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| Meeting: | Schools Forum |
| Date: | 8 November 2022 |
| Subject: | Item 4: DSG Budget Monitoring 2022-23 |
| Responsible Officer: | Jo Frost, Finance Business Partner – Children's Services |

Section 1 – summary

1. This report is the Q2 2022-23 budget forecast report for the Dedicated Schools Grant (DSG)
 - Centrally retained and de-delegated budgets
 - Early Years Block
 - Schools Block
 - High Needs Block
2. Schools Forum is asked to:
 - Note the net position on the Early Years Block
 - Note the net position on the Schools Block
 - Note the net position on the High Needs Block
 - Note the position on the growth fund and agree use of underspend
 - Note the position on the contingency and agree commitments
 - Maintained schools vote in relation to de-delegation for the School Improvement Monitoring & Brokerage Grant.

Section 2 – report

Overall DSG Position

3. The current DSG budget for 2022-23 is £143.993m after recoupment for academies and free schools and including a contribution of £700k from the schools brought forward contingency. A summary of funding blocks and forecast expenditure is shown at Table 1.

Table 1 – DSG budget 2022-23

| Block | Budget £'000 | Forecast £'000 | Variance £'000 |
|----------------|----------------|----------------|----------------|
| Central | 1,410 | 1,410 | £0 |
| Early Years | 19,200 | 19,200 | £0 |
| High Needs | 41,893 | 42,984 | 1,091 |
| Schools Growth | 780 | 639 | -141 |
| Schools ISB | 80,710 | 80,710 | £0 |
| Totals | 143,993 | 144,944 | 950 |

Early Years Block

4. In 2022-23 the Early Years Block is £19.2m. This is projected to spend to budget. Early Years spend is based on retrospective termly claims from providers based on the numbers of participating children/hours that term.

Schools Block

5. In 2022-23 the Schools ISB is £80.710m after recoupment for academies & free schools. This is projected to spend to budget.

Growth Fund

6. The overall growth fund in 2022-23 is £780k.

| Description | Budget | Forecast | Variance |
|--------------|-----------------|-----------------|------------------|
| KS3 Growth | £262,000 | £262,000 | £0 |
| Licences | £166,843 | £166,843 | £0 |
| Other Growth | £351,395 | £210,412 | -£140,983 |
| Total | £780,238 | £639,255 | -£140,983 |

7. It is anticipated that there will be an underspend on the growth fund of £141k. This funding will transfer to the contingency.

High Needs Block

8. The budget for the High Needs Block in 2022-23 is £41.893m after recoupment for place funding for academies, free schools and post 16 provision. It is made up of a number of service areas covering staffing, funding to schools, academies, independent & non maintained school sector and further education institutions and is considered to cover educational provision for young people aged 0-25 years in line with the SEND reforms. An overview of the High Needs Block is set out in the table below.

High Needs Block 2022-23 Forecast

| Provision Type | Budget | Q2 Forecast | Variance |
|----------------------------------|----------------|----------------|---------------|
| Independent & NMSS Day Schools | £9,930 | £10,043 | £113 |
| Independent Specialist Provision | £1,060 | £1,050 | £10 |
| Out of Borough Mainstream EHCPs | £1,184 | £1,297 | £113 |
| FE Colleges | £2,284 | £2,367 | £83 |
| Other LA Special Schools | £2,211 | £2,326 | £115 |
| Early Years SEN Provision | £208 | £232 | £24 |
| EOTAS & Alternative Provision | £376 | £317 | £60 |
| Harrow Special Schools | £12,881 | £12,881 | £0 |
| Pupil Referral Unit | £1,437 | £1,437 | £0 |
| PFI | £449 | £449 | £0 |
| Sensory Teams | £1,156 | £1,156 | £0 |
| SEN Transport | £187 | £187 | £0 |
| Therapy | £927 | £918 | £9 |
| SEND Support | £798 | £798 | £0 |
| Harrow Mainstream EHCPs | £5,887 | £6,140 | £252 |
| Harrow Mainstream ARMS | £2,177 | £1,736 | £441 |
| Budgeted Deficit | £1,261 | £350 | £911 |
| Total | £41,893 | £42,984 | £1,091 |

9. The forecast is a net overspend of £1.091m. This has reduced by £170k from the position reported at Q1. However, there is approx £800k of capacity for growth in new places built into this projection so if some or all of this does not come to fruition, the overall position will reduce.

Contingency

10. The table below shows the contingency at the end of the financial year 2021-22.

| Description £'000 | Committed £'000 | Uncommitted £'000 |
|---|-----------------|-------------------|
| Balance | | £2,920 |
| High Needs Block Projects | £274 | |
| Raising Achievement BBCH Project Y1 | £80 | |
| Raising Achievement BBCH Project Y2 | £150 | |
| Committed to Schools Funding Formula | £700 | |
| Other projects to be determined 2022-23 | £400 | |
| Balance uncommitted | | £1,316 |
| Total Commitments 2022-23. | £1,604 | £1,316 |

11. The uncommitted balance relates to underspends in the Early Years Block from 2021-22 and was earmarked for any clawbacks in relation to Early Years adjustments from the January 2022 census. However, there were no clawbacks and this funding is uncommitted.

12. In previous years any uncommitted funding has been applied to the following year's Schools Funding Formula via a technical adjustment so as not to impact on the Minimum Funding Guarantee. However, the DfE advised in January 2022 that they would not accept this type of adjustment in any future years' funding formulae.

13. Schools Forum is requested to decide how to commit the remaining balance on the contingency. At its meeting on 13 September 2022 Schools Forum considered a number of ideas to bring back for further discussion at this meeting. These are set out below.

a) Contribute to school budgets for 2023-24 in line with NFF

Over the last few years, lump sums of around £600k-£700k per year has been added to the schools funding formula on a one-off basis. The DfE has stated that they will be unwilling to agree for any additional one-off funding to be applied to the Schools Funding Formula in 2023-24 however funding could be set aside in the contingency and provided to schools on a formulaic per pupil basis as in-year one-off funding. This might be distributed based on the October 2022 schools census per pupil R-Y11 at the primary, KS3 and KS4 basic entitlement factor values in the 2023-24 NFF.

b) Contribute to High Needs Block deficit

The HNB deficit at the end of March 2022 is £4.007m and is projected to increase by £1.091m in 2022-23 taking the total deficit to over £5m. In some other LAs underspends and overspends across the whole DSG are netted off so that the HNB pressure is the net position after taking into account opportunities in other blocks such as Early Years. There is an option to use the contingency to reduce the in year deficit position.

c) Fund loss of SIMB grant for up to three years

The LA consulted with maintained schools in October 2022 with regards to de-delegation of funding from school budgets in 2023-24 to replace the School Improvement Monitoring & Brokerage Grant which is being ceased by the DfE on 31 March 2023. The outcome of the consultation is as follows:

There were 15 responses from a possible 33 from Maintained schools. The responses were as follows:

| School Sector | Yes | No |
|-------------------------|------------|-----------|
| <i>Mainstream</i> | <i>6</i> | <i>6</i> |
| <i>Special & AP</i> | <i>1</i> | <i>2</i> |
| Total | 7 | 8 |

The consultation was issued to support maintained school representatives on Schools Forum to vote to agree/disagree to de-delegation from 2023-24.

The total funding required is £135k which equates to approx £8 per pupil and will be calculated using the October 2022 schools' census.

Alternatively, Schools Forum could agree to fund from the contingency. Maintained primary schools were provided, through their executives, with a list of LA activities which may be removed or reduced dependent on the future funding position.

d) SEND funding for schools during EHCP assessment period

There are an increasing number of pupils presenting in mainstream schools with complex needs where an EHCP assessment needs to be or is being undertaken. During this process there is a significant cost to the school whilst trying to support the child. A process/panel would need to be developed to assess eligibility and level of funding provided to the school. It is proposed to allocate £100k from the contingency for 2023-24. A permanent budget would have to be identified beyond 2024.

e) Support to schools for energy costs

Schools are experiencing significant increases in energy costs. In September 2022 the government announced a new energy price guarantee for households that would also extend to schools, for 6 months from 1 October 2022. This involves a government supported price per megawatt hour which is lower than currently expected wholesale prices this winter with suppliers applying reductions to eligible schools. However, at this stage it only applies for six months to March 2023.

f) Support strategic work being undertaken to enable more children to stay in mainstream schools

This could be funding earmarked to support inclusion interventions that would enable more children to succeed in the mainstream school setting

Section 3 – contact details

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