

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	26 September 2023
<b>Reporting Officer:</b>	Gemma McNamara – Interim Assistant Director of Finance Jane Sowerby – Assistant Director of Education
<b>Subject:</b>	<b>DSG MONITORING 2023-24 UPDATE</b>
<b>Report Summary:</b>	A report on the Dedicated Schools Grant (DSG) budget position for the financial year 2023-24 and an update on the Early Years final outturn for 2022-23.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note and support the contents of the report.
<b>Corporate Plan:</b>	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.
<b>Policy Implications:</b>	In line with financial policy and framework
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<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 2023-24 is expected to be a deficit on the DSG of £8.627m 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 £5.876m.</p> <p>Work continues to seek to resolve the deficit position. Tameside is part of the Delivering Better Value program working with DfE Advisors.</p>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	There are no immediate legal implications arising from this report.
<b>Risk Management:</b>	<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 that this is achieved.</p> <p>The Council is responsible for the effective administration and management of the DSG. The cumulative deficit brought forward from 2022-23 and the increase in the deficit at the end of 2023-24 is subject to a deficit recovery plan with the DfE. There is a risk that this may impact on the effective support and education of our most vulnerable children.</p>
<b>Access to Information:</b>	<b>Non-Confidential</b>
	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 Jerome Francis – Finance Business Partner, Financial Management, Children’s and Safeguarding Services



Telephone: 0161 342 3044



e-mail: [Jerome.francis@tameside.gov.uk](mailto:Jerome.francis@tameside.gov.uk)

## 1. INTRODUCTION

- 1.1 This report is presented to provide Schools' Forum with an update on the Dedicated Schools Grant (DSG) budget for 2023-24 and the DSG reserve position. The report sets out:
- A budget update for the DSG for 2023-24 (Section 2)
  - A detailed update for High Needs for 2023-24 (Section 3)
  - A detailed update for Early Years (Section 4)
  - The DSG reserve position at 31 March 2023 and the estimated DSG reserve position at 31 March 2024 (Section 5)

## 2. DSG BUDGET UPDATE

- 2.1 The current DSG settlement for 2023-24 and forecast distribution/expenditure is included in Table 1.

**TABLE 1 – DSG Forecast for 2023-24**

<b>DSG Funding Blocks</b>	<b>DSG Settlement 2023-24 at July 2023 £m</b>	<b>Block Transfer 2023-24 £m</b>	<b>Revised DSG 2023-24 £m</b>	<b>Forecast Distribution / Expenditure 2023-24 £m</b>	<b>Forecast (Surplus) / Deficit £m</b>
Schools Block	(201.052)	0.694	(200.358)	200.349	(0.010)
Central School Services Block	(1.249)	0.000	(1.249)	1.249	0
High Needs Block	(36.910)	(0.694)	(37.604)	43.480	5.876
Early Years Block	(18.062)	0.000	(18.062)	17.511	(0.550)
<b>Total</b>	<b>(257.273)</b>	<b>0.000</b>	<b>(257.273)</b>	<b>262.589</b>	<b>5.317</b>

- 2.2 There is a forecast surplus of (£0.010m) on the Schools Block. This relates to unallocated growth. The final growth allocation is based on pupil numbers at the October 2023 census point and the figures will be updated once this has been finalised. This may impact on the current surplus forecast. Any surplus on the Schools Block reduces the DSG deficit.
- 2.3 The Central School Services Block is expected to be spent in full.
- 2.4 The forecast in-year deficit on the High Needs Block is expected to be £6.570m, which reduces to £5.876m with the £0.694m transfer from the Schools Block. The forecast also includes £1.889m of estimated remaining in-year growth to cover the autumn and spring terms 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 and a separate agenda item.
- 2.5 There is a forecast surplus on the Early Years Block of (£0.550m). Further information on the early year's position is included in Section 4.

## 3. HIGH NEEDS BUDGET UPDATE FOR 2023-24

- 3.1 The original High Needs budget has now been updated with the revised projections following the summer real time exercise. The revised position is shown below in Table 2.

**TABLE 2 – High Needs Forecast Position 2023-24 at August 2023**

<b>High Needs Budget Position 2023-24</b>	<b>2023-24 Original Forecast £m</b>	<b>2023-24 Forecast Budget Summer £m</b>	<b>2023-24 Variance £m</b>	<b>% Change</b>
Mainstream	4.389	5.343	0.954	21.73%
Special	17.476	17.833	0.356	2.04%
Resourced Units	0.516	0.646	0.130	25.16%
Independent Schools	3.911	4.947	1.037	26.51%
PVI Settings	0.132	0.138	0.007	4.97%
NMSS	0.422	0.366	(0.056)	-13.32%
OOB (Pre 16)	2.002	2.163	0.161	8.03%
Post 16	3.000	4.148	1.148	38.25%
Hospital Education	0.100	0.100	0	0.00%
SEN Support Services	1.971	1.925	(0.046)	-2.35%
Income OOB	(0.411)	(0.432)	(0.021)	5.08%
Excluded Pupil Income	(0.181)	(0.181)	0	0.00%
<b>Total Spend</b>	<b>33.327</b>	<b>36.995</b>	<b>3.668</b>	<b>11.01%</b>
High Needs DSG - Original Funding	(37.144)	(37.144)	0	0.00%
High Needs DSG - Adjusted Import / Export	0	0.234	0.234	
High Needs DSG - Academy Recoupment	4.842	4.842	0	0.00%
Teacher Pay Grant	0	(0.245)	(0.245)	
<b>Total Funding</b>	<b>(32.302)</b>	<b>(32.314)</b>	<b>(0.011)</b>	<b>-0.03%</b>
<b>In Year Deficit Before Growth</b>	<b>1.024</b>	<b>4.681</b>	<b>3.657</b>	
Projected in Year Growth:				
Summer Term Real Time	2.514	0		
Autumn Term Real Time	0	1.370		
Spring Term Real Time	0	0.519		
<b>Total Growth</b>	<b>2.514</b>	<b>1.889</b>		
<b>High Needs Block In Year 2023-24 Deficit</b>	<b>3.538</b>	<b>6.570</b>		
Schools block transfer	(0.694)	(0.694)		
<b>High Needs Block In Year 2023-24 Deficit (after Block Transfer)</b>	<b>2.845</b>	<b>5.876</b>		

**\*\* Note: Teachers Pay Additional Grant is new funding from September 2023, it will be paid as separate grant in 2023-24 and will continue as a separate grant in 2024-25.**

- 3.2 As the table shows there has been an unprecedented level of growth during the summer term. The original budget included forecast expenditure for in-year growth of £2.514m, the revised projected expenditure to the end of the financial year already supersedes this at £3.659m. In addition to this the SEN Team are expecting growth and demand to continue at similar levels throughout the financial year. So, to support this additional growth, a further £1.889m has been built into the projection. This shows the projected in-year deficit at year end is projected to increase to £5.876m from the original deficit of £2.844m.
- 3.3 The additional Growth is a result of the demand for EHCP's increasing; despite increasing the capacity of specialist places over the last three years, pressure is growing to utilise more

high cost Independent and Non-Maintained Special schools (INMSS). A number of bespoke packages are now in place in both special and mainstream schools to support pupils that do require specialist provision and a SEND Sufficiency Strategy will be produced in the autumn term in order to plan further increases in our own specialist places over the next three years.

- 3.4 Our focus will be on an effective inclusion culture across the SEND system, a graduated response and growing specialist school places as appropriate. As these actions are implemented our main areas of growth are expected to continue to be in the mainstream sector as well some growth in early years sector and INMSS. There are also plans to open 2 further resource bases by January 2024 and to build on this through a SEND Sufficiency Strategy and associated SEN Provision Plan. Table 3 below shows the expected growth by provision to the end of the year. The projected additional cost is expected to be in the region of £1.889m and this is included in the budget forecast above at Table 2.

**TABLE 3 – Targeted Growth Projection to March 24**

Provision Type	FY Actual Growth as at Aug 23	Additional Growth Expected Sept 23 - Mar 24	Total projected Growth in-year 2023-24	Cost of Additional Growth £m
Mainstream	136	249	385	0.738
Special	1	0	1	
TRPS	-2	0	-2	
Resourced Units	13	24	37	0.146
Independent Schools	20	59	79	0.966
PVI Settings	13	24	37	0.039
NMSS	1	0	1	
OOB Pre 16	12	0	12	
Post 16	38	0	38	
<b>Totals</b>	<b>232</b>	<b>355</b>	<b>587</b>	<b>1.889</b>

- 3.5 There are a number of areas still under review including the Post 16 budget, which has seen a significant increase in forecast expenditure. The SEN Team are currently reviewing and finalising schedules with providers to ensure placements for September are recorded accurately and these may result in further adjustments to the budget. The Council has also undertaken a review of its systems and processes to ensure that annual reviews of EHCP's are completed at least annually. This will ensure that the SEN's of all pupils are updated and any changes to SEN provision are identified, including those who may no longer require provision in accordance with the EHCP and therefore may provide further efficiencies.
- 3.6 Further areas of mitigation are discussed in further detail in the separate agenda item, High Needs Deficit Recovery and DSG management plan.

#### **4. EARLY YEARS BUDGET UPDATE FOR 2023-24 AND FINAL SETTLEMENT FOR 2022-23**

- 4.1 Details of the final early years' settlement for 2022-23 are included in Table 4. For 2022-23 the overall settlement for early years has reduced by £0.019m resulting in a final surplus of (£0.597m). As reported in June 2023, the surplus contributed to the DSG deficit.

**TABLE 4 – Early Years Outturn 2022-23 Final Position**

<b>Early Years Funding Block</b>	<b>Actual Distribution / Spend 2022-23 £m</b>	<b>Estimated Outturn (Surplus) / Deficit £m</b>	<b>Final Settlement for 2022-23 £m</b>	<b>Final Outturn (Surplus) / Deficit £m</b>
3 and 4 Year Olds Universal Entitlement	8.528	(0.247)	(8.800)	(0.272)
3 and 4 Year Olds Extended Entitlement	4.115	(0.246)	(4.455)	(0.340)
2 Year Olds	2.573	(0.084)	(2.517)	0.056
Early Years Pupil Premium	0.227	0.026	(0.218)	0.009
Disability Access Fund	0.066	(0.028)	(0.094)	(0.028)
Central Retention	0.615	(0.149)	(0.764)	(0.149)
SEN Inclusion Fund	0.566	0.127	(0.439)	0.127
<b>Total</b>	<b>16.690</b>	<b>(0.601)</b>	<b>(17.287)</b>	<b>(0.597)</b>

4.2 A detailed update of the Early Years Block for 2023-24 is included in Table 5.

**TABLE 5 – Early Years Forecast 2023-24**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2023-24 at July 2023 £m</b>	<b>Forecast Distribution / Expenditure 2023-24 £m</b>	<b>Forecast Outturn (Surplus) / Deficit £m</b>
3 and 4 Year Olds Universal Entitlement	(9.321)	8.829	(0.492)
3 and 4 Year Olds Extended Entitlement	(4.639)	4.570	(0.068)
2 Year Olds	(2.358)	2.344	(0.014)
Early Years Pupil Premium	(0.234)	0.246	0.012
Disability Access Fund	(0.132)	0.076	(0.055)
Central Retention	(0.813)	0.813	(0)
SEN Inclusion Fund	(0.566)	0.633	0.067
<b>Total</b>	<b>(18.062)</b>	<b>17.511</b>	<b>(0.550)</b>

4.3 Table 5 reflects the updated early year's settlement announced in July 2023 compared with the forecast distribution/expenditure. The forecast distribution/expenditure 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 it is estimated it will continue to reduce which is why there appears to be surpluses.

4.4 The reduction in participation for 3 and 4 years olds is mainly due to the reducing birth rate. Tameside is seeing a high level of take up at approx. 97%, this is moving towards pre-pandemic take up of places. Estimates suggest that universal uptake is reducing but there is a shift in extended entitlement where there is an estimated increase in uptake. 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.

- 4.5 There is a forecast deficit of £0.067m on the SEN Inclusion Fund. This is based on the actual funding allocated to providers for the summer term and estimates for the autumn and spring terms. This deficit could potentially grow as there is increasing demand on the fund and is reflective of the growing number of requests for EHCPs.
- 4.6 This is a complex area of funding which will continue to be closely monitored and reported to Schools Forum.
- 4.7 As reported to Schools Forum in June 2023, additional funding was announced for early years providers from September 2023. This funding will be allocated via the Early Years Supplementary Grant (EYSG) and the government have been clear that Local Authorities (LAs) must increase the amounts they pay to early years providers in accordance with the EYSG conditions of grant from September 2023.
- 4.8 The rates on which providers will be funded in Tameside MBC, in line with the grant, will be:
- £1.70 per hour for disadvantaged 2 year olds
  - £0.31 per hour for 3 and 4 year olds universal and additional entitlement
  - £0.04 per funded hour for Early Years Pupil Premium
  - £39.20 lump sum for the Disability Access Fund
- 4.9 All of the above are in addition to the Early Years DSG paid to early years providers. All early years providers have been advised of these rates and will receive their allocations through the same payments process as the Early Years DSG.
- 4.10 The grant allocations to LAs are expected to be announced in late September. The EYSG is a one off grant and not part of the schools budget. The conditions of grant state:

At the end of the 2023 to 2024 financial year, local authorities are permitted to:

- use any EYSG surplus funding for the purpose of the early years block of the DSG in financial year 2023 to 2024 **or** carry forward any EYSG underspends and use them in support of all early education funding streams in section 2.2 as part of their schools' budget for 2024 to 2025
- if there is a shortfall in the EYSG, local authorities may use the early years block of the 2023 to 2024 DSG for the purposes of the EYSG to make up the shortfall. The [DSG: conditions of grant 2023 to 2024](#) have been amended to allow this.

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

- 5.1 Table 6 provides details on the closing position of the DSG reserve for 2022-23 and the estimated position of the DSG as at 31 March 2024.

**TABLE 6 – DSG Reserve**

	<b>2022-23 (Surplus) / Deficit £m</b>	<b>2023-24 Forecast (Surplus) / Deficit £m</b>
<b>DSG Reserve Brought Forward</b>	<b>3.243</b>	<b>3.306</b>
<b>Schools Block Changes</b>		
In year position on business rates	0.003	0
In year position on the growth fund	(0.355)	(0.010)
Minor variations	(0.002)	0
<b>Schools Block Subtotal</b>	<b>(0.353)</b>	<b>(0.010)</b>
<b>In year position on High Needs Block</b>	<b>1.018</b>	<b>5.876</b>
<b>In year position on Early Years</b>	<b>(0.614)</b>	<b>(0.550)</b>
<b>Early Years 2021-22 final adjustment</b>	<b>(0.004)</b>	<b>0</b>
<b>Estimated Early Years 2022-23 Adjustment and Final Adjustment as confirmed in July 2023</b>	<b>0.016</b>	<b>0.004</b>
<b>DSG Reserve after Commitments</b>	<b>3.306</b>	<b>8.627</b>

- 5.2 If the 2023-24 projections materialise there would be a deficit of £8.627m on the DSG. A deficit recovery plan has been developed and submitted to the DfE. Discussions are continuing with the DfE and the plan is being scrutinised as part of Stage 2 of the DBV programme. 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.