

Report to:	SCHOOLS' FORUM
Date:	18 January 2024
Reporting Officer:	Jane Sowerby – Assistant Director of Education Ashley Hughes – Director of Resources (S151 Officer)
Subject:	DEDICATED SCHOOLS GRANT (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 supports 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 £8.100m 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 £5.484m.</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)	<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 that this is achieved. These will be subject to regular review.</p> <p>There is insufficient funding allocated to the borough to meet the cost of Education in borough.</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 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

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)	200.342	(0.016)
Central School Services Block	(1.249)	0.000	(1.249)	1.249	0
High Needs Block	(36.910)	(0.694)	(37.604)	43.088	5.484
Early Years Block	(18.062)	0.000	(18.062)	17.325	(0.737)
Total	(257.273)	0.000	(257.273)	262.003	4.731

- 2.2 There is a forecast surplus of £0.016m on the Schools Block. This relates to unallocated growth of £0.018m slightly offset by Academy conversion adjustments of £0.002m. The final growth allocation is based on pupil numbers at the October 2023 census point up to the agreed growth number. The 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 £6.178m, which reduces to £5.484m with the £0.694m transfer from the Schools Block. Further information on High Needs is included in Section 3.
- 2.5 There is a forecast surplus on the Early Years Block of £0.737m. This will be partially offset by a forecast deficit on the Early Years Supplementary Grant (EYSG) of £0.059m and there will be a further adjustment following Spring Term census data. Further information on the early year's position is included in Section 4.

3. HIGH NEEDS BUDGET UPDATE FOR 2023-24

- 3.1 The budget position has been updated following the autumn term real time exercise. The revised position is shown in Table 2.

TABLE 2: High Needs Forecast Position 2023-24 at December 23

High Needs Budget Position 2023-24	2023-24 Original Forecast £m	2023-24 Forecast Budget Summer Term £m	2023-24 Forecast Budget Autumn Term £m	Forecast (Surplus) / Deficit £m	% Change
Mainstream	4.389	5.343	5.684	1.295	29.50%
Special & TPRS	17.476	17.833	17.844	0.367	2.10%
Resourced Units	0.502	0.646	0.680	0.178	35.41%
Independent Schools	3.911	4.947	5.412	1.501	38.39%
PVI Settings	0.132	0.138	0.187	0.055	41.47%
NMSS	0.422	0.366	0.371	(0.051)	-12.12%
OOB (Pre 16)	2.002	2.163	2.660	0.658	32.86%
Post 16	3.000	4.148	3.774	0.774	25.78%
Hospital Education	0.100	0.100	0.100	0	0.00%
SEN Support Services	1.971	1.925	1.925	(0.046)	-2.35%
Income OOB	(0.411)	(0.432)	(0.417)	(0.005)	1.33%
Excluded Pupil Income	(0.181)	(0.181)	(0.200)	0	10.54%
Total Spend	33.313	36.995	38.017	4.705	14.12%
High Needs DSG - Original Funding	(37.144)	(37.144)	(37.144)	0	0.00%
High Needs DSG - Adjusted Import / Export	0	0.234	0.234	0.234	
High Needs DSG - Academy Recoupment	4.842	4.842	4.842	0	0.00%
Teacher Pay Grant	0	(0.245)	(0.245)	(0.245)	
Total Funding	(32.302)	(32.314)	(32.314)	(0.011)	-0.03%
In Year Deficit Before Growth	1.010	4.681	5.704	4.694	
Projected in Year Growth:					
Summer Term Real Time	2.514	0	0		
Autumn Term Real Time	0	1.370	0		
Spring Term Real Time	0	0.519	0.474		
Total Growth	2.514	1.889	0.474		
High Needs Block In Year 2023-24 Deficit	3.524	6.570	6.178		
Schools block transfer	(0.694)	(0.694)	(0.694)		
High Needs Block In Year 2023-24 Deficit (after Block Transfer)	2.831	5.876	5.484		

Note: Table includes rounding's

- 3.2 The year-end forecast is showing a deficit in-year on the high needs block of £5.484m, this is an adverse movement of £0.393m compared to the forecast position last reported in November 2023.
- 3.3 The Growth forecast has been updated and reviewed following the real time exercise for the autumn term and as Table 3 shows there has been spend to date of £1.249m and a further £0.474m of Growth is expected over the next 3 months to year-end.
- 3.4 The forecast spend to year-end is based on the assumption that the number of EHCPs being issued continues at a similar level to the previous 9 months which is an average 45 per month.

- 3.5 The forecast also includes £0.100m expenditure in relation to the education costs relating to Children's Social Care (CSC) placements. A review is underway 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.
- 3.6 Both elements of expenditure will continue to be monitored closely and updated where required.

TABLE 3: Forecast Growth September to March 24

Provision	Forecast Additional Growth Sept to Mar 24 £m	Actual Growth at Dec 23 £m	Forecast Growth to Mar 24 £m	Total Forecast Growth at Mar 24 £m	Forecast (Surplus) / Deficit £m
Mainstream	0.738	0.403	0.158	0.561	(0.177)
Special Top Up's	0	(0.001)	0	(0.001)	(0.001)
Special Place Funding	0	0.071	0	0.071	0.071
Resource Base Top Up's	0.146	0.008	0	0.008	(0.138)
Resource Base Place & Transitional Funding	0	0.133	0	0.133	0.133
Pre 16 Placements (Independent NMSS; PVI's & OOB)	1.005	1.013	0.215	1.228	0.223
Post 16 Placements	0	(0.378)	0	(0.378)	(0.378)
Contribution to CSC Placements	0	0	0.100	0.100	0.100
Total	1.889	1.249	0.473	1.722	(0.167)

4. EARLY YEARS BUDGET UPDATE FOR 2023-24

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

TABLE 4 – Early Years Forecast 2023-24

Early Years Funding Block	Early Years DSG Settlement 2023-24 at Nov 2023 £m	Forecast Distribution / Expenditure 2023-24 £m	Forecast Outturn (Surplus) / Deficit £m
3 and 4 Year Olds Universal Entitlement	(9.321)	8.666	(0.655)
3 and 4 Year Olds Extended Entitlement	(4.639)	4.387	(0.252)
2 Year Olds	(2.358)	2.441	0.083
Early Years Pupil Premium	(0.234)	0.241	0.007
Disability Access Fund	(0.132)	0.087	(0.045)
Central Retention	(0.813)	0.813	0
SEN Inclusion Fund	(0.566)	0.692	0.126
Total	(18.062)	17.325	(0.737)

- 4.2 Table 4 reflects the early year's settlement compared with the forecast distribution/expenditure. The forecast distribution/expenditure for 3 and 4 year old universal and extended entitlements for 2 year olds is based on the actual participation for the Summer and Autumn Terms and the estimated participation for the Spring Term.
- 4.3 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%, based on Summer 2023. Estimates suggest that universal uptake is reducing but after a previous upwards shift in extended entitlement there is an estimated reduction in uptake in the Spring term. 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 There has been a gradual increase in 2 year old participation. As result of this revised estimates for the Spring term show an increase in the expected uptake and therefore an increase the distribution of funding.
- 4.5 Based on the latest review of the SEN Inclusion Fund, the forecast is in line with the figure previously reported so the position has been held.
- 4.6 The Early Years Supplementary Grant (EYSG) has also been updated to reflect the actual distribution of funding for the Autumn term and estimated distribution, based on estimated participation, for the Spring Term. This is outlined in Table 5.

TABLE 5 – EYSG Allocation 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 £
Allocation	0.364	0.180	0.432	0.009	0.005	0.989
Estimated Distribution	0.345	0.175	0.515	0.009	0.002	1.047
Variation	(0.019)	(0.004)	0.084	0.000	(0.003)	0.059

- 4.7 As previously reported, any shortfall would be met from the forecast underspend on the Early Years Block.
- 4.8 Early Years Teachers Pay Grant has been announced to support early years providers who are delivering the government's early years entitlements with increased teacher workforce costs, for the period September 2023 to March 2024. The amount for Tameside is £0.070m. This allocation is based on Part Time Equivalent (PTE) data from the January 2023 early years, schools and alternative provision censuses and there will be no adjustment to the allocation. This grant is subject to conditions of grant and it is to be determined how this funding will be allocated to providers.

5. DSG RESERVE AT 31 MARCH 2023 AND ESTIMATED POSITION AT 31 MARCH 2024

- 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

	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)	(0.018)
Minor variations	(0.002)	0.002
Schools Block Subtotal	(0.353)	(0.016)
In year position on High Needs Block	1.018	5.484
In year position on Early Years	(0.614)	(0.737)
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	0.059
DSG Reserve after Commitments	3.306	8.100

- 5.2 If the 2023-24 projections materialise there would be a deficit of £8.100m 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.

6. RECOMMENDATIONS

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