DSG closing balances

Dedicated Schools Grant Outturn 2023-24

19/06/2024

**Executive Summary**

This report sets out the outturn position (excluding individual schools budget) for London Borough of Tower Hamlets (LBTH) DSG Budget for 2023-24

The provisional position of the Dedicated Schools Grant (DSG) at the end of 2023-24 is an overspend of £2.7 million from the budget position.

**Details of recommendations and timescales for decisions:**

Schools Forum is asked to note the outturn position which will be reported to the Department of Education and included in the LBTH Note to the Accounts year-end statement.

## Overview

* 1. The Dedicated Schools Grant (DSG) is distributed by the Department for Education (DfE) on a national formulaic basis. This specific grant is allocated to local authorities in four blocks: Schools Block (SB), Early Years Block (EYB), High Needs Block (HNB) and the Central Schools Services Block (CSSB).
	2. The outturn position is shown after deductions have been made for direct payments to academies, and no prior year balances are included.
	3. The year-end DSG position excludes all the schools balances carried forward from previous years. It reconciles to the annual allocation. This will be reported back to the DfE in the Section 151 Outturn Statement and feature in the Boroughs Note to the Accounts.

**Table 1: DSG Budgets, Expenditure and Under/Overspends per funding block**

|  |  |  |  |
| --- | --- | --- | --- |
| **Block** | **Allocated DSG funding £000** | **Expenditure £000** | **Net £000** |
|  **Schools block**  | 209,955 | 207,949 | 2,006 |
|  **Central school services block**  | 3,157 | 3,249 | -92 |
|  **High needs block**  | 76,870 | 82,929 | -6,058 |
|  **Early years block**  | 30,163 | 28,778 | 1,385 |
|  **Total DSG allocation**  | **320,146** | **322,906** | **-2,759** |

## DSG Blocks Position

## The Schools Block was underspent at the end of 2023-24 following the delay in opening a new academy. Schools Forum were asked to consider taking forward this to 2024-25 on the assumption that the growth funding was at risk of being insufficient. When this need did not materialise, and the Local Authority are proposing that the surplus would be better used to reduce the overall overspend.

**Table 2: Schools Block budgets & expenditure**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Budget****£000** | **Outturn****£000** | **Net** **£000** |
| **Individual Schools Budgets (ISB)**  | 97.7% | 205,229 | 205,229 | 0 |
| **De-delegated budgets**  | 0.4% | 855 | 522 | 333 |
| **Growth** | 1.3% | 2,739 | 1,066 | 1,673 |
| **Education services** | 0.5% | 1,133 | 1,133 | 0 |
| **Total** | **100%** | **209,955** | **207,949** | **2,006** |

## The Central Schools Service Block largely came in on budget. This is centrally managed and the under and overspends were netted off to a minimum impact. The exception to this was a £147k overspend in historic severance and retirement costs in schools. The DfE are directing local authorities to reduce the budget, at a greater rate that the reduction in costs.

## The Early Years Block underspend is mainly due to the impact of the funding system. The allocations are calculated using the January census’ at the beginning and end of the financial year period. Both exceed the census in the autumn, leading to a welcome saving.

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## The High Needs Block is discussed elsewhere on this agenda, however the anticipated break-even position previously reported to Schools Forum did not materialise. Action is being taken to strengthen and add transparency to the SLAs with high needs providers for the future.

## As a result of the overall savings in the Schools and Early years blocks, it is proposed that these are used to reduce the High Needs overspend as in previous years. This overspend is a burden to all schools and pupils in the borough, so reducing it benefits the whole education community. This would reduce the HN 2023-24 overspend by £3.4 mill from -£6.1 mill to -£2.7 mill, and cumulatively from -£19.1 mill to -£15.7 mill.

**Table 3: Cumulative DSG balances and HN overspends**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **B/F prior years (\*)** | **2023-34** | **Cumulative**  |
| **Block** | Under/(over) spend | Under/(over) spend | Under/(over) spend |
|  | **£ mill** | **£ mill** | **£ mill** |
|  **Schools block**  | 0 | 2.0 | 2.0 |
|  **Central school services block**  | 0 | -0.1 | -0.1 |
|  **High needs block**  | -13 | -6.1 | -19.1 |
|  **Early years block**  | 0 | 1.4 | 1.4 |
| **Total DSG allocation**  | **-13** | **-2.8** | **-15.8** |