

Schools Forum Funding & SEN Working Group
22nd May 2023

Schools Forum
8th June 2023

DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2023/24

Purpose of the Report

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2023-24 including forecasts of expenditure as at 30th April 2023.

Main Considerations

2. Appendix 1 and 2 to this report outlines the budget monitoring summary as at 30th April 2023 including activity information for demand driven budgets.
3. An overspend of £12.623 million is currently forecast against the overall schools budget. The main driver for this forecast variance is the on-going pressures on the high needs block, the reasons for these are known and understood. Table 1 below shows the forecast variances by individual DSG block.

Table 1 DSG Block Summary	DSG Allocation from the DfE	Wiltshire Transfers	Current Annual Budget	Forecast Outturn	Forecast Outturn Variance#	% Variance
	£m	£m	£m	£m	£m	
Early Years Block	32.485	0.180	32.665	33.108	0.442	1%
Schools Block	346.293	(1.717)	344.577	344.577	0.000	0%
High Needs block	70.918	1.670	72.714	84.947	12.232	17%
Central Block	2.600	(0.133)	2.340	2.289	(0.051)	-2%
Overall	452.297	0.000	452.297	464.920	12.623	3%

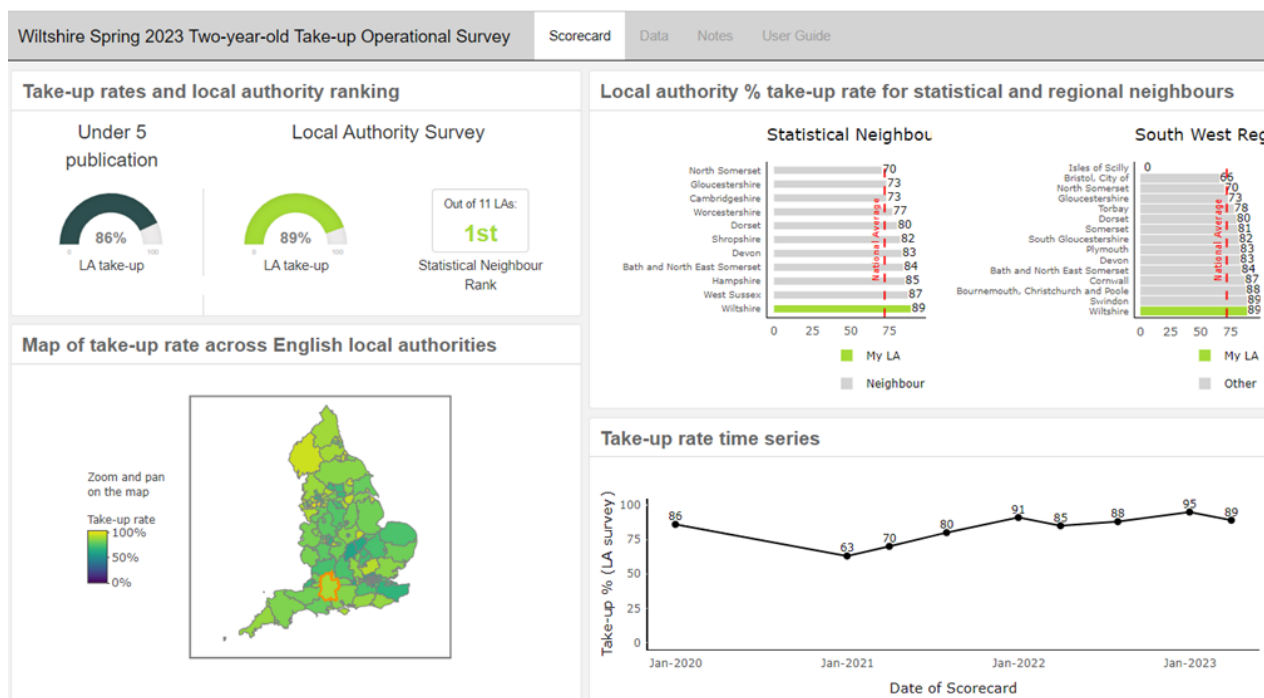
Early Years Budgets (Budget £32.485M, forecast variance £0.442M)

4. No variance will be forecast on the budgets for the free entitlement for 15- and 30-hours childcare for 2-, 3- & 4-year-olds until the DfE make their summer adjustments. There are small underspends in both age funding streams however, this is aligned with the slight reduction in actual variance in take up and it is anticipated that the DfE's post financial year adjustment will remove this in whole or, part if the January 2023 census numbers have fallen.

Table 2 - Early Years Learners	Budgeted	Actual	Forecast PTE Variance	Budgeted Spend	Forecast Spend	Forecast Spend Variance
	PTE	PTE	PTE	£M	£M	£M
3- & 4-year olds	10,738	9,782	-956	28.585	28.585	0.000
2-year-olds	828	774	-54	2.714	2.714	0.000
ISF	2,826	3,823	997	0.539	0.770	0.231
	hours	hours	hours			

*PTE = part time equivalent learners

- Wiltshire has had huge success with the take up of the 2-year-old disadvantaged grant, ranking top compared with both Southwest authorities and statistical neighbours for Spring 2023. Table 3 below shows the rate of take up for the Spring term and over time.



- The local authority has a duty of sufficiency in this sector and is working closely with providers to support through these challenging times of rising costs and a highly competitive recruitment marketplace.

National Investment in Early Years 2023-24 and 2024-25 onwards

- In the Spring Budget, the Chancellor announced expansion of childcare support for working parents to include children from 9 months old up to school age, and changes to Universal Credit childcare payments. 30 hours childcare for every child over the age of 9 months with working parents by September 2025, where eligibility will match the existing 3- & 4-year-old 30 hours offer.
 - This will be introduced in phases, with 15 hours childcare for working parents of 2-year-olds coming into effect in April 2024 and 15 hours childcare for working parents of 9 months – 3 years old in September 2024.
 - The funding paid to childcare providers (including nurseries and childminders) for the existing offers will also be increased by £204 million from this September rising to £288 million next year.
 - National average rate local authorities for 2-year-olds will increase by 30% from September 2023.
 - National average rate for local authorities for 3 - & 4-year-olds will rise with inflation by 3.97% from September 2023.
 - Schools and local authorities will receive £289m in funding for a 'pathfinder' to increase the supply of wraparound care, so that parents of primary school age children can drop their children off between 8am and 6pm – tackling the barriers to working caused by limited availability of wraparound care. The DfE anticipate that by September 2026, most primary schools will be able to provide their own before and after school care.

- In recognition of both the importance and short supply of childminders, incentive payments of £600 will be piloted from Autumn of this year for those who sign up to the profession (rising to £1,200 for those who join through an agency) to increase the number available and increase choice and affordability for parents.
8. The DfE have confirmed that they will provide further details on the distribution of additional funding to local authorities as well as local authority level funding rates for 2023 to 2024 in due course and for 2024 to 2025 in the autumn in line with the usual funding cycle.

Schools Budgets (Budget £344.577M, forecast variance £Nil M)

9. There is currently no variance forecast in this area due to timings of any census driven payments due to schools.

High Needs Budgets (Budget £72.714M, forecast variance £12.232M)

10. High Needs budgets are projected to overspend by £12.232m. This forecast does not yet include allowance for rebanding requests and new plans therefore it is likely to increase. When the level of funding available does not match the local needs, the education placement budgets cannot be set at an achievable level and so the location of the overspend is not necessarily an indication of individual budget issues but that the whole block under significant pressure.
11. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. Variance analysis is provided at Appendix 2. It is important to note that the number of EHCPs which slowed in the 2021-22 financial year increased post pandemic in 22/23 and this is anticipated to continue into 23/24.

Table 3 - Number of EHCP Learners	Children with an EHCP in Wiltshire	Prior Year Data (2022-23)	Prior Year Data (2021-22)
As at 1 st April 2023	4,911	4,371	4,118
Estimate as at 31 st March 2024 (based on 22/23 growth rate of 12%)	5,500	4,911	4,371
Annual movement	589	540	253
% Movement	12%	12%	6%

12. The biggest areas of overspend are Independent Special School packages, alternative provision, named pupil allowances and top ups. Full detail on all activity data forecasts can be found at Appendix 2 and 3, highlights of the demand in FTE are included in the table below. Capital expansion plans are to provide more specialist school places within Wiltshire and thus, reduce reliance on the out of county and independent sectors. The October meeting will include an update on these plans both in terms of revenue and, capital investment.

Table 4 - High Needs Learners	Budgeted Volume FTE	Actual Volume FTE	Volume variance FTE	% change in volume	Budgeted unit rate
Wiltshire School Provision					
Special School Places	899.08	862.00 -	37.08	0%	£10,000
Special School Top Ups	798.80	916.34	117.55	16%	£10,933
ELP Places	291.00	300.58	9.58	0%	£6,000
ELP Top Ups	512.85	539.58	26.73	5%	£4,967
Resource Base Places	400.00	335.00 -	65.00	0%	£6,000
Resource Base Top Ups	330.43	460.47	130.04	46%	£7,032
Named Pupil Allowance - Prim	789.20	877.79	88.59	10%	£6,158
Named Pupil Allowance - Sec	330.43	460.47	130.04	6%	£5,199
Transition Support Funding	226.65	394.40	167.75	80%	£2,764
Independent / External Provision					
Independent Special School Fees	218.30	289.43	71.13	30%	£59,226
6th Form	567.95	659.60	91.65	8%	£9,015
Wiltshire College Places	353.00	353.00	0.00	0%	£6,000
Inter Authority Recoupment	177.83	244.72	66.89	40%	£14,420
Alternative Provision & DP (SEN)	172.13	424.41	252.28	175%	£21,561

13. As Schools Forum are aware, much work has been done, over recent years to investigate and address the issues. Work has started with Newton and CIPFA, selected by the DfE to work with local authorities with high needs pressures. More detail is reported in the high needs and delivering better value update from the Director, Education and Skills and Head of Service for SEN & Inclusion.

DSG Reserve & Management Plan

14. It is anticipated that the reserve brought forward of £34.685 million will be increased by the negative early years block adjustment following the 2022/23 underspend. Notification of the amount is anticipated next month. The current forecast overspend will take the reserve into a deficit position of £47.308 million at the end of the financial year.

15. With effect from 2022-23, the department further updated the rules governing deficits and expanded the requirements around deficits to include a DSG management plan workbook. The plan has been updated to share with Newton as part of the DBV programme and includes forecasts of growth in EHCPs across the placement types and the mitigations planned from the capital investment in specialist places. The current plan is attached at Appendix 4.

Table 5 - DSG Reserve	Early Years Internal Ringfence (effective 01- 04-22) £M	Schools Block, HNB & Central £M	Total 22/23 FY £M
Balance Brought Forward from 22/23	(3.274)	37.959	34.685
Early Years Adjustment (prior year)			0.000
Actual Variance 23/24	0.442	12.181	12.623
Balance CFWD 2023/24	(2.831)	50.139	47.308

Proposals

16. Schools Forum is asked to note the forecast budget monitoring position including the balance on the DSG reserve at the end of April 2024 alongside the update later in the agenda on the HNB recovery plan and work with the DfE delivery partners Newton and CIPFA.

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