

Report Title	Revenue Report
Meeting	Schools Forum
Date	05 December 2023
Chair	Jenny Sims
Report Author(s)	Carol Worne, Strategic Finance Business Partner, Sutton Council
Open/Exempt	Open

1. Summary

- 1.1. This report provides an update on the Dedicated Schools Grant (DSG) since the last meeting of the Forum.

2. Recommendation

- 2.1. To note the latest position on the DSG for 2023/24, as at November 2023 (month 8).
- 2.2. To agree in principle a block transfer from the Schools Block to the High Needs Block of 0.5% (final confirmation of figures to be reported following confirmation of October Census data)
- 2.3. To agree to the MFG rates for both Schools Block and High Needs Block to be set at 0%.

3. Background

- 3.1. Spending decisions on the DSG were agreed by the Schools Forum in February 2023 for the financial year 2023/24. This report refers to issues that have arisen since the last meeting on 17 October 2023 and provides details of the latest DSG budget for 2023/24.

4. DSG Budget 2023/24

- 4.1. Please find attached in Appendix A, the latest DSG allocation for 2023/24 is £121.467m, after academy recoupment (£142.814m), high needs place funding provision (£7.831m) and centralised NNDR (£1.576m) deductions.
- 4.2. Please find attached, at Appendix A, a breakdown of the DSG budget for 2023/24 and the variance as at November 2023 (month 8). The highlighted areas in the High Needs Block indicate the SEN budget.
- 4.3. The DSG is currently forecasting a £3.681m overspend at month 8. This does not includes an additional £1.4m that is expected to be charged to the High Needs Budget to cover the accumulated deficit at Sherwood Park School - with this included, the overspend will be £5.081m

- 4.4. £158k in Schools Block relates to lagged growth funding for secondary schools.
- 4.5. £316k in the Central School Services Block (CSSB) is due to an additional contribution to be made to Children's Services to contribute to the costs of providing education services to looked after children not in school.
- 4.6. £3.207m in the High Needs Block due largely to the increasing use of the non-maintained independent sector for placements, and the additional pressure on independent tutoring services, as well as additional EHCP costs within primary mainstream schools. There has been a significant and unprecedented increase in EHCPs this year. As of November (year to date), the number of EHCPs has increased by over 10% in 2023 in comparison to 4% in 2022 and 3% the year previously. This may be in part due to the impacts of Covid and the greater numbers of pupils presenting with additional needs..
- 4.7. The cumulative DSG Reserve at 1/4/23 was £1.487m, which includes an earmarked Inclusion fund of £322k, from funding recouped due to permanent exclusions. The remaining £1.165m will partially offset the forecast overspend, however, it is fully expected that the DSG will move to a deficit position at 31/3/24.

5. DSG Draft Budget 2024/25

- 5.1. Attached in Appendix B is the 2024/25 DSG Draft Budget, based on the NFF provisional allocations announced in October 2023 and October 2022 pupil numbers.
- 5.2. The overall draft in year deficit is currently estimated to be £6.046m.
- 5.3. The 2024/25 provisional NFF allocation is £268.3m, the net allocation is £110m:

	Schools Block £'000	CSSB £'000	High Needs £'000	Total £'000
Allocation	206.8	1.9	59.5	268.3
Academy Recoupment - draft	(148.7)			(148.7)
NNDR to be paid centrally	(1.7)			(1.7)
High Needs deduction - 23/24 value			(7.8)	(7.8)
	56.4	1.9	51.7	110.0

6. Schools Block 2024/25

- 6.1. The draft Authority Proforma Tool (APT) has been completed, based on October 2022 Numbers on Roll (NOR), to get an estimate of the percentage uplift to individual school

budgets, and to calculate the likely impact on school budgets if it is agreed that a 0.5% top slice of the Schools Block gross budget is deducted from allocations - total £1.030m.

- 6.2. The Schools Block MFG may be set between 0% and 0.5%. The APT has been completed at 0% MFG. At this level, the following schools are affected, so their budgets will not be reduced by any change in Basic Entitlement, as detailed below.

MFG Protection based on Draft Budget	£
Cheam Park Farm Primary Academy	24,835
Hackbridge Primary School	24,808
Nonsuch Primary School	42,432
TOTAL	92,075

- 6.3. In order to accommodate this transfer, the NFF Basic Entitlement Factor values have been adjusted for all schools as follows.

Factor	23-24 NFF including ACA	24-25 NFF including ACA	original % 24-25 uplift from 23-24
Primary basic entitlement	£3,739.75	£3,919.84	4.82%
KS3 basic entitlement	£5,272.45	£5,526.51	4.82%
KS4 basic entitlement	£5,942.38	£6,229.70	4.84%

Factor	Suggested Uplift for SB to HNB Tfr	BE Values based on 4.02% uplift	Difference per pupil suggested to original 24/25 NFF
Primary basic entitlement	4.02%	3,890.09	(29.75)
KS3 basic entitlement	4.02%	5,484.40	(42.11)
KS4 basic entitlement	4.02%	6,181.26	(48.44)

Average Overall Budget Reduction	£
Primary	12,238
Secondary	50,113
All Schools	22,759

- 6.4. Discussions have taken place at both Secondary and Primary Head teacher meetings requesting views on the case for the Schools Block to support the High Needs Block given the significant increase in pressure this year and next. Any decision on whether to transfer funding from the Schools Block to the High Needs Block is a decision for Schools Forum, albeit the Local Authority can disapply to the Secretary of State if Schools Forum do not agree to the transfer where the LA feels it necessary.
- 6.5. Transfers of this nature are now much more commonplace nationally with the majority of London Boroughs seeking such a request at least once in the last three years. Some Local Authorities have sought a greater contribution than 0.5%.
- 6.6. It should also be noted that Local Authorities in deficit on their High Needs Block will be expected by the DfE to prepare a deficit recovery plan. Whilst the Local Authority is not obliged to seek such a transfer as part of this process, transfers from the Schools Block are generally a requirement as part of the safety valve programmes nationally (in order to receive additional funding from the Government to support the High Needs Block deficit).

7. CSSB 2024/25

- 7.1. The CSSB is forecasting overspend of £425k in 2024/25. The allocation includes a 20% deduction to historical funding. As our costs continue to exceed the reduced allocation, a request has been made to the ESFA to reinstate the 20% deduction. Should this be agreed, the allocation will increase by £101,800.
- 7.2. Assuming this deduction is reinstated, there is still a forecast deficit of £323,200. This is due to a forecast overspend on historic commitments, which are not fully funded as well as a £200k contribution required for Children's Services to contribute to the costs of educating looked after children where we are unable to provide an appropriate education in a school setting safely and where social care support is required for the young person to access education. In the past we have made a block transfer from the Schools Block to cover such deficits, however, this will not be possible in 2024/25.

8. High Needs Block

- 8.1. The High Needs Operational Guidance 2024/25 states that the minimum funding guarantee for special schools must be set at least 0% and Local Authorities must consider setting the MFG within 0% to 0.5% range. The budget has been completed at 0% MFG.
- 8.2. The High Needs Block is forecasting a £5.587m overspend in 2024/25. Line by line estimates have been calculated based on forecast spend in 2023/24, using current pupil numbers and current top up values, with no increase to top up rates for Sutton pupils in bases and special schools given the uplifts in previous years and the underlying position of the budget.
- 8.3. Some individual forecasts include inflationary uplifts and, where appropriate, adjustment for significant increases in pupil numbers in comparison to April 2023 - details have been added in bold to the comments in Appendix B.
- 8.4. Local Authorities are expected to actively manage deficits in the DSG and to ensure that funding is used appropriately and efficiently. The Local Area partnership will need to work together to produce a deficit recovery plan through next year alongside a refresh of the current SEND strategy which is underway.

9. Financial Implications

- 9.1. This report highlights DSG issues that have arisen since the last meeting of the Forum.

10. Influence on the Council's Corporate Core Values and Objectives

- 10.1. One of the core values is partnership working. Setting the budget for the Dedicated Schools Grant, and considering related issues, is an important part of the budget process that fully involves schools as partners and particularly recognises the important role of the Schools' Forum.

11. Appendix

Appendix Letter	Appendix Title
A	Revenue Report 20231205 - DSG 2023/24 Budget Summary - Month 8
B	Revenue Report 20231205 - DSG 2024/25 Draft Budget V1