

Report to Haringey Schools Forum -6th July 2023

Report Status

For information/note
For consultation & views
For decision

Report Title: Dedicated Schools Grant (DSG) 2022/23 Outturn and Finance Update

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Purpose:

1. To inform members of the provisional DSG outturn position 2022/23 for the Early Years Block, Schools Block, High Needs Block and Central School Services Block.
2. To note the LMS schools closing balances as at 31st March 2023.
3. To inform members of the DSG budget for 2023-24.
4. To inform members with an update of the Safety Valve Agreement.

1 Introduction

- 1.1 This report updates Schools Forum in accordance with the Schools Forum Regulations 2012 requiring Schools' Forum to meet regularly and the local authority to consult with School Forum concerning the Dedicated Schools Grant and various related matters.
- 1.2 The provisional outturn for the Dedicated Schools Grant (DSG) for 2022/23 shows that the overall deficit of the DSG grant reports £11.55m having reduced from £20.38m the previous year. The in-year changes within the DSG are due to ongoing cost and demand pressures faced by the High Needs Block but also Haringey now being part of the Department of Education (DfE) Safety Valve Programme and an update is provided at the end of this report to members.
- 1.3 This paper sets out a summary of the DSG analysis of the four blocks' financial position for the financial year 2022/23 and the indicative DSG allocations for the financial year 2023/24.

1. DSG Outturn for 2022/23

- 1.1 The Dedicated Schools Grant is reporting an overall in-year pressure of £3.13m (*please refer to DSG Outturn table A below*). This consists of an overspend on High needs block of £2.22m and a small overspend on Early Years block £91k. The budget allocations are **NET of DSG** after recoupment or funding received by the local authority.

Table A - DSG Outturn (blocks) 2022-23	Opening DSG at 01/04/22 b/fwd.	DSG Budget 2022/23	Provisional Expenditure 2022/23	Outturn Variance 2022/23	Safety Valve Funding 2022/23	Closing DSG Balance 2022/23
	£m	£m	£m	£m	£m	£m
	(a)	(b)	(c)	(b)-(c)=(d)	(e)	(a)+(d)-(e) =(f)
Schools Block	0	135.05	135.05	0	0	0
Central Block	0	2.78	2.78	0	0	0
High Needs Block	21.61	50.57	52.79	2.22	11.96	11.87
Early Years Block	*(1.23)	20.15	21.06	0.91	0	** (0.32)
Total	20.38	208.55	211.68	3.13	11.96	11.55

*Reserve to offset Early Years 3- and 4-year-old funding pressure from prior year (ringfenced)

**Early Years reserve c/fwd. (ringfenced)

Schools Block

- 1.2 The total £135.05m of the schools' block was passported to schools using the Authority Proforma Tool (APT) and local variations agreed by the Schools Forum. This is fully allocated to schools in the year as part of school budget shares. However, as noted in paragraph 3.1 the schools will have their individual surplus or deficit reported at year end.

Central School Services Block

- 1.3 The total £2.78m of the Central Schools Services block is retained by the council as a contribution towards the council's statutory duties.

1.4 High Needs Block

The High Needs Block budget allocation was £50.57m and the overspend in year is £2.22m. This is due to ongoing significant growth in pupil numbers within Special Education Needs and Disabilities (SEND). The main pressure areas continue within special schools and the children in post 16 settings. In support and acceptance of the Safety Valve Programme, Haringey received £11.96m from the DfE which has been applied High Needs block cumulative deficit, resulting in a closing deficit at 31st March 2023 of £11.87m.

1.5 Early Years Block

The Early Years indicative budget was £20.15m and the in-year outturn was a pressure of £91k due to an overpayment of 3- and 4-year-old deprivation funding. It should be noted that Early Years funding is based on prior year allocations and previous two spring census data. The final confirmed Early Years funding adjustment is usually received July and adjusted to DSG in 2023/24.

- 2.6 The previous years Early Years reserve of £1.23m was earmarked towards future projects and has now offset a previous pressure within 3- and 4-year-old formula funding with a final reserve of £32k carry forward.

2.7 Cumulative DSG

The in-year 2022/23 DSG outturn position of £3.13m plus £11.96m Safety Valve funding will be applied to the opening DSG position of a £20.38m deficit, resulting in DSG closing position of a £11.55m deficit.

Recommendation (i): School Forum are asked to:

Note and comment on DSG outturn position for 2022/23

2. Local Management of Schools (LMS Reserves)

- 2.1 The 2021/22 brought forward LMS balances for Schools reserves is £9.475m, and in-year closing position across all Haringey maintained schools for 2022/23 is an overspend of £5.356m, therefore a reduction to the LMS reserve which now stands at £4.119m.
- 2.2 Table B below summarises 40 schools ending with a combined surplus of £8.615m, and 25 schools with a combined deficit of £4.495m.

TABLE B - 2021/22 and 2022/23 LMS Closing Reserves						
Schools in Surplus	2021/22		2022/23		Movement Favourable / (Unfavourable)	
Phase	Numbers	Total	Numbers	Total	Numbers	Total
Nursery	3	£741,490	2	£677,649	-1	-£63,841
Primary	41	£7,387,278	32	£5,882,907	-9	-£1,504,371
Secondary	4	£2,136,452	4	£1,772,980	0	-£363,472
Special	4	£813,922	2	£281,607	-2	-£532,315
Total Schools surplus	52	£11,079,142	40	£8,615,143	-12	-£2,463,999
Schools in Deficit	2021/22		2022/23		Movement Favourable / (Unfavourable)	
Phase	Numbers	Total	Numbers	Total	Numbers	Total
Nursery	0	0	1	£54,386	-1	-£54,386
Primary	11	£1,348,942	20	£3,158,849	-9	-£1,809,907
Special	0	0	2	£348,524	-2	-£348,524
Secondary	1	£173,467	1	£305,814	0	-£132,347
Alternative Provision	1	£81,299	1	£628,360	0	-£547,061
Total Schools deficit	13	£1,603,708	25	£4,495,933	-12	-£2,892,225
Combined Schools outturn position	65	£9,475,434	65	£4,119,210	0	-£5,356,224

Schools in Financial Difficulty

- 2.3 The council has supported schools in financial difficulty with dedicated central finance support, providing cashflow advances and assisting with redundancy costs of restructures relating to permanent staff savings via the Restructure and Scrutiny Panel. This will continue 2023/24.

Recommendation (ii): School Forum are asked to:

Note LMS Reserve balances for Schools 2022/23

4 Dedicated Schools Grant 2023/24

- 4.1 The 2023/24 DSG allocations were published in December 2022 and table C below reports the change(s) from last year.

TABLE C - DSG BLOCK Allocations		2022/23 Final Allocations	2023/24 Indicative Allocations	Movement Favourable / (Unfavourable)
		£'000s	£'000s	£'000s
4.2	Schools block* (**)	£212,522	£219,468	£6,946
4.5	Central Schools Services block	£2,785	£2,710	(£75)
4.6	High Needs block (**)	£52,206	£57,338	£5,132
4.8	Early Years block	£20,151	£21,051	£900
4.9	Recoupment (**)	(£79,110)	(£84,782)	(£5,672)
Total DSG		£208,553	£215,784	£7,231

*2023/24 Schools block allocation £7m Mainstream Schools Additional Grant not included

(**) Published DSG prior to recoupment.

4.2 Schools Block

The Primary and Secondary Units of Funding (PUF and SUF) of £5,712 and £7,865 have been applied respectively to the October 2022 census to determine the final allocations for the year. These are the published gross School block allocations prior to recoupment for academies and Free schools.

- 4.3 The final funding allocations for 2023/24 are set out in table D below. There are no changes to the overall structure of the formula used to calculate the funding distribution. The premises funding consists of business rates, PFI and split sites. The 2023/24 allocations are based upon historic spend from the previous year except for PFI which has been uplifted for RPIX data. There are no PFI schools within the Haringey formula.
- 4.4 In 2022/23, a Mainstream Schools Supplementary Grant (MSSG) was paid in addition to schools and academies and rolled into the baseline of the school block DSG formula of £5.780m. On top of the funding formula, an additional new grant in 2023/24 is to be paid outside of the formula to schools and academies, called Mainstream Schools Additional Grant (MSAG) of £7.124m.

TABLE D - SCHOOL BLOCK Allocations/distribution	2022/23 Final Allocations	2023/24 Allocations	Movement Favourable / (Unfavourable)
	£'000s	£'000s	£'000s
Schools Block	£208,526	£215,682	£7,156
Premises (historic)	£2,188	£2,206	£18
Growth Fund	£1,100	£300	(£800)
Approved/agreed top slice	£708	£1,280	£572
Total Schools Block	£212,522	£219,468	£6,946
<i>Pupil No</i>	32,905	32,843	(62)

School Block	£212,522	£219,468	£6,946
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4.5 Central School Services Block

Table E reports the calculation of the CSSB that supports the statutory functions and duties of the local authority for maintained schools and funded via a split between historical commitments and ongoing statutory functions. Haringey have no historic commitments that are subjected to a 20% reduction (saving) each year since 2020/21. The statutory unit of funding is based upon 90% per pupil funding rate and 10% FSM and FM6 uplifted by the Area Cost Adjustment (ACA).

TABLE E - CSSB BLOCK Allocations	2022/23 Final Allocations	2023/24 Allocations	Movement Favourable / (Unfavourable)
	£'000s	£'000s	£'000s
No historic allocations	£0	£0	£0
UNIT of funding	£84.65	£82.53	(£2)
<i>Pupil No</i>	32,905	32,843	(62)
Total CSSB (pupil no's x unit funding)	£2,785	£2,711	(£75)

4.6 High Needs Block

Table C above reports the published High Needs block allocations prior to recoupment for commissioned places to Academies and Free schools. Table F below reports the detailed funding of the High Needs Block. Initial funding is set upon previous historical spend. A factor is included (basic entitlement) of additional funding for additional places commissioned by the local authority of (699 places 2022/23) and 718 places in 2023/24 for special schools and academies. An adjustment is included or 'Net Import export' adjustment for Haringey residential children attending settings outside of the borough (place funding only). Hospital Teachers, Pay and Pension (TPPG) grant is now included and uplift of 4.12% for 22/23 and 4.59% for 2023/24.

- 4.7 The government also announced in December 2022, additional funding of £2.299m to support cost of living expenses to Special schools and Alternative Provision and a separate paper will be presented to update members.

TABLE F - High Needs BLOCK (HNB) Allocations	2022/23 Final Allocations	2023/24 Allocations	Movement Favourable / (Unfavourable)
	£'000s	£'000s	£'000s
HNB - NFF allocations within formula (<i>historic spend, funding floor and proxy factors</i>)	£45,501	£50,084	£4,584
Basic entitlement (ACA) UNIT = 22/23 rate £5,252.10 x 699 pupils AND 23/24 rate £5,259.34 x 718 (<i>no of pupils in special places</i>)	£3,671	£3,776	£105
Import/export adjustment as per ILR census and LA checking/approval	(£390)	(£390)	£0
Additional funding for special free school places (63 x £10k places)	£630	£630	£0
Hospital Teachers Pay and Pension Grant (TPPG)	£917	£937	£20
22/23 = 4.12% on (£45,501m) and 23/24 = 4.59% increase on NFF allocation (£50.084m)	£1,877	£2,300	£423
Total HNB funding	£52,206	£57,338	£5,131

4.8 Early Years Block

Table G reports the Early Years funding for 2-year-old, 3- and 4-year-old funding allocations for Pupil Premium (PPG) and Disability Access Funding (DAF) and maintained Nursery school supplementary funding.

TABLE F - Early Years BLOCK Allocations	2022/23 Final Allocations	2023/24 Allocations	Movement Favourable / (Unfavourable)
	£'000s	£'000s	£'000s
Universal 3- and 4-year-old	£12,181	£12,569	£388
Additional 15 hrs for 3- and 4-year-old	£4,036	£4,165	£128
2-year-old entitlement funding	£2,375	£2,611	£236
EYRS Pupil Premium (PP)	£141	£146	£5
EYRS Disability Access Fund (DAF)	£82	£92	£10
Maintained Nursery school supplementary funding	£1,336	£1,469	£133
Total Early Years block	£20,151	£21,051	£900

4.9 Recoupment from DSG

Recoupment is administered by the Education Skills and Funding Agency (ESFA) for Academies, Free schools and place funding for Post16 provision. The Schools block recoupment is the formula calculated by the local authority within the APT for school budget shares and High Needs block recoupment for commissioned places set by the local authority. Table G summarises the two years.

TABLE G - Recoupment from DSG	2022/23 Final Allocations	2023/24 Allocations	Movement Favourable / (Unfavourable)
	£'000s	£'000s	£'000s
School block for direct funding via ESFA to Academies and Free schools (APT calculation)	(£76,946)	(£82,464)	(£5,517)
High Needs block for direct place funding to Academies, Free schools and post16 (set by LA)	(£2,164)	(£2,319)	(£155)
Total DSG Recoupment	(£79,110)	(£84,782)	(£5,672)

Recommendation (iii): School Forum are asked to note:

The latest 2023/24 DSG allocations

5 Dedicated Schools Grant (DSG) Management Plan

- 5.1 In August 2022 it was forecast there was to be an in-year deficit for 2022/23 of £2.8m, a cumulative deficit of £24.4m all within the High Needs block, if remained unmitigated is projected to increase to an accumulative deficit of £77.8m by 2027/28.
- 5.2 Haringey has been invited to participate in the Safety Valve Programme as it is one of the LAs with the highest deficit position for expenditure against the High Needs Block.
- 5.3 Haringey's Safety Valve Programme's portfolio of projects to reduce costs by £47.9M over five years was formally approved by the DfE in March 2023. Haringey's Safety Valve Programme is forecast to achieve a balanced budget in 2027-2028 and a cumulative deficit of £29.9m.
- 5.4 The DfE has allocated Haringey £29.9m Safety Valve funding to mitigate the cumulative deficit and £7m capital funding to investment in the development of school provision to meet demand.
- 5.5 Table H shows the impact to the High Needs block deficit updated to reflect 2022/23 provisional deficit of £2.2m in 2022/23 and the delivery of the Safety Valve Programme and DfE Safety Valve funding year on year.

Table H - Safety Valve Programme and High Needs Block impact

High Needs Block deficit forecast	Ref	Provisional Outturn	Projection	Projection	Projection	Projection	Projection
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		£m	£m	£m	£m	£m	
HNB Deficit at the beginning of each financial year	a)	21.6	11.8	10.9	10.8	9.5	7.1
Projected in-year HNB deficit	b)	2.2	3.4	6.6	10.3	14.4	19.1
Impact of the Safety Valve Programme £47.9m	c)	0	-1.3	-3.7	-8.6	-13.8	-20.5
Safety Vave Funding - £29.9m	d)	-12	-3	-3	-3	-3	-6
Revised deficit position at the end of each financial year	a+b+c+d	11.8	10.9	10.8	9.5	7.1	-0.3

5.6 The Safety Valve funding will be subject to full compliance of Haringey eliminating their cumulative deficit no later than 2027-28

Recommendation (iv): School Forum are asked to:

Note and comment on the Safety Valve Programme

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