



SCHOOLS FORUM

2022/23 SCHOOLS BUDGET OUTTURN

13 JUNE 2023

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	x	Pre School	x
Academies	x	Foundation Stage	x
PVI Settings	x	Primary	x
Special Schools / Academies	x	Secondary	X
Local Authority	x	Post 16	
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the 2022/23 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

Recommendations

2. That Schools Forum note the content of this report

2022/23 Schools Budget Outturn

3. The 2022/23 Outturn position for the Children and Young People's Department is summarised in the following table. This table presents both the Local Authority and Schools Budget for completeness, but the report presents detail only for the Schools Budget funding blocks.

4. Overall, the Schools overspent by £5.9m (Schools Block underspend £1.8m, Early Years Block overspend £1m and High Needs overspend £6.7m). The following table provides an analysis of the overspend.

	Budget	(Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
C&FS Directorate	1,403	(76)	-5%	(1)	(2)	(8)	(65)
Safeguarding, Improvement & QA	2,673	(125)	-5%	0	0	0	(125)
Children in Care	50,117	2,078	4%	0	0	0	2,078
Field Social Work	14,736	875	6%	0	0	0	875
Practice Excellence	554	8	2%	0	0	0	8
C&FS Children & Families Welbeing	9,156	0	0%	0	0	0	0
Education Sufficiency	1,040	(95)	-9%	(26)	0	0	(69)
Education Quality & Inclusion	43,265	1,965	5%	(14)	2,434	(269)	(186)
SEND & Children with Disabilities	93,846	7,620	8%	0	0	6,826	793
Business Support & Commissioning	11,038	(196)	-2%	0	(14)	(10)	(172)
CFS Other	(133,283)	(3,042)	2%	(1,785)	(1,391)	144	(11)
Total	94,545	9,011	10%	(1,826)	1,026	6,684	3,127

5. The issues behind the performance of each of the DSG Blocks can be summarised as:

Schools Block underspend £1.8m – The School Block includes funding for individual schools which is delegated in full to maintained schools and academies and for the revenue costs associated with opening new, and expanding, mainstream schools. The underspend relates to the latter and the funding will be required to meet the cost of new schools anticipated to open in the future. A new primary school will open in 2023 with a further schools expected to open in the period up to 2025, precise opening dates are dependent upon the build rate in new housing developments across Leicestershire. The revenue costs of opening a 210 place new primary school are currently estimated to be £0.57m and £2.5m for a 750 place secondary school. One element of the cost is the replication of the NFF for the period between September and March and until pupil characteristics generate the school budget, costs increase with the additional funding placed nationally in the NFF.

Early Years overspend £1.0m – The budget is based on the number of hours used to calculate the original 2022-23 Early Years DSG income in December 2021. The 2022-23 Early Years DSG income was increased in July 2022 by £1.4m to allow for the Spring Term 2022 census. The forecast hours paid to Providers for 2022-23 are £2.4m more than the budget, leading to a net £1m overspend. However, the 2022-23 Early Years Grant income will be retrospectively adjusted in 2023-24 to allow for the hours paid in Spring 2023, and it is anticipated that this adjustment will partially clear the £1m deficit accounted for in 2022-23, but still leave a deficit of £0.4m.

High Needs overspend £6.7m – Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on High Needs expenditure, and

the financial difficulties this exposes local authorities to, continues. The position in Leicestershire reflects the national picture. The overspend is an improved position to that set within the budget which was an overspend of £8.9m, however the change aligns with an underspend on the Resource Bases established within the former High Needs Development Plan not being occupied in line with original expectations. For the 2023/24 Medium Term Financial Strategy (MTFS) the deficit was projected to be £10.9m. In light of the improved year end position a review is currently underway on the assumptions on growth and savings within the four year plan to reassess the overall financial position as set out in the MTFS.

Maintained School Balances

6. It is not possible to formally analyse school balances until the return of the Consistent Financial Reporting returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. However, the indications are that maintained school balances have decreased by an overall £2.2m.
7. Whilst school balances may be seen as an indicator of financial health, it is not possible to gain a financial overview of all Leicestershire schools as the local authority receives no financial information in respect of academies. Additionally, it must be recognised that a schools' balances / reserves are a snapshot at a given point in time and that schools may have plans to utilise them for a number of things including dealing with future budget issues, appointment of additional staff where pupil number may be growing, building improvements etc. Financial planning work continues across both maintained schools and academies, and across all school phases, with the aim of developing a greater understanding of current and future cost pressures & strategies to address them, identifying barriers to effective long term financial planning and strategies to enhance and ensure school sustainability.

Dedicated Schools Grant Reserve

8. The DSG reserve continues to record a deficit which remains forecast to grow significantly to the end of the four years of the 2023/24 MTFS despite the successful expansion of specialist provision within Leicestershire.
9. The following table sets out the component parts of the DSG reserve, a positive figure denotes a deficit:

	Schools	High Needs	Early Years	CSSB	Total
	£,000	£,000	£,000	£,000	£,000
2021/22 Reserves Brought Forward	-8,741	28,850	4,260	-93	24,276
2022/23 Outturn	-1,764	6,684	1,026	-62	5,884
Balance Carried Forward	-10,505	35,534	5,286	-155	30,160

10. Whilst the reserve is set out showing the balances on each DSG block, the deficit is managed at local authority level and the Department for Education monitor financial

performance on the total reserve, there is no formal requirement to sub divide into funding blocks. As such for the DfE's three tier intervention programme the financial position of authorities is assessed on the value of the full reserve i.e. deficit of £35.2m rather than the higher figure of the High Needs Deficit of £35.5m. Whilst data on the values of the DSG reserve and its components isn't readily and easily available for all local authorities soft information suggests that most local authorities are offsetting high needs deficits with a schools block surplus.

High Needs Issues

11. Whilst the findings of the national SEND Review have manifested within the recently released 'SEND and alternative provision improvement plan' there is significant amount of detail required to understand its implication both in terms of the balance between expected provision in mainstream and specialist, expectations around the proposed national tariff for Element 3 funding and what the funding arrangements will be to support these and the other expectations within the document. A further consultation on funding is expected.
12. The DfE continue to have expand their support programme, whilst Leicestershire is within the Delivering Better Value in SEND (DBV) element of the programme the detail of the future support and guidance to be received remains unclear. However, the direction of travel of the Transforming SEND and Inclusion in Leicestershire (TSIL) Programme is aligned to the expectations of the DBV programme and when reviewing DfE published information on good practice has considered many of the issues identified within the SEND review.

Resource Implications

13. All resource implications are contained within the body of the report. However, authorities are required to carry forward DSG as an unusable reserve and may only now contribute to DSG with the approval of the Secretary of State. Whilst this is the approach the DfE have encapsulated in legislation up until March 2023 this has now been confirmed for the next three years, it is not a sustainable or reasonable approach. At the end of the three-year period the DfE have the view that authorities will be in a position to allow local management of any DSG deficit.

Without the DfE addressing this through additional funding, local authorities will be required to set aside resources to offset the deficit. At the levels of expected growth, the position is completely unsustainable and puts the Council's finances in a very difficult position. As such it is essential that the planned measures to contain ongoing growth are successful and both demand and costs are reduced.

Equal Opportunity Issues

14. There are no equality issues arising directly from this report.

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