



SCHOOLS FORUM

30 January 2024
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ITEM 02/24

Dedicated Schools Grant Centrally Held Budgets – December 2023 Financial Position and Forecast Outturn

SUMMARY

- 1.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant. Regulations allow any underspends or overspends to be carried forward and dealt with as part of the budget setting process for the following financial year. This report is to give account on the 2023-24 financial position forecasting to the end of the financial year March 2024.

RECOMMENDATIONS

- 2.1 To note the forecast outturn position for 2023-24 at quarter 3 is projecting an in-year deficit of £9.338m,
- 2.2 To note the implications for the 2023-24 DSG reserve in section 4.0 which is predicting a cumulative DSG deficit position of £13.781m. A variation of £0.983m from £14.764m at quarter 2.
- 2.3 To note the requirement of the Deficit Management Recovery Plan in section 5.0.

SUPPORTING INFORMATION

- 3.1 The Dedicated Schools Grant (DSG) 2023/24 allocation for Derby is £307.482m and is split into four blocks: -
- Schools Block £228.23m
 - Central School Services Block £2.65m
 - High Needs Block £56.601m
 - Early Years Block £20.00m

The current in-year pressure being reported on the Dedicated Schools Grant is forecast at **£9.338m** against an initial **unmitigated** deficit budget set of **£12.225m**.

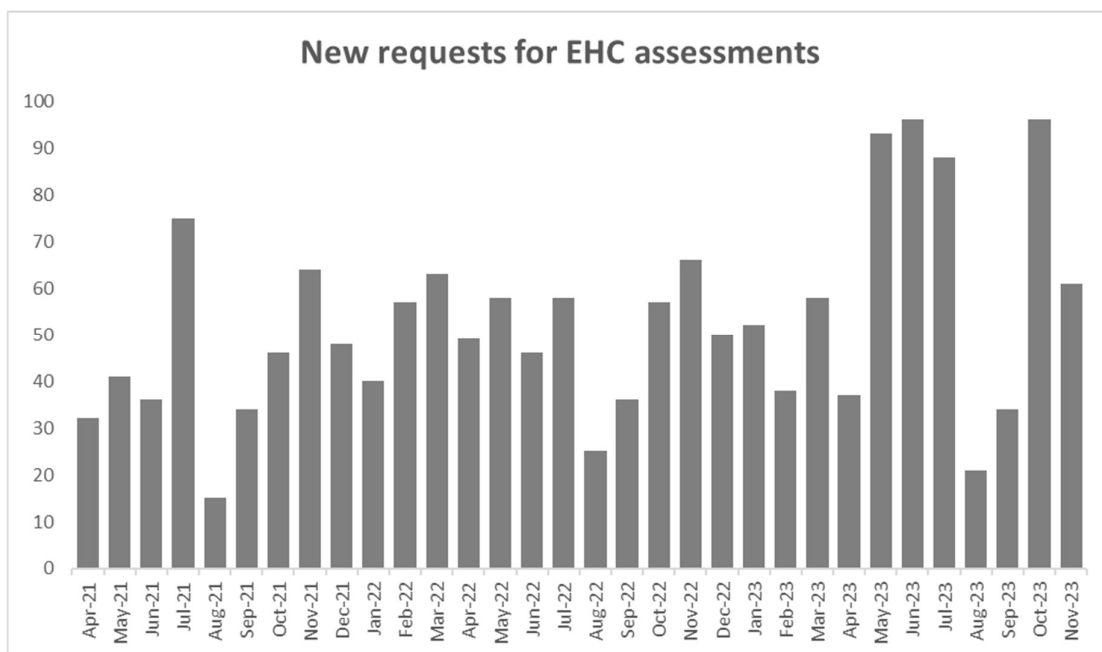
- 3.2 **The High Needs Block** set an unmitigated deficit budget for 2023/24 of £12.225. This included a contingency for growth and demand of £5.514m. The high needs deficit is reporting £9.185m at quarter 3 signalling that the extent of the contingency required is lower than expected.

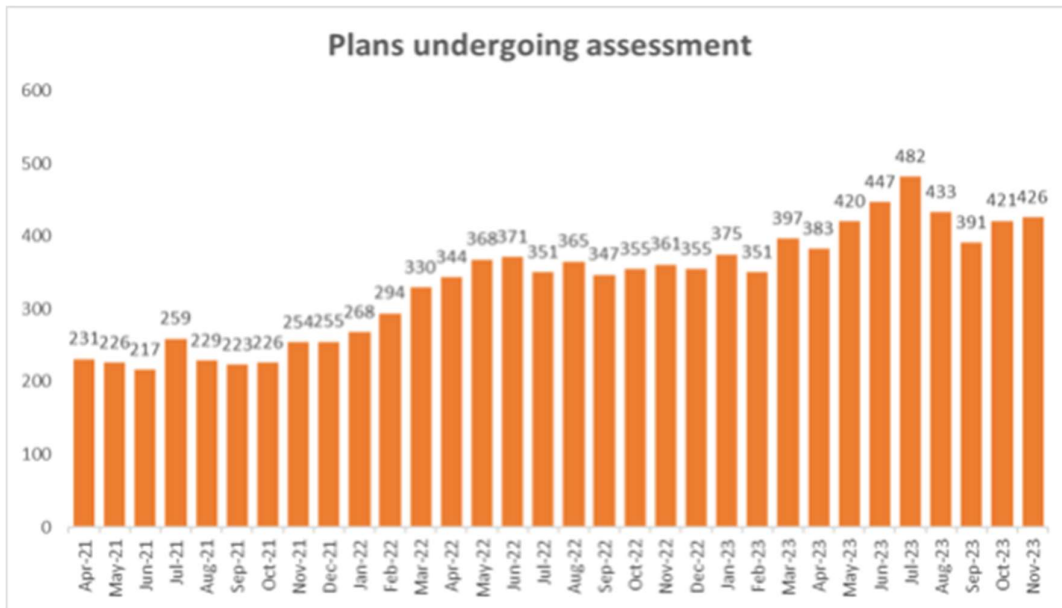
A revised High Needs Block deficit plan is in development with schools, this will include: -

- Creating a strategic alliance to ensure collective responsibility and oversight. This working group will monitor the reaction of the HNB deficit management plan actions, receive feedback from the various working groups, schools' strategic groups and shape recommendations and decisions.
- Implementing a banding system to regulate funding and ensure equity across schools. The working group will establish a banding system and exceptional funding framework that is needs led, ensuring appropriate use of resources and consistency with other local authorities.
- A full review of funded provisions will be undertaken to ensure compliance with statutory responsibilities with robust commissioning arrangements.
- Improving demand will be achieved through supporting mainstream schools to meet needs earlier, through developing specialist skills of the workforce.
- An end-to-end review of the EHCP process to strengthen SMART outcome focused decision making, consistency of decision making, and accountability processes.
- Development of enhanced provisions within mainstream to support more young people to remain in mainstream settings.
- Review of all funding against the HNB statutory guidance
- A review of the capital funding for special school expansion

A three-year plan, including targets and a banding system and exceptional funding framework will be presented to the School Forum in June 2024.

3.3 Within Derby, the demand for Education and Health Care assessments remains high, with an average of 61 new requests each month (an increase from 40 in 2022/23). Currently, the team is processing 426 open EHC needs assessments, of these, 189 are more than 20 weeks old. 328 new EHC plans have been issued since April 2023, an increase of 93 plans on the same period last year.





The budget for additional support to children in mainstream schools across the city ('Top up Funding') was set at £10.229m for 2023/24. This is currently showing a pressure of **£3.165m** due to an increase in EHCP funding supporting mainstream schools additional to School's basic notional SEN allocations.

There are currently circa 152 requests built into the forecast that have yet to be processed for payment, any variation to the final number of approvals will alter this forecast.

3.4 Special schools are currently showing an underspend against the original budget of **£0.474m**, this has decreased the underspend from October by £0.375m due to: -

- lower than predicted numbers in the personalised programmes between April to August 23,
- currently circa 52 places are occupied by other authorities, however, such a take up of space is highly likely to result in City children having to be placed out of authority at a much higher cost due to lack of in City spaces. Work is progressing to mitigate the impact of the situation whereby costs are negotiated at an element 3 level rather than a full year OOA place (where possible), an example of this is a saving of £64,000 on one place alone.

3.5 Enhanced resource units are currently forecasting a pressure of **£0.159m** based on increased demand and local agreements for those placed in the schools, the forecast is broadly in line with October with an increase of £0.057m difference.

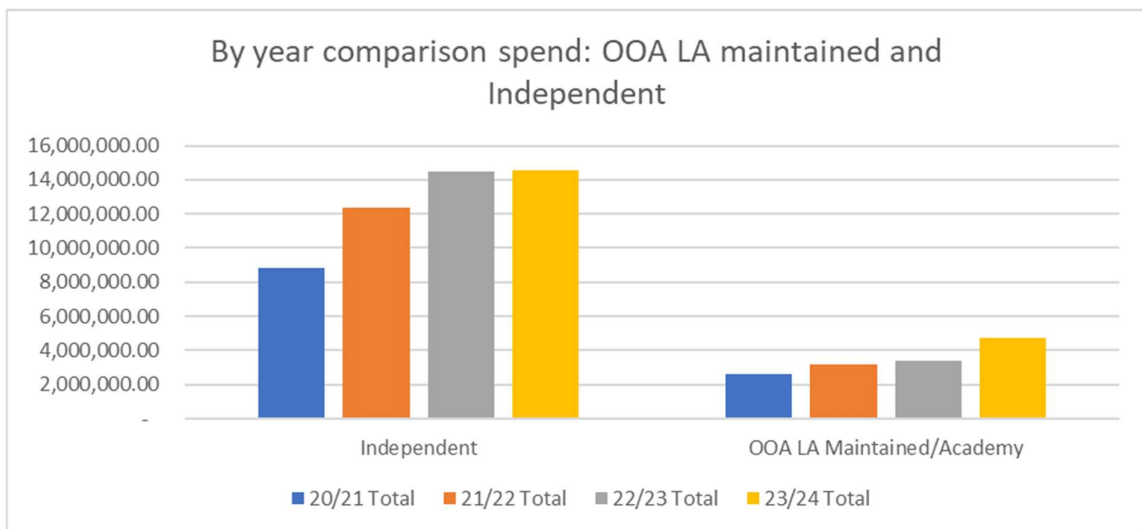
3.6 The 2023/24 budget for Independent and out of authority specialist placements was increased by a further £0.8m to a budget of £18.75m. The full year forecast of £19.28m as of November 2023 does include provision for a further 7 independent places not yet confirmed. It needs to be noted that with the number of assessments still coming into the Authority this forecast could change. Quarter 3 pressure is reported at **£0.534m**

Current records show that in November 2023 there are 442 out of area placements this is an increase from October 2023 of 2 placements.

The annual average placement fee has increased by 20.25% for out of area Maintained and Academy schools and 10.23% for independent schools from 2022/23.

AVG Placement Costs	20/21	Avg cost 21/22	Avg cost 22/23	Avg cost 23/24	Avg cost increase 23/24	% Avg increase on last FY
OOA LA Maintained/Academy	-	£17,620.71	£16,565.28	£19,919.43	£3,354.15	20.25%
Independent	-	£52,790.29	£54,925.43	£60,542.04	£5,616.61	10.23%

Learner placements	20/21 Placements	21/22 Placements	22/23 Placements	23/24 Placements
OOA LA Maintained/Academy	159	168	213	203
Independent	190	233	258	239
Total Learner Placements	349	401	471	442



Personal budgets forecast a pressure of **£0.155m**, due to an increased uptake, the budget was set at £0.2m.

Other High Needs Support services are forecast a pressure of £0.055m, which will be offset by unused contingency of **£1.5m**

Speech and Language is forecast an underspend of £0.069 against a budget of £0.18m

3.7 **Post 16 provision** is reporting a pressure of £0.468m this is due to an increase in post 16 placements and additional commissioned placements, a slight upward change from October reporting of £0.14m

- 3.8 The regulations remain whereby there is little or no ability, due to the both the ring-fencing of some of the elements of the DSG and financial pressures across the whole system, to allow other funding blocks to offset the pressure. The amount of £0.055m had already been transferred to the High Needs Block as part of the budget process.
- 3.9 The **School's block** is currently reporting a overspend of £0.134m due to increase in rates.
- 3.10 **Central Block** are reporting a slight overspend of £0.019m in November 2023.
- 3.11 **The Early years block** is currently reporting a balanced position; however, this is sensitive to the change in counts each term. Early indication shows a possible £0.838m underspend which can only be confirmed once the January 2024 census data is released. There is a change of £0.538 from October 2023 reports. The change is due to actual Autumn term number and an estimate for Spring term uptake.

4.0 **DSG reserves.**

The DSG deficit balance brought forward from 2022/23 remains at £4.443m.

With the in-year forecast deficit of £9.338m this brings the overall DSG deficit to £13.781m.

The following table states the current reserves position as at Qtr 3 2023.

DSG reserves - Quarter 3				
				Balance £'m
2022-23	Final Deficit as per statement of accounts	-	4.443	
2022-23	Year end reported deficit position		-4.443	
2023-24	In Year Deficit		-9.338	
2023-24	Year End Cumulative forecast Deficit		-13.781	

5.0 **Deficit Management Recovery Plan**

It is a requirement of the DSG: conditions of grant 2022 to 2023 (paragraph 5.2) that local authorities (LAs) have a plan in place to manage their overspend on the DSG.

The dedicated schools grant management plan was agreed at Derby City Council's Cabinet meeting in June 2023. The management plan outlines the current trajectory of expenditure and sets out the identified, mitigating activities aimed at bringing

expenditure back in line with forecasted budgets over the next five years. The plan has been agreed by the Department for Education who will systematically review progress with senior leaders across the local area.

The SEND Strategy through its transformational workstreams will impact on delivering a sustainable system with better outcomes and increased parental confidence, and without the plans Derby's unmitigated deficit would be significantly higher. This is in the context of a national SEND system that is under unprecedented pressure with the overspend on the high needs block forecast to hit the £3bn mark by the end of the financial year.

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Background papers:	None
List of appendices:	None