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Report title:	Dedicated Schools Grant Outturn 2022-23	
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Executive Summary

This report sets out the outturn of the Dedicated Schools Grant (DSG) 2022-23 which includes the carry forward to 2023-24.

Schools Forum Actions

The Schools Forum is asked to

- Note the DSG outturn position which is an underspend of £7.1m after receipt of Safety valve Funding of £9.2m (i.e. an overspend of just over £2m prior to receipt of this funding).
- Note that that the deficit will be carried forward to 2023/24.
- Note that the Dedicated Schools Grant was in cumulative deficit by £14.5m at the end of 2022-23 financial year, which included the deficit carry forward of £21.6m from 2021-22.
- Note the position is provisional subject to external audit opinion.
- That the outturn position on maternity is noted

Dedicated Schools Grant 2022/23

1. The overall Dedicated School Grant has ended the 2022-23 financial year with an unfavourable variance of circa £2m, before receipt of Safety Valve Funding of £9.2m. Once the Safety Valve Funding is applied the overall DSG deficit has reduced by £7.1m from £21.6m at the start of the financial year to £14.5m as at 31 March 2023.
2. The key driver of the pressure continues to be the high needs block, with an overspend of £2.2m. The pressure is mainly on SEND placements where there is an overspend of £2.8m and which is 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.
3. The Safety valve application has now been signed which means the Council must comply with strict monitoring requirements and the achievement of agreed milestones and if they not achieved then there is a risk that future funding from DfE may be withheld.

4. DSG Outturn

Table 7: Dedicated school grant outturn (before allocation of Safety Valve Funding)

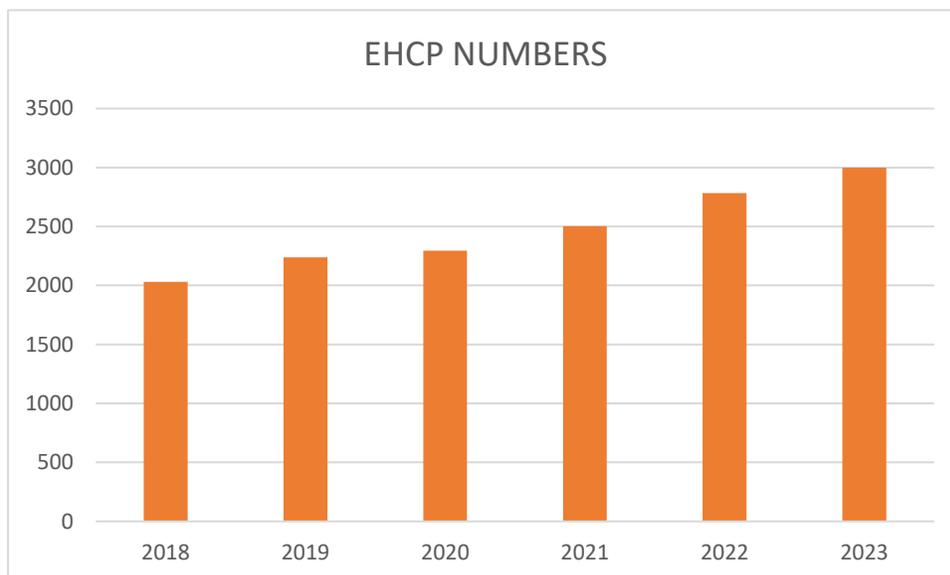
	DSG Allocation 2022-23 £000s	Over/ (Underspend) £000s
Schools Block	113,133	0
Central services block	1,856	-148
High Needs Block	61,279	2,185
Early Years Block	24,021	0
Total	200,289	2,037
Safety Valve Funding	9,220	-9,220
Final Outturn position	209,509	-7,183
Deficit carry forward from 2021-22		21,651
Total deficit carried forward		14,468

- The council has entered into the Safety Valve agreement with the DfE to eliminate the accumulated DSG deficit by 2026-27 with support of £23m Safety valve funding as set out in the DSG management plan. The DSG deficit was £21.6m at the beginning of 2022-23 and was projected to reach £72.5m by 2026-27 if there weren't any mitigating actions taken. Upon entering into the Agreement the council received an initial grant of £9.2m in 2022-23 to reduce the cumulative deficit.
- Therefore the 2022-23 closing position for DSG is £14.5m once the £9.2m additional Safety Valve Funding was used to offset the accumulated £23.7m deficit.

High Needs Block

- The pressure on the High Needs Block is driven by a number of factors one of which is the increase in unit costs especially in the Independent and Non Maintained sector. When the budgets were set at the start of the financial year the inflationary growth in the unit cost of Non Maintained Special Schools (NMSS) and Independent Schools was determined at 3%. However since the new academic year in September 2023 some providers have been requesting inflationary increases higher than this.

8. In addition there are further concerns that the numbers of EHCP's are already higher than were forecasted in the Safety valve application. The target which was included in the Safety valve application was 2976 for 2022-23, however the service was reporting 2998 as at January 2023. In addition there is an EHCP backlog of approximately 130 still to process which is partly due to the impact of a shortage of specialist assessment capacity.
9. The number of EHCP's in each of the last 6 years is shown in the bar chart below and clearly illustrates the increase in demand over this period.



10. The High Needs Block outturn position is shown in the table below:

Service Area	Gross Exp. 2021-22 £000	Gross Exp. 2022-23 £000	Budget 2022-23 £000	2022-23 outturn £000	Actual Variance £000
High Needs Block					
SEND Placements	31,886	37,988	35,942	38,710	2,768
Special Schools	11,327	12,914	12,316	12,378	63
Hospital Schools	3,174	3,394	3,462	3,462	-
PRU	2,195	2,772	2,095	2,158	63
Mainstream Top-Ups	4,474	5,164	4,919	5,127	208
AP & Virtual School	2,158	2,167	1,144	1,049	-95
Centrally Retained	1,727	1,718	2,751	1,779	-971
Grant Income	-	-	-61,429	-61,279	150
Total High Needs Block	56,940	66,117	1,200	3,385	2,185

11. The Safety valve agreement requires the council to achieve the financial targets contained in the agreed DSG Management Plan with formal monitoring against these targets three times a year. If targets are not achieved then the DfE has the right to withhold the next instalment. The expectation is the achievement of an in year balanced position by 2024-25.
12. The Safety Valve Delivery Programme Board reports to the Education Budget Recovery Board and monitors the achievement of key milestones against each of the action plans. There are 7 action plans in total. The Safety Valve programme has two principal goals which are critical to a local authority's ability to reach a financially sustainable position:
 - 1 - Appropriately managing demand for Education, Health and Care Plans (EHCPs), including assessment processes that are fit for purpose; and
 - 2 - Use of appropriate and cost-effective provision - this includes ensuring mainstream schools are equipped and encouraged to meet needs where possible, whilst maintaining high standards for all pupils
13. Whilst the DSG Management Plan only relates to DSG funded revenue expenditure, the refreshed plan also addresses council funded high needs revenue expenditure and the need for potential additional investment from other specific external grants or council funds.
14. As part of the Safety valve process the council also submitted application for an additional £3m High Needs Provision Capital funding to support the creation of specialist 6th form provision in borough, which is critical to achieving the savings target in the current DSG management plan. Confirmation on approval for this was received in January 2023 by the department.
15. **Financial position on de-delegated budgets**

The summary position is shown in the table below:

2022-23	Budget £m	Forecast Outturn £m	Over/ (Underspend) £m
De-delegated Amounts			
Schools in financial difficulty	0.7	0.4	(0.305)
Maternity	0.5	0.306	(0.194)
Trade Unions	0.1	0.055	(0.045)

Note that underspends on these are carried forward.

16. Maternity

Note that any over or underspends on the maternity account are carried forward. From experience there are usually a considerable number of claims outstanding at the end of each financial year that are still due to schools. Any carried forward amounts are taken into consideration when determining the amounts to be de-delegated in future years.

17. Conclusion

The overall DSG outturn position was broadly in line with expectations, it is pleasing to note that although still significant, the overspend on the high needs block of £2.2m was £0.5m less than the £2.7m that had been forecast in January.