



DSG FINANCIAL MONITORING REPORT PERIOD 6 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 £871.349m.
3. At period 6 the DSG is forecasting an overspend of £8.694m.
4. A summary of the DSG, by funding block, is set out in the table below.

Previous Variance (P4) £m	Funding Block	Budget £m	Forecast Expenditure £m	Forecast Variance £m
-	Schools	655.600	655.600	-
7.174	High Needs	119.935	129.026	9.091
(0.397)	Early Years	90.390	89.993	(0.397)
-	Central Services	5.424	5.424	-
6.777	Total	871.349	880.043	8.694

5. High Needs Block - Budget as at P6 & forecasting £9.091m overspend

The table below provides a full breakdown of the budgets within the High Needs Block. As at Period 6.

- The LA is attempting to make all Special School top up rates the same over the next three years. This means increasing the rates of ten special schools to reach the same level as Fountaindale.
- There has been a conscious effort to enable the right level of staffing to be recruited to provide a quality service between the various Partnership, Inclusion & HRET Teams.
- There has been an increase in Independent Specialist Provision, which has seen a high cost pressure over the last two years, linked to the increasing number of EHCPs & children identified with SEND. There has also been a high number of exclusions in the last year which has added to cost pressures.

Service	Budget Allocation 2024/25	Forecast Expenditure 2024/25	Variance 2024/25	Variance Diff P4 to P6
	£000	£000	£000	£000
Special School Budgets (Including Academy place funding paid directly by ESFA)	36,062	36,696	634	902
Special School Equipment & Therapies	850	815	(35)	-
SEND Improvement	452	351	(102)	(103)
Place Funding for AP, CCP and FE providers (AP Recoupment & FE Recoupment)	1,338	1,338	-	-
Mainstream Enhanced Provision	1,223	1,053	(170)	(0)
Inclusion Services	4,743	4,597	(147)	(160)
Devolved Partnership Funding	7,036	5,935	(1,101)	(94)
Partnership Team	1,661	1,473	(188)	(4)
SEN Home to School Transport	1,764	1,764	-	-
Post 16 High Needs (outside of special schools and academies)	7,833	7,833	-	-
Independent Specialist Provision (EHC Plan)	26,661	35,683	9,022	1,129
Independent Specialist Provision (Non EHC Plan)	3,807	5,007	1,200	215
Targeted High Level Needs (HLN)	8,623	8,623	-	(0)
Additional family needs (AFN)	12,902	12,903	-	-
Family Network Funding (FNF)	1,564	1,564	-	-
Health Related Education Team	1,372	1,350	(22)	3
Physical Disability Specialist Service	528	529	1	16
SEND Divisional Costs	1,216	1,215	(1)	12
Import/ Export Adjustment	300	300	-	-
Total	119,935	129,026	9,091	1,917

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

There are increasing demands on EOTAS and external specialist education placements, both which significantly overspent in 2023/24. Budgets have been increased as a result for 2024/25.

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 & 2024/25.

The EOTAS budget is showing an increase in overspend of £0.2 million to £1.2 million from P4 to P6. Permanent Exclusions rose by 3% from 2022-23 to 2023-24 & 2024-2025 could see a further 4%. Section 19 interim Provision has increase 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 11 of the special schools to the same level as the highest funded school (Fountaindale). It is proposed to be progressively implemented over the next three years.

The primary pressure within the HNB is the forecasted spend on Independent Specialist Placements. From period 4 to period 6 this has shown an increasing forecast overspend of £1.1m to £9 million.

In July 2023/24 there were 378 pupils on roll in independent non maintained provision (INM) with 98 of those starting since April 23. At July 2024/25 there were 460 on roll at an INM with 83 new starters so far since April 2024.

The July 2024 average cost of a new place is £64,081 compared to £57,106 in July 2023, most INM's and APs have increased their fees for new starters from September 2024, with APs applying an 'across the board' increase.

There have been 44 additional children added to the roll of St Giles, from September 2024, at a cost of approx. £722k until March 2025. This is now shown within the Period 6 forecasts, showing an increase in forecasts within the Special Schools budget from P4.

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 is £22.6 million.

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 LAs nationally.

NCC Officers are responding to requests for information from other local authorities and public sector bodies to input into wider data collections.

6. Early Years Block – £0.397m Forecast Underspend at P6

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

- £0.279m 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 25,040 PTE and the estimated uptake is 24,564 PTE.
- £0.128m 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.
- £0.010m net overspend on remaining allocations including an overspend with Inclusion which is partly offset by an underspend with Deprivation.

All figures reported are based on future census/headcounts and uptake. 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 variance at P6

It is expected that In year pupil growth commitments have all been allocated for 2024/25. NCC officers are reviewing the growth element of the Schools Block and will report any unspent allocation through an underspend in the December 2024 DSG monitoring report.

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)
Derrymount		(0.020)	(0.020)
Forecast High Needs Block Overspend 2024/25		(9.091)	(9.091)
Forecast Early Years Block Underspend 2024/25		0.397	0.397
Balance carried forward 31.03.2025 surplus/(deficit)	7.607	2.281	9.888

RECOMMENDATION

That the Early years and Schools Forum:

- 1) Note the contents of this report.

Sarju Sheta
Finance Business Partner – Children & Families
Chief Executive’s Department
T: 0115 804 2445
E: sarju.sheta@nottsc.gov.uk