



SUPPLEMENTARY AGENDA

SCHOOLS FORUM

WEDNESDAY, 22 MAY 2024 AT 4.30PM

VIRTUAL REMOTE MEETING

Telephone enquiries to Jane Di Dino 023 9283 4060

Email: jane.didino@portsmouthcc.gov.uk

Membership

Schools Members

Dave Jones, (Chair) head teacher representative - primary phase

Vacancy, head teacher representative - primary phase

Vacancy, head teacher representative - secondary phase

Vacancy, governor - primary phase

Vacancy, governor - secondary phase

Jo Cooper, academies representative - primary phase

Sally Hodgson, academies representative - primary phase

Jack Jones, academies representative - primary phase

Sean Preston, academies representative - primary phase

Ruth Worswick, academies representative - primary phase

Nathan Waites (Vice Chair), academies representative -secondary phase

Nys Hardingham, academies representative - secondary phase

Vacancy, academies representative - secondary phase

Vacancy, academies representative - secondary phase

Vacancy, academies representative - secondary phase

Sharon Burt, academies representative - special schools.

Non School Members

Councillor Chris Dike, Portsmouth Independents Party Councillor

Tom Coles, Labour Party.

Vacancy, Conservative Party

Vacancy, Liberal Democrats Party.

Chris Caddamy, 16-19 Education Providers representative Kara Jewell, Early Years Providers representative

(NB This supplementary agenda should be retained for future reference with the main agenda and minutes of this meeting).

SUPPLEMENTARY AGENDA

8 Dedicated Schools Grant Outturn 2023-24 (Pages 3 - 14)

Purpose

The purpose of this report is to inform Schools Forum of the year end outturn position of the Dedicated Schools Grant (DSG) as at the end of March 2024.

RECOMMENDED that the Schools Forum note the year end budget position for the Dedicated Schools Grant as at 31 March 2024, together with the associated explanations contained within this report.

The enclosed report originally marked on the agenda "to follow" was published on 16 May 2024.

Agenda Item 8



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Title of meeting:	Schools Forum
Subject:	Dedicated Schools Grant Outturn 2023-24
Date of meeting:	22 May 2024
Report by:	Chris Ward, Director of Finance and Section 151 Officer
Wards affected:	All

1 Requested by

Schools Forum.

2 Purpose

- 2.1 The purpose of this report is to inform Schools Forum of the year end outturn position of the Dedicated Schools Grant (DSG) as at the end of March 2024.

3 Recommendations

It is recommended that Schools Forum:

- 3.1 Notes the year end budget position for the Dedicated Schools Grant as at 31 March 2024, together with the associated explanations contained within this report.

4 Background

- 4.1 The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 4.2 The original DSG budget for the financial year 2023-24 was set in February 2023, with subsequent revisions endorsed by Schools Forum and approved by the Cabinet Member for Children, Families and Education in December 2023. This report provides Schools Forum with the 2023-24 year end outturn.

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5 Dedicated Schools Grant

5.1 Table 1 below sets out the DSG final outturn position as at 31 March 2024.

Table 1 - Dedicated Schools Grant				
	Original budget 2023-24 £000's	Revised Budget 2023-24 £000's	Outturn 2023-24 £000's	Projected over / under) spend £000's
Income				
DSG Brought forward 2022-23	0	(9,912)	(9,912)	0
DSG and other specific grants	<u>(83,102)</u>	<u>(83,156)</u>	<u>(83,718)</u>	<u>(562)</u>
Total Income	(83,102)	(93,068)	(93,630)	(562)
Expenditure				
Schools block				
Primary ISB	24,791	24,791	24,791	(0)
Secondary ISB	15,511	15,511	15,482	(28)
De-delegated and growth fund	<u>1,499</u>	<u>1,499</u>	<u>872</u>	<u>(627)</u>
Total Schools block	41,800	41,800	41,145	(656)
Central School Service	1,055	1,055	1,055	0
Early Years block				
Nursery ISB	13,642	13,710	13,334	(375)
Other Early Years	1,155	1,156	1,022	(134)
High Needs block				
High Needs ISB	614	599	603	3
Other High Needs cost	26,550	26,568	24,991	(1,577)
Total Expenditure	84,817	84,888	82,150	(2,739)
DSG Carried forward	(1,715)	8,179	11,480	3,301

The figures in the above table are subject to rounding to the nearest £1,000 and may not calculate exactly.

5.2 The final 2023-24 DSG income was £83.7m, £0.6m higher than the revised budget, due to the net impact of an increase in the Early Years Block relating to 2022-23 financial year (£40,300), and a high needs block recoupment adjustment relating to the place funding for the Wymering School and Inclusion Centres (£520,000).

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5.3 The overall expenditure was less than budgeted, resulting in an underspend of £2.7m, which when combined with the income provides an overall net underspend of £3.3m. It should be noted that the 2023-24 High Needs budget was supported with £1.2m from the 2022-23 carry forward and included in the underspend is a planned carry forward of the Growth Fund and the Schools Specific Contingency of £0.6m. Providing an underlying underspend of £0.9m.

5.4 The reasons for the underspend are set out in the report below.

6 Schools Block

Individual Schools Budget

6.1 The underspend relates to a revaluation of the rateable value following the completion of the new building. The subsequent increase in the national non-domestic rates (NNDR) charge was backdated to previous financial years. Due to the timing of the notification, it was not possible to include the change in the 2022-23 budget share. The school were funded for the rates adjustments in 2022-23 to enable the NNDR to be paid which resulted in an overspend. For 2023-24 the budget share included the backdated NNDR and the school, who had already received this funding in 2022-23 paid the funding back into the DSG resulting in the underspend.

6.2 The process was complicated due to the centralisation of the funding and payment of NNDR for schools to the DfE, and this adjustment happening in the changeover year after the agreement of the budget shares. The new process is now fully implemented which will remove the possibility of these type of adjustments in the future.

De-delegated budgets, growth fund and centrally retained.

6.3 The £627,200 planned underspend relates to the:

- Growth Fund (£502,900), to be carried forward to support the cost of commitments in 2024-25 and future financial years.
- Balance on the schools specific contingency (£124,300) - this forms part of the carry forward balance to be used for the same purpose in 2024-25.

6.4 Over the financial year Growth Fund payments of £0.8m were made to six secondary schools (five academy and one maintained); and three primary schools (two academy and one maintained).

7 Early Years Block

7.1 The underspend of £508,900 on the Early Years budgets relates to lower numbers of:

- funded hours paid to settings across the financial year (£375,000)

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- three and four year olds eligible for pupil premium (£14,700)
- settings receiving disability access fund (£43,900)
- pupils eligible for Teacher pay and pension funding (£6,300)
- Early years team (£69,100).

7.2 The tables below set out the underspend directly related to funded hours for eligible pupils in nursery settings for the 2023-24 financial year (£375,100). Actual hours claimed by providers were lower than the funding allocation received by the authority based on the January 2023 census. As in previous years the 2023-24 Early Years Block funding allocation will be adjusted for the January 2024 census in July 2024.

Table 2: Early Years Block two three and four year old funding entitlement			
	Total 2023-24		
	Budget 2023-24	Outturn 2023-24	Variance (Under)/ Over
	£	£	£
Two year olds	1,868,900	1,732,516	(136,384)
Two year old contingency growth fund	41,200	0	(41,200)
Three & four year olds universal hrs	8,063,200	7,966,802	(96,398)
Three and four year olds additional hours	3,593,200	3,635,137	41,937
Three & four year old contingency growth fund	143,000	0	(143,000)
Total	13,709,500	13,334,456	(375,044)

Table 3: Early Years Block two three and four year old hours			
	Total 2023-24		
	Budget 2023-24	Outturn 2023-24	Variance (Under)/ Over
	Hours	Hours	Hours
Two year olds	316,763	267,411	(49,352)
Three & four year olds universal hrs	1,648,907	1,640,874	(8,033)
Three and four year olds additional hours	734,793	749,558	14,765)
Total	2,700,463	2,657,843	(56,084)

8 High Needs Block

8.1 The table below sets out the underspends on the high needs budgets, with further explanation set out in the paragraphs below.

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Table 4 High Needs Budget			
	Total 2023-24		
	2023-24 Revised Budget	Outturn 31-Mar-24	Variance (Under)/ Over
Budget Heading	£	£	£
Individual Schools Budgets	599,400	602,666	3,266
Element 3 Top up	16,141,800	16,735,171	593,371
Out of City providers	5,020,000	3,256,017	(1,763,983)
Permanent exclusion recharge	0	(105,412)	(105,412)
EYs Complex Needs Inclusion Fund	1,223,600	1,225,643	2,043
SEN support services	1,098,200	1,022,944	(75,256)
Medical Education	675,300	686,535	11,235
Outreach	196,100	230,092	33,992
Special School Teachers Pay and Pensions	603,100	589,854	(13,246)
Relational Practice	168,700	60,870	(107,830)
Supplementary grant	349,400	196,545	(152,855)
Special Schools Additional Grant	671,800	671,761	(39)
Pre-opening Grants	260,000	260,500	500
Turnaround Grant	100,000	100,000	0
Fair Access Protocol	60,000	60,000	0
Total High Needs Block	27,167,400	25,593,187	(1,574,213)

Individual Schools Budget

8.2 As previously reported, the budget contained provision for the full year effect of additional special school and Inclusion Centre places commissioned locally from September 2022 with a further increase in September 2023. The overspend relates to the net impact of the rounding on budgets related to the part year calculations of occupied and unoccupied place changes from September 2023.

Element 3 Top-up

8.3 The table below provides a breakdown of the overspend on Element 3 Top-up funding.

8.4 The authority continues to see increasing numbers of requests for Education Health and Care Plan (EHCP) assessments, which, due to the length of the process have not resulted in the expected costs in 2023-24 on some budget lines, additionally we have

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seen growth in levels of need, which has led to the net overspend for 2023-24. The following paragraphs provide a further explanation.

Table 5 - Element 3 Top-up			
	Total 2023-24		
	2023-24 Revised Budget	Outturn as at 31-Mar-24	Variance (Under)/ Over
Budget Heading	£	£	£
Element 3 Top-up Mainstream	3,616,900	3,025,134	(591,766)
Element 3 Top Up Special Schools	10,391,500	11,299,925	908,425
Element 3 Top Up - Inclusion Centres	624,700	577,779	(46,921)
Element 3 Top Up - Alternative Provision	288,600	161,474	(127,126)
Post 16 Special Educational Needs	886,300	1,282,149	395,849
Element 3 Top Up - OLA School	333,800	388,711	54,911
Total Element 3 Top-up	16,141,800	16,735,171	593,371

Pupils with an EHCP in Mainstream Schools

8.5 Analysis has shown that the number of pupils with an EHCP at the start of the financial in April 2023 were 94 lower than budgeted and that whilst the percentage growth (41%) in the number of pupils (212) over the course of the year is higher than the budgeted growth (168), the lower pupil numbers at the start of the year has led to an underspend of £0.6m.

Special Schools

8.6 The final outturn position was an overspend of £0.9m.

8.7 When setting the budget for 2023-24 the authority allowed for an increase in the levels of pupil need equating to £281,100. Analysis has shown that the over the course of the financial year all schools have seen a shift in the number of pupils with greater level of need and the associated higher costs (£1.2m). The Table below summaries the variation between budget and actual costs for each band.

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Table 6: 2023-24 levels of need compared to budget			
Band	Budget	Actual	Variance
	£	£	£
A	128,800	93,800	(35,000)
B	282,700	219,900	(62,800)
C	125,400	114,000	(11,400)
Core	1,268,000	1,099,400	(168,600)
Enhanced	2,455,600	2,571,500	115,900
Exceptional	4,501,100	5,025,000	523,900
Highly Exceptional 1+2	106,200	106,200	0
Highly Exceptional	1,242,600	2,070,100	827,500
Budgeted increased need allowance	281,100	0	(281,100)
Total	10,391,500	11,299,900	908,400

8.8 As previously reported the increase in the levels of need seen up to December 2023 has been built into the 2024-25 budget, but unlike previous years no allowance has been made for further in-year increases. Close monitoring of this budget will continue, through 2024-25.

Inclusion Centres

8.9 The underspend reflects lower full time equivalent pupils (13) compared to budget combined with a lower number of pupils (10) assessed at highly exceptional when compared to budget.

Alternative Provision

8.10 The budget contained provision for the Authority to place 32 pupils in the City's Alternative Provision settings, over the course of the financial year the authority placed and funded the equivalent of 18 pupils, leading to an underspend of £127,100.

Other Local Authority Schools

8.11 This budget provides element 3 Top-up for Portsmouth pupils placed in other local authority schools. The budget contained funding for 81 pupils at an average cost of £4,121 per pupil. The actual number of pupils was 82 at an average cost of £4,740 per pupil providing an overspend of £54,900.

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Post-16 Further Education

- 8.12 The overspend (£395,800) is the net impact of an increase in pupil numbers and additional funding provided for Element 2 place funding.
- 8.13 Student numbers increased from a budgeted 155 (average cost £5,707) to 171, but at a lower average cost of £4,380, providing an underspend of £137,300.
- 8.14 Portsmouth is responsible for paying the place funding (Element 2) for places commissioned at Portsmouth College, the authority is reimbursed through the import/export adjustment for any net changes between authorities when placing pupils in another local authority setting. When setting the budget in December 2022 for the 2023-24 financial year the authority included 179 commissioned places, the actual places provided to High Needs pupils during 2023-24 was 88 above the commissioned places at an additional cost of £533,800.

Out of City Placements

- 8.15 Out of City Placements comprises both independent and specialist providers and Child and Adolescent Mental Health Service (CAMHS). The table below shows the budget and the current position for each service.

Table 4 - Out of City Placements						
	Budget		Outturn position		Variance	
	£,000	Pupils	£	Pupils	£	Pupils
Independent & Specialist providers	4,998	45	3,175	54	(1,823)	9
CAMHS	22	5	81	2	59	(3)
Total	5,020	50	3,256	56	(1,764)	6

- 8.16 Whilst there been an increase in the total number of pupil numbers there is a net underspend of £1.8m in relation to the independent and specialist providers. This is due to several high cost bespoke placements, where the Education contribution was expected to continue into the 2023-24 academic year but for various reasons this did not happen. Thus, the average cost per placement for the 2023-24 financial year was lower (£58,800) than budgeted (£111,100).
- 8.17 The overspend on the CAMHS budget is due to a higher average cost per pupil (£40,300) compared to budget (£4,400).

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Permanent Exclusion Recharge

8.18 Due to the unpredictability of this income, we are unable to budget for the permanent exclusions. The credit of £105,400 represents the proportion of permanent exclusion income from schools where pupils have been placed in an alternative provision setting for a period of time before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.

Early Years Complex Needs Inclusion Fund

8.19 The Early Years Complex Needs Inclusion Fund supported 164 Full Time Equivalent (FTE) pupils over the course of the financial year. The budget contained an average growth in the number of pupils approved at the Early Years Panel of 12.7 pupils per month and actual growth was an average of 13.3 pupil per month. As previously reported, work continues to review the Early Years High Needs offer, including Portage and Portage plus to ensure families and Early Years settings continue to have access to the support they require.

SEN Support Services

8.20 The underspend £75,300, reflects changes to contracted hours and challenges recruiting to vacant posts.

Medical Education

8.21 The overspend (£11,000) relates to the purchase of 5 additional AVI Robots and associated licences. The additional robots will expand the ability for pupils who are unable to attend school to interact in class activities and promote inclusion.

Outreach

8.22 The overspend (£34,000) relates to increasing the capacity of the Outreach Service from September 2023 to support Inclusion across all mainstream schools in the City.

High Needs Teachers Pay and Pensions Grant

8.23 The budget contained funding to support increased costs within independent settings relating to the teachers' pay and pensions increases from September 2022. The increase in teachers' pay is reflected in the charges received by the authority in the Out of City Placements budget, as this budget was underspent for 2023-24 the funding set aside in the High Needs Teachers Pay and Pension grant was not required. Providing an underspend of £13,000.

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8.24 When setting the High Needs Teachers Pay and Pension budget for 2024-25, the allowance relating to Out of City placements was removed. Any increased charges relating to the increase in teachers' pay and pensions will need to be met from the Out of City placements budget.

Relational Practice Project

8.25 The underspend for the 2023-24 financial year relates to delays in recruiting to several posts and secondments which were budgeted to be in place from April 2023.

8.26 All posts have now been filled and it is expected that future costs will reflect the budgeted commitment for future years.

8.27 The underspend has been returned to the DSG balances and has been carried forward to 2024-25 so the life of the project can be extended.

High Needs supplementary Grant

8.28 The High Needs supplementary grant has underspent by £153,000. As with the Teachers pay and pension grant, funding was included within the budget to support the additional costs expected from Out of City Placements, which has been managed within the Out of City budget for 2023-24.

8.29 As with the High Needs teachers' pay and pension grant the High Needs Supplementary grant budget for 2024-25 has been reduced to reflect that the out of city placements budget will need to cover any associated additional costs.

9 Carry forward balance

9.1 As at the 31 March 2024, the carry forward balance is £11.5m, a net increase of £1.6m from 2022-23. The table below sets out the movement in the DSG balances.

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Table 5 - Movement in DSG Balances between April 2023 and March 2024		
	£m	£m
Revised brought forward as of 31 March 2023		9.912
Movement in year		
Agreed use of brought forward		
Growth Fund 2023-24	(0.424)	
Schools specific contingency 2023-24	(0.124)	
Revised budget adjustments 2023-24	(0.018)	
Wymering Pre-opening grant	(0.250)	
Wymering places and Element 3 Top-up	(0.747)	
Relational Practice 2023-24	(0.168)	(1.732)
Increase in balance		
2023-24 net underspend		3.300
Balance carried forward to 2024-25		11.480

9.2 As previously endorsed by Schools Forum and approved by Cabinet Member, the table below sets out the agreed use of the brought forward balance in 2024-25.

Table 6 - DSG balance commitment in 2024-25	
	£m
2024-25 carry forward	11,480
Approved future commitments 2024-25	
Shortfall in High Needs Funding 2024-25	(2.467)
Contingency to manage in-year pressures (1% of funding)	(2.210)
Schools specific contingency	(0.124)
Growth Fund budgeted carry forward to 2024-25	(0.503)
Relational Practice Project 2024-25	(0.179)
Relational Practice Project 2025-26 and beyond	(0.247)
Uncommitted DSG carry forward	5.760

9.3 The future commitments provide funding to support the shortfall in the high needs block for 2024-25 along with specific projects for the length of their agreed duration and a contingency for 2024-25. As previously reported the budget for 2024-25 does not contain any contingency for increases in levels of need or growth in the number of pupils placed in Specialist settings. Therefore, there is a structural deficit of £2.5m in the DSG for 2024-25 and future years which will need to be remedied to ensure that expenditure and funding remains in balance going forward. Any overspends will need to be covered from the £2.2m contingency within the balances and the uncommitted carry forward of £5.8m, this is one off funding and any pressure in 2024-25 will need to be covered from the 2025-26 DSG allocation from the DfE.



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9.4 The authority has set up a working group to review the DSG pressures and a report setting out the progress has been presented to the May 2024 School Forum meeting.

10 Reasons for recommendations

10.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial outturn for 2023-24.

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Signed by Chris Ward, Director of Finance and Section 151 Officer

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the children and Education Finance Team. Please contact Angela Mann, Finance Manager, if required.

Title of document	Location
School & Early Years Finance (England) Regulations 2023	The School and Early Years Finance (England) Regulations 2023 (legislation.gov.uk)
DSG Budget estimates and Monitoring Records	Children, Families and Education Finance