

West Northants Schools Forum: 18 October 2023
Agenda Item 6
2023-24 Dedicated Schools Grant Monitoring as at Period 4

1 Purpose of Report

- 1.1 The report provides an assessment of West Northamptonshire Council’s (WNC) financial performance against its approved 2023-24 DSG budget, incorporating key financial risks, issues and opportunities identified since 1 April 2023, for Schools Forum to note.
- 1.2 Table 1 shows the relevant responsibilities in relation to in year monitoring which is taken from the Education and Skills Funding Agency’s Schools Forum Powers and Responsibilities, published in March 2021.

Table 1

Local Authority	Schools Forum	ESFA
De-delegation – proposes	Decides	Adjudicates where Forum disagrees with the Authority’s proposals
General Duties for maintained schools – proposes	Decides	Adjudicates where Forum disagrees with the Authority’s proposals
Growth Fund and Falling Rolls Fund – proposes	Decides	Adjudicates where Forum disagrees with the Authority’s proposals
Central Spend on Early Years and Central School Services – proposes	Decides	Adjudicates where Forum disagrees with the Authority’s proposals
Central Spend on High Needs – Decides	None, but good practice to Consult	None

2 2023-24 Forecast Outturn

- 2.1 Table 1 summarises the DSG forecast outturn and variance currently being estimated for this financial year. It highlights some identified service pressures against the high needs block which will be sought to be managed within year and across the medium term.

Table 1 – Forecast Outturn 2023-24 by DSG Block £k

DSG Block	Gross Exp Budget	Recoupment	Net Exp Budget	Forecast Net Spend	Variance
Schools	341,995	(273,243)	68,752	68,752	0
Early Years Provision	28,151	0	28,151	28,013	(138)
High Needs	71,245	(17,233)	54,012	55,624	1,612
Central Schools Services Block	3,791	0	3,791	4,229	437
TOTAL	445,182	-290,476	154,706	156,618	1,911

2.2 The DSG is currently forecasting an overspend of £1.91m.

High Needs Block

2.3 The forecast pressure in the high needs block totalling £1.61m overspend is due to increased demand for out of county placements and provision for pupils with SEND.

2.4 This is especially for young people with social, emotional and mental health needs alongside other needs such as autism spectrum disorder (ASD) and learning difficulties.

2.5 Independent special school placements have increased by 34 pupils by the end of July whereas the increase for the whole of 2022-23 was 52. The cost of placements has also increased from an annual average of £50k to £55k which is a combination of increased need but also inflation on the costs being charged.

2.6 Additional capacity in the Educational Psychology team is being commissioned on a fixed term basis, funded by one off resources from the Council's general fund, to provide the statutory assessments needed to significantly improve the current performance, while enabling the substantive service to continue to recruit permanent staff and complete new assessments.

2.7 As a direct result of assessments working through the system, there is a significant likelihood that the forecast overspend on the high needs block will increase in the short term.

2.8 The 2023-24 capital programme includes a total of circa £34m investment in a new special school with a target completion date of September 2025, and continuation of works to increase resourced places in mainstream schools and special school expansions over the next academic year to support better outcomes for children, create in excess of an additional 600 places and reduce financial pressures over the medium term. This will be funded through central government grants and Council borrowing.

Central Schools Services Block (CSSB)

2.9 The CSSB forecast overspend totals £0.4m which is largely made up of historical pensions costs above budgeted levels, due to index linked inflationary uplifts in payments to the teachers pensions company for previously centrally employed teachers pensions.

Early Years Block

2.10 The early years block is forecast to underspend by £0.14m on central expenditure due to staffing vacancies. The service continues to recruit to centrally funded posts to offer the sector advice, support and guidance around quality first teaching, safeguarding, SEND specialist support, transitions, funding and any other areas of need.

DSG Balances

2.11 The table below shows the forecast DSG balances as at 31 March 2024 based on the current estimate of commitments, and in year forecast at period 4.

Table 2 – Forecast Balances 2023-24 by DSG Block £k

DSG Block	Balance as at 31 March 2023	Movements in Year 2023-24	2023-24 P4 Forecast Outturn Variance	Forecast Balance as at 31 March 2024
Schools	(441)	441	0	0
Early Years	(2,065)	1,000	(138)	(1,203)
High Needs	1,967	(1,703)	1,612	1,876
Central Schools Services Block	(1,610)	0	437	(1,173)
TOTAL	(2,149)	(262)	1,911	(500)

3 The Regional and National Picture

3.1 Based on the RA data (Budget) for 2023-24, WNC Education rank 10th out of 16 for unit cost compared to nearest neighbour analysis shown on the graphs on the next page, with 16th being the lowest cost per resident.

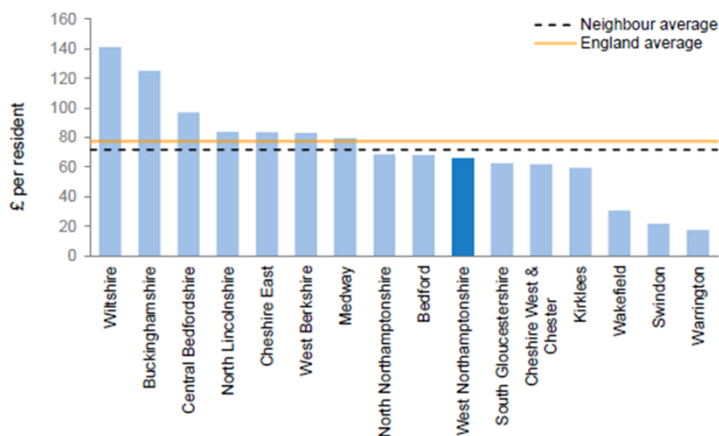
3.2 WNC Education costs sit 9% lower than its nearest neighbours.

3.3 On a National level WNC Education ranks 81st out of 125 local authorities, with 125th being lowest cost per resident.

Unit costs

Service:	Relative unit costs:	Your authority's relative unit cost:
Overall unit costs (exc. schools)	Your authority	
	Neighbours	
	England	
		Expenditure per resident:
		■ 2.6% below the NN average
		■ 6.5% below the England average
Education (exc. schools)	Your authority	
	Neighbours	
	England	
		Expenditure per resident:
		■ 8.7% below the NN average
		■ 15.5% below the England average

Chart 3 - Unit Costs for Education, excluding schools



3.4 Total high needs block deficits were estimated to be £1.9bn nationally in March 2022, rising to £3.6bn by 2025 with no intervention.

3.5 There is currently a statutory override in place (meaning that any DSG deficits are not included in councils' main revenue budgets) which has been extended until March 2026. It's removal, without radically reforming High Needs funding would potentially force a number of LAs to issue section 114 notices.

3.6 Just under half of the East Midlands authorities geographical neighbours (5/11) have DSG surplus balances ranging between circa £10m-£22m, with the remainder with deficit balances ranging between £4m-£30m. 3 out of the 5 LAs with surplus balances were given above minimum increases to high needs block funding in the 2023-24 national funding formula.

4 Financial implications

4.1 The resource and financial implications of the WNC DSG budget are set out in the body of, and appendices to, this report.

5 Legal implications

5.1 There are no legal implications arising from the proposals.

6 Risks

6.1 This report sets out the financial forecast and risks identified following the period 4 review of the Council's DSG budgets.

7 Recommendations for Schools Forum

7.1 That Schools Forum notes the forecast outturn position for the year ended 31 March 2024.

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