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Title of meeting:	Schools Forum
Subject:	Dedicated Schools Grant Outturn 2022-23
Date of meeting:	13 July 2023
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 2023.

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 2023, 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 2022-23 was set in February 2022, with subsequent revisions endorsed by Schools Forum and approved by the Cabinet Member for Children, Families and Education in October 2022. This report provides Schools Forum with the 2022-23 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 2023.

Table 1 - Dedicated Schools Grant				
	Original budget 2022-23 £000's	Revised Budget 2022-23 £000's	Outturn 2022-23 £000's	Over / (under) spend £000's
Income				
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>(78,171)</u>	<u>(159)</u>
Total Income	(77,158)	(86,465)	(86,624)	(159)
Expenditure				
Schools block				
Primary ISB	23,807	23,807	23,807	(0)
Secondary ISB	14,390	14,390	14,418	28
De-delegated and growth fund	<u>1,419</u>	<u>1,419</u>	<u>870</u>	<u>(549)</u>
Total Schools block	39,616	39,616	39,095	(520)
Central School Service	1,020	1,020	1,018	(1)
Early Years block				
Nursery ISB	10,743	11,053	10,818	(235)
Other Early Years	2,586	2,889	2,889	0
High Needs block				
High Needs ISB	749	797	813	16
Other High Needs cost	22,874	23,167	22,079	(1,088)
Total Expenditure	77,587	78,542	76,713	(1,829)
DSG Carried forward	(428)	7,923	9,912	1,988

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

5.2 The final 2022-23 DSG income was £78.1m, £0.2m higher than the revised budget, due to the net impact of an increase in the Early Years Block relating to 2021-22 (£147,000), adjustments relating to risk protection arrangements for maintained schools (£85,400) and a high needs block recoupment adjustment.

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5.3 The overall expenditure was less than budgeted, resulting in an underspend of £1.8m, giving an overall net underspend of £2.0m. The reasons for the underspend are set out in the report below.

6 Schools Block

Individual Schools Budget

6.1 The overspend relates to a revaluation relating to National Non Domestic Rates which were backdated to previous financial years. The adjustments were made in line with regulations and will be recovered in the following financial year.

De-delegated budgets, growth fund and centrally retained.

6.2 The £548,800 underspend was a planned underspend and relates to the:

- Growth Fund (£424,600), to be carried forward to support the cost of commitments in 2023-24 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 2023-24.

6.3 Over the financial year Growth Fund payments of £0.9m were made to seven (six academy and one maintained) secondary schools; and one primary academy school.

7 Early Years Block

7.1 The net underspend of £235,200 on the Early Years budgets relates to a reduction in the number of funded hours paid to settings across the financial year. However, a retrospective adjustment to the funding is expected in July 2023, which is likely to remove a similar amount of funding from the Authority.

7.2 The underspend will form part of the overall DSG carry forward and will support any further reduction in funding allocation in July 2023.

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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	2022-23 Revised Budget	Actual as at 31-Mar-23	Variance (Under)/ Over
	£	£	£
Individual Schools Budgets	796,800	812,665	15,865
Element 3 Top up	15,295,700	12,995,254	(2,300,446)
Out of City providers	3,289,000	4,616,724	1,327,724
Permanent exclusion recharge	0	(45,533)	(45,533)
Early Year's Complex Needs Inclusion Fund	834,900	733,165	(101,735)
SEN support services	1,012,600	1,012,600	0
Medical Education	675,300	664,140	(11,160)
Outreach	191,900	191,900	0
Special School Teachers Pay and Pensions	568,800	568,800	0
Fair Access Protocol	60,000	60,000	0
Relational Practice project	0	42,780	42,780
Turnaround Grant	100,000	100,000	0
High Needs Supplementary Grant	1,139,100	1,139,108	8
Total High Needs Block	23,964,100	22,891,603	(1,072,497)

Individual Schools Budget

8.2 As previously reported, the budget contained provision for the full year effect of additional special school places commissioned locally from September 2021 with a further increase in September 2022. The overspend relates to additional places agreed with Inclusion Centres after the budget was revised in October 2022.

Element 3 Top-up

8.3 Element 3 Top-up funding accounts for £2.3m of the underspend, the table below provides a further breakdown of the year end position along with the explanations.

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 statutory process have not resulted in the expected costs in 2022-23, leading to the underspend on the Element 3 Top-up budgets. If approved, it is possible that this could increase pressures on the Element 3 Top-up budgets for 2023-24.

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Table 3 - 2022-23 Element 3 Top-up			
	2022-23 Revised Budget	Actual as at 31-Mar-23	Variance (Under)/ Over
	£	£	£
EHCP Mainstream	3,597,600	2,587,411	(1,010,189)
Element 3 Top Up Special Schools	9,457,400	8,542,160	(915,240)
Element 3 Top Up - Inclusion Centres	418,200	434,858	16,658
Element 3 Top Up - AP	280,300	105,390	(174,910)
Post 16 Special Educational Needs	1,124,400	1,051,707	(72,693)
Element 3 Top Up - OLA School	417,800	273,728	(144,072)
Total Element 3 Top-up	15,295,700	12,995,254	(2,300,446)

Pupils with an EHCP in Mainstream Schools

8.5 The banding methodology for mainstream pupils with an EHCP was implemented in April 2021. Analysis has shown that the number of pupils with an EHCP at the start of the financial in April 2022 was lower than budgeted and that whilst the percentage growth (22%) in the number of pupils (125) over the course of the year is similar to the budgeted growth, the lower pupil numbers has led to an underspend of £1.0m.

Special Schools

8.6 The final outturn position was an underspend of £0.9m. This relates to the net impact of 41 pupils (£671,500) placed by other local authorities, for which Portsmouth is not responsible for paying the Element 3 Top-up funding, lower numbers of pupils in the summer term, which have been partially offset by increased costs due to higher assessed levels of need in the autumn and spring terms (£243,900).

Inclusion Centres

8.7 The overspend reflects the associated Element 3 Top-up related to the additional places agreed after the October 2022 budget revision and increased level of need as pupils are assessed throughout the year.

Alternative Provision

8.8 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 13 pupils, leading to an underspend of £174,900. The reduction in pupil numbers placed by the authority reflects the movement of Alternative

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Provision placements to the Special School at the Harbour and a higher number of places commissioned by schools at the Alternative Provision settings in the city.

Other Local Authority Schools

8.9 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 £5,158 per pupil. The actual number of pupils was 91 at an average cost of £3,008 providing an underspend of £144,100.

Out of City Placements

8.10 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.

	Budget		Outturn position		Variance	
	£	Pupils	£	Pupils	£	Pupils
Independent & Specialist providers	3,237,000	50	4,611,020	50	1,374,202	0
CAMHS	52,000	7	5,704	1	(46,296)	(6)
Total	3,289,000	57	4,616,724	51	1,320,531	(6)

8.11 Whilst the total pupil numbers are on budget there is a net overspend of £1.4m in relation to the independent and specialist providers. This is due to several high cost bespoke placements, where the Education contribution was approved over the spring 2023 term. Whilst the estimated costs had been included in the previous quarters forecasts, the actual cost of these placements were higher than expected.

8.12 The underspend on the CAMHS budget is due to a fewer number of requests to Education. Where CAMHS requests are received they are managed jointly with Health, Social Care and Education, with the costs allocated accordingly.

Early Years Complex needs Inclusion Fund

8.13 The Early Years Complex need Inclusion Fund supported approximately 67 Full Time Equivalent (FTE) pupils over the course of the financial year. This was less than budgeted 76 (FTE) due to a number of pupils moving to the Cliffdale Primary Academy nursery in September 2022.

8.14 Over the course of the financial year the authority has seen the number of pupils approved at the Early Years Panel increase from an average of 8.4 per month in 2021-

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22 to 14.9 per month 2022-23. 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.

Relational Practice Project

8.15 Following the endorsement by Schools Forum and approval by the Cabinet Member in July 2022 to implement the relational practice project, 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 2022-23 and future financial years. The overspend in Table 2 matches the planned expenditure for the three month period January 2023 to March 2023.

9 Carry forward balance

9.1 As at the 31 March 2023, the carry forward balance is £9.9m, a net increase of £1.5m from 2021/22 financial year. The table below sets out the movement in the DSG balances.

	£m	£m
Revised brought forward as of 31 March 2022		8.454
Movement in year		
Agreed use of brought forward		
Growth Fund 2022-23	(0.304)	
Schools specific contingency 2022-23	(0.124)	
Revised budget adjustments 2022-23	(0.102)	
Early Years Block adjustment January 2022 to March 2022	0.147	
Unbudgeted recoupment	0.012	
2022-23 net underspend	1.829	1.458
Balance carried forward to 2023-24		9.912

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 2023-24.

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Table 6 - DSG balance commitment in 2023-24	
	£m
2022-23 carry forward	9,912
Approved future commitments 2023-24	
Revenue implications of High Needs places for future years	(1.779)
Contingency to manage in-year pressures (1% of funding)	(1.992)
Schools specific contingency	(0.024)
Growth Fund budgeted carry forward to 2023-24	(0.424)
Relational Practice Project 2023-24 to 2025-26	(0.487)
Wymering pre-opening grant	(0.250)
Uncommitted DSG carry forward	4.856

- 9.3 The future commitments provide funding to support specific projects for the length of their agreed duration and a contingency for 2023-24. This includes the revenue implications due to the annual lagged funding related to the increase in currently projected high needs places for the period April 2023 to March 2026.
- 9.4 The authority is currently exploring several proposals to utilise the DSG uncommitted balances to support the High Needs pressures in Schools and Early Years settings. Whilst the uncommitted balances will support the introduction of new initiatives, the funding is one-off, and the long term impact of these proposals will need to be considered to ensure long term financial sustainability.
- 9.5 Any residual balance would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurrent expenditure.

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 2022-23.

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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



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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 2022	The School and Early Years Finance (England) Regulations 2022 (legislation.gov.uk)
DSG Budget estimates and Monitoring Records	Children, Families and Education Finance