



**SCHOOLS FORUM**  
**20 December 2022**

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Director of People Services  
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**ITEM**  
**02/22**

**Dedicated Schools Grant Centrally Held Budgets –  
December 2022 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 2022-23 financial position forecasting to the end of the financial year March 2023.

**RECOMMENDATIONS**

- 2.1 To note the forecast outturn position for 2022-23, the current forecast is predicting in-year deficit of £5.5m.
- 2.2 To note the implications for the 2022-23 DSG reserve in section 4.0 which is predicting a cumulative DSG deficit position of £6.9 m.
- 2.3 To note the requirement of the Deficit Management Recovery Plan in section 5.0.
- 2.4 To note the announcement from the Autumn statement in section 6.0

**SUPPORTING INFORMATION**

- 3.1 The Dedicated Schools Grant (DSG) 2022/23 allocation for Derby is £286.66m and is split into four blocks: -
- Schools Block £213.3m
  - Central School Services Block £2.85m
  - High Needs Block £51,073m
  - Early Years Block £19.435m

The current in-year pressure being reported on the Dedicated Schools Grant remains at a forecast deficit of £5.5m against an initial deficit budget set of £3.9m. (Originally £4.1m deficit budgeted, now offset by previous year adjustment of £0.18m)

- 3.2 The **School's block** is now reporting a slight underspend of **£0.268m**.
- 3.3 The **Central Block** is reporting a balanced position.
- 3.4 **The Early years block** is now reporting a slight underspend of **£0.132m** on a budget of £19m; the final outturn remains sensitive to the final count of the year; this block is paid on real time census count 3 times a financial year.

For 3- & 4-year-olds the summer term count is showing 3,246 FTE children (based on 30hrs per week) which is an increase of 4% compared with this time last year.

2-year-old funding has been updated for current numbers and is the trigger for the slight underspend noted above. Lower numbers will affect the allocation in the future year and will be clawed back through new year adjustments.

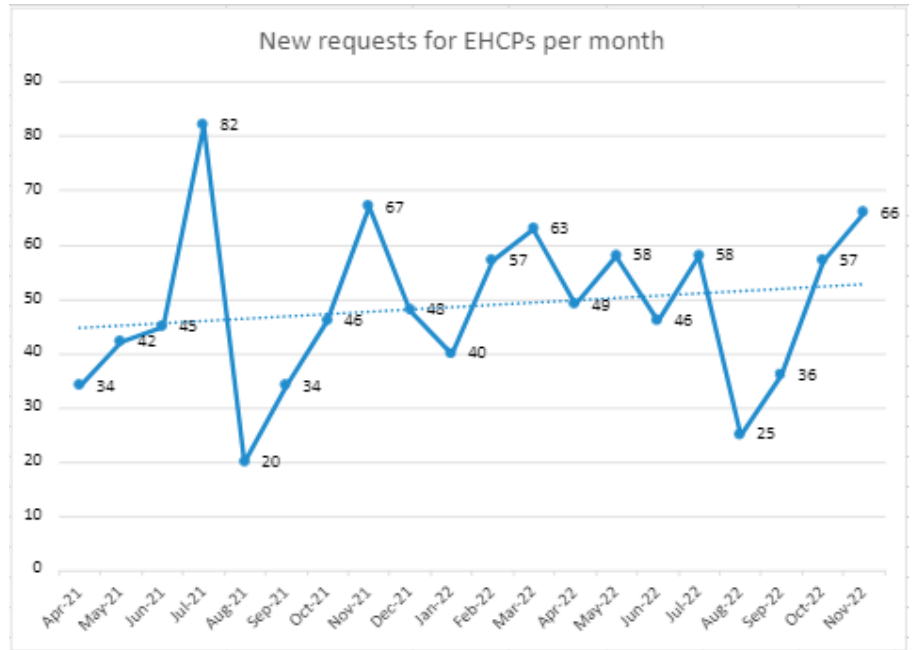
Local Authorities still await the outcome of the early year's consultation.

- 3.5 The **High Needs Block** is reporting an unbudgeted pressure of **£2m** which is an increase of £0.4m from Quarter 2.
- 3.5.1 The budget for additional support to children in mainstream schools across the City ('Top up Funding') was set at £6.1m for 2022/23 a significant increase from 2019/20 of £2m. The current forecast is £5.8m. (**£0.3m** forecast lower than the original budget).

As at November 472 mainstream pupils are receiving top-up funding, this is a significant reduction from September (597). However, there is no significant change to the forecast spend as the current average cost of an E3 is now £12,300, compared to an average of £8,700 in September.

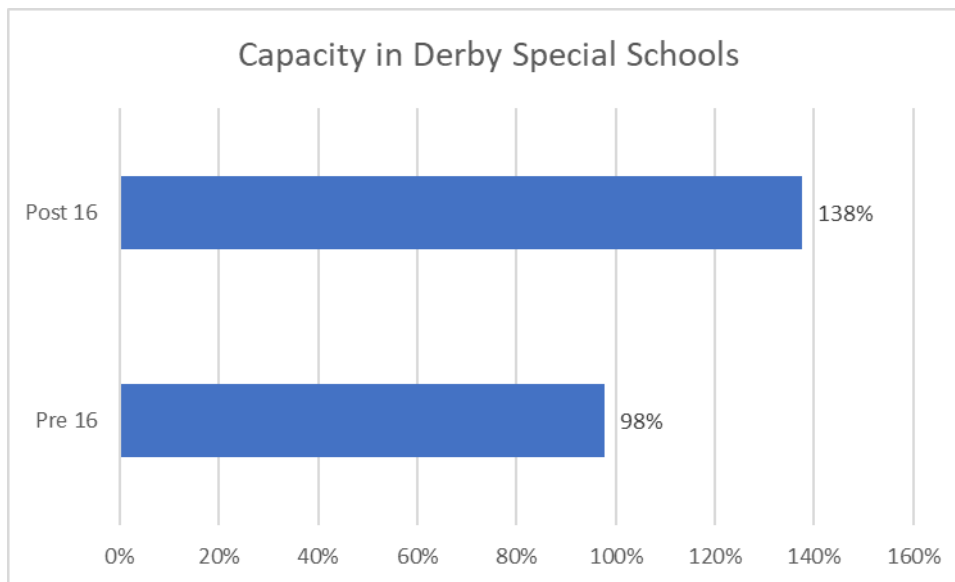
Currently there are 362 plans undergoing assessment with 145 at stage 2 either awaiting panel decision or at draft. Within the overall forecast for the remainder of the financial year, there a pro-rata forecast for 90 applications to be completed by end of March 2023, (£135,000), this very much depends on the individual outcome of both value and date awarded.

The table opposite detailing the number of EHCP requests received by the Authority each month up until November 22.



3.5.2 Additional funded places within Special Schools and Enhanced resource units are currently showing a pressure of **£0.5m**. This forecast includes provision for additional commissioned places and transformational change needs resulting from the SEND Capital Programme.

The table below table shows the current capacity within the City’s Special Schools.



3.5.3 The 2022/23 budget for Independent and out of authority specialist placements was set at £17.9m, an increase of £2.4m from 2021/22. Due to the limited capacity for specialist placements within the city together with the increased demand costs this financial year are seeing further increased levels.

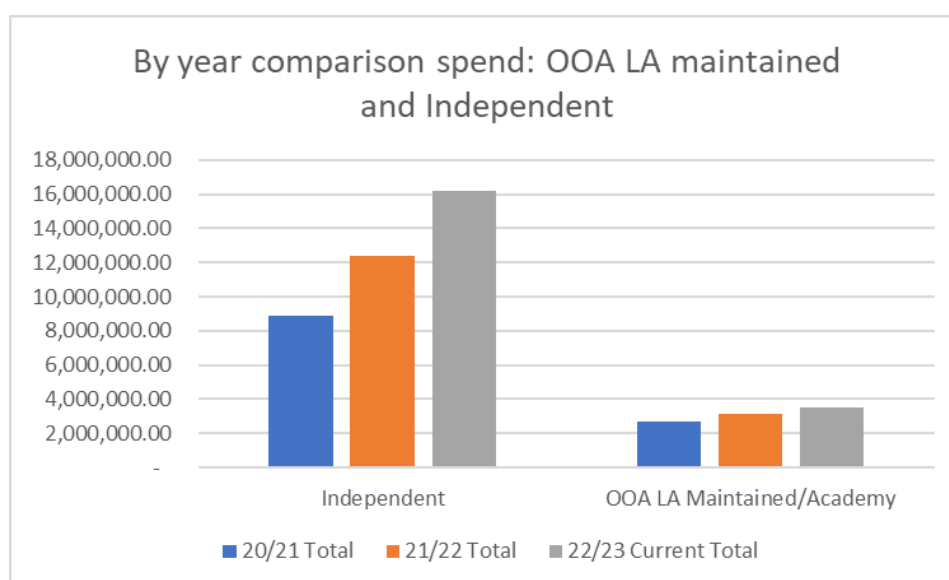
Current records show that there are currently 463 out of area placements (as of November 22) an increase from 2021/22 of 62 placements of which 38 have been

placed since September 22, resulting in a significant **£1.8m** pressure (additional costs over the last year of £4.2m).

| Learner placements              | 20/21 Placements | 21/22 Placements | 22/23 Placements |
|---------------------------------|------------------|------------------|------------------|
| OOA LA Maintained/Academy       | 159              | 168              | 207              |
| Independent                     | 190              | 233              | 256              |
| <b>Total Learner Placements</b> | <b>349</b>       | <b>401</b>       | <b>463</b>       |

In addition to the number of placements increasing, the average cost has also increase by 17.2% for independent schools.

| AVG Placement Costs       | 20/21 | Avg cost 21/22 | Avg cost 22/23    | Avg cost increase 22/23 | % Avg increase on last FY |
|---------------------------|-------|----------------|-------------------|-------------------------|---------------------------|
| OOA LA Maintained/Academy | -     | £16,470.00     | <b>£16,454.54</b> | <b>-£15.46</b>          | -0.09%                    |
| Independent               | -     | £47,440.58     | <b>£55,599.95</b> | £8,159.37               | 17.20%                    |



3.5.4 Post 16 provision is reporting a balanced position on a budget of £3.09m.

3.6 The associated transport costs for these placements are not funded from the DSG but from the Council's General Fund, the increase in placements is costing the City more than £8m (an overspend of £3.6m) and the likelihood of a trajectory to increase further is extremely high as more children are placed out of the City.

3.7 Transformation work is ongoing with continued support from the current provider, Impower will build on interventions already implemented resulting in significant management of demand from September 2022.

The next stage of the transformation work includes the following interventions

1. Implement and embed the Electronic Derby Inclusion Tool (EDIT) within schools and settings.
2. Strengthen the redesigned Panel Process.
3. Establish and implement clear transitions process (Right Support, Right Time, Right Place).
4. Strengthening SEND in Early Years - Take an evidence-led approach to understand demand drivers in Early Years settings.

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 £0.303m had already been transferred to the High Needs Block as part of the top slice approved at Schools Forum on 1<sup>st</sup> February 2022 as part of the budget process.

4.0 **DSG reserves.**

The DSG committed reserves balance brought forward from 2021/22 remains at £1.4m.

Derby has received a backdated adjustment to the 2021/22 Early years clawback of £0.18m (note the 2021-2022 pressure was £0.6m, so not all the pressure has been recouped in the current year).

The final DSG allocation and recoupment adjustments has also seen a favourable adjustment of £0.8m

Schools Forum agreed a further £1m commitment for transformation work in September 22.

With the in-year forecast deficit of £5.5m this brings the overall DSG deficit to £6.9m

The following table states the current reserves position based on Quarter 3.

| <b>DSG reserves</b> |  |   |  |                    |
|---------------------|--|---|--|--------------------|
|                     |  | <b>Outstanding commitments from 2021/22</b> |  |                    |
|                     |  | <b>£'m</b>                                  |  | <b>Balance £'m</b> |
| 2021/22             | Final Deficit as per statement of accounts     |   |  | -0.721             |
|                     | Commitment not paid in 2021/22                 | -0.326                                      |  |                    |
|                     | HN Transformation                              | -0.36                                       |  |                    |
| <b>2021/22</b>      | <b>Year end reported deficit position</b>      |   |  | <b>-1.407</b>      |
| 2022/23             | Backdated Early years adjustment               |   |  | 0.18               |
|                     | DSG final allocation and recoupment adjustment |   |  | 0.8                |
|                     | Additional Transformation agreed Sept 2022     |   |  | -1                 |
| Quarter 3 22/23     | In Year Forecast Deficit                       |   |  | -5.471             |
| <b>2022/23</b>      | <b>Year End Cumulative forecast Deficit</b>    |   |  | <b>-6.898</b>      |

## 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 plan for Derby is currently being updated and the aim is to share the first version with Schools Forum in time for budget planning discussions for 2023/24.

5.0

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1004562/202107\\_DSG\\_management\\_plan\\_guidance\\_2021\\_to\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004562/202107_DSG_management_plan_guidance_2021_to_2022.pdf)

## Autumn Statement – Update from original funding announcement

HM Treasury Autumn Budget and Spending Review 2021 announced increases to schools' core funding for the three financial years covered by the Spending Review – 2022- 23, 2023-24 and 2024-25. The announcement included an additional £4.7 billion by 2024-25 for the core schools' budget (compared to how much was due to be allocated in 2022-23, according to the previous spending review in 2019). The Government estimated the £4.7 billion would equate to a cash increase of more than £1,500 per-pupil by 2024-25, compared to 2019- 20.

6.0

The 2021 Spending Review document also noted at the time there was an expectation to increase teacher starting salaries to £30,000.

The Autumn 2022 Statement announced real terms increase in per pupil funding from that committed at Spending Review 2021. The core schools' budget in England will receive £2.3 billion of additional funding in each of 2023-24 and 2024-25, enabling schools to continue to invest in high quality teaching and to target additional support to the children who need it most.

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|--------------------------------------|--|
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| <b>Background papers:</b>            | None   |
| <b>List of appendices:</b>           | None   |