

**DSG FINANCIAL MONITORING REPORT PERIOD 5 2023/24**

**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 2023/24 (July 2023) NCC's total DSG is £792.992m.

**3. Forecast Outturn 2023/24**

4. At period 5 the DSG is forecasting an overspend of £0.217m. A summary of the variances by funding block is included in the report.

<b>Funding Block</b>	<b>Budget</b>	<b>Forecast Expenditure</b>	<b>Forecast Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Schools	619.149	619.149	-
High Needs	114.075	114.404	0.329
Early Years	54.269	54.157	(0.112)
Central Services	5.499	5.499	-
<b>Total</b>	<b>792.992</b>	<b>793.209</b>	<b>0.217</b>

**Explanation of Significant Under and Overspends**

**5. High Needs Block**

The high needs block is reporting a £0.329m overspend, the major contributing variances are as follows:

- £0.680m overspend on the independent specialist provision. With the start of the new academic year and a backlog of EHC assessments now being worked through this budget has great pressure on now. We will continue to monitor this budget closely

- £0.188m underspend in the Inclusion Service mainly due to vacant posts and less travel costs.
- £0.102m underspend in the partnership team due to some vacancies and delays in appointments to new posts.
- Small underspends totalling £0.06m in Physically Disability Specialist Service & Health Related Education Team

Service	Budget Allocation	Forecast Expenditure	Variance 2023/24
Special School Budgets (Including Academy place funding paid directly by ESFA)	35,755	35,755	-
Special School Equipment & Therapies	850	850	-
Place Funding for AP, CCP and FE providers (AP Recoupment & FE Recoupment)	1,222	1,222	-
Mainstream Enhanced Provision + Special School Hubs	1,421	1,421	-
Inclusion Services	4,321	4,133	(188)
Devolved Partnership Funding	5,120	5,120	-
Partnership Team	1,157	1,055	(102)
SEN Home to School Transport	1,764	1,759	(6)
Post 16 High Needs (outside of special schools and academies)	8,900	8,901	1
Independent Specialist Provision (EHC Plan)	26,405	27,085	680
Independent Specialist Provision (Non EHC Plan)	3,335	3,335	-
Targetted High Level Needs (HLN)	5,470	5,470	-
Additional family needs (AFN)	13,102	13,102	-
Family Network Funding (FNF)	1,565	1,565	-
Health Related Education Team	1,191	1,170	(21)
Physical Disability Specialist Service	528	492	(36)
SEND Divisional Costs	1,067	1,067	-
Import/ Export Adjustment	250	250	-
Contingency	653	653	-
<b>Total</b>	<b>114,076</b>	<b>114,404</b>	<b>329</b>

6. 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.

## 7. Early Years

The early years block is reporting a £0.112m underspend. The main reason for the underspend is due to the difference between how Nottinghamshire receives Early Years funding and how places are funded by Nottinghamshire through payments made to providers.

For 2023/24 the funding Nottinghamshire will receive is based on the number of children recorded on the January 2023 and January 2024 censuses. The annual part time equivalent (PTE) will be weighted 5/12<sup>th</sup> January 2023 census and 7/12<sup>th</sup> January 2024 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 Table 1** 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.

On 7<sup>th</sup> July 2023 the DfE announced additional funding of £204m in 2023-24 would be provided for local authorities to increase the amount of funding paid to childcare providers for the existing childcare entitlement offers and other early years funding streams. The additional funding will be provided in grant form known as the Early Years Supplementary Grant (EYSG).

The EYSG will be paid to childcare providers via increased funding rates with a pass-through rate of 100%. The EYSG is forecast to overspend by £0.128m as showcased by **Appendix A Table 2**. The conditions of the grant stipulate that if there is a shortfall in the EYSG, local authorities may use the early years block of the 2023 to 2024 DSG for the purpose of the EYSG to make up the shortfall. The early years block reported underspend noted above is inclusive of the forecast EYSG overspend.

## **RECOMMENDATION**

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

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