

CUMBERLAND COUNCIL SCHOOLS FORUM

Report Title: Provisional Cumbria Dedicated Schools Grant Earmarked Reserves Outturn for 2022/23

Meeting date: 13 June 2023

Report of: Dan Barton, Assistant Director, SEND, Education & Inclusion

1.0 Executive Summary

- 1.1 This report presents the provisional outturn position on the Cumbria Dedicated Schools Grant (DSG) Earmarked Reserves (EMRs) Outturn for financial year 2022/23. The balance is a deficit of £21.031m.
- 1.2 The Cumbria DSG EMRs have been disaggregated between the two new authorities and the provisional split is £8.741m for Westmorland & Furness and £12.290m for Cumberland.
- 1.3 The actual split will be confirmed once the 2022/23 year-end accounts for Cumbria have been finalised.

2.0 Link to Council Plan Priorities

- 2.1 The value of the reserves is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”

3.0 Recommendation

- 3.1 The Schools Forum is asked to note the provisional 2022/23 outturn position on the Cumbria DSG EMRs and the split of the reserves between the 2 new authorities.

4.0 Rationale & Evidence for the Recommendation

- 4.1 Each year, in accordance with the conditions of the DSG, any under or overspend relating to the centrally retained element of the DSG must be transferred to the earmarked DSG reserve to be carried forward for future years.

- 4.2 As at 31 March 2022 the DSG EMR position was a deficit of £14.692m. The DSG had an overall in-year pressure of £6.339m as at 31 March 2023, comprising of a £8.171m pressure on High Needs offset by an underspend of (£1.832m) on Central DSG. The overall cumulative deficit is therefore £21.031m split as a deficit balance on High Needs of £28.612m offset by a surplus balance on Central DSG of (£7.581m).
- 4.3 The provisional outturn represents a decrease in pressure of (£0.183m) compared to the Q3 forecast due to a reduced pressure on the High Needs Block of (£0.505m) and an increased pressure of £0.322m Central DSG.
- 4.4 The table below shows the deficit position on both the Central DSG and High Needs Block (this excludes individual school balances):

	Central DSG	High Needs Block	Total
DSG Balance as at 31 March 2022	(£5.750m)	£20.442m	£14.692m
Actual over/ (under) spends on DSG in 2022-23	(£1.832m)	£8.171m	£6.339m
DSG Balance as at 31 March 2023	(£7.581m)	£28.612m	£21.031m
Q3 Forecast DSG Balance as at March 2023	(£7.903m)	£29.117m	£21.214m
Movement	£0.322m	(£0.505m)	(£0.183m)

Central DSG

- 4.5 Central DSG reserve has increased by (£1.832m). The key variances were:
- (£1.508m) underspend on the Early Years Block comprising of net underspends against 2,3, and 4 year olds takes up of free entitlement of provision of (£1.487m), underspend against the Sustainability Fund of (£0.066m) an underspend of (£0.006m) against centrally retained budgets offset by an overspend against the SEN Inclusion Fund of £0.051m.
 - (£0.262m) De-delegated Contingency Fund. This balance is explained in a separate paper to this meeting.
 - (£0.062m) individually non-material variances.

High Needs Block

- 4.6 The deficit on the High Needs Block has increased by £8.171m:

Description	Budget	Outturn	Variance	Previous Qtr	Change in
	£m	£m	£m	Variance	Variance
				£m	£m
Special Schools - High Needs	14.430	16.763	2.333	2.342	(0.009)
Schools -Resourced Provision	0.710	0.740	0.029	0.029	0.000
Independent & Other Placements	8.000	10.769	2.769	3.173	(0.404)
Central SEN (Equipment, BVI, Audio etc)	0.095	(0.034)	(0.129)	(0.085)	(0.044)
SEND Residential Placements	4.267	3.589	(0.678)	(0.808)	0.130
High Needs - Invest to Save	0.000	0.370	0.370	0.370	0.000
High Needs - Post 16 ISPs	2.426	2.248	(0.178)	(0.105)	(0.073)
High Needs - Post 16 FE	1.694	1.903	0.209	0.128	0.081
High Needs - Top Up	15.950	19.412	3.462	3.641	(0.179)
Virtual School (CLA Inclusion)	0.337	0.337	(0.001)	0.004	(0.005)
Inclusion Teams	2.650	2.620	(0.029)	(0.028)	(0.002)
PRU Budgets	6.958	6.973	0.015	0.015	0.000
Mobility and Independence Contract	0.020	0.020	0.000	0.000	0.000
Share of de-delegated (special schools)	0.050	0.050	0.000	0.000	0.000
Total DSG to transfer to DSG HNB reserve	57.586	65.757	8.171	8.676	(0.505)

The key variances were:

- 4.7 Special Schools £2.333m. This represents movement of (£0.009m) compared to Q3. The outturn includes a £1.783m pressure relating to new and amended EHCP top-ups following the revised positioning of children on the new banding system, £0.309m for 20 new places at James Rennie and 33 new places at Mayfield special schools effective from September 2022, £0.507m relating to the associated start-up and diseconomy costs including temporary accommodation for the newly created provision on external sites, £0.066m relating to pre-existing budget pressures offset by an increase in High Needs Block funding of (£0.332m) relating to additional funding for special free school places.
- 4.8 Independent specialist day placements (ISPs) £2.769m. The overall number of children and young people in day placements as at 31 March 2023 was 140, a decrease of 2 placements since Q3. There have been 4 new placements, 6 ended placements, one transfer to and one transfer from residential placements representing a net reduced pressure of (£0.147m) since Q3. Education Otherwise numbers have reduced from 56 to 55 since Q3, there have been 17 new and 18 ended placements representing movement of (£0.181m). The overall number Extra District placements has increased from 24 to 26 since Q3 representing movement of (£0.076m) compared to Q3.
- 4.9 Residential placements (£0.678m). The overall number of placements as at 31 March 2023 was 39. Since Q3 there have been 2 new placements, 3 ended placements, one transfer from and one transfer to independent day placements representing movement of £0.130m compared to Q3.
- 4.10 Post-16 High Needs ISPs (£0.178m). The overall number of ISPs as at 31 March 2023 is 59. There has been new and one ended placement since Q3 representing movement of (£0.073m).
- 4.11 Post-16 High Needs Further Education £0.209m. The expenditure, which comprises of high needs top-ups in FE colleges, sixth form schools and other bespoke packages, has increased by £0.081m compared to Q3 due to an increase in FE Colleges top-ups of £0.047m, additional sixth form school top-ups of £0.007m and £0.027m relating to other bespoke packages.

- 4.12 EHCP top-ups for pupils in mainstream schools and Early Years Providers £3.462m. This represents a decrease in pressure of (£0.179m) compared to Q3. Since the start of the year there have been amendments to existing EHCPs of £0.264m, payments to PVIs of £0.480m, and new EHCPs of £1.737m. The outturn also includes the additional net cost of restoring the notional SEN to £6,000 after removing the Targeted SEN funding with effect from September 2021 of £0.777m and pre-existing budget pressures of £0.204m.
- 4.13 High Needs Invest to Save Initiatives £0.370m. The expenditure here relates to the Sandgate Early Intervention Programme including the roll out to two hub schools of £0.248m and the Greengate Junior School Alternative Provision in Schools Programme of £0.122m.
- 4.14 The remaining balance relates to individually non-material variances totalling a net underspend of (£0.116m), representing a decrease in expenditure of (£0.051m) compared to Q3.
- 4.15 As previously reported the growing deficit on the High Needs deficit is not sustainable and Council officers have been working with the Department for Education's (DfE) Delivering Better Value (DBV) for SEND programme the aim of which is to reach a balance in-year position going forward. Grants of £1m for each new authority have been applied for and approval has now been received. The grants are ring-fenced in support of each authority's DBV improvement plan the impact of which will be incorporated in their respective DSG management plans.

Disaggregation of DSG EMRs

- 4.16 Regular meetings have taken place between Cumbria County Council and the Department for Education and Education & Skills Funding Agency who have provide advice and support in planning for disaggregation.
- 4.17 The methodology for disaggregating the DSG EMRs between the two new authorities was agreed by the Local Government Reorganisation Management Implementation Board on 23 September 2022.
- 4.18 It was agreed that the deficit balance on the High Needs reserve should be disaggregated using the percentage split for each authority based on the formula allocation of High Needs Block (HNB) funding.
- 4.19 For the surplus balance on the Central DSG reserve, comprising Early Years Block (EYB) and Central School Services Block (CSSB), it was agreed that this should be disaggregated using the percentage splits for each authority based on the formula allocations for each of the EYB and CSSB allocations as follows:

	CSSB/EYB		HNB		Total	
	£m		£m		£m	
Cumberland	(4.305)	57%	16.595	58%	12.290	58%
W&F	(3.276)	43%	12.017	42%	8.741	42%
	(7.581)		28.612		21.031	

These figures are provisional as the Cumbria County Council accounts for 2022/23 have not yet been finalised.

5.0 Options

- 5.1 There are no options, the Schools Forum is asked to note the provisional outturn on the Cumbria DSG EMRs for 2022/23 and the split of the balance between Westmorland & Furness and Cumberland Councils.

6.0 Financial & Other Relevant Implications

- 6.1 Financial implications are considered throughout this report. The successful application for the DBV grant of £1m will support the implementation of the improvement plan which is expected to improve the financial position on the HN budget as well as improving the effectiveness and delivery of SEND services which will have a positive impact for children with SEND.

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Working for **Cumberland Council** and
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