

**Bristol Schools Forum**  
**DSG 2023/24 Quarter 1 (Q1) forecast report as at May 2023 (Period 02 / P02)**

<b>Date of meeting:</b>	12 July 2023
<b>Time of meeting:</b>	5.00 pm
<b>Venue:</b>	Virtual meeting

## **1 Purpose of report**

1.1 This report provides information of the 2023/24 DSG position as at Period 02 (P02) to end of May 2023.

## **2 Recommendation**

### **2.1 Schools Forum is invited to:**

**a) note the Q1 / P2 forecast position as at end of May 2023 for DSG.**

## **3 2023/24 DSG forecast 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.

2023-24 gross allocation for DSG is £453.2m as approved at Full Council in February 2023 (or net amount £197.6m after deduction for academies recoupment, NNDR and direct funding of high needs places by ESFA) per ESFA announcement on 30<sup>th</sup> March 2023.

The DSG is forecasting to overspend by £18.7m in 2023/24, which is broadly in line with previous year in-year overspend position (£15m). This is mainly driven by increase in EHCP and complexity of Children with SEN, overspend was forecasted in top up funding of £5m, special placement (pre- and post-16) £7.4m, ISP £2m and Teachers pay & pension £1.2m.

Early Years is forecasting an in-year overspend of just over £1.0m, of which £0.2m was planned overspend on EY improvement programme and £0.8m was due to increase demand in EY top up funding on SEN.

High Needs Transformation programme is forecasting an in-year overspend of £0.980m which will be covered by carry-forward funding from previous years' underspend.

DSG P2 forecast position is set out in **Table 1** with more detail set out in **Appendix 1**.

## Summary of 2023/24 DSG forecast position as at P2

Bristol Dedicated Schools Grant 2023/24	b/f balance	Gross DSG funding / Budget 2023/24*	P2 Gross DSG forecast outturn	In-year variance at P2	Cummulative c/f
£'000					
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)	0	0	1	(526)
Central School services Block	8	2,717	2,717	(0)	7
Early Years	(605)	38,526	39,583	1,057	451
High Needs Block	42,520	86,504	103,123	16,616	59,136
High Needs Transformation	(928)	1,627	2,607	980	52
Funding	0	(453,226)	(453,226)	0	0
<b>Total</b>	<b>39,680</b>	<b>0</b>	<b>18,655</b>	<b>18,655</b>	<b>58,335</b>

\* Bristol gross DSG Allocations, before recoupment and deductions for NNDR, and for direct funding of high needs places by ESFA totalling £255.607m as at 30th March 2023.

- 3.1 **Schools Block (Nil variance).** All of the formula funding for maintained mainstream schools and academies has been allocated. Scope for variation is in the growth fund, which is currently expected to be fully spent.

### 3.1.1 LA Maintained Schools forecast 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.

2023/24 LA maintained schools' financial position is summarised in Table 2 below which is NOT included within Schools' Block balance figure in Table 1.

Table 2 - 2023/24 LA Maintained Schools Forecast position as at May 2023	2022/23 closing balance	2023/24 in-year forecast	2023/24 forecast closing balance	Number of schools forecasting in-year deficit in May 2023
CC	541,336	207,782	749,118	1 out of 1
Hub (transferred to Children's Service)	-498,219	n/a	n/a	n/a
Nursery	7,050,084	119,334	7,169,418	6 out of 12
Primary	-2,906,380	593,050	-2,313,330	14 out of 28
PrimNur	-737,177	191,464	-545,713	7 out of 12
Secondary	-391,665	53,228	-338,437	1 out of 2
Special	-789,394	57,381	-732,013	3 out of 5
Pru	-503,946	302,873	-201,073	1 out of 1
<b>Total sum (+ve: deficit)</b>	<b>1,764,639</b>	<b>1,525,112</b>	<b>3,289,751</b>	<b>61</b>

Based on forecasts provided by LA Maintained Schools on 30<sup>th</sup> May 2023, an overall deficit position of £1.5m was projected by Bristol LA Maintained Schools, made up of 33 schools forecasted £2.6m overspend (or an average of £80k deficit per school), offset by 28 schools forecasted £1.1m surplus (or £40k per school).

Whilst 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, May 2023 forecast indicating an overspend position of £1.4m despite additional £10.749m MSAG (Bristol indicative allocation of Mainstream Schools' Additional Grant) allocation in 2023/24.

Education Service is working closely with the Sector to explore options to bring Schools Finance back to sustainable footing. Where applicable, schools forecasting deficit position have been notified of next step, meetings have been set up with schools leadership team and schools' governing body to explore affordable solutions.

- 3.2 **De-delegated resources (Nil variance).** 2023/24 budget is anticipated to be fully spent.
- 3.3 **School Central Services Block (Nil Variance).** 2023/24 budget is anticipated to be fully spent.
- 3.4 **Early Years Block (£1.057m overspend).** 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 is anticipated to overspend by £0.8m during the financial year, plus planned overspend of £0.267m EY / MNS improvement fund carried forward from previous year which will continue to be ringfenced to support EY transformation work in 2023/24

- 3.5 **High Needs Block (£16.616m overspend).** The High Needs block is anticipated to overspend by £16.6m in 2023/24. This is mainly driven by increase in EHCP and complexity of Children with SEN, overspend was forecasted in top up funding of £5m, special placement (pre- and post-16) £7.4m, ISP £2m and Teachers pay & pension £1.2m.
- 3.6 **High Needs Transformation (£0.980m overspend).** £1.627m (or 0.5%) was transferred from the Schools Block to The High Needs Block to fund High needs recovery work following budget approval by the Schools' Forum in January 2023.

The £0.980m planned overspend will be covered by underspend from 2022/23 High Needs Transformation fund.

- 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
	outurn						
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 <sup>1</sup>	£-422,730	£-443,867	£-448,277	£-463,967	£-480,206	£-497,013	£-497,013
<b>Funding gap carry forward to future years</b>	<b>£39,681</b>	<b>£60,735</b>	<b>£80,871</b>	<b>£98,579</b>	<b>£114,732</b>	<b>£128,242</b>	
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	
<b>Funding gap after proposed mitigations</b>	<b>£39,681</b>	<b>£57,660</b>	<b>£68,831</b>	<b>£75,067</b>	<b>£78,646</b>	<b>£79,582</b>	
DBV stretched confidence benefits - cumulative	£0	£-3,180	£-13,180	£-29,880	£-52,980	£-80,380	
DBV stretched confidence benefits - annaul	£0	£-3,180	£-10,000	£-16,700	£-23,100	£-27,400	
<b>Funding gap after DBV stretched benefits</b>	<b>£39,681</b>	<b>£57,555</b>	<b>£67,691</b>	<b>£68,699</b>	<b>£61,752</b>	<b>£47,862</b>	

Note <sup>1</sup>: income uplift of 3.5% I assumed post 2023-24 per ESFA guideline.

Based on latest forecast (as at January 2023) which was broadly in line with Newton's (DfE DBV delivering partner) forecast, 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).** £453.226m as at March 2023 announcement, which will be subject to Early Year's adjustment where funding is calculated in arrears based on actual participation.

In summary DSG is forecasted to overspend by £18.655m in 2023/24 Q1 P2 forecast. This is equivalent to a cumulative forecast carry forward deficit reserve balance of £58.335m including £39.680m deficit balance brought forward from previous years.

SEN topup continue to be the main financial pressure, whilst £8m (or 10.2%) funding uplift was welcomed in 2023/24 High Needs Block funding allocation, this is way below 2022/23 in-year deficit in High Needs block (£15.974m), neither would this contribute to DSG cumulative deficit position recovery. While transformation work is underway and as financial benefits still needs be to validated, this forecast is reflecting an unmitigated deficit position.

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 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 £0.980m carry forward fund from Belong with SEND programme.

Two workstreams funded through a Department for Education Delivering Better Value (DBV) Grant are starting to move from the development to the delivery phase. A tender process for workstream 2 will be completed by the 30 June to identify a delivery partner to review High Needs Block funding which is subject to public consultation. In workstream 1 a steering group has been established to develop the scope of the project and identify schools to take part in a test and learn pilot for the new academic year. Further details on DBV programme updates and High Needs Recovery plan is included within Education Director's update.

## Appendix 1 - DSG 2023/24 Q1 P2 forecast position as at May 2023

Bristol DSG Outturn position as at Q1 Period 2 (P)2 2023/24	Brought forward 1.4.22	Funding 2023/24	P02 Forecast position	In-year movement	Carry forward 31.3.24	2022/23 Outturn position
	£'000	£'000	£'000	£'000	£'000	£'000
Maintained Schools		80,857	80,857	(0)		77,821
Academy Recoupment		240,206	240,206	0		223,990
Growth Fund		2,788	2,788	0		2,063
<b>Schools Block</b>	<b>(787)</b>	<b>323,851</b>	<b>323,851</b>	<b>(0)</b>	<b>(787)</b>	<b>303,874</b>
<b>De-delegation Services</b>	<b>(527)</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>(526)</b>	<b>(23)</b>
Admissions	6	529	529	0	6	529
Centrally Retained	1	2,188	2,188	(0)	1	2,213
<b>Schools Central Services</b>	<b>8</b>	<b>2,717</b>	<b>2,717</b>	<b>(0)</b>	<b>7</b>	<b>2,742</b>
National Formula		29,939	29,919	(20)		27,105
2 Year Old Funding		3,596	3,596	0		3,172
Pupil Premium (EYPP)		383	382	(0)		317
Additional Support Services		500	500	0		457
SEN Top up		1,686	2,495	810		2,074
Staffing		2,272	2,273	1		1,892
Disability Access Fund		152	152	0		105
EY & Nursery improvement work		0	266	266		74
<b>Early Years Block</b>	<b>(605)</b>	<b>38,526</b>	<b>39,583</b>	<b>1,057</b>	<b>451</b>	<b>35,196</b>
Commissioned Services		2,653	4,673	2,019		3,422
Core Place Funding		9,289	9,235	(54)		9,102
Staffing		1,027	2,322	1,295		2,272
Top Up		46,363	51,606	5,243		48,610
Placements		10,349	17,730	7,381		14,485
Pupil Support		975	1,708	733		1,402
HOPE Virtual School		236	236	0		235
Academy Recoupment		15,402	15,402	0		15,099
Education Transformation		1,627	2,608	980		1,343
<b>High Needs Block</b>	<b>41,592</b>	<b>87,921</b>	<b>105,519</b>	<b>17,597</b>	<b>59,189</b>	<b>95,972</b>
<b>Funding</b>		<b>453,016</b>	<b>471,671</b>			<b>437,761</b>
<b>Total</b>	<b>39,681</b>	<b>0</b>	<b>18,655</b>	<b>18,655</b>	<b>58,336</b>	<b>15,031</b>