



Report to: Schools Forum
Date: 22nd June 2022
Subject: Central DSG underspend 2021-22
Report of: Colette Dutton - Director Children and Families
Contact officer: Mark Rotheram – Strategic Finance Manager
Anthony Meehan – Group Finance Manager

Summary: To determine the use of underspends from 2021/22.

Recommendation(s): For Schools Forum to agree to the proposals or to put forward alternatives.

Implications:

*What are the **financial** implications?* Recorded within the report.

*What are the **staffing** implications?* n/a

Risks: n/a

1. Introduction

- 1.1 As reported at the May 2022 School Forum meeting, there was a total underspend on central DSG of £1.6m. A proportion of which related to retained balances following an academy conversion.
- 1.2 The LA is required to consult with Schools Forum on the use of any such underspends. Forum reached agreement on the use of some of the underspends at the last meeting, however, the purpose of this report is to set out options for the use of this remaining underspend.

2. 2021-22 Outturn Position and Proposals

Out-turn

- 2.1 The overall underspend in relation to centrally retained funding (including growth fund) for 2022/23 totalled **£1.623m**. In summary, the underspends were as follows:
 - Growth Funding - £0.757m
 - Contingency - £0.117m
 - Retained balances following academy conversion - £0.720m
 - Miscellaneous central underspends - £0.028m (e.g. Schools Forum, NNDR adjustment, TU de-delegation out-turn)

Previously agreed commitments

- 2.2 At the May 2022 meeting of schools forum, the following proposals for the use of some of these funds was agreed:
 - Maintained Nursery Schools - £0.100m to support ongoing financial pressures.
 - Funding to cover deficit following in-year academisation from contingency underspend - £0.065m (current estimate).
 - Remaining contingency to support any further requests for support from this budget in the current of future financial years - £0.052m (estimate).

After the above agreed commitments this leaves c£1.4m remaining.

Proposal

- 2.3 **High Needs** – This area continues to be the biggest financial pressure. In 21/22 we had an overspend of c£0.100m despite significant growth in funding and contributions from the school's block and DSG reserves. Whilst we again are receiving a healthy increase in funding in 22/23, the ESFA have advised that the growth in funding will reduce to 5% in 23/24 and then 3% in 24/25, from the current level of 11% to 12% which we have seen in recent years. Whilst there are a number of actions ongoing to try to address the financial pressures and information on which has been shared with schools forum sub-

group, we feel that it would be prudent to retain a significant proportion of the reserves to support High Needs going forward and to reduce the reliance on contributions from the schools block.

Proposal – Ring fence **£0.750m** from the underspend to support the High Needs block in **2023/24**.

- 2.4 This leaves £0.650m uncommitted. It is proposed that this is retained in reserves until such time as it is required. Schools forum will be consulted on the use of the funds prior to this being committed for any specific purpose.

3. Recommendation

- 3.1 Members are asked to agree the option outlined above or to propose alternative options for the use of 2021/22 centrally retained underspend.