

Bristol Schools Forum
2023/24 DSG forecast report as at August 2023 (Period 05 / P05)

Date of meeting:	26 th September 2023
Time of meeting:	5.00 pm
Venue:	Virtual meeting

1 Purpose of report

1.1 This report provides information of the 2023/24 DSG position as at Period 05 (P05) to end of July 2023.

2 Recommendation

2.1 Schools Forum is invited to:

- a) note the P05 forecast position as at end of August 2023 for DSG.
- b) approve redesignation of funding (listed in Table 3) to facilitate temporary support for LA Maintained Schools in financial difficulty.

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.

As illustrated in Table 1 (with further details set out in Appendix 1), 2023-24 gross allocation for DSG is £452.3m (or net amount £196.7m after deduction for academies recoupment, NNDR and direct funding of high needs places by ESFA) per ESFA announcement on 20th July 2023.

The DSG is forecasting to overspend by £18.5m in 2023/24, which is broadly in line with £18.7m in-year forecast deficit position reported in July 2023. The main driver of forecast overspend remains to be in High Needs top up and placements costs resulted from increasing EHCP and complexity of Children with SEN. This means the unmitigated deficit forecast position at the end of 2023/24 could reach £58.170m.

Bristol Education Service has been on the Transformation journey to improve its service provision and SEN infrastructure with the support from the sector and DfE, mitigation proposals were identified alongside DfE DBV programme. Workstream 1 programme is well under way, £3.180m mitigations was planned to materialise in 2023-24 if proposals are supported and delivered in the planned timescale. However, £1m mitigations are currently highlighted as at risk due to further due diligence work is still required and delay in securing a delivery partner to delivery workstream 2 mitigation proposals. This means the mitigated in-year deficit

position for 2023-24 could be reduced to £16.376m if proposed mitigations materialise. It is vital that benefits of mitigation proposals are monitored and delivered on timely basis in order to restore and secure financial health of DSG funding in the longer term.

Early Years is forecasting an in-year overspend of £0.296m, this is driven by £0.650m forecast overspend in EY's SEN while EY & Nursery Improvement planned overspend of £0.266m will be covered by unspent EY transformation funding from 2022-23.

High Needs Transformation programme is forecasting an in-year overspend of £1.049m which will be covered by carry-forward funding from previous years' underspend of £0.980m.

Table 1 - Bristol Dedicated Schools Grant 2023/24	2022/23 b/f balance	Gross DSG funding / Budget 2023/24*	P05 Gross DSG forecast outturn	In-year variance as at P05	Cummulative c/f forecast position as at P05
	£'000				
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)	0	(1)	(1)	(528)
Central School services Block	8	2,717	2,709	(8)	(0)
Early Years	(605)	37,432	38,333	902	296
High Needs Block	42,520	86,675	103,221	16,546	59,067
High Needs Transformation	(928)	1,627	2,677	1,049	121
Funding	0	(452,302)	(452,302)	0	0
Total (Unmitigated position)	39,680	(0)	18,488	18,488	58,170
Mitigations (budget v.s. forecast in 2023-24)		(3,180)	(2,112)	(1,068)	(2,112)
Total - Mitigated position	39,680		16,376	(1,068)	56,058

* Bristol gross DSG Allocations, including recoupment and deductions for NNDR, and for direct funding of high needs places directly passported to schools by ESFA totalling £255.752m as at 20th July 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.

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

Table 2 - 2023/24 Bristol LA Maintained Schools Financial Summary	2023/24 Closing Balance Forecast as at Q1	2023/24 in-year Forecast as at Q1 (end of July 2023)	Number of Schools with cumulative deficit as at 31/3/2024	Number of Schools Variance to 31/3/2023
Nursery	6,818,076	-232,007	11 of 12	no change
Primary	-2,194,491	711,886	5 of 28	up one
Primary with Nursery Class	-474,500	262,675	2 of 12	no change
Secondary	-355,348	36,317	0 of 2	no change
Special	-632,009	157,386	1 of 5	no change
PRU	-239,910	264,035	0 of 1	no change
Total	2,921,818	1,200,292	19 of 60	
Children Centres (CC)	654,371	113,039	1 of 1	no change
Sum total including CC	3,576,189	1,313,331	20 of 61	
HUBS (Moved to FinF)	0			not in TWS return
Total	3,576,189	1,313,331		

Based on information provided by LA Maintained Schools on 31st July 2023, an overall deficit position of £1.3m (including Children's Centre) was projected by Bristol LA Maintained Schools, made up of 8 schools forecasting in-year deficit of £2.493m (or an average of £75k deficit per school), offset by 28 schools forecasting £1.188m surplus (or £42k per school).

While Maintained Nursery Schools in-year forecast position improved by £0.232m due to additional £1.6m funding uplift in MNS supplement in 2023/24 and enhanced rates commencing September 2023, recovery plans will still be required to address the accumulated historic deficits of £6.818m.

Primary and Secondary schools also experience financial challenges, July 2023 forecast indicating an overspend position of £1.5m in 2023/24 despite additional £10.749m MSAG (Bristol indicative allocation of Mainstream Schools' Additional Grant, or £10.724m per latest update in July).

Education and Financial Service are working closely with the Sector to explore options to bring Schools Finance back to sustainable footing. All schools forecasting deficit position have been notified of the need to produce a robust plan to demonstrate and secure their long-term financial sustainability. Meetings was held with schools' leadership team and schools' governing body to explore affordable solutions.

Where plans can demonstrate sustainability and ability to recover the historic financial deficit a funding source will need to be identified to temporarily bridge the financial gap in LA maintained schools. It is proposed that the funds outlined in the table below totalling £1.102m will be

earmarked, utilised and recycled for this purpose. Subject to School Forums endorsement the funds will be moved in to an earmarked reserve to provide temporary support for LA Maintained Schools in Financial difficulty.

	Funding source	Description	Available budget (£'000)	Proposed redesignated funding amount (£'000)
1	2022-23 schools block surplus	£270k growth fund underspend and £517k surplus from closed schools	787	517
2	De-delegation surplus	Schools in financial difficulty	335	335
3	TWS reserves		250	250
4	ESFA	additional funding for LA Maintained schools in Financial difficulty, awaiting further details	not known	not known
Total possible funding to facilitate temporary financial support for LA maintained schools in financial difficulty (e.g. Licenced Deficit)			1,372	1,102

The utilisation of this designated fund will be monitored and reported back to Schools Forum. Regular reviews will take place to ensure schools remain focused on improving its financial health to warrant a safe and affordable education service delivery to the CYP's in the city.

- 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 underspent by £8k to offset carry forward overspend from previous years.
- 3.4 **Early Years Block (£0.296m overspend).**

Early Years is experiencing pressure in emerging SEN which is anticipated to overspend by £0.650m during the financial year, plus planned overspend of £0.267m which will be funded by EY / MNS improvement fund carried forward from previous year 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.

Education Transformation (£1.049m overspend). £0.980m planned overspend will be covered by underspend from 2022/23 High Needs Transformation fund.

£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.

- 3.6 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 is estimating that unmitigated DSG cumulative deficit could reach £127.4m in 2027-28; which was broadly in line with Newton's (DfE DBV delivering partner) forecast (of £128.2m by 2027-28). Further updates on DSG Management Plan and DBV programme is covered in Education Director's update.

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](#)), an update will be available in November 2023. Nationally High Needs continues to be challenging and in Bristol this has been exacerbated by work to clear the backlog of EHCP.

- 3.7 **Funding (Nil Variance).** £452.302m as at July 2023 announcement, which will be subject to Early Year's adjustment where funding is calculated in arears based on actual participation.

In summary DSG is forecasted to overspend by £18.5m in August 2023/24 (P05). This is equivalent to a cumulative forecast carry forward deficit reserve balance of £58.168m 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 have started to move from the development to the delivery phase. A tender process for workstream 2 was completed in the summer to secure a delivery partner to review High Needs Block funding which is subject to public consultation. The 2023/24 forecast position could be improved by £2.1m if benefits in mitigation proposals materialise in the year. Further updates on DBV programme and High Needs Recovery plan is included within Education Director's update.

Appendix 1 - 2023/24 DSG P05 forecast position as at August 2023

Bristol DSG Outturn position as at Period 5 (P05) 2023/24	Brought forward 1.4.22	Funding 2023/24	P05 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
Schools Block	(787)	323,851	323,851	(0)	(787)	303,874
De-delegation Services	(527)	0	(1)	(1)	(528)	(23)
Admissions	6	575	575	0	6	529
Centrally Retained	1	2,142	2,134	(8)	(7)	2,213
Schools Central Services	8	2,717	2,709	(8)	(0)	2,742
National Formula		29,523	29,507	(16)		27,105
2 Year Old Funding		2,914	2,914	0		3,172
Pupil Premium (EYPP)		386	386	0		317
Additional Support Services		500	500	0		457
SEN Top up		1,686	2,335	650		2,074
Staffing		2,272	2,274	2		1,892
Disability Access Fund		152	152	0		105
EY & Nursery improvement work		0	266	266		74
Early Years Block	(605)	37,432	38,333	902	296	35,196
Commissioned Services		2,653	4,673	2,019		3,422
Core Place Funding		9,289	9,235	(54)		9,102
Staffing		1,237	2,550	1,312		2,272
Top Up		46,390	51,665	5,275		48,610
Placements		10,349	17,609	7,260		14,485
Pupil Support		975	1,708	733		1,402
HOPE Virtual School		236	236	0		235
Academy Recoupment		15,547	15,547	0		15,099
Education Transformation		1,627	2,677	1,049		1,343
High Needs Block	41,592	88,302	105,898	17,596	59,187	95,972
Funding		452,302	470,791			437,761
Total	39,681	0	18,488	18,488	58,170	15,031