

SCHOOLS FORUM



Subject	Dedicated Schools Grant (DSG) Outturn 2022-23
Meeting Date	26 th June 2023
Executive Summary	<p>The report considers the end of year position for the DSG budget 2022-23 at a net in-year deficit of £15.5 million. This is against a budgeted deficit of £16.7 million.</p> <p>The £1.2 million underspend relates to high needs expenditure. Whilst there are some signs that trends in high-cost placements have slowed and mainstream schools taking more EHCPs, the delays in assessments have impacted with the number of plans funded 158 FTE less than budgeted.</p> <p>The accumulated deficit has grown as a result from £20.3 million to £35.8 million at March 2023, with this required to be carried forward and recovered from future DSG allocations.</p>
Recommendations	To note the contents of the report.
Reasons for Recommendations	To update schools forum on the DSG financial position
Portfolio Holder(s):	Councillor Richard Burton – Children and young People
Corporate Director	Cathi Hadley
Report Author (s)	Steve Ellis, Management Accountant email: steve.ellis@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Summary DSG Outturn 2022-23

1. The DSG in-year deficit for 2022-23 is £15.5 million (£1.2 million less than the £16.7 million budgeted). This is in addition to the cumulative £20.3 million deficit brought forward to give an overall cumulative deficit at 31 March 2023 of £35.8 million.
2. The growing deficit continues to be the result of unfunded pressures in high needs. The higher underspend compared with the £0.4 million forecast at the end of quarter three is largely due to delay in the issuing of education health and care plans (EHCPs) which has delayed expenditure.
3. The early years block was overspent by £0.1 million this year due to a pressure on the SEN inclusion element of the formula.
4. The table below summarises the DSG outturn for 2022-23

Table 1: Summary DSG Outturn 2022-23

			Funding	Spend	Net
Early Years	Budget	£000's	-21,434	21,434	0
	Actual	£000's	-20,397	20,512	115
	Variance	£000's	1,037	-922	115
School Block	Budget	£000's	-237,357	237,357	0
	Actual	£000's	-237,357	237,266	-91
	Variance	£000's	0	-90	-90
Central School Services Block	Budget	£000's	-1,978	1,978	0
	Actual	£000's	-2,036	2,026	-10
	Variance	£000's	-58	48	-10
High Needs Block	Budget	£000's	-54,697	71,408	16,711
	Actual	£000's	-54,361	69,874	15,512
	Variance	£000's	336	-1,534	-1,198
Total DSG	Budget	£000's	-315,466	332,176	16,711
	Actual	£000's	-314,151	329,678	15,527
	Variance	£000's	1,315	-2,498	-1,184

DSG Income 2022-23

5. A net reduction in funding of £1.0 million in the early years block is largely the result of the reduced take up of the free entitlements from the falling birth rate. This includes an estimate of £0.8 million that is expected to be included when the final early years allocation is published in June/July 2023.
6. The central school services block allocation was increased (£58,000) after the funding for historical commitments was restored.
7. As previously reported, the high needs block allocation was reduced in year by £0.336m due to the recalculation of the import / export adjustment.
8. School block funding is fixed from the start of the year.

DSG Expenditure 2022-23

9. Expenditure for each block is summarised in the appendix.

Early Years Block Spend

10. Overall, the funding payments made to early years providers is significantly less than budgeted due to demographic changes. Table 2 below shows the revised funding allocation and spend to show the detailed budget variances.

Table 2: Breakdown of early years block spend against funding 2022-23

Early Years Expenditure	Funding	Spend	Variance
2 Year Olds	£2,241,992	£2,349,459	£107,467
3 & 4 Year Olds	£16,725,977	£16,500,999	-£224,978
SEN Inclusion Fund	£501,095	£1,159,596	£258,501
Transfer from Schools Block	£400,000		
Central Expenditure	£184,859	£203,037	£18,178
Prior Year Adjustment	£70,146	£14,887	-£55,259
Disability Access Fund	£100,800	£75,200	-£25,600
Early Years Pupil Premium	£171,695	£208,424	£36,729
Total	£20,396,564	£20,511,603	£115,039

11. The pressure on the SEN element of the formula reported in January reduced slightly but underlines the need for additional funding to support the current level of SEN children in early years provision. Overall, the early years block has a deficit of £0.1 million for 2022-23 (after the 0.4m transfer from the schools block).

Schools Block Spend

12. The mainstream schools funding formula was paid to mainstream schools and recouped by the ESFA as per the formula set in January 2023.

13. Growth funding payments were £73,000 less than budgeted. Rates bills were £17,000 less than budgeted.

Central Schools Services Block Spend

14. The cost of schools forum has reduced due to the continuation of virtual meetings throughout the year.

15. The overspend on the central schools block expenditure is matched by the restoration of the historic commitments funding to the DSG allocation. The additional funding was spent against ex-ESG services. In addition, spend was re categorised between school admissions and EX-ESG services.

High Needs Block Spend

16. The underspend in the high needs block (and the movement since the forecast in the January 2023 report) is largely the result of funding fewer than expected EHCPs.

17. Table 3 below summarises the high needs variances:

Table 3: High Needs Block Variances

Expenditure Area	2022-23 (under) / overspend		
	FTE	Cost £	Average Top-Up £
Total Independent & Non-Maintained (INMSS)	(221.13)	(3,635,060)	28,024
Total Post 16	(286.51)	(390,778)	10,296
Special Schools	127.72	1,062,984	(888)
Total Mainstream and Special Units	264.89	2,298,804	724
Other (AP / therapies and bespoke packages / Pre-school)	(43.39)	935,266	6,191
Teachers Pay & Pensions Grant & SSG*		(877,788)	
Total EHCPs	(158.42)	(606,571)	702
Centrally commissioned SEN services (including places)		(618,797)	
Total SEN Expenditure		(1,225,369)	
AP Expenditure	(4.38)	(309,630)	
TOTAL High Needs Block Spend Variances		(1,534,999)	
Funding reduction in-year (import/export adjustment)		335,596	
NET VARIANCES		(1,199,403)	

* supplementary school grant

18. In total 158 fewer full time equivalent (FTE) plans were funded than budgeted. Had timeliness been at the desired level, the number of FTE funded plans would have increased by up to 14% from 2021-22, whereas only a 10% increase was budgeted.
19. Action to remove the backlog and improve timeliness will increase spend significantly moving forward. Work is underway to revise forecasts for the new financial year and an update will be brought to the next schools forum.
20. Independent placements were £3.2m less than budget (after the surplus schools block was notionally used to increase this budget line), with state schools spend (once adjusted for the use of supplementary grant) £2.0m higher, suggesting progress is being made to improve the proportion of placements made in the state sector.
21. Despite this shift, the average cost of a placement (excluding place funding) was £702 more than budgeted at £17,672 due to significant fee increases for the INMSS and bespoke providers.
22. Centrally commissioned contracts such as SALT, HVSS, and place funding were £0.6m less than budgeted, largely due to the SALT contract being over budgeted (£0.4m). In addition, £0.2m of place funding allowed for new place creation was not used.

Legal Implications

23. It is a requirement of the Council to monitor budgets during the financial year and for schools forum to be informed of the DSG outturn.

Background Papers

Previous schools' forum papers are available at the link below:

[http://ced-pri-cms-02.ced.local/ieListMeetings.aspx?Committeeld=149&\\$LO\\$=1](http://ced-pri-cms-02.ced.local/ieListMeetings.aspx?Committeeld=149&LO=1)

Appendix

Presentation of detailed DSG outturn budget variances for 2022-23.

Appendix – DSG Outturn 2022-23

Budget Monitoring	Early Years £000's	Schools £000's	Central Services £000's	High Needs £000's	Total Budget £000's	Actual	
						Outturn £000's	Variance £000's
DSG 2 year olds NFF	-2,447				-2,447	-2,242	205
DSG 3 year olds NFF	-18,360				-18,360	-17,412	948
DSG Pupil Premium	-126				-126	-172	-46
DSG Disability Access Fund	-101				-101	-101	0
DSG Prior Year					0	-70	-70
DSG NFF School Block		-234,570			-238,108	-238,108	0
DSG Premises		-1,699				0	0
DSG Growth Fund NFF (final)		-1,839				0	0
Block Transfer	-400	751	0	-351	0	0	0
DSG High Needs Block				-52,399	-52,399	-52,063	336
DSG Central School Services Block			-1,978		-1,978	-2,036	-58
Supplementary Grant				-1,947	-1,947	-1,947	0
Total Funding	-21,434	-237,357	-1,978	-54,697	-315,466	-314,151	1,315
Providers - 2 year olds	2,247				2,247	2,357	110
Providers - 3 and 4 Year olds	17,875				17,875	16,507	-1,368
Providers SEN top up grants	900				900	1,161	261
Early Years Pupil Premium	126				126	208	82
Disability Access Fund	101				101	75	-26
Early Years LA duties	185				185	203	18
Mainstream Schools Formula		236,844			236,844	236,826	-17
Growth Fund - budget		513			513	440	-73
School Admissions			423		423	387	-36
Servicing Schools Forum			10		10	1	-9
Ex ESG Services (all schools)			1,006		1,006	1,100	94
Commitments - Premature retirements			17		17	17	0
Commitments - ASD Base / other			275		275	274	-1
Licences Purchased by DfE			247		247	247	0
Place Funding				13,509	13,509	13,325	-184
Top up Funding - State Sector				17,647	17,647	21,060	3,413
Top up Funding - Independent/NMSS				22,867	22,867	19,667	-3,199
Top up Funding - Post Schools				5,866	5,866	5,456	-410
Top up Funding - Pre schools				52	52	65	13
Top up Funding - Excluded Pupils/AP				1,492	1,492	1,205	-286
Commissioned Services including Outreach				1,737	1,737	1,338	-398
Hospital Education Top up				100	100	58	-42
Bespoke SEN/Therapies				4,097	4,097	4,919	822
Support for Inclusion				146	146	74	-72
Special Schools Teachers Pay & Pension Grants				761	761	774	13
Spend relating to supplementary grant				1,400	1,400	509	-891
School block surplus				351	351	0	-351
Early Years Central SEN support				626	626	615	-11
Sensory Impaired Service				758	758	808	50
Total Expenditure	21,434	237,357	1,978	71,408	332,176	329,678	-2,498
In-year (Surplus) / Deficit	0	0	0	16,711	16,711	15,527	-1,184
(Surplus) / Deficit bf					20,743	20,317	
(Surplus) / Deficit cf					37,454	35,844	