

Schools Forum

17 October 2023

Review of Dedicated Schools Grant - Update on 2023/24 Forecast Position

1. Purpose of report

- 1.1 To inform Schools Forum of the Dedicated Schools Grant (DSG) forecast outturn position for 2023/24.

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 2023/24 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 Dedicated Schools Grant (DSG) reserves at the end of 2022/23 totalled a cumulative deficit of £0.232m, and Table 1 below provides a breakdown of this deficit split between allocated and unallocated balances:

Table 1 – DSG Surplus as at end 2022/23	
Area	Amount (£m)
Balances Previously Allocated to Specific Areas of Investment:	
School Readiness / Early Help	0.029
Sector Led Improvement Model	0.358
Subtotal – Allocated Reserve	0.387
Prior year DSG overspend – Unallocated Reserve	(0.619)
Net DSG Reserve	(0.232)

- 3.4 The prior year DSG overspend of £0.619m has been carried forward and will be offset against 2023/24 funding allocations.

4. 2023/24 High Needs Block Monitoring

- 4.1 The 2023/24 High Needs budget and projected expenditure as at September 2023 which is based on current EHCP levels plus modelled growth, is shown in Table 2 below:

Table 2 – High Needs Position as at September 2023			
High Needs Expenditure 2023/24	Annual Budget at April'23 (£m)	Spend Forecast at Sep'23 (£m)	Forecast Variance at year end over/underspend (£m)
Place funding - Specialist Provision	9.284	9.505	0.221
Top-up funding - Mainstream Provision plus Specialist Units in Mainstream	11.629	13.634	2.005
Top-up funding - Out of Borough Schools	1.550	1.550	0.000
Top-up funding – Specialist Provision	15.442	14.369	(1.073)
Placements fees – Independent Special Schools/Colleges & Top-up funding Post 16 Provision	9.900	10.000	0.100
SEN Support Services	3.104	3.104	0.000
Other alternative provision incl. home & hospital tuition & outreach	1.800	1.800	0.000
Tuition Costs	0.500	0.500	0.000
Personal Budgets	0.150	0.150	0.000
Balance to fund previous year's deficit	1.060	0.710	(0.350)
Updated HNB – July 2023 updated allocation	0.141	0.000	(0.141)
Total Budget / Expenditure	54.560	55.322	0.762

4.2 The High Needs Block forecast for 2023/24 set out above, clearly shows that a forecast overspend of £0.762m is currently estimated (which would continue the trend seen in 2022/23 which also saw an overspend on the High Needs Block). Details of the main areas of variance leading to this are set out below:

- Place Funding – currently forecasting a pressure of £0.221m due to an increase in commissioned specialist places from September 2023 across various schools.
- Top-up funding – currently forecasting a total pressure (across all Top-up lines shown above) of £0.932m due to an increase in EHCP's during the summer term 2023 plus the full year effect of an increase throughout 2022/23.
- Independent Schools / Post 16 – currently forecasting a pressure of £0.100m due to a forecast increase in education contributions for social care led placements.
- Prior year deficit – currently forecasting an underspend of £0.350m as the budget was set based on the forecast pressure for 2022/23 assumed during the spring term of 2023 which then subsequently reduced by year end.
- Updated HNB – currently forecasting an underspend of £0.141m based on the Education, Skills and Funding Agency (ESFA) update to the High Needs Block allocation in July 2023 (which is done annually) which

provided an additional £0.141m of income. This is largely due to a reduction in the import/export adjustment within the funding allocation. This indicates that even though Walsall is still a net exporter (Walsall pupils with EHCP's attending out of borough schools compared to out of borough pupils with EHCP's attending Walsall schools), the pupil number difference is smaller.

- 4.3 As the High Needs block continues to forecast a deficit position, the LA is required to develop, maintain and present a DSG Management Plan to the ESFA which identifies mitigating actions that can be put in place to manage current and future years pressures. Schools Forum will be aware that work on an initial plan was carried out in 2022/23, and presented to Schools Forum in March 2023, and now that further information relating to 2023/24 is available a further review and update of the plan is currently taking place. A meeting with the ESFA to review the draft update took place in September 2023 and a further update will be presented to the ESFA again in February 2024, following which the final updated position will be reported to Schools Forum (currently included in the forward plan for the March 2024 meeting).

5. 2023/24 Early Years Block Monitoring

- 5.1 The 2023/24 Early Years budget and projected expenditure, as at September 2023, is shown in Table 3 below:

Table 3 – Early Years Position as at September 2023			
Early Years Expenditure 2023/24	Annual Budget (£m)	Spend Forecast as at Sep'23 (£m)	Forecast Variance at year end over/ (underspend) (£m)
EYSFF - 2yr old entitlement	3.314	3.314	0.000
EYSFF – 3 & 4 year old Universal and Extended Entitlement	16.376	16.376	0.000
EYSFF - Maintained Nursery School supplement	1.596	1.596	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	0.140	0.140	0.000
SEN Inclusion Fund for 2 year olds	0.020	0.020	0.000
SEN Inclusion Fund for 3 & 4 year olds	0.070	0.070	0.000
Early Years Pupil Premium for 3 & 4 yr. olds	0.288	0.288	0.000
Early Years Support Team	0.500	0.500	0.000
Total Budget / Expenditure	22.804	22.804	0.000

- 5.2 The forecast is currently in line with budget, however this may change when actual pupil data is available for the autumn and spring term when the October 2023 and January 2024 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 the current pressures and risks on DSG funding shown within the report, the overall DSG reserve balance and the council's DSG Management Plan will continue to 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.