

**West Northants Schools Forum: 13 December 2023**  
**Agenda Item 5**  
**2023-24 Dedicated Schools Grant Monitoring as at Period 7**

**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

<b>Local Authority</b>	<b>Schools forum</b>	<b>ESFA</b>
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 at the end of Period 7. It highlights some increased 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 Expenditure Budget	Recoupment	Net Expenditure Budget	Period 7 Forecast Expenditure	Period 7 Forecast Variance	Movement from Period 4
Schools	342,175	(273,243)	68,932	68,958	26	26
Early Years Provision	27,845	0	27,845	27,589	(256)	(118)
High Needs	71,475	(16,851)	54,624	59,016	4,392	2,780
Central Schools Services Block	3,791	0	3,791	3,781	(10)	(447)
<b>TOTAL</b>	<b>445,286</b>	<b>(290,094)</b>	<b>155,192</b>	<b>159,344</b>	<b>4,152</b>	<b>2,241</b>

2.2 The DSG is currently forecasting an overspend of £4.15m – an adverse movement of £2.24m from the position reported at P4 mainly due to additional demand pressures in the high needs block.

### High Needs Block

2.3 The forecast pressure in the high needs block totalling £4.39m 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 are forecast to overspend by £2.8m and 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 Pressures in provision for pupils with SEN (units, resourced provision and mainstream top ups) also exceed budgeted levels due to increased demand by £2.0m.

2.7 These pressures are mitigated in part by forecast underspends across post 16 provision.

2.8 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. This work is expected to commence in quarter 4 and continue into the new academic year.

2.9 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.

### Early Years Block

2.10 The early years block is forecast to underspend by £0.26m 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 7.

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 P7 Forecast Outturn Variance	Forecast Balance as at 31 March 2024	Movement from Period 4
Schools	(441)	441	26	26	26
Early Years	(2,065)	1,000	(256)	(1,321)	(118)
High Needs	1,967	(1,703)	4,392	4,656	2,780
Central Schools Services Block	(1,610)	0	(10)	(1,620)	(447)
<b>TOTAL</b>	<b>(2,149)</b>	<b>(262)</b>	<b>4,152</b>	<b>1,741</b>	<b>2,241</b>

2.12 Any local authority that has an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education in handling that situation. In particular, the authority must:

- provide information as and when requested by the department about its plans for managing its DSG account in the current financial year and subsequent years
- provide information as and when requested by the department about pressures and potential savings on its high needs budget
- meet with officials of the department as and when they request to discuss the authority's plans and financial situation
- keep the schools forum regularly updated about the authority's DSG account and plans for handling it, including high needs pressures and potential savings.

2.13 The Secretary of State reserves the right to impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where they believe that the LA are not taking sufficient action to address the situation.

2.14 The challenges WNC face around increasing demand, rising costs due to inflation, and current lack of placement supply in county to meet demand leading to requirement for out of county placements at a greater cost than in county are replicated nationally.

2.16 WNC costs have previously been comparatively low compared to regional and national benchmark.

- 2.17 WNC faces additional challenges in that the funding it receives from central government is amongst the lowest compared to regional and national benchmark, with the increase in funding in recent years being at the bottom end of the annual % uplift through the High Needs National Funding Formula, and at just 3% for 2024-25. Even if the Council were to get the maximum uplift in funding at 5%, this would not even be sufficient to meet the structural deficit.
- 2.18 The most recent estimate of the national High Needs block deficit is £2.3bn at the end of March (rising to £3.6bn by 2025 with no intervention), with some London authorities with deficits in excess of £100m, and some regional neighbours with deficits up to £30m.
- 2.19 WNC is actively undertaking significant work to put in place actions to mitigate and manage demand pressures in year, and across the medium term.
- 2.20 For example, 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.
- 2.21 The Council have also consulted on the transfer of funding from the schools block to the high needs block in 2024-25 which if agreed will provide c£1.75m additional funding for the high needs block in meeting demand pressures going forwards.
- 2.22 The Council is committed to working with the sector, from early years through to post 16, and using expertise across all partners to develop best practice in ensuring a system wide approach to ensure that there are enough high-quality services and provisions, which are jointly planned and delivered, so children and young people can stay within their local communities wherever possible.

### **3 Financial implications**

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

### **4 Legal implications**

- 4.1 There are no legal implications arising from the proposals.

### **5 Risks**

- 5.1 This report sets out the financial forecast and risks identified following the period 7 review of the Council's DSG budgets.

### **6 Recommendations for Schools forum**

- 6.1 That Schools forum notes the forecast outturn position for the year ended 31 March 2024.

**Report Author:**

Officer name: Emily Cooleage

Officer title: Strategic Finance Business Partner

Email address: [emily.cooledge@westnorthants.gov.uk](mailto:emily.cooledge@westnorthants.gov.uk)