

# SCHOOLS FORUM



Subject	<b>Dedicated Schools Grant (DSG) Outturn 2023-24</b>
Meeting Date	23 <sup>rd</sup> September 2024
Executive Summary	<p>The report considers the end of year position for the DSG budget 2023-24 at a net in-year deficit of £27.7 million. This is against a budgeted deficit of £27.1 million.</p> <p>The £0.6 million overspend is largely due to the increasing high needs budget (£1.3 million), offset by savings in the school block and early years block.</p> <p>The accumulated deficit has grown as a result from £35.8 million to £63.5 million at March 2024, with this required to be carried forward and recovered from future DSG allocations.</p>
<b>Recommendations</b>	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: <a href="mailto:steve.ellis@bcpcouncil.gov.uk">steve.ellis@bcpcouncil.gov.uk</a>
Wards	Council-wide
Classification	For Information

## Summary DSG Outturn 2023-24

1. The DSG in-year deficit for 2023-24 is £27.7 million (£0.6 million more than the £27.1 million budgeted). This is in addition to the cumulative £35.8 million deficit brought forward to give an overall cumulative deficit at 31 March 2023 of £63.5 million.
2. The growing deficit continues to be the result of unfunded pressures in high needs. The change from the forecast position in quarter 3 was largely due to an underestimate of the cost of alternative provision packages for pupils with an EHCP.
3. The early years block was underspent by £0.6 million this year, which was despite a £0.2 million pressure on the SEN inclusion element of the formula. Of this, £0.3 million was due to a larger adjustment to the funding received for 2023-24 than was provided.
4. The table below summarises the DSG outturn for 2023-24

**Table 1: Summary DSG Outturn 2023-24**

			<b>Funding</b>	<b>Spend</b>	<b>Net</b>
Early Years	Budget	£000's	-21,866	21,866	0
	Actual	£000's	-21,444	20,870	-575
	Variance	£000's	421	-996	-575
School Block	Budget	£000's	-251,100	250,915	-185
	Actual	£000's	-251,100	250,736	-365
	Variance	£000's	0	-179	-179
Central School Services Block	Budget	£000's	-1,965	1,965	0
	Actual	£000's	-2,024	2,013	-11
	Variance	£000's	-58	48	-10
High Needs Block	Budget	£000's	-59,240	86,519	27,279
	Actual	£000's	-59,162	87,781	28,619
	Variance	£000's	78	1,262	1,340
Total DSG	Budget	£000's	-334,172	361,265	27,093
	Actual	£000's	-333,731	361,399	27,668
	Variance	£000's	441	135	576

## DSG Income 2023-24

5. A net reduction in funding of £0.4 million in the early years block is largely the result of the reduced take-up of the free entitlements from the falling birth rate. There was no adjustment made in the accounts last year as the usual adjustment after the end of the financial year in July each year was expected to be small based on the available data.
6. The central school services block allocation was increased by £0.058 million after the funding for historical commitments was restored following the provision of evidence to the DfE for unavoidable costs.
7. As previously reported, the high needs block allocation was reduced in year by £0.054 million due to the recalculation of the import / export adjustment based on data from the January 2023 census.
8. School block funding is fixed from the start of the year.

## DSG Expenditure 2023-24

9. Expenditure for each block is detailed in the appendix with further analysis provided in the paragraphs below.

### Early Years Block Spend

10. Overall, the funding payments to early years providers are significantly less than budgeted due to demographic changes. The net £0.3 million over-estimate of the prior year adjustment has added to the surplus for 2023-24. The ongoing pressure in the high needs element of the formula reduced the overall surplus. 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 2023-24**

Early Years Expenditure	Funding	Spend	Variance
2 year olds	£2,169,628	£2,108,515	£61,112
3 & 4 year olds	£17,307,771	£16,854,413	£453,357
SEND	£1,123,317	£1,356,778	£233,461
Central expenditure	£183,903	£166,115	£17,787
Previous year adjustment	£351,509	£46,752	£304,757
Disability Access Fund	£118,404	£111,833	£6,571
EY Pupil Premium	£189,935	£225,420	£35,485
<b>Total</b>	<b>£21,444,466</b>	<b>£20,869,827</b>	<b>£574,639</b>

11. The pressure on the SEND element of the formula continues and the pupil premium allocations were greater than funding in 2023-24 but these have been offset by underspends on the main formula elements. Despite this significant underspend, the overall position on the early years block since BCP was formed (table 3) demonstrates the percentage of funding passed to providers remains high (99% over 5 years)

**Table 3: Historic early years position since BCP formed.**

	£ millions	2019-20	2020-21	2021-22	2022-23	2023-24	Since BCP
A	DSG (Early Years Block)	£20.310	£20.879	£19.829	£19.997	£21.444	£102.459
B	Transfers(in/Out)	-£0.200			£0.400		£0.200
C	Spend	£20.257	£20.663	£20.268	£20.512	£20.870	£102.570
	<b>In Year Surplus / Deficit</b>	<b>-£0.147</b>	<b>£0.216</b>	<b>-£0.439</b>	<b>-£0.115</b>	<b>£0.575</b>	<b>£0.090</b>
D	Central Spend	£0.209	£0.185	£0.163	£0.203	£0.166	£0.926
D/A	% of EY Block	1.0%	0.9%	0.8%	1.0%	0.8%	0.9%
(C-D)/A	% passed to providers	99%	98%	101%	102%	97%	99%

### 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 £25,000 more than budgeted. Rates bills were £205,000 less than budgeted due to a change in DfE methodology. The ESFA no longer require local authorities to include the inflationary pressure of rates bills in their budget and any costs are covered centrally.

## Central Schools Services Block Spend

14. 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. The schools forum budget remains largely unused.

## High Needs Block Spend

15. The overspend in the high needs block (and the movement since the forecast in the January 2023 report) is largely the result of funding more alternative / bespoke packages than expected. Fewer children were placed in INMSS than budgeted but average costs were much higher. The overall full time equivalent (FTE) for EHCPs was close to budget but there was a surge in the later part of the year where the larger share of costs falls into future years.

16. Table 3 below summarises the high needs variances:

**Table 3: High Needs Block Variances**

Expenditure Area	2023-24 (under) / overspend		
	FTE	Cost £	Average Top-Up £
Total Independent & Non-Maintained (INMSS)	(146.6)	(4,104,103)	11,499
Total Post 16	(142.5)	(313,825)	5,625
Special Schools	116.0	937,823	(1,009)
Total Mainstream and Special Units	236.6	2,661,947	828
Other (AP / therapies and bespoke packages / Pre-school)	(41.2)	803,488	1,930
Teachers Pay & Pensions Grant & SSG*		(1,739,953)	
Costs relating to previous year		608,708	
<b>Total EHCPs</b>	<b>22.2</b>	<b>(1,145,915)</b>	<b>(104)</b>
Centrally commissioned SEN services / places		445,218	
<b>Total SEN Expenditure</b>		<b>(700,697)</b>	
<b>AP Expenditure</b>	<b>53.9</b>	<b>1,963,001</b>	
<b>TOTAL High Needs Block Spend Variances</b>		<b>1,262,304</b>	
<b>Funding reduction in-year **</b>		<b>78,000</b>	
<b>NET VARIANCES</b>		<b>1,340,304</b>	

\* supplementary school grant      \*\*import / export adjustment

17. In total 22.2 more FTE plans were funded than budgeted. The average top-up across all provisions was also within £104 of the figure budgeted, but INMSS and post -16 cost more on average than budget.

18. Action to remove the backlog of EHCPs and improve timeliness has increased 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.

19. Underspends on Independent placements, with state schools spend overspending continues to demonstrate progress in restricting the trends forecast through the DBV work and starting to improve the proportion of placements made in the state sector.

20. Centrally commissioned contracts such as SALT, HVSS, and place funding were £0.4m more than budgeted, due to the HVSS contract being over budgeted (£0.2m). In addition, £0.3m place funding was spent on the creation of new places. There were small underspends on central functions offsetting these.

## **Legal Implications**

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

## **Appendix**

Presentation of detailed DSG outturn budget variances for 2023-24.

## Appendix – DSG Outturn 2023-24

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	-2,424				-2,424	-2,323	101
DSG 3 year olds NFF	-19,146				-19,146	-18,461	684
DSG Pupil Premium	-177				-177	-190	-13
DSG Disability Access Fund	-118				-118	-118	0
DSG Prior Year					0	-352	-352
DSG NFF School Block		-247,599			-251,100	-251,100	0
DSG Premises		-1,705				0	0
DSG Growth Fund NFF (final)		-1,796				0	0
DSG High Needs Block				-59,240	-59,240	-59,162	78
DSG Central School Services Block			-1,965		-1,965	-2,024	-58
<b>Total Funding</b>	<b>-21,866</b>	<b>-251,100</b>	<b>-1,965</b>	<b>-59,240</b>	<b>-334,172</b>	<b>-333,731</b>	<b>441</b>
Providers - 2 year olds	2,296				2,296	1,880	-416
Providers - 3 and 4 Year olds	17,967				17,967	17,115	-851
Providers SEN top up grants	1,123				1,123	1,350	227
Early Years Pupil Premium	177				177	233	56
Disability Access Fund	118				118	112	-7
Early Years LA duties	184				184	179	-5
Mainstream Schools Formula		250,448			250,448	250,244	-204
Growth Fund - budget		467			467	492	25
School Admissions			387		387	387	0
Servicing Schools Forum			10		10	0	-10
Ex ESG Services (all schools)			999		999	1,040	41
Commitments - Premature retirements			17		17	17	0
Commitments - ASD Base / other			275		275	292	17
Licences Purchased by DfE			277		277	277	0
Place Funding				13,794	13,794	14,334	540
Top up Funding - State Sector				23,448	23,448	27,212	3,764
Top up Funding - Independent/NMSS				28,384	28,384	24,380	-4,004
Top up Funding - Post Schools				7,073	7,073	6,729	-344
Top up Funding - Pre schools				152	152	143	-9
Top up Funding - Excluded Pupils/AP				1,492	1,492	3,357	1,865
Commissioned Services including Outreach				1,427	1,427	1,428	1
Hospital Education Top up				100	100	26	-74
Bespoke SEN /Therapies				5,589	5,589	6,700	1,111
Support for Inclusion				146	146	101	-45
Special Schools Teachers Pay & Pension Grants				830	830	1,790	960
Spend relating to supplementary grant				2,700	2,700	0	-2,700
School block surplus				0	0	0	0
Early Years Central SEN support				626	626	646	20
Sensory Impaired Service				758	758	935	177
<b>Total Expenditure</b>	<b>21,866</b>	<b>250,915</b>	<b>1,965</b>	<b>86,519</b>	<b>361,265</b>	<b>361,399</b>	<b>135</b>
<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>-185</b>	<b>0</b>	<b>27,279</b>	<b>27,093</b>	<b>27,668</b>	<b>576</b>
<b>(Surplus) / Deficit brought forward</b>					35,844	35,844	
<b>(Surplus) / Deficit carried forward</b>					<b>62,937</b>	<b>63,512</b>	