

Report to:	SCHOOLS' FORUM
Date:	19 January 2023
Reporting Officer:	Caroline Barlow – Assistant Director of Finance Tim Bowman – Director of Education (Tameside and Stockport)
Subject:	DEDICATED SCHOOLS GRANT (DSG) MONITORING 2022-23 UPDATE
Report Summary:	A report on the Dedicated Schools Grant (DSG) budget position for the financial year 2022-23.
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 £4.956m 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 £2.743m.</p> <p>Work continues to seek to resolve the deficit position. 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:	Non-Confidential
	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, Financial Management



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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 Early Years (Section 3)
 - The DSG reserve position at 31 March 2022 and the estimated DSG reserve position at 31 March 2023 (Section 4)

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 Nov 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	189,436	353
Central School Services Block	1,182	0	1,182	1,182	0
High Needs Block	32,843	954	33,796	36,539	(2,743)
Early Years Block	17,304	0	17,304	16,630	674
Total	242,071	0	242,071	243,787	(1,716)

Note the table above includes rounding's

- 2.2 There is a forecast surplus of £0.353m on the schools block. This relates to £0.355m unallocated growth, a minor variation of £1k on an academy conversion offset by a £3k retrospective business rates charge. The growth allocation is based on pupil numbers at the October 2022 census point and the figures have been updated to reflect this. 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 £4.385m, which reduces to £2.743m 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 £1.268m of estimated remaining in-year growth to cover the 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 a separate agenda item. There are further details on this in a separate paper.
- 2.5 There is a forecast surplus on the early years block £0.674m. Further information on the early year's position is included in Section 3.

3. EARLY YEARS BUDGET UPDATE FOR 2022-23

- 3.1 A detailed update of the early years block for 2022-23 is included in Table 2.

TABLE 2 – Early Years Forecast 2022-23

Early Years Funding Block	Early Years DSG Settlement 2022-23 at Nov 2022 £000	Forecast Distribution / Spend 2022-23 £000	Forecast Outturn Surplus / (Deficit) £000
3 and 4 Year Olds Universal Entitlement	8,756	8,625	131
3 and 4 Year Olds Extended Entitlement	4,291	3,969	322
2 Year Olds	2,761	2,516	245
Early Years Pupil Premium	198	255	(57)
Disability Access Fund	94	66	28
Central Retention	764	643	121
SEN Inclusion Fund	439	555	(116)
Total	17,304	16,630	674

Note the table above includes rounding's

- 3.2 Table 2 reflects the updated early year's settlement as at November 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 and Autumn Terms and the estimated participation Spring Term. Participation has slightly increased for 3 and 4 year olds but the estimated uptake has reduced for 2 year olds. There will be a 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.
- 3.3 Participation of 2 year olds in Tameside is actually increasing but the DfE target number of potentially eligible families has reduced. This has therefore led to a reduction in our estimates. This is a combination of reducing birth rates but also a reduction in those being identified as eligible (from the DfE target data).
- 3.4 The estimated allocation of early years pupil premium has risen but this again is subject to the funding update discussed in 3.2.
- 3.5 A surplus is forecast on central retention which is mainly due to vacancies in the Early Years Quality Team and the SEMH Team. These posts have either been recruited to or are in the process of being recruited to.
- 3.6 There is a pressure forecast of the SEN Inclusion. There continues to be significant demand on the fund and there is potential this could increase further as an update is still required for the Spring Term for Schools. Based on the current forecasts this can be mitigated from the surplus on central retention but further review is required on the allocation of funding. This will be picked up when reviewing the allocation of funding for 2023-24.
- 3.7 This is a complex area of funding which will continue to be closely monitored and reported to Schools Forum.
- 4. DSG RESERVE AT 31 MARCH 2022 AND ESTIMATED POSITION AT 31 MARCH 2023**
- 4.1 Table 3 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 3 – 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	355
Minor variations	0	2
Schools Block Subtotal	178	353
In year position on Central Schools Services Block	7	0
In year position on High Needs Block	(1,973)	(2,743)
In year position on Early Years	147	674
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)	(4,956)

Note the table above includes rounding's

- 4.2 If the 2022-23 projections materialise there would be a deficit of £4.956m on the DSG. A deficit recovery plan has been developed and submitted to the DfE. Discussions are continuing with the DfE and are ongoing. The position will continue to be closely monitored and updates reported to Schools' Forum

5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.