

**CITY OF WESTMINSTER****SCHOOLS' FORUM 18<sup>th</sup> JANUARY 2023****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 was 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 November 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: an increase of £0.341m to the High Needs allocation mainly due to adjustments to the import / export adjustment for one of the Westminster FE colleges.
- 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 November 2022 compared to the March 2022 DSG allocation is shown in table 1 below.

**Table 1 – DSG Allocations 2022/23**

<b>Funding Blocks</b>	<b>2022/23 DSG March 22 £'000</b>	<b>2022/23 DSG @ Nov 22 £'000</b>	<b>Change since March 22 £'000</b>
<b>Early Years Block</b>			
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
<b>Total Early years Block</b>	<b>12,581</b>	<b>12,371</b>	<b>(210)</b>
<b>Schools and Central Schools Services Block (CSSB)</b>			
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
<b>Total Schools and CSSB (before NNDR deduction)</b>	<b>47,284</b>	<b>47,284</b>	<b>0</b>
<b>High Needs Block</b>			
High Needs Block Formula Funding	37,346	37,658	312
Deductions for High Needs Places in Academies	(3,199)	(3,170)	29
Transfer from Schools Block	618	618	0
<b>Total High Needs Block</b>	<b>34,765</b>	<b>35,106</b>	<b>341</b>
<b>Total DSG Allocation 2022/23</b>	<b>94,630</b>	<b>94,761</b>	<b>131</b>
Schools Block NNDR deduction	(1,384)	(1,384)	0
<b>Total DSG after NNDR deduction</b>	<b>93,246</b>	<b>93,377</b>	<b>131</b>

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 28<sup>th</sup> February 2022.

### 3 DSG BUDGETS AND BUDGET MONITORING

3.1 At December 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**

<b>Budget Area</b>	<b>Revised Budget</b>	<b>Forecast Dec 2022</b>	<b>Projected Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Early Years Block</b>			
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
<b>Total Early Years</b>	<b>12,371</b>	<b>12,371</b>	<b>0</b>
<b>Schools Block &amp; CSSB</b>			
Schools Formula	45,599	45,599	0
Falling Rolls and Growth Fund	215	344	129
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	409	63
Servicing of Schools' Forum	46	46	0
Statutory duties chargeable to the DSG eg planning for education service and finance functions	303	303	0
<b>Total Schools and CSSB</b>	<b>47,284</b>	<b>47,476</b>	<b>192</b>

<b>Budget Area</b>	<b>Revised Budget</b>	<b>Forecast Dec 2022</b>	<b>Projected Variance</b>
<b>High Needs Block</b>			
Top-Up Maintained Pre-16	7,567	6,784	(783)
Top-Up Academies, Free, College Pre-16	3,611	3,142	(469)
Top-Up Out of Borough	6,375	5,860	(515)
Top-Up Independents Pre-16	3,365	3,402	37
Top-Up Post 16 Academies, Colleges	3,429	2,880	(549)
Top-Up Post 16 Independents	2,008	2,331	323
Top-Up Post 16 Maintained	329	199	(130)
Targeted Support	250	250	0
Special Schools and Units Places	2,728	2,685	(43)
Alternative Provision Commissioning	922	1,019	97
Hospital Education	344	344	0
Looked After Children Belongings Regulations	830	513	(317)
SEN Outreach	784	845	61
SEN Commissioning ABA	0	0	0
SEN Services	530	530	0
Occupational Therapy	513	643	130
Portage	197	197	0
Other Support & Therapies	162	196	34
Speech & Language Therapy (SALT)	1,203	1,431	228
Equipment	50	50	0
2021/22 costs below accruals estimate in accounts	0	(600)	(600)
Estimated increase in import adjustment for college places from September 2022, will be received in 2023/24 adjustment.	(255)	0	255
Increase in DSG Nov'22 allocation (import/export adjustment) higher than anticipated	162	0	(162)
<b>Total High Needs Block</b>	<b>35,106</b>	<b>32,702</b>	<b>(2,404)</b>
<b>Total Dedicated Schools Grant 22/23 (Rounding's to £1,000)</b>	<b>94,761</b>	<b>92,549</b>	<b>(2,212)</b>

## 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 is mainly due to St George's growth funding of £129,000. This is an in-year pressure to reflect funding owed to St George's and will be reimbursed by the DfE in 2023/24. Additionally, there is an in year funding pressure for secondary fair access DSG payments of £63,000.

## **HIGH NEEDS**

- 3.8 An underspend of £2,404,000 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.
- 3.9 There is a net underspend forecast against top ups of £2,086,000 which reflects recalibration of the Education Banding Tool (EBT) and bands 8-10 capped at £20,259. It also reflects significant work to verify destinations for 160 students previously in post 16 settings to ensure that EHCPs can be ceased and funding for support is no longer an in-year financial commitment. This underspend takes account of forecast overspend for placements in the independent sector of £360,000. Payments for placements out of borough and in the Independent Sector are significant.
- 3.10 Work to verify post 16 costs relating to 2021/22 identified a significant number of students no longer in Education having left during the Covid 19 pandemic. As EHCPs are now ceased, there is no longer a financial commitment. This has resulted in a further reduction of £600,000.
- 3.11 Alternative Provision Commissioning is now forecast to overspend by £97,000 to reflect final allocations including the cost of The Pears Family school placements.
- 3.12 Looked After Children Belongings Regulations is now forecast to underspend by £317,000 based on estimates of 2022/23 charges.

- 3.13 Occupation therapy is forecast to overspend by £130,000 regarding therapy costs at Queen Elizabeth II that were not included in the budget set.
- 3.14 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).
- 3.15 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 £162,000 higher than expected when the budgets were set.
- 3.16 The high needs review group will continue to review costs and ensure value for money within the high needs block.
- 3.17 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	10	1,913
Amber	6	(686)	11	(213)
Green	23	(5,177)	19	(4,624)
<b>Total</b>	<b>40</b>	<b>(4,085)</b>	<b>40</b>	<b>(2,924)</b>

- 4.2 There are 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. Quarter 3 returns are expected by 13<sup>th</sup> January 2023.
- 4.3 The ten schools shown with forecast deficits at the end of 2022/23 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 £1.541m at 31st March 2022. Appendix B shows the RAG rating criteria. St Vincent de Paul had a deficit at 31<sup>st</sup> March 2022 and is now forecasting to fully recover their deficit in 2022/23.

- 4.4 Of the ten schools, eight 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 £1.161m of balances which would reduce school balances to £2.924m from £4.085m.

## **5 CONCLUSION**

- 5.1 Schools' Forum are asked to note:
- 5.1.1 the revised 2022/23 DSG allocation of £94.761m and forecast underspend of £2.212m. This will eliminate the DSG cumulative deficit of £1.167m at the end of 2021/22 and result in a balance of £1.045m by the end of 2022/23. This means that a transfer from the schools block to the high needs block will not be required in 2023/24; and
- 5.1.2 the projected year end school balances.

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### **Background Papers:**

EFSA – DSG Allocations 2022-23

**Appendices**

Appendix A – latest school forecasts for 2022-23

Appendix B – RAG rating criteria for school balances