



SCHOOLS FORUM

11 October 2022

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ITEM 01

Dedicated Schools Grant Centrally Held Budgets – October 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 an unprecedented and increasing 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 £6.9m.
- 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) 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 is forecast at £5.5m against an initial deficit budget set of £3.9m.

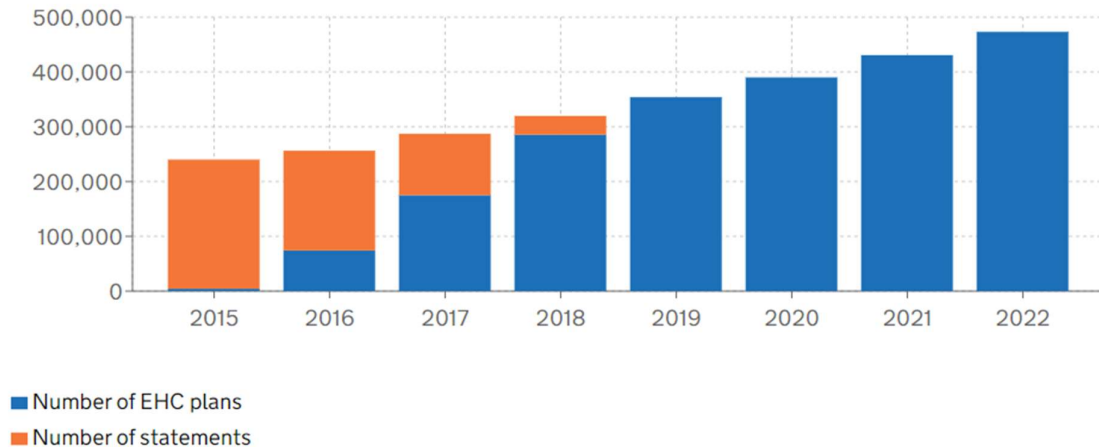
The High Needs Block is reporting a pressure of £1.6m the pressures detailed in 3.2 - 3.6.

- 3.2 The budget for additional support to children in mainstream schools across the City ('Top up Funding') was set at £6.1m for 2022/23. As at September 597 mainstream pupils are receiving top-up funding, with package costs ranging from £1,000 to £39,000 for the 22-23 financial year, the current average cost of an E3 remains high at £8,700, this is compared with previous average costs of circa £3,000. Currently there are 326 waiting to be written.

The current forecast is based on the original budget of £6.1m until actual plans are realised from the 326. The risk is that the £6.1m is not enough to sustain the current plans and any new support.

- 3.3 Nationally the total number of Education, Health, and Care Plans (EHCP) has continued to increase, Department for Education statistics show a 9.9% increase nationally from 2021. In Derby the percentage increase for the same period was 11%. Children of compulsory school ages continue to account for over two thirds of EHC plans – this is a consistent long-term trend.

Number of EHC plans and statements of SEN, 2015 to 2022



Source: SEN2

- 3.4 Additional funded places within Special Schools and Enhanced resource units are currently showing a pressure of £0.8m. Spend on Special School places is higher as anticipated in part due to growth resulting from phase 1 of the SEND Capital Programme. Phase 1 of Derby's capital ambition for SEND is based on the priority to secure Derby children and young people with SEND a specialist place to match the need in a Derby school. Enhanced resource places have grown slightly with local agreements to add capacity and prevent out of area placements.



3.5 The 2022/23 budget for Independent and out of authority specialist placements was increased by a further £2.4m to a budget of £17.9m. 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 in September 2022 there are 425 out of area placements an increase from 2021/22 of 24 placements, resulting in a significant £0.8m pressure (additional costs over the last year of £3.2m).

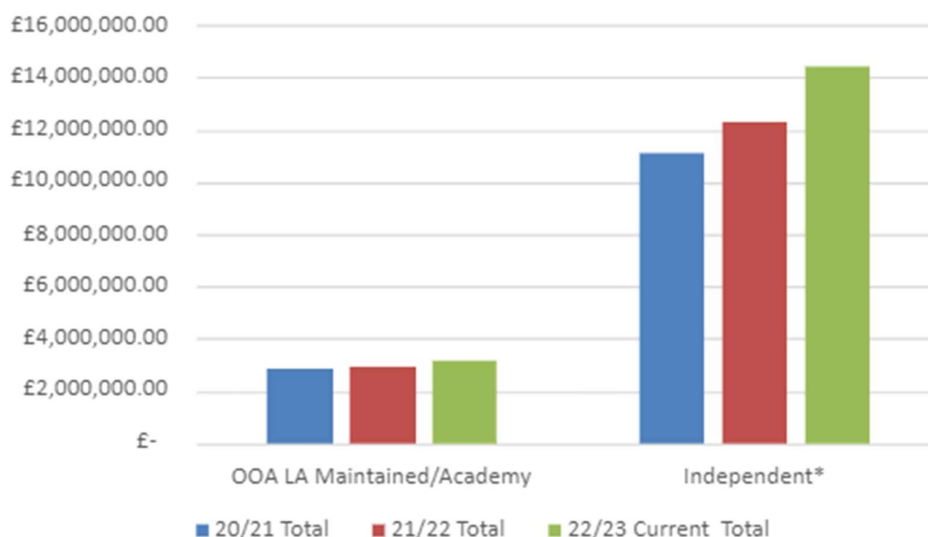
In addition to the number of placements increasing, the average cost has also increase by 20% for out of area Maintained and Academy schools and 27% for Independent schools.

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	£ 19,781.36	£ 3,311.36	20.11
Independent	-	£ 47,440.58	£ 60,123.58	£ 12,683.00	26.73

				includes September starters	
Learner placements	20/21 Placements	21/22 Placements	22/23 Placements	22/23 Forecast Total* ²	
OOA LA Maintained/Academy	159	168	159	184	
Independent	190	233	221	241	
Totals	349	401	380	425	

² This includes approved placements in FY 22/23 not yet started.

By year comparison spend: OOA LA maintained and Independents



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 £3.1m) 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.

Working with Impower the Council has designed and implemented a number of interventions to manage demand, seek cost avoidance and build confidence from Schools and Parents. To date, the focus has been in respect of three key interventions

1. Implementing the Derby SENCo Advice Line (DSAL), a telephone advice line to deal with demand at the front door:
2. The introduction the Derby Inclusion Tool – DIT, a needs-based assessment tool to allow for better system management around support for children in the right place at the right time
3. The re-design of Panel Processes to consolidate the need for strength-based approaches around the needs of children with more objective decision-making processes.

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

- 3.9 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.
- 3.10 The **School's block** and **Central Block** are reporting balanced positions.
- 3.11 **The Early years block** is currently reporting a balanced position; however, this is sensitive to the change in counts each term.

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.

For the 2-year-olds the number of children recorded on the summer term count has reduced by 7% from 924 in the summer term of 2021 to 856 in 2022.

4.0 **DSG reserves.**

The DSG committed reserves balance bought forward form 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 2.

DSG Reserves				
		Outstanding commitments from 2021/22		Balance
		£'m		£'m
2021/2022	Final Deficit as per statement of accounts			-0.721
	Commitments not paid in 2021/22	-0.326		
	HN transformation	-0.36		
2021/2022	Year end reported deficit position			-1.407
2022/23	Backdated Early Years adjustment			0.18
	DSG final allocation and recoupment adjustment			0.8
	Additional Transformation commitment agreed Sept 2022			-1
Quarter 2 22/23	In-year Forecast Deficit			-5.5
2022/23	Year End Cumulative forecast Deficit			-6.927

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 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.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004562/202107_DSG_management_plan_guidance_2021_to_2022.pdf

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Background papers:	None
List of appendices:	None

