

Schools Forum

28 September 2023

2023/24 Dedicated Schools Grant Financial Monitoring Report

This report relates to both maintained and academy schools and all members of the Schools Forum and is for information and comment.

Recommendation

Schools Forum is recommended to:

- Note the DSG forecast financial outturn position for 2023/24, as at Period 4
- Note the forecasted outturn position of the DSG reserve for 2023/24, as at Period 4.

1. Introduction

- 1.1. This report provides an update on the 2023/24 forecast outturn position of the Dedicated Schools Grant (DSG).
- 1.2. The total 2023/24 DSG allocation for Warwickshire, reported to Schools Forum in March 2023, was £542,787m (shown in the original allocation column in Table 1 below).
- 1.3. Since then, the DSG allocation has been updated to reflect the Academy/High Needs recoupment. Table 1 and Appendix A shows the latest allocations to reflect these changes.

Table 1: 2023/24 Revised DSG Allocations	Original Allocation	Change	Latest Allocation	Reason for Change
	£m	£m	£m	
Total Schools Block	425.638	0.000	425.638	Academy recoupment
Less: NNDR	(3.719)	0.000	(3.719)	
Less: recoupment	0.000	(281.640)	(281.640)	
Schools Block	421.919	(281.640)	140.278	
Total High Needs	94.682	0.000	94.682	High Needs recoupment
Less: recoupment	(15.840)	(0.891)	(16.731)	
High Needs Block	78.842	(0.891)	77.951	
Early Years Block	37.924	0.000	37.924	
Central School Services Block	4.102	0.000	4.102	
Total DSG Allocation	542.787	-282.531	260.256	

2. 2023/24 Forecasts

- 2.1. Table 2 summarises the 2023/24 forecast position by DSG Block, as at the end of July 2023 (Period 4), and Appendix A provides a detailed breakdown:

Table 2: 2023/24 Forecasts	Latest Allocation	Drawdown from Reserves	Forecast @	Variance
	£m	£m	£m	£m
Schools Block	140.278		140.336	0.058
High Needs Block	77.951		86.709	8.758
Early Years Block	37.924		38.260	0.335
Central School Services Block	4.102		4.102	(0.000)
Total DSG Allocation	260.256	0.000	269.407	9.151

- 2.2. 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 forecast position of £9.151m equates to a 1.69% overspend, which exceeds the DfE threshold. Due to exceeding the 1% threshold in previous years, WCC does have a recovery plan – on which regular updates are provided to Schools Forum.
- 2.3. Although the total DSG position of the four blocks is used to calculate whether the DSG overspend is above the 1% threshold, the financial reporting is separated into the 4 Blocks. This is because in reality, we are not able to move funding between blocks without Schools Forum/Secretary of State approval (disapplication process).

The key financial risk to be highlighted in Table 2 is the £8.758m overspend in the High Needs Block.

3. DSG Reserve position

- 3.1. Table 3 below shows the opening position of the overall DSG reserve as at the 1st April 2023, any draw down from reserves noted in Table 2 and the forecasted effect of outturn that informs the forecasted closing balance of the reserve on 31 March 2024.

Table 3: 2023/24 Reserves	Opening Balance 01/04/2023	In Year Drawdowns	Effect of outturn	Forecast Closing Balance as at 31/03/2023
	£m	£m	£m	£m
Schools Block	0.494		0.058	0.436
High Needs Block	(20.416)		8.758	(29.174)
Early Years Block	3.341		0.335	3.006
Central School Services Block	0.484		(0.000)	0.484
Total DSG Allocation	(16.097)	0.000	9.151	(25.248)

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 (£0.057m overspend)

- 4.1. The overspends on the Schools Block mainly relate to the Growth fund overspending by £0.045m, other forecasted overspends relate to DBS checks.

High Needs Block (£8.758m overspend)

- 4.2. The main area of ongoing concern is the High Needs Block where the forecast overspend is £8.758m. This forecast net overspend consists of a number of significant budgets which are subject to interventions by the SEND & Inclusion Change programme (SICP). The over-arching aim over the long term (as funding for SEND is a national issue) is to reduce high costs volumes while increasing lower costs areas of service. For example, reducing the reliance of Independent Specialist Provision and increasing "SEND Top-ups" to mainstream and special schools. A decision taken at the inception of the SICP to set budgets for individual services as they might be after several years of the change programme (i.e., aspirational) does lead to several large over/underspends because budget is set for the future while the forecasted costs are for the present. Therefore, a holistic view is best taken.
- 4.3. Areas of overspend include:

- £2.045m on Mainstream Schools, the budget was constructed with the knowledge that there would be a £0.767m gap due to insufficient available funds, £0.331m Alternative Provision expenditure pressure, £0.076m pressure on the therapies and support element of the budget and a £0.872m pressure on general Mainstream support top up funding.
 - £6.740m on SEN - Independent Schools as the budget was built with a £6.300m shortfall in funding, based on known placements known at the time. The budget was built on 355 ISPs at £0.062m but forecast is 368 ISPs at £0.060m per place. Forecast anticipates a minimum of 7 new places taken every month from October until March. This will be regularly monitored, and variances reported.
 - £1.126m in Specialist Resource Provision. This forecast pressure includes a funding shortfall in the budget of £0.708m. The budget assumed 189 FYE places at £9,145 per place The forecast is 181 FYE at £11,900.
 - £0.069m in SEND Integrated service due to staffing pressures
- 4.4. The forecast overspends are partly offset by the following underspends: -
- £0.020m on Special School EHCP Top Ups
 - £0.090m on CAMHS - Hospital Tuition, this is volatile area and metrics are not available at this stage.
 - £0.977m on Alternative provisions & ABP £0.377m of this is generated by budgeted training activity that will not now take place. £0.537m underspend declared represents the element of the budget which has been earmarked for top up funding costs at a new AP school that is awaiting creation.
 - £0.152m on Post 16, The true figures will not become known until after the half term in October.

Early Years Block (£0.335m overspend)

- 4.5. The Early Years Block is forecasting an overspend of £0.335m net position. This primarily relates to planned one off expenditure of £0.390m, which consists of the release of Covid recovery related grants available to all EY providers and mainstream nurseries. It is not therefore a recurrent financial pressure.
- 4.6. There is a forecast underspend of £0.337m on 3&4 year old provision and overspends of £0.128m on 2 years old provision and £0.226m on Pupil Premium.
- 4.7. There are minor overspends of £0.036m on EY Sufficiency & Business support due to expected new government reform within Yearly years provision- more staff required to support the transitions and capacity in the planned increase in free early years provision from 2024/25.
- 4.8. There are minor underspends of £0.068m that relate to staff vacancies across the service.
- 4.9. Schools Forum is asked to note that the Early Years forecast variance will change to reflect the updated allocation following the release of the January 2024 census data.

(We are anticipating the release of the January 2024 Census data and updated allocation in February 2024.)

Central Schools Services Block- CSSB (£0)

4.10. The Central School Services Block is currently forecasting a £0 variance to Budget.

Impact of DSG overspend

4.11. The overall size of the DSG overspend has increased significantly and will impact on the overall recovery plan and the contributions from the Council's MTFS to cover the cumulative deficit. The key will be to continue momentum with the recovery plan and to achieve future years savings. The growth in the overspend may be mitigated by recent greater than expected (but with conditions) growth on the HNB DSG grant for 2023/24. The key is also to ensure that growth in HNB spend does not match the unexpected growth in the funding.

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Note that there may be rounding differences between the figures presented in this Appendix compared to the Tables in the body of the report.

Schools Block	Latest Budget	Latest Forecast @	Forecast Variance
	£m	£m	£m
Mainstream Individual School Budgets	136.040	136.040	0.000
Growth Fund (exceptional pupil numbers)	3.471	3.515	0.045
Schools Block Transfer to High Needs Block	0.000	0.000	0.000
De-delegated budgets			
School Performance	0.189	0.189	0.000
Early Intervention Service	0.030	0.030	0.000
Ethnic Minority & Traveller Achievement Service	0.235	0.245	0.010
Free School Meals	0.019	0.019	0.000
Teaching Union Cover	0.064	0.064	0.000
Non-Teaching Union Cover	0.016	0.016	0.000
HR – Occupational Health (Primary Only)	0.013	0.013	0.000
Central Establishment Charges	0.039	0.039	0.000
Education Functions - DBS	0.163	0.165	0.003
Total Schools Allocations	140.279	140.336	0.057

High Needs Block	Latest Budget	Latest Forecast @	Forecast Variance
	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	6.133	6.133	0.000
SEN Top up – Mainstream Schools & Academies	13.355	15.400	2.045
SEN Top up – WCC Special Schools & Academies	20.812	20.792	(0.021)
SEN Top up – Independent & OLA Special Schools	16.167	22.907	6.741
Tier 4 Hospital Education	0.400	0.310	(0.090)
Resourced Provision – SEN Support	1.411	2.536	1.126
SEND Speech & Language	0.000	0.000	0.000
Post 16 Funding	9.400	9.248	(0.152)
SEND Commissions	1.450	1.450	0.000
SEND Integrated Services (Low incidence SEND)	1.094	1.163	0.069
SEND Integrated Services (Flexible Learning)	0.883	0.914	0.031
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.911	2.471	(0.440)
Contribution to Early Intervention Behaviour Panels	0.064	0.064	0.000
SENDAR Alternative Provision	0.904	0.366	(0.538)
SEND Integrated Services (Specialist Teaching Service)	1.055	1.041	(0.014)
Integrated Disability Service SEN Inclusion Grant (EY)	0.485	0.485	0.000
High Needs Contingency/ (Shortfall)	0.000	0.000	0.000
Central Establishment Charges	1.428	1.428	0.000
High Needs Allocations	77.951	86.709	8.758

Early Years Block	Latest Budget	Latest Forecast @	Forecast Variance
	£m	£m	£m
Nursery Funding 3&4 year olds	21.949	21.152	(0.798)
Nursery Funding 3&4 year Olds (Additional 15 hours)	9.797	10.218	0.421
Maintained Nursery Supplement	0.931	0.931	0.000
DSG Pupil Premium	0.227	0.453	0.226
Funded 2 year olds	3.160	3.288	0.128
Disability Access Fund	0.200	0.148	(0.052)
IDS TL Early Years	0.967	0.957	(0.010)
Early Years - Sufficiency & Business Support	0.282	0.319	0.036
Early Years Quality & Development	0.097	0.090	(0.006)
Early Years Contingency/ (Shortfall)	0.000	0.390	0.390
EYB Central Establishment Charges	0.314	0.314	0.000
Early Years Allocations	37.924	38.260	0.335

Central Schools Services Block	Latest Budget	Latest Forecast @	Forecast Variance
	£m	£m	£m
Children's Mental health	0.000	0.000	0.000
Admissions	0.799	0.799	0.000
Heads Termly / SACRE	0.000	0.000	0.000
DSG SF Allocation - Historic Pension Contribution	0.737	0.737	0.000
DSG SF Allocation - North Leamington School Prudential Borrowing	0.266	0.266	0.000
DSG SF Allocation - Copyright Licences	0.527	0.527	0.000
Employers Liability Insurance	0.045	0.045	0.000
Teachers Pensions Employer Contribution Grant (TPECG)	0.424	0.424	0.000
CSSB Contingency	(0.086)	(0.086)	0.000
Cost of support services for Education Functions	0.663	0.663	0.000
CSSB Central Establishment Charges	0.727	0.727	0.000
Central Schools Services Allocations	4.102	4.102	0.000
2021/22 DSG Total	260.256	269.407	9.150