

Committee:	Schools Forum
Meeting Date:	30 th June 2022
Title:	DSG Spend 2021-22 and 2022-23 Forecast
Author:	Sonya Harban, CYP Strategic Finance Lead & Michael Quinton, Senior Accountant, CYP
Decision making / consultative / information:	Information
Who can vote?	N/A

What is the Forum being asked to decide?

1. Schools Forum are asked to note the DSG outturn for 2021-22, the issues identified for 2022-23 and the impact this will have on the DSG reserve position.
2. Note that following confirmation of the final recouplement of Early Years DSG relating to 2021-21 that is expected in July 2022, a paper will be shared with Schools Forum to discuss a potential redistribution of some of the remaining Early Years Block surplus.

Reason for recommendation

3. No recommendation is made as the paper is for information only.

Alternative options

4. This paper is for information only and so no alternative option is applicable.

Who will be affected by this decision?

5. Whilst no decision is required at this point in time, the DSG reserve position affects all schools and provider settings.

Main body of the Report

6. The DSG outturn position for 2020-21 shows an overspend of £5.251m. This is summarised in Table 1 below:

Table 1: 2021-22 Outturn Position

	Agreed 2021-22 Budget	2021-22 Spend	2020-21 Variance
Central School Services Block (CSSB)			
Regulatory & Other Statutory Duties	£1,316,920	£795,788	£521,132
Education & Learning	£2,099,979	£2,099,979	£0
Early Help Services	£2,460,416	£2,460,416	£0
Virtual School	£133,000	£133,000	£0
Schools Support for SEND services	£121,865	£121,865	£0
Redundancies	£23,000	£23,850	-£850
Sub-total	£6,155,180	£5,634,897	£520,283
Copyright Licences	£542,811	£542,811	£0
Total CSSB	£6,697,991	£6,177,708	£520,283
Early Years	£36,135,486	£35,216,593	£918,893
HNB	£64,507,579	£71,864,037	-£7,356,458
Schools (including de-delegated)	£118,857,550	£118,857,550	£0
Recoupment/Rates		-£138,033	£138,033
Growth	£1,780,000	£1,251,460	£528,540
Total DSG	£227,978,606	£233,229,314	-£5,250,709

7. The budgets agreed by Schools Forum for activities to be funded from the CSSB historical commitment element, after the savings of 20% against this element of funding had been applied, were fully utilised. The increase to funding relating to the regulatory duties' element was left uncommitted to offset savings required in future years against the historical elements, rather than to offset increase costs that were instead met by core funding on related spend. This underspend can therefore be used to offset the overall deficit of the DSG reserve.
8. The £0.919m underspend against the Early Years Block represents the difference between what the service have paid out in relation to hours provided by providers (and associated costs), and the number of hours which the DfE funded based on the census data. This underspend is after making an initial planned reserve transfer of £2.197m to take into account the expected additional monies due in July 2022 to reflect the take-up of early years placements during 2021-22 based on census data, and also the £0.5m paid out to providers in respect of the previous year's underspend.
9. This significant underspend reflects the lower take-up of placements during the year, where some parents chose to not send their children in for their funded sessions due to COVID-19 concerns or were benefitting from more flexible working arrangements and so could keep their children at home. All providers have been paid for the sessions provided for which they are able to claim. As with last year, the Local Authority is mindful of the

difficult financial position that many of our Early Years Providers are struggling with and being able to provide some additional funding where resources allow to support our settings is a priority. Once the final level of grant due for 21-22 placements is confirmed by the DfE next month, the Early Years Team will have clarity on the actual surplus available, so that they can review how best this could be distributed.

10. A paper to agree this distribution will come to Schools Forum in September 2022. It will likely include a recommendation to redistribute 0.05% to help offset the HNB as happened last year, and matches that contribution made by schools.
11. The overspend against the HNB of £7.356m is an increase on that seen in 2020-21 due to the significant increase in HNB funding applications and demand not being reflected in the funding received. This is all detailed in the SEND paper also shared with you today, which includes Table 2 below which shows total spend for SEND services and reconciles the DSG overspend as £7.356m.

Table 2

Row Labels	Sum of Grand Total	Sum of 21-22 Outturn	Sum of Variance
Top-Up payments	£32,928,133	£37,386,407	-£4,458,274
High Needs Places - Academies	£21,397,169	£21,397,169	£0
Independent Schools	£14,250,000	£14,605,410	-£355,410
High Needs Places	£8,179,453	£8,709,684	-£530,231
Bespoke and Targeted Support	£1,309,000	£3,218,096	-£1,909,096
Alternative Provision	£2,867,553	£2,777,688	£89,865
Personal Budgets - Short Breaks	£2,312,955	£2,397,746	-£84,791
Sensory Services	£1,812,966	£1,953,570	-£140,604
CISS/SES	£2,102,919	£1,872,417	£230,502
Psychology	£1,708,626	£1,843,223	-£134,597
Central Support	£1,443,091	£1,796,801	-£353,711
Family Services	£1,941,782	£1,790,098	£151,684
LSA Schemes	£236,710	£249,782	-£13,072
Equipment	£240,000	£240,000	£0
CAMHS	£170,100	£170,000	£100
Dyslexia	£111,584	£157,875	-£46,291
Covid Grant	£96,948	£96,948	£0
Reform Developments	£3,407	£3,407	-£0
Grand Total	£93,112,396	£100,666,321	-£7,553,925
Funded by:			
Core Funding/Reserves/Covid Grant	£6,824,652	£7,022,169	-£197,517
DSG High Needs Block	£85,904,748	£93,261,156	-£7,356,408
CSSB/De-delegated (DSG)	£382,996	£382,996	£0
Total Budget	£93,112,396	£100,666,321	-£7,553,925

12. The Schools Block budget had a small underspend of £0.138m, relating to rates being lower than budgeted for. There was a significant underspend against the monies allocated for in-year school growth of £0.528m, and this is therefore available to schools to re-distribute, or use to offset the 23-24 0.05% contribution to the HNB that schools have made over the last 2 years.

13. This led to a DSG reserve deficit position at the end of the financial year of £18.392m, as shown in Table 3 below (please note that individual school budget balances are held in a separate unusable reserve):

Table 3

Reserves Table:	Opening Position 01/04/2021	In-year transfers agreed	Operating Variance 2021-22	Closing Position 31/03/2022	Expected Future Commitments
Previous to 2020-21	-£186,282			-£186,282	
High Needs Block	£15,942,288	-£2,484,000	£7,356,458	£20,814,746	-£2,484,000
Early Years Block	-£1,744,414	£1,217,217	-£1,418,893	-£1,946,090	£1,727,197
CSSB	-£298,851		-£492,920	-£791,771	£791,771
Schools	-£633,544		-£693,933	-£1,327,477	£1,327,477
EY expected in 22-23		£2,197,347		£2,197,347	-£2,197,347
EY Capital	-£368,652			-£368,652	£368,652
Total	£12,710,546	£930,564	£4,750,712	£18,391,821	-£466,249

14. Schools Forum agreed in 2020-21 that there would be a 0.5% transfer from the schools block each year for the next 5 years (but agreed on an annual basis) to offset the HNB deficit in order that we can share with the DfE that we have an agreed plan on how the deficit will managed. Given the level of Schools Block underspend in reserves, this could be used to offset the 0.5% that Schools would transfer from their budgets in 23-24, reducing the actual transfer to approximately 0.3%. Given the continuing level of low funding received in Suffolk, we await to see if the DfE programme “Delivering Better Value in SEND” will provide guidance as to how it is expected that the current level of HNB deficit can be cleared without significant additional funding. What we have seen from Local Authorities who are part of the DfE “Safety Valve” programme is that there is a clear expectation that there would be an annual transfer of 0.5% from the Schools Block – although it is unclear if the recent Green Paper with regards to SEND reforms will have an impact on this.

15. Table 4 does not take into account the projected overspend against the HNB in 2022-23 of £5.24m, which if realised, would mean a HNB deficit of £23.570m (on the assumption that there is a transfer of 0.5% from both the schools and early years block, which includes the current surplus from the CSSB block that is in reserves).

2022-23 Forecast Outturn Position for DSG Budgets

16. Table 4 shows the current forecast of DSG budgets based on known commitments and anticipated demand in 2022-23:

Table 4

	Agreed 2022-23 Budget	2022-23 Forecast	2022-23 Forecast Variance
Central School Services Block (CSSB)			
Regulatory & Other Statutory Duties	£2,059,769	£2,059,769	£0
Education & Learning	£873,906	£873,906	£0
Early Help Services	£2,148,010	£2,148,010	£0
Virtual School	£344,722	£344,722	£0
Redundancies	£23,000	£23,000	£0
Sub-total	£5,449,407	£5,449,407	£0
Copyright Licences	£542,811	£542,811	£0
Total CSSB	£5,992,218	£5,992,218	£0
Early Years (Pre-adjusted)	£36,494,372	£36,494,372	£0
HNB	£72,836,226	£78,076,226	-£5,240,000
Schools (including de-delegated)	£116,213,941	£116,213,941	£0
Recoupment/Rates			£0
Growth	£1,780,000	£1,780,000	£0
Total DSG	£233,316,757	£238,556,757	-£5,240,000

17. As in previous years, the SEND overspend reflects the level of underfunding Suffolk receives through the Dedicated School Block (DSG) High Need Funding formula, which does not fund the total cost of demand for services in this area. The issues are well detailed in the SEND paper also shared with you today.
18. The DSG High Needs Block (HNB) is calculated on numbers of pupils in special schools (as provided by the LA from census data and place change notification), and then a range of other factors including IDACHI levels, and an element relating to historical spending from 2017-18, which is where Suffolk is disadvantaged. This leads to Suffolk being 121 out of 150 authorities based on a per pupil head (Norfolk 105th for reference).

Table 5 (Regional Comparators)

Local Authority	HNB per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total HNB)
Peterborough	£1,184
Thurrock	£1,141
Cambridgeshire	£1,115
Bedford	£1,105
Norfolk	£1,086
Luton	£1,074
Southend-on-Sea	£1,056
Suffolk	£1,013
Essex	£1,001
Central Bedfordshire	£985
Hertfordshire	£945

19. The low funding for Suffolk is primarily due to the low level of funding that is allocated through the historical element factor of the budget – i.e., not on evidential factors/characteristics of pupils, but spend comparatively to other Local Authorities in 2017-18. The table below shows for our regional neighbours, the amount per pupil head that makes up the budget from this historical element.

Table 6

Local Authority	Historical Element per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total Historical Budget Element)
Thurrock	£404
Cambridgeshire	£372
Norfolk	£371
Peterborough	£353
Bedford	£337
Luton	£322
Essex	£303
Suffolk	£287
Southend-on-Sea	£286
Central Bedfordshire	£283
Hertfordshire	£243

20. If Suffolk received the same historical element per pupil as our neighbours Norfolk, we would have an additional £8m in year (£371-£287 multiplied by pupil numbers). Appreciating that Norfolk is very high with regards to its historical element, the comparative additional grant compared to the average of our East of England cohort would be £3.5m (£324-£287 multiplied by pupil numbers).