

Date: 14 March 2022	Item 4	Type of report: For Decision and Discussion
Report title:	Dedicated Schools Grant - 2022-23 Budget Monitor and Financial Update.	
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Executive Summary

This report sets out the latest in-year budget monitoring for the 2022-23 Dedicated Schools Grant (DSG) and provides an update to members on the latest school finance events.

Schools Forum Actions

That the Schools Forum

- Note The DSG end of year financial forecast position for the year ending 31 March 2023.

1. Overall Position

1.1 This report sets out the budget monitoring information and projected year end position for the budget areas funded by the Dedicated Schools Grant (DSG) as at the end of January 2023 (Month 10). There are still some areas that are subject to change between now and the year end and thus these projections should be treated with caution.

1.2 The overall position on budget monitoring is summarised in the table below.

	Southwark DSG Allocation 2022-23 As at January 2023 £'000	Projected Over/ (Underspend) £000
Schools Block	113,133	-200
Central services block	1,856	0
High Needs Block	61,279	2,655
Early Years Block	24,169	0
Total	200,437	2,455
Deficit carry forward from 2021-22		21,652
Cumulative deficit at the end of the year 2022-23		24,107

The 2022/23 DSG allocations are after deductions for academies recoupment and direct funding of high needs places by ESFA but before the Schools Block transfer. These allocations will be revised by the ESFA during the year for changes in pupil number

2. Schools Block

- 2.1 Note that the Schools Block allocation is shown net of Academy recoupment and the reason that the allocation has changed from £115.221m to £113.133m is due to Notre Dame RC Girls' School and St Josephs (Bermondsey) that joined a multi academy trust on the 1st of December 2022.
- 2.2 The Schools Block allocation is currently expected to underspend by £200k, this relates to the falling rolls fund as only one bid has been received this year. Note that the Schools in Financial Difficulty Panel is due to meet on the 3rd of March and thus this forecast may change following that. The revised Terms of Reference for the Panel is referenced elsewhere on this agenda.

3. High Needs

- 3.1 The High Needs block remains the main risk area in the DSG and is forecasting an overspend of £2.655m with the reasons being due to both increased numbers of children with EHCP's as well as inflationary pressures. As this is a needs led budget this forecast is highly subjective. The pressure is mainly on SEND placements and Mainstream top-ups which is showing an expected £2.4m and £0.5m pressure respectively. These are partly offset by a number of smaller savings across the block. There is a lot of work currently being carried out as part of the Budget Recovery Board as well as the Safety valve programme to get the high needs block onto a sustainable footing and there is also work being undertaken to ensure that the data is reliable to support this process. Note that this forecast is an improvement of £0.8m compared to the forecast that was reported to Schools Forum in December.
- 3.2 In January 2021 there were 2,574 children with EHCP's, this grew to 2,784 by Jan 2022 and are currently at 2,998 (as at January 2023).
- 3.3 Officers have continued to meet officials to discuss safety valve funding over the summer and the Department for Education (DfE) has now approved our Safety Valve application in principle, with confirmation expected before the end of the financial year.

After Southwark was allocated an additional £3m High Needs Block funding for 2023-24, we were asked to submit a revised DSG management plan by the DfE on 31 January 2023. The amount that Southwark is seeking as financial support from the DfE to eliminate the historic deficit over the period of the Safety Valve agreement remains at £23m.

- 3.4 The High Needs Sub Group met on the 23rd of February and discussed the following matters:
 - The role of the sub-group and their terms of reference
 - An update on the DSG High Needs Block position and on the DSG management plan
 - An update on the Safety Valve Programme

The minutes of the Meeting are attached at Appendix A.

4. Financial position on de-delegated budgets, growth fund and falling rolls fund

- 4.1 The summary position is shown in the table below

2022-23	Budget £m	Forecast Outturn £m	Over/ (Underspends) £m
De-delegated Amounts			
Schools in financial difficulty	0.7	0.2	(0.5)
Maternity	0.5	0.5	0
Trade Unions	0.1	0.1	0

2022-23	Budget £m	Forecast Outturn £m	Over/ (Underspends) £m
Schools Block Amounts			
Growth Funds	0.1	0.1	0
Falling Rolls	0.3	0.1	(0.2)

5. Additional Items

- 5.1 The Mayor of London has announced that funding will be provided to provide free school meals for children in key stage 2 in London. The details of how this funding will be allocated have not been provided yet but we will update schools once we have this information.

6. Recommendation/s

- 6.1 The Schools Forum is asked to note the projected overspend on the 2022/23 DSG budget and also the projected cumulative DSG deficit at year end of £24.107m.