

## **Schools Forum**

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## **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 December 2022.

### **Recommendation**

This report is for information only.

## **REPORT**

1. The overall 2022-23 outturn against centrally retained DSG is forecast to be £0.426m in surplus as at the end of December 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 £1.143m.
2. Please note that this cumulative DSG surplus carried forward of £0.717m from 2021-22 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 in July 2022.
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 £35.724m to a budget of £36.673m.

### **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 £0.001m overspend 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.

### **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 £9.218m 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 £3.927m from £31.797m in 2021-22 to £35.724m 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 £0.386m 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 underspend of £0.272m.

### **Top Up funding - Mainstream Schools**

10. Within this £0.272m forecast underspend, an underspend of £0.429m relates to top-up funding paid to mainstream schools. Total expenditure on top-up funding to

mainstream schools in Shropshire is forecast to be £4.966m in 2022-23 as per table below. This is a small decrease of £0.030m compared to last year's outturn figure of £4.996m. This figure includes the Graduation Support Pathway payments as well as top-up funding.

	2019-20	2020-21	2021-22	2022-23
Top-Up and GSP Payments	£	£	£	£
Mainstream Primary	2,248,729	2,435,329	3,030,191	3,029,037
Mainstream Secondary	1,775,416	1,877,045	1,965,336	1,936,922
<b>Total</b>	<b>4,024,145</b>	<b>4,312,374</b>	<b>4,995,527</b>	<b>4,965,959</b>
% Increase on previous year		7.2%	15.8%	-0.6%

11. The reason for the £0.429m 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.
12. 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**

13. In addition to the underspends detailed above, there is a £0.019m forecast underspend 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 £5.688m in 2022-23 as per table below.
14. Total expenditure on top-up funding to special schools totalled £4.988m in 2021-22 therefore there has been a £0.700m forecast increase though it is important to recognise that £0.247m of this increase represents forecasted top-up funding in the Autumn and Spring Term for the new Special School, Keystones.

	2019-20	2020-21	2021-22	2022-23
Top-Up Funding Special Schools	£	£	£	£
<b>Total</b>	4,956,492	5,226,448	4,987,940	5,687,584
% Increase on previous year		5.4%	-4.6%	14.0%

### **Post 16 Further Education Colleges**

15. 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.
16. 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.

17. For 2022-23 the budget of £2.770m has remained at the same level.
18. 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 decrease to 247 from 254 and that decrease is on both the lower cost, mainstream college providers where there is a decrease from 214 to 209 young people and the Post 16 independent specialist settings where there is a decrease from 40 to 38.
19. There is a forecast increase in expenditure of £0.110m compared to 2021-22 outturn position, however despite this there is still a significant forecast underspend of £0.816m 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.
20. 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.
21. A review 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.
22. 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 Children 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.

<b>Post 16 FE College Placements Expenditure</b>	<b>2020-21 £</b>	<b>2021-22 £</b>	<b>2022-23 £</b>
Mainstream College FE Placements	1,267,304	701,108	789,090
Independent Specialist P16 Settings	1,449,135	1,497,492	1,532,364
Recharge to Social Care	- 498,405	- 355,002	- 367,525
<b>Total</b>	<b>2,218,034</b>	<b>1,843,598</b>	<b>1,953,929</b>
<b>Student Numbers</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Mainstream College FE Placements	225	214	209
Independent Specialist P16 Settings	37	40	38
<b>Total</b>	<b>262</b>	<b>254</b>	<b>247</b>

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

23. 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.
24. Forecast expenditure for 2022-23 is £8.114m, therefore reflecting a large forecast increase of 22% relative to last year's outturn figure of £6.666m, resulting in a forecast overspend of £0.672m. This is much higher growth than anticipated though a small number of placement changes can have a drastic affect on the forecasted outturn position.
25. One of the trends that has come to light in 2022-23 financial year, is the much more frequent use of independent alternative providers, particularly in relation to children who are post 16. This partly explains the increase in overspend as well as an increase in numbers attending out of county, independent special schools.
26. Another trend 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 1.2.4 - Additional High Needs Targeted Funding for Maintained Schools and Academies**

27. This budget is in line with the Government's recommendation to target additional high needs funding at schools with a disproportionate number of high needs pupils. A high needs contingency payment is made where a school does not receive enough Element 2 funding within their notional SEN budget to contribute £6,000 to the cost of provision for each high needs pupil, or a school does not have at least 20% of Element 2 funding within their notional SEN budget remaining once they have contributed £6,000 for each of their high needs pupil.

28. A budget of £0.400m was set aside for additional high needs target funding required in year. In 2021-22, actual expenditure only totalled £0.185m resulting in an underspend. The lower level of expenditure in 2021-22 reflected a decrease in demand for these high needs contingency payments in this financial year, and the position as at the end of December 2022 indicates a similar forecast position for 2022-23 with an underspend of £0.172m anticipated.
29. As mentioned in “Paper E – High Needs Block – 3 year Forecasting”, there is a proposal to decrease the budget to £0.300m in 2023-24 and beyond.

### **Lines 1.2.5 - SEN Support Services**

30. There is a forecast overspend of £0.219m against this budget totalling £1.693m in 2022-23. The majority of the overspends in 2022-23 relate to one-off staffing overspends where additional staff have been employed, sometimes as agency workers.

### **Overall position**

31. The Council’s DSG financial position is relatively healthy in forecasting a cumulative surplus of £1.143m as at the end of the 2022-23 financial year.
32. £0.222m of this £1.143m surplus relates to the 2021-22 surplus carried forward on the Schools Growth Fund plus the 2022-23 forecast surplus to be carried forward on the Schools Growth fund. This value is to be earmarked for the Schools Growth Fund in 2023-24 where the Council’s Schools Growth fund needs “topping-up” to meet 2023-24 expenditure requirements.
33. The High Needs Block DSG 3 year forecasting exercise demonstrates that future expenditure growth is likely to outstrip future growth in High Needs Block DSG allocations, specifically from 2024-25 and beyond.
34. 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.