

Committee:	Schools Forum
Meeting Date:	29 th June 2023
Title:	DSG Spend 2022-23
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 2022-23, the issues identified for 2023-24 and the impact this will have on the DSG reserve position.

Reason for recommendation

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

Alternative options

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

Who will be affected by this decision?

4. 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

5. The DSG outturn position for 2022-23 shows an overspend of £12.112m. This is summarised in Table 1 below:

Table 1: 2022-23 Outturn Position

	2022-23 Budget	2022-23 Spend	2022-23 Variance
Central School Services Block (CSSB)			
Regulatory & Other Statutory Duties	£2,059,770	£2,028,170	£31,600
Copyright Licences	£542,811	£570,150	-£27,339
Historical Commitments:			
Education & Learning	£873,906	£873,906	£0
Early Help Services (moved £0.211 million to Virtual School)	£2,148,010	£2,148,010	£0
Virtual School (moved £0.211 million from Early Help)	£344,722	£344,722	£0
Redundancies	£23,000	£25,952	-£2,952
Total CSSB	£5,992,219	£5,990,910	£1,309
Early Years	£38,696,120	£38,696,120	£0
HNB	£73,911,668	£86,038,529	-£12,126,861
Schools (including de-delegated)	£113,333,507	£113,333,507	£0
Recoupment/Rates		-£292,858	£292,858
Growth	£1,780,000	£2,059,301	-£279,301
Total DSG	£233,713,514	£245,825,509	-£12,111,995

6. 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 towards total expenditure. The majority of this spend is funded by core budgets, with the CSSB element reducing by a further 20% in 23-24, and a 20% reduction in each future year. This budget reduction will be met within the Local Authority from savings agreed elsewhere.

7. Early Years DSG is reconciled by the DfE, who will make an amendment to monies received in 22-23 in July 2023 to adjust for the January 2023 Early Years census data. This has been estimated at a recoupment of £0.086 million – any variation to this will be adjusted for through the DSG reserve.

8. The overspend against the HNB of £12.127 million reflects the change in activity shown in Table 2:

Table 2

Number of Placements in Settings	2022-23	2021-22	22-23	2020-21	22-23
			%age increase over 21-22		%age increase over 20-21
Special Schools	1,534	1,415	8%	1,256	22%
Specialist Units and Small Groups	667	497	34%	342	95%
Post 16	817	741	10%	667	22%
PRUs	476	476	0%	430	11%
Total	3,494	3,129	12%	2,695	30%
Children with a High Needs Funding Band in Mainstream Schools	3,880	3,257	19%	2,941	32%
Independent Non-Maintained Special Schools	373	345	8%	290	29%
Bespoke Provision	327	174	88%	46	611%
Total Children Receiving High Needs Funding	8,074	6,905	17%	5,972	35%

9. Overall numbers have increased by 17% over the last year (35% increase over the last 2 years), leading to increased DSG spend of £14.5 million over 21-22. The increase in number of children receiving funding translated into an overspend in the following areas:

Table 3

Row Labels	Sum of Base Budget	Sum of DSG/Schools Budget	Sum of Outturn	Sum of Sum of Base Variance	Sum of Sum of DSG Variance
Top-Up Payments	£0	£37,618,969	£45,566,900	£0	-£7,947,931
Independent Schools	£0	£15,000,000	£18,827,354	£0	-£3,827,354
High Needs Places	£0	£9,845,009	£7,539,488	£0	£2,305,521
Bespoke and Targeted Support	£0	£2,108,811	£4,940,374	£0	-£2,831,563
Alternative Provision	£0	£3,170,020	£2,938,283	-£508	£232,244
Family Services	£2,160,748	£790,714	£2,860,876	£65,834	£24,752
Personal Budgets - Short Breaks	£2,340,723	£5,949	£2,638,785	-£293,717	£1,603
Sensory Services/C&I	£286,508	£2,389,394	£2,811,531	£31,261	-£166,890
Psychology	£2,051,295	£375,000	£2,492,770	-£55,701	-£10,773
CISS/SES	£326,218	£1,677,926	£1,925,508	-£57,297	£135,933
Central Support	£907,980	£503,997	£1,776,696	-£233,541	-£131,179
LSA Scheme	£0	£308,953	£273,562	£0	£35,391
Equipment	£0	£240,000	£186,716	£0	£53,284
CAMHS		£170,100	£170,000	£0	£100
Reform Developments	£2,100		£2,100	£0	£0
SCC Total	£8,075,572	£74,204,841	£94,950,943	-£543,668	-£12,126,861
High Needs Places - Academies	£0	£22,751,668	£22,751,668	£0	£0
Total Suffolk Spend	£8,075,572	£96,956,509	£117,702,611	-£543,668	-£12,126,861

10. Pupils placed in the Independent and Non-Maintained Special School settings (INMSS) is continuing to grow, 8% increase on 21-22, however, the costs are increasing at a higher rate (31%). This is due to the volatility of the provider's fees and their ability to put their costs up to meet some of the recent cost of living increases. There has also been a higher number of children than expected who need very specialist provision to meet their high levels of needs, with annual costs of at least £80,000 per pupil per year. There are currently 58 such pupils out of the total of 373, with 22 of them costing more than £90,000. Of the 58 places, 21 were new at the beginning of the current academic year, which was an increase of over 56% compared to the same period in 21-22.

11. The number of children who are being supported with a bespoke education package has increased by 88% since last academic year, with an average cost of provision per child just over £15,000. The number of children in either INMSS or receiving bespoke provision has increased significantly as Suffolk County Council continues to ensure that children are receiving a suitable education in-line with our statutory responsibilities.

12. At present, SEND funding is based on historic need and does not take into consideration the growing number of children with SEND or their increasing complexity of need. Funding has not kept pace with need, resulting in more than £1 billion overspend in local authorities across England, which is expected to rise to £2.4bn by March 2025. The historic factor spend within the high needs' national formula, which is based on spend dating back to 2017-18 fails to recognise where patterns of spend have grown exponentially in that period of time due to demand locally. As an example, Norfolk receives 32% of its overall HNB funding from the historical spend factor, whilst Suffolk only attract 27%. This is the root cause of the current financial position that

Suffolk finds itself in with regards to the High Needs Block. As an example, if the historical spend factor was allocated nationally in the same way as the population factor, Suffolk would have an additional £7 million over and above its current allocation of High Needs Block funding in 23-24.

13. The Schools Block budget had a small underspend of £0.292m, relating to rates being lower than budgeted for, but an overspend against the monies allocated for in-year school growth of £0.279m.
14. This led to a DSG reserve deficit position at the end of the financial year of £27.739 million, as shown in Table 3 below (please note that individual school budget balances are held in a separate unusable reserve):

Table 4

Reserves Table:	Opening Position 01/04/2022	In-year transfers agreed	Operating Variance 2022-23	Closing Position 31/03/2022	Expected Future Commitments
Previous to 2020-21	-£186,282	£70,292		-£115,990	
High Needs Block	£20,814,746	-£2,300,000	£12,126,786	£30,641,532	-£2,139,525
Early Years Block	£251,257	-£529,990	£0	-£278,733	
CSSB	-£791,771		£75	-£791,697	£791,697
Schools	-£1,327,477	-£5,485	-£14,866	-£1,347,828	£1,347,828
EY Capital	-£368,652			-£368,652	£368,652
Total	£18,391,821	-£2,765,183	£12,111,995	£27,738,633	£368,652

15. 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 be managed. Given the level of Schools/CSSB Block underspend in reserves, this could be used to offset that percentage that Schools would otherwise transfer from their individual school budgets in 23-24. Given the continuing level of low funding received in Suffolk, and our work with the DfE programme “Delivering Better Value in SEND”, the current level of HNB deficit cannot 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 – and so the expectation is that this will need to be built into budgets moving forward.

16. Table 4 does not take into account the projected overspend against the HNB in 2023-24 of £15m, which if realised, would mean a HNB deficit of £40.599 million (after transferring both the schools and CSSB reserve balances).

2023-24 Forecast Outturn Position for DSG Budgets

17. Table 5 shows the current forecast of DSG budgets based on known commitments and anticipated demand in 2023-24:

Table 5

	Agreed 2023-24 Budget	2023-24 Forecast	2023-24 Forecast Variance
Central School Services Block (CSSB)			
Regulatory & Other Statutory Duties:	£2,059,770	£2,059,770	£0
Education & Learning	£196,906	£196,906	£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	£4,772,408	£4,772,408	£0
Copyright Licences	£542,811	£542,811	£0
Total CSSB	£5,315,219	£5,315,219	£0
Early Years	£36,494,372	£36,494,372	£0
HNB	£78,836,227	£93,836,227	-£15,000,000
Schools (including de-delegated)	£116,213,941	£116,213,941	£0
Recoupment/Rates			£0
Growth	£1,780,000	£1,780,000	£0
Total DSG	£238,639,759	£253,639,759	-£15,000,000

18. 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.
19. 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 Income Deprivation Affecting Children Indices (IDACI) 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 6 (Statistical/Regional Comparators)

Statistical Neighbours	
LA	HNB per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total HNB funding)
Lincolnshire	1,260
East Sussex	1,259
Norfolk	1,222
Somerset	1,212
Dorset	1,209
Devon	1,189
Worcestershire	1,125
Suffolk	1,123
Gloucestershire	1,096
Cornwall	1,067
Shropshire	1,055

Regional Neighbours	
LA	HNB per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total HNB funding)
Peterborough	1,281
Thurrock	1,259
Norfolk	1,222
Cambridgeshire	1,212
Bedford	1,196
Luton	1,191
Southend-on-Sea	1,188
Suffolk	1,123
Essex	1,104
Central Bedfordshir	1,057
Hertfordshire	1,026

20. 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 7

Statistical Neighbours	
LA	Historical Element per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total Historical Budget Element)
Dorset	422
Norfolk	373
Somerset	350
East Sussex	348
Devon	347
Shropshire	324
Lincolnshire	317
Gloucestershire	316
Worcestershire	301
Suffolk	287
Cornwall	273

Regional Neighbours	
LA	Historical Element per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total Historical Budget Element)
Thurrock	388
Norfolk	373
Cambridgeshire	367
Peterborough	342
Bedford	323
Luton	317
Essex	303
Suffolk	287
Southend-on-Sea	278
Central Bedfordshire	275
Hertfordshire	243

21. If Suffolk received the same historical element per pupil as our neighbours Norfolk, we would have an additional £8m in year (£373-£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).