

Schools Forum

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Paper

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DEDICATED SCHOOLS GRANT MONITORING

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Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of February 2024.

Recommendation

This report is for information only.

REPORT

1. The overall 2023-24 outturn against centrally retained DSG is forecast to be £3.929m in deficit as at the end of February 2024. It should be noted that this figure is the in-year deficit and needs to be added to the £2.181m revised surplus carried forward from 2022-23 in order to give an overall cumulative DSG deficit position of £1.748m.
2. The forecast outturn position for the High Needs Block is an in-year deficit of £3.232m. This is largely caused by the £3.095m forecast overspend on the budget for Independent providers where forecast expenditure is 55% higher than last year's outturn. This percentage increase is explained by a large increase in demand for Independent Special School placements.
3. In previous years, Schools Forum members approved a transfer of 0.5% from the Schools Block to the High Needs Block to support growth pressures within the High Needs Block. In 2023-24 no funding was available to transfer from the Schools Block to the High Needs Block DSG.

Centrally Controlled Early Years Budget

4. In July 2023, the provisional Early Years Block DSG allocation was updated based on the number of part time equivalents (PTEs) taking up the entitlements as recorded on the January 2023 PTE census numbers. Shropshire's provisional Early Years Block DSG allocation for 2023-24 is £17.868m, an increase of £0.729m compared to the final allocation for 2022-23.
5. The forecast outturn position for the Early Years Block is showing a £0.270m overspend against a provisional budget of £17.868m.



6. There is a forecast pressure of £0.332m on SEND Support against a budget set of £0.600m. The demand experienced on this budget has grown in recent years with Shropshire seeing a growing number of children presenting with a range of development and emotional difficulties which require support.
7. It is important to note that this position on the Early Years budget is provisional and could change once the final 2023-24 Early Years DSG allocation is published in July 2024.

Centrally Controlled High Needs Budget

8. The centrally controlled High Needs Block for 2023-24 is £29.100m. This budget excludes the place funding element of the High Needs Block totalling £9.412m and the additional high needs funding allocation of £1.644m. The total High Needs Block DSG allocation (before deductions) is £40.156m. It is important to note that Shropshire's 2023-24 High Needs Block DSG has increased by £4.413m compared to the £35.743m allocation in 2022-23. In 2022-23, the total High Needs Budget was £36.693m following the transfer of £0.949m from the Schools Block to the High Needs Block. In 2023-24, as there is no 0.5% transfer, the 2023-24 total High Needs Budget is £3.463m higher than in 2022-23.
9. Overall, the forecast outturn position for the High Needs Block is an in-year deficit of £3.232m against a centrally controlled High Needs Budget of £29.100m.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools

10. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a forecast overspend of £0.441m. Of this £0.441m, £0.241m relates to top-up funding paid to mainstream schools where forecast expenditure totals £5.926m in 2023-24. An increase in demand for top-up funding in mainstream settings mirrors the national picture. This could be attributed to a growth in new EHC plans and updates completed through the Annual Review recovery plan process.
11. The above figures include the Graduation Support Pathway payments as well as top-up funding. The Graduated Supported Pathway provides additional funding to supplement element 2 funding which comes directly through the Schools Block of DSG.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Special Schools

12. Of the £0.441m forecast overspend on these 2 budget lines, the remaining forecast overspend of £0.199m relates to top-up funding paid to Shropshire's special schools. 3 Special Schools have received significantly more top-up funding since the start of the academic year. In the case of Woodlands Special School, this was due to a planned revision of the top-up banding levels completed during the summer term 2023, to support



the school to successfully meet the needs of children and young people who would otherwise be placed in an Independent special school setting, whilst enabling the school to grow to full commissioned capacity. This agreement is due to be evaluated for impact before May 2024.

13. In the case of the new free special school, Keystone Academy, this was due to a planned increase in the number of places from September 2023. There was also an increase in the overall top-up funding paid to Shropshire's largest special school, Severdale. Some, but not all of these increases in expenditure were forecast in the last Schools Forum DSG monitoring report presented in November. The forecast expenditure of £5.037m on top-up funding to Shropshire special schools is higher than previously forecast.

Line 1.2.2 - Post 16 Further Education Colleges

14. There is a budget of £2.159m allocated for Post 16 funding at further education colleges and sixth form colleges.
15. The 2022-23 outturn position reported actual expenditure of £1.662m and therefore an underspend of £1.108m against the 2022-23 budget of £2.770m.
16. For 2023-24, despite the overall increase in High Needs Block DSG allocation, a decision was made to decrease the budget for Post 16 Further Education Colleges to £2.159m to reflect the decrease in spend on this type of placement in the last 2 financial years.
17. There is a forecast decrease in expenditure in 2023-24 of £0.056m compared to the 2022-23 outturn position, with forecast expenditure net of contributions from Adult's Social Care anticipated to be £1.606m. This results in a forecast underspend of £0.554m.
18. Despite the large forecast underspend, it is important to note that significant growth in the expenditure on post 16 further education college placements is the national picture and Shropshire has seen particularly significant growth in recent years in terms of the number of post 16 EHC Plans.
19. A review last financial year of the number of EHC Plans in the 16-25 age range, indicates that the % increase in EHC plans is approximately 10% year on year so you would expect large expenditure growth in this budget area. Instead, we believe there is a higher proportion of post 16 pupils attending Independent Special Schools or independent alternative providers and the expenditure for these young people is showing in the budget area relating to independent providers instead.



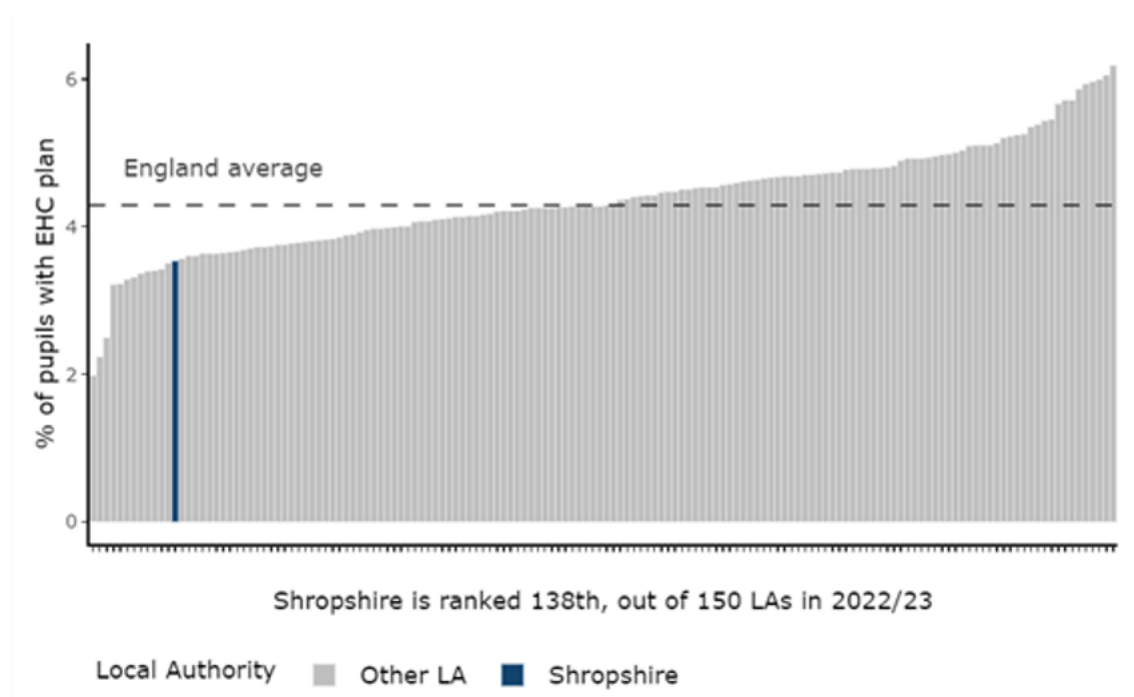
Lines 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

20. The 2023-24 budget for Independent Providers is £9.988m. £9.681m of this value relates to a combination of Independent Special School placements and Independent Alternative Provision. This budget has been increased by £2.301m compared to the 2022-23 budget level of £7.687m. The large increase in budget reflects that Shropshire experienced a significant increase in expenditure in this budget area in 2022-23, highlighted by actual expenditure totalling £8.466m.
21. Increasing the budget to £9.988m reflected anticipated growth of 30% compared to last year's budget figure of £7.687m.
22. Forecast expenditure for 2023-24 is £13.083m, reflecting a large increase of 55% relative to last year's outturn figure, resulting in a forecast overspend of £3.095m.
23. There are several explanations for the large increase in forecast expenditure in 2023-24. Firstly, Shropshire has experienced a sharp increase in demand for special school placements, above that experienced nationally, and despite increasing state funded special school capacity by over 100 places since September 2022, a 25% increase, the majority of these places have been used. Therefore, Independent Special School placements become necessary to ensure that education provision is available. This position has also been exacerbated by the increase in complexity/severity of SEND needs seen post Covid. This is a trend that was identified in 2022-23 but the increase has been even more pronounced in 2023-24 and particularly from the start of the 2023-24 academic year.
24. Another trend that emerged post Covid, during the 2022-23 financial year, was the much more frequent use of independent alternative providers, particularly in relation to children who are post 16. This trend has continued in 2023-24 and partly explains the overspend, as well as the underspend, on the Post 16 Further Education College placements budget.
25. The average termly cost of a placement has also increased in 2023-24 reflecting price inflationary pressures. This has occurred as providers have increased fees in response to the increase in the national minimum living wage and Consumer Price Index (CPI) inflation rate.
26. The other trend which explains the overspend is that the value of, and number of contributions to complex, joint funded placements with social care and the Shropshire Clinical Commissioning Group (CCG) has increased in 2023-24 relative to 2022-23 levels reflecting an increase in complexity.
27. In 2023-24, the Council has established a SEND Commissioning and Procurement Panel to review requests and make decisions on high needs funding for Independent Special Schools and Mainstream Special Schools. The panel also acts as a forum to ratify and



respond to fee up-lifts from all settings in conjunction with and accounting for decisions made at the West Midlands Price Review Panel on behalf of the 14 local authorities including Shropshire.

28. The chart below identifies the percentage of pupils with special educational needs (SEN) in mainstream schools using national information shared via the SEND and AP Change Programme. This illustrates the opportunity to support mainstream schools to successfully meet a greater proportion of SEND in mainstream provision. (% of pupils in mainstream educational settings who have SEN, by SEN provision type) within Shropshire (source: local inclusion dashboard; SEN provision type for comparison: EHCP)



Lines 1.2.5 – SEN Support Services

29. There is a forecast overspend of £0.665m against the SEN Support Service budget of £1.898m. This is similar to the 2022-23 outturn position when a £0.293m budget pressure was reported against this budget line. Similarly to 2022-23, the majority of the overspend in 2023-24 relates to one-off staffing overspends where additional staff have been employed, sometimes as agency workers to support the wider increase in demand. Some of these employees are working with the Educational Psychology Service to address increasing demand.



30. The balance of £0.067m of the £0.665m forecast overspend relates to the Speech and Language Therapy Team and is explained by the increased use of external therapists in 2023-24 reflecting an increase in demand for this service.

Schools Block Growth Fund

31. Significant changes in the formula characteristics for Shropshire for 2023-24 meant that, while ensuring that the NFF is fully delivered for the county's schools, the 'headroom' available for transferring funding out of the Schools Block and/or meeting the requirements for growth funding was significantly reduced.
32. A "Growth Fund" budget of £0.303m was set for 2023-24, using £0.285m School's Growth fund "underspend" carried forward from 2022-23 as part of the Council's overall DSG Surplus, plus £0.018m funding available or growth funding within the Schools Block DSG.
33. The call on the growth fund in 2023-24 has exceeded this value significantly with expenditure totalling £0.654m. Whilst this was planned, this £0.654m consisted of 1 payment to Bowbrook Primary School for pre-opening costs plus a number of payments to qualifying primary and secondary schools based on £40,000 per primary school and £48,000 per secondary school.

Overall position and 2024-25 Provisional High Needs Block DSG Allocation

34. The Council's DSG financial position is forecast to go from a cumulative surplus carried forward figure of £2.181m at the start of this financial year to a cumulative deficit of £1.748m as at the end of this 2023-24 financial year. The in-year position has changed significantly during the course of the financial year and reflects an increased demand for special school placements and subsequently Independent Special School placements, top-up funding to the county's special schools as well as SEN Support Services.
35. The 2024-25 provisional High Needs Block DSG allocation (before deductions) has been published. Shropshire's allocation is £42.188m representing a 5% increase compared to the 2023-24 allocation of £40.156m. Given that expenditure in 2023-24 on the High Needs Block is forecast to increase by 24% or £8.534m compared to the 2022-23 figure of £34.854m, it can be seen that future expenditure growth is likely to outstrip future growth in High Needs Block DSG funding allocations.
36. The High Needs Block DSG 3 year forecasting exercise undertaken in early 2023 forecasted that the Council would move to a DSG deficit position due to this shortfall in funding relative to increase in expenditure. Whilst the latest 3 year forecast is currently being developed with a view to sharing detailed assumptions around each expenditure line at the next Schools Forum meeting. However, it should be noted that a DSG recovery plan is also being developed in parallel with the forecast, with actions to support



the recovery process already being implemented. These build on nationally recognised effective practice.

