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## **Schools Forum 16 April 2024**

### **Report of the Director of Children's Services**

### **Dedicated Schools Grant Projected Outturn Update 2023/24**

#### **Purpose**

1. To provide Schools Forum with the latest financial forecast in respect of the Schools Budget for the 2023/24 financial year ending 31 March 2024.

#### **Schools Forum Role and Responsibilities**

2. From 1 April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: The Dedicated School Grant (DSG).
3. Schools Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.

#### **Recommendation**

4. Schools Forum to note the 2023/24 forecast outturn position at 31 January 2024 in respect of the centrally retained areas of the Schools Budget, which is funded by the Dedicated School Grant.

#### **Background**

5. The Dedicated Schools Grant (DSG) is a DfE ring fenced grant which funds the Schools Budget. Where the Schools Budget is defined as a combination of centrally retained budgets together with the ISB (Individual Schools Budget).

6. The DSG can only be applied to meet expenditure properly included in the Schools Budget, as defined by the School and Early Years Finance (England) Regulations 2023.
7. At final outturn stage, the local authority is required to append an additional note to the Statement of Accounts confirming the deployment of the DSG in support of the Schools Budget, as required by the Accounts and Audit (Amendment) (England) Regulations 2015. The Director of Finance and Legal Services is also required to confirm final deployment of the DSG in support of the Schools Budget in connection with the Section 251 Outturn Statement.
8. This report is an update position at 31 January 2024 in respect of the central budget areas of the DSG for the 2023/24 financial year.
9. For the purposes of declaring the outturn, the amount of the Individual Schools Budget (ISB) actually distributed to schools is regarded, for DSG purposes, as spent by the authority once it is deployed to schools' budget shares. Thus whilst the Individual Schools Budgets (ISB) element of the DSG can be under-spent, this is recorded as a school's roll-forward.

### **Dedicated Schools Grant 2023/24**

10. For the 2023/24 financial year the DSG is currently £319.443m, this includes the business rates allocation of £2.412m for maintained schools and academies for presentational purposes only. Business rates are now centralised; therefore, funding is no longer received via the Dedicated Schools Grant.
11. Whilst Dudley is responsible for calculating the budget share for each Academy School which totalled £145.360m at 05 February 2024 based on the latest allocation (February 2024), each of the 49 Dudley Academy Schools receive their annual budget as a direct grant from the Education and Skills Funding Agency. Thus, the LA is not responsible for the monitoring of the Academy School funding or the year end outturn and roll-forward position.

12. The remaining £171.671m relates to Dudley maintained schools and centrally provided services as follows:
  - a. £53.169m relates to central budgets, however, at budget setting this assumed that the High Needs Block would end the year with a deficit position of £4.646m
  - b. £0.235m de-delegations from maintained mainstream schools.
  - c. £118.267m Dudley school and nursery education delegated budgets.
13. Centrally retained budgets reflect a deduction of place funding for 76 places, £0.760m for Cherry Tree Home and Hospital Pupil Referral Unit following the academy order that took place from December 2019.
14. A further £1.064m is payable in grant by the Education and Skills Funding Agency which is passed directly to Dudley's mainstream 6<sup>th</sup> form maintained schools. From September 2019 the special school post 16 grant was included within the main DSG grant.
15. Appendix B reports that there is a forecast over spend in respect of the centrally retained DSG budget for 2023/24 of £7.449m, this excludes the School Specific Contingency reserve as at 31 January 2024.
16. Appendix B analyses this overspend by funding block, which is also summarised as follows:
  - a. High Needs Block £7.449m:  
Mainly in relation to Education and Health Care Plan top up payments, outborough placements, imports/exports adjustment and the proposed pay award.
  - b. Central School Services Block £0.420m:  
Pressures in relation to fines (Education Investigation Service), the proposed pay award across the service and payments in relation to outborough non-SEN independent schools.
  - c. Early Years Block (£0.037m):  
Lower pupil numbers, noting the impact of lagged funding, partly offset by pay award pressures.
  - d. Reserve Transfers £23.317m:  
Relates to the brought forward deficit position from 2022/23.

17. If an authority's actual spend on central expenditure is more or less than its central expenditure budget, the over/under-spend must be carried forward to the Schools Budget in future years. Where the under spend includes funding in respect of de-delegated items then the surplus funds (or overspending) at the end of the financial year can be carried forward into the next financial year when the schools' budgets will be adjusted accordingly.
18. The overall forecast overspending position of £31.149m at 31 January 2024 is set against a centrally retained budget of £53.169m. It is assumed that the forecast over spend will be carried forward into 2024/25 financial year against the DSG reserve, to be resolved as part of the strategic recovery of the High Needs Block in future years. The Local Authority are working collaboratively with Newton Europe and CIPFA as part of the Delivering Better Value in SEND Programme, the financial recovery plan will be reviewed and updated throughout the process and shared with Forum as part of the regular reporting cycle.

### **Budget Working Group Discussed**

19. Yes – 09 April 2024

### **Finance**

20. From 1 April 2006, the Schools Budget has been funded by a direct grant: Dedicated School Grant (DSG).

### **Law**

21. The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) (Coronavirus) (Amendment) Regulations 2020, to enable members of the local school community to work in partnership with Dudley Metropolitan Borough Council when making decisions about school funding and finances.
22. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2023.

## **Risk Management**

23. There are no material risks to the Council's Risk Management Framework resulting from the contents of this report.

## **Equality Impact**

24. This report has no direct implications for the Council's commitment to equality and diversity.

## **Human Resources / Organisational Development**

25. This report has no direct implications for human resources, organisational development or service transformation.

## **Commercial / Procurement**

26. There is no impact on the potential to commercially trade and no impact on our customer base.

## **Environment / Climate Change**

27. This report has no direct implications on the environment or the Council's work in addressing Climate and achieving Net Zero target by 2041.

## **Council Priorities and Projects**

28. The 2022/2025 Council Plan is clear in its ambitions for educational outcomes including raising skills, educational and work potential, increasing good or better schools and closing the gap for disadvantaged pupils. This report relates to the use of the Dedicated Schools Grant funding to support the educational outcomes of children and young people in the borough. As a result of the Council's focus on an Improvement and Sustainability Programme, the current Council Plan has been paused to allow a new one-year plan which will reflect the focus on improvement and financial sustainability.



**Catherine Driscoll**  
**Director of Children's Services**

Contact Officer: James Wilson – Senior Principal Accountant  
Telephone: 01384 815864  
Email: [james.wilson@dudley.gov.uk](mailto:james.wilson@dudley.gov.uk)

**List of Background Papers**

Appendix A: Dedicated Schools Grant Forecast Outturn Statement 2023/24 at 31 January 2024.

Appendix B: Analysis of Dedicated Schools Grant Forecast Outturn by Funding Block 2023/24 at 31 January 2024.

**Dedicated Schools Grant Forecast Outturn Statement 2023/24 at 31 January 2024****Appendix A**

<b>Dedicated Schools Grant</b>	<b>2023/24 Latest Budget  £m</b>	<b>2023/24 Forecast Outturn  £m</b>	<b>2023/24 Variance (+ over/ - under spend) £m</b>	<b>Comments</b>
Individual Schools Budget (ISB)	122.913	122.876	(0.037)*	*Schools can roll-forward any under spend (Nursery, Primary, Secondary & Special) Dudley 6 <sup>th</sup> form school.
Post 16 pupils - 6 <sup>th</sup> Form Funding	1.064	1.064	0	
De- Delegated Budgets	0.235	0.235	0	
Centrally Retained Budgets	53.169	56.392	3.223	Significant pressures as a result of increased demand of Education Health and Care Plans.
Education & Skills Funding Agency (ESFA) - 6 <sup>th</sup> Form Grant	(1.064)	(1.064)	0	Oldswinford Hospital School
Use of DSG Reserve	(4.646)	23.317	27.963	Original budget assumed deficit position of £4.646m on High Needs Block for 2023/24 and B/Fwd deficit of £26.676m from 2022/23.
<b>Total DSG payable to Dudley 2023/24</b>	<b>171.671</b>	<b>202.820</b>	<b>31.149</b>	

Academy Schools Funding paid to School via ESFA	145.360	145.360	0	Allocated to Academy School directly via the Education & Skills Funding Agency 49 schools at 31 January 2024 and based on latest DSG allocation.
Business Rates Allocation	2.412	2.412	0	
<b>Total DSG 2023/24</b>	<b>319.443</b>	<b>350.592</b>	<b>31.149</b>	<b>Deficit Position forecast on Central DSG reserve at year end</b>



**Analysis of Dedicated Schools Grant Forecast Outturn by Funding Block 2023/24 at 31 January 2024****Appendix B**

	<b>Latest Budget 2023/24</b>	<b>2023/24 Position Jan 2024</b>	<b>2022/23 B/Fwd Deficit Position</b>	<b>Jan 2024 Cumulative Forecast 2023/24 (+ over / - under)</b>	<b>Total % Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Schools Block	246.386	-	-	-	-
High Needs Block	51.326	7.449	26.676	34.125	66.5%
Early Years Block	19.888	-0.037	-2.989	-3.026	-15.2%
Central School Services Block	1.843	0.420	-0.370	0.050	2.7%
<b>Dedicated Schools Grant</b>	<b>319.443</b>	<b>7.832</b>	<b>23.317</b>	<b>31.149</b>	<b>9.8%</b>