TITLE	**2023/24 Revenue Monitoring Report**
FOR CONSIDERATION BY	Schools Forum on 11 October 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 August 2023.

An in-year deficit of £12.1m 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 £19.5m is now projected to 31st March 2024.

The current in-year forecast represents an adverse movement of £2m on the £10m deficit reported at May Schools Forum. The movement being:

- £2m 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 August 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 May 2023 meeting of Schools Forum a forecast deficit of £10m was reported for the 2023/24 financial year budget, due to continued pressure within the High Needs Block.

04. DSG Forecast as at 31st August 2023

As at 31st August, the DSG forecast for the 2023/24 financial year now reports an in-year deficit of £12m. Against the £10m previously reported, this represents an adverse movement of £2m.

The movement represents an increase in the High Needs Block forecast.

05. Key Variances, Risks and Opportunities

The reason for the £2m adverse movement on forecast are set out below, along with further information within each block of the DSG.

Schools Block
Small variance in forecast due to Growth Fund movement of -£20k.

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
See Appendix B.

We have asked schools to provide us with their current pupil numbers to enable us to estimate our growth and falling rolls income that will be confirmed by the DfE in December.

We have updated our estimate of the growth fund requirements for 2024/25 using the MPPL rates confirmed by the DfE in July. This shows that we are anticipating requiring around £1.5m 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.

High Needs Block
The in-year deficit on the HNB is forecast at £11.9m.

At the May meeting of Schools Forum an in-year deficit of £9.8m was anticipated, therefore the current forecast represents a £2.1m adverse movement.

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
£30k decrease overall, which is made up of a decrease in mainstream top-ups as pupils move to specialist settings and an increase in AP at mainstream schools, an increase of pupils in out of borough mainstream schools and a decrease of pupils in independent mainstream settings.

Special Schools – Out of Borough
£585k adverse movement due to additional pupils and increasing costs.

Independent Mainstream Schools
£887k adverse movement due to increase in pupils placed in these settings.

FE Colleges
£119k adverse movement due to increase in pupils placed in these settings. We are anticipating a number of plans to be ceased which will reduce this number. Some good news stories where pupils in independent special schools have been able to leave their settings and attend mainstream FE colleges instead.

EOTAS
£227k adverse movement due to 2 new expensive packages, and 3 increase in package costs from September.

INCOME

Our income has reduced by £210k which takes into account the import/export adjustment. We export a net number of 199 pupils which is an increase of 45 pupils compared with 2022-23.

RISKS and OPPORTUNITIES

HNB continues to be to be in a deficit position, however we are seeing great support from some schools as they accommodate complex children within their settings, but we are still seeing an increase in requests from other settings and parents. Coupled with the increased requests are still seeing the effects of lack of specialist provision, forcing the local authority to continue to make expensive placements. Safety valve projects are on track to deliver but impacts won't begin to be felt until early 24/25 and will incrementally increase from there.

The Safety Valve programme remains under review, and we are continuing to add more measures based on school feedback and data as it emerges.

- Local Special School Capacity
  - Addington Special School expansion – opening in November 16 places for Early Years children.
  - Oak Tree Special School – opened in September with 52 places. 2 places over PAN are both Wokingham pupils.
  - Two New Free Schools – opening in September 2026

- INMSS and EOTAS provision
  - Inflationary uplift on cost of placements contained to ~4% through rigorous commissioning and negotiation with providers, where we are aware neighbouring authorities have agreed to uplifts of ~9%.
  - Increased Health contributions to new placements is being achieved – 3 agreed in most recent period. We are now reviewing the top 25 high-cost placements against CHC criteria to negotiate contributions for existing placements.
  - Delivered consultation training and revising guidance to ensure robust use of INMSS, exhausting all other options first.
  - Completed deep dive of all EOTAS Packages and developed comprehensive action plan.

- Mainstream and Alternative Provision
  - Focused review of those children in mainstream provision with higher costs than anticipated.
  - Acceleration of development of Alternative Provision Strategy and new service model, to respond to increased ad hoc use of provision for children in mainstream provision.

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.

For Wokingham we received the following additional hourly funding rates:
3–4-year-olds = £0.44
2-year-olds = £2.59

We have passed 100% of this on as a separate payment to settings. We are expecting the funding to equate to £653k in total for the Autumn 2023 and Spring 2024 terms.

Final local authority hourly funding rates for 2024 to 2025 will be provided in Autumn 2023 in the normal way, including the new rate for all 2-year-olds from April 2024, and for 9 months to 2-year-old funding that comes into effect from September 2024.

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 no applications for this fund.

Early Years – Provider Reserve Fund 2022/23
We were anticipating a clawback of £188k for 2022/23, but we only had a clawback of £6k. To ensure the 95% pass through rate to settings, we will pay over the difference of £182k to settings in the usual way this term.

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 projection

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