

Schools Forum

18 October 2022

Review of Dedicated Schools Grant - Update on 2022/23 Forecast Position

1. Purpose of report

- 1.1 To inform Schools Forum of the Dedicated Schools Grant (DSG) forecast outturn position for 2022/23.

2. Recommendations

- 2.1 That Schools Forum note the updated position set out in the report.

3. Background

- 3.1 Schools Forum has been monitoring DSG expenditure in recent years, and this report provides an update for the 2022/23 financial year.
- 3.2 As the Schools and Central Schools Services blocks of the DSG are fully committed at the beginning of the year, in agreement with Schools Forum, the forecast will not change through the year and these blocks are therefore not included within this report.
- 3.3 The accumulated surplus on the Dedicated Schools Grant (DSG) at the end of 2021/22 totalled £0.142m. The breakdown of this between allocated and unallocated balances is summarised in Table 1 below:

Table 1 – DSG Surplus as at end 2021/22	
Area	Amount (£m)
Balances Previously Allocated to Specific Areas of Investment:	
School Readiness / Early Help	0.029
2 Year Old Places	0.228
Sector Led Improvement Model	0.378
Subtotal – allocated Reserve	0.635
Prior year DSG overspend	(0.493)
Net DSG Reserve	0.142

- 3.4 The prior year DSG overspend has been carried forward and will be offset against 2022/23 funding allocations.

4. 2022/23 High Needs Block Monitoring

- 4.1 The 2022/23 High Needs budget and projected expenditure, as at September 2022, is shown in Table 2 below:

Table 2 – High Needs Position as at September 2022			
High Needs Expenditure 2022/23	Annual Budget (£m)	Spend Forecast as at Sep'22 (£m)	Forecast Variance at year end over/ (underspend) (£m)
Place funding Specials	8.196	8.196	0.000
Place funding PRUs	1.250	1.250	0.000
Place funding – ARP's	0.333	0.351	0.018
Top-up mainstream schools & ARPs,	9.599	9.410	(0.189)
Top-up out of borough schools	2.170	2.170	0.000
Top-up specials schools	10.678	10.678	0.000
Top-up pupil referral units	0.889	0.889	0.000
Contingency for PRU & Special	1.575	1.403	(0.172)
Top-up non-maintained special, independent AP & FE	9.141	9.141	0.000
SEN Support Services	3.104	3.104	0.000
Other alternative provision incl. home & hospital tuition, support for inclusion, outreach	1.868	1.868	0.000
Tuition Costs	0.400	0.400	0.000
AP Free School Deduction	0.040	0.000	(0.040)
Previous year's deficit	0.277	0.295	0.018
Updated HNB – July 2022 updated allocation	(0.365)	0.000	0.365
Total Budget / Expenditure	49.155	49.155	0.000

- 4.2 The Education, Skills and Funding Agency (ESFA) updated the High Needs Block allocation as at July 2022. The overall change is a reduction of £0.365m. This is largely due to an increase in the import/export adjustment within the funding allocation and presently Walsall is a net exporter, which means we have more Walsall pupils with EHCP's attending out of borough schools than out of borough pupils with EHCP's attending Walsall schools. There is currently sufficient funding within mainstream growth to cover this.
- 4.3 Whilst the High Needs Block forecast for 2022/23 is affordable within the funding allocation for the year, work has commenced with the support of the ESFA to review the potential high needs position for future years in line with expected increases in places required in this area. The Council is currently populating a DSG Management Plan with the relevant data which will identify if there is a risk of pressure / deficit going forward, and if so this will support with the identification of mitigating actions to manage that.

- 4.4 Once this work has been completed and reviewed with the ESFA a report will be presented to a future Schools Forum to provide an update on this, linked to the 'Specialist Provision Working Group' work plan and direction of travel.

5. 2022/23 Early Years Block Monitoring

- 5.1 The 2022/23 Early Years budget and projected expenditure, as at September 2022, is shown in Table 3 below:

Table 3 – Early Years Position as at September 2022			
Early Years Expenditure 2022/23	Annual Budget (£m)	Spend Forecast as at Sep'22 (£m)	Forecast Variance at year end over/ (underspend) (£m)
EYSFF - 2yr old entitlement	3.306	3.306	0.000
EYSFF – 3 & 4 year old Universal and Extended Entitlement	14.630	14.630	0.000
EYSFF - Maintained Nursery School supplement	1.399	1.399	0.000
EYSFF – Contingency to manage increases in provision throughout the year	0.500	0.500	0.000
Disability Access Fund for 3 & 4 year olds	0.124	0.124	0.000
SEN Inclusion Fund for 2 year olds	0.020	0.020	0.000
SEN Inclusion Fund for 3 & 4 year olds	0.069	0.069	0.000
Early Years Pupil Premium for 3 & 4 yr. olds	0.287	0.287	0.000
Early Years Support Team	0.500	0.500	0.000
Total Budget / Expenditure	20.835	20.835	0.000

- 5.2 The forecast is currently in line with budget, however this may change when actual pupil data is known for the autumn and spring term when the October 2022 and January 2023 census data is finalised. Should this risk materialise then actions to manage that pressure would need to be identified.

6. Financial Implications

- 6.1 Taking account of previous decisions by Schools Forum and the Council to allocate / utilise previously built up surpluses over the past few years, and the current pressures and risks on DSG funding shown within the report, the overall reserve balance will need to be regularly reviewed going forward.

7. Legal Implications

- 7.1 No issues directly arising from this report.

8. School Improvement

- 8.1 No issues directly arising from this report.

9. Members eligible to vote

- 9.1 This item provides an update on the financial position and no vote is required.