

**West Northants Schools forum: 14 December 2021**  
**Agenda Item 4**  
**2021-22 Dedicated Schools Grant Monitoring as at Period 7**

**List of Appendices**

**Appendix A – 2021-22 DSG Forecast Outturn by Funding Block 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 2021-22 Dedicated Schools Grant (DSG) budget, incorporating key financial risks, issues and opportunities identified since 1 April 2021.
- 1.2 It is important to note that budgets for the new organisation are complex and still settling, as they are disaggregated County Council budgets, and approved before the majority of service redesigns and staffing structures were implemented for the new Council. Therefore, the detailed budgets are subject to continual review and challenge.
- 1.3 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 Executive Summary

2.1 Table 2 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 seek to be managed within year and across the medium term.

Table 2 – Forecast Outturn 2021-22 by DSG Block £m

<b>DSG Block</b>	<b>Gross Expenditure Budget*</b>	<b>Recoupment</b>	<b>Net Expenditure Budget</b>	<b>Forecast Net Spend</b>	<b>Variance</b>
Schools	300.2	-235.7	64.5	64.5	0
Early Years Provision	25.9	0	25.9	25.9	0
High Needs	55.5	-15.5	40.0	42.4	2.4
Central Schools Services Block	4.6	0	4.6	4.6	0
<b>TOTAL</b>	<b>386.4</b>	<b>-251.2</b>	<b>135.0</b>	<b>137.4</b>	<b>2.4</b>

\*includes carry forward

2.2 The forecast outturn position for 2021-22 is an overspend of £2.4m against the budget including carry forwards of £135.0 after academy recoupment, or 1.78% (0.62% on the gross budget). This represents nil movement from the position as at period 5 previously reported to October Schools Forum. This variance is set out in section 3 below.

2.3 Any local authority that has an overall deficit on its DSG account at the end of the 2021-22 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 2021-22 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.

2.4 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.

2.5 WNC is not currently predicting an overall deficit on the DSG as the PFI reserve on the Wooldale Scheme is greater than the forecast £2.4m overspend. However, the authority is implementing the final point under section 2.3 above, and therefore will keep the schools forum regularly updated about the authority's DSG account and plans for handling it, including high needs pressures and potential savings.

### **3 Financial Overview by DSG Block**

3.1 This section of the report provides an update on the forecast variations against 2021-22 DSG budget by funding block. A more detailed breakdown of the 2021-22 forecast is included in Appendix A.

#### **3.2 Schools Block**

Gross Budget £300.2m

Net budget £64.5m (net of recoupment)

Forecast outturn £64.5m

Forecast variance £0.0m

Variance percentage 0.0%

Change since last Schools Forum reported variance £0.0m

3.3 The Schools Block includes Individual Schools Budgets which are disbursed to schools as budget in full and in cash on a monthly basis (12% April then 8% per month thereafter), the pupil growth fund (for schools receiving in-year new classes of 15 or more pupils), de-delegations from maintained school budgets as agreed by Schools forum for trade union facility time, redundancy cost support (in specific circumstances) and school improvement grant (SIG), and schools rates (NDR).

3.4 Within the Schools Block the Pupil Growth Fund covers additional costs faced by schools for classes of 15 or more pupils (anything less than that is to be absorbed by a schools existing budget). Most growth and placement of additional classes in the year is planned 3 years in advance and the budget can usually be very well controlled. However, there can be pressures on the budget is large numbers of pupils move into

the area that were unexpected. The authority is not currently anticipating a variance on this budget.

- 3.5 The de-delegations for redundancy and SIG are demand led, depending on how many schools need to restructure due to financial difficulties, or need support due to standards or staffing issues. Based on current commitments and forecasting information expenditure projections are in line with the budget.
- 3.6 De-delegation for trade union facility time covers a planned number of days of facility member time to support teaching staff and no variances are anticipated.
- 3.7 The school rates budget has been a net nil budget for a number of and has previously provided a net income contribution from revaluations resulting from companies employed to challenge rateable value of properties. The net contribution in this financial year is currently uncertain and would offset overspends across the wider DSG. In previous years the net contribution has been no more than £0.2m in year benefit.

### **3.8 High Needs Block**

Gross Budget £55.5m

Net budget £40.0m (net of recoupment)

Forecast outturn £42.4m

Forecast variance £2.4m

Variance percentage 4.3%

Change since last Schools Forum reported variance £0.0m

- 3.9 The High Needs Block includes funding for children and young adults who have additional educational needs in; mainstream education, SEN Units in mainstream schools, West Northamptonshire's state special schools, "out of LA" independent schools and schools outside of WNC area, alternative educational provision in AP schools or private tutoring and hospital and outreach education.
- 3.10 All these services are demand led, with parents being entitled to request their preference for how their high needs children are educated, and able to appeal any decisions that go against their preference. In addition to demand the costs of specialist independent school places can put pressure on this budget.
- 3.11 Although the overall overspend of £2.4m hasn't change since last Forum, more detailed work on the individual budgets has resulted in some changes to variances within the block. The main pressures within the high needs block are due to the demand for places and increased cost of new placements above budgeted levels and are as follows:
- Out of LA, (independents and other LA places) forecast overspend of £1.25m (previously reported £0.74m), this has seen an increase in demand of around 12% from this time last year.

- provision for pupils within schools forecast overspend of £1m (previously reported £0.82m) as the number of pupils needing support is increasing more than anticipated,
- post 16 high needs education forecast overspend of £0.15m (previously reported £0.33m),
- alternative provision forecast overspend of £0.14m (previously reported £0.77m) as increased costs have not been as high as expected, and
- SEN Units were previously reporting a small underspend of £0.26m but more detailed analysis has moved this forecast to £0.17m overspend expected at the end of the year, this is due to increased funding so that SEN units have capacity to take on more children so that they do not have to go to out of county places.

3.12 There is a forecast underspend in the Special School Budgets of £0.31m (previously £0.0m).

3.13 Within the high needs budget there are also currently contributions to a range of statutory services that are provided by the local authority for the benefit of all schools and academies, these include; MASH, Educational Entitlement Team, Virtual School, Specialist Support Service, Sensory Impairment Provision, Education Health Care Team and Northamptonshire Parent Partnership Service (NPPS). The remaining contribution to these services comes from the WNC general fund.

3.14 These budgets are largely salary based and no variance is currently anticipated on the DSG contribution.

### 3.15 **Early Years Block**

Net budget £25.9m

Forecast outturn £25.9m

Forecast variance £0.0m

Variance percentage 0.0%

Change since last Schools Forum reported variance £0.0m

3.16 The Early Years Block includes funded entitlement to nursery education for 2 year olds and '3 and 4' year olds. The 3 and 4 year olds entitlement is split into Universal (15 hours per week) and Extended (from 15 to 30 hours per week) for 38 weeks per year. The 3 and 4 year old funding must cover a base rate and a deprivation funding factor (may include other supplements but WNC does not have any), and central local authority costs of up to 5%.

3.17 The funding is demand led – early years settings submit claims based on the number of hours of the children they have and the local authority must pay these settings what they are entitled to through the formula set before 31 March of the preceding the financial year. In normal years the biggest difficulty is estimating the grant funding (from a complex formula and usually based on two January censuses).

Due to covid making the funding and claims even harder to predict this year will see the Government collect termly censuses and so we expect the funding to be much more closely aligned to the claims and therefore nil variance is currently forecast.

### 3.18 **Central Schools Services Block (CSSB)**

Net budget £4.6m

Forecast outturn £4.6m

Forecast variance £0.0m

Variance percentage 0.0%

Change since last Schools Forum reported variance £0.0m

3.19 The CSSB includes ongoing services such as schools copyright licenses, school admissions team, schools forum, back office and overheads previously covered by the Education Services Grant and teachers pay and pensions grant for centrally employed teachers' pay increases.

3.20 The CSSB also includes a historical part of the block. This budget covers combined services for children and education that are part funded by DSG and partly by the general fund, and a significant percentage on pre-2013 pensions costs for teachers.

3.21 Some underspends may arise through vacancies in year, but none are currently being forecast.

## **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 5 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 2022.

### **Report Author:**

Officer name: Emily Taylor / Beth Baines

Officer title: Strategic Finance Business Partner / Senior Finance Business Partner

Email address: [emily.taylor@westnorthants.gov.uk](mailto:emily.taylor@westnorthants.gov.uk) / [beth.baines@westnorthants.gov.uk](mailto:beth.baines@westnorthants.gov.uk)