

DSG FINANCIAL MONITORING REPORT PERIOD 10 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 £741.148 m. £656.524m 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 £84.624m (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 10 the DSG is forecasting an underspend of £6.8m. A summary of the variances by funding block is included in the report.

Previous Variance £m	Funding Block	Budget £m	Forecast Expenditure £m	Forecast Variance £m
	- Schools	581.171	580.152	(1.019)
(1.907)	High Needs	102.904	97.427	(5.477)
(0.094)	Early Years	51.387	51.128	(0.259)
	- Central Services	5.686	5.686	-
(2.001)	Total	741.148	734.393	(6.755)

Explanation of Significant Under and Overspends

4. High Needs Block

The high needs block is reporting a £5.477m underspend, the major contributing variances are as follows:

Period 7 Forecast variance £000	Change £000	Service	Budget Allocation 2022/23 £000	Forecast Expenditure 2022/23 £000	Variance 2022/23 £000
483	(430)	Special School Budgets (Including Academy place funding paid directly by ESFA)	30,407	30,460	53
-	-	- Special School Equipment & Therapies	850	850	-
61	-	- Place Funding for AP, CCP and FE providers	1,150	1,211	61
-	-	- Mainstream Enhanced Provision + Special School Hubs	766	766	-
(79)	17	17 Inclusion Services	3,871	3,809	(62)
-	-	- Devolved Partnership Funding	5,507	5,507	-
(113)	25	25 Partnership Team	916	828	(88)
(6)	-	- SEN Home to School Transport	1,764	1,758	(6)
(18)	-	- Post 16 High Needs (outside of special schools and academies)	7,100	7,082	(18)
(2,000)	(3,712)	Independent Specialist Provision (EHC Plan)	26,288	20,576	(5,712)
-	426	426 Independent Specialist Provision (Non EHC Plan)	1,433	1,859	426
-	-	- 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	-
(75)	84	84 Health Related Education Team	1,059	1,068	9
(55)	32	32 Physical Disability Specialist Service	377	354	(23)
(2)	(12)	SEND Divisional Costs	976	962	(14)
-	-	Contribution to Non ISB Reserve	2,945	2,945	-
(103)	-	- Import/ Export Adjustment	250	147	(103)
(1,907)	(3,570)	Total	102,904	97,427	(5,477)

- A significant part of the increase in the high needs funding (£6.4m) was allocated to independent specialist provision budget. Despite there still being an increase in demand there continues to be a backlog of EHC assessments, and the overall market of independent settings is at saturation point so there are very few places available for those that have been assessed, all of which is exacerbating the size of underspend (£5.712m).
- The special school growth fund was set on certain assumptions of number of pupils and start dates. There have been delays in fully placing and the buildings being ready in time. This growth fund is forecast to underspend by £0.430m.
- £0.113m underspend in the partnership team due to some vacancies and delays in appointments to new posts.
- £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.
- There is an anticipated overspend of £0.426m in Education other than at school (EOTAS) for children without an EHCP. The main reason being that there has been an increase in the number of children excluded from schools.

5. Early Years

The Early Years Block is reporting a £0.259m underspend (£0.094 underspend in previous report). A lower uptake than previously forecast with the Disability Access Fund is the reason for the increased underspend.

In November 2022 the Forum approved a 5p uplift to the Universal and Additional 3 & 4 year olds hourly rate. This uplift is included in the forecast and has limited the effect the difference between how Nottinghamshire receives Early Years funding and how places are funded by Nottinghamshire through payments made to providers has on the overall forecast.

For 2022/23 the funding Nottinghamshire will receive is based on the number of children recorded on the January 2022 and January 2023 censuses. The annual part time equivalent (PTE) will be weighted 5/12th January 2022 census and 7/12th January 2023 census.

Payments made to providers are based on the number of children recorded on the termly school census or headcount return, this means that the number of places funded by the Early Years Block can fluctuate dramatically from term to term.

Appendix A illustrates the termly projection of the number of children that will receive funded hours based on trend data from the past five years. The forecast shows how termly fluctuations in the number of funded children cause the forecast underspend to occur. There are risks associated with the forecast with regards to future censuses and headcount returns as any movement away from the predicted number of children funded through the Early Years Block could significantly impact the amount of funding Nottinghamshire receives, the amount Nottinghamshire pays to providers or both.

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). It was also agreed to distribute some 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 £8.815m on the general element of the reserve at 31 March 2023. The earmarked growth funding of £6.688m meaning that the overall DSG position is a net surplus reserve of £15.503m.

Non ISB Reserve	Earmarked for Growth £m	General £m	Total £m
Balance bought forward 01.04.2022	5.669	1.710	7.379
2021/22 carry forwards		(0.362)	(0.362)
Indicative Early Years uplift for 2021/22		(1.009)	(1.009)
Early Years Block Grant Adjustment 2021/22		(0.205)	(0.205)
Contribution to the Non ISB Reserve from High Needs		2.945	2.945
Forecast Schools Block Underspend 2022/23	1.019	(0.000)	1.019
Forecast High Needs Block Underspend 2022/23		5.477	5.477
Forecast Early Years Block Underspend 2022/23		0.259	0.259
Balance carried forward 31.03.2022 surplus/(deficit)	6.688	8.815	15.503

List of Carry Forwards	£m
Dedelegated Trade Union Facilities	0.217
Dedelegated English as Additional Language	0.145
Indicative Early Years uplift for 2021/22	1.009
Total	1.371

RECOMMENDATION

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

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Appendix A - Early Years Budget Monitoring Period 10

Entitlement	Provider	Estimated Funding 2022/23							Funded Pupils PTE					Over/ (Underspend) £000		
		Confirmed Jan 2022 Census (PTE) (5/12 Funding)	Estimated Jan 2023 Census (PTE) (7/12 Funding)	Annual PTE	Funding PTE £	Forecast Funding £000	Centrally Retained £000	Revised Funding £000	Summer 2022 Actuals 13 Weeks	Autumn 2022 Actuals 14 Weeks	Spring 2023 Estimate 11 Weeks	2022/23 Total	Payments PTE £		Expenditure £000	
Universal 3 & 4	Schools	5,211	4,948						6,032	3,872	5,049	4,952				
	PVI	6,024	5,730						7,048	4,512	5,847	5,766				
	Total	11,235	10,678	10,910	2,628	28,668	(965)	27,703	13,080	8,384	10,896	10,718	2,582	27,674	(29)	
Additional 3 & 4	Schools	1,887	1,936						2,115	1,503	1,917	1,832				
	PVI	3,808	3,783						4,499	2,815	3,746	3,661				
	Total	5,696	5,720	5,710	2,628	15,003	(502)	14,501	6,614	4,318	5,663	5,493	2,582	14,183	(318)	
2 Year Olds	Schools	133	120						130	139	123	131				
	PVI	1,721	1,449						1,683	1,609	1,494	1,601				
	Total	1,855	1,569	1,688	3,192	5,388	(193)	5,195	1,813	1,748	1,617	1,732	3,192	5,529	335	
Deprivation														259	9	
Inclusion Fund															203	18
Early Years Pupil Premium	Schools	1,248	1,341													
	PVI	917	985													
	Total	2,165	2,326	2,259	342	773		773				2,038	342	697	(76)	
Disability Access Fund		302	302	302	800	242					97	800	78		(164)	
Centrally Retained							1,225	1,225						1,191	(34)	
Total						50,074	0	50,074						49,815	(259)	