

**Report to Hartlepool Schools' Forum 10 June 2022**  
**From Amanda Whitehead (Assistant Director - Education)**

**Agenda Item 3 – Dedicated Schools Grant & De-delegated Budgets Update**

**1 Introduction**

- 1.1 The purpose of the report is to update Schools' Forum on the outturn position for the Dedicated Schools Grant (DSG) and de-delegated budgets for the financial year 2021/22.

**2 Background**

- 2.1 In accordance with the Education and Skills Funding Agency (ESFA) 'Schools Revenue Funding 2021/22 Guide', the local authority is required to outline the Dedicated Schools Grant financial outturn at the end of the financial year.
- 2.2 Local authorities are also required to report any unspent de-delegated funding remaining at the year end and obtain the consent of the Schools' Forum to fund any overspend from the schools budget. Funding may be carried forward to the following funding period and can be used specifically for de-delegated services if the local authority wishes.

**3 DSG Financial Position for 2021/22**

- 3.1 The table below summarises the DSG actual spend against budget. There was an overall call on DSG reserves of £0.009m.

<b>DSG Block</b>	<b>2021/22 Revised Budget £m</b>	<b>2021/22 Actual £m</b>	<b>2021/22 Variance over/(under) £m</b>
<b>Early Years Block</b>	6.069	5.776	(0.293)
<b>High Needs Block</b>	12.689	13.075	0.386
<b>Central School Services Block</b>	0.568	0.549	(0.019)
<b>Schools Block (after Academy recoupment)</b>	23.830	23.815	(0.015)
<b>Growth Funding</b>	0.217	0.167	(0.050)
<b>TOTAL DSG</b>	<b>43.373</b>	<b>43.382</b>	<b>0.009</b>

**3.2 Early Years Block**

The overall underspend of £0.293m against the early years block comprises £0.069m underspending on 2-year-old provision and £0.224m for 3 to 4 year old provision. Forum Members will recall that, prior to 2020/21; a significant funding

shortfall existed for 2-year-old provision. Funding changes in response to the pandemic in both 2020/21 and 2021/22 have relieved the shortfall. Unfortunately, the government is returning to the usual census points for funding in 2022/23 and beyond.

- 3.3 During the last two financial years, there have been other changes in parental choice, particularly as a result of increased home working, that are likely to have affected early years provision. In turn, these other changes may impact the future financial position on 2-year-old funding and costs of provision.
- 3.4 Monitoring of the financial position and robust forecasting will be critical during 2022/23 in order to understand any financial mitigation required, including potential changes to provider hourly rates from April 2023. If necessary, the Task and Finish Group established to analyse and review options to address the previous overspending will be reconvened.
- 3.5 The underspending against 3 to 4 year old provision reflects lower attendance during the year compared to census point funding. Successful SEN inclusion fund applications from providers were £0.006m under budget. The disability access fund was £0.017m underspent.
- 3.6 The regulations state that local authorities must pass through at least 95% of 3-4 year old funding to providers. However, the pass through rate in 2021/22 was slightly below the minimum requirement at 94.3%. This is directly linked to the lower attendance compared to census points. Clawback of funding is unlikely; however, the position will be closely monitored during 2022/23.

3.7 High Needs Block

The High Needs Block overspent by £0.386m in 2021/22. The final position is explored in more detail in a separate report to Forum on this same agenda. The high needs block budget will continue to be closely monitored and reported to Schools' Forum throughout the year.

3.8 Central School Services Block (CSSB)

There was an overall underspend of £0.019m against the block, despite the continuing financial pressure of £0.008m relating to the pension costs for historic redundancies at Brierton School. Charges for Retained Duties (former Education Services Grant) were less than the original budget because of reduced pupil numbers in the October 2021 census.

- 3.9 Should the pension cost pressure result in an overall financial pressure against the total CSSB funding (prior to transfer of residual funding to the Schools Block), an application can be made to ESFA.

3.10 Growth Fund

The Growth Fund underspent by £0.050m. The funding is carried forward in reserves. The total growth fund reserve balance stands at £0.292m and will be utilised in future years to fund existing commitments. Council officers are in discussion with ESFA to understand options for use of growth funding within the

regulations and Forum Members will be briefed on the outcome of these discussions.

#### **4 De-delegated Services**

- 4.1 De-delegated services show a net underspend of £0.014m. This relates primarily to underspending against trade union supply cover.
- 4.2 In accordance with the Regulations, the £0.014m underspend in de-delegated services has been carried forward into 2022/23.

#### **5 Recommendations**

- 5.1 Forum is recommended to note the contents of this report.