

Committee:	Schools Forum
Meeting Date:	4 th July 2024
Title:	DSG Spend 2023-24
Author:	Sonya Harban, Strategic Finance Partner & 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 2023-24, the issues identified for 2024-25 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 2023-24 shows an overspend of £12.112m. This is summarised in Table 1 below:

Table 1: 2023-24 Outturn Position

	2023-24 Budget	2023-24 Spend	2023-24 Variance
Central School Services Block (CSSB)			
Regulatory & Other Statutory Duties	£2,135,679	£1,877,833	£257,846
Copyright Licences	£632,113	£632,113	£0
Historical Commitments:			
Education & Learning	£195,980	£195,980	£0
Early Help Services	£2,148,936	£2,148,936	£0
Virtual School	£344,722	£344,722	£0
Redundancies	£23,000	£30,241	-£7,241
Total CSSB	£5,480,430	£5,229,825	£250,605
Early Years	£40,627,832	£40,435,759	£192,073
HNB	£82,762,621	£110,451,602	-£27,688,981
Schools (including de-delegated)	£113,619,471	£113,619,471	£0
Recoupment/Rates		-£198,977	£198,977
Growth	£1,980,000	£1,213,366	£766,634
Total DSG	£244,470,354	£270,751,045	-£26,280,692

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 24-25, and a 20% reduction in each future year. This budget reduction will be met within the Local Authority from savings agreed elsewhere within the Council in order to protect services to schools. The non committed regulatory and other statutory duties element was not committed in year, and has been returned to the Schools Block element of the DSG reserve.
7. Early Years DSG is reconciled by the DfE, who will make an amendment to monies received in 23-24 in July 2024 to adjust for the January 2024 Early Years census data. This has been estimated at a recoupment of £0.596 million – any variation to this will be adjusted for through the DSG reserve.
8. The overspend against the HNB of £27.689 million was detailed in a report presented to the Forum in May. As a recap, the overspend reflects the change in activity shown in Table 2:

Table 2

Number of Placements in Settings	2020/21	2021/22	Percentage Increase	2022/23	Percentage Increase	2023/24	Percentage Increase
Special Schools	1,296	1,415	9%	1,534	8%	1,661	8%
Specialist Units and Small Groups	481	497	3%	667	34%	664	0%
Post 16	725	747	3%	817	9%	939	15%
Total	2502	2659	6%	3018	14%	3264	8%
Children receiving HNF in Mainstream Schools	2,885	3,257	13%	3,880	19%	4,867	25%
Independent	311	330	6%	349	6%	469	34%
Bespoke Provision	69	174	152%	327	88%	393	20%
Total Children Receiving High Needs Funding	5767	6420	11%	7574	18%	8,993	19%

9. The increase in number of children receiving funding translated into an overspend in the following areas:

Table 3 (Excludes funding paid directly to Academies)

Row Labels	DSG Budget	DSG Spend	DSG Variance
AP Transport and Hospital Tuition	£250,000	£225,802	£24,198
Bespoke Packages	£4,712,062	£8,729,088	-£4,017,026
Contracted Services, Additional Places and Support	£5,425,020	£5,347,917	£77,103
Educational Psychology	£375,000	£548,001	-£173,001
Independent Placements	£15,000,000	£26,739,817	-£11,739,817
Personal Budgets, Short Breaks and Comms	£155,157	£136,516	£18,641
Provider Support, Family Support and Management	£2,118,426	£3,341,480	-£1,223,054
Specialist Education Services and Therapies	£5,977,434	£5,457,379	£520,055
Teacher Pay and Pensions	£3,141,599	£1,816,619	£1,324,980
Top-Up Funding	£43,419,096	£55,920,105	-£12,501,009
Unused	£0	£52	-£52
Reserves	£0	£0	£0
Grand Total	£80,573,794	£108,262,775	-£27,688,981

10. The above table shows that the most significant spend relates to Top-Up funding, Bespoke Packages and Independent Placements. The increase in spend and average cost of these areas over the last 4 years is shown in Table 4 below:

Table 4:

Budget	2020/21		2021/22		2022/23		2023/24	
	Spend in Year £'m	No of Young People (YP) Supported	Spend in Year £'m	No of Young People (YP) Supported	Spend in Year £'m	No of Young People (YP) Supported	Spend in Year £'m	No of Young People (YP) Supported
Independent	£13.528	311	£16.604	330	£18.827	349	£26.740	469
%age Increase in spend/YP supported on previous year			23%	6%	13%	6%	42%	34%
- Average spend per YP in year/% increase on previous year	£0.043		£0.044	2%	£0.054	22%	£0.057	6%
Bespoke	£0.512	69	£1.804	174	£4.284	327	£8.729	393
%age Increase in spend/YP supported on previous year			252%	152%	137%	88%	104%	20%
- Average spend per YP in year/% increase on previous year	£0.007		£0.010	40%	£0.013	26%	£0.022	70%
Mainstream Top-Up funding	£10.794	2,885	£11.948	3,257	£14.713	3,880	£18.526	4,867
%age Increase in spend/YP supported on previous year			11%	13%	23%	19%	26%	25%
- Average spend per YP in year/% increase on previous year	£0.004		£0.004	-2%	£0.004	3%	£0.004	0%

11. At present, a significant proportion of SEND funding is based on historic spend and does not take into consideration the growing number of children with SEND or their increasing complexity of need. 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 28.6% of its overall HNB funding from the historical spend factor, whilst Suffolk only attract 23.9%. This is a significant contributory factor in the current financial position that Suffolk finds itself in with regards to the High Needs Block. If the Suffolk HNB had the same level of increase on the budget based on evidential factors by the same percentage as Norfolk's is for the historical element factor, Suffolk would have an additional £7 million over and above its current allocation of High Needs Block funding in 24-25.
12. The Schools Block budget had a small underspend of £0.199m, relating to rates being lower than budgeted for, and a further underspend against growth of £0.767 million.
13. This led to a DSG reserve deficit position at the end of the financial year of £54.101 million, as shown in Table 5 below (please note that individual school budget balances are held in a separate unusable reserve):

Table 5

DSG Reserve Element	Opening Position 01/04/23	In-Year Transfer Agreed 23-24	Operating Variance 23-24	Balance @ 31/3/24
2 Year Old Capital Monies	-£368,652	£81,959		-£286,693
Net Operating Underspend 14-15 (Hold for Academy Debts)	-£83,212			-£83,212
Early Years DSG	-£278,733	-£192,073		-£470,806
Schools Block DSG	-£2,172,293	£2,657,899	-£1,216,216	-£730,610
HNB DSG	£30,641,532	-£2,657,899	£27,688,981	£55,672,614
Total DSG Reserves	£27,738,642	-£110,114	£26,472,765	£54,101,293

*red denotes a credit balance

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 be managed. Given the level of Schools/CSSB Block underspend in reserves, this was 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.

15. Table 5 does not take into account the projected overspend against the HNB in 2024-25 of £48m, which if realised, would mean a HNB deficit of £101.2 million (after a 0.5% transfer from the schools block).

2024-25 Forecast Outturn Position for DSG Budgets

16. Table 6 shows the current forecast of DSG budgets based on known commitments and anticipated demand in 2024-25:

Table 6

	2024-25 Budget	2024-25 Forecast	2023-24 Forecast Variance
Central School Services Block (CSSB)			
Regulatory & Other Statutory Duties	£2,357,127	£2,357,127	£0
Copyright Licences	£632,113	£632,113	£0
Historical Commitments:			
Education & Learning	£0	£0	£0
Early Help Services	£2,146,370	£2,146,370	£0
Virtual School	£0	£0	£0
Redundancies	£23,000	£23,000	£0
Total CSSB	£5,158,610	£5,158,610	£0
Early Years	£64,448,506	£64,448,506	£0
HNB	£87,756,603	£136,216,029	-£48,459,426
Schools (including de-delegated)	£117,679,044	£117,679,044	£0
Recoupment/Rates		£0	£0
Growth	£1,980,000	£1,980,000	£0
Total DSG	£277,022,763	£325,482,189	-£48,459,426

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.
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 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 111th out of 151 authorities based on a per pupil head (Norfolk 90th for reference).

Table 7 (Statistical/Regional Comparators)

Statistical Neighbours	
LA	HNB per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total HNB funding) - £
East Sussex	1,339
Lincolnshire	1,306
Norfolk	1,283
Dorset	1,281
Somerset	1,266
Devon	1,245
Suffolk	1,197
Worcestershire	1,179
Shropshire	1,141
Cornwall	1,138
Gloucestershire	1,131

Regional Neighbours	
LA	HNB per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total HNB funding) - £
Peterborough	1,341
Thurrock	1,327
Norfolk	1,283
Bedford	1,246
Cambridgeshire	1,237
Southend-on-Sea	1,222
Luton	1,216
Suffolk	1,197
Essex	1,155
Hertfordshire	1,068
Central Bedfordshire	1,059

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 8

Statistical Neighbours	
LA	Historical Element per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total Historical Budget Element) - £
Dorset	427
Norfolk	373
Somerset	350
East Sussex	350
Devon	349
Shropshire	327
Lincolnshire	317
Gloucestershire	314
Worcestershire	301
Suffolk	288
Cornwall	276

Regional Neighbours	
LA	Historical Element per pupil (Number of pupils in special schools and academies + Total pupil numbers - mainstream / Total Historical Budget Element) - £
Thurrock	383
Norfolk	373
Cambridgeshire	365
Peterborough	338
Bedford	316
Luton	312
Essex	301
Suffolk	288
Southend-on-Sea	274
Central Bedfordshire	270
Hertfordshire	242