



Northumberland County Council

Wellbeing and Community Health Services Group
Education and Skills Service

Agenda Item 6

SCHOOLS' FORUM

22 November 2023

Dedicated Schools Grant (DSG) budget performance update 2023-24

1. Purpose of the Report

The purpose of the report is to ensure that the Schools Forum is informed of the current financial position of the Dedicated Schools Grant (DSG) against the Budget for 2023-24.

2. Recommendations

Schools Forum is asked to:

- a) Note the financial performance to the end of September 2023 and the projected year end position on the DSG at the present time.

3. Current DSG allocation

- a) The budget for the DSG was agreed by Schools Forum in February 2023 based upon the initial allocation for 2023-24 that was released in December 2022. Since that time there has been two further updated allocations in March 2023 and July 2023. These account for changes in the following areas:

- Recoupment of funding for Maintained schools converting to academies.
- Updated Early Years Block allocations following January 2023 census.
- Updated commissioned place numbers and import/export adjustments for Special School places in Northumberland.

4. DSG Budget performance: September 2023 update

The DSG projected revenue position at the end of September within each service area is shown below. The forecast position overall is a £0.550 million overspend.

	Budget	Forecast Expenditure	Projected (Surplus)/Deficit
	£m	£m	£m
Central Schools block	2.346	2.276	(0.070)

Early Years block	18.760	18.738	(0.022)
High Needs block	50.671	51.462	0.791
Schools block	88.872	88.723	(0.149)
Overall	160.649	161.199	0.550

The main factors contributing to the overall position are identified below:

a) Central Schools Block – forecast underspend £0.070 million

- i) There is an underspend of £0.050 million on the cost of independent school placements for young people without an EHCP. This is a combination of Looked after young people in an independent residential care placement and those who reside on Holy Island and attend an independent school.

b) Early Years Block – forecast underspend £0.022 million

- i) There is an underspend on the Early years central team of £0.022 million due to a staff vacancy within the team.

c) High Needs Block – forecast overspend £0.791 million

- i) The forecast overspend on top-ups is £1.005 million which represents overall growth of around 17% compared to the previous year. This is based on the summer term payment and adjusted for further growth in numbers of around 9% for the remainder of the 2023-24 academic year plus the impact of the increase of the average banding.
- ii) There is an overspend of £0.110 million on the cost of placements at Independent Special Schools. Whilst there has been a slight reduction in the number of placements, the costs are increasing due to the impact of inflation and the complexity of needs of the children.
- iii) The Inclusion service is anticipating an overspend of £0.166 million on pupil transport to alternative provision with a 50% uplift in costs compared to 2022-23. This is due to the ongoing impact of the increase in Permanent and Fixed Term exclusions.
- iv) There is a projected underspend of £0.253 million on staffing and travel across SEN Support services due to vacancies across the service, with several teaching posts due to be filled from January 2024.
- v) There is an underspend of £0.280 million on the budget for Primary Support Bases (PSB's). The budget was originally planned for 5 PSB's around the County, but as of September 2023 there are currently only 2 operating on an ongoing basis. Some of the original PSB's are now operating as Specialist Support bases which are funded through additional notional SEND funding, and we have built in growth which is expected to cover the additional cost.

d) Schools Block – forecast underspend £0.149 million

- i) There is an underspend of £0.152 million on the Trade Union Facility time budget. This relates to the surplus carried forward from 2022-23 which the service has no plan to spend in the current year.

5. In-year budget position

The table below demonstrates how the forecast financial performance compares against the annual DSG allocations, as issued in July 2023.

This removes the impact of the transfer between the Schools Block and High Needs block and the drawdown of funding from the reserve.

DSG annual grant	Forecast expenditure	Projected
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	2023-24		(surplus)/deficit	
	£m	£m	£m	£m
Central Schools Block	2.269		2.276	0.007
Early Years Block	18.760		18.738	(0.022)
High Needs Block	48.310		51.462	3.152
Schools Block	88.876		88.723	(0.153)
Total	158.215		161.199	2.984

- a) The table above demonstrates that the High Needs Block is expected to incur expenditure that exceeds the annual allocation by £3.152 million (by comparison expenditure exceeded the annual allocation by £0.443 million in 2022-23).
- b) Year on year expenditure is expected to rise by £7.351 million or 16.7% whilst funding has only risen by £4.641 million or 10.6%. The gap between funding levels and expenditure has widened significantly during 2023-24 causing additional pressure on the High Needs Block which is not sustainable on a long-term basis.
- c) All other blocks are expected to spend within the limits of the annual grant funding.

6. Summary

The current financial forecast demonstrates the extreme pressure the High Needs Block is now facing and the potential impact on the DSG reserve is shown below.

	Opening reserve 2023-24	Planned use in 2023-24	Surplus/(deficit) in year	Forecast Closing reserve 2023-24
	£m	£m	£m	£m
Central Schools Block	0.307	(0.077)	0.070	0.300
Early Years Block	0.690	-	0.022	0.712
High Needs Block	1.876	(1.876)	(0.791)	(0.791)
Schools Block	1.628	(0.482)	0.149	1.295
Total	4.501	(2.435)	(0.550)	1.516

- a) Based upon the latest information, the DSG reserve is expected to reduce from £4.501 million at the beginning of 2023-24 to £1.516 million at the end of the year as all balances are transferred to or from the reserve.
- b) The impact of the position above is that there will be no High Needs reserve available to support pressures on the budget in 2024-25 unless funds are re-directed from other blocks.
- c) The 2024-25 financial year will see a further increase in expenditure with the full year impact of creating additional special school places and associated top-ups from September 2023 along with inflationary pressures linked to pay awards for centrally employed staff and for those services commissioned from other providers.
- d) If the High Needs block moves into a deficit, then current regulations state that the deficit must be rolled forward and can be offset fully or partially against the overall DSG reserve in the next year or it can be rolled forward to future years. It is prohibited for Council reserves to be used to meet the High needs block deficit until the end of the 2025-26 financial year when the regulations will be reviewed.