



## SCHOOLS FORUM

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# ITEM 03/23

### Dedicated Schools Grant Centrally Held Budgets – Quarter 2 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 is predicting an unprecedented and increasing in-year deficit of £11.529m.
- 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 £15.972m.
- 2.3 To note the requirement of the Deficit Management Recovery Plan in section 5.0.

#### SUPPORTING INFORMATION

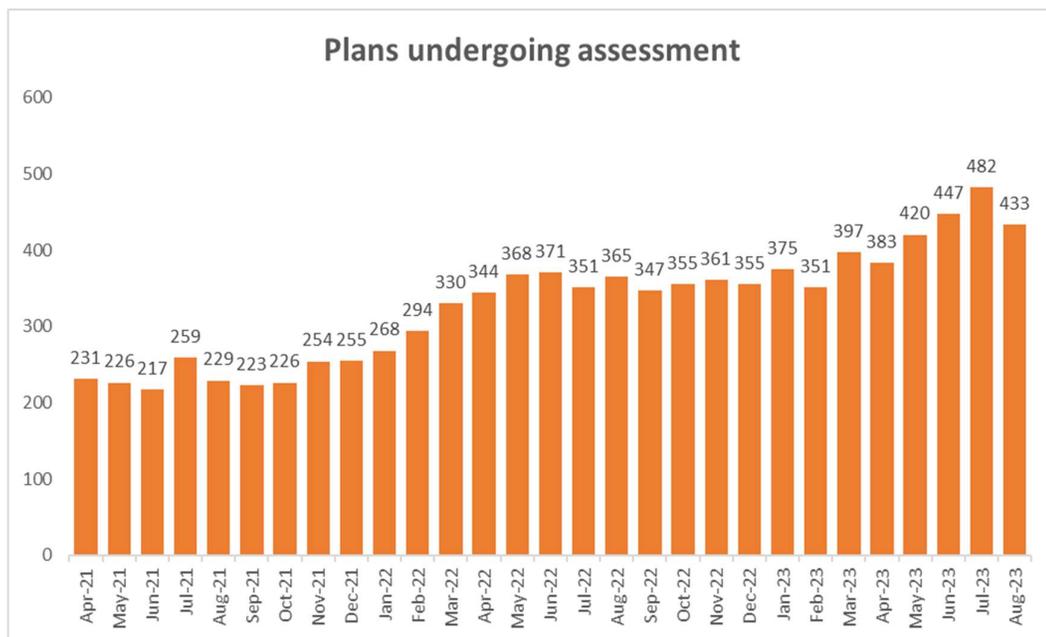
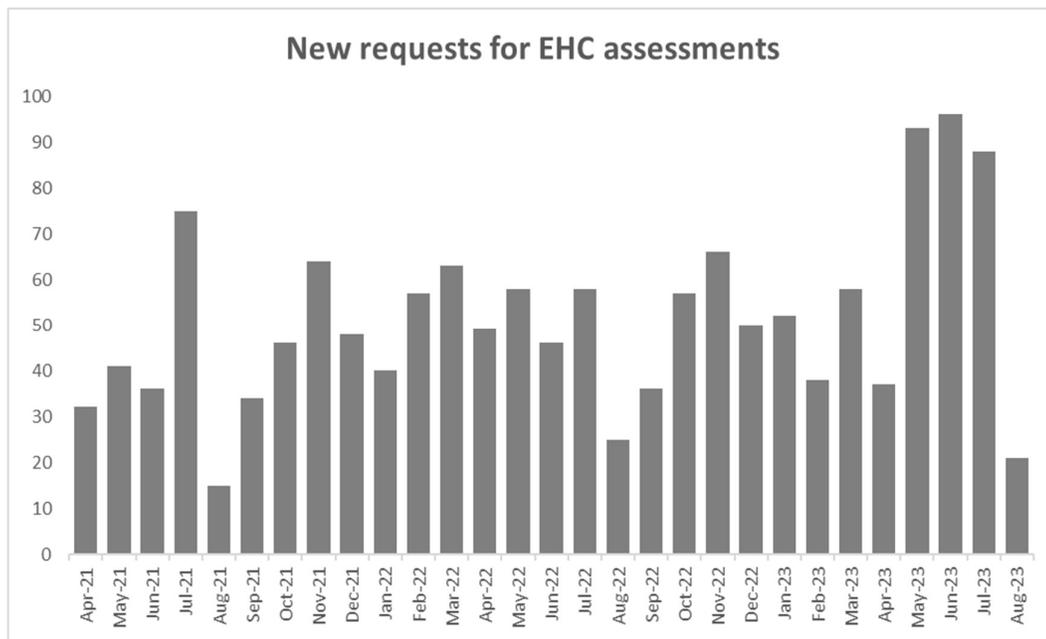
- 3.1 The Dedicated Schools Grant (DSG) 2023/24 allocation for Derby is £307.529m and is split into four blocks: -
- Schools Block £228.23m
  - Central School Services Block £2.65m
  - High Needs Block £56.649m
  - Early Years Block £20.00m

The current in-year pressure being reported on the Dedicated Schools Grant is forecast at **£11.529m** 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.

As at Quarter 2 £4.797m of the contingency is committed, leaving a variance of £0.717m.

Within Derby the demand for Education and Health Care Plans (EHCP) continues to rise at an average of 65 new requests each month (an increase from 40 in 2022/23). Such an ongoing increase in EHCP’s requests has led to larger number of plans undergoing assessment. Currently, our team are processing 366 open EHCP assessments. Of these, 107 are more than 20 weeks old.



- 3.3 The budget for additional support to children in mainstream schools across the City ('Top up Funding') was set at £7.06m for 2023/24. This is currently showing a pressure of £3.1482m due to an increase in EHCP funding supporting mainstream schools additional to School's basic notional SEN allocations.

As at August 600 mainstream pupils are receiving top-up funding, with package costs ranging from £500 to £52,500 for the 23-24 financial year, the current average cost of an E3 remains high at £11,356, this has risen since the end of May 23 from an average of £10,731.

- 3.4 Special schools are currently showing an underspend of £0.394m due to a delay in the implementation of the HUB & Spoke model and lower than predicted numbers in the personalised programmes for April to August 23.

Enhanced resource units are currently forecasting a pressure of £0.149m based on increased demand.

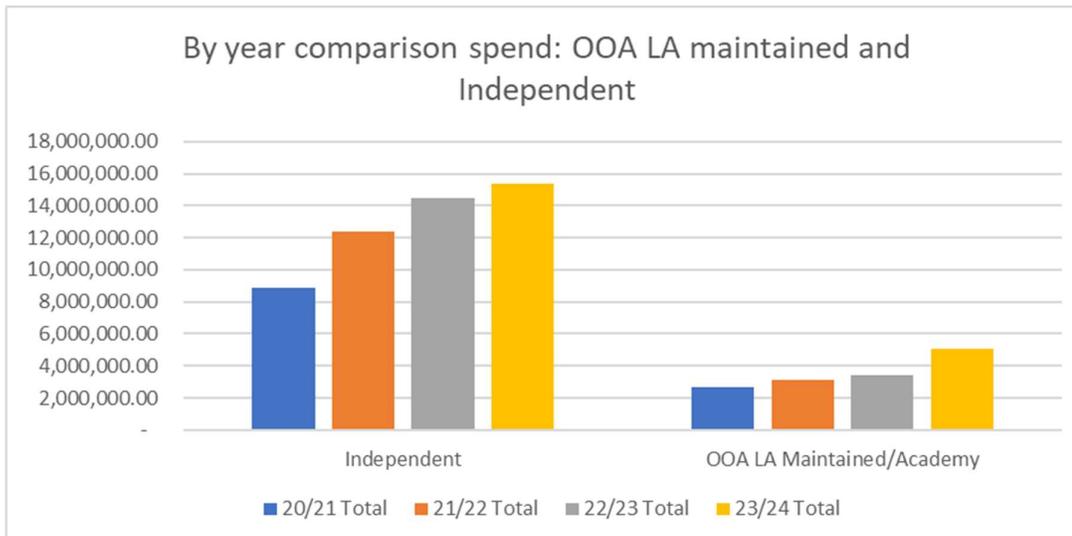
- 3.5 The 2023/24 budget for Independent and out of authority specialist placements was increased by a further £0.8m to a budget of £18.75m. Due to the limited capacity for specialist placements within the city together with the increased costs this financial year is predicting a further pressure.

Current records show that in August 2023 there are 405 out of area placements this is a reduction from 2022/23 of 66 placements. However, the increased costs of placements have resulted in a pressure of £1.716m. The full year forecast of £20.463m at quarter 2 does include provision for a further 10 places not yet confirmed.

The annual average placement fee has increased by 26.87% for out of area Maintained and Academy schools and 18.67% 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	£21,017.16	£4,451.88	26.87%
Independent	-	£52,790.29	£54,925.43	£65,181.63	£10,256.20	18.67%

Learner placements	20/21 Placements	21/22 Placements	22/23 Placements	23/24 Placements
OOA LA Maintained/Academy	159	168	213	192
Independent	190	233	258	226
<b>Total Learner Placements</b>	<b>349</b>	<b>401</b>	<b>471</b>	<b>418</b>



3.6 Personal budget forecast a pressure of £0.2m, due to an increase uptake.

Other High Needs Support services are forecast a pressure of £0.047m, due to the agreed ongoing need for a SEND transformation officer.

Speech and Language is forecast an underspend of £0.069m.

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

3.8 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.

3.9 The **School's block** and **Central Block** are reporting balanced positions.

3.10 **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.

#### 4.0 DSG reserves.

The DSG deficit balance brought forward from 2022/23 remains at £4.443m.

With the in-year forecast deficit of £11.529m this brings the overall DSG deficit to £15.972m.

The following table states the current reserves position at quarter 2.

<b>DSG reserves</b>			
			<b>Balance £'m</b>
2022-23	Final Deficit ad per statement of accounts	-	4.443
<b>2022-23</b>	<b>Year end reported deficit position</b>		<b>-4.443</b>
2023-24	In Year Deficit		-11.529
<b>2023-24</b>	<b>Year End Cumulative forecast Deficit</b>		<b>-15.972</b>

#### 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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<b>Background papers:</b>	None
<b>List of appendices:</b>	None