

DSG Settlement and Draft Budget for 2022-23 (agenda item 4) Appendix

Background

1. This appendix was marked to follow in the main report. It includes the latest budget monitoring position for 2021-22 and draft budget for 2022-23. A detailed statement is included in appendix A.

Budget Monitoring 2021-22

2. Overall, there is a net overspend of £3.15 million. The main budget variances are within early years and for high needs. The high needs variance of £3.1 million contains £0.8 million relating to a potential historic commitment (see paragraph 6 below). The budgeted funding gap was £9.7 million with the shortfall for the year, therefore, estimated at £12.9 million to add to the accumulated deficit brought forward.

2021-22 summary budget variances

DSG Budget Blocks	Variances £000's	Reasons
Early years	296	See below
Schools	(255)	Growth fund / unallocated funding
Central School Services	(9)	Schools forum budget
High Needs	3,120	See below
Total Overspend	3,152	
Budgeted Gap	9,738	
Deficit Brought Forward	7,853	
Deficit Carried Forward	20,743	

Early years

3. Early years funding and payments to providers through the early years single funding formula (EYSFF) are projected well below budget. Exceptionally in 2021-22 due to the pandemic, funding is based on census information for each term rather than the January census points only which is adding greater uncertainty into the projections. Local estimates are showing lower take-up of the free entitlements than usual each term, in part due to the pandemic but also from the falling birth rate. Although reduced funding and payments are closely matched in budget terms, the impact of reduced funding overall will be impacting across the sector.
4. Despite lower take up, the inclusion fund payments to providers to support children with SEND has continued the rising trend over the last two years with an overspend of £0.4 million estimated. As a result, there is projected to be an overspend overall on the early years budget. The proposals for the EYSFF for 2022-23 are seeking to resolve this by increasing the level of the inclusion fund with the LA investigating further the growing demand and whether any actions need to be taken.

High Needs

5. The high needs budget reflects overspends for the cost of education, health, and care plans (EHCPs) across all provider types but reduced costs for excluded pupils.

Schools Forum 13 January 2022-23

6. A high cost EHCP case going back to 2017 is included in the forecast outturn at £0.833 million as the Secretary of State decided in December against BCP in favour of Hampshire. The council's legal advice is that there are strong grounds for appeal but in the meantime these costs have been reflected.

Draft Budget 2022-23

7. The draft budget in appendix A is set to be balanced for early years and the central school services.
8. There is currently a surplus included for the schools block of £0.751 million which could be transferred to support high needs expenditure as set out in the separate paper on the agenda.
9. As previously signalled, the high needs deficit is expected to grow further due to the rising caseload of EHCP, with this now estimated at £16.7 million.
10. The high needs funding gap is lower than included in the school funding consultation due largely to additional funding from government and the expectation of 17 new local high needs places being created from September 2022 and the expectation of lower permanent exclusions being maintained.
11. Significant growth in independent and non-maintained placements is expected again due to the rising caseload and inflation assumptions have been reviewed following more recent government announcements.
12. An amount has been set aside for the review of local special schools band funding as an interim measure to reflect significant cost pressures from April 2022. Band funding levels for pupils placed in other local authority areas are also likely to be increased and the assumptions for cost increases in INMSS might prove inadequate. A contingency budget of £1.4 million has been set aside to manage all these budget demands.

Schools Forum 13 January 2022-23

Appendix A	Budget 2021-22 Monitoring			Draft Budget 2022-23				
	Budget	Forecast	Variance	Early Years	Schools	Central Services	High Needs	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
DSG 2 year olds NFF	(2,427)	(2,527)	(100)	(2,447)	0	0	0	(2,447)
DSG 3 year olds NFF	(18,661)	(15,943)	2,718	(18,360)	0	0	0	(18,360)
DSG NFF other Blocks (final)	(275,579)	(275,579)	0	0	(234,570)	(1,978)	(52,399)	(288,947)
DSG high needs adjustment	0	(66)	(66)	0	0	0	0	0
DSG Premises (final)	(1,679)	(1,679)	0	0	(1,699)	0	0	(1,699)
DSG Growth Fund NFF (final)	(1,435)	(1,435)	0	0	(1,839)	0	0	(1,839)
DSG Pupil Premium	(118)	(130)	(12)	(126)	0	0	0	(126)
DSG Disability Access Fund	(78)	(78)	0	(101)	0	0	0	(101)
DSG early years (final 20/21)	0	(44)	(44)	0	0	0	0	0
Spending review allocation	0	0	0	0	0	0	(1,947)	(1,947)
Total Funding	(299,977)	(297,481)	2,496	(21,034)	(238,108)	(1,978)	(54,346)	(315,466)
Providers - 2 year olds	2,288	2,254	(34)	2,247	0	0	0	2,247
Providers - 3 and 4 Year olds	18,114	15,589	(2,525)	17,475	0	0	0	17,475
Providers SEN top up grants	501	902	401	900	0	0	0	900
Early Years Pupil Premium	118	25	(93)	126	0	0	0	126
Disability Access Fund	78	63	(15)	101	0	0	0	101
Early Years LA duties	185	185	0	185	0	0	0	185
Mainstream Schools Formula	227,345	227,324	(21)	0	236,844	0	0	236,844
Unallocated DSG	160	0	(160)	0	0	0	0	0
Growth Fund - budget	280	206	(74)	0	513	0	0	513
School Admissions	423	423	0	0	0	423	0	423
Licences Purchased by DfE	234	233	(1)	0	0	247	0	247
Servicing Schools Forum	18	10	(8)	0	0	10	0	10
Ex ESG Services (all schools)	1,088	1,088	0	0	0	1,006	0	1,006
Premature retirements	20	20	0	0	0	17	0	17
ASD Base / other	275	275	0	0	0	275	0	275
Place Funding	13,058	13,050	(8)	0	0	0	13,509	13,509
Top up Funding - State Sector	17,152	17,446	294	0	0	0	17,647	17,647
Top up Funding - INMSS	15,555	16,821	1,266	0	0	0	22,866	22,866
Top up Funding - Post Schools	4,333	4,478	145	0	0	0	5,866	5,866
Top up Funding - Pre schools	78	53	(25)	0	0	0	52	52
Top up Funding – Excluded / AP	1,850	1,366	(484)	0	0	0	1,492	1,492
Outreach and other services	1,113	1,578	465	0	0	0	1,737	1,737
Hospital Education Top up	100	30	(70)	0	0	0	100	100
Bespoke SEN /Therapies	3,120	3,855	735	0	0	0	4,097	4,097
Support for Inclusion	141	71	(70)	0	0	0	146	146
Early Years Central SEN support	587	617	30	0	0	0	626	626
Sensory Impaired Service	758	833	75	0	0	0	758	758
Special school/ INMSS contingency	0	0	0	0	0	0	1,400	1,400
Teachers pay/pension - specialist	743	743	0	0	0	0	761	761
Potential historic commitment	0	833	833	0	0	0	0	0
Total Expenditure	309,715	310,371	656	21,034	237,357	1,978	71,057	331,426
In- year (surplus) / deficit	9,738	12,890	3,152	0	(751)	0	16,711	15,960
Brought forward deficit	7,853	7,853	0					20,743
Carried forward deficit	17,591	20,743	3,152					36,703