due over the next three financial years, subject to certain conditions.

### **Maintained School Outturn Balances**

- 12 Annex 2 sets out the details of maintained schools financial position at the end of the 2022/23 financial year. The tables shows that schools held revenue balances totalling £2.396m at 31 March 2023.
- 13 The table also highlights any schools with uncommitted revenue reserves in excess of the 5% or 8% level set out as the threshold for considering clawback under the LMS Scheme. Only one school has reserves at this level at 31 March 2023. Given the current uncertainty around cost increases and funding levels in the coming years, the LA is not proposing any clawback of excess revenue reserves.

### **Recommendations**

- 14 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 2022/23

Annex 2 – Maintained School Outturn Balances 2022/23

### **Background Papers**

2022/23 Section 251 Statement

<b>DEDICATED SCHOOLS GRANT - 2022/23 OUTTURN</b>			
	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
<b><u>Schools Block</u></b>			
Maintained Schools Expenditure	46.750	46.810	0.060
Academy Recoupment	73.609	73.086	(0.523)
Pupil Growth Fund	0.342	0.487	0.145
DSG Funding	(116.091)	(115.728)	0.363
Post 16 Grant	(4.610)	(4.610)	0.000
<b>Net Expenditure</b>	<b>0.000</b>	<b>0.045</b>	<b>0.045</b>
Brought Forward from 2020/21	0.000	0.000	0.000
<b>Carried Forward to 2022/23</b>	<b>0.000</b>	<b>0.045</b>	<b>0.045</b>
<b><u>Central Services Block</u></b>			
Expenditure	2.375	1.925	(0.450)
DSG Funding	(2.375)	(2.375)	0.000
<b>Net Expenditure</b>	<b>0.000</b>	<b>(0.450)</b>	<b>(0.450)</b>
Brought Forward from 2020/21	0.000	(0.172)	(0.172)
Transferred to High Needs Block	0.000	0.372	0.372
<b>Carried Forward to 2022/23</b>	<b>0.000</b>	<b>(0.250)</b>	<b>(0.250)</b>
<b><u>Early Years Block</u></b>			
Expenditure	10.750	10.639	(0.111)
DSG Funding	(10.750)	(10.855)	(0.105)
<b>Net Expenditure</b>	<b>0.000</b>	<b>(0.216)</b>	<b>(0.216)</b>
Brought Forward from 2020/21	0.000	0.020	0.020
<b>Carried Forward to 2022/23</b>	<b>0.000</b>	<b>(0.196)</b>	<b>(0.196)</b>
<b><u>High Needs Block</u></b>			
Schools/Providers Expenditure	21.920	21.251	(0.669)
Direct Places Recoupment	3.778	3.778	0.000
Central Services Expenditure	2.246	2.585	0.339
DSG Funding	(26.117)	(25.613)	0.504
Additional Safety Valve Funding	(2.500)	(4.500)	(2.000)
<b>Net Expenditure</b>	<b>(0.673)</b>	<b>(2.499)</b>	<b>(1.826)</b>
Brought Forward from 2020/21	5.843	5.995	0.152
Transferred from Central Block	0.000	(0.372)	(0.372)
<b>Carried Forward to 2022/23</b>	<b>5.170</b>	<b>3.124</b>	<b>(2.046)</b>
<b><u>DSG TOTAL</u></b>			
Gross Expenditure	161.770	160.561	(1.209)
DSG Funding	(155.333)	(154.571)	0.762
Post 16 Grant	(4.610)	(4.610)	0.000
Additional Safety Valve Funding	(2.500)	(4.500)	(2.000)
<b>Net Expenditure</b>	<b>(0.673)</b>	<b>(3.120)</b>	<b>(2.447)</b>
Brought Forward from 2020/21	5.843	5.843	0.000
<b>Carried Forward to 2022/23</b>	<b>5.170</b>	<b>2.723</b>	<b>(2.447)</b>