

CITY OF WESTMINSTER

SCHOOLS' FORUM 14th NOVEMBER 2022

REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES

2022/23 DEDICATED SCHOOLS GRANT BUDGET MONITORING AND SCHOOL
BALANCES FORECAST**Purpose of the report**

This report provides Schools' Forum with an update on the revised Dedicated Schools Grant (DSG) allocation, budgets set and forecasts for 2022/23.

FOR INFORMATION

1 INTRODUCTION

- 1.1 The Dedicated Schools Grant allocation for 2022/23, based on information published by the Education and Skills Funding agency (ESFA) in March 2022, was £93.246m. This figure is after deductions for academies recoupment, and funding of high needs places in academies.
- 1.2 Table 1 shows a comparison between the updated DSG allocation as reported by the ESFA in July 2022 compared to the March 2022 position.
- 1.3 The changes since March are: a decrease of £0.210m to the Early Years block to reflect a headcount decrease compared to numbers used for the March 2022 DSG; and a decrease of £0.517m to the High Needs allocation mainly as a result of a data error made by one of the Westminster based FE colleges when recording data in the Individual Learning Record (ILR) return. The data error has now been corrected and will result in an increase to the 2022/2023 DSG allocation in November and there will be a corresponding increase in allocations to providers and therefore no overall impact on the forecast below is expected.
- 1.4 There will be a final adjustment relating to the 2021/22 Early Years Block and the difference between this and the estimate set up in the 2021/22 accounts will be taken into account in table 2 in the next monitoring report. There will also be adjustments to the 2022/23 Early Years Block.

2 2022/23 DSG ALLOCATION

- 2.1 The DSG allocation as at July 2022 compared to the March 2022 DSG allocation is shown in table 1 below.

Table 1 – DSG Allocations 2022/23

Funding Blocks	2022/23 DSG March 22	2022/23 DSG @ Sept 21 (Updated July 22)	Change since March 22
	£'000	£'000	£'000
Early Years Block			
3-4yo funding	9,877	9,652	(225)
Maintained Nursery Supplement	1,389	1,382	(7)
2 yo funding	1,175	1,168	(7)
Early Years Pupil Premium	90	119	29
EY DAF	50	50	0
Total Early years Block	12,581	12,371	(210)
Schools and Central Schools Services Block (CSSB)			
Schools Block Formula and CSSB	124,536	124,536	0
Academy Recoupment Adjustment	(76,634)	(76,634)	0
Transfer to High Needs Block	(618)	(618)	0
Total Schools and CSSB (before NNDR deduction)	47,284	47,284	0
High Needs Block			
High Needs Block Formula Funding	37,346	36,800	(546)
Deductions for High Needs Places in Academies	(3,199)	(3,170)	29
Transfer from Schools Block	618	618	0
Total High Needs Block	34,765	34,248	(517)
Total DSG Allocation 2022/23	94,630	93,903	(727)
Schools Block NNDR deduction	(1,384)	(1,384)	0
Total DSG after NNDR deduction	93,246	92,519	(727)

2.2 The Academy Recoupment Adjustment became available after the ESFA confirmed the validity of the APT submission in February 2022. Academies receive their budgets from the ESFA and Maintained Primary and Secondary Schools received their Formula Budgets before 28th February 2022.

3 DSG BUDGETS AND BUDGET MONITORING

3.1 At September 2022, the projected year end DSG position is shown below in table 2 and includes overspend and underspend variances. This is based on

the amended DSG allocation, the resulting revised budgets and is for information.

Table 2 – DSG Budget Monitoring 2022/23

Budget Area	Revised Budget	Forecast Sept 22	Projected Variance
	£'000	£'000	£'000
Early Years Block			
3 to 4-year old Formula Funding (PVI)	4,175	4,175	0
3 to 4-year old Formula Funding (Schools)	4,175	4,175	0
3 to 4-year old Formula Contingency	275	275	0
2-Year old Funding	1,168	1,168	0
Deprivation	376	376	0
Maintained Nursery Supplement	958	958	0
SEN Inclusion Fund (SENIF)	170	170	0
Disability Access Fund (DAF)	50	50	0
Early Years Pupil Premium	119	119	0
Early Years Provision	129	129	0
Children in Need Provision	363	363	0
EY Miscellaneous and Nursery Rents	145	145	0
Childcare and Early Education Service	268	268	0
Total Early Years	12,371	12,371	0
Schools Block & CSSB			
Schools Formula	45,599	45,599	0
Falling Rolls	215	215	0
Copyright Licences	113	113	0
De-delegated Trade Unions supply	73	73	0
School Restructures	400	400	0
Virtual School	189	189	0
Admissions (including Fair Access Payments)	346	396	50
Servicing of Schools' Forum	46	46	0
Statutory duties chargeable to the DSG eg planning for education service and finance functions	303	303	0
Total Schools and CSSB	47,284	47,347	50
High Needs Block			
Top-Up Maintained Pre-16	7,567	6,967	(600)
Top-Up Academies, Free, College Pre-16	3,611	3,192	(419)
Top-Up Out of Borough	6,375	5,901	(474)
Top-Up Independents Pre-16	3,365	3,315	(50)
Top-Up Post 16 Academies, Colleges	3,429	3,094	(335)
Top-Up Post 16 Independents	2,008	2,300	292
Top-Up Post 16 Maintained	329	214	(115)
Targeted Support	250	250	0
Special Schools and Units Places	2,728	2,689	(39)
Alternative Provision Commissioning	922	1,017	95

Budget Area	Revised Budget	Forecast Sept 22	Projected Variance
Hospital Education	344	344	0
Looked After Children Belongings Regulations	830	505	(325)
SEN Outreach	784	784	0
SEN Commissioning ABA	0	0	0
SEN Services	530	530	0
Occupational Therapy	513	538	25
Portage	197	238	41
Other Support & Therapies	162	176	14
Speech & Language Therapy (SALT)	1,203	1,431	228
Equipment	50	72	22
Earmarked for High Needs pupils development	0	0	0
Estimated deduction to high needs block for increases in Academy places from September 2021. Amended after July 2022 DSG latest allocation	0	0	0
Estimated increase in import adjustment for college places from September 2022, will be received in 2023/24 DSG (lagged funding)	(253)	0	253
DSG lower than anticipated when budgets were set. (Incorrect reduction to DSG import/export July 2022)	(696)	0	696
Total High Needs Block	34,248	33,557	(691)
Total Dedicated Schools Grant 22/23 (Rounding's to £1,000)	93,903	93,262	(641)

EARLY YEARS

- 3.2 The 3 to 4 year old formula funding budget is derived from the January 2021 school census and early years census. The hourly rate set was adjusted to take account of deprivation, SENIF and centrally retained budgets.
- 3.3 The 2 year old funding allocations are based on the January 2021 census data.
- 3.4 The Early Years block will be adjusted to reflect the January 2022 census data and a final adjustment will be made in 2023/24 to reflect 2022/23 early years census counts.
- 3.5 Providers are encouraged to ensure census data is completed accurately and in a timely manner to ensure resulting payments are as expected. The data team can provide further advice where needed.

- 3.6 The £275,000 early years contingency is expected to be fully utilised this year due to historical commitments exceeding funding available from the 5% retained and the maintained nursery supplement.

SCHOOLS AND CSSB

- 3.7 The forecast overspend of £50,000 is due to Secondary fair access DSG payments.

HIGH NEEDS

- 3.8 An underspend of £691,000 is forecast on the High Needs Block and the significant variances are detailed below. The in year deficit management plan was a forecast underspend of £505,000. The national and London trend is increasing High Needs pressures. The expected local pressures have now materialised, mainly related to increases in numbers of EHCPs and increases in placement costs. The SEN transport cost, which is not charged to the DSG, has a significant pressure as a result of increases in numbers and transport costs.
- 3.9 There is a net underspend forecast against top ups of £1,943,000 and a forecast overspend for placements in the independent sector of £242,000. Payments for placements out of borough and in the Independent Sector are significant.
- 3.10 Alternative Provision Commissioning is now forecast to overspend by £95,000 to reflect final allocations including the cost of The Pears Family school placements.
- 3.11 Looked After Children Belongings Regulations is now forecast to underspend by £325,000 based on estimates of 2022/23 charges.
- 3.12 Speech & Language Therapy (SALT) is forecast to overspend by £228,000 as a result of an increase in the CLCH contract which started in October (£91,000) and SALT recharges relating to placements in Hammersmith and Fulham special schools (£137,000).
- 3.13 The £255,000 estimated increase in the import adjustment for college places from September 2022 will not be received into the DSG until 2023/24 due to lagged funding. The high needs block of the DSG is £696,000 lower than expected when the budgets were set due to a college submitted data error which will be amended in November 2022 and paid out to the College.
- 3.14 The high needs review group will continue to review costs and ensure value for money within the high needs block.

- 3.15 The forecast top up figures are subject to change, as validation is taking place regarding new starters and costs for individual young people, particularly those in the FE colleges, to ensure that all additional costs are included.

4 SCHOOL BALANCES

- 4.1 The detail of individual school balances as held at 31st March 2022 and latest forecasts for expected balances at 31st March 2023 are shown in Appendix A. These balances reflect information provided by schools and are RAG rated as summarised below:

RAG Rating	No. of Schools 2021/22 Outturn	2021/22 Balance (surplus) / deficit	No. of Schools 2022/23 Forecast	2022/23 Forecast Balance (surplus) / deficit
Red	11	1,779	11	1,914
Amber	6	(686)	10	(192)
Green	23	(5,177)	19	(4,624)
Total	40	(4,085)	40	(2,902)

- 4.2 There are some concerns with the response rate for returns from non-deficit schools and officers has been following up with the non-compliant schools. Where returns haven't been received for Quarter 2, figures from Quarter 1 or budget plan forecasts have been used in the Appendix.
- 4.3 The eleven schools shown with deficits in Appendix A are all RAG rated as red to highlight the urgent need for a sustainable position to be maintained in order to return to a balanced budget position. Collectively, these schools had an aggregate deficit of £1.779m at 31st March 2022. Appendix B shows the RAG rating criteria.
- 4.4 Of the eleven schools, nine have licensed deficit recovery plans in place and one is being pursued. The remaining school, Westminster Cathedral, has amalgamated with St Vincent de Paul from September 2022 and their deficit will not be recovered.
- 4.5 The budget plans / latest forecasts show an estimated use of £1.183m of balances which would reduce school balances to £2.902m from £4.085m at 31st March 2022.

5 CONCLUSION

- 5.1 Schools' Forum are asked to note:

- 5.1.1 the revised 2022/23 DSG allocation of £92.519m and forecast underspend of £0.641m. This will reduce the DSG cumulative deficit from

£1.167m at the end of 2021/22 to £0.526m by the end of 2022/23. This compares to the deficit management plan of a year-end cumulative deficit of £0.712m; and

5.1.2 The projected year end school balances.

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Background Papers:

EFSA – DSG Allocations 2022-23