**AGENDA ITEM 4**

**Title of report: Dedicated Schools Grant Provisional Outturn 2022/23**

**Officer to present the paper to Schools Forum:** Kay Goodacre

**Executive Summary**

This report sets out the provisional outturn position (excluding individual schools budget) for Tower Hamlets’ DSG Budget for 2022-23

The provisional position of the Dedicated Schools Grant (DSG) at the end of 2022-23 is an underspend of £0.9 million from the budget position.

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

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

**1. 2022/23 Dedicated Schools Grant Provisional Outturn - 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 the 2021-22 early years adjustment and all schools balances carried forward from previous year’s. It reconciles to the annual allocation. This will be reported back to the DfE (once confirmed) in the Section 151 Outturn Statement and feature in the boroughs Note to the Accounts.

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

|  |  |  |  |
| --- | --- | --- | --- |
| Block | Allocated DSG funding£000 | Expenditure£000 | Net£000 |
|  Schools block  | 208,769 | 207,432 | 1,337 |
|  Central school services block  | 3,511 | 3,241 | 270 |
|  High needs block  | 69,381 | 71,299 | - 1,918  |
|  Early years block  | 28,600 | 27,382 | 1,218 |
|  Total DSG allocation  | **310,261** | **309,353** | **908** |

* 1. Previously Schools Forum have agreed that the underspends in different blocks contribute to the overspend in the High Needs block, this has been represented in the B/F prior years column in table 2 (\*). The provisional 2022-23 balances are shown per block. Taking into account previous year’s reconciled balances, the provisional cumulative outturn is a reduced overall in deficit.

**Table 2: Cumulative Provisional Position with Balances Brought Forward.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Block** | **B/F prior years (\*)**Under/(over) spend**£ mill** | **2022-23**Under/(over) spend**£ mill** | **Cumulative** Under/(over) spend**£ mill** |
|  **Schools block**  | 0 | 1.3 | 1.3 |
|  **Central school services block**  | 0 | 0.3 | 0.3 |
|  **High needs block**  | -14.3 | -1.9 | -16.2 |
|  **Early years block**  | 0 | 1.2 | 1.2 |
| **Total DSG allocation**  | **-14.3** | **0.9** | **-13.4** |

The final position will be reported to Schools Forum in the autumn term 2023.

1. **Carry Forward/ Transfer of Balances**
	1. Under current regulations, a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the LA not to do this. The impact of these statutory provisions means that an LA with a DSG deficit from the previous year must either:

(1) carry the whole of the deficit forward to be dealt with in the schools budget for the new financial year

(2) carry part of it forward into the new financial year and the rest of it into the following financial year

(3) carry all of it into the following financial year

(4) apply to the Secretary of State under for authorisation to disregard the requirements in Schedule 2 relating to deficits if it wishes to fund any part of the deficit from a source other than the DSG

* 1. Any local authority that has an overall deficit on its DSG account at the end of the each financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education in handling that situation. In particular, the authority must:
* provide information as and when requested by the department about its plans for managing its DSG account in the 2021 to 2022 financial year and subsequently
* provide information as and when requested by the department about pressures and potential savings on its high needs budget
* meet with officials of the department as and when they request to discuss the authority’s plans and financial situation
* keep the schools forum regularly updated about the authority’s DSG account and plans for handling it, including high needs pressures and potential savings.