

Schools Forum

22nd June 2023

2022/23 Dedicated School Grant Outturn Position

This report relates to all members of the Schools Forum and is for information.

Recommendation(s)

The Schools Forum is recommended to:

- Note the DSG financial outturn position for 2022/23.

1. Introduction

1.1. This report sets out the final outturn position of the Dedicated Schools Grant (DSG) for 2022/23.

2. 2022/23 Final Outturn Position

2.1. The total DSG allocation for Warwickshire, as last reported to Schools Forum in **March 2023**, was £523.653m, with total recoupment of £276.961m, resulting in a net allocation across Blocks after recoupment of £246.692m. There were no further changes to the last allocation reported.

2022/23 Revised DSG Allocations	Original Allocation	Change	Latest Allocation	Reason for Change
	£m	£m	£m	
Schools Block	397.752			
Less: National Non-Domestic Rates[1]	(3.624)			
	394.128	(261.475)	136.277	Academy Recoupment
Total High Needs	82.482	3.549	86.031	£3m additional HN funding and £0.6m import export adjustment
Less: recoupment	(14.564)	(0.922)	(15.486)	High Needs recoupment
High Needs Block	67.918	2.627	70.545	
Early Years Block	34.396	1.346	35.742	EY funding adjustment based on Jan 22 census data
Central School Services Block	4.128		4.128	
Total DSG Allocation	500.570	(254.875)	246.692	-

- 2.2. The final DSG outturn position for 2022/23 is an overspend of £3.930m. There is an increase of £0.343m to the forecast projected at January 2023, as reported to Schools Forum in March 2023. This is primarily due to increase in placements on ISP's and Mainstream top ups within the High Needs Block.
- 2.3. Table 2 summarises the outturn by DSG Block, with the narrative in this report providing further analysis and Appendix A providing a detailed breakdown:

Table 2: 2022/23 Outturn	Latest Allocation	Drawdown from Reserves	Actual Outturn	Outturn Variance	Forecast Variance as at P10
	£m	£m	£m	£m	£m
Schools Block	136.277	1.070	137.244	(0.103)	(0.030)
High Needs Block	70.545		74.981	4.436	4.119
Early Years Block	35.742		35.334	(0.408)	(0.532)
Central School Services Block	4.128		4.134	0.006	0.030
Total DSG Allocation	246.692	1.070	251.692	3.930	3.587

- 2.4. It should be noted that historically the DfE have required all local authorities to complete a recovery plan should the expenditure variance on the DSG exceed 1%. The outturn position of £3.930m equates to a 0.79% overspend of the total original DSG allocation (see table 1), which is within the DfE threshold. Nevertheless, as Schools Forum is aware, the Council has a detailed recovery plan.
- 2.5. Although the Total DSG overspend position of the four blocks £3.930m, in reality we are not able to move funding between blocks in year without School Forum approval, so the key financial risk to be highlighted in Table 2 is the £4.436m overspend in the High Needs Block. The pressures on the High Needs Block are not unique to Warwickshire and is a national issue. At Warwickshire, the financial position is being closely monitored as part of the DSG recovery plan.

3. 2022/23 Reserves

Table 3: 2022/23 Reserves	Opening Balance 01/04/2022	In Year Drawdowns	Effect of outturn	Closing Balance as at 31/03/2023
Total DSG Reserve	(11.098)	(1.070)	(3.587)	(15.755)

- 3.1. The overall negative reserve balance is primarily driven by the cumulative deficit from the High Needs block.

4. Explanations for Variances

The sections below explain the main reasons for the variances across the blocks. A detailed breakdown of variances is shown in Appendix A.

Schools Block (£0.103m underspend)

4.1. There is a small underspend of £0.103m on the Schools block.

High Needs Block (£4.436m overspend)

4.2. High Needs overspend of £4.436m. This overspend excludes the £15.980m cumulative deficit from previous years, as per DfE guidance, which has been carried forward to 2022/23 and are held on the council's balance sheet as DSG debt.

4.3. This final position of £4.436m is considerably greater than that planned by the SEND & Inclusion Change Programme (SICP) at the start of the year which had assumed that the overspend would be £2.245m, so this is a deterioration in this position. This is somewhat mitigated going forward with the larger than expected HNB DSG settlement figure for 2023/24. The final out-turn position will be triangulated into the long term DSG recovery plan, to take account of any on-going pressures (as well as the increased funding). This will be reported back to the SICP board for any mitigating action to ensure that the overall DSG recovery plan is covered by the updated MTFs proposals.

4.4. The overspend is made up as follows:

- £3.710m on top ups in Independent Schools & OLA Special Schools
- £0.127m on Tier 4 Hospital Education
- £1.729m of SEND commissions – This overspend is for additional agreed places at special schools and resourced provisions during the year. Due to late clarification of the TPP to special schools by the DfE, it was not confirmed until well into the financial year that these were payable by WCC, and no budgetary provision had been made. This has been rectified for 2023/24.
- £0.484m on the Mainstream EHCP Top Ups

Offsetting some of these overspends are underspends in the following major areas:

- £0.284m for special school top ups
- £0.151m on Post 16 top ups
- £0.102m on resourced provision, this has reduced from the previous forecasts due to non-realisation of service level agreements within other parts of the service.
- £0.143m for SEND Integrated services
- £1.121m for Alternative provision

4.5. Proposals for closing the overspend are continually being reviewed and monitored as part of the SEND and Inclusion change programme. Of the overspent budgets on the High Needs

Block detailed above, £20.416m has savings/interventions identified in future years as part of the DSG recovery plan.

Early Years Block (£0.408m underspend)

4.6. Overall, Early Years underspent by £0.408m net position.

- Funding for 3 & 4 year olds underspent by £1.087m
- Funding for 2-year-olds overspent by £0.137m.
- Pupil Premium funding for WCC Schools overspent by £0.037m
- Disability Access Fund underspent by £0.020m.
- Early Years - Sufficiency & Business Support underspent by £0.152m
- Also included in the Early Years position is planned one off expenditure of £0.677m, which consists of the release of a package of Covid recovery related grants available to all early years providers and mainstream nurseries. Take up of the first tranches in 2022/23 was not as large as expected but there will be future tranche launches in the new financial year for further expenditure, but this is dependent on individual providers applying.

The overall underspend was in part a result of the revised funding was issued in August by ESFA which increased the 3&4 years old allocation by £1.2m. This block of the DSG is subject to a revised post year end funding adjustment by the ESFA in the next financial year once the spring census data has been confirmed. The underspend will cover this adjustment.

Central Schools Services Block- CSSB (£0.006m overspend)

4.7. There are small overspends of £0.006m on various services.

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Appendix A

Schools Block	Latest Budget	Final Outturn	Outturn Variance	Forecast Variance as at P10
	£m	£m	£m	£m
Mainstream Individual School Budgets	132.370	132.370	0.000	0.000
Growth Fund (exceptional pupil numbers)	2.328	2.256	(0.072)	(0.031)
Schools Block Contingency	0.789	0.838	0.049	0.049
De-delegated budgets				
School Performance	0.195	0.184	(0.011)	0.000
STS SEND Support (Previously "EIS")	0.031	0.011	(0.020)	(0.020)
Ethnic Minority & Traveller Achievement Service	0.242	0.241	(0.002)	(0.017)
Free School Meals	0.019	0.021	0.002	0.000
Teaching Union Cover	0.066	0.027	(0.039)	(0.003)
Non-Teaching Union Cover	0.016	0.016	0.000	0.000
Occupational Health	0.013	0.013	0.000	0.000
Central Establishment Charges	0.040	0.040	0.000	0.000
Education Functions - DBS	0.168	0.157	(0.011)	(0.008)
Total Schools Allocations	136.278	136.174	(0.103)	(0.030)

High Needs Block	Latest Budget	Final Outturn	Outturn Variance	Forecast Variance as at P10
	£m	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	6.147	6.285	0.138	(0.000)
SEN Top up – Mainstream Schools & Academies	12.343	12.827	0.484	0.025
SEN Top up – WCC Special Schools & Academies	20.065	19.781	(0.284)	(0.690)
SEN Top up – Independent & OLA Special Schools	14.502	18.212	3.710	4.175
Tier 4 Hospital Education	0.180	0.307	0.127	0.220
Resourced Provision – SEN Support	1.765	1.663	(0.102)	(0.130)
SEND Speech & Language	0.000	0.000	0.000	0.000
Post 16 Funding	8.581	8.430	(0.151)	(0.148)
SEND Commissions	0.453	2.182	1.729	1.674
SEND Integrated Services (Low incidence SEND)	1.080	1.082	0.002	(0.002)
SEND Integrated Services (Flexible Learning)	0.771	0.709	(0.062)	(0.067)
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.761	2.489	(0.272)	(0.345)
Contribution to Early Intervention Behaviour Panels	0.064	0.062	(0.002)	(0.002)
Alternative Provision	0.922	0.074	(0.848)	(0.623)
SEND Integrated Services (Specialist Teaching Service)	1.055	0.964	(0.090)	(0.106)
Integrated Disability Service SEN Inclusion Grant (EY)	0.385	0.395	0.010	0.000
High Needs Contingency/ (Shortfall)	(1.957)	(1.908)	0.049	0.139
Central Establishment Charges	1.428	1.428	0.000	0.000
High Needs Allocations	70.544	74.980	4.436	4.119

Early Years Block	Latest Budget	Final Outturn	Outturn Variance	Forecast Variance as at P10
	£m	£m	£m	£m
Nursery schools (Universal Hours)	1.664	1.664	0.000	0.000
Nursery Funding 3&4 year olds (Universal funding - Independent Providers & Nursery Classes)	19.884	18.839	(1.045)	(1.352)
Nursery Funding 3&4 year Olds (Additional 15 hours)	8.555	9.152	0.597	0.583
Maintained Nursery Supplement	0.703	0.741	0.038	0.000
DSG Pupil Premium	0.220	0.256	0.037	0.261
Funded 2 year olds	3.032	3.169	0.137	0.104
Disability Access Fund	0.165	0.145	(0.0202)	0.000
IDS TL Early Years	0.866	0.763	(0.103)	(0.106)
Early Years - Sufficiency & Business Support	0.249	0.222	(0.027)	(0.001)
Early Years Quality & Development	0.089	0.068	(0.021)	(0.020)
EYB Central Establishment Charges	0.314	0.314	0.000	0.000
Early Years Allocations	35.742	35.334	(0.408)	(0.531)

Central Schools Services Block	Latest Budget	Final Outturn	Variance	Forecast Variance as at P10
	£m	£m	£m	£m
Children's Mental health	0.150	0	(0.150)	(0.150)
Admissions	0.673	0.653	(0.020)	0.00
Heads Termly / SACRE	0.018	0.000	(0.018)	(0.018)
DSG SF Allocation - Historic Pension Contribution	0.737	0.737	0.000	0.000
DSG SF Allocation - North Leamington School Prudential Borrowing	0.266	0.266	0.000	0.000
DSG SF Allocation - Copyright Licences	0.559	0.466	(0.093)	(0.093)
Employers Liability Insurance	0.045	0.039	(0.006)	0.000
Teachers Pensions Employer Contribution Grant (TPECG)	0.484	0.424	(0.060)	(0.060)
Schools Central Services (DSG) Budget Balance	(0.320)	0.031	0.351	0.351
Education functions for all schools:				
Planning for the education service as a whole (Sch 2, 15b)	0.378	0.378	0.000	0.000
Formulation and review of local authority schools funding formula (Sch 2, 15d)	0.047	0.047	0.000	0.000
School attendance (Sch 2, 16)	0.377	0.377	0.000	0.000
Responsibilities regarding the employment of children (Sch 2, 18)	0.069	0.069	0.000	0.000
Admissions (Sch 2, 9)	0.086	0.086	0.000	0.000
Cost of support services for Education Functions	0.560	0.560	0.000	0.000
Central Schools Services Allocations	4.129	4.134	0.005	0.030