



Title of meeting: Schools Forum

Date of meeting: 7 December 2022

Subject: Dedicated Schools Grant 2022-23 Quarter 2 Budget Monitoring

Report by: Chris Ward Director of Finance

Wards affected: All

Key decision: Yes/No

Full Council decision: Yes/No

1 Purpose of report

1.1 The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2022-23 as at the end of September 2022.

2 Recommendations

2.1 It is recommended that Schools Forum:

2.1.1 Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 September 2022, together with the associated explanations contained within this report.

3 Background

3.1 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.

3.2 In February 2022, the Cabinet Member for Children, Families and Education approved, and Schools Forum endorsed, the Original DSG budget for the 2022-23 financial year. In October 2022 the budget was revised and whilst this was after the end of the second quarter, the budgets have been updated for completeness. This report provides the latest forecast of the year end outturn as at 30 September 2022, which is set out in the table below.



Table 1 - Dedicated Schools Grant				
	Original budget 2022-23 £000's	Revised budget 2022-23 £000's	Projected outturn 2022-23 £000's	Projected over / (under) spend £000's
Income				
DSG Brought forward 2021-22	(8,454)	(8,454)	(8,454)	0
DSG and other specific grants	<u>(77,158)</u>	<u>(78,012)</u>	<u>(78,159)</u>	<u>(147)</u>
Total Income	(85,612)	(86,465)	(86,612)	(147)
Expenditure				
Schools block				
Primary ISB	23,807	23,807	23,807	0
Secondary ISB	14,390	14,390	14,390	0
De-delegated and growth fund	<u>1,419</u>	<u>1,419</u>	<u>1,079</u>	<u>(340)</u>
Total Schools block	39,616	39,616	39,276	(340)
Central School Service	1,020	1,020	1,019	(0)
Early Years block				
Nursery ISB	10,743	11,053	11,053	0
Other Early Years	2,586	2,889	2,873	(16)
High Needs block				
High Needs ISB	749	797	797	0
Other High Needs cost	22,874	23,167	22,772	(395)
Total Expenditure	77,587	78,542	77,790	(752)
DSG Carried forward	8,025	7,923	8,822	899

3.3 Overall, the budget is forecast to underspend by £752,000 the details of which are set out in the sections below.

4 Schools Block

4.1 At the end of the second quarter, all Growth Fund allocations for 2022-23 have been paid to the relevant schools. The underspend relates to the planned underspend of £340,400 on the Growth Fund to be carried forward to 2023-24 to support future funding commitments agreed with schools.

5 Early Years Block

5.1 At the end of the second quarter, the Early Years Block is forecast to have a small underspend, relating to the Disability Access Fund. A review of the two three and four year old place funding identified an increase in pupil numbers over the summer term, but the increased expenditure was supported by an increase to the



Early Years Block funding reflecting the January 2022 pupil census. Therefore, these budgets continue to be forecast on budget.

6 High Needs Block

6.1 Following the receipt of all class lists and the calculation of the permanent exclusion recharge, the forecast position is showing an underspend of £395,300.

Element 3 Top up

6.2 The table below provides a breakdown of the forecast position relating to the Element 3 top-up funding using the summer term class lists and budgeted pupil numbers for the autumn term.

Table 2 - Element 3 Top-up			
	Total 2022-23		
	2022-23 Revised Budget	Forecast Outturn as at 30 Sept 2022	Variance (Under)/ Over
	£	£	£
EHCP Mainstream	3,597,600	3,511,300	(86,300)
Element 3 Top Up Special Schools	9,457,400	9,243,400	(214,000)
Element 3 Top Up - Resource Units	418,200	418,200	0
Element 3 Top Up - AP	280,300	230,800	(49,500)
Post 16 Special Educational Needs	1,124,400	1,124,400	0
Element 3 Top Up - OLA School	417,800	417,800	0
Total Element 3 Top-up	15,295,700	14,945,900	(349,800)

6.3 The number of pupils with Education Health and Care Plans (EHCP) in mainstream schools continue to grow (636 as at the end of September) but they are still lower than the budgeted growth, leading to the forecast underspend.

6.4 The underspend on the Special Schools relates to the number of pupils placed in Portsmouth Special Schools by other local authorities for which Portsmouth does not pay Element 3 top-up for.

6.5 Over the summer term Portsmouth placed a lower number of pupils in the alternative Provision settings than budgeted leading to the forecast underspend.

Permanent Exclusion Recharge

6.6 The credit of £49,500 reflects the proportion of income from schools where pupils have been placed in an alternative provision setting for a period before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.



Out of City Placements

- 6.7 This budget is currently forecast on budget, it should be noted that the forecast is likely to increase following confirmation of the cost of a number of high cost placements which are currently in progress. The budget contains an estimate based on average cost, but actual costs are likely to be higher.

7 DSG Grant funding and carry forward balances

- 7.1 During the second quarter the authority received adjustments to the 2022-23 DSG allocation in July 2022, in relation to the Early Years and High Needs Blocks. An explanation of the adjustments was taken to Schools Forum and Cabinet Member in October and the budget revised accordingly. These changes have been incorporated in the Quarter 2 monitoring as set out in Table 1.

- 7.2 As at the end of September 2022, the carry forward balance is projected to be £8.8m. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

Table 3 - forecast carry forward balance	
	£,000
Brought forward balance as at 1 April 2022	8,454
Schools specific contingency	(124)
Growth fund	(304)
Revised budget adjustments 2022-23	(102)
Carry forward balance	7,924
Projected 2022/23 underspend as at 30 September 2022	752
Early Years Block adjustment January 2022 to March 2022	147
Forecast carry forward	8,823
Future commitments 2022-23	
Revenue implications of High Needs places for future years	(2,040)
Contingency to manage in-year pressures	(1,826)
Growth Fund budgeted carry forward to 2023-24	(341)
Relational Practice project	(530)
Wymering pre-opening grant	(250)
Uncommitted DSG carry forward	3,836

- 7.3 In July 2022 the authority brought a paper to Schools Forum and the Cabinet Member setting out proposals to use £530,000 of the DSG balances over a three year period to support the implementation of Relational Practice across all schools in the City. After the endorsement and approval of the proposals, a disapplication request was submitted to the Department for Education, who have indicated that funding can be provided through the DSG High Needs Block to support this project. The overspend created through the implementation of the project will be funded through the DSG balances for the current and future financial years as set out in the table above.

8 Reasons for recommendations

8.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast for 2022-23 as at the end of the second quarter

9 Integrated impact assessment

9.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.

10 Legal implications

10.1 There are no legal implications arising directly from the recommendations in this report.

11 Director of Finance's comments

11.1 Financial comments and implications are included in the body of this report.

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Signed by: Chris Ward, Director of Finance and Resources

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:

Title of document	Location
School and Early Years Finance (England) Regulations 2022	The School and Early Years Finance (England) Regulations 2022

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: