



DEDICATED SCHOOLS GRANT OUTTURN 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) 2022/23 final accounts.

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.
3. There were £0.362m of approved contributions from the Non ISB reserve in 2022/23 and a net underspend of £9.537m against the Schools (Non-ISB) budgets. There are £0.363m of year-end carry forwards from de-delegated services for allocation to services for the 2023/24 financial year. The communication aids budget (within PDSS) contains external funding from other LA's and Health Organisations and not just the contribution from the Council, the excess funding (£0.022m) will also be carried forward into 2023/24. A summary of the DSG is set out in below.

Previous Variance £m	Funding Block	Budget £m	Forecast Expenditure £m	Forecast Variance £m
(1.019)	Schools	581.171	579.760	(1.411)
(5.477)	High Needs	102.904	95.869	(7.035)
(0.259)	Early Years	51.387	50.405	(0.982)
	- Central Services	5.686	5.577	(0.109)
(6.755)	Total	741.148	731.611	(9.537)

Explanation of Significant Under and Overspends

4. Schools and Central Schools Services Blocks £1.520m underspend

- £1.011m underspend in the growth fund.
- £0.236m underspend against de-delegated trade union facilities funding. The underspend is to be carried forward into 2023/24. The De-delegated rate has been reduced for 2023/24 so the underspend would be expected to reduce in 2023/24.
- £0.127m underspend against de-delegated English as an additional language funding due to in year vacancies. This underspend is to be carried forward into 2023/24. The de-delegated rate will be assessed as part of the review to look into the Education Improvement Service.
- £0.133m underspend on the various admissions service.
- 0.013m net underspend on various other services within the two blocks.

5. High Needs Block £7.035m underspend

Appendix A provides a full breakdown of the variances within the High Needs Block.

- 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 (£7.383m).
- £0.701 underspend on HLN and AFN as we received more out that we received more from other LAs (OLA) for children we look after.
- £0.369m underspend on equipment and therapies service for our special schools.
- £0.159m underspend in the special school growth fund.
- £0.107m underspend in the Inclusion Service mainly due to vacant posts and less travel following the pandemic.
- £0.104m underspend in the partnership team due to some vacancies and delays in appointments to new posts.
- £0.103m underspend in the amount set aside for the import/export figure.
- £1.401m 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.
- £0.638m overspend 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.
- £0.148m net underspend across the rest of the high needs block.

6. Early Years Block £0.982m Underspend (Indicative)

Appendix B provides a full breakdown of the variances within the Early Years Block.

For financial year 2022/23 the ESFA reverted to its usual funding mechanism. The funding Nottinghamshire will receive in 2022/23 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.

The pupil numbers on the January census tend to be higher than the annual average which benefits Nottinghamshire resulting in more funding being received than paid out. In 2022/23 the weighted average of the January censuses for 3 & 4 year olds (Universal and Additional) was 699 PTE greater (pending confirmation from the ESFA) than the annual average and is the main reason behind the underspend.

Subject to final confirmation from ESFA, it is proposed to redistribute the underspend from the allocation for 2, 3 & 4 year olds entitlement at the rate of 8 pence per hour per funded child attending in the year 2022/23. This amount will be paid in one lump sum to providers at the beginning of the Autumn Term.

The underspend on the Early Years Block will be confirmed in Summer 2023 when the ESFA announce the final 2022-23 funding allocation for the Early Years Block.

Use of the Schools (Non-ISB) Reserve

7. As the summary of the Schools Budget set out above shows, the accumulated Schools (Non-ISB) Reserve was £7.379m at the beginning of 2022/23. Based on the net effect of the in-year underspend, and use of reserves outlined in paragraph 3, there is currently a surplus of £18.285m on the Schools (non-ISB) Reserve for 2022/23. See table below.
8. Of the £18.285m balance there is already commitment to spend the carry forwards for the de-delegated services and for communication aids (within PDSS). Also (and subject to approval) the distribution of the net underspend for 2, 3 & 4 year olds for 2022/23 to the Early years sector, meaning a projected balance at the end of 2023/24 of £17.146m.
9. The reserve can be used to support additional expenditure provided that the Schools and Early Years Finance (England) Regulations 2023 are complied with.

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	1.011	0.400	1.411
Forecast High Needs Block Underspend 2022/23		7.035	7.035
Forecast Early Years Block Underspend 2022/23		0.982	0.982
Forecast Central Schools Service Block Underspend 2022/23		0.109	0.109
Balance carried forward 31.03.2023 surplus/(deficit)	6.680	11.605	18.285
2022/23 underspends to carry forward			
Dedelegated Trade Union Facilities		(0.236)	(0.236)
Dedelegated English as Additional Language		(0.127)	(0.127)
Communication Aids - High Needs		(0.022)	(0.022)
Indicative Early Years uplift for 2022/23 (subject to approval)		(0.750)	(0.750)
Projected Balance 2023/24	6.680	10.470	17.150

RECOMMENDATION

That the Early years and Schools Forum:

- 1) Note the contents of this report.
- 2) Note the carry forward of underspend detailed in paragraph 4 into 2023/24
- 3) To approve the distribution of the net underspend for 2, 3 & 4 year olds for 2022/23 to the Early Years sector.

Sarju Sheta
Finance Business Partner – Children & Families
Chief Executive’s Department
T: 0115 977 3022
E: sarju.sheta@nottsc.gov.uk