

## ITEM 3

### Dedicated Schools Grant Outturn Report for 2022/23

#### Recommendations

The Schools Forum is asked to:-

1. Note the final DSG outturn for 2022/23
2. DSG Reserves position and performance against the DfE Safety Valve Target

**Members of Forum allowed to vote:** - All school and academy members are able to vote. Only early years representatives from the non schools members are able to vote. Non-school members even if represented by school staff are not eligible to vote.

#### 1. Dedicated Schools Grant

**1.1 Introduction.** Each year the local authority is allocated funding from the Department for Education (DfE) in the form of the Dedicated Schools Grant (DSG), to be distributed to schools and other establishments for the provision of education within the borough. This report features the overall outturn position for the 2022/23 financial year. It focuses on the following areas

- a) Total DSG allocated to the London Borough of Croydon for 2022/23
- b) Total expenditure analysed by each DSG block for reporting purpose only
- c) Overall allocation and movement of DSG grant
- d) DSG Reserves position and Performance against the DfE Safety Valve Target

#### 2. DSG allocated to the London Borough of Croydon for 2022/23

**2.1** Croydon was allocated a total DSG grant of **£401.4m** for 2022/23 financial year prior to academy recoupment of £225.8m. The net amount post recoupment payable to the LA was £175.6m. [£401.8m less £225m for academies = £175.6m]

**Table 1:** DSG Allocation to Local Authority

Block	2020/21 £m	2021/22 £m	2022/23 £m
Schools Block	74.422	74.102	65.685
Early Years Block	29.756	26.467	28.303
High Needs Block (The 2022/23 figure includes £10.960m SV funding)	61.240	67.052	75.214
Central Service Schools Block	6.044	6.045	5.302
Sub Total (a)	171.462	173.666	174.504**
Safety Valve DfE additional funding	-	-	10.960
Total funds from DfE (b)	171.462	173.668	185.464

The figure in sub total (a) 2022/23 of **£174.5m** + £1.1m NNDR paid to LA directly by DfE= £175.6m)\*\*

**2.2** Schools Block. The total spent in the schools block includes the £1.958m growth funding allocated to various schools. The locality team is also leading on allocating the rest of the accrued growth funds to all the relevant schools and towards the agreed speech and language therapies disbursement to mainstream schools in support of the overall High Needs Strategy as approved by Schools forum.

**2.3** High Needs and Early Years Block - Total expenditure analysed by each DSG block for reporting purposes only. Table 2 below represents the overall expenditure analysed into individual funding blocks. This shows significant expenditure in High Needs and Early Years Block. The high needs block expenditure increased in line with expectation and pupil data..

**2.4** The main reason for the increased expenditure in the Early years block is due to delayed payments to providers which was not accrued in 2022/23 due to a system change over. Another reason was the reserves disbursement to meet the 95% 'pass-through' requirement as required in the DfE operational guide.

**2.5** The service is working closely with the finance team to ensure that all funding due providers are paid within in the same financial year to forestall unnecessary distortion in our trend analysis for monitoring the overall DSG deficit.

**Table 2 Expenditure by block.**

Description	Expenditure £m 2020/21	Expenditure £m 2021/22	Expenditure £m 2022/23
Schools Delegated including growth	74.419	73.471	65.938
Early Years	27.821	26.399	31.074
High Needs	67.147	70.52	77.239
Central Support Services block	6.044	6.045	5.302
<b>Total</b>	<b>175.431</b>	<b>176.435</b>	<b>179.553</b>

**2.6** Central Support Services block - The local authority is under severe budget pressure to meet the historical Teachers Pension cost and the related PFI cost due to the 20% cut to the Schools Central Services Block allocation. The Local Authority is therefore planning to provide the required evidence to the DfE in future to forestall any more future cuts because the LA is committed to significant historic commitments and prudential borrowing costs.

### 3. Overall movement in Cumulative DSG Deficit

**3.1** Cumulative DSG deficit – Table 3 provides some useful trend analysis over the last three years. The year -end balance of £15.384m represents a sharp fall in deficit due to the £10.960m Safety Value funding.

**Table 3 – Trend Analysis of DSG Deficit**

Description	2020/21 £m	2021/22 £m	2022/23 £m
Final DSG for before academy recoupment	365.28	387.879	401.38
Academy figure recouped	-193.82	-213.107	-226.97
<b>Total DSG after academy recoupment</b>	171.46	173.668	174.41*
plus: Brought forward from previous year	-14.558	-18.527	-21.295
DfE Safety Valve Allocation	-	-	10.960
Final Budget distribution	156.9	155.141	164.08
Of which:			
Actual Central Expenditure allocated	8.102	17.245	16.501
Actual ISB Deployed to schools allocated	167.33	159.191	162.96
<b>Total Actual Expenditure</b>	175.43	176.436	179.46
<b>Carry-forward overspend</b>	<b>-18.527</b>	<b>-21.295</b>	<b>-15.384</b>

\*This figure excludes the £1.1 NNDR Funded directly by DfE added to the expenditure line.

**3.2** Reserves position and Financial Accounting - The government recently approved a further extension of the Statutory Override for the Dedicated Schools Grant deficit reporting for the next 3 years from 2023-24 to 2025-26. This means that any successive deficit positions built up during that period of override, to be allocated to an unusable reserve on the basis of the statutory accounting adjustment.

**Table 4 - DSG Reserves**

DSG Reserves	Year 2021/22 £m	In -Year 2022/23 £m	Safety Valve £m	Year 2022/23 £m
Schools Block	-3.411	0.253	0.000	-3.158
Early Years	-2.982	2.771	0.000	-0.211
High Needs Block	27.688	2.025	0.000	29.713
Safety Valve funding	0.000	0.000	-10.960	-10.960
<b>DSG Reserves</b>	<b>21.295</b>	<b>5.049</b>	<b>-10.960</b>	<b>15.384</b>

**3.4 Performance Target** - Lines number 3,7 and 11 highlighted in table 5 below depict the overall performance of the DSG deficit position prior to Safety Valve payment for the next 5 years. Line number 11 shows the expected balance at the end of each financial year. Line number 10 starts with a £29k deviation from the 2022/23 target. This is due to delay in implementation of some of the agreed strategies and additional funding for complex cases in January 2023.

**Table 5 – Position Audit ( Croydon performance as at 31/03/2023)**

Ref.	5 Years DSG Deficit Strategy	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Line 1	Actual Outturn / In Year Forecast	5.049	0.655	0.569	-0.113	-0.121
Line 2	DSG Balance Bal /f from 2021/22	21.295	26.344	26.999	27.568	27.455
Line 3	Croydon Projected DSG Deficit prior to SV payment	26.344	26.999	27.568	27.455	27.334
Line 4	5 Years DSG Deficit Strategy	2022/23	2023/24	2024/25	2025/26	2026/27
Line 5	Actual Outturn / Forecast	5.02	0.724	0.569	-0.113	-0.121
Line 6	DSG Balance Bal/f	21.295	26.315	27.039	27.608	27.495
Line 7	DfE Forecast Cumulative DSG Deficit prior to SV payment	26.315	27.039	27.608	27.495	27.374
Line 8	SV Yearly Instalments - Payment to LA	-10.96	-3.29	-3.29	-3.29	-6.58
Line 9	Year to date - Cumulative DSG Deficit Instal.payments	-10.96	-14.25	-17.54	-20.83	-27.41
Line 10	Current Deviation from target	0.029	-0.040	-0.040	-0.040	-0.040
Line 11	Final DSG Bal after SV (Line 3 + 9)	15.384	12.749	10.028	6.625	-0.076

**3.5** As per the expectation of the Safety Valve programme, the local authority has undertaken several projects to ensure the service is operated on a sustainable path that delivers the required SEND educational needs considering the challenges and financial risks envisaged.

### Recommendations

The Schools Forum is asked to:-

- Note the final DSG outcome for 2022/23
- DSG Reserves position and performance against the DfE Safety Valve Target

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