

West Northants Schools Forum: 4 July 2023

Agenda Item 7

2022-23 Dedicated Schools Grant (DSG) Provisional Outturn and School Balances

List of Appendices

Appendix A – 2022-23 Maintained School Balances

1 Purpose of Report

1.1 The report provides an assessment of West Northamptonshire Council's DSG provisional outturn position against its approved 2022-23 budget. This report also provides the maintained schools balances and reserves position for the year ending 31 March 2023.

2 Executive Summary

2.1 Table 1 summarises the DSG provisional outturn and variance for the financial year 2022-23.

Table 1 – Provisional Outturn 2022-23 by DSG Block £k

DSG Block	Gross Exp Budget	Recoupment	Net Exp Budget	Provisional Outturn	Variance	Movement since Q3	% Variance against Net Budget
Schools	320,549	-253,191	67,358	67,444	86	86	0.1%
Early Years Provision	26,447	0	26,447	25,613	-834	-376	-3.2%
High Needs	61,124	-16,007	45,117	47,084	1,967	413	4.4%
Central Schools Services Block	4,273	0	4,273	3,988	-285	-357	-6.7%
TOTAL	412,393	-269,198	143,195	144,129	934	-234	

2.2 The DSG provisional outturn expenditure variance is an overspend of £0.93m which is a favourable movement of £0.23m from the position reported to Schools Forum in February 2023.

3 Financial Overview by DSG Block

3.1 High Needs Block

3.2 The pressure in the high needs block is made up of £1.97m overspend due to increased demand for out of county placements provision for pupils with SEND due to a growth in education, health and care plans, and an overall shortage of placements in county. The 2022-26 capital programme includes investment to increase resourced places in mainstream schools and special school expansions.

3.3 Early Years Block

3.4 The early years block is £0.83m underspent which includes a £0.86m underspend on central expenditure due to staffing vacancies. The service have developed a plan to recruit to centrally funded posts in the 2023/34 financial year to offer the sector advice, support and guidance around quality first teaching, safeguarding, SEND specialist support, transitions, funding and any other areas of need.

3.5 Three and four year old funding is underspent by £0.58m due to fewer hours claimed according to the January census figures compared to the budgeted hours. In contrast two year old funding is overspent by £0.29m due to more hours claimed.

3.6 The inclusion fund which supports early years providers in meeting the needs of individual children with SEN is £0.37m overspent with increased demand (volume and complexity) above budgeted levels.

3.7 Central Schools Services Block (CSSB)

3.8 The CSSB is underspent by £0.28m, largely due to a £0.15m underspend on historical teachers' redundancy and pension costs, with the remainder due to underspends on central local authority statutory teams due to staff vacancies.

3.9 Schools Block

3.10 The general un-ringfenced part of the schools block is overspent by £0.09m consisting of a £0.12m overspend on the pupil growth fund, which is mitigated in part by a small underspend on rate.

3.11 With respect to de-delegations (approved by schools' forum and ringfenced to maintained schools) the funds were underspent by a total of £0.39m across redundancy (£0.17m), school improvement activity (£0.19m) and union facilities (£0.02m). These will all be carried forward separately from the general DSG balances and Schools Forum will be consulted on the application of these funds to their specific usage in the Autumn funding consultation.

4 School Balances

4.1 School Balances

4.2 Within West Northamptonshire, as at 31 March 2023 there were 5 maintained nursery, 61 primary and 3 special maintained schools (with one converting on 1st April 2023). There were also 89 primary, 16 secondary, 5 of each special and all through, 3 alternative provision and 1 UTC academy schools. There were four academy

conversions within the 2022-23 financial year, one special school converted on the 1st April 2023 and one other (special school) is in the planning stages.

4.3 Schools Forum decides on the maintained school balance control mechanism, which sets out the criteria against which schools can retain balances. The current agreement is the claw back of excess uncommitted balances above 10%. This is to ensure that schools are investing their funding in the improvement of education for their current students as well as to maintain financial rigour and control.

4.4 The balances are reviewed and if within the school carry forward policy, they are allowed to keep the unspent balances. We are not proposing any changes to that policy for 2023-24 balances.

4.5 At the end of 2022-23 there are 2 schools¹ with balances above the 10% allowable levels. These range from £17k to £34k, and up to 11.6% of their 2022-23 budget.

4.6 WNC currently has no formal process for reviewing balances above the allowable uncommitted revenue carry forward percentage or other balances, and may consider implementing a review panel for balances as at the end of the 2023-24 financial year, chaired by the Assistant Director for Education. For 2022-23 carry forwards the Council do not intend to clawback any of the uncommitted balances above 10%.

4.7 Individual schools balances at 31 March 2023 total £9.25m across 5 maintained nursery, 61 primary and 3 special maintained schools. Of this £1.56m is capital, £2.48m is revenue committed and £5.21m is uncommitted.

4.8 A more detailed view on the individual school balances carried forwards can be found in Appendix A.

4.9 School Deficits

4.10 School deficits occur due to a number of factors. A significant factor is falling pupil numbers resulting in a reduced budget allocation because pupil numbers are the key driver in the school funding formula. Other factors that are likely to have an impact in 2023-24 and beyond are inflation and utilities costs.

4.11 Six schools were in deficit at the end of 2022-23 comprising a total deficit value of £93k. The number of schools with deficits has increased from 4 to 6, and the overall deficit value has increased by £21k from £72k since the end of the prior year. However, 4 of those with deficit positions are in a deficit less than 1% of their 2022-23 budget (ranging from 0.02% to 0.64%).

4.12 Schools in deficit are a risk to both the authority and the schools concerned both financially and in terms of the potential impact on the pupils within those schools and their education. Usually schools with deficits will need to reduce their expenditure in order to pay back the deficit in the next financial year. Taking such action often requires a review of the staffing structure within the school.

¹ At the time of publishing this report there were still 7 queries and 2 balances returns outstanding with schools. Any resultant changes will be tabled.

4.13 All schools with a deficit are required to submit a financial recovery plan and progress against this is monitored by the school, its governors, Schools Finance and where relevant the Learning and Effectiveness team.

4.14 Although schools are autonomous bodies the authority has continued to increase the accountability and reporting requirements on schools in deficit. Schools with deficits are required to submit for review and approval a financial recovery plan and submit either monthly or quarterly monitoring reports, depending on the scale of the deficit, so that the authority can review whether the school is on target to meet the financial recovery targets it has agreed to. This has allowed both schools and the authority to better track financial performance against each schools agreed recovery plan and ensure prompt action is taken if projections indicate the planned targets are projected not to be achieved.

5 Financial implications

5.1 Resource and financial implications of the WNC DSG budget are set out in the body of, and appendices to, this report.

6 Legal implications

6.1 There are no legal implications arising from the proposals.

7 Risks

7.1 This report sets out the financial provisional outturn and any risks identified in the Council's DSG budgets.

8 Recommendations for Schools forum

8.1 That Schools forum notes the provisional outturn position for the year ended 31 March 2023.

8.2 That Schools Forum notes the school balances position as at 31 March 2023.

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