

**DSG FINANCIAL MONITORING REPORT PERIOD 7 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 (as at July 2023) NCC's total DSG is £792.992m.

**3. Forecast Outturn 2023/24**

4. At period 7 the DSG is forecasting an overspend of £0.038m. 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	619.149	619.149	-
0.174	High Needs	114.075	114.225	0.150
<b>(0.112)</b>	Early Years	54.269	54.157	<b>(0.112)</b>
-	Central Services	5.499	5.499	-
<b>0.062</b>	<b>Total</b>	<b>792.992</b>	<b>793.030</b>	<b>0.038</b>

**Explanation of Significant Under and Overspends**

**5. High Needs Block**

The high needs block is reporting a £0.150m overspend, the major contributing variances are as follows:

- £0.726m overspend on the independent specialist provision. The total number of EHCP from Jan 2017 to Jan 2023 has increase from 2,104 to 3,741. An increase of 77.8%. Total EHCPs maintained by the LA as at August 2023 was 4,040, of which 35% of these EHCP were made in the last two years. There has been an increase in the demand for special school placements and limited capacity of provision within maintained and academy

special schools. Most Independent non maintained provisions within the east midlands are now reporting that they are unable to admit further students due to a lack of physical space. This means that in some cases high-cost providers are sometimes the only option available to the LA. In addition to this, for children and young people who have an EHCP and are unable to attend an education setting (often due to a health or medical needs), Education Otherwise Than At School (EOTAS) is sometimes secured for this cohort using independent providers. The local authority has seen an increase in the children and young people who are currently designated EOTAS with an EHCP, it has increased from approximately 5% in 2022 to 6.5% in 2023.

- £0.219m underspend in the Inclusion Service mainly due to vacancies, retirements and reduced travel costs as many meetings are carried out using MS TEAMS. The core offer to schools & settings remains and impact of vacancies on children and young people is mitigated through access to surgeries to support schools in a way that offers them access to quick advice and support rather than having to solely wait for the termly Springboards. However, Springboard remains the route for children who need to come onto caseload.
- £0.146m underspend on Targeted High Level Needs (HLN) is due to the low uptake of Pupil Premium. Pupil Premium is sent to all INM schools based on their eligible children/young people on roll. Alternative providers apply for the pupil premium from the service, with a report on how they will use it to meet the needs of eligible pupils in improving literacy and numeracy levels and allowing learners to experience success. Although the team promote this with alternative providers the uptake of funding remains lower which has historically resulted in an underspend.
- £0.038m underspend in the partnership team due to some vacancies and delays in appointments to new posts.
- £0.079m Physically Disability Specialist Service & Health Related Education Team

## High Needs Block Budget Monitoring Summary - Period 7 2023/24

Service	Budget Allocation 2023/24 £000	Forecast Expenditure 2023/24 £000	Variance 2023/24 £000
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	1,366	(54)
Inclusion Services	4,321	4,103	(219)
Devolved Partnership Funding	5,148	5,148	-
Partnership Team	1,157	1,119	(38)
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	27,131	726
Independent Specialist Provision (Non EHC Plan)	3,307	3,312	5
Targetted High Level Needs (HLN)	5,470	5,324	(146)
Additional family needs (AFN)	13,102	13,101	(1)
Family Network Funding (FNF)	1,564	1,564	(0)
Health Related Education Team	1,191	1,151	(41)
Physical Disability Specialist Service	528	449	(79)
SEND Divisional Costs	1,067	1,067	-
Import/ Export Adjustment	250	250	-
Contingency	653	653	-
<b>Total</b>	<b>114,075</b>	<b>114,225</b>	<b>150</b>

### 6. 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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