

## **DSG FINANCIAL MONITORING REPORT PERIOD 2 2022/23**

### **Purpose of the Report**

1. The purpose of this report is to provide the Early Years & Schools Forum (the Forum) with a summary of the Dedicated Schools Grants (DSG) financial position for the current financial year.

### **Information and Advice**

2. The DSG is a ring-fenced grant that is paid to Local Authorities specifically to be used in support of the schools budget. For 2022/23 NCC's total DSG is £740.683m. £656.290m of the grant has been allocated to the Individual Schools Budget (ISB) which is delegated to schools, academies and Private, Voluntary and Independent (PVIs). The remaining £84.393m (Non-ISB) is held centrally by NCC and used to support children and young people in schools and other forms of education.

### **Forecast Outturn 2022/23**

3. At period 2 the DSG is forecasting an overspend of £0.095m. A summary of the variances by funding block is included in the report.

<b>Previous Variance £m</b>	<b>Funding Block</b>	<b>Budget £m</b>	<b>Forecast Expenditure £m</b>	<b>Forecast Variance £m</b>
	- Schools	581.171	581.171	-
	- High Needs	102.904	102.999	0.095
	- Early Years	50.922	50.922	-
	- Central Services	5.686	5.686	-
	- <b>Total</b>	<b>740.683</b>	<b>740.778</b>	<b>0.095</b>

### **Explanation of Significant Under and Overspends**

#### **4. High Needs Block**

The high needs block is reporting a small forecast overspend, the major contributing variances are as follows:

- £0.483m overspend on places in other local authorities (OLA) for special schools, The income and expenditure to/from other LAs tend to go on for several years before final settlement.
- £0.114m underspend in the Inclusion Service mainly due to vacant posts and less travel costs.
- £0.106m underspend in the partnership team due to some vacancies and delays in appointments to new posts.

Service	Budget Allocation 2022/23 £000	Forecast Expenditure 2022/23 £000	Variance 2022/23 £000
Special School Budgets (Including Academy place funding paid directly by ESFA)	30,407	30,890	483
Special School Equipment & Therapies	850	850	-
Place Funding for AP, CCP and FE providers	1,150	1,150	-
Mainstream Enhanced Provision + Special School Hubs	766	766	-
Inclusion Services	3,871	3,757	(114)
Devolved Partnership Funding	5,507	5,507	-
Partnership Team	916	810	(106)
SEN Home to School Transport	1,764	1,758	(6)
Post 16 High Needs (outside of special schools and academies)	7,100	7,042	(58)
Independent Specialist Provision (EHC Plan)	26,288	26,288	-
Independent Specialist Provision (Non EHC Plan)	1,433	1,433	-
Targetted High Level Needs (HLN)	6,384	6,384	-
Additional family needs (AFN)	9,494	9,494	-
Family Network Funding (FNF)	1,367	1,367	-
Health Related Education Team	1,059	986	(73)
Physical Disability Specialist Service	377	348	(29)
SEND Divisional Costs	976	974	(2)
Contribution to Non ISB Reserve	2,945	2,945	-
Import/ Export Adjustment	250	250	-
<b>Total</b>	<b>102,904</b>	<b>102,999</b>	<b>95</b>

5. There are risks associated with the forecast in relation to children who have an Education, Health and Care plan (EHCP) where a place at a special schools or alternative provider is required in September 2022. Given the high costs of special schools places and the even higher average cost at an alternative provider, the forecast is highly sensitive to changes in numbers of children and overall demand in the sector potentially increasing prices further.

### Use of the Schools (Non-ISB) Reserve

6. The accumulated Schools (Non-ISB) Reserve was £7.379m at the beginning of 2022/23.
7. It was reported to the forum that £0.362m of de-delegated underspends was to be carried forward from 2021/22 to support services in 2022/23 (see below). Also (and subject to approval) the distribution of the underspend for 3 & 4 year olds for 2021/22 to the Early years sector.
8. As part of the 2022/23 budget cycle and the additional funding in the high needs block we allocated some of this funding to replenish the reserve to account for some of the previous overspends and to increase the robustness of the reserve for future cost and demographic pressures. The recent rate increases to high needs funding are not expected to continue in the long term.

9. Based on the net effect of the in-year variances detailed in this report, there is currently a forecast surplus of £3.172m on the general element of the reserve at 31 March 2023. The earmarked growth funding of £5.669m meaning that the overall DSG position is a net surplus reserve of £8.841m.

<b>Non ISB Reserve</b>	<b>Earmarked for Growth £m</b>	<b>General £m</b>	<b>Total £m</b>
<b>Balance bought forward 01.04.2022</b>	<b>5.669</b>	<b>1.710</b>	<b>7.379</b>
2021/22 carry forwards		(0.362)	(0.362)
Indicative Early Years uplift for 2021/22 (subject to approval)		(1.026)	(1.026)
Contribution to the Non ISB Reserve from High Needs		2.945	2.945
Forecast High Needs Block Overspend 2022/23		(0.095)	(0.095)
<b>Balance carried forward 31.03.2022 surplus/(deficit)</b>	<b>5.669</b>	<b>3.172</b>	<b>8.841</b>

<b>List of Carry Forwards</b>	<b>£m</b>
Dedelegated Trade Union Facilities	0.217
Dedelegated English as Additional Language	0.145
Indicative Early Years uplift for 2021/22 (subject to approval)	1.026
<b>Total</b>	<b>1.388</b>

## RECOMMENDATION

1. That the Early Years & Schools Forum notes the content of the report.

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