



Date: Thursday, 30 November 2023
Time: 8.30 am
Venue:
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SCHOOLS FORUM

TO FOLLOW REPORT (S)

- 6 Dedicated School Grant Monitoring 2024-25**
(Stephen Waters) (Pages 1 - 8)
Paper E, attached.

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Schools Forum

Date: 30 November 2023

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Via Microsoft TEAMS

Item

Paper

Public

E**DEDICATED SCHOOLS GRANT MONITORING**

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Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of October 2023.

Recommendation

This report is for information only.

REPORT

1. The overall 2023-24 outturn against centrally retained DSG is forecast to be £2.926m in deficit as at the end of October 2023. It should be noted that this figure is the in-year deficit and needs to be added to the £2.181m revised surplus carried forward from 2022-23 in order to give an overall cumulative DSG deficit position of £0.742m.
2. The forecast outturn position for the High Needs Block is an in-year deficit of £2.528m. This is largely caused by the £2.970m forecast overspend on the budget for Independent providers where forecast expenditure is 52% higher than last year's outturn. This percentage increase is explained by a large increase in demand for Independent Special School placements.
3. In previous years, Schools Forum members approved a transfer of 0.5% from the Schools Block to the High Needs Block to support growth pressures within the High Needs Block. In 2023-24 no funding was available to transfer from the Schools Block to the High Needs Block DSG.

Centrally Controlled Early Years Budget

4. In July 2023, 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 2023 PTE census numbers. Shropshire's provisional Early Years Block DSG allocation for 2023-24 is £17.868m, an increase of £0.729m compared to the final allocation for 2022-23.



5. The forecast outturn position for the Early Years Block is showing a £0.335m overspend against a provisional budget of £17.868m.
6. There is a forecast pressure of £0.360m on the SEND Support against a budget set of £0.600m. The demand experienced on this budget has grown in recent years with Shropshire seeing a growing number of children presenting with a range of development and emotional difficulties which require support.
7. It is important to note that this position on the Early Years budget is provisional and could change once the final 2023-24 Early Years DSG allocation is published in July 2024.

Centrally Controlled High Needs Budget

8. The centrally controlled High Needs Block for 2023-24 is £29.025m. This budget excludes the place funding element of the High Needs Block totalling £9.487m and the additional high needs funding allocation of £1.644m. The total High Needs Block DSG allocation (before deductions) is £40.156m. It is important to note that Shropshire's 2023-24 High Needs Block DSG has increased by £4.413m compared to the £35.743m allocation in 2022-23. In 2022-23, the total High Needs Budget was £36.693m following the transfer of £0.949m from the Schools Block to the High Needs Block. In 2023-24, as there is no 0.5% transfer, the 2023-24 total High Needs Budget is £3.463m higher than in 2022-23.
9. Overall, the forecast outturn position for the High Needs Block is an in-year deficit of £2.528m against a centrally controlled High Needs Budget of £29.025m.

Line 1.2.2 - Post 16 Further Education Colleges

10. There is a budget of £2.159m allocated for Post 16 funding at further education colleges and sixth form colleges.
11. The 2022-23 outturn position reported actual expenditure of £1.662m and therefore an underspend of £1.108m against the 2022-23 budget of £2.770m.
12. For 2023-24, despite the overall increase in High Needs Block DSG allocation, a decision was made to decrease the budget for Post 16 Further Education Colleges to £2.159m to reflect the decrease in spend on this type of placement in the last 2 financial years.
13. There is a forecast decrease in expenditure in 2023-24 of £0.050m compared to the 2022-23 outturn position, with forecast expenditure net of contributions from Adult's Social Care anticipated to be £1.662m. This results in a forecast underspend of £0.547m.



14. 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 EHC Plans.
15. A review last financial year of the number of EHC Plans in the 16-25 age range, indicates that the % increase in EHC plans is approximately 10% year on year so you would expect large expenditure growth in this budget area. Instead, we believe there is a higher proportion of post 16 pupils attending Independent Special Schools or independent alternative providers and the expenditure for these young people is showing in the budget area relating to independent providers instead.

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

16. The 2023-24 budget for Independent Providers is £9.913m. £9.656m of this value relates to a combination of Independent Special School placements and Independent Alternative Provision. This budget has been increased by £2.226m compared to the 2022-23 budget level of £7.687m. The large increase in budget reflects that Shropshire experienced a significant increase in expenditure in this budget area in 2022-23, highlighted by actual expenditure totalling £8.466m. Increasing the budget to £9.913m reflected anticipated growth of 29% compared to last year's budget figure of £7.687m.
17. Forecast expenditure for 2023-24 is £12.883m, therefore reflecting a large forecast increase of 52% relative to last year's outturn figure, resulting in a forecast overspend of £2.970m.
18. There are several explanations for the large increase in forecasted expenditure in 2023-24. Firstly, the Council has experienced a sharp increase in demand for Independent Special School placements as evidenced by the number of new placements. This is a trend that was identified in 2022-23 but the increase has been even more pronounced in 2023-24 and particularly from the start of the 2023-24 academic year.
19. Another trend that came to light in 2022-23 financial year, was the much more frequent use of independent alternative providers, particularly in relation to children who are post 16. This trend has continued in 2023-24 and partly explains the overspend as well as the underspend on the Post 16 Further Education College placements budget.
20. The average termly cost of a placement has also increased in 2023-24 reflecting price inflationary pressures. This has occurred as providers have increased fees in response to the increase in the national minimum living wage and Consumer Price Index (CPI) inflation rate.
21. The other trend which explains the overspend 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 increased in 2023-24 relative to 2022-23 levels reflecting an increase in complexity.

22. In 2023-24, the Council has established a SEND Commissioning and Procurement Panel to review requests and make decisions on high needs funding for Independent Special Schools and Mainstream Special Schools. The panel also acts as a forum to ratify and respond to fee up-lifts from all settings in conjunction with and accounting for decisions made at the West Midlands Price Review Panel on behalf of the 14 local authorities including Shropshire.

Lines 1.2.5 – SEN Support Services

23. There is a forecast overspend of £0.324m against the SEN Support Service budget of £1.898m. This is similar to the 2022-23 outturn position when a £0.293m budget pressure was reported against this budget line. Similarly to 2022-23, some of the overspend in 2023-24 relates to one-off staffing overspends where additional staff have been employed, sometimes as agency workers to support the wider increase in demand. Some of these employees are working with the Educational Psychology Service to address increasing demand.
24. £0.082m of the £0.324m forecast overspend relates to the Speech and Language Therapy Team and is explained by the increased use of external therapists in 2023-24 reflecting an increase in demand for this service.

Overall position and 2024-25 Provisional High Needs Block DSG Allocation

25. The Council's DSG financial position is forecast to go from a cumulative surplus carried forward figure of £2.181m at the start of this financial year to a cumulative deficit of £0.742m as at the end of this 2023-24 financial year. The in-year position has changed significantly during the course of the financial year and reflects an increased demand for Special School placements as well as SEN Support Services.
26. The High Needs Block DSG 3 year forecasting exercise undertaken earlier in the year demonstrated that future expenditure growth is likely to outstrip future growth in High Needs Block DSG allocations.
27. Since the last Schools Forum update in September, the 2024-25 provisional High Needs Block DSG allocation (before deductions) has been published. Shropshire's allocation is £41.604m representing a 3.6% increase compared to the 2023-24 allocation of £40.156m. This is less than the 2024-25 national increase to the High Needs Block DSG which is reported as 4.3%.



28. The 3 year forecast for the High Needs Block DSG is now required as priority given that expenditure in 2023-24 on the High Needs Block is forecast to increase by £7.830m compared to the 2022-23 figure of £34.854m representing a 22% increase, while the funding increase for 2024-25 is provisionally only 3.6%. The High Needs Block DSG 3 year forecast will be presented to Schools Forum in January 2024.



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APPENDIX

CENTRALLY RETAINED DEDICATED SCHOOLS GRANT FUNDING PERIOD (2023-24)

	2023-24 Budget £	2023-24 Spend £	2023-24 Variance £	
DEDELEGATED ITEMS				
1.1.1	Contingencies	35,000	46,500	11,500
1.1.2	Behaviour Support Services	-	-	-
1.1.3	Support to UPEG and bilingual learners	-	-	-
1.1.4	Free school meals eligibility	-	-	-
1.1.5	Insurance	-	-	-
1.1.6	Museum and Library Services	-	-	-
1.1.7	Licences/subscriptions	-	-	-
1.1.8	Staff costs Maternity supply cover	250,000	242,267	- 7,733
1.1.9	Staff costs Trade Union Duties	25,000	25,496	496
1.1.10	School Improvement	141,130	141,130	-
	DEDELEGATED ITEMS SUB TOTAL	451,130	455,393	4,263
CENTRALLY CONTROLLED EARLY YEARS BUDGET				
1.3.1	Central Expenditure on Children under 5	376,340	375,428	- 912
1.0.1	Individual Schools Budget - Early Years PVI's and Maintained Nursery Provision	17,491,390	17,826,828	335,438
	CENTRALLY CONTROLLED EARLY YEARS SUB TOTAL	17,867,730	18,202,256	334,526
CENTRALLY CONTROLLED HIGH NEEDS BUDGET				
1.2.1	Top Up funding - Maintained Providers	4,448,210	4,688,126	239,916
1.2.2	Top Up funding - Academies, Free Schools and Colleges - Excluding FE College Placements	8,634,980	8,385,237	- 249,743
1.2.2	Top Up funding - Academies, Free Schools and Colleges - FE College Placements	2,159,300	1,612,009	- 547,291
1.2.3	Top Up funding - Non-Maintained and Independent Providers	9,912,840	12,882,824	2,969,984
1.2.4	Additional High Needs Targeted Funding for Maintained Schools and Academies	400,000	320,978	- 79,022
1.2.5	SEN Support Services	1,897,710	2,221,750	324,040
1.2.6	Hospital Education Services	170,190	173,623	3,433
1.2.7	Other Alternative Provision Services	142,340	138,146	- 4,194
1.2.8	Support for Inclusion	1,259,900	1,131,131	- 128,769
1.2.9	Special Schools and PRUs in Financial Difficulty	-	-	-
1.2.10	PFI / BSF Costs at Special Schools and AP / PRUs	-	-	-
1.2.11	Direct Payments (SEN and Disability)	-	-	-
1.2.12	Carbon Reduction Commitment Allowances (PRUs)	-	-	-
	CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL	29,025,470	31,553,823	2,528,353
	ADDITIONAL HIGH NEEDS BLOCK DSG ALLOCATION	1,643,730	1,643,730	-
CENTRAL SCHOOL SERVICES BLOCK				
1.4.1	Contribution to combined budgets	-	-	-
1.4.2	Schools Admissions	266,860	277,556	10,696
1.4.3	Servicing of Schools Forums	10,000	10,000	-
1.4.4	Termination of employment costs	756,330	756,330	-
1.4.5	Falling Rolls Fund	-	-	-
1.4.6	Capital Expenditure from Revenue (CERA)	-	-	-
1.4.7	Prudential Borrowing Costs	295,350	295,350	-
1.4.8	Fees to independent schools without SEN	-	-	-
1.4.9	Equal Pay - Back Pay	-	-	-
1.4.10	Pupil growth / Infant Class sizes	-	-	-
1.4.11	SEN Transport	-	-	-
1.4.12	Exceptions agreed by Secretary of State (Deficit)	-	-	-
1.4.13	Other Items (Copyright Licensing Agency fee)	264,530	264,530	-
1.5.	Ongoing duties	785,320	831,271	45,951
	CENTRAL SCHOOL SERVICES BLOCK BUDGET SUB TOTAL	2,378,390	2,435,037	56,647
	TOTAL CENTRAL DSG	51,366,450	54,290,239	2,923,789
	SCHOOLS BLOCK GROWTH FUNDING (PART OF ISB)	303,050	303,050	-
	TOTAL CENTRAL DSG + SCHOOLS BLOCK GROWTH FUNDING	51,669,500	54,593,289	2,923,789

	£
DSG SURPLUS CARRIED FORWARD FROM PREVIOUS YEARS	2,695,417
2022-23 EARLY YEARS DSG ADJUSTMENT	228,845
2022-23 SURPLUS CARRIED FORWARD ALLOCATED FOR SCHOOLS GROWTH FUND	285,200
REVISED DSG SURPLUS CARRIED FORWARD FROM 2022-23	2,181,372
2023-24 IN YEAR DEFICIT	2,923,789
CUMULATIVE CENTRAL DSG SURPLUS	742,417

Breakdown of total DSG:

TOTAL CENTRAL DSG	51,669,500
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High Needs Budget - Place Funding	
Post 16 FE Colleges	1,122,000
Pre and Post 16 SEN Places - Special Academies	4,970,000
Pre-16 Special Free Schools	733,334
Pre and Post 16 SEN Places - Resourced Provisions	279,000
Total deduction to 2023-24 High Needs Block for direct funding of places by ESFA	7,104,334
TMBS	1,560,000
Maintained School SEND Hubs	294,333
Additional Commissioned Place Funding at Special Academies	200,000
Teachers Pay/Pension for Special Academies	328,020
Total deduction to 2023-24 High Needs Block for central funding of places	2,382,353
HIGH NEEDS BUDGET - Place Funding	9,486,687

INDIVIDUAL SCHOOLS BUDGET SHARES (Excluding De-delegated Items and Growth Fund)	199,332,865
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TOTAL DSG Allocation (Updated November 2023)	260,489,052
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