



# Report to Schools Forum

**Date:** 10<sup>th</sup> October 2023

**Title:** Dedicated Schools Budget – Month 5 Forecast Outturn 2023-24

**Author and contact officer:** Falil Onikoyi, Head of Finance (Children’s Services)

**Recommendations:** Schools Forum is asked to note the Forecast outturn position against the Dedicated Schools Grant in 2023-24 and the impact on the DSG reserve.

**Reason for decision:** For Information

## 1. Purpose of the Report

1.1. This report updates Schools Forum on the Dedicated Schools Grant (DSG) allocation, forecast outturn at Period 5 for 2023-24, the DSG Reserve, and the impact of 2023-24 outturn on the 2024-25 financial year.

## 2. DSG Allocation 2023-24

2.1. The final DSG allocation for 2023-24 is as follows:

**Table 1: DSG Allocation 2023-24**

<b>DSG Block</b>	<b>Allocation prior to Academy Recoupment and other Deductions £'000</b>	<b>Less: Academy Recoupment and other Deductions £'000</b>	<b>Final allocation After Recoupment and Other Deductions £'000s</b>
Schools block	413,865	240,201	173,664
High needs block	123,578	8,850	114,728
Early years block	37,022	0	37,022
Central school services block	4,935	0	4,935
<b>Total DSG allocation 2023-24</b>	<b>579,399</b>	<b>249,051</b>	<b>330,348</b>

### 3. Forecast Outturn 2023-24

3.1. The forecast outturn position as at August for 2023-2 is a net overspend of 1.281m million against the overall Dedicated Schools Budget. This is an adverse movement of £1.228m from the previous months position. The reasons for the variance are summarised in the following paragraphs.

**Table 2: Forecast Outturn 2023-24**

	Budget £'000	Actual £'000	Forecast Out-turn £'000	Forecast Variance £'000	Prior Month Forecast variance £'000	Variance Move- ment £'000
Schools block	414,418	33,316	414,418	0	0	0
High needs block	114,655	55,076	115,756	1,101	-155	1,256
Early years block	37,070	20,278	37,070	0	0	0
Central block	4,935	2,598	5,114	180	208	-28
<b>DSG Total</b>	<b>571,077</b>	<b>111,269</b>	<b>572,358</b>	<b>1,281</b>	<b>53</b>	<b>1,228</b>

3.2. Underspend against the pupil growth fund of £0.782m for 2022-23 was rolled forward into earmarked reserves and is expected to be drawn down during 2023-24. The agreed plan for growth funding in 2023-34 requires utilisation of the underspend from 2022-23.

3.3. The **High Needs Block** is forecasting £1.101 million overspend at the end of the year against the budget of £114.65 million. This is a adverse movement of £1.256m compared with the previous forecast. The main reason for the overspend is summarised as follows:

1) **Pupils with EHCPs** - £0.120m overspend

- **Post-16 spend** – underspend of £0.4m
  - Decisions re Continuing Health Care contributions not always clear or timely and therefore health income not fully forecast during the year.
  - Data quality – including data on placements in FE Colleges
- **Early Years** - £0.52m overspend
  - Increased demand for EHCPs from the age group

2) **Pupils without EHCP** – overspend of £1.417m

- **School age children HNBF** - £410k overspend
- **Early Years** - £1,007k overspend

3) **Integrated Therapies** – underspend of £0.497m

4) **Specialist Teaching**– underspend of £0.132m

3.4. The **Central Block** is forecasting £0.180m explained as follows:

- 1) **Appeals & selection** - £0.143k overspend.
- 2) **Historic Pension obligations** - £0.080m overspend.

3.5. Both **The Early Years** and **Schools** block are currently forecast to be in line with budgets.

#### 4. DSG Reserve

4.1. Any variance against the DSG is to be managed through the DSG reserve which is ringfenced. At the end of the 2022-23 financial year the council had a deficit of £1.653m against its DSG reserve. This was a reduction of £1.913m in the council's DSG deficit compared with the previous year. It is important to note that this includes the transfers to reserves from the Schools Block (para 3.2 above) and an underspend against the early years block, which may be subject to clawback.

**Table 3: Summary of DSG Reserve 31 March 2023**

<b>DSG Reserve - Surplus/(deficit)</b>	<b>£'000</b>
Opening Balance 2022-23	(3,566)
<b>Recovery Actions agreed by Schools Forum</b>	
Unallocated Historic Commitment funding to hold against pressures in future years as part of agreed savings plan	241
<b>Balance following agreed Actions</b>	<b>(3,325)</b>
<b>Drawdown from Reserves 2022-23</b>	
Drawdown of last years reserve - Growth	(1,681)
Contingency Payments	(104)
<b>Total Drawdowns from Reserve</b>	<b>(1,785)</b>
<b>Contributions to Reserves 2022-23</b>	
Growth Fund underspend - committed in 2023-24	783
Early Years cash adjustments - additional income for 2021-22	497
<b>Total contribution to reserve</b>	<b>1,280</b>
Contribution to reserve for in year Underspend	2,176
<b>Closing Balance 2022-23 - Surplus/(Deficit)</b>	<b>(1,653)</b>

4.2. The current projections (excluding other adjustments for school's balances) is for an increase in the deficit on the DSG Reserve to £2.934m. A series of management actions, in addition to existing plans, will need to be developed to mitigate the pressures.

**Figure 1: DSG Reserve 2018-19 to 2022-23**



## 5. Impact on 2024-25

- 5.1. The budget for 2024-25 includes an increase through the mainstream schools national funding formula (NFF) which is increasing by 2.7% per pupil, compared to 2023-24. However, Buckinghamshire's allocation has not been notified at the time of writing and will be communicated at the next forum.
- 5.2. The Council is engaging with the Delivering Better Value in SEND Programme, which will support us to further understand trends in expenditure and develop plans for a more sustainable high needs system. More detail is provided in the report of the DSG Spending Review Group.
- 5.3. The government has extended the statutory override on DSG deficits until 2025-26. Latest information from the DfE confirms the intention that this will be a one-off extension. This continues to be a risk because the deficit is forecast to increase.