



# Northumberland County Council

**Wellbeing and Community Health Services Group**  
**Education and Skills Service**

**Agenda Item 8**

## **SCHOOLS' FORUM**

**27 September 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 August 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.

The table at Appendix A shows the movement between the original DSG allocation and the current DSG allocation after recoupment and including the drawdown of £2.230 million from the 2022-23 DSG surplus.

#### **4. DSG Budget performance: August 2023 update**

The DSG projected revenue position at the end of August within each service area is shown below. The forecast position overall is a £0.619 million overspend.

	Budget	Forecast Expenditure	Projected (Surplus)/Deficit
	£m	£m	£m
Central Schools block	2.346	2.256	(0.090)
Early Years block	18.760	18.729	(0.031)
High Needs block	50.671	51.403	0.732
Schools block	88.668	88.676	0.008
<b>Overall</b>	<b>160.445</b>	<b>161.064</b>	<b>0.619</b>

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

**a) Central Schools Block – forecast underspend £0.090 million**

- There is an underspend of £0.078 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 £0.031 million**

- There is an underspend on the Early years central team of £0.031 million due to a staff vacancy within the team.

**c) High Needs Block – forecast overspend £0.732 million**

- The forecast overspend on top-ups is £0.722 million which represents overall growth of around 16% compared to the previous year. This is based on the summer term payment and adjusted for year-on-year growth in numbers of around 9% for the 2023-24 academic year plus the impact of the increase of the average banding. This includes an additional 29 post-16 placements have been agreed at Northumberland Skills that were not previously identified at a cost of £0.326 million.
- The Inclusion service is anticipating an overspend of £0.166 million on pupil transport to alternative provision with a 30% uplift in costs compared to 2022-23. This is due to the ongoing impact of the increase in Permanent and Fixed Term exclusions.

		Permanent Exclusions	Fixed Term Exclusions
Year	Pupil Population	Total	Total
2019/20	39,795	50	1,696
2020/21	40,070	44	2,144
2021/22	40,059	94	4,027
2022/23	40,036	105	5,870

- There is a projected underspend of £0.197 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.

**d) Schools Block – forecast overspend £0.008 million**

- There is a small overspend on the English as an additional language budget.

## 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 2023-24	Forecast expenditure	Projected (surplus)/deficit
	£m	£m	£m
Central Schools Block	2.269	2.256	(0.013)
Early Years Block	18.760	18.729	(0.031)
High Needs Block	48.310	51.403	3.093
Schools Block	88.876	88.676	(0.200)
<b>Total</b>	<b>158.215</b>	<b>161.064</b>	<b>2.849</b>

- The table above demonstrates that the High Needs Block is expected to incur expenditure that exceeds the annual allocation by £3.093 million (by comparison expenditure exceeded the annual allocation by £0.443 million in 2022-23).
- Year on year expenditure has risen by £7.292 million or 16.5% whilst funding has only risen by £4.923 million or 11.3%. 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.
- 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 under 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)	0.090	0.320
Early Years Block	0.690	-	0.031	0.721
High Needs Block	1.876	(1.876)	(0.732)	(0.732)
Schools Block	1.628	(0.277)	(0.008)	1.343
<b>Total</b>	<b>4.501</b>	<b>(2.230)</b>	<b>(0.619)</b>	<b>1.652</b>

- Based upon the latest information, the DSG reserve is expected to reduce from £4.501 million at the beginning of 2023-24 to £1.652 million at the end of the year as all balances are transferred to or from the reserve.
- 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.
- 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.
- 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.

**APPENDIX A**

The table shows the current DSG allocation after recoupment and including the drawdown of £2.230 million from the 2022-23 DSG surplus.

	Original Budget after recoupment	Transfer between blocks	March and July updated allocation	Carry forward from 2022-23	Revised Grant allocation
	£m	£m	£m	£m	£m
Central Schools Block	2.269	-	-	0.077	2.346
Early Years Block	19.157	-	(0.397)	-	18.760
High Needs Block	48.217	0.485	0.093	1.876	50.671
Schools Block	90.644	(0.485)	(1.768)	0.277	88.668
<b>Total</b>	<b>160.287</b>	<b>-</b>	<b>(2.072)</b>	<b>2.230</b>	<b>160.445</b>