

Report subject	DSG Budget Monitoring 2022-23
Meeting date	13 December 2022
Status	Public Report
Executive summary	<p>The report considers the projected year end position for the DSG budget 2022-23 of a £1 million reduction in the £16.7 million budgeted funding gap for the year.</p> <p>The cumulative deficit at 31 March 2023 is forecast to be £36.0 million.</p>
Recommendations	The contents of the report to be noted
Reason for recommendations	Budget monitoring is an important element of current year financial management and budget planning for future years.
Portfolio Holder(s):	<p>Councillor Nicola Greene – Covid Resilience, Public Health, and Education</p> <p>Councillor Mike White – Children and young People</p>
Corporate Director	Cathi Hadley – Director of Children's Services
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Wards	Council-wide
Classification	For Information

Summary DSG Forecast

1. The DSG budget for this year was set with a funding gap of £16.7 million, adding to the deficit brought forward of £20.3 million. The quarter two projection reduces the annual funding gap by £1 million against the budget set. Table 1 summarises the budget monitoring position for each funding block.

Table 1: Summary DSG Forecast 2022-23

Block			Funding	Spend	Net
Early Years	Budget	£000's	-21,434	21,434	0
	Actual	£000's	-21,175	21,406	231
	Variance	£000's	259	-28	231
School Block	Budget	£000's	-237,357	237,357	0
	Actual	£000's	-237,357	237,318	-39
	Variance	£000's	0	-39	-39
Central School Services Block	Budget	£000's	-1,978	1,978	0
	Actual	£000's	-2,036	2,036	0
	Variance	£000's	-58	58	0
High Needs Block	Budget	£000's	-54,697	71,408	16,711
	Actual	£000's	-54,361	69,890	15,529
	Variance	£000's	336	-1,518	-1,182
Total DSG	Budget	£000's	-315,466	332,177	16,711
	Actual	£000's	-314,930	330,649	15,719
	Variance	£000's	536	-1,528	-992

Estimated DSG Income

- Overall DSG funding has reduced by £536,000 from the total budgeted.
- The net reduction in early years funding reflects the additional funding from finalising 2021/22 (£70,000) and a reduced projected for 2022/23 of £329,000 reflecting the falling birth rate of recent years.
- The central school services block allocation was increased (£58,000) after the funding for historical commitments was restored.
- The import / export adjustment on the high needs block has led to a reduction in the allocation by £336,000 reflecting an increase in net flow of EHCP pupils educated outside of BCP.
- The agreed transfer from schools block funding of £400,000 has been allocated to the early years funding budget to provide for the increased funding rate for providers as agreed by Schools Forum in July.

Estimated DSG Expenditure

- Overall expenditure is projected to be £1.6 million less than forecast, due to saving in the high needs block.

Early Years Block Spend

- The projected reduction in early years funding is expected to be broadly matched by an equivalent reduction in payments to providers through the early years funding formula.
- However, a continued pressure on the early years SEN inclusion fund is expected to cause an overspend of £0.3 million, despite providing an additional £0.4 million in the budget compared with the previous year.

Schools Services Block Spend

10. The mainstream schools funding formula is being paid to mainstream schools and recouped by the ESFA as per the formula set in January 2022.
11. A late change to the formula was required to ensure the exceptional circumstances factor remained compliant adding £7,000 to the cost of the NFF.
12. A saving on non-domestic rates bills is expected of £46,000, largely due to the conversion to academy of one primary school.
13. The growth allocations will be finalised after the autumn census has been agreed by government. Indications are that the budget will be sufficient, a contingency remains for unexpected bulges in transition years.

Central Schools Services Block Spend

14. The restoration of the full allocation for historical commitments will be used to support central functions within the LA.

High Needs Block Spend

15. There is a saving on expenditure of £1.5 million. There is greater use of state provision to reduce expenditure on higher cost independent places, bespoke provision, and commissioned services with a net saving overall. The £351,000 transferred from the schools block has not been allocated to new expenditure and is contributing to the reduction in the overall high needs funding gap for 2022-23.

Financial Implications

16. The DSG deficit is forecast to grow by £15.7 million during the year, with the cumulative deficit at 31 March 2023 at £36.0 million.

Legal Implications

17. It is a requirement of the council to monitor budgets during the financial year and best practice that the schools forum is made aware of issues relating to the DSG.

Appendices

DSG Budget monitoring 2022-23

DSG Budget Monitoring 2022-23							Appendix
DSG Budget 2022-23	Budget 2022-23					Forecast at Dec 2022	
	Early Years £000's	Schools £000's	Central Services £000's	High Needs £000's	Total £000's	Total £000's	Variance £000's
DSG 2 year olds NFF	(2,447)	0	0	0	(2,447)	(2,309)	138
DSG 3 year olds NFF	(18,360)	0	0	0	(18,360)	(18,124)	236
DSG NFF Other Blocks (final)	0	(234,570)	(1,978)	(52,399)	(288,947)	(289,005)	(58)
DSG July 19 Adjustment	0	0	0	0	0	336	336
DSG Premises (final)	0	(1,699)	0	0	(1,699)	(1,699)	0
DSG Growth Fund NFF (final)	0	(1,839)	0	0	(1,839)	(1,839)	0
DSG Pupil Premium	(126)	0	0	0	(126)	(172)	(46)
DSG Disability Access Fund	(101)	0	0	0	(101)	(101)	0
DSG Transfer to Early Years/High Needs	(400)	751	0	(351)	0	0	0
DSG Early years Prior Year (final 21/22)	0	0	0	0	0	(70)	(70)
Spending review allocation	0	0	0	(1,947)	(1,947)	(1,947)	0
Total Funding	(21,434)	(237,357)	(1,978)	(54,697)	(315,466)	(314,930)	536
Providers - 2 year olds	2,247	0	0	0	2,247	2,109	(138)
Providers - 3 and 4 Year olds	17,875	0	0	0	17,875	17,639	(236)
Providers SEN top up grants	900	0	0	0	900	1,200	300
Contingency	0	0	0	0	0	0	0
Early Years Pupil Premium	126	0	0	0	126	172	46
Disability Access Fund	101	0	0	0	101	101	0
Early Years LA duties	185	0	0	0	185	185	0
Mainstream Schools Formula	0	236,844	0	0	236,844	236,804	(40)
Growth Fund - budget	0	513	0	0	513	513	0
School Admissions	0	0	423	0	423	423	0
Licences Purchased by DfE	0	0	247	0	247	247	0
Servicing Schools Forum	0	0	10	0	10	10	0
Ex ESG Services (all schools)	0	0	1,006	0	1,006	1,064	58
Premature retirements	0	0	17	0	17	17	0
ASD Base / other	0	0	275	0	275	275	0
Place Funding	0	0	0	13,509	13,509	13,659	150
Top up Funding - State Sector	0	0	0	17,647	17,647	21,080	3,433
Top up Funding - Independent/NMSS	0	0	0	22,866	22,866	19,652	(3,214)
Top up Funding - Post Schools	0	0	0	5,866	5,866	5,782	(84)
Top up Funding - Pre schools	0	0	0	52	52	103	51
Top up Funding - Excluded Pupils/AP	0	0	0	1,492	1,492	1,522	30
Commissioned services	0	0	0	1,737	1,737	1,320	(417)
Hospital Education Top up	0	0	0	100	100	98	(2)
Bespoke SEN/Therapies	0	0	0	4,097	4,097	3,929	(168)
Support for Inclusion	0	0	0	146	146	82	(64)
Early Years Central SEN support	0	0	0	626	626	641	15
Sensory Impaired Service	0	0	0	758	758	758	0
Special school review/contingency	0	0	0	1,400	1,400	503	(897)
School Block surplus	0	0	0	351	351	0	(351)
Teachers pay/pension	0	0	0	761	761	761	0
Total Expenditure	21,434	237,357	1,978	71,408	332,177	330,649	(1,528)
In- year Budget (Surplus) / Deficit	0	0	0	16,711	16,711	15,719	(992)
Forecast Outturn variance by block	230	(40)	0	(1,182)	(992)		
Brought forward deficit						20,317	
Carried forward deficit						36,036	

