

**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 31 August 2023.

**Main Considerations**

2. Appendix 1 and 2 to this report outlines the budget monitoring summary as at 31 August 2023 including activity information for demand driven budgets.
3. An overspend of £1.971 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.
4. 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.
5. Wiltshire's planned transfer from the DSG reserve is based on forecasts of expenditure to 31 July 2024 and is estimated at £16.648million. The overspend forecast of £1.971 million on the grant plus this transfer from reserves mean the overall estimated DSG pressure is therefore £18.619m.
6. Table 1 below shows the forecast variances by individual DSG block.

	DSG Allocation from the DfE £m	Wiltshire Transfers £m	Current Annual Budget £m	Forecast Outturn £m	Forecast Outturn Variance £m	% Variance
Early Years Block	32.563	0.180	30.493	30.336	(0.157)	-1%
Schools Block	346.293	(1.717)	344.577	344.487	(0.090)	0%
High Needs block	70.852	1.797	91.546	93.757	2.211	2%
Central Block	2.600	(0.260)	2.340	2.346	0.006	0%
<b>Overall</b>	<b>452.308</b>	<b>0.000</b>	<b>468.956</b>	<b>470.926</b>	<b>1.971</b>	<b>0%</b>
<b>Planned transfer from DSG reserve (reflecting planned expenditure)</b>					<b>16.648</b>	
<b>Net in year forecast movement to the DSG reserve</b>					<b>18.619</b>	

***Early Years Budgets (Budget £32.563M, forecast variance (0.157M))***

7. The early years budgets are projected to underspend by £0.157m. 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 will facilitate improved budget monitoring and should reflect the DfE's post year adjustment of the variance.

8. 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

	Budgeted	Actual	Forecast PTE Variance	Budgeted Spend	Forecast Spend	Forecast Spend Variance
	PTE	PTE	PTE	£M	£M	£M
3- & 4-year olds	9,873	9,811	-62	26.336	26.382	0.046
2-year-olds	664	694	30	2.178	2.135	(0.043)
ISF	308	289	-19	0.99	0.873	(0.117)

9. 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.

**Schools Budgets (Budget £344.577M, forecast variance (£0.090M))**

10. The minimal forecast underspend on schools relates to central teams and is helping to offset the overall pressure on the DSG.

**High Needs Budgets (Budget £91.546M, forecast variance £2.211M)**

11. The High Needs budgets are projected to overspend by £2.211m. 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 will facilitate improved budget monitoring, setting targets and measuring success in recovery planning.
12. 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.

	Children with an EHCP in Wiltshire	Prior Year Data (2022-23)	Prior Year Data (2021-22)
As at August 2023	5,254		
Estimate as at 31 <sup>st</sup> March 2024 (based on 22/23 growth rate of 12%)	5,884	4,762	4,371
Annual movement	<b>630</b>	<b>391</b>	<b>253</b>
% Movement	12%	8%	6%

The forecast pressure has significantly increased with September placements confirmed. The biggest areas of growth are in our own special and mainstream provision with an additional 441fte since 2022/23 financial year. There are 83fte more pupils in post 16 education and 74fte more in independent provision than in the 2022/23 financial year.

Whilst 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 a subsequent impact on expenditure levels. There has been particular pressure on the named pupil allowances which support children in mainstream settings.

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 overleaf.

	Budgeted Volume FTE	Actual Volume FTE	Volume variance FTE	% change in volume	Actual unit rate
<b>Wiltshire School Provision</b>					
Special School Places	942.83	942.83	-	0%	£9,660
Special School Top Ups	1,041.05	1,034.92	(6)	16%	£13,183
ELP Places	291.00	291.00	-	0%	£6,079
ELP Top Ups	623.82	619.61	(4)	5%	£5,199
Resource Base Places	400.00	400.00	-	0%	£6,199
Resource Base Top Ups	636.11	575.97	(60)	46%	£6,524
Named Pupil Allowance - Prim	813.97	941.65	128	10%	£6,272
Named Pupil Allowance - Sec	541.48	517.27	(24)	6%	£5,266
Transition Support Funding	313.25	295.65	(18)	80%	£4,000
<b>Independent / External Provision</b>					
Independent Special School Fees	302.94	357.16	54	30%	£52,492
6th Form	688.76	696.86	8	8%	£11,131
Wiltshire College Places	386.33	386.33	-	0%	£6,000
Inter Authority Recoupment	248.84	248.61	(0)	40%	£15,733
Alternative Provision & DP (SEN)	501.20	467.39	(34)	175%	£14,277

13. As Schools Forum are aware, much work has been done, over recent years to investigate and address the issues. The Placement Strategy has expanded places however managing demand remains challenging. There is an update later in the agenda from the High Needs Sustainability team on their work with the DfE and partners.

#### **Central School Services Budgets (Budget £2.340m, forecast variance £0.006m)**

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

#### **DSG Reserve**

15. 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 forecast overspend of £1.971 will take the reserve into a forecast deficit position of £53.832 million.

	<b>Total 23/24 FY £M</b>
Balance brought forward from 2022/23	35.249
Early Years adjustment (prior year)	(0.035)
Planned drawdown from reserve	16.648
Forecast variance 23/24	1.971
Balance carried forward 2023/24	<b>53.832</b>

#### **DSG Management Plan**

16. 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.

17. The report to the Schools Forum meeting in June 2023 confirmed that the DSG Management Plan was being updated to share with the DfE's consultants Newton Europe Ltd as part of the Delivering Better Value (DBV) programme. Since that meeting the Council has been invited to join the Safety Valve programme for councils with significant DSG deficits, and work on the DBV programme has ceased. The DSG Management plan has been updated to reflect current estimates of demand, income and expenditure with an estimate of the impact of the currently agreed mitigations. A copy of the current plan is attached at Appendix 4 to this report.

18. 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. At this stage the plan does not achieve financial balance and therefore further work is required to develop a plan that can be implemented as part of a Safety Valve deal for Wiltshire. The final plan will need to be signed off with the DfE in January 2024. The Transformation Board chaired by the Chief Executive of the Council has approved project spend of £1.620m over 23/24 and 24/25 financial years to deploy temporary resources to drive the change programme forward.

### **Proposals**

19. Schools Forum is asked to note the forecast budget monitoring position including the balance on the DSG reserve at the end of August 2023 together with the report later in the agenda on the HNB recovery plan and the Safety Valve programme.

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