

## **ITEM 5**

### **Dedicated Schools Grant Outturn Report for 2023/24**

#### **Recommendations**

The Schools Forum is asked to: -

1. Note the final DSG outturn for 2023/24
2. Note the DSG Reserves position and performance against the DfE Safety Valve Target

**Members of Forum allowed to vote:** - All school and academy members are able to vote. Only early years representatives from the non-schools members are able to vote. Non-school members even if represented by school staff are not eligible to vote.

#### **1. Dedicated Schools Grant**

1.1 **Introduction.** Each year the local authority is allocated funding from the Department for Education (DfE) in the form of the Dedicated Schools Grant (DSG), to be distributed to schools and other establishments for the provision of education within the borough. This report features the overall outturn position for the 2023/24 financial year, focusing on the following areas:

- a) Total DSG allocated to the London Borough of Croydon for 2023/24;
- b) Total expenditure analysed by each DSG block for reporting purposes only;
- c) Overall allocation and movement of DSG grant;
- d) DSG Reserves position and Performance against the DfE Safety Valve Target;

#### **2. DSG allocated to the London Borough of Croydon for 2023/24**

2.1 Croydon was allocated a total DSG grant of £428.3m for the 2023/24 financial year prior to academy recoupment of £244.3m. The net amount post recoupment payable to the LA was £184m. [£428.3m less £244.3m for academies = £184m]

2.2 An additional £0.404m was allocated for prior year funding in relation to the Early Years block. The £1.044m NNDR that was paid directly to local authorities was claw back from the overall allocation, showing an overall net amount of £183.4m received by the local authority in 2023/4. Break down as follows - [ £184m plus £0.404m less £1.04m = £183.364m].

2.3 The Local Authority received an additional £4.480m through the DfE Safety Valve programme.

2.4 The breakdown is as follows:

- a) Annual cash intervention as per agreement of £3.290;
  - b) Additional cash intervention of £1.190m. Front loading the future cash receivable
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**Table 1: DSG Allocation to Local Authority**

Block	2020/21 £'m	2021/22 £m	2022/23 £'m	2023/24 £'m
Schools Block*	74.422	74.102	65.685	65.416
Early Years Block*	29.756	26.469	28.303	31.088
Early Years Block Prior Year	0.000	0.000	0.000	0.404
High Needs Block	61.24	67.052	75.214	81.783
Central Service Schools Block	6.044	6.045	5.302	4.728
Sub Total	171.462	173.666	174.504	183.419
DfE Safety Valve funding (SV)	0.000	0.000	10.960	4.480
<b>Total</b>	<b>171.462</b>	<b>173.668</b>	<b>185.464</b>	<b>187.899</b>

2.5 **Schools block:** The total spent in the schools block includes the £2.063m growth funding allocated to various schools. The locality team is also leading on allocating the rest of the accrued growth funds to all the relevant schools and towards the agreed speech and language therapies disbursement to mainstream schools. This would be in support of the overall High Needs Strategy, as approved by Schools forum.

2.6 **High Needs and Early Years blocks:** The total expenditure analysed by each DSG block was for reporting purposes only. Table 2 below represents the overall expenditure analysed into individual funding blocks, showing significant expenditure in both the High Needs and Early Years Block.

2.7 The service is working closely with the finance team to ensure that all funding due to the providers is paid within in the same financial year to forestall unnecessary distortion in our trend analysis for monitoring the overall DSG deficit.

**Table 2 Expenditure by block.**

Description	Expenditure £m 2020/21	Expenditure £m 2021/22	Expenditure £m 2022/23	Expenditure £m 2023/24
Schools Delegated including growth	74.419	73.471	65.938	65.416
Early Years	27.821	26.399	31.074	31.340
High Needs	67.147	70.52	77.239	82.474
Central Support Services block	6.044	6.045	5.302	4.728
<b>Total</b>	<b>175.431</b>	<b>176.435</b>	<b>179.553</b>	<b>183.958</b>

2.8 **Central Support Services block:** Due to the 20% cut to the Schools Central Services Block Allocation, the local authority is under severe budget pressure to meet the historical Teachers' Pension cost and the related PFI.

2.9 The Local Authority is therefore planning to provide the required evidence to the DfE in future to avoid any more future cuts because the LA is committed to significant historic commitments and prudential borrowing costs

### 3.0 Overall movement in Cumulative DSG Deficit

3.1 **Cumulative DSG deficit** – Table 3 provides some useful trend analysis over the last four years. The year-end DSG deficit balance of fell from £15.384m to £11.443 at the end of March 2024.

This represents another sharp fall in deficit due to the DfE cash intervention £15.440 (£10.960m and £4.480m) in Safety Valve funding received so far.

**Table 3 Trend Analysis**

Line No	Description	£m 2020/21	£m 2021/22	£m 2022/23	£m 2023/24
	Description	Total £m	Total £m	Total £m	Total £m
Line 1	Final DSG for before academy recoupment	365.277	387.879	401.378	428.383
Line 2	Academy figure recouped	-193.815	-214.211	-226.968	-245.367
<b>Line 3</b>	<b>Total DSG after academy recoupment</b>	171.462	173.668	174.41	183.016
Line 4	plus: Brought forward from previous year	-14.558	-18.527	-21.295	-15.384
Line 5	DfE Safety Valve Allocation	0	0	10.96	4.48
<b>Line 6</b>	<b>Final Budget distribution (a)</b>	156.904	155.141	164.075	172.112
Line 7	Of which:				
Line 8	Actual Central Expenditure allocated	8.102	17.245	16.501	24.476
Line 9	Actual ISB Deployed to schools allocated	167.329	159.191	162.958	159.079
<b>Line 10</b>	<b>Total Actual Expenditure (b)</b>	175.431	176.436	179.459	183.555
<b>Line 11</b>	<b>Carry-forward overspend [ (a) - (b) ]</b>	<b>-18.527</b>	<b>-21.295</b>	<b>-15.384</b>	<b>-11.443</b>

3.2 **Reserves position and financial accounting.** The government recently approved a further extension of the Statutory Override for the Dedicated Schools Grant deficit reporting for the next 3 years from 2023-24 to 2025-26. This means that any successive deficit positions built up during that period of override, to be allocated to an unusable reserve on the basis of the statutory accounting adjustment. The risks to the LA if the statutory override is not extended in declining very fast due to the successful implementation of the Safety Valve strategy.

**Table 4 – Performance by Individual Blocks**

DSG Reserves Movement

DSG Blocks	Year 2021/22 £'m	Year 2022/23 £'m	Year 2023/24 £'m
DSG Ringfenced Reserves B/F	18.526	21.295	15.384
High Needs Block	3.468	2.025	0.691
Early Years	-0.068	2.771	-0.152
Schools Block	-0.631	0.253	0.000
DSG Reserves	2.769	5.049	0.539
	£0.000	-10.960	-4.480
DSG Ringfenced Reserves C/F	21.295	15.384	11.443

3.3 **High Needs Safety Valve performance target** - Line number 11 of Table 5 represents the in - year deviation when the DfE Target shown on Line 5 is compared to Croydon forecast shown on line 1. For example, the forecast for 2024/5 is reporting a positive variance of £0.020m.

3.4 Line 12 highlights the cumulative performance of the DfE target to date whilst line 10 shows the agreed cash receivable from the DfE in line to reaching the annual performance targets set by the DfE. The Local Authority has successfully met the last three years target from a cumulative perspective hence showing a credit of £0.212m by the end of 2023/4.

**Table 5 – Position Audit (Croydon performance as at 31/03/2024)**

Ref.	5 Years DSG Deficit Strategy	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Line 1	Actual Outturn / In Year Forecast	5.049	0.539	0.549	-0.113	-0.121
Line 2	DSG Balance Bal /f	21.295	26.344	26.883	27.432	27.319
Line 3	Croydon Projected DSG Deficit prior to SV payment	26.344	26.883	27.432	27.319	27.198
Line 4	5 Years DSG Deficit Strategy	2022/23	2023/24	2024/25	2025/26	2026/27
Line 5	Actual Outturn / Forecast	5.020	0.760	0.569	-0.113	-0.121
Line 6	DSG Balance Bal/f	21.295	26.315	27.075	27.644	27.531
Line 7	DfE Forecast Cumulative DSG Deficit prior to SV payment	26.315	27.075	27.644	27.531	27.41
Line 8	SV Yearly Instalments - Payment to LA - Agreed	-10.960	-3.290	-3.290	-3.290	-6.580
Line 9	SV Additional Cash - Front loaded	0.000	-1.190	0.000	0.000	1.190
Line 10	Year to date - Cumulative DSG Deficit Instal.payments	-10.960	-15.440	-18.730	-22.020	-27.410
Line 11	In Year Performance against DfE target	0.029	-0.221	-0.020	0.000	0.000
Line 12	Cummulative annual deviation from DfE target	0.029	-0.192	-0.212	-0.212	-0.212
Line 13	Overall DSG Deficit Balance @ end of each year	15.384	11.443	8.702	5.299	-0.212

3.5 Forecast DSG Deficit Balance at 2026/7 is a Credit Balance of £0.212m

3.6 The overall DSG reserves balance projected after the receiving all the agreed cash (£27.410m) intervention from the DfE is expected to be a credit balance of £0.212m. The reason for the credit balance has been itemised below. The projected positive cumulative variance at the end of 2026/27 is due to the follows:

- a) Year 2022/23 - £0.029m **adverse** variance
- b) Year 2023/24 - **£-0.221m favourable** variance
- c) Year 2024/25 - **£-0.020m favourable** variance

3.7 As per the expectation of the Safety Valve programme, the local authority has undertaken several projects to ensure the service operates on a sustainable path that delivers the required SEND educational needs, whilst considering the challenges and financial risks envisaged.

### Recommendations

The Schools Forum is asked to:

1. Note the final DSG outturn for 2023/24
2. Note the DSG Reserves position and performance against the DfE Safety Valve Target

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