



Report to:	SCHOOLS' FORUM
Date:	27 September 2022
Reporting Officer:	Caroline Barlow – Assistant Director of Finance Tim Bowman – Director of Education (Tameside and Stockport)
Subject:	DSG MONITORING 2022-23 UPDATE
Report Summary:	A report on the Dedicated Schools Grant (DSG) budget position for the financial year 2022-23 and an update on the Early Years final outturn for 2021-22.
Recommendations:	Members of the Schools' Forum are requested to note and support the contents of the report.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial policy and framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>The current projection for 2022-23 is expected to be a deficit on the DSG of £5.496m at the end of the financial year.</p> <p>The report details the in year movements and forecast on the 4 main blocks of the DSG. The High Needs Block continues to be under pressure with a forecast in-year shortfall of funding of £2.939m.</p> <p>Work is needed to resolve the deficit position, as outlined in the June 2022 Forum report Tameside is part of the Delivering Better Value program with DfE Advisors.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>The details in relation to the Dedicated Schools Grant and the deficit position are set out in the main body of the report.</p> <p>The Forum needs to be content that the plans to manage the deficit and in year short fall are deliverable.</p>
Risk Management:	<p>The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure this is achieved.</p> <p>The Council is responsible for the effective administration and management of the DSG. The cumulative deficit brought forward from 2021-22 is subject to a deficit recovery plan with the DfE. There is a risk this may impact on the effective support and education of our most vulnerable children.</p>
Access to Information:	This report does not contain information, which warrants its consideration in the absence of the press or members of the public.

Background Information: The background papers relating to this report can be inspected by contacting Caroline Barlow Assistant Director of Finance Services

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1. INTRODUCTION

- 1.1 This report is presented to provide Schools' Forum with an update on the Dedicated Schools Grant (DSG) budget for 2022-23 and the DSG reserve position. The report sets out:
- A budget update for the DSG for 2022-23 (Section 2)
 - A detailed update for High Needs for 2022-23 (Section 3)
 - A detailed update for Early Years (Section 4)
 - The DSG reserve position at 31 March 2022 and the estimated DSG reserve position at 31 March 2023 (Section 5)

2. DSG BUDGET UPDATE FOR 2022-23

- 2.1 The current DSG settlement for 2022-23 and forecast distribution/spend is included in Table 1.

TABLE 1 – DSG Forecast for 2022-23

DSG Funding Blocks	DSG Settlement 2022-23 at March 2022 £000	Block Transfer 2022-23 £000	Revised DSG 2022-23 £000	Forecast Distribution / Spend 2022-23 £000	Forecast Surplus / (Deficit) £000
Schools Block	190,743	(954)	189,789	189,535	254
Central School Services Block	1,182	0	1,182	1,182	0
High Needs Block	32,867	954	33,820	36,760	(2,939)
Early Years Block	17,304	0	17,304	16,875	429
Total	242,095	0	242,095	244,352	(2,257)

Note the table above includes rounding's

- 2.2 There is a forecast surplus of £0.254m on the schools block. This relates to £0.257m unallocated growth offset by a £3k retrospective business rates charge. The final growth allocation is based on pupil numbers at the October 2022 census point and the figures will be updated once this has been finalised. This may impact on the current surplus forecast. It is proposed that any surplus on the schools block contributes to the DSG deficit.
- 2.3 The Central School Services Block is expected to be spent in full.
- 2.4 The projected in-year deficit on the high needs block is expected to be £4.581m, which reduces to £2.939m with the £0.954m transfer from the schools block and a combination of both savings and cost avoidance totalling £0.688m identified in the Deficit Recovery Plan. The projection also includes £2.482m of estimated remaining in-year growth to cover the autumn and spring term and this is related to further increases in the number of EHCP's and the planned new Resourced bases. Further information on high needs is included in Section 3.
- 2.5 There is a forecast surplus on the early years block £0.429m. Further information on the early year's position is included in Section 4.

3. HIGH NEEDS BUDGET UPDATE FOR 2022-23

- 3.1 The high needs budget has now been updated following the summer term real time exercise and the impact on the budget is shown in Table 2 below.

TABLE 2 – High Needs Budget Position at August 2022

High Needs Budget Position 2022-23	2022-23 Original Forecast	2022-23 Forecast Budget Summer Term	2022-23 Variance	% Change
Mainstream	3,642	4,101	(459)	13%
Special	12,129	12,697	(568)	5%
TRPS	2,767	2,771	(4)	0%
Resourced Units	523	580	(57)	11%
Independent Schools	2,500	3,431	(931)	37%
PVI Settings	77	94	(17)	22%
NMSS	385	409	(24)	6%
OOB (Pre 16)	1,478	1,833	(355)	24%
Post 16	3,051	3,498	(447)	15%
Hospital Education	95	95	0	0%
SEN Support Services	1,882	1,882	0	0%
Income OOB	(405)	(388)	(17)	-4%
Exclusions	(160)	(160)	0	0%
Total Spend	27,964	30,843	(2,879)	10%
Original Funding	31,617	31,617	0	
Supplementary Grant	1,300	1,300		
Academy Recoupment	(4,125)	(4,125)	0	
Adjusted Import / Export	0	(51)	51	
Total Funding	28,792	28,741	51	
In Year Deficit Before Growth	828	(2,102)	2,930	
Projected in Year Growth:				
Summer Term Real Time	2,341	(579)		
Autumn Term Real Time	1,823	1,823		
Spring Term Real Time	1,237	1,237		
Total Growth	5,401	2,481		
0.5% transfer Schools Block	954	954		
High Needs Block In Year 2022-23 Deficit	(3,619)	(3,629)		

Note the table above includes rounding's and excludes the identified savings in Table 4 below

- 3.2 The position is similar is the original budget which is a forecast in-year deficit of £3.629m, a slight increase of £0.010m in the original position.
- 3.3 The original budget included growth of £5.401m and to date approx. 54% of this budget has been spent. Growth was predicted to be spent more or less equally over the financial year so we would have expected to have spent around 42% of the budget so far, at 54% this could indicate growth could be slightly higher than expected. Also some of the growth was in areas not anticipated as Table 3 below shows there has been higher than expected growth in the Post 16 sector and in out of borough placements. Growth will continue to be monitored closely and a more detailed review will need to be carried out following updated intelligence from the SEN team as well as updates on the new resourced units.

TABLE 3 – Review of Growth Spend to date

Sector	Growth Provision £000	Actual Growth to Date £000	% Spent	Remaining Growth £000	% Left
Mainstream	2,108	517		1,591	
Special	1,387	572		815	
Resourced Units	767	57		710	
Independent Schools	908	931		(23)	
PVI	0	17		(17)	
NMSS	0	24		(24)	
OOB (Pre 16)	0	356		(356)	
Post 16	231	446		(215)	
Totals	5,401	2,920	54%	2,481	46%

- 3.4 As referred to in section 2.4, the forecast in-year deficit on high needs block alone is expected to be £2.939m, included in this are a number of savings or areas of cost avoidance that were agreed as part of the Deficit Recovery Plan. These total £0.688m and there are potential risks in realising these, there has been delays in the work due to capacity, if they do not materialise the in-year deficit will increase and impact on future year projections. Details are included below in Table 4.

TABLE 4 – Savings at Risk and included in Deficit Recovery Plan

Planned Savings Included in Template	2022-23
	£000
Resource Base Review	152
Growth and Overcapacity	50
Contract Review	288
TPRS and improved inclusive practice	98
Total Savings	688

4. **EARLY YEARS BUDGET UPDATE FOR 2022-23 AND FINAL SETTLEMENT FOR 2021-22**
- 4.1 Details of the final early years' settlement for 2021-22 are included in Table 5. For 2021-22 the overall settlement for early years has increased by £81k resulting in a final surplus of £0.228m. As reported in June 2022, the surplus contributed to the DSG deficit.

TABLE 5 – Early Years Outturn 2021-22 Final Position

Early Years Funding Block	Actual Distribution / Spend 2021-22 £000	Estimated Outturn Surplus / (Deficit) £000	Final Settlement for 2021-22 £000	Final Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	8,395	140	8,533	138
3 and 4 Year Olds Extended Entitlement	3,911	149	4,060	149
2 Year Olds	2,847	(55)	2,792	(55)
Early Years Pupil Premium	181	(4)	181	(0)
Disability Access Fund	38	35	73	35
Central Retention	647	134	780	134
SEN Inclusion Fund	405	(173)	232	(173)
Total	16,424	225	16,652	228

Note the table above includes rounding's

4.2 A detailed update of the early years block for 2022-23 is included in Table 6.

TABLE 6 – Early Years Forecast 2022-23

Early Years Funding Block	Early Years DSG Settlement 2022-23 at July 2022 £000	Forecast Distribution / Spend 2022-23 £000	Forecast Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	8,756	8,613	144
3 and 4 Year Olds Extended Entitlement	4,291	3,965	327
2 Year Olds	2,761	2,778	(17)
Early Years Pupil Premium	198	247	(49)
Disability Access Fund	94	70	25
Central Retention	764	764	0
SEN Inclusion Fund	439	439	0
Total	17,304	16,875	429

Note the table above includes rounding's

4.3 Table 6 reflects the updated early year's settlement announced in July 2022 compared with the forecast distribution/spend. The forecast distribution/spend for 3 and 4 year old universal and extended entitlements and 2 year olds is based on the actual participation for the Summer Term and the estimated participation for the Autumn and Spring Terms. Participation is difficult to estimate but is continuing to reduce which is why there appears to be surpluses against 3 and 4 year olds. There will be a further funding adjustment based on the Spring Term census data and if the estimates are accurate, there will be a clawback of funds, which will reduce the anticipated surplus.

4.4 The reduction in participation for 3 and 4 years olds is partly due to the birth rate reducing but take up of places has also dropped. Historically Tameside has seen a high level of take

up at approx. 98% but more recently, this is closer to 95% as based on the latest census information.

4.5 The forecast on the SEN Inclusion Fund is currently a nil variation. However, a full review of this is required as the demand on the fund for the Summer Term appears to be high. A review of the Summer Term and estimated demand for the Autumn Term and Spring Term will be undertaken and an update will be provided to the next Schools Forum.

4.6 This is a complex area of funding which will continue to be closely monitored and reported to Schools Forum.

5. DSG RESERVE AT 31 MARCH 2022 AND ESTIMATED POSITION AT 31 MARCH 2023

5.1 Table 7 provides details on the closing position of the DSG reserve for 2021-22 and the estimated position of the DSG at 31 March 2023.

TABLE 7 – DSG Reserve

	2021-22 Surplus / (Deficit) £000	2022-23 Forecast Surplus / (Deficit) £000
DSG Reserve Brought Forward	(1,686)	(3,243)
Schools Block Changes		
In year position on business rates	49	(3)
In year position on the growth fund	128	257
Schools Block Subtotal	178	254
In year position on Central Schools Services Block	7	0
In year position on High Needs Block	(1,973)	(2,939)
In year position on Early Years	147	429
Early Years 2020-21 final adjustment	6	0
Estimated Early Years 2021-22 Adjustment and Final Adjustment as confirmed in July 2022	78	4
DSG Reserve after Commitments	(3,243)	(5,496)

Note the table above includes rounding's

5.2 If the 2022-23 projections materialise there would be a deficit of £5.496m on the DSG. A deficit recovery plan has been developed and submitted to the DfE. Discussions are continuing with the DfE and are ongoing. Further information on the high needs deficit recovery will be brought to December Forum meeting. The position will continue to be closely monitored and updates reported to Schools' Forum

6. RECOMMENDATIONS

6.1 As set out at the front of the report.