

Bristol Schools Forum
DSG 2022/23 Outturn report as at March 2023 (Period 12 / P12)

Date of meeting:	23 May 2023
Time of meeting:	5.00 pm
Venue:	Zoom Meeting
Report Author:	Angel Lai

1 Purpose of report

- 1.1 This report provides information of the 2022/23 DSG end of year outturn position as at Period 12 (P12) to end of March 2023.

2 Recommendation

2.1 Schools Forum is invited to:

- a) note the end of year 2022/23 outturn position for DSG.

3 2022/23 DSG outturn position

The DSG ended the 2022/23 financial year with an in-year deficit of £15.031m or a cumulative deficit of £39.681m including £24.650m deficit brought forward from the previous years. This is £2.222m improvement from P10 forecast position, mainly driven by £0.802m underspend in Early Years Block made up of £0.658m funding clawback adjustment based on January 2023 census return data plus £0.267m underspend from EY / MNS Improvement Programmes and £1.135m High Needs top up contingency fund released at year end to reflect actual spend at the end of March 2023 per ESFA DSG guidance note. However, this is included within DSG management plan (5 year forecast) to reflect potential liability going forward until the backlog is cleared.

DSG end of year outturn position is set out in **Table 1** with more detail set out in **Appendix 1**.

Table 1: 2022/23 DSG outturn position

2022-23 DSG outturn position (All figures £'000)	Balance brought forward 01.04.2022	Transfers	Revised balance brought forward	DSG funding 2022/23*	2022/23 outturn	In-year variance	2022/23 outturn carry forward	Movement since P10
Schools Block	(1,517)	1,517	0	304,661	303,874	(787)	(787)	(230)
De-delegation	(504)		(504)	0	(23)	(23)	(527)	(23)
Schools Central Services Block	8		8	2,742	2,742	0	8	0
Early Years Block	(472)		(472)	35,329	35,196	(133)	(605)	(802)
High Needs Block	27,876	(1,517)	26,358	78,466	94,629	16,162	42,520	(1,135)
Education Transformation	(740)		(740)	1,531	1,343	(188)	(928)	(33)
Total	24,650	0	24,650	422,730	437,761	15,031	39,681	(2,222)

*Note: DSG allocation is indicative as Early Year's funding allocation is based on actual participation and is updated quarterly in arrears.

- 3.1 **Schools Block (£0.787m underspend).** All of the formula funding for maintained mainstream schools and academies has been allocated. Scope for variation is in the growth fund, where actual end of year spent was £2.063m, or £0.787m underspend from £2.889m budgeted spend (based on October 2022 Census return).

3.1.1 LA Maintained Schools end of year deficit position

2022/23 was proven to be challenging for the sector and the financial health of LA maintained schools deteriorated by £5.279m during the year and ended the financial year with £1.765m cumulative deficit. Although this position is £1.373m favourable compared to Schools' Q2 forecast position (reported to the Forum in March 2023), the scale of in-year deficit of (£1.858m in 2022/23) in Maintained Nursery schools (MNS) is envisaged having significant impact to overall financial health of LA Maintained Schools going forward and as such unspent EY / MNS improvement fund (£0.267m) will be ring-fenced to support EY transformation journey going forward; and when surplus is available and subject to formal consultation, the Forum is advised to support DSG funding to be optimised to support the ongoing sustainable delivery of MNS service in the City.

End of year LA maintained schools' financial position is summarised in Table 2 below which is NOT included within Schools' Block balance figure in Table 1.

2022/23 Bristol LA Maintained schools balances	2021/22 balance carry forward	2022/23 closing balance	In-year movement	No of schools in <u>cummulative deficit</u> position as at 31.3.2023
Children's Centres (CC)	£340,282	£541,332	£201,050	1 out of 1
Hub	-£773,226	-£498,219	£275,007	0 out of 4
Nursery	£5,192,472	£7,050,083	£1,857,612	11 out of 12
Primary	-£3,831,129	-£2,906,381	£924,748	4 out of 28
Primary with Nursery settings	-£1,714,572	-£737,175	£977,396	2 out of 12
Secondary	-£878,304	-£391,665	£486,639	0 out of 2
Special	-£1,297,550	-£789,395	£508,155	1 out of 5
Pru (Pupil Referral Unit)	-£552,232	-£503,945	£48,286	0 out of 1
Sum total (+ve: deficit)	-£3,514,259	£1,764,635	£5,278,894	19 out of 65
Sum excluding CC & Hubs	-3,081,315	1,721,522	4,802,837	18 out of 60

Key challenges are in Maintained Nursery Schools (MNS) where 11 out of 12 LA maintained nursery schools were in deficit position, an Early Year's (EY) strategy will be pivotal to the long-term sustainability of EY service provision in the City. Additional £1.6m funding uplift in MNS supplement in 2023/24 was welcomed as this makes a good contribution towards 2023-24 financial sustainability but recovery plans will be required to address the accumulated historic deficits.

Primary and Secondary schools also experience financial challenges, initial analysis indicating that Primary and Secondary schools is anticipated to achieve balanced budget position with additional £10.749m MSAG (Bristol indicative allocation of Mainstream Schools' Additional Grant) in 2023-24.

- 3.2 **De-delegated resources (£0.023m underspend).** 2022-23 budget was fully spent, the in-year underspend was due to training income from academies.
- 3.3 **School Central Services Block (Nil Variance).** 2022-23 allocation £2.742m was fully spent.
- 3.4 **Early Years Block (£0.133m underspend).** Early Years income and expenditure is based on actual participation throughout the academic year. The end of year financial position is calculated based on January 2023 census data where £0.658m funding clawback is anticipated due to participation rate and could vary when actual income is confirmed in July 2023.

Early Years is experiencing significant pressure in emerging SEN which was overspend by £0.474m during the financial year, offset by potential underspend calculated based on January 2023 census data and £0.267m underspend in EY / MNS improvement programmes which should continue to be ringfenced to support EY transformation.

- 3.5 **High Needs Block (£16.162m overspend).** The High Needs block ended the financial year with an in-year overspend position of £16.162m (excluding £0.188m underspend in High Needs transformation programme), or a cumulative overspend position of £42.520m 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).
- 3.6 Top-up funding remains the single greatest pressure, with a significant in year overspend of £9.932m in 2022/23 followed by £4.089m overspend in placements cost.
- 3.7 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) was reported to the Forum in March 2023 and is summarised in Table 4 below:

Table 4 DSG MP: DSG forecast position	2022-23		2023-24	2024-25	2025-26	2026-27	2027-28
	outturn						
Income / Surplus should be shown as negative	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
Brought forward unmitigated deficit	£24,650	£39,681	£60,735	£80,871	£98,579	£114,732	£114,732
Total expenditure	£437,761	£464,920	£476,529	£491,701	£506,736	£521,263	£521,263
Total Income ¹	-£422,730	-£443,867	-£448,277	-£463,967	-£480,206	-£497,013	-£497,013
Funding gap carry forward to future years	£39,681	£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	£39,681	£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	£39,681	£57,555	£67,691	£68,699	£61,752	£47,862	

Note ¹: income uplift of 3.5% assumed post 2023-24 per ESFA guideline.

Based on latest forecast (as at January 2023), 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 Education Director's updates.

The Belonging with SEND Programme (was known as Education Transformation 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.

3.8 Funding (Nil Variance). £422.730m (£423.388m less EY clawback of £0.658m) including Early Year's adjustment calculated based on January 2023 census data.

In summary the DSG ended the financial year with an in-year deficit of £15.031m against annual funding of £422.730m (£423.388m less EY clawback of £0.658m). The £15.031m in-year deficit will be transferred to DSG ringfenced deficit reserve. This is equivalent to a cumulative carry forward deficit reserve balance of £39.681m when including £24.650m deficit balance brought forward from previous years.

As statutory overwrite has been extended by DLUHC (Department for Levelling Up, Housing and Communities) for another three years to March 2026, 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 secured £1.0m from DfE DBV programme (Delivering Better Value in SEND). Along with £1.6m transformation fund from 2023-24 Schools Block to High Needs approved by the Schools' Forum in January 2023, this gives a total of £2.6m to deliver DBV programmes and High Needs recovery plan, which is in addition to the £0.928m carry forward fund from Belong with SEND programme. This means there is a total of £3.528m for Bristol to devise a sustainable education system to meet the needs of Children and Young People in the city before March 2026 and prior to the full implementation of National Funding Formulae (NFF) where local flexibility will be removed. Consultation response of government's Implementing Direct National Funding Formulae is available [NFF consultation response](#) Further details on DBV programme updates and High Needs Recovery plan is included within Education Director's update.

Appendix 1 - DSG 2022/23 outturn position as at March 2023

Bristol DSG Outturn position as at Period 12 (P12) 2022/23	Brought forward 1.4.22	Funding 2022/23	P12 Outturn position	In-year movement	Carry forward 31.3.23	P10 Forecast Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Maintained Schools		77,781	77,821	39		77,781
Academy Recoupment		223,990	223,990	0		223,990
Growth Fund		2,889	2,063	(826)		2,332
Schools Block	0	304,661	303,874	(787)	(787)	304,104
De-delegation Services	(504)	0	(23)	(23)	(527)	0
Admissions	6	529	529	0	6	558
Centrally Retained	1	2,213	2,213	0	1	2,185
Schools Central Services	8	2,742	2,742	0	8	2,742
National Formula		27,541	27,105	(436)		27,939
2 Year Old Funding		3,149	3,172	24		3,540
Pupil Premium (EYPP)		370	317	(54)		328
Additional Support Services		500	457	(43)		462
SEN Top up		1,600	2,074	474		2,204
Staffing		2,029	1,892	(137)		2,018
Disability Access Fund		140	105	(35)		93
EY & Nursery improvement work			74	74		73
Early Years Block	(472)	35,329	35,196	(133)	(605)	36,657
Commissioned Services		2,612	3,422	810		3,465
Core Place Funding		9,307	9,102	(205)		9,180
Staffing		1,202	2,272	1,070		2,530
Top Up		38,679	48,610	9,932		52,357
Placements		10,396	14,485	4,089		11,583
Pupil Support		936	1,402	466		1,301
HOPE Virtual School		236	235	(0)		249
Academy Recoupment		15,099	15,099	0		15,099
Education Transformation		1,531	1,343	(188)		1,376
High Needs Block	25,619	79,997	95,972	15,974	41,592	97,139
Funding		422,730	437,761			440,642
Total	24,650	0	15,031	15,031	39,681	17,254