

TITLE	2023/24 Revenue Monitoring Report
FOR CONSIDERATION BY	Schools Forum on 12 July 2023
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 and the forecast position for the 2023/24 financial year.

SUMMARY OF REPORT

This report provides Schools Forum with an update on the 2023/24 Dedicated Schools Grant (DSG) forecast, as at 31st May 2023.

An in-year deficit of £10m is projected, with the budget pressure continuing to be within the High Needs Block. Taken with the brought forward deficit of £9.2m, and expected Safety Valve funding received in-year, a forecast cumulative deficit of £17.5m is now projected to 31st March 2024.

The current in-year forecast represents an adverse movement of £1.9m on the £8.15m deficit included in 2023/24 budget setting. The movement being:

- £216k increase in the Schools Block
- £1.67m increase in the High Needs Block

2023/24 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 2023/24 financial year, as at 31st May 2023.

02. Recommendation

Schools Forum is asked to note the contents of this report and the forecast position for the 2023/24 financial year.

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 March 2023 meeting of Schools Forum a forecast deficit of £8.2m was reported for the 2023/24 financial year budget, due to continued pressure within the High Needs Block.

04. DSG Forecast as at 31st May 2023

As at 31st May, the DSG forecast for the 2023/24 financial year now reports an in-year deficit of £10m. Against the £8.2m previously reported, this represents an adverse movement of £1.9m.

The movement represents an increase in the High Needs Block forecast, and a small movement in the Schools Block Forecast.

05. Key Variances & Risks

The reason for the £1.9m adverse movement on forecast are set out below, along with further information within each block of the DSG.

Schools Block

Increase in forecast of £216k.

De-delegation - Staff costs

Current forecast equals budget. Potential impact with regards to academy conversions expected over the year.

De-delegation - Contingency

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

Growth Fund

With the outturn position of the 2022/23 growth fund known, the forecast has been updated to reflect this along with the additional places already agreed with schools and contingency for further growth. See Appendix B.

In anticipation of the 2024/25 budget setting process, Appendix B also shows an early indication of the growth fund requirements for 2024/25 using estimated rates. This shows that we are anticipating requiring around £1.4m from the Schools Block for the Growth Fund and this will be taken forward through the modelling work within the work of the task & finish group. Work is also being undertaken on modelling potential income assumptions the DfE will use within setting 2024/25 budgets.

High Needs Block

The in-year deficit on the HNB is forecast at £9.8m.

At the time of budget setting an in-year deficit of £8.2m was anticipated, therefore the current forecast represents a £1.67m adverse movement on that.

The HNB forecast takes account of current known EHCP top-ups, known September phased transfers, anticipated new plans issued, along with expected impact of the Safety Valve Programme workstreams.

Mainstream - Wokingham

£1.4m increase on budget due to increasing number of EHCPs and additional top-ups over the usual hourly funding rates to provide additional support such as therapies, alternative provision and 1:1 tuition.

Special Schools – Out of Borough

£430k movement from budget due to additional pupils and increasing costs.

Independent Mainstream Schools

£490k movement from budget. This reflects a realignment of reporting as data improvement work continues. Previously these would have been reported under INMSS, and further work is ongoing to inform budget planning assumptions around this cohort.

Early Years Block

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

Early Years Supplementary Grant (EYSG)

The DfE announced in the 2023 Spring Budget that they will be providing additional funding to increase the hourly funding rates for early years providers to deliver the existing early years entitlements for disadvantaged 2-year-olds and 3 and 4-year-olds from September 2023. They are providing £204 million of additional funding to local authorities in 2023 to 2024, rising to £288 million in 2024 to 2025.

For 2023 to 2024, to help reduce complexity in passing additional funding onto providers mid-year, the intention is to allocate the additional £204 million to local authorities through a standalone top-up grant, instead of the normal route through the Dedicated Schools Grant (DSG). Although local authorities are not required to consult formally on the allocation of the EYSG, we have arranged a meeting with the Early Years Task and Finish Group to discuss the additional funding.

Further details on the EYSG methodology and hourly funding rates from September 2023 for each local authority will be issued ahead of the summer break.

For 2024 to 2025, the additional £288m will be allocated to local authorities through the DSG. Final local authority hourly funding rates for 2024 to 2025 will be provided in Autumn 2023 in the normal way.

Early Years – Provider Reserve Fund

Contingency of £173k was set aside as part of 2023/24 budget setting, to allow for changes in activity during the year and protect against over allocation on set rates and therefore no variance is reported.

Early Years – Hardship Fund

£50k has been set aside from 2022/23 to fund any settings that wish to make an application to the Early Years Hardship Fund. To date the Early Years Team have received one enquiry but no applications yet. Information about the fund will be issued to settings in the Early Years weekly newsletter again.

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 – 2023/24 DSG Revenue Monitoring by Block

Appendix B – Growth Fund Forecast 2023-24 and 2024-25 estimate

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