

West Northants Schools Forum: 14 February 2024
Agenda Item 6
2023-24 Dedicated Schools Grant Monitoring as at Period 9

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 at the end of Period 9. 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 £'000	Recoupment £'000	Net Expenditure Budget £'000	Period 9 Forecast Expenditure £'000	Period 9 Forecast Variance £'000	Movement from Period 7 £'000
Schools	342,175	(273,243)	68,932	68,798	(134)	(160)
Early Years Provision	27,845	0	27,845	27,471	(374)	(118)
High Needs	71,475	(16,851)	54,624	60,223	5,599	1,207
Central Schools Services Block	3,791	0	3,791	3,781	(11)	0
TOTAL	445,286	(290,094)	155,192	160,272	5,080	929

2.2 The DSG is currently forecasting an overspend of £5.1m – an adverse movement of £0.9m from the position reported at P7 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 £5.6m has increased by £1.2m since the position reported at P7. The increase is mainly across provision for pupils with SEN (£0.9m) due to increased support for pupils in mainstream schools and those without EHCPs. This brings the total forecast overspend in this area to £2.6m. By supporting more mainstream schools to meet higher levels of need, pressures on more expensive specialist placements are avoided.

2.4 The large majority of the remaining high needs block overspend is mainly due to increased demand and cost for independent placements provision (including out of county placements) for pupils with SEND (£2.8m) with sufficiency issues in meeting demand in county.

2.5 Independent special school placements had increased by 34 pupils since the end of July, in comparison the increase for the whole of 2022-23 which 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. This work is expected to commence in quarter 4 and continue into the new academic year.

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.

Early Years Block

2.8 The early years block is forecast to underspend by £0.4m on central expenditure which in the main relates 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.

Schools Block

2.9 There is a £0.1m forecast underspend on the school improvement group de-delegation which will be ring fenced (to maintained schools whose delegated budgets were reduced for this central function following approval through the schools forum) and carried forwards into next financial year to support this activity.

DSG Balances

2.10 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 9.

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 P9 Forecast Outturn Variance	Forecast Balance as at 31 March 2024	Movement from Period 7
Schools	-441	441	-134	-134	-160
Early Years	-2,065	1,342	-374	-1,097	224
High Needs	1,967	-1,703	5,599	5,863	1,207
Central Schools Services Block	-1,610	0	-11	-1,621	-1
TOTAL	-2,149	80	5,080	3,011	1,270

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 independent 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 consulted on the transfer of funding from the schools block to the high needs block in 2024-25 which was agreed and 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 9 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.

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