

Bristol Schools Forum
DSG Budget Monitor 2022/23 Period 10 (P10)

Date of meeting:	28 March 2023
Time of meeting:	5.00 pm
Venue:	Virtual meeting

1 Purpose of report

- 1.1 This report provides information of the forecast financial position for the DSG overall as at Period 10 (P10 to end of January 2023 extrapolated).

2 Recommendation

2.1 Schools Forum is invited to:

- a) **note the in-year 2022/23 position for the overall DSG.**

3 Background

- 3.1 The report updates Schools Forum on the position at P10 (to end of January extrapolated) 2022/23.

4 Budget monitoring 2022/23

- 4.1 The DSG ended the 2021/22 financial year with a cumulative deficit of £24.650m including deficit brought forward from the previous years of £10.004m.

Period 10 forecast is showing the in-year forecast deficit of £17.254m (v.s. £18.825m in P8), which when added to the brought forward balance will give a total forecast deficit of £41.904m to carry forward at the end of the year. This represents a favourable movement of £1.571m from P8 forecast position; mainly driven by reprofiling in planned overspend associated with improvement programmes in Early Years Block £0.267m and Education Transformation Programme £0.895m plus £0.557m reduction in Schools Block Growth funding.

The P10 position is set out in **Table 1** with more detail set out in **Appendix 1**.

Table 1: Forecast position on overall DSG for 2022/23 at P10 (to end of January 2023)

<i>All figures £'000</i>	<i>Balance brought forward 01.04.2022</i>	<i>Transfers</i>	<i>Revised balance brought forward</i>	<i>DSG funding 2022/23</i>	<i>2022/23 Forecast outturn as at P10</i>	<i>In-year variance</i>	<i>2022/23 Forecast carry forward as at P10</i>
Schools Block	(1,517)	1,517	0	304,661	304,104	(557)	(557)
De-delegation	(504)		(504)	0	0	0	(504)
Schools Central Services Block	8		8	2,742	2,742	0	8
Early Years Block	(472)		(472)	35,988	36,657	669	197
High Needs Block	27,876	(1,517)	26,358	78,466	95,763	17,297	43,655
Education Transformation	(740)		(740)	1,531	1,376	(155)	(895)
Funding				(423,388)	(423,388)		
Total	24,650	0	24,650	0	17,254	17,254	41,904

4.2 Schools Block (£0.557m forecast underspend). All of the formula funding for maintained mainstream schools and academies has been allocated. Scope for variation is in the growth fund, which has been revised down to £2.332m; from £2.889m budgeted spend based on latest NOR (October 2022 Census return).

4.2.1 Schools forecasting deficit

The current financial climate is challenging for the sector and the financial health of mainstream schools is deteriorating mainly due to factors such as historical patterns of funding, pupil numbers, post pandemic impact, rising staff costs, and inflation and rising energy costs, the collective effect of which is having a significant impact.

Our assessment of schools' financial health reflects the post pandemic position and for the year ending 31 March 2023 56 (84%) of maintained schools are forecasting an in-year deficit of £7.588 million overall (position as at Quarter 3). If this position materialises this would result in the total deficit rising to £9.690 million (40 (60%) schools) over that last year, indicating a rapid escalation of difficulties for the worst affected schools.

Latest forecast position (as at 15 March 2023) provided by Maintained Schools; which is summarised in Table 2 below and is NOT included within Schools' Block balance figure in Table 1.

Bristol Maintained Schools forecast position as at March 2023	Opening balance as at 1.4.2022	2022/23 in-year forecast position as at March 2023	2022/23 forecast carry forward position (+ve: deficit)	Number of schools forecast in-deficit in 2022/23
Children Centre	340,282	166,443	506,725	1 out of 1
Hub	-773,226	288,896	-484,330	4 out of 4
NURSERY	5,192,471	1,981,040	7,173,512	11 out of 12
PRIMARY	-4,766,319	2,444,202	-2,322,118	22 out of 30
PRIMARY WITH NURSERY	-1,714,571	1,217,380	-497,191	11 out of 12
PRU	-552,232	116,307	-435,925	1 out of 1
SECONDARY	-878,304	613,851	-264,453	2 out of 2
SPECIAL	-1,297,550	759,776	-537,774	4 out of 5
Grand Total	-4,449,449	7,587,895	3,138,446	56 out of 67

Following Q2 forecast of a cumulative in-year deficit position from LA Maintained Schools, all LA Maintained Schools were notified to produce a deficit recovery plan by March 2023 to reflect ESFA latest funding announcements with clear strategy to achieve in year balanced position. So far all schools have returned their recovery plan except two schools. Schools fail to engage and or unable to demonstrate a plan towards sustainability will be notified of next step which could include formal Notice of Concern.

Key challenges are in Maintained Nursery Schools (MNS), whilst we welcomed additional £1.6m funding uplift in MNS supplement, this is not sufficient to restore MNS financial health; and a robust MNS strategy will be required. Further details is covered in a separate paper (agenda item 6)

Primary and Secondary schools also experience financial challenges, subject to further quality assessment on submitted plans, initial analysis indicating that Primary and Secondary schools will remain in surplus position with additional funding to combat cost of living and inflationary pressure (MSAG - Mainstream Schools' Additional Grant, Bristol indicative allocation in 2023-24 is £10.7m).

4.3 De-delegated resources (Nil variance). It is anticipated that this will be in a balanced position, any variance will be carried forwards to future years.

Year to date forecast spend is summarised in Table 3 below:

Table 3: Bristol DSG De-delegation funding summary	2021/22		Reserve balance as at 01.04.2022	2022/23	
	De-delegation	Actual spend		De-delegation	Freecast spend as at P10
Budget balances & carry forward					
Free School meals	£20,259	£20,259		£18,873	£18,873
Insurance	£567,053	£567,053		£418,831	£418,831
Trade Unions	£6,991	£53,491	£169,000	£63,735	£63,735
Health & Safety	£1,653	£136		£1,653	£1,653
Maternity	£579,503	£579,503		£541,641	£541,641
Schools in financial difficulty	£0		£335,000	£0	
Education Pshycology	£10,224	£10,224		£95,023	£95,023
Total funding available	£1,185,683	£1,230,666	£504,000	£1,139,756	£1,139,756
Balance to carry forward to future years	£504,000			£504,000	

4.4 **School Central Services Block (Nil Variance).** It is expected that all of the services in this block will spend to budget.

4.5 **Early Years Block (£0.669m forecast overspend).** Early Years income and expenditure is based on participation throughout the academic year, so the reported position will change in subsequent reports.

Early Years is experiencing significant pressure in emerging SEN; the current overspend in this area is £0.604m. The Forum has approved to utilise £0.340m from carry forward fund for Early Years (£0.25m) and Nursery (£0.09m) improvement programmes; £0.073m is included within total overspend in Early Years.

4.6 **High Needs Block (£17.297m forecast overspend).** The High Needs block is forecasting an in-year overspend of £17.297m, extrapolated based on September 2022 panel outcome. This means at the end of this financial year the cumulative overspend in High Needs Block will reach £43.655m when adding cumulative brought forward deficit balance of £26.358m; after partially offset by £1.517m underspend transferred from the Schools' Block which was agreed with the Schools' Forum in May 2022 meeting.

4.7 Top-up funding remains the single greatest pressure, with a significant in year forecast overspend of £13.678m in 2022/23. Current forecast is based on September 2022 panel outcome which may result further deviation from this present outturn.

4.8 High Needs recovery plan proposals has been developed alongside the DSG Management Plan and Department for Education Delivering Better Value for SEND Programme (DfE DBV programme), latest forecast including potential benefits (subject to formal consultation) is summarised in Table 4 below:

Table 4 DSG MP: DSG forecast position	2022-23					
	as at P10	2023-24	2024-25	2025-26	2026-27	2027-28
Income / Surplus should be shown as negative	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
Brought forward unmitigated deficit	£24,650	£41,904	£60,735	£80,871	£98,579	£114,732
Total expenditure	£440,642	£472,057	£476,529	£491,701	£506,736	£521,263
Total Income ¹	-£423,388	-£453,226	-£457,964	-£473,993	-£490,583	-£507,753
Funding gap carry forward to future years	£41,904	£60,735	£80,871	£98,579	£114,732	£128,242
Mitigation Proposals:						
Carried forward indicative proposals			-3,075	-12,040	-23,512	-36,086
Annual Indicative Proposed Mitigations	0	-3,075	-8,965	-11,472	-12,574	-12,574
Funding gap after proposed mitigations	£41,904	£57,660	£68,831	£75,067	£78,646	£79,582
DBV stretched confidence benefits - cumulative	£0	-£3,180	-£13,180	-£29,880	-£52,980	-£80,380
DBV stretched confidence benefits - annual	£0	-£3,180	-£10,000	-£16,700	-£23,100	-£27,400
Funding gap after DBV stretched benefits	£41,904	£57,555	£67,691	£68,699	£61,752	£47,862
<i>Note ¹: income uplift of 3.5% assumed post 2023-24 per ESFA guideline.</i>						

Based on current in-year forecast funding shortfall (High Needs: in-year deficit of £17.1m), it is estimated that High Needs Block could achieve a balanced budget position in 2025-26 if DBV stretched confidence benefits materialise, which is subject to formal consultation. Further updates on DBV programme is covered in a separate paper (agenda item 7)

The Education Transformation Programme (now known as Belonging with SEND Programme), primarily concerned with SEN and consequently the High Needs Block, a separate report was available in January 2023 Schools Forum paper (Agenda Item 8, link: [Jan23 SF DBV update](#)). Nationally High Needs continues to be challenging and in Bristol this has been exacerbated by work to clear the backlog of EHCP.

4.9 Funding (Nil Variance). £423.388m is the latest DSG amount notified by the ESFA in January 2023.

In summary the DSG is forecasting an in year overspend of £17.254m in P10 against annual funding of £423.388m (per ESFA announcement in January 2023). This is equivalent to a cumulative forecast overspend of £41.904m when including £24.650m deficit balance brought forward from previous years.

As statutory overwrite has been extended by DHCLG (Department of Housing, Communities and Local Government) for another three years, this gives the LA more time to deliver DGS management plan and mitigations with the aim to bring DSG annual spend back to a sustainable footing. Bristol has been actively engaging with DfE DBV programme (Delivering Better Value in SEND). Further details on DBV programme updates and High Needs Recovery plan with potential mitigation options is included within Education Director's update.

Appendix 1 - Forecast position for Overall DSG 2022/23 as at P10 (to end of January 2023 extrapolated)

Bristol DSG Forecast Outturn position as at Period 10 (P10) 2022/23	Brought forward 1.4.22	Funding 2022/23	P10 Forecast Outturn	In-year movement	Carry forward 31.3.23
	£'000	£'000	£'000	£'000	£'000
Maintained Schools		77,781	77,781	0	
Academy Recoupment		223,990	223,990	0	
Growth Fund		2,889	2,332	(557)	
Schools Block	0	304,661	304,104	(557)	(557)
De-delegation Services	(504)	0	0	0	(504)
Admissions	6	557,581	558	0	6
Centrally Retained	1	2,185	2,185	0	1
Schools Central Services	8	2,742	2,742	0	8
National Formula		27,808	27,939	131	
2 Year Old Funding		3,541	3,540	(0)	
Pupil Premium (EYPP)		370	328	(42)	
Additional Support Services		500	462	(38)	
SEN Top up		1,600	2,204	604	
Staffing		2,029	2,018	(11)	
Disability Access Fund		140	93	(47)	
EY & Nursery improvement work		0	73	73	
Early Years Block	(472)	35,988	36,657	669	196
Commissioned Services		2,612	3,465	853	
Core Place Funding		9,307	9,180	(128)	
Staffing		1,202	2,530	1,329	
Top Up		38,679	52,357	13,678	
Placements		10,396	11,583	1,186	
Pupil Support		936	1,301	365	
HOPE Virtual School		236	249	14	
Academy Recoupment		15,099	15,099	0	
Education Transformation		1,531	1,376	(155)	
High Needs Block	25,619	79,997	97,139	17,142	42,760
Funding		423,388	440,642		
Total	24,650	0	17,254	17,254	41,904