

DSG KEY VARIANCES AND MANAGEMENT ACTIONS

The DSG has a forecast carry forward at the end of 2022/23 of £3.333m.

Table 1 - The DSG High Level Summary to December 2022:

DSG Budget Headlines	£m				Total
	Schools	Central Services	Early Needs	High Needs	
2022/23 Budget c/f	(0.005)	(0.002)	(0.352)	(2.156)	(2.515)
2021/22 Surplus c/f	(0.385)	(0.005)	(0.958)	(1.473)	(2.821)
2022/23 DSG Allocation	(230.982)	(1.748)	(22.943)	(54.625)	(310.298)
2022/23 DSG Income	(231.367)	(1.753)	(23.901)	(56.098)	(313.119)
Forecast Expenditure	230.916	1.748	22.400	54.723	309.786
2022/23 Forecast c/f	(0.451)	(0.005)	(1.501)	(1.375)	(3.333)
2022/23 Variance to Budget	(0.446)	(0.003)	(1.149)	0.781	(0.818)

Table 2 – High Level Variations

Service Area	DSG	Responsible Officer	Mac Heath	Variance £m	(£0.818m)
<p>The latest forecast carry forward into 23/24 is a surplus of (£2.833m), which is an increase in the surplus of (£0.318m) compared to when the budget was set.</p>					
<ul style="list-style-type: none"> <li data-bbox="440 185 560 2047">○ Schools Block: There is a £0.451m (0.2%) surplus carry forward which will be held and allocated through the 2023/24 funding formula. The in-year underspend of £0.446m is due to an increase in the carry forward balance from 2021/22 and an underspend as a result of the growth contingency not being required and as explained in the 2021/22 Outturn report. <li data-bbox="568 185 767 2047">○ Early Years Block: There is a £1.501m (6.5%) surplus carry forward. The in-year underspend of £1.149m is due to an additional carry forward from 2021/22 of £0.606m, a reduction of £0.043m in central expenditure due to a vacant post and £0.500m due to an update in the number children accessing early years education. However early years funding remains highly volatile due to the funding allocation not matching the actual take up, therefore it is essential that a reasonable level of contingency is held in order to manage the risk. In addition, there is a small underspend on the centrally retained early years funding. <li data-bbox="823 185 943 2047">○ High Needs Block: There is a £1.375m (2.5%) forecast surplus carry forward. The in-year overspend of £0.781m is mainly due to a reduction in the carry forward balances from 2021/22 of £0.683 however there are some over and underspends within the block which are explained below: <ul style="list-style-type: none"> <li data-bbox="999 185 1362 2047">○ Special schools top up funding is forecast to overspend by £0.500m, which mainly reflects the outcomes of the banding reviews carried out with special schools for the new academic year. Analysis of the children taking up special school places in September 2022 has shown that a higher level of banding is required than for those children leaving. In addition to this, growth in special school places has historically been budgeted using an average banding rate, however, this rate has not matched the actual level of support required for new pupils in 2022. The method of calculating top up funding growth will change to ensure a more accurate forecast is achieved in 2023/24. There are now 79% of children in the higher paid bands A-C with only 21% in the lower paid bands D-E, compared to 2019/20 when there were 59% of children in bands A-C and 41% in bands D-E. A further breakdown along with the banding rates can be seen below: 					

Financial Year	Total Children	Change in No of Children	September									
			A	%	B	%	C	%	D	%	E	%
2019/2020	778		49	6%	193	25%	213	28%	180	23%	138	18%
2020/2021	821	43	51	6%	227	29%	253	32%	158	20%	132	17%
2021/2022	843	22	86	11%	265	33%	239	30%	149	19%	104	13%
2022/2023	883	40	94	11%	310	38%	243	29%	148	18%	88	11%

Highest %

Lowest % (excluding 0%)

22/23 Rates	Banding System				
	Band E	Band D	Band C	Band B	Band A
All Schools	£ 4,775	£ 7,430	£ 14,850	£ 24,400	£ 31,830

- Special departments are forecast to underspend by £0.126m due to 8 out of 128 places in these units currently being unoccupied.
- Mainstream school top ups are forecast to underspend by £0.309m across both children with EHCP and those without an EHCP as demand in this area has not reached the levels expected when the budget was set.
- Post 16 provision is expected to overspend by £0.275m as a result of a higher number of young people accessing these services.

- Based on the forecast under and overspends described above, £0.336m of the high needs demand reserve has been released. This leaves a contingency of £0.560m to cover the cost of any new placements or unexpected pressures for the remainder of the financial year and the level of the reserve will continue to be reviewed. It is vital that the high needs block has a prudent level of reserve to manage demand which can be very volatile due to the nature of the services. It is expected that future years will be challenging with uncertainties over funding from the Government and so it is important that forward planning is in place to ensure a strong position going forward. A review of rates and growth has been undertaken as part of the 2023/24 final budget process.

- **Individual Schools Budgets:**

- As at March 22 the surplus maintained school balances were £13.530m of revenue and £0.610m of capital balances.
- The revised 2022/23 budgets submitted in November 2022 are £8.075m revenue and £0.292m of capital balances.
- There are currently 11 schools that have been identified as a financial high risk due to be in a forecast deficit position by March 23, the total deficit forecast is £0.314m.