

**Title of meeting:** Schools Forum

**Date of meeting:** 24 May 2023

**Subject:** Dedicated Schools Grant 2022-23 Quarter 3 Budget Monitoring

**Report by:** Chris Ward Director of Finance

**Wards affected:** All

**Key decision:** Yes/No

**Full Council decision:** Yes/No

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**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 December 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 31 December 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. The budget was revised in October. This report provides the latest forecast of the year end outturn as at 31 December 2022, which is set out in the table below.

<b>Table 1 - Dedicated Schools Grant</b>				
	<b>Original budget 2022-23 £000's</b>	<b>Revised Budget 2022-23 £000's</b>	<b>Projected outturn 2022-23 £000's</b>	<b>Projected over / (under) spend £000's</b>
<b>Income</b>				
DSG Brought forward 2021-22	0	(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>
<b>Total Income</b>	<b>(77,158)</b>	<b>(86,465)</b>	<b>(86,612)</b>	<b>(147)</b>
<b>Expenditure</b>				
<b>Schools block</b>				
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>995</u>	<u>(424)</u>
<b>Total Schools block</b>	<b>39,616</b>	<b>39,616</b>	<b>39,192</b>	<b>(424)</b>
Central School Service	1,020	1,020	1,020	0
<b>Early Years block</b>				
Nursery ISB	10,743	11,053	11,644	590
Other Early Years	2,586	2,889	2,949	60
<b>High Needs block</b>				
High Needs ISB	749	797	814	18
Other High Needs cost	22,874	23,167	22,599	(568)
<b>Total Expenditure</b>	<b>77,587</b>	<b>78,542</b>	<b>78,218</b>	<b>(324)</b>
<b>DSG Carried forward</b>	<b>(428)</b>	<b>7,923</b>	<b>8,395</b>	<b>471</b>

3.3 Whilst the expenditure budget is forecast to underspend by £324,000, there has been underlying volatility with the number, cost and complexity of High Needs placements, particularly where we are forecasting placements to start before year end. Depending on the timing of the agreement of those placements by the end of the financial year, the forecast position could change.

3.4 The sections below explain the reason for the current financial position.

#### **4 Schools Block**

4.1 At the end of the third quarter, all Growth Fund allocations for 2022-23 have been paid to the relevant schools providing an underspend of £424,400. This relates to the release of Growth fund contingency for unplanned bulge classes which was not required and 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.

- 4.2 At the end of the third quarter the schools specific contingency is forecast to be fully spent. Schools can request support from the contingency at either the October or February Schools Forum meetings. If no requests are received by the February Schools Forum meeting this budget will underspend by £124,300.

## 5 Early Years Block

- 5.1 The forecast overspend of £650,800 includes an assumption of growth in pupil numbers in the spring term. If actual pupils are in line with the forecast, it is not expected to put a pressure on the DSG overall as the funding allocations will be adjusted in the next financial year.

## 6 High Needs Block

- 6.1 Following the receipt of all class lists due at the end of the third quarter and the calculation of the permanent exclusion recharge, the forecast position is showing an underspend of £550,000. An explanation of the underspend is set out below.

### Individual school budgets

- 6.2 The forecast includes an overspend of £17,500 for Inclusion Centre places, this reflects three additional places agreed with schools following the approval of the revised budget in October 2022.

### Element 3 Top up

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

<b>Table 5 - Element 3 Top-up</b>			
	<b>Total 2022-23</b>		
	<b>2022-23 Revised Budget</b>	<b>Forecast Outturn as at 31 Dec 2022</b>	<b>Variance (Under)/ Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>
EHCP Mainstream	3,597,600	3,321,100	(276,500)
Element 3 Top Up Special Schools	9,457,400	9,153,400	(304,000)
Element 3 Top Up - Resource Units	418,200	418,200	0
Element 3 Top Up - AP	280,300	156,400	(123,900)
Post 16 Special Educational Needs	1,124,400	1,059,500	(64,900)
Element 3 Top Up - OLA Schools	417,800	351,100	(66,700)
<b>Total Element 3 Top-up</b>	<b>15,295,700</b>	<b>14,459,700</b>	<b>(836,000)</b>

- 6.4 The number of pupils with Education Health and Care Plans (EHCP) in mainstream schools continue to grow (663 as at the end of December) but they are still lower than the budgeted growth, leading to the forecast underspend. As part of the annual system cleansing process further changes may be identified which could change the forecast.
- 6.5 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, partially offset by an increase in the funded level of need. The final class lists are due in February and March 2023.
- 6.6 As in previous years, the forecast remains on budget at the end of the third quarter for the Inclusion Centres as the autumn term class lists are not due to be received until after the quarter has closed.
- 6.7 Over the summer and autumn terms Portsmouth placed a lower number of pupils in the Alternative Provision settings than budgeted leading to the forecast underspend.
- 6.8 The class lists have been approved for those pupils with an EHCP attending post 16 College. The underspend reflects a lower number of pupils (163) than budgeted (182) for the 2022-23 academic year.

### **Out of City Placements**

- 6.9 At the end of the third quarter this budget is due to overspend by £329,200. This reflects an increase in the number of pupils placed in out of city placements during the autumn term along with an increase in the average cost (£72,400) due to the bespoke nature of the placements. This budget continues to be monitored closely.

## **7 DSG Grant funding and carry forward balances.**

- 7.1 As at the end of December 2022, the carry forward balance is projected to be £8.4m. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.
- 7.2 The future commitments provide funding to support approved specific projects for the length of their agreed duration and a contingency for 2022-23. It also includes the revenue implications due to annual lagged funding related to the increase in currently projected high needs places for the period April 2022 to March 2026.

<b>Table 3 - forecast carry forward balance</b>	
	<b>£,000</b>
Brought forward balance as at 1 April 2022	8,454
Schools specific contingency	(124)
Growth fund	(304)
Revised budget adjustments 2022-23	(102)
<b>Carry forward balance</b>	<b>7,924</b>
Projected 2022/23 underspend as at 31 December 2022	324
Early Years Block adjustment January 2022 to March 2022	147
<b>Forecast carry forward</b>	<b>8,395</b>
<b>Future commitments 2022-23</b>	
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	(424)
Relational Practice project	(530)
Wymering pre-opening grant	(250)
<b>Uncommitted DSG carry forward</b>	<b>3,325</b>

7.3 This provides uncommitted balances of £3.3m, with discussions underway regarding the potential use of the balances to support on-going investment in the city's schools.

## **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 third 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	<a href="#">The School and Early Years Finance (England) Regulations 2022</a>

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

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Signed by: