

Schools Forum – 13th July 2023

Schools Budget 2022/23: Final Outturn

Recommendations

1. That the Schools Forum note the 2022/23 Schools Budget financial outturn.

Report of the Director of Finance

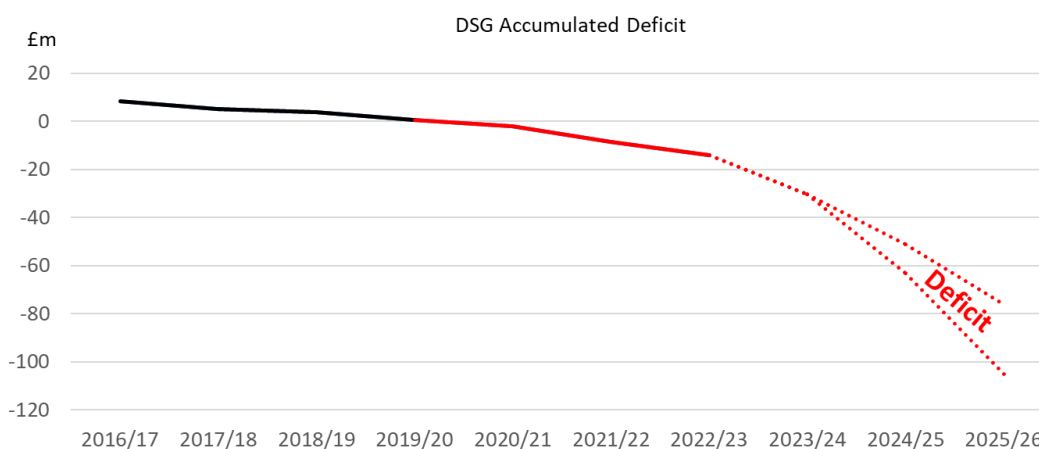
Outturn on Schools' Budgets 2022/23.

1. The outturn position for 2022/23 was a £6.0m variance (2.0%) overspend on planned expenditure across all services. A summary of balances is shown below including the effect on DSG reserves.

2022/23 Schools Budget Final Outturn				
	Budget	Final Outturn	Variation (under) / over	% variance
	£m	£m	£m	
Planned Expenditure:				
Individual Schools	156.8	155.4	(1.4)	0.0%
High Needs, excluding place funding included above	81.9	91.0	9.1	11.1%
Early Years	53.2	51.7	(1.5)	-2.8%
Central and De-Delegated Items	7.2	7.0	(0.2)	-2.8%
Total (A)	299.1	305.1	6.0	2.0%
	Budget	Final Outturn	Variation (under) / over	
Funding for 2022/23 budget:	£m	£m	£m	
2022/23 DSG settlement	(299.1)	(299.5)	(0.4)	
ESFA Post 16 funding	(26.6)	(26.6)	0.0	
Total (B)	(325.7)	(326.1)	(0.4)	
Overall variance on 2022/23 Budget (A + B)			£m	
			5.6	
DSG Reserve (Surplus) / Deficit				
				£m
Opening DSG reserve 1 April 2022				8.6
Use of reserve				5.6
DSG reserve at 31 March 2023				14.2

2. The Individual Schools Budget (ISB) is break even. This outturn relates to budgets allocated to individual schools through the funding formula. Any under or overspends are contributed to each individual school's balances.

3. The High Needs service has overspent by £9.1m (11.1%). The pressure areas in the service were top up budgets which overspent by £4.0m (mainstream £1.9m, special schools £2.1m), expenditure on independent special schools which overspent by £4.7m and an overspend of c £0.4m for Early Years (SEN Inclusion Fund). Numbers accessing the high needs service - and the complexity of need - have continued to rise, particularly in relation to top up and independent settings (the number of EHCPs is currently 7,000; an increase of 33% in the last three years).
4. The Early Years budget has underspent by £1.5m (2.8%); accordingly, any unspent contingency, which is created annually through a 'topslice' of the government funding rate to mitigate against adverse levels of demand, will be repaid to the sector during 2023/24.
5. The Central and de-delegated items have underspent by £0.2m (2.8% of the budget). This is mainly because of the growth fund allocation. Schools Forum – at its meeting in November 2021 – agreed this should continue to be used for the DSG deficit recovery plan.
6. As a result of the on going overspend in the HNB, over the last few years the DSG reserve has been fully depleted and there is no longer any buffer to mitigate any risks arising or unforeseen pressures. Staffordshire County Council is not alone in this difficult financial predicament – this is a position shared by the majority of Councils across the sector. The Government has put in place a 'statutory override' requiring that accumulated DSG deficits should remain ringfenced separate to the Council's other reserves and that this has now been extended through to end of 2025/26.
7. At the end of the financial year 2022/23 there is an accumulated deficit of £14.2m. The Council's Deficit Management Plan – that is consistent with the wider objectives outlined in the SEND Strategy - outlines the targeted interventions that will seek to mitigate the existing shortfall. However, this will take time and, at this stage, does not appear to have had any significant impact on what is a worsening position.



School Balances

8. As of 31st March 2023, maintained schools held reserves of £20.1m; a decrease of £4.18m from the position on 31st March 2022. There continues to be a number of

approved licenced deficits (19 schools, with a value of £1.9m). The funding of these is met from school balances until such time as the school repays the deficit.

9. Where a school is giving cause for concern and has significant revenue balances, then a conversation is held between the school and the local authority as to how balances are being used to improve outcomes for learners.

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