



SCHOOLS FORUM

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ITEM 01/23

Dedicated Schools Grant Centrally Held Budgets – October 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, the current forecast remains an in-year deficit of £10.332m,
- 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 £14.764m. A reduction from £15.971m at quarter 2.
- 2.3 To note the requirement of the Deficit Management Recovery Plan in section 5.0.

SUPPORTING INFORMATION

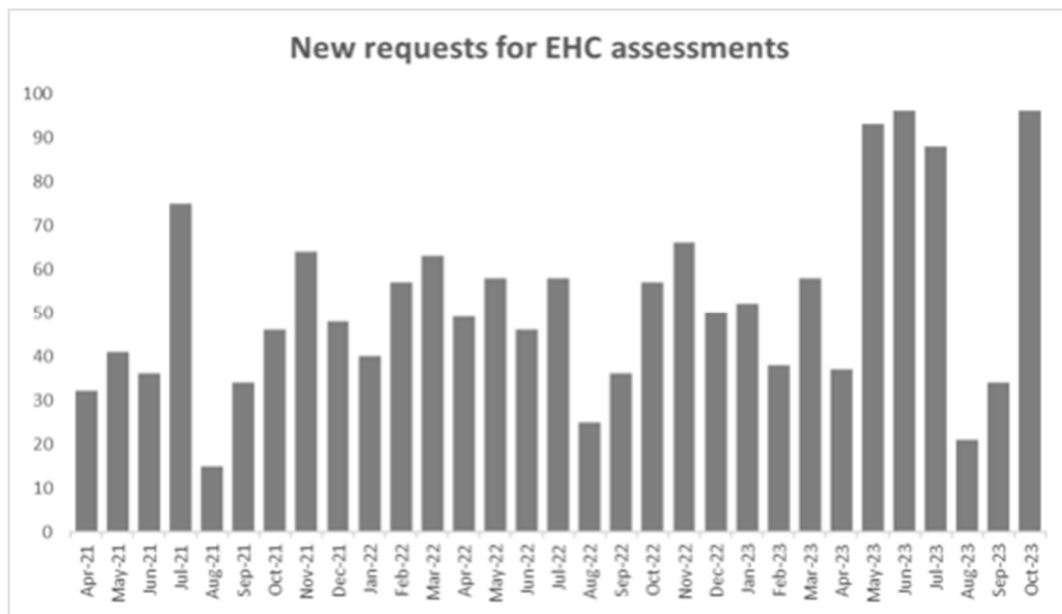
- 3.1 The Dedicated Schools Grant (DSG) 2023/24 allocation for Derby is £307.529m and is split into four blocks: -
 - Schools Block £228.23m
 - Central School Services Block £2.65m
 - High Needs Block £56.649m
 - Early Years Block £20.00m

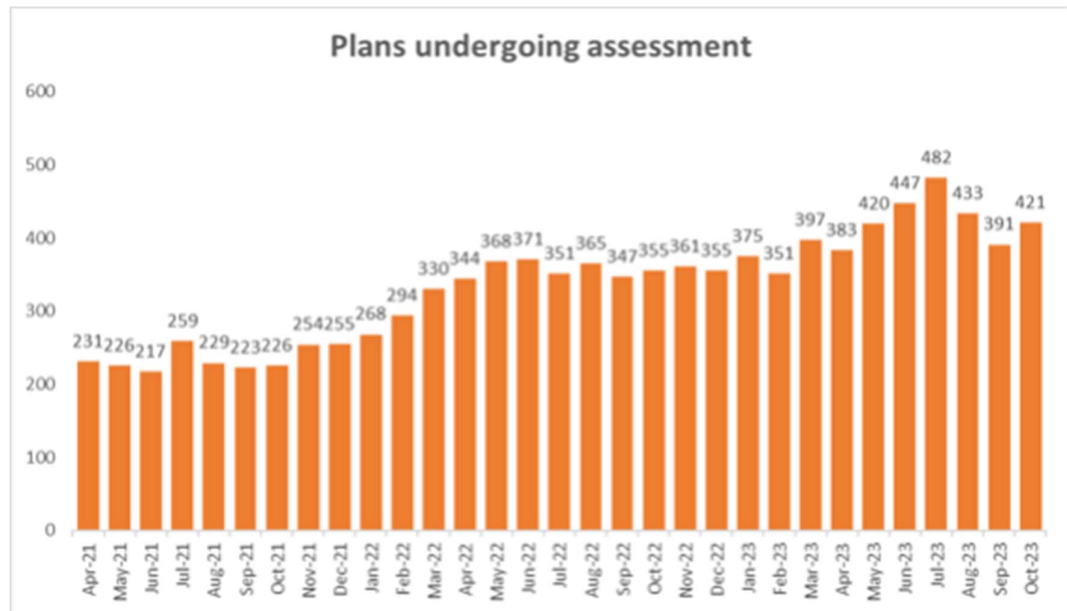
The current in-year pressure being reported on the Dedicated Schools Grant is forecast at **£10.322m** against an initial **unmitigated** deficit budget set of **£12.225m**.

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 £10.332m. However, it is expected that not all of the contingency will be fully spent in 2023/24, this is mostly due to the following:-

- The Hub and Spoke model is planned to be implemented from February 2024 onwards.
- Current banding model for top up payments leaves instability in the budget – the Local Authority plans to consult with schools on a new banding system to prevent this turbulence in the future.
- There has been an overly high level of referrals in recent months coming through for assessment. The cost of these is unknown and could vary significantly depending on the young person's needs.

Within Derby, the demand for Education and Health Care assessments remains high, with an average of 68 new requests each month (an increase from 40 in 2022/23). Currently, the team is processing 421 open EHC needs assessments, of these, 142 are more than 20 weeks old. 310 new EHC plans have been issued since April 2023, an increase of 100% on the same period last year.





3.3 The budget for additional support to children in mainstream schools across the city ('Top up Funding') was set at £10.208m for 2023/24. This is currently showing a pressure of £3.144m due to an increase in EHCP funding supporting mainstream schools additional to School's basic notional SEN allocations.

There are currently circa 100 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 of £0.850m, this has increased from quarter 2 by £0.438m due to: -

- lower than predicted numbers in the personalised programmes between April to August 23,
- currently circa 90 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 £0.102m based on increased demand and local agreements for those placed in the schools, the forecast is broadly in line with quarter 2 a £44,000 difference.

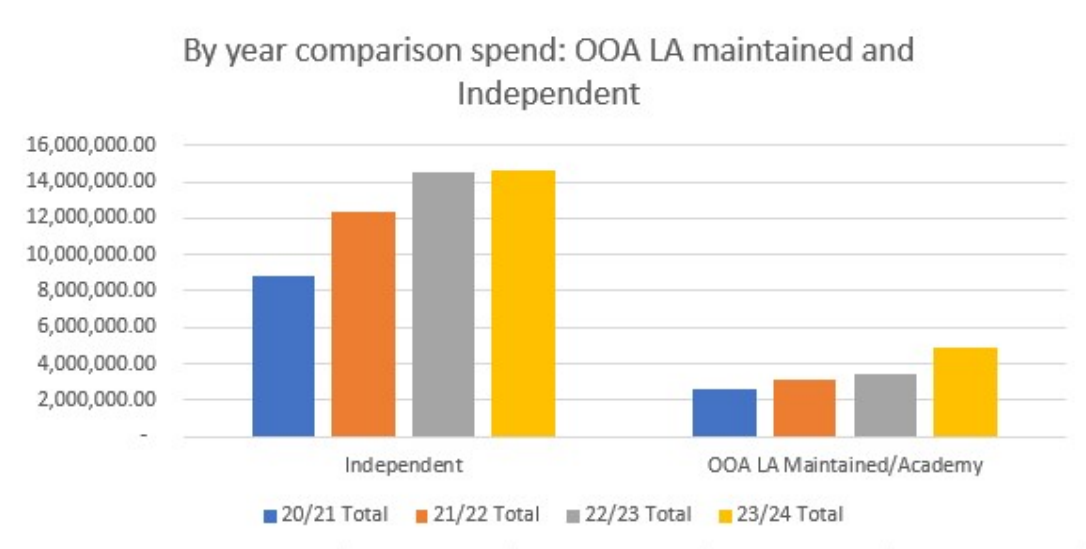
3.6 The 2023/24 budget for Independent and out of authority specialist placements was increased by a further £0.8m to a budget of £18.75m. The full year forecast of £19.493m as of October 2023 does include provision for a further 7 independent places and 6 Other Local Authority places not yet confirmed. It needs to be noted that with the number of assessments still coming into the Authority this forecast could change.

Current records show that in October 2023 there are 440 out of area placements this is an increase from August 2023 of 35 placements.

The annual average placement fee has increased by 20.22% for out of area Maintained and Academy schools and 10.62% 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	£19,914.55	£3,349.27	20.22%
Independent	-	£52,790.29	£54,925.43	£60,760.91	£5,835.49	10.62%

Learner placements	20/21 Placements	21/22 Placements	22/23 Placements	23/24 Placements
OOA LA Maintained/Academy	159	168	213	201
Independent	190	233	258	239
Total Learner Placements	349	401	471	440



- 3.7 Personal budgets forecast a pressure of £0.155m, due to an increased uptake, the budget was set at £0.2m.
- 3.8 Other High Needs Support services are forecast a pressure of £0.051m, which will be offset by unused contingency supporting the transformation officer post and related spends.
- 3.9 Speech and Language is forecast an underspend of £0.069 against a budget of £0.18m

- 3.10 **Post 16 provision** is reporting a pressure of £0.328m this is due to an increase in post 16 placements. a slight upward change from quarter 2 reporting
- 3.11 As part of the budget setting process a contingency element was created for the continuation of transformational change at £2m, It is still forecast that the full amount will be required in 2023/24 to continue supporting transformation, however if this is not fully utilised the deficit position will be reduced.

There has been a small windfall of £0.044m through import and export contributing to the lower deficit position.

- 3.12 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 £0.3m had already been transferred to the High Needs Block as part of the budget process.
- 3.13 The **School's block** and **Central Block** are reporting balanced positions. There is no change from the quarter 2 reported position.
- 3.14 **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 £0.3m underspend which can only be confirmed once the January 2024 census data is released. There is no change from the quarter 2 reported position.

4.00 **DSG reserves.**

The DSG deficit balance bought forward form 2022/23 remains at £4.443m.

With the in-year forecast deficit of £10.322m this brings the overall DSG deficit to £14.764m.

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

DSG reserves - October 23			
			Balance £'m
2022-23	Final Deficit ad per statement of accounts	-	4.443
2022-23	Year end reported deficit position		-4.443
2023-24	In Year Deficit		-10.322
2023-24	Year End Cumulative forecast Deficit		-14.764

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