

| | |
|-----------------------------|--|
| TITLE | 2022/23 Revenue Monitoring Report |
| FOR CONSIDERATION BY | Schools Forum on 12 October 2022 |
| WARD | None Specific; |
| LEAD OFFICER | Director, Children's Services - Helen Watson |

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to note the contents of the report, update on the forecast position for the 2022/23 financial year along with associated risks.

SUMMARY OF REPORT

This report provides Schools Forum with an update on the 2022/23 Dedicated Schools Grant (DSG) forecast, as at 30th September 2022.

An in-year deficit of £5.7m is projected, with the budget pressure continuing to be within the High Needs Block. Taken with the brought forward deficit of £10m, a forecast cumulative deficit of £15.7m is now projected to 31st March 2023.

The current in-year forecasts represents an adverse movement of £1.2m on the previous projection reported to Schools Forum in July, with the main movements being:

- £108k Schools Block
- £1.1m High Needs Block

At the last meeting we flagged a key risk of circa £1.7m being driven largely by a continued increase in the number of EHCPs and complexity of need. The movement in the High Needs Block forecast of £1.1m reflects that risk converting to actual commitments as movements associated with the new academic year are worked through. Further risk remains however as information continues to be reviewed and as yet no evidence of slowing in EHC activity.

2022/23 Revenue Monitoring Report

01. Purpose of the Report

This report provides Schools Forum with an update on the Dedicated Schools Grant (DSG) revenue budget forecast for the 2022/23 financial year, as at 30th September 2022.

02. Recommendation

Schools Forum is asked to note the contents of this report, updated on the forecast position for the 2022/23 financial year along with associated risks.

03. Background

This report forms part of the regular updates to Schools Forum on the anticipated outturn for the Dedicated Schools Grant (DSG), with explanation for significant variances.

At the July 2022 meeting of Schools Forum a forecast deficit of £4.5m was reported for the 2022/23 financial year, due to continued pressure within the High Needs Block. This was an increase of £400k on the deficit anticipated at the time of budget setting.

A further risk of £1.7m was highlighted in relation to the High Needs Block, given the continued rise in the number of EHCPs and provision challenges locally.

04. DSG Forecast as at 30th September 2022

As at 30th September, the DSG forecast for the 2022/23 financial year now reports an in-year deficit of £5.7m. Against the £4.5m previously reported, this represents an adverse movement of £1.2m.

The movement represents the actual changes for the new academic year, plus assumptions within the High Needs Block of increases in activity.

05. Key Variances & Risks

The main reasons for the £1.2m adverse movement on forecast are set out below, along with further information and key risks within each block of the DSG.

Schools Block

In-year pressure on the Schools Block of £255k relates to planned and anticipated use of Growth Fund underspend held in reserves from previous years, and an

anticipated underspend for the de-delegated service for staff cover for parental leave.

Growth Fund

Forecast spend against the growth fund continues to be updated in light of ongoing place planning challenges. The current forecast is an increase in that reported previously but remains within the overall growth fund resources held. Contingency remains in figures of £118k for secondary and £91k for primary for the current financial year. Further detail is provided in Appendix B.

De-delegated Services

Analysis of the spend to date on parental leave reports that £112k was spent in the first 6 months of the year. If costs continue in the same way, there will be an underspend of £57k against the total planned for through the de-delegated model. Costs are however not necessarily linear and this will be kept under review as the year progresses.

£55k brought forward and held on behalf of maintained schools for contingency purposes remains in reserve, with no commitments to date.

High Needs Block

The in-year deficit on the HNB is now forecast at £5.5m, an increase of £1.1m on that previously reported. The increase reflects the continued increase in the number of EHCPs and challenges in sufficiency of local provision.

The HNB forecast takes account of current known EHCP top-ups and phased transfer information as it is currently available for September 2022. The key driver remains an increasing number of EHCPs, and specialist placements out of borough as Wokingham schools are at capacity.

HNB Income

HNB income has been adjusted mid-year to reflect the import/export adjustment updated for the January 2022 census. The import/export adjustment calculates the number of EHCP pupils placed out of borough (export) compared to those from out of borough that are placed in Wokingham schools (import). Due to lack of local provision, Wokingham continues to be a net exporter of pupils. The provisional figure included in our budget was based on the adjustment last year of -£636k, and has been increased by £336k making a total reduction of -£972k.

Wokingham Mainstream Schools

Forecast increase of £248k. This is due to an increase in the number of pupils in Wokingham schools with a funded EHCP. Increases are being seen across Early Years, Primary and Secondary but, as previously reported, the largest proportional increase continuing to be seen in the youngest age group.

Special Schools

Forecast increase of £403k, which reflects:

£115k – increase in funding profile of Addington pupils, including estimation of revenue cost associated with additional class from January 2023

£339k – Increase in both the number pupils funded in INMSS pupils, and the complexity profile for the new academic year with new pupils in higher bands than those leaving
(£52k) – reduction for Chiltern Way for recoupment of pupils placed from out of borough

Top-up funding for a special free school that was originally forecasted under INMSS has now been reflected more accurately under 'out of borough'. While this has not impacted on the overall HNB forecast, it represents a circa £164k (9 pupils) movement between the 2 categories.

Post 16 FE Colleges

Forecast increase of £65k, as a result of increasing pupil numbers beyond that assumed in the previous forecast. 21 pupils left at end of academic year, whereas 30 new pupils started over and above what was assumed in figures.

Key risks to the HNB forecast:

1. Additional activity – figures reported are based on best information available at the half way point of the financial year. As assessment activity shows no sign of slowing it is likely that both the number and cost of funded EHCPs will further increase.
2. Therapy contract – procurement process ongoing and therefore confidential, however with continued increasing activity across the system an increase in costs on previous contracted levels remains a possibility.

Early Years Block

No in-year variance to budget is forecast on the Early Years Block at this time.

Early Years – Provider Reserve Fund

Contingency of £163k was set aside as part of 2022/23 budget setting, to allow for changes in activity during the year and protect against over allocation on set rates. At this early stage of the year the forecast assumes that this will be fully spent or clawed back by the DfE and therefore no variance is reported.

Final Allocation for 2021/22

As previously reported, we were anticipating a clawback of funding in July 2022 for the previous financial year. We actually received additional funding of £206k due to the way the DfE used census data through out the year for calculating our allocation. In March 2022 we reported a reduction in our allocation of £397k, which was partially reversed when our final adjustment was calculated.

Given the challenging financial position across the education system, and that faced by individual providers, proposals for use of the funds will be discussed with the Early Years Task & Finish Group over the coming weeks and reported back to Schools Forum in December.

Central Schools Services Block

No variance or significant risks identified at this time.

06. **Summary**

The attached appendices provide further detail across each of the four DSG blocks.

Appendix A – 2021/22 DSG Revenue Monitoring by Block

Appendix B – Growth Fund

Appendix C – Key Activity Data

| | |
|-----------------|---|
| Contact: | Katherine Vernon Schools Finance Manager |
| Email: | katherine.vernon@wokingham.gov.uk |

This page is intentionally left blank