

Schools Forum Funding & SEN Working Group
17th June 2024

Schools Forum
27th June 2024

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 as at 31st March 2024.

Main Considerations

2. Appendix 1, 2 & 3 to this report outline the budget monitoring summary as at 31st March 2024 including activity information for demand driven budgets.
3. All figures in this report are provisional.
4. The outturn variance of £3.645 million against the overall schools budget is an improvement since the quarter 3 report of £0.741m. The main driver for this adverse variance is the on-going pressures on the high needs block, the reasons for these are known and understood.
5. As the local authority must make arrangements to finance this pressure, some expenditure in the Schools Budget is ultimately financed from the DSG reserve. The drawdown upon this reserve since 2018 has created a deficit reserve position. In acknowledgement of deficits held by local authorities, which are estimated at £2.6bn nationally, the government introduced a three-year statutory override in 2020 which separates local authorities' DSG deficits from their wider financial position, this has now been extended until 2026.
6. Wiltshire's planned transfer from the DSG reserve is based on the previous forecast of expenditure to 31st July 2024 and is estimated at £16.648million. The overspend of £3.645 million on the grant plus this transfer from reserves mean the overall estimated DSG pressure is therefore £20.293m.
7. Table 1 below shows the variances by individual DSG block.

Table 1 DSG Block Summary

	DSG Allocation from the DfE £m	Wiltshire Transfers £m	Current Annual Budget £m	Outturn £m	Outturn Variance £m	% Variance
Early Years Block	32.563	0.180	32.135	30.972	(1.162)	-4%
Schools Block	346.293 ▲	(1.717)	344.577	344.359 ▲	(0.218)	0%
High Needs block	70.798	1.797	91.492	96.683	5.190	6%
Central Block	2.600 ▲	(0.260)	2.340	2.175 ▲	(0.166)	-7%
Overall	452.254	0.000	470.544	474.188	3.645	1%
Planned transfer from DSG reserve (overspend)					16.648	
Net in year movement to the DSG reserve					20.293	

Early Years Budgets (Budget £32.135M, variance (1.162M))

8. The early years budgets are underspent by £1.162m. For this financial year, the budgets have been decreased by the planned transfer to the DSG reserve. For early years this is £2.250m. This was to facilitate improved budget monitoring and should reflect the DfE's post year adjustment of the variance. The variance is due to actual childrens attendance and therefore payments, being less than those calculated by the DfE using the updated census data.
9. The DfE have now adjusted the early years allocations as follows:
- a. Post year adjustment to 2022/23 financial year – an uplift of £35,133
 - b. In year adjustment (2023/24 financial year) – an uplift of £77,322
10. Table 2 below shows the take up in PTE (part time equivalent) children which reflects the financial variances.

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	9,873	9,491	-382	26.336	25.526	(0.810)
2-year-olds	664	722	58	2.178	2.223	0.045
ISF	308	289	-19	0.99	0.884	(0.106)
	hours	hours	hours			

*PTE = part time equivalent learners

11. 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. There is a paper later in the agenda updating Members around the DfE driven national changes to early years and wraparound provision and our progress in this area.

Schools Budgets (Budget £344.577M, variance (£0.218M))

12. The underspend on schools relates to vacancies due to staff turnover and recruitment timings in central teams and is helping to offset the overall pressure on the DSG.

High Needs Budgets (Budget £91.492M, variance £5.190M)

13. The High Needs budgets are overspent by £5.190m. For this financial year, the budgets have been increased by the planned drawdown from the DSG reserve. For high needs this is £18.898m. This was to facilitate improved budget monitoring, setting targets and measuring success in recovery planning.
14. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. Full variance analysis is provided at Appendix 2. It is important to note that the number of EHCPs being requested continues to increase post pandemic.

Table 3 - Number of EHCP Learners

	Children with an EHCP in Wiltshire (2022-23)	Prior Year Data (2021-22)	Prior Year Data (2021-22)
As at 31 March	5,696	4,907	4,346
Annual movement	789	561	253
% Movement	13.9%	11.4%	6%

COVID

15. The pressure has significantly increased with September placements confirmed as well as assessments and decisions being made which reduce the backlog. The majority of placements are in our own schools and therefore growth is in our own special and mainstream provision has increased by 806 fte since 2022/23 financial year. There has been particular pressure on the named pupil allowances which support children in mainstream settings. Additionally, there are 122 fte more pupils in post 16 education and 43 fte more in independent provision than in the 2022/23 financial year.
16. Unit costs in school have risen during the year, and this is perhaps reflected in high numbers of re-banding requests. Subsequently unit costs of the various top ups have risen except for primary. The paper Review of EHCP Top-Up Funding – Key Principles - later in the agenda will seek views of the Forum on the proposed review in this area.
17. We have been able to respond to the increasing demand with DfE capital grant to increase primary resource base provision; two new pilot secondary resource bases and the new 150 place free school; SAIL. These developments have had and will continue to have a positive impact on expenditure levels however, with the significant overall growth this is less visible. We know that where independent school fees are avoided, local community education for learners and lower cost for the local authority are achieved.
18. Full detail on all activity data including average unit costs can be found at Appendix 2 and 3, highlights of the demand in FTE are included in table 4a and b overleaf.

Table 4a - High Needs Learners activity

	Budgeted Volume FTE	Actual Volume FTE	Volume variance FTE	% change in volume	Actual unit rate
Wiltshire School Provision					
Special School Places	910.75	910.75	0	0%	£10,000
Special School Top Ups	1,041.05	1,020.29	(21)	-2%	£13,198
ELP Places	294.83	294.83	0	0%	£6,000
ELP Top Ups	623.82	581.32	(43)	-7%	£5,204
Resource Base Places	413.28	413.28	0	0%	£6,000
Resource Base Top Ups	636.11	536.08	(100)	-16%	£7,244
Named Pupil Allowance - Prim	813.97	1,024.78	211	26%	£6,040
Named Pupil Allowance - Sec	541.48	557.51	16	3%	£0
Transition Support Funding	313.25	233.71	(80)	-25%	£4,000
Independent / External Provision					
Independent Special School Fee	302.27	301.78	(0)	0%	£67,145
6th Form	688.76	665.88	(23)	-3%	£12,125
Wiltshire College Places	386.33	386.33	0	0%	£6,000
Inter Authority Recoupment	248.84	266.09	17	7%	£16,088
Alternative Provision & DP (SEN	501.20	672.95	172	34%	£13,779

Table 4b - High Needs Learners price variance

	Budgeted Price Per annum	Actual Price (Ave) Per annum	Price variance Per annum	% change in price
Wiltshire School Provision				
Special School Places	10,000	10,000	0	0%
Special School Top Ups	11,850	13,198	1,348	11%
ELP Places	6,000	6,000	0	0%
ELP Top Ups	5,163	5,204	41	1%
Resource Base Places	6,000	6,000	0	0%
Resource Base Top Ups	5,999	7,347	1,348	22%
Secondary Resource Base Top l	0	6,040	0	0%
Named Pupil Allowance - Prim	6,496	6,203	(293)	-5%
Named Pupil Allowance - Sec	5,406	5,166	(240)	-4%
Transition Support Funding	4,000	4,000	0	0%
Independent / External Provision				
Independent Special School Fee	57,478	67,144	9,666	17%
6th Form	11,053	12,125	1,072	10%
Wiltshire College Places	6,000	6,000	0	0%
Inter Authority Recoupment	13,777	16,088	2,311	17%
Alternative Provision & DP (SEN	13,236	13,779	543	4%

19. As Schools Forum are aware, work is on-going to investigate and address the issues. The Placement Strategy has expanded places however managing demand remains challenging. Reports later in the agenda form part of the SEN and AP strategic recovery plan.

Central School Services Budgets (Budget £2.340m, variance (£0.166m))

20. The small underspend in this area is a combination of an underspend on central services and an underspend in admissions due to appeals panel income.

DSG Reserve

21. The deficit reserve brought forward of £35.249 million is decreased by the positive early years block adjustment of £0.035 million. The planned drawdown of £16.648m and overspend of £3.644m will take the reserve into a deficit position of £55.506 million, slight improvement on our Safety Valve agreement, noted below.

22. The first payment from the DfE in relation to Safety Valve has been received and this reduces the deficit reserve to £28.706m.

Table 5 - DSG Reserve

	Total 23/24 FY £m	For Info: Safety Valve Agreement £m
Balance Brought Forward from 22/23	35.249	35.249
Early Years Adjustment (prior year)	(0.035)	(0.035)
Planned drawdown from reserve	16.648	16.648
Actual Variance 23/24	3.644	4.385
	55.506	56.247
Safety Valve DSG Payment	(26.800)	(26.800)
Deficit C/F after SV Payments	28.706	29.447

DSG Management Plan

23. Every Local Authority in England that has a deficit against their high needs block is required to hold a DSG Management Plan and the financial summary of the Wiltshire plan has been reported to Schools Forum on a regular basis.

24. The purpose of the plan is to demonstrate how the deficit in the high needs block will be reduced. As part of the Safety Valve Programme the council will need to be able to demonstrate that it can achieve in year financial balance by the end of the plan period.

25. The Safety Valve DSG plan will be shared as an appendix to the SEND Transformation Update Report.

Proposals

26. Schools Forum is asked to note the provisional outturn budget monitoring position including the balance on the DSG reserve at the end of March 2024 together with the reports later in the agenda on the SEND Transformation Programme.

Report Author: Marie Taylor,

Head of Finance, Children & Education

Tel: 01225 712539

e-mail: marie.taylor@wiltshire.gov.uk