



North Northamptonshire Schools Forum: 13<sup>th</sup> June 2023

Agenda Item 8

DSG Overview - 2022-23 DSG Outturn

**1. Purpose of the Report**

1.1 The purpose of the report is to ensure that the Schools Forum is informed of the Outturn Position of the Dedicated Schools Grant (DSG) for 2022-23.

**2. DSG Allocation 2022-23**

2.1 Table 1 provided below sets out the final DSG allocation for 2022-23 and the income received:

DSG Block	Allocation Prior to		Final Allocation
	Academy Recoupment and HN Deductions	Less Academy Recoupment and HN Deductions	
Schools Block	254,876,160	207,932,034	46,944,126
Central Schools Block	3,567,298		3,567,298
High Needs	52,370,722	10,461,669	41,909,053
Early Years	22,271,483		22,271,483
<b>Total DSG Allocation</b>	<b>333,085,663</b>	<b>218,393,703</b>	<b>114,691,960</b>
<b>Income Received in 2022-23</b>			<b>(114,802,541)</b>
Difference in Income received compared to allocation			(110,581)
Difference due to :			
<b>Early Years Adjustment Relating to 2021-22</b>			<b>(110,581)</b>

**3. DSG Outturn**

3.1 Table 2 provided below presents the overall outturn summary for each of the four DSG blocks for 2022-23. Following the table, an explanation is provided for each block, highlighting the factors that contributed to the final position. Additionally, there are appendices at the end of this report that provide more detailed information about the expenditure within the individual blocks.

The final outturn position for 2022-23 is a overspend of £1.864 million. This has been an adverse movement of £1.560 million from the previous report to school's forum in

January 23. This has mainly been contributed by the increased pressures and demands on the High Needs Block.

**Table 2: Summary 2022-23 DSG Outturn Expenditure Against Funding by Block**

Block	2022-23 Budget	2022- 2023 Outturn	Variance
Schools Block	£ 254,876,160	£ 254,813,194	(62,966)
Central School Sevices Block	£ 3,567,298	£ 3,533,873	(33,425)
High Needs Block	£ 52,370,722	£ 54,348,356	1,977,634
Early Years Block	£ 22,271,483	£ 22,254,302	(17,181)
<b>DSG Outturn 2022-23</b>	<b>£ 333,085,663</b>	<b>£ 334,949,724</b>	<b>1,864,061</b>

### 3.2 Schools Block.

3.2.1 The funding for the Schools Block was allocated in accordance with the Authority Proforma Tool exercise on the mainstream schools funding formula in January 2021. The outturn position on the school's block is an underspend of 63k this is a favourable movement of £391k since the last school forum report, this favourable movement is primarily attributed to the remaining contingency budget within the Growth Fund allocation that has not been spent. The underspend in the Growth Fund relates to a contingency budget set aside for accommodating additional growth such as Ukrainian pupils. Since this budget was not used, it has resulted in an underspend.

### 3.3 Central School Services Block.

3.3.1 Due to the separation of the School Admissions service from the West in August 2022 the service has experienced an underspend of £33k. This is primarily due to the presence of vacancies that service was left with. These vacancies will be filled in the upcoming financial year. This has left the CSSB block with an underspend of £33k. All other budgets within CSSB Block such as School Licences, Schools Forum, Statutory and Regulatory Duties all came within the available funding envelope.

### 3.4 High Needs Block.

3.4.1 The main pressures throughout the year has been within the High Needs Block, there are increasing pressures nationally and in North Northamptonshire for High Needs Places. The main factors contributing to the considerable increase in the High Needs overspend since the last school forum has been the pressure for additional placements for pupils, as there is no capacity available in North Northamptonshire school's pupils are being placed in alternative settings which come at a higher cost to NNC. Another significant aspect that has impacted the overspend is the timing of invoice payments. Instead of occurring at a steady termly rate as initially anticipated, numerous invoices have been paid at the end of the year which has affected the year end forecast. There have also been historical placements where schools sought unpaid funds from previous years, due to the absence of accurate historical lists of placements it has been difficult to forecast costs relating to these placements. These instances have added to the overspend, as it necessitated addressing past financial obligations alongside current expenditure.

Joint funded residential placements have also contributed to the overspend these were not fully forecasted in the previous report leading to a discrepancy between the estimated and actual expenses incurred. Joint funded residential placements can present unique challenges in terms of forecasting, as they involve collaborative funding arrangements between multiple parties and considering factors such as funding responsibilities for pupils, the process of determining the funding allocation for each joint funded residential placement has taken longer than initially anticipated. As a result, the final figures confirming the specific funding contributions have only recently been confirmed. Mainstream Top Ups has also contributed to the overspend this mainly relates to a steady increase of pupils and an exercise the High Needs Team did in the summer where they caught up with any historic EHCP's.

The outturn for the High Needs block for 2022-23 is £1.978 million overspend. The Appendices attached to this report show a more detailed breakdown of High Needs Block.

- 3.4.2 There is a separate report to be presented later in the meeting which includes more detail about the pressures in the High Needs Block.

### **3.5 Early Years Block.**

- 3.5.1 The ESFA confirmed earlier this year that the 2021-22 Year end adjustment for Early Years was £110k Surplus. This has been accounted for within the DSG Early Years Block. The Underspend on the Early Years block relates to a combination of the reduction in funding on the Maintained Nursery School Supplement due to the lack of participation in maintained Nursery Schools of 27k as previously reported to school forum and an underspend of 44k on Disability Access Fund.

## **4. DSG Reserve**

- 4.1 The overspend against the DSG is to be managed through the DSG reserve which is ringfenced. At the end of the 2021-22 financial year the council had a deficit of £1.288 million against its DSG reserves. It is important to note that the audit and agreement of the legacy accounts for the 2020-21 financial year are still pending. Hence, the report can only provide information on the financial positions of the 2021-22 and 2022-23 financial years. Despite the funding increases over the past two years, the deficit has continued to grow. It is important to highlight that there is an underspend in the Early Years Block, which may potentially be subject to a clawback.

## **5. Recommendations for Schools Forum**

- 5.1 Schools Forum are asked to note the report.

## **6. Financial implications**

- 6.1 Financial accounts for are yet to be audited and agreed.

## **7. Legal implications**

7.1 Schools funding is governed by The School and Early Years Finance (England) Regulations 2021. It is important to ensure decisions are made within the regulations set.

## **8. Risks**

8.1 The deliverability of the 2022-23 Budget is monitored by Budget Managers and Assistant Directors. Where any variances or emerging pressures are identified during the year then mitigating actions have been sought and management interventions undertaken.

8.2 Details of pressures, risks and mitigating actions implemented are provided as part of the finance monitoring reports. The main risks identified include an increase in demand on placements costs within the High Needs Block.

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