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| Report to: | SCHOOLS' FORUM |
| Date: | 28 November 2023 |
| Reporting Officer: | Jane Sowerby – Assistant Director of Education Gemma McNamara – Interim Assistant Director of Finance |
| Subject: | DSG MONITORING UPDATE 2023-24 |
| Report Summary: | A report on the Dedicated Schools Grant (DSG) budget position for the financial year 2023-24. |
| 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 2023-24 is expected to be a deficit on the DSG of £8.077m 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 £5.219m.</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> |
| Legal Implications: (Authorised by the Borough Solicitor) | There are no immediate legal issues arising from the report |
| 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 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> |
| 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 Jerome Francis – Finance Business Partner, Financial Management, Children’s and Safeguarding 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 2023-24 and the DSG reserve position. The report sets out:
- A budget update for the DSG for 2023-24 (Section 2)
 - A budget update for the 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. OVERALL DSG BUDGET UPDATE 2023-24

- 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

| DSG Funding Blocks | DSG Settlement 2023-24 at July 2023 £m | Block Transfer 2023-24 £m | Revised DSG 2023-24 £m | Forecast Distribution / Expenditure 2023-24 £m | Forecast (Surplus) / Deficit £m |
|-------------------------------|---|----------------------------------|-------------------------------|---|--|
| 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) | 42.823 | 5.219 |
| Early Years Block | (18.062) | 0.000 | (18.062) | 17.570 | (0.492) |
| Total | (257.273) | 0.000 | (257.273) | 261.991 | 4.718 |

- 2.2 The forecast surplus of £0.010m on the Schools Block 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 £5.913m, which reduces to £5.219m with the £0.694m transfer from the Schools Block. This is a favourable movement of £0.657m to the forecast reported in September 2023 and more detail is included below in Section 3 along with an update on the Deficit Recovery and Management Plan in a separate agenda item.
- 2.5 There is a forecast surplus on the Early Years Block of (£0.492m), an adverse movement of £0.058m to the forecast reported in September 2023. Further information on the early year's position is included in Section 4.

3. HIGH NEEDS BUDGET UPDATE 2023-24

- 3.1 As reported at September 2023 Schools Forum, the high needs budget continues to be under significant pressure and the forecast position last reported was an in-year deficit of £5.876m. A further analysis of the Growth forecast has shown a favourable movement of £0.657m is projected by the end of the year. This would reduce the in-year deficit on high needs block to £5.219m.

Table 2: High Needs Forecast 2023-24

| High Needs Budget Position 2023-24 | 2023-24 Original Forecast £m | 2023-24 Forecast Budget Summer £m |
|--|-------------------------------------|--|
| Total Expenditure | 33.327 | 36.995 |
| Total Funding | (32.302) | (32.314) |
| In Year Deficit Before Growth | 1.024 | 4.681 |
| Additional Growth | 2.514 | 1.889 |
| High Needs Block In Year 2023-24 Deficit | 3.538 | 6.570 |
| Schools block transfer | (0.694) | (0.694) |
| High Needs Block In Year 2023-24 Deficit (after Block Transfer) | 2.845 | 5.876 |
| Forecast reduction in Growth | | (0.657) |
| Revised High Needs Block In Year 2023-24 Deficit | 2.845 | 5.219 |

- 3.2 Members will note, in September a revised forecast of additional growth of £1.889m was built in to cover the period September 23 to March 2024, and whilst we are only halfway through the autumn term this forecast has been further analysed in terms of both number of Education Health and Care Plans (EHCPs) being issued and their related costs.
- 3.3 Table 3 below shows that while September and October had a low number of EHCPs issued the overall number of plans being issued this financial year is in line with the forecast of an average of 45 new plans per month.

Table 3: Forecast Number of New EHCPs

| Month | New Plans Issued | Estimated New Plans based on Average Apr - Oct | Estimated New Plans in Year |
|--------------|-------------------------|---|------------------------------------|
| Apr-23 | 23 | | 23 |
| May-23 | 49 | | 49 |
| Jun-23 | 44 | | 44 |
| Jul-23 | 66 | | 66 |
| Aug-23 | 71 | | 71 |
| Sep-23 | 37 | | 37 |
| Oct-23 | 27 | | 27 |
| Nov-23 | | 45 | 45 |
| Dec-23 | | 45 | 45 |
| Jan-24 | | 45 | 45 |
| Feb-24 | | 45 | 45 |
| Mar-24 | | 45 | 45 |
| Total | 317 | 225 | 542 |

- 3.4 Table 4 goes on to analyse the cost of this growth and as expected the majority of growth is across the mainstream and independent sector. However, based on current costs to date

there is likely to be savings in both these sectors along with a reduction in expenditure in the Post 16 sector due to leavers and ceasing plans.

- 3.5 However, it is anticipated there may be a further expenditure on the high needs block in relation to the education costs relating to Children's Social Care (CSC) placements. The DSG already funds the educational costs for a number of CSC placements' but a review is underway which will look to ensure all partner contributions, including Health, Education and Social Care are applied fairly and in accordance with the specific individual placement requirements. This may identify additional contributions required from the high needs block and an estimate of £0.100m has been included at this stage. Once the review is complete further information will be provided.

Table 4: Growth Projection at 8 November 2023

| Additional Growth Projection Sept 23 - Mar 24 (at 8 Nov 23) | Expected Additional Growth £m | Actuals at 8 Nov 23 £m | Forecast Growth to Year End £m | Variance £m |
|--|--------------------------------------|-------------------------------|---------------------------------------|--------------------|
| Mainstream | 0.738 | 0.186 | 0.395 | (0.157) |
| Special Schools | 0.000 | (0.001) | 0.000 | (0.001) |
| Resource Bases | 0.146 | 0.004 | 0.146 | 0.004 |
| Pre 16 | 1.005 | 0.224 | 0.539 | (0.243) |
| Post 16 | 0.000 | (0.360) | 0.000 | (0.360) |
| Contribution to Education for CSC | 0.000 | 0.000 | 0.100 | 0.100 |
| Total | 1.889 | 0.052 | 1.180 | (0.657) |

- 3.6 Based on current spending profile and the potential contributions to CSC placements it is anticipated the Growth projection will reduce by £0.657m and this would mean the in-year deficit on high needs would reduce to £5.219m by the end of the financial year.
- 3.7 The growth projection will continue to be closely monitored and a further update will be brought to Schools Forum in January 2024.

4. EARLY YEARS BUDGET UPDATE 2023-24

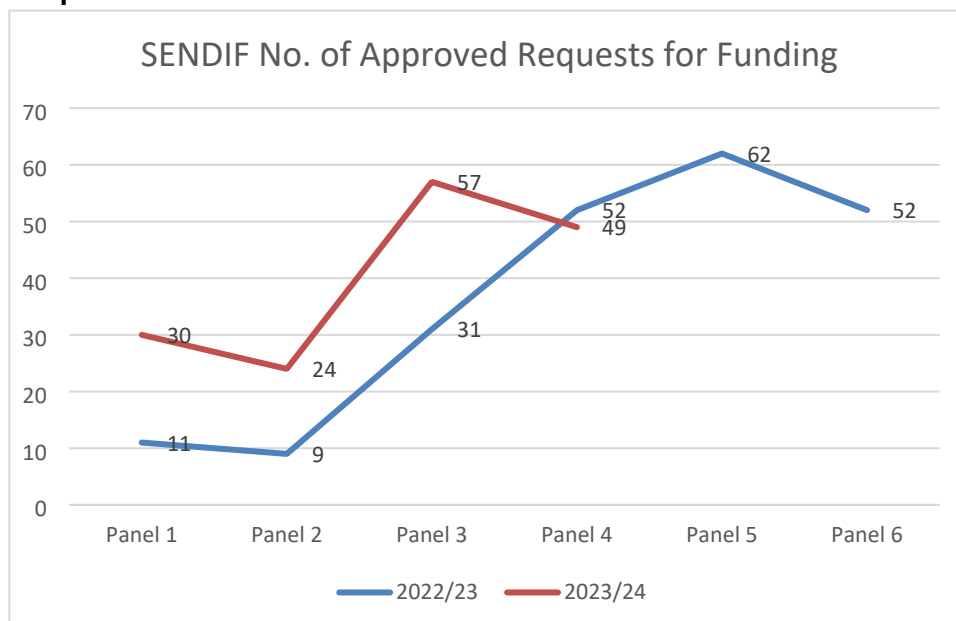
- 4.1 A detailed update of the Early Years Block for 2023-24 is included in Table 5

Table 5: Early Years Forecast 2023-24

| Early Years Funding Block | Early Years DSG Settlement 2023-24 at July 2023 £m | Forecast Distribution / Expenditure 2023-24 £m | Forecast Outturn (Surplus) / Deficit £m |
|---|--|--|---|
| 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) | 0.692 | 0.126 |
| Total | (18.062) | 17.570 | (0.492) |

- 4.2 Table 5 reflects the 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. Actual participation for the Autumn term is currently being finalised and an update on these areas of entitlement along with early years pupil premium and the disability access fund will be provided at the next Schools Forum meeting in January 2024.
- 4.3 There is a forecast deficit of £0.126m on the SEN Inclusion Fund which is an adverse movement of £0.058m to the previously reported forecast. This is based on the actual funding allocated to providers for the summer term and updated estimates for the autumn and spring terms. Graph 1 below provides information on the number of approved requests for funding within the financial year 2022/23 and 2023/24 up to October 2023.

Graph 1:



- 4.4 Approved SENDIF requests for funding are at a higher level in the first half of the 2023/24 financial year but look to level out. The next panel is due to be held in early December and an update brought to the next Schools Forum meeting.
- 4.5 As reported to previously to Schools Forum, the Early Years Supplementary Grant (EYSG) was announced from September 2023 to provide additional funding for early years providers.
- 4.6 Initial allocations for the EYSG will be paid based on Part Time Equivalent (PTE) data from the January 2023 early years, schools and alternative provision censuses. The DfE then intend to make an adjustment to reflect the actual numbers of children taking up the entitlements from the January 2024 censuses (with the exception of DAF). This is in line with the way the DSG early years block allocations are normally calculated.
- 4.7 The allocation for Tameside is £0.989m and Table 6 provides details of the breakdown of the allocation and the estimated distribution of the grant. The distribution of the grant is on the same basis as the DSG early years distribution.

Table 6: EYSG Allocations and Estimated Distribution

| EYSG Sept 23 - Mar 24 | Universal entitlement for 3 and 4-year-olds £m | Additional 15 hours entitlement for eligible working parents of 3 and 4-year- olds £m | 2-year-old entitlement £m | Early years pupil premium £m | Disability access fund £m | Total £m |
|--|---|--|--|---|--|---------------------|
| Allocation | 0.364 | 0.180 | 0.432 | 0.009 | 0.005 | 0.989 |
| Estimated Distribution | 0.356 | 0.188 | 0.483 | 0.010 | 0.002 | 1.038 |
| Variation (Surplus) / Deficit | (0.008) | 0.008 | 0.051 | 0.001 | (0.003) | 0.049 |

- 4.8 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 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.
- 4.9 The current forecast shortfall would be met from the forecast underspend on the Early Years Block DSG.

5. DSG RESERVE

- 5.1 Table 7 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 7: DSG Reserve

| | 2022-23 (Surplus) / Deficit £m | 2023-24 Forecast (Surplus) / Deficit £m |
|--|---|--|
| DSG Reserve Brought Forward | 3.243 | 3.306 |
| Schools Block Changes | | |
| 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 |
| Schools Block Subtotal | (0.353) | (0.010) |
| In year position on High Needs Block | 1.018 | 5.219 |
| In year position on Early Years | (0.614) | (0.492) |
| Early Years 2021-22 final adjustment | (0.004) | 0 |
| Estimated Early Years 2022-23 Adjustment and Final Adjustment as confirmed in July 2023 | 0.016 | 0.004 |
| Early Years Supplementary Grant | 0 | 0.049 |
| DSG Reserve after Commitments | 3.306 | 8.077 |

- 5.2 If the 2023-24 projections materialise there would be a deficit of £8.077m on the DSG reserve. 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. The position will continue to be closely monitored and updates reported to Schools' Forum. Further information on the high needs' deficit recovery plan will be brought to January Forum meeting.

6. RECOMMENDATIONS

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