# **DSG – 2023-24 Budget Monitor and Financial Update**

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| Report title: |  DSG 2023-24 Budget Monitor and Financial Update |
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## Purpose of Report

This report sets out the latest in-year budget monitoring for the 2023-24 Dedicated Schools Grant (DSG) and provides an update to members on the latest school finance events.

## Recommended Actions for School Forum

The Schools Forum is asked to note:

1. The DSG end of year financial forecast position for the year ending 31 March 2024.

## Overall Position

This report sets out the budget monitoring information and projected year end position for the budget areas funded by the Dedicated Schools Grant (DSG) as at February 2024 (Month 10). There are still some areas that are subject to change between now and the year end and thus these projections should be treated with caution.

The overall position on budget monitoring is summarised in the table below. Allocations are after Academy recoupment.

|  | **Southwark DSG Allocation** **2023-24** **£’000** | **Projected Over/ (Underspend)****£000** |
| --- | --- | --- |
| Schools Block |  106,172  | 0 |
| Central services block |  1,882  | (200) |
| High Needs Block |  68,808  | (185) |
| Early Years Block |  24,011  | 305 |
| **Total** | **200,874** | **(120)** |
| **Deficit carry forward from 2022-23** |  | **14,467**  |
| **Cumulative deficit at the end of the year 2023-24**  |  | **14,387** |
| **Safety Valve Contribution** |  | **-2,770** |
| **Final Cumulative Deficit for 2023-24** |  | **11,617** |

## High Needs

The High Needs block remains the main risk area in the DSG but is currently forecasting a small understand of £185k for the current financial year. There is ongoing work around processing of EHCP’s and improving SEND data as part of the general Safety Valve work and as a result, there may still be variation in this forecast before the final outturn is reached. There continues to be pressure from growing numbers of EHCP as well as inflationary costs from the independent sector. As this is a needs led budget this forecast is highly variable. Although the current position is positive and that remains good news, it remains extremely challenging to meet the savings requirements to maintain a sustainable High Needs block going into future financial years and there are still significant challenges ahead from rising numbers and inflationary pressures.

Southwark continue to be a part of the Safety Valve programme with the DfE and our recent monitoring has been accepted by the DfE. This means the final instalment of the additional funding for 2023-24 has been approved, and will be received before year end, bringing the total for 2023-24 to £2.7m.

## Central Block

The central block is currently forecasting an underspend of £200k which is hoped will offset the anticipated overspend on the early years block. As previously raised with forum, the LA are undertaking a review of central expenditure over the coming year to ensure it is being used to best effect and value.

## Early Years Block

The Early Years block is currently forecasting an overspend of £305k. This figure remains an estimate and the final outturn will be dependent on the final January Census figures as well as final SENDIF costs. This overspend is largely due to the Early Years figures from January census, on which the Local Authority funding is based, not being as high as anticipated.

As hourly rates are set prior to the financial year, there is very little to control during the course of the year and the outturn for Early Years is heavily dependent on the January Census. At time of writing the census is not yet finalised and it is possible that the figure may still move before year end.

## Financial Position on de-delegated budgets, growth fund and falling rolls fund

The summary position is shown in the table below.

| 2023-24 |  Budget  £m |  Forecast Outturn£m |  Over/ (Underspends)£m |
| --- | --- | --- | --- |
| **De-delegated Amounts** |  |  |  |
| Schools in financial difficulty\* | 0.6 | 0.6 | 0 |
| Maternity | 0.5 | 0.3 | (0.2)  |
| Trade Unions  | 0.1 | 0.1 | 0  |

| 2023-24 |  Budget  £m |  Forecast Outturn£m |  Over/ (Underspends)£m |
| --- | --- | --- | --- |
| **Schools Block Amounts** |  |  |  |
| Growth Funds\* | 0.1 | 0.1 | 0 |
| Falling Rolls\* | 0.3 | 0.3 | 0 |

\*these budgets have been forecast as fully spend as it assumed that any unspent funds will be rolled forward into next year.

Although the current forecast for the Maternity scheme looks to be an underspend, there may still be further claims made before year end and so this figure may increase before final outturn.

The position on the other elements are anticipated to be to budget, with any underspends being rolled into the next financial year to support future costs.