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**York Schools Forum**

**4 July 2024**

Report of the Chief Finance Officer

## **DEDICATED SCHOOLS GRANT & MAINTAINED SCHOOLS OUTTURN 2024/25**

### **Summary**

- 1 This report presents the summary financial outturn position for the services funded from the Dedicated Schools Grant (DSG) in 2023/24 and sets out how the balance carried forward to 2024/25 has been applied.
- 2 Headline gross DSG expenditure for 2023/24 totalled £162.934m, an underspend of £1.743m (1.1%) compared to the budget of £164.677m. This was offset by lower than budgeted DSG income of £0.221m (0.1% of the £160.959m DSG income budget). However, as part of the Safety Valve Agreement that the Local Authority (LA) has made with the DfE, additional grant of £2.040m 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 £3.514m. This has resulted in a net carried forward of deficit DSG into 2024/25 of £0.291m.

### **Background**

- 3 For 2023/24 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 2024/25 has been applied across the four blocks has been provided.

### **Analysis**

- 5 Details of the outturn position for each block within the 2023/24 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 recouplement 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. During 2023/24 there have been three additional conversions.

#### Central Services Block

- 7 Annex 1 shows a net underspend of £0.326m in central expenditure. In addition a balance of £0.250m was brought forward from 2022/23 in relation to the school improvement commissioning budget. As the commissioning budget is used to finance activity across the 2023/24 academic year, there is a requirement to carry forward £0.236m to 2024/25 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 2023/24 this transfer is £0.340m.

#### Early Years Block

- 9 Net in year expenditure within the Early Years Block has been £0.459m 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 2024 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 2024/25 to offset the negative DSG adjustment expected to be made to the early years DSG in 2024/25.

#### High Needs Block

- 10 Net in year expenditure within the High Needs Block has been £0.868m lower than budgeted for but £0.214m 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 £2.040m was also received during the financial year. The effect of this additional grant produces a net in year High Needs block surplus of £1.826m, and reduces the High Needs deficit carry forward to 2024/25 from the originally budgeted £3.805m down to an actual £0.958m
- 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 2025/26. The plan includes a commitment from the DfE to allocate additional funding to York of £17.1m. Of this £7.6m was allocated by the end of 2022/23,

£2.04m in 2023/24 with a further £3m due over the next two 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 2023/24 financial year. The tables shows that schools held revenue balances totalling £1.473m at 31 March 2023, representing 2.8% of core revenue funding. This is a significant reduction of £1.083m (42%) over the year, with only four schools (out of 22) maintaining expenditure within their income level for 2023/24.
- 13 Deficits of the levels experienced during 2023/24 are unsustainable if continued into future years. Schools Start Budgets and financial plans for 2024/25 are currently being analysed, with a further report to be presented to the forum in the autumn term.

### **Recommendations**

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

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**For further information please contact the author of the report**

### **Annexes**

Annex 1 – Dedicated Schools Grant Outturn 2023/24

Annex 2 – Maintained School Outturn Balances 2023/24

### **Background Papers**

2023/24 Section 251 Statement

Maintained Schools 2023/24 Year End Statements

<b>DEDICATED SCHOOLS GRANT - 2023/24 OUTTURN</b>			
	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
<b><u>Schools Block</u></b>			
Maintained Schools Expenditure	44.886	38.423	(6.463)
Academy Recoupment	77.030	83.268	6.238
Pupil Growth Fund	0.334	0.493	0.159
DSG Funding	(119.614)	(119.614)	0.000
Post 16 Grant	(2.636)	(2.588)	0.048
<b>Net Expenditure</b>	<b>0.000</b>	<b>(0.018)</b>	<b>(0.018)</b>
Brought Forward from 2022/23	0.000	0.045	0.045
<b>Carried Forward to 2024/25</b>	<b>0.000</b>	<b>0.027</b>	<b>0.027</b>
<b><u>Central Services Block</u></b>			
Expenditure	2.074	1.748	(0.326)
DSG Funding	(2.074)	(2.074)	0.000
<b>Net Expenditure</b>	<b>0.000</b>	<b>(0.326)</b>	<b>(0.326)</b>
Brought Forward from 2022/23	0.000	(0.250)	(0.250)
Transferred to High Needs Block	0.000	0.340	0.340
<b>Carried Forward to 2024/25</b>	<b>0.000</b>	<b>(0.236)</b>	<b>(0.236)</b>
<b><u>Early Years Block</u></b>			
Expenditure	11.477	11.105	(0.372)
DSG Funding	(11.477)	(11.368)	0.109
<b>Net Expenditure</b>	<b>0.000</b>	<b>(0.263)</b>	<b>(0.263)</b>
Brought Forward from 2022/23	0.000	(0.196)	(0.196)
<b>Carried Forward to 2024/25</b>	<b>0.000</b>	<b>(0.459)</b>	<b>(0.459)</b>
<b><u>High Needs Block</u></b>			
Schools/Providers Expenditure	22.456	21.599	(0.857)
Direct Places Recoupment	3.876	3.876	0.000
Central Services Expenditure	2.544	2.422	(0.122)
DSG Funding	(27.794)	(27.683)	0.111
Additional Safety Valve Funding	0.000	(2.040)	(2.040)
<b>Net Expenditure</b>	<b>1.082</b>	<b>(1.826)</b>	<b>(2.908)</b>
Brought Forward from 2022/23	2.723	3.124	0.401
Transferred from Central Block	0.000	(0.340)	(0.340)
<b>Carried Forward to 2024/25</b>	<b>3.805</b>	<b>0.958</b>	<b>(2.847)</b>
<b><u>DSG TOTAL</u></b>			
Gross Expenditure	164.677	162.934	(1.743)
DSG Funding	(160.959)	(160.738)	0.221
Post 16 Grant	(2.636)	(2.588)	0.048
Additional Safety Valve Funding	0.000	(2.040)	(2.040)
<b>Net Expenditure</b>	<b>1.082</b>	<b>(2.432)</b>	<b>(3.514)</b>
Brought Forward from 2022/23	2.723	2.723	0.000
<b>Carried Forward to 2024/25</b>	<b>3.805</b>	<b>0.291</b>	<b>(3.514)</b>