



Schools Forum

Date: 15 September 2022

Time: 8:30 am

Item

Public

Paper

E

DEDICATED SCHOOLS GRANT MONITORING

Responsible Officer Stephen Waters

e-mail: Stephen.a.waters@shropshire.gov.uk Tel: (01743) 258952

Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of August 2022.

Recommendation

This report is for information only.

REPORT

1. The overall 2022-23 outturn against centrally retained DSG is forecast to be £0.504m in surplus as at the end of August 2022. It should be noted that this figure is the in-year surplus and needs to be added to the £0.717m revised surplus carried forward from 2021-22 in order to give an overall cumulative DSG surplus position of £1.220m.
2. Please note that this cumulative DSG surplus carried forward of £0.717m from 2021-22 has increased by £0.135m from the £0.582m reported in the 2021-22 DSG monitoring outturn paper presented to Schools Forum in June following the publication of the final Early Years Block DSG allocation for 2021-22.
3. In December 2021, Schools Forum approved a transfer of 0.5% from the Schools Block to the High Needs Block to support growth pressures on the High Needs Block. Agreement was given to transfer the remaining schools block budget, up to 0.5% after fully funding schools with the National Funding Formula factors and values. In 2022-23, the Council has been able to fully fund schools in this way, while transferring across the full 0.5% of the Schools Block budget to the High Needs Block budget which has increased the High Needs Block budget in year by £0.949m from the published allocation (before deductions) of £35.730m to a budget of £36.679m.

Centrally Controlled Early Years Budget

4. In July 2022, the provisional Early Years Block DSG allocation was updated based on the number of part time equivalents (PTEs) taking up the entitlements as recorded on the January 2022 PTE census numbers. Shropshire's provisional Early Years Block DSG allocation for 2022-23 is £17.368m, an increase of £0.641m compared to the final allocation for 2021-22.
5. The forecast outturn position for the Early Years Block is a £0.038m underspend against a provisional budgeted level of £17.368m. There are no variances to budget forecast at this stage in the year relating to the large budgets for universal free entitlement for 3-4 year olds or 2 year olds entitlement. Once officers have processed the invoices for the Autumn Term funding for 2 year olds and 3-4 year olds a more precise forecast will be made and this position will be reported to Schools Forum in November.

Centrally Controlled High Needs Budget

6. The centrally controlled High Needs Block for 2021-22 is £27.455m. This budget excludes the place funding element of the High Needs Block totalling £9.224m but does include the transfer of £0.949m funding from the Schools Block to the High Needs Block as approved by Schools Forum.
7. It is important to note that Shropshire's High Needs Block DSG allocation has increased by £3.933m from £31.797m in 2021-22 to £35.730m in 2022-23. This is partly due to the funding floor factor in the high needs national funding formula for 2022-23 providing for every local authority to receive an underlying increase of at least 8% per head of 2 to 18 population. The other explanation for the increase is the "additional high needs funding" allocation of £1.342m which has been factored in to the 2022-23 High Needs Block DSG allocation for the first time following the 2021 Autumn Spending Review. In December 2021, it was announced that the July 2021 National Funding Formula allocations were to be supplemented by the allocation of an additional £325 million intended to reflect the cost to all employers of the Health and Social Care Levy and other cost increases that were not anticipated when the NFF allocations were published in July 2021.
8. Overall, the forecast outturn position for the High Needs Block is an in-year surplus of £0.426m against a centrally controlled High Needs Budget of £27.455m.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools and Post 16 Further Education

9. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a forecast overspend of £0.009m.

Top Up funding - Mainstream Schools

10. Within this £0.009m forecast overspend, an underspend of £0.291m relates to top-up funding paid to mainstream schools. Total expenditure on top-up funding to mainstream schools in Shropshire is forecast to be £5.104m in 2022-23 as per table below. This is a small increase of £0.108m compared to last year's outturn figure of £4.996m. This figure includes the Graduation Support Pathway payments as well as top-up funding.
11. This forecast is based on the level of top-up funding and GSP payments in the Summer Term with some growth anticipated for the Autumn Term and Spring Term based on the percentage increases experienced in 2021-22 between September actuals and the rest of the financial year. The forecast position will be clearer once the first Autumn Term top-up payments have been processed.

Top-Up and GSP Payments	2019-20	2020-21	2021-22	2022-23
	£	£	£	£
Mainstream Primary	2,248,729	2,435,329	3,030,191	3,103,443
Mainstream Secondary	1,775,416	1,877,045	1,965,336	2,000,333
Total	4,024,145	4,312,375	4,995,527	5,103,775
% Increase on previous year		7.2%	15.8%	2.2%

12. The reason for the £0.291m forecast underspend is that the budget for 2022-23 was increased to £5.396m in anticipation of a higher level of growth than we have experienced in the first few months of this financial year.
13. Offsetting, the £0.291m underspend there is a forecast overspend of £0.176m on the net recoupment budget which represents recoupment of top-up funding between local authorities. This budget is difficult to forecast accurately as top-up funding is recouped, in some cases a year in arrears. This forecast assumes a similar level of income is recouped as 2021-22.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Special Schools

14. Also offsetting the £0.291m underspend on top-up funding to mainstream schools is a £0.124m forecast overspend relating to top-up funding paid to Shropshire special schools. Total expenditure on top-up funding to special schools in Shropshire is forecast to be £5.830m in 2022-23 as per table below.
15. Total expenditure on top-up funding to special schools totalled £4.988m in 2021-22 therefore there has been a £0.842m forecast increase though it is important to recognise that £0.408m of this increase represents forecasted top-up funding in the Autumn and Spring Term for the new Special School, Keystones.
16. The reason for the £0.124m forecast overspend is that the budget for 2022-23 was increased to £5.707m in anticipation of some growth, however actual top-up funding incurred in the first few months of this financial year plus assumed growth in top-up funding for the Autumn and Spring Term indicates that growth may exceed what was forecast when setting the budget.

	2019-20	2020-21	2021-22	2022-23
Top-Up funding	£	£	£	£
Special Schools	4,956,492	5,226,448	4,987,940	5,830,066
% Increase on previous year		5.4%	-4.6%	16.9%

Post 16 Further Education Colleges

17. Within the “1.2.2 - Top Up funding - Academies, Free Schools and Colleges” budget heading there is a budget of £2.770m allocated for Post 16 funding at further education colleges and sixth form colleges.
18. Despite anticipated growth in 2021-22, the 2021-22 outturn position reported actual expenditure of £1.844m and therefore an underspend of £0.926m against the £2.770m budget.
19. For 2022-23 the budget of £2.770m has remained at the same level.
20. The table below shows data for the years; 2020-21, 2021-22 and the forecast for the 2022-23 financial year. The figures break down the student numbers between further education and specialist post 16 independent providers. This table highlights that the total number of post 16 college placements is forecast to increase to 288 from 254 and that increase is contained to the lower cost, mainstream college providers where there is an increase from 214 to 250. This data, reversing the trend of 2021-22 which showed an increase in post 16 students attending Post 16 independent specialist settings and a decrease in those attending mainstream college placements.
21. There is a forecast increase in expenditure of £0.518m compared to 2021-22 outturn position, however despite this there is still a significant forecast underspend of £0.409m being reported. This is because the budgeted level of £2.770m still reflects the significant growth built into the budget in 2021-22 which did not materialise.
22. Despite the large forecast underspend, it is important to note that significant growth in the expenditure on post 16 further education college placements is the national picture and Shropshire has seen particularly significant growth in recent years in terms of the number of post 16 FE college placements.
23. The Council has and will continue to experience significant expenditure in this area as a direct result of changes in legislation which has seen local authorities having significant new statutory duties for students with special educational needs up to the age of 25 years under the Childrens and Families Act (September 2014). The local authority’s SEN team work closely with local colleges to increase accessibility to education within mainstream colleges rather than more expensive independent specialist providers. Council officers have been successful in achieving this to date

with a much lower proportion of Post 16 students in independent specialist provider settings when compared with several years ago.

Post 16 FE College Placements Expenditure	2020-21 £	2021-22 £	2022-23 £
Mainstream College FE Placements	1,267,304	701,108	1,259,055
Independent Specialist P16 Settings	1,449,135	1,497,492	1,550,067
Recharge to Social Care	- 498,405	- 355,002	- 447,561
Total	2,218,034	1,843,598	2,361,561
Student Numbers	2020-21	2021-22	2022-23
Mainstream College FE Placements	225	214	250
Independent Specialist P16 Settings	37	40	38
Total	262	254	288

Lines 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

24. The 2022-23 budget of £7.442m for Independent Providers has been increased by £0.892m compared to the 2021-22 budget level of £6.550m. The large increase in budget reflects that Shropshire experienced a 26% increase in expenditure in this budget area in 2021-22 and is therefore seen as an area of high growth, mirroring the national picture. Increasing the budget to £7.442m reflected anticipated growth of 12% compared to last year's outturn figure of £6.666m.
25. Forecast expenditure for 2022-23 is £7.395m, therefore reflecting a forecast increase of 11% relative to last year's outturn figure, resulting in a forecast underspend of £0.047m. This is less growth than anticipated though a small number of placement changes can have a drastic affect on the forecasted expenditure position.
26. 2021-22 saw an increase in numbers from 50 to 70 at our 2 most utilised, SEMH day providers, however the latest data for 2022-23 reflects that there are 67 pupils at these 2 providers, therefore continued growth at these 2 settings has not continued as anticipated. Contingency for some growth has been built into the forecast from the Autumn Term to reflect new starters in high cost settings. The other trend which may explain the underspend is that the value of, and number of contributions to complex, joint funded placements with social care and the Shropshire Clinical Commissioning Group (CCG) has not increased in 2022-23 relative to 2021-22 levels. Where there has been increases, these have tended to reflect a 2% price inflation agreed regionally with providers.

Lines 1.2.8 – Support for Inclusion

27. There is a forecast overspend of £0.070m against the Support for Inclusion budget. This forecast overspend is explained by a forecast overspend of £0.166m on the 6th Day Provision budget line where expenditure is forecast to be £0.490m against a budget set of £0.324m. This reflects an increase in the costs of additional

provision for permanently excluded pupils where commissioned placements are unavailable at TMBSS.

Overall position

28. The Council's DSG financial position is relatively healthy in forecasting a cumulative surplus of £1.220m as at the end of the 2022-23 financial year. However, there is significant work required to understand the growth required longer term. It is also important to note that a small proportion of high-cost, low incident cases can disproportionately impact the High Needs Block DSG financial position. We know that many young people have been adversely impacted over the past 2 years and this is no different for SEND children, and may well be even more pronounced. The impact over this period has the potential to see the number of vulnerable children and young people presenting with complex mental health and behavioural needs requiring provision increasing and this will have a knock on effect on the High Needs Block DSG as we meet the needs of this cohort.