

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	23rd June 2023
2.	Title:	Dedicated Schools Grant – 2022/23 Outturn & 2023/24 Funding
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools' Forum as to the 2022/23 outturn position of the dedicated schools grant (DSG).
- 1.2 In addition, to provide summary details to maintained members of Schools Forum as to the surplus/deficit balances of the maintained schools within Rotherham.
- 1.3 To provide details of academy trust revenue reserves as published on the Department for Education website in April for the 2021/22 academic year.
- 1.4 The report outlines the national picture on the High Needs Block as part the overall Dedicated Schools Grant and the additional funding the government is investing in education in the next two years as part of its spending review.
- 1.5 To highlight that the DSG now includes the Schools Supplementary Grant which was introduced as a separate grant allocation but has now been included within the DSG Schools Block, with schools receiving their funding within their individual DSG allocation.
- 1.6 To inform members of the additional funding allocated to mainstream schools through the mainstream schools additional grant (MSAG)

2. RECOMMENDATION(S)

- 2.1 That Schools Forum members note the information contained within this report.
- 2.2 That Schools Forum members note that the centrally retained early years balance is subject to change as this will be dependant on the early years adjustment for the Spring 2023 census count. Within the figures, an anticipated increase of £31.5k has been accounted for.

3. REASON FOR RECOMMENDATION(S)

- 3.1 To ensure that Schools Forum members are kept informed of the DSG position within Rotherham.
- 3.2 Furthermore, that maintained members of the Forum are kept abreast of the surplus/deficit balances across both maintained schools and academy trusts within Rotherham.
- 3.3 To ensure that Schools Forum members are kept informed of the reserve position within Rotherham.

4. BACKGROUND INFORMATION & CONTEXT

4.1 Context

In 2022/23 the final allocation of DSG for Rotherham was £90.953m. This amount is net of academy recoupment for the 95 academies within Rotherham at a total of £195.348m.

It should be noted that the 2022/23 accounts also include the 2021-22 early years adjustment from the January 2022 census of £17k which authorities were notified of in summer 2022 (after the 2021/22 statement of accounts had been compiled).

Schools Forum members should note that the DSG note to the accounts (see attached) was updated to include this.

As in previous years the local authority has yet to be notified of the final early years adjustment for 2022/23 (based on the January 2023 census). The government usually advised local authorities of this adjustment in July. The local authority has modelled the census data provided to the government and are anticipating an increase of £31.5k. This has been included with the 2022/23 accounts.

4.2 Centrally retained balance

The DSG central reserve deficit balance brought forward to 2022/23 was £12.84m.

During 2021/22 Rotherham was approved to enter the DfE's Safety Valve programme and received funding of £8.53m, reducing the DSG Centre Reserve deficit to £12.84m at the end of 2021/22. Rotherham's planned safety valve funding was increased from £3m to £6m at the end of 2022/23. The reprofiling of the safety valve funding, alongside an underspend on the High Needs Block of £724k and underspends on falling rolls and growth funding has reduced the DSG Central Reserve deficit to £5.9m. Rotherham will continue to receive safety valve funding at £2m for the next 3 years.

It should be noted, as outlined elsewhere in the report, that the local authority has modelled the impact of the January 2023 early years census data and are expecting a reduction increase in funding of £31.5k. This has been taken into consideration in the production of the 2022/23 final accounts. The actual adjustment will be known in summer 2023.

The £75k anticipated increase in funding is made up of following by an estimated increase of £3k 3 & 4 year olds, £32k for 2 year olds and £13k Early Years Pupil premium offset by estimated clawback of 6K for Nursery Supplement funding.

High Needs Block Element

The planned underspend of £533k as budgeted in the management plan was achieved and transferred to DSG central reserves alongside an additional £193k in underspend from within the High Needs Block. Pressures still remain in the High Needs Block as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are now the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).

These pressures reflect system wide issues in how the funding is determined. Whilst the allocation moved to a formulaic basis in 2018/19 and now includes proxy indicators of SEND within the population, a large element of the grant remains fixed based on historic spend.

In 2022/23 Rotherham was successful in submitting a disapplication request to the Secretary of State to transfer 1.5% of the DSG Schools Block allocation (£3.275m) to the High Needs Block. The transfer is for one year only and to continue with the transfer of funding a new application is required each financial year.

Inclusive of the £3.275m transfer of funding into the High Needs Block there was an underspend of £724k (financial pressure would be £2,552m without the transfer) in the 2022/23 financial year.

2023/24 & Future Years

The 2022 Autumn Statement announced that the core schools' budget would increase by £2 billion in the 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021.

For 2023-2024 the Schools Supplementary Grant has been rolled into the Dedicated Schools Grant DSG providing an increase in DSG National Funding Formula (NFF). This has been reflected in the new NFF values for basic entitlement, FSM5 and the lump sum.

In addition to schools' allocations through the schools national funding formula, mainstream schools will be allocated additional funding through the mainstream schools' additional grant (**MSAG**). The ESFA has indicated that the funding will be incorporated into core budget allocations for 2024 to 2025.

2023-24 and 2022-23 Pupil Premium rates are as follows:

Eligibility	2023-24	2022-23
FSM (Ever 6) Primary	£1,455	£1,385
FSM (Ever 6) Secondary	£1,035	£985
Pupils previously looked after	£2,530	£2,410
Service children	£335	£320

5. Individual School Budgets

5.1 As set out within the Rotherham Scheme for Financing Schools, individual schools are permitted to carry forward balances to be spent or replenished in subsequent financial years. In total, the carry forward on individual school budgets (listed below) is an overall combined surplus of £2.981m.

Value of Balance	Number of Schools	% of Total Number of Schools	Combined Value of Balance
Deficit Balance	1	4%	-10,838
Surplus £1,001 - £50,000	10	37%	342,856
Surplus £50,001 - £100,000	7	26%	561,190
Surplus £101,001 - £250,000	5	19%	794,597
Surplus £250,001 +	4	15%	1,293,297
Total	27	100%	2,981,103

5.2 Surplus balances

As at 31st March 2022, the movement on surplus balances when compared with 2021/22 reflected a decrease in year of £815k as follows:

2021-2022		2022-2023		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
30	3,796	27	2,981	-3	815

Of the total 2022/23 surplus balances, 7 schools hold balances above the thresholds set out in the Scheme for Financing Schools. The Scheme for Financing Schools sets out the financial arrangement between the local authority and the maintained schools. The scheme states that if a schools balance has exceeded the allowable surplus (8% of school budget share for nursery, primary and special, 5% for secondary) and allowing for commitments and any amounts assigned for a specific purpose then the local authority may deduct an amount equal to the excess balance.

Schools have recently submitted excess surplus balance plans detailing intended use.

5.3 Deficit balances

As at 31st March 2023, the movement on deficit balances in comparison with 2021/22 shows a decrease in the value of the deficit by £40k as follows:

2021-2022		2022-2023		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
2	-51	1	-11	1	-40

Of the 2 schools that were previously identified to be in deficit, 1 has now entered a surplus balance position and 1 has converted to an academy.

For the school that is in a deficit position, individual 3 year budget recovery plans are in the process of being compiled. These will then be subject to formal review throughout the year.

6. **Academy Trust Surplus Balances**

6.1 As Schools Forum members may want to note that for the academic year 2020/21 the Department for Education received financial data from trusts, as part of the academy accounts return (AAR), submitted in early 2022.

6.2 These are submitted for the preparation of the annual accounts prepared by the DfE for the academies sector, known as the Sector Annual Report and Accounts (SARA).

6.3 The data was published on 19th April and can be accessed at the link below:
[Academy trust revenue reserves 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/academy-trust-revenue-reserves-2020-to-2021)

6.4 The Department for Education now provide information about academy reserves at an individual level rather than just by trust. The balances as at 31st August 2021 were as follows.

Number of Academies	Year-end Balance
10	£20K + Deficit

1	£0 – 20K Deficit
16	£0 – 50K Surplus
21	£50K - £100K Surplus
24	£101 - £250K Surplus
21	£250K + Surplus

- 6.5 Members should determine if further analysis of this data would be beneficial for the purposes of Schools Forum work going forwards.
- 6.6 The Academies Account return for 2022/23 will be published

7. Names and contact details

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