

Title of meeting: Cabinet Member for Children, Families and Education

Date of meeting: 14 December 2023

Subject: Dedicated Schools Grant 2023-24 Quarter 2 Budget Monitoring and Revised Budget

Report by: Chris Ward Director of Finance

Cabinet Member: Councillor Suzy Horton, Cabinet Member for Children, Families and Education

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 the Cabinet Member of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2023-24 as at the end of September 2023, along with proposed budget revisions.

2 Recommendations

2.1 It is recommended that the Cabinet Member:

2.1.1 Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 September 2023, together with the associated explanations contained within this report.

2.1.2 Approve the revisions to the 2023-24 budget as set out in Appendix 1 and section 8.

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 2023, the Cabinet Member for Children, Families and Education approved, and Schools Forum endorsed, the Original DSG budget for the 2023-

24 financial year. This report provides Schools Forum with the latest forecast of the year end outturn as at 30 September 2023, which is set out in the table below.

Table 1 - Dedicated Schools Grant				
	Original budget 2023-24 £000	Adjusted Budget 2023-24 £000	Projected outturn 2023-24 £000	Projected over / (under) spend £000
Income				
DSG Brought forward 2022-23	0	(9,912)	(9,912)	0
DSG and other specific grants	<u>(83,102)</u>	<u>(83,170)</u>	<u>(83,170)</u>	<u>0</u>
Total Income	(83,102)	(93,082)	(93,082)	0
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>1,499</u>	<u>0</u>
Total Schools block	41,800	41,800	41,772	(28)
Central School Service	1,055	1,055	1,055	0
Early Years block				
Nursery ISB	11,617	11,799	12,053	253
Other Early Years	3,181	3,066	2,862	(204)
High Needs block				
High Needs ISB	614	614	614	0
Other High Needs cost	26,550	26,550	26,561	11
Total Expenditure	84,817	84,885	84,917	32
DSG Carried forward	(1,715)	8,197	8,165	(32)

3.3 Overall, the budget is forecast to overspend by £32,000, the details of which are set out in the sections below.

4 Schools Block

4.1 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 the 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.

- 4.2 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. Now the new process is fully implemented it is not expected that this will happen again.
- 4.3 At the end of the second quarter, all notified Growth Fund allocations for 2023-24 have been paid. If no further payments are required, this will release £0.5m of funding to be carried forward to 2024-25 to support agreed commitments with schools.

5 Early Years Block

- 5.1 In July 2023 the authority received an adjustment to the Early Years DSG Block allocation to reflect the change in pupil numbers as at the January 2023 census. In line with the delegated responsibility, the Early Years budgets have been updated to reflect these changes and Section 8 and Appendix 1 set out those changes.
- 5.2 The forecast position reflects the payments made for the summer term and the initial payments to providers for the autumn term, future payments for the remainder of the autumn term and the 2024 spring term have been estimated based on previous years activity.
- 5.3 At the end of the second quarter, the Early Years Block is forecast to overspend by £49,000. There has been an increase in the number of three and four year old hours provided by early years settings, which has been partially offset using the contingencies and an underspend on both the Disability Access Fund and the two year old placements.

6 High Needs Block

- 6.1 The High Needs block is forecast to overspend by £11,000 due to the purchase of 5 AVI robots to support pupils to engage in classroom teaching whilst not physically able to attend school.
- 6.2 Due to delays in the receipt of the summer term class lists before the end of the second quarter, the forecast position remains on budget for Special Schools, Inclusion Centres and Alternative Provision settings. Class lists have now been received and the forecast will be updated for the third quarter monitoring.
- 6.3 The budgets for Element 3 Top-up for mainstream schools, independent and specialist providers, and Early Years SEND Inclusion Fund complex needs are all forecast on budget. With all these budget areas, autumn term changes to placements are notified after the end of September and will be reported in the third quarter monitoring report.

7 DSG Grant funding and carry forward balance

7.1 The authority has received adjustments to the 2023-24 DSG allocation in July 2023, which are included in Section 8 as part of the budget revision.

7.2 As at the end of September 2023, the carry forward balance is projected to be £8.2m. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

Table 2 - Forecast carry forward balance	
	£000
Brought forward balance as at 1 April 2023	(9,912)
Schools specific contingency	124
Growth fund	424
Relational Practice 2023-24 to 2025-26	169
Wymering Pre-opening grant	250
Wymering Places and Element 3 Top-up	747
Carry forward balance	(8,197)
Projected 2023/24 outturn	32
Forecast carry forward	(8,165)
Future commitments	
Early Years adjustment Sept 2023 to Mar 2024	(40)
Growth Fund budgeted carry forward to 2024-25	(503)
Revenue implications of High Needs places for future years	1,779
Contingency to manage in-year pressures	1,982
Uncommitted DSG carry forward	(4,947)

8 Budget Revision 2023-24

8.1 In July 2023, the authority received an adjustment to the DSG Allocation, which is summarised in the table below.

Table 3 DSG Funding Blocks	March 2023 allocation (excluding academies)	July 2023 allocation (excluding academies)	Revised DSG variation (excluding academies)
	£000	£000	£000
Schools Block	41,252	41,252	0
Central School Services Block	1,055	1,055	0
Early Years Block	14,797	14,865	68
High Needs Block	26,593	26,511	(82)
Total DSG	83,697	83,683	(14)

8.2 The movement in the Early Years Block reflects the increase in pupil numbers on the January 2023 census. This has allowed the corresponding Early Years expenditure budgets to be increased to reflect the increase in pupil numbers and are detailed in the table and in Appendix 1.

- 8.3 The High Needs Block decrease relates to the annual import/export adjustment partially off-set by a lagged adjustment relating to the recently opened Wymering School. The Authority has challenged the import/export pupil numbers but is still expecting the funding to decrease by a further £6,000. Whilst the funding adjustment will not be confirmed until November 2023, it is prudent to assume that the High Needs block will be reduced and plan accordingly.
- 8.4 The Table below sets out the DSG funding that the authority expects to receive for 2023-24.

Table 4 DSG Funding Blocks	July 2023 allocation (excluding academies)	November import export adjustment	Revised DSG allocation (excluding academies)
	£000	£000	£000
Schools Block	41,252	0	41,252
Central School Services Block	1,055	0	1,055
Early Years Block	14,865	0	14,865
High Needs Block	26,511	(6)	26,505
Total DSG	83,683	(6)	83,677

High Needs

- 8.5 The Element 3 Top-up budgets have been adjusted to reflect the net reduction in pupils being placed in other local authority and independent/specialist settings to reflect the import/export adjustment.
- 8.6 Since setting the budget in February 2023, there has been a budgeted reduction in 9 places in the Special School Individual School Budget (ISB).
- 8.7 The hourly rate paid for Early Years pupils with complex needs was increased by 6% from £9.60 per hour to £10.17 per hour, from September 2023 and the budget has been increased by £108,600 to reflect this change. The increase reflected the increases passed to mainstream schools, inclusion centres and special schools in April 2023 from the High Needs Block.
- 8.8 There have also been adjustments to the:
- Special Schools Teachers' pay and pension grant to reflect the grant due to The Wymering School from September 2023.
 - Pre-opening grant, following a business case from Arundel Court Inclusion centre regarding pre-opening costs.
- 8.9 The proposed budget adjustments lead to a net overspend of £17,600. It is proposed that the overspend is covered using the DSG balances. The table below sets out the impact on the balances.

Table 5 - Forecast carry forward balance	
	£000
Uncommitted DSG carry forward (from Table 2)	(4,947)
Revised budget adjustments	18
Uncommitted DSG carry forward	(4,929)

9 Teachers Pay Additional Grant 2023-24

9.1 In July 2023 the government announced £525m of funding to support schools with the September 2023 teachers pay award. The grant was issued in October 2023 for the 2023-24 financial year and will continue as a separate grant for mainstream schools, special schools and alternative provision settings for 2024-25 before being incorporated into the Schools Block and High Needs Block in 2025-26.

10 Reasons for recommendations

10.1 It is recommended that Cabinet Member notes the contents of the report in respect of the financial forecast for 2023-24 as at the end of the second quarter, and approves the amendments to the budget for 2023-24 for the reasons set out in section 8 and Appendix 1.

11 Integrated impact assessment

11.1 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.

12 Legal implications

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

13 Director of Finance's comments

13.1 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

Appendices:

Appendix 1: Dedicated Schools Grant Revised Budget 2023-24



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 2023	The School and Early Years Finance (England) Regulations 2023 (legislation.gov.uk)
Budget monitoring working papers 2023-24	Children, Families and Education Finance Team.

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

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Signed by:

Appendix 1 Dedicated Schools Grant Revised Budget 2023-24

	Approved 2023-24 Budget (including Academies)	Proposed Budget Revisions	2023-24 Schools Budget Oct 2023 (Including Academies)	2023-24 Schools Budget Oct 2023 (Excluding Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets (ISB)				
Primary	75,555	0	75,555	24,791
Secondary	70,347	0	70,347	15,511
Total ISB	145,902	0	145,902	40,302
De-Delegated and Central Budgets				
Growth Fund	1,294	0	1,294	1,294
De-delegated Budgets	204	0	204	204
Academy Conversions	0	0	0	0
Other Schools Block Sub Total	1,499	0	1,499	1,499
Total Schools Block	147,401	0	147,401	41,800
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	346	0	346	346
Licences (negotiated by DfE)	146	0	146	146
ESG retained duties	498	0	498	498
Central Teachers Pay /pensions grant	49	0	49	49
Central School Services Block Total	1,055	0	1,055	1,055
Early Years Block				
3 & 4 Year Old Provision ¹	12,057	180	12,237	12,237
2 Year Old Provision	2,026	(116)	1,910	1,910
Central Expenditure on under 5's	714	4	718	718
Early Years Block Total	14,797	68	14,865	14,865
High Needs Block				
Individual Schools Budgets				
Special School Place Funding	7,080	(90)	6,990	140
Resource Unit Place Funding	897	0	897	373
Alternative Provision Place Funding	1,337	0	1,337	87
Total ISB	9,314	(90)	9,224	599
Element 3 Top-up funding	16,226	(84)	16,142	16,142
Out of City Placements	5,062	(42)	5,020	5,020
SEN Support Service	1,098	0	1,098	1,098

	Approved 2023-24 Budget (including Academies)	Proposed Budget Revisions	2023-24 Schools Budget Oct 2023 (Including Academies)	2023-24 Schools Budget Oct 2023 (Excluding Academies)
	£000	£000	£000	£000
Medical Education	675	0	675	675
Outreach Services	196	0	196	196
Turnaround Project	100	0	100	100
Fair Access Protocol	60	0	60	60
Early Years Complex Needs Inclusion fund	1,115	109	1,224	1,224
Post-16 high needs places	1,072	0	1,072	0
Teachers Pay/Pension grants High Needs	578	25	603	603
Relational Practice	169	0	169	169
Special School Pre Opening Grant	250	10	260	260
Special Schools Additional Grant 2023/2024	672	0	672	672
High Needs supplementary funding	349	0	349	349
Other High Needs block sub total	27,622	18	27,640	26,568
Total High Needs block	36,936	(72)	36,864	27,167
Total Expenditure	200,189	(4)	200,185	84,888
Income				
Schools Block	(146,852)	0	(146,852)	(41,252)
Central Schools Services Block	(1,055)	0	(1,055)	(1,055)
Early Years Block	(14,797)	(68)	(14,865)	(14,865)
High Needs Block	(35,770)	90	(35,680)	(25,984)
DSG Income ^{2,3}	(198,474)	22	(198,453)	(83,156)
One-off use of Carry Forward	(1,715)	(18)	(1,732)	(1,732)
Total Income	(200,189)	4	(200,185)	(84,888)

¹Includes early years pupil premium

² 2023-24 per ESFA allocations July 2023

³ Includes reimbursement of Growth funding for Academy schools