

DSG FINANCIAL MONITORING REPORT PERIOD 09 2024/25

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 Grant's (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 2024/25 NCC's total DSG is £871.295m.
3. At period 09 the DSG is forecasting an overspend of £13.283m.
4. A summary of the DSG, by funding block, is set out in the table below.

Previous Variance £m	Funding Block	Budget £m	Forecast Expenditure £m	Forecast Variance £m
(0.100)	Schools	655.600	655.500	(0.100)
12.826	High Needs	119.893	133.832	13.939
(0.542)	Early Years	90.314	89.758	(0.556)
-	Central Services	5.488	5.488	-
13.184	Total	871.295	884.578	13.283

5. High Needs Block - Budget as at Period 09 - forecasting £13.939m overspend

The table below provides a full breakdown of the budgets within the High Needs Block. As at Period 09:

Appendix A - High Needs Block Budget Monitoring Summary - Period 09 2024/25

Service	Budget Allocation 2024/25	Forecast Expenditure 2024/25	Variance 2024/25	Variance Diff P07 to P09
	£000	£000	£000	£000
Special School Budgets (Including Academy place funding paid directly by ESFA)	36,862	38,050	1,188	83
Special School Equipment & Therapies	850	850	-	35
SEND Improvement	452	324	(128)	31
Place Funding for AP, CCP and FE providers (AP Recoupment & FE Recoupment)	1,350	1,350	-	-
Mainstream Enhanced Provision	1,223	1,053	(170)	-
Inclusion Services	4,489	4,444	(45)	65
Devolved Partnership Funding	7,036	6,983	(53)	7
Partnership Team	1,661	1,490	(171)	18
SEN Home to School Transport	1,764	1,764	-	-
Post 16 High Needs (outside of special schools and academies)	7,833	10,010	2,177	676
Independent Specialist Provision (EHC Plan)	26,661	36,439	9,778	618
Independent Specialist Provision (Non EHC Plan)	3,807	5,007	1,200	-
Targeted High Level Needs (HLN)	8,623	8,622	(1)	(651)
Additional family needs (AFN)	12,902	12,903	1	1
Family Network Funding (FNF)	1,564	1,564	-	-
Health Related Education Team	1,372	1,297	(75)	(24)
Physical Disability Specialist Service	528	467	(61)	(46)
SEND Divisional Costs	1,216	1,215	(1)	(0)
Import/ Export Adjustment	(300)	-	300	300
Total	119,893	133,832	13,939	1,113

The main areas of pressures within the High Needs Block are :

The HNB continues to see pressure in 2024/25 due to the service completing outstanding EHCP assessments & continued growth in the request for EHCPs in 2023/24 and 2024/25.

There are increasing demands on EOTAS and external specialist education placements, both which significantly overspent in 2023/24.

The EOTAS budget is showing an overspend of £1.2m. Permanent Exclusions rose by 3% from 2022-23 to 2023-24 & 2024-2025 could see a further 4%. Section 19 interim Provision has increased by 20% from 2022-2023 to 2023-2024 & 2024-2025 could see a further 38%.

There is also pressure on Special Schools budgets as the LA decided to increase High Needs funding levels by 3.88% to attempt to get 10 of the special schools to the same level as the highest funded school (Fountaindale).

The Special School Capacity budget is for any in-year increases in placement funding. This has been significant in 2024 with schools being allocated funding for approximately 115 additional places since April 2024. Of the 115, there has been an admission of 60 new placements at St Giles Special School, from September.

The primary pressure within the HNB is the forecast spend on Independent Specialist Placements (ISP). This is forecasted to overspend by £9.8m.

As at December 2023 the Independent Specialist Placements had 408 pupils on roll on at an independent non maintained provision (INM) with a net change of 81 starter & leavers since April 23. As at December 2024, (looking at the same period), the team have 545 on roll at an INM with a net change of 79 starters & leavers since April 2024.

The forecast for ISP has increased by £618k from P7.

As at December 2024 average cost of a new place was £66,101 compared to £55,243 in December 2024, most INM's and APs have increased their fees for new starters from September 2024, with AP's applying an 'across the board' increase.

Post 16 Provision has seen a large increase where most specialist and mainstream colleges have now submitted their full provision data. There has been a significant increase in fees this year.

It should be noted that there are further pressures linked to children with SEND that are not funded by the High Needs Block and are of concern to the local authority. For example, the HNB contributes £1.7m towards the local authority's spend on SEND Transport, which for 2023/24 was approx. £18m. For 2024/25 the forecast expenditure as at December 2024 is £20m.

It is becoming increasingly apparent that the overspend in Nottinghamshire County Council's High Needs Block is not unique to Nottinghamshire, but mirrored across many other LA's nationally.

6. Early Years Block – £0.556m Forecast Underspend at Period 09

From 1st April 2024 2 year old children of eligible working parents are entitled to take-up 15 hours of free childcare and from September 2024 this entitlement has been extended to include 9 month old up to 2 year old children of eligible working parents.

For 2024/25 funding local authorities will receive for universal and additional 3 & 4 year olds and disadvantaged 2 year olds will continue to be calculated using the current methodology, i.e. PTE numbers based on January census data taking 5/12ths of the January 2024 census and 7/12ths of the January 2025 census. The funding mechanism for 2 year old and under, children of working parents is different and will be based on termly headcounts in the summer 2024 and autumn 2024 terms, and the January 2025 census.

Appendix B provides a full breakdown of the Early Years Block, which contains the following variances.

- £0.429m net underspend across all age groups. It is estimated that pupil numbers on the January census and termly headcounts will be higher than the annual average uptake, which will benefit Nottinghamshire resulting in more funding being received than being paid out. It is forecast that the LA will receive funding for 26,587 PTE and the estimated uptake is 26,501 PTE.
- £0.317m underspend on Disability Access Fund (DAF). The LA receives funding for all eligible children, regardless of uptake. However, payments are made to the sector only for the children taking up the entitlement. It is forecast that not all children will take up the entitlement resulting in an underspend.
- £0.273m overspend on SEN Inclusion Fund. The inclusion fund allocated through the early years block alone is insufficient to meet demand and had previously been supplemented by local authority revenue funding. All inclusion fund expenditure will now be funded through the DSG causing an in year overspend. The amount of funding retained from the early years block next financial year will be increased to match anticipated uptake.
- £0.083m net underspend on remaining allocations including a slight overspend with Early Years Pupil Premium (EYPP) which is offset by an underspend with Deprivation.

A large proportion of the forecast is driven by future census/headcounts and uptake that is yet to be confirmed. There is a risk that the actual uptake of places, and thus the number of PTE the LA pays out to the sector for, could be closer to or even surpass the number of PTE the LA is funded for which could significantly reduce the forecast underspend or result in the block overspending.

7. Schools Block - £0.1m Underspend at P09

It is expected that in year pupil growth commitments have all been allocated for 2024/25. For 2024/25 it is forecast that there will be £0.1 million of the growth funding unspent.

8. Non ISB Reserve

The impact of the variances outlined in this paper on the Schools Non-ISB Reserve is as follows:

Non ISB Reserve	Earmarked for Growth	General	Total
	£m	£m	£m
Balance bought forward 01.04.2024	7.607	11.853	19.460
Early Years uplift for 2023/24		(0.515)	(0.515)
De-Delegated Trade Union Facilities		(0.216)	(0.216)
Targeted Support		(0.127)	(0.127)
Endeavour (Derrymount)		(0.020)	(0.020)
Forecast Schools Block Underspend 2024/25		0.100	0.100
Forecast High Needs Block Overspend 2024/25		(13.939)	(13.939)
Forecast Early Years Block Underspend 2024/25		0.556	0.556
Balance carried forward 31.03.2025 surplus/(deficit)	7.607	(2.308)	5.299

RECOMMENDATION

That the Early years and Schools Forum:

- 1) Note the contents of this report.

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