

Subject: DSG Budget Monitoring Report 2022/23

Cabinet Member: Cllr Abdul Abdullahi

Report Number: 9

Item: 5b

Purpose of Report

This report provides details of the latest DSG budget monitoring position for 2022/23 including confirmation of the latest DSG allocation from the EFA as at July 2022.

Proposal

To note the contents of the report and the projected DSG cumulative deficit position for 31 March 2023.

Relevance to the Council's Council Plan

The Dedicated Schools Grant (DSG) is a ringfenced grant which funds schools and some central education functions. Updates on the DSG position are provided on a quarterly basis to EMT and Cabinet as part of the council's overall financial monitoring reports.

Main Considerations for ERG and Schools Forum

1. Cumulative DSG Deficit Position

Table 1 sets out the cumulative DSG deficit position as at 31 March 2022 as presented at the last meeting.

Table 1 – Accumulated DSG Carry Forward 2021/22

		£'000s
Balance brought forward 1 April 2021		(8.048)
Net Overspend 2021/22		(4.570)
Cumulative Deficit Balance 31 March 2021		(12.618)

Whilst the increase in the deficit during 2021/22 is significant, it should be noted that the final overspend of £4.570m is £0.654m lower than the position reported at Quarter 3. A comparison of the outturn and Q3 position was included in the papers for the last meeting and the improved position was largely due a reduction in the overspend on out of borough placements.

2. DSG Allocation 2022/23

The original estimate of gross DSG resources for 2022/23 amounted to £380.978m and initial budget allocations for 2022/23 were agreed within this level of resources. Of this amount £2.2m will be recouped and used by the Education and Skills Funding Agency (ESFA) to directly fund places in mainstream academy units, academy special schools and FE colleges. In 2022/23, £3.273m of this amount will also be retained centrally by ESFA to pay NNDR bills for schools and academies directly to the Local Authority, reflecting the new arrangements introduced from April 2022.

In March and July 2022, revised DSG allocations for 2022/23 were published. These allocations reflected updated academy and college recoupment for the Schools Block and High Needs Block and an updated allocation for the Early Years Block. The latest DSG position for 2022/23 is summarised in Table 2 below and indicates that we will receive a net allocation of £228.272m.

Table 2 – DSG Allocation 2022/23

DSG Summary 2022/23	ORIG 2022/23	Academy Recoup	Import/Export Adj 22/23	Early Years Adj 22/23	REVISED 2022/23
	£0	£0	£0	£0	£0
SCHOOLS BLOCK	285.544	-147.757			137.787
CENTRAL SERVICES	2.486				2.486
EARLY YEARS BLOCK	24.958				24.958
HIGH NEEDS BLOCK	67.990		0.258	0.435	68.683
GROSS DSG	380.978	-147.757	0.258	0.435	233.914
High Needs Recoupment	-2.208	-0.160334			-2.368
NDR Held Centrally	-3.273				-3.273
NET TOTAL DSG	375.497	-147.917	0.258	0.435	228.272

Further DSG allocation updates could be received between now and the end of the financial year and any changes will be shared at future meetings.

3. DSG Monitoring Update 2022/23

The DSG budget is monitored on a monthly basis and any variances are shared with DMT quarterly. Table 3 shows the monitoring position to the end of June 2022, Quarter 1.

Table 3 – DSG Monitor 2022/22 as at 30/06/2022

DSG Monitor 2021/22	£000	June22 £000
DSG Deficit b/f 01/04/2022	12,618	
Schools Block		
Bulge Class at Hazelwood		61
Central Schools Services Block		
Appeals Service vacancy		(14)
Early Years Block		
- Backdated Funding Adj 21/22		(105)
High Needs Block		
- Variance from initial 21/22		1,121
- Special Schools revised Top Up rates		480
- Nurture Groups		(341)
- Outborough Placements		(473)
- Home & Hospital enhanced provision		155
- SEN Team mat cover/agency staff		60
- Parenting Support		133
High Needs Block Variance		1,135
Total Variance Q1		1,077
Cumulative DSG TOTAL 22/23		13,695

Since the Q1 monitoring position, 4 new Nurture Groups have been confirmed which will reduce the underspend and an update will be provided at the next meeting.

The Outborough Placements underspend at Q1 reflects a reduction in independent residential placements and the cessation of additional support for some pupils in special

schools which was agreed as part of the Special School Funding Review and will offset the increased Top Up rates implemented from September 2022.

The High Needs Block overspend may increase over the next 2 terms as additional EHCPs are agreed and placements made. Some financial provision was built into the 2022/23 budget to allow for the expected increase in EHCP pupils in mainstream schools and the planned increase in special school and ARP places with effect from September 2022. The position for the new academic year is currently being updated to assess whether the provisions made are sufficient or whether there are any increased pressures on the High Needs Block. Further updates will be provided at each meeting.

Conclusions

The DSG budget remains under considerable pressure due to ongoing high needs overspends. As part of an ongoing programme, additional in borough places have been made available from September 2022, including 40 places at the new Salmons Brook Special School, providing the most cost effective way of meeting pupil needs. New early intervention programmes were also been introduced from September 2021 and will become fully embedded in 2022/23. These will identify pupils with special needs as early as possible and provide them with support with the aim of reducing the longer term financial impact. Updates on the monitoring position will be provided at future meetings.

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Appendices

None

Background Papers

DSG Updates to ERG/Schools Forum during Summer term 2021/22.