

Meeting:	Schools Forum
Date:	7 March 2023
Subject:	Item 4: Final DSG Budgets 2023-24
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

- Schools Forum at its meeting in January 2023 considered a report setting out indicative school budgets prior to ratification by the DfE and Harrow Council Cabinet.
- This report outlines a summary of the final school budgets issued to schools.
- Schools Forum is required to:
 - Note the 2023-24 DSG allocation at Table 1
 - Note the updated Growth Fund at Table 2
 - Note the updated Contingency at Table 4
 - Note the additional High Needs Block funding from para 12
 - Note the updated High Needs Block deficit at Table 6

Section 2 – report

Dedicated Schools Grant 2023-24

1. School budgets have been distributed using the National Funding Formula in 2023-24.

Table 1 – 2023-24 Dedicated Schools Grant allocation

DSG Block	DfE Allocation	2021-22 Budget Distribution	Change to allocation
Central	£1,469,878	£1,469,878	£0
Early Years	£19,951,316	£19,951,316	£0
High Needs	£45,802,992	£45,802,992	£0
Schools Growth	£1,401,797	£352,538	–£1,049,259
Schools ISB	£197,388,993	£198,438,252	£1,049,259
Total	£266,014,976	£266,014,976	£0
Use of contingency 2021-22 only	£0	£990,000	£990,000
Total	£266,014,976	£267,004,976	£990,000

Schools Block

2. Schools Forum agreed to allocated £990k from the contingency to support school budgets on a one-off basis in 2023-24.
3. There is an additional £12.7m in the Schools Block for 2023-24 as follows:
 - £5.292m 2022-23 Schools Supplementary grant rolled into NFF
 - £3.327m growth in pupil numbers
 - £4.653m formula factor increases
 - £0.902m demographic changes (pupil characteristics)
 - £0.420m NNDR Revaluations
 - Less £700k one off funding in 2022-23 from contingency
 - Less £1.238m reduction in funding through MFG & MPPL
4. In addition to £12.7m in the funding formula schools will also receive £6.6m through the Mainstream Schools Additional Grant and a further £990k from the brought forward contingency taking the overall increase in funding to schools in 2023-24 to £20.2m.
5. Final school budgets for the period April 2023 to March 2024 were issued to schools on 28 February 2023.

Growth Fund

6. At its meeting in January Schools Forum considered and agreed the final growth fund. It was noted at that meeting that after applying a 0% MFG (meaning schools will receive at least the same amount of funding per pupil compared with 2022-23) there was only £218k available to support growth fund commitments.

7. It was also agreed that the shortfall of £595k would be made up as shown in Table 2

Table 2 – growth fund 2023-24 commitments

Funding	Original £'000	Revised £'000
Growth fund requirement	£813	£813
Funding available from Schools Block	£218	£353
Shortfall	-£595	-£461
Funding:		
Growth Fund	£218	£353
2022-23 underspend growth fund	£141	£141
2022-23 KS3 growth fund not needed 22-23	£262	£262
Brought forward contingency	£200	£200
Total funding	£821	£956
Surplus	£8	£142

8. Part of the reason for the shortfall in the growth fund is because funding for NNDR is allocated based on the previous year's NNDR bills which was lower by £554k than the NNDR bills for 2023-24, due to a national rate revaluation programme.
9. However, after further discussion with the DfE it was clarified that as the DfE pays the academy NNDR bills directly under the new arrangements and the DfE will fund the differential in NNDR bills for academies, this does not need to be met from this year's schools block. This released a further £134k back into the growth fund. This will release £134k of alternative funding agreed above, back into the contingency in 2023-24.

Table 3 – Contingency 1 April 2022

Description £'000	Committed £'000	Uncommitted £'000
Balance		£2,920
High Needs Block Projects	£274	
Raising Achievement BBCH Project Y1 (agreed &	£80	
Raising Achievement BBCH Project Y2 (agreed in	£150	
Committed to Schools Funding Formula 2022-23	£700	
Other projects to be determined 2022-23		£400
Balance uncommitted		£1,316
Total Commitments 2022-23.	£1,204	£1,716

10. At its meeting in January 2023 Schools Forum agreed the following use of the contingency three proposals were provisionally agreed as set out at the table below.

Table 4 – Contingency Commitments 2023-24

Proposal	Allocation £'000
2023-24 School Budgets plus allocations for special schools and PRU	£990
Funding to support EHCP assessment period – allocated over 2 years	£300
Backfilling LA loss of SIMB grant for 2 years	£180
Growth fund shortfall	£200
Total	£1,670
Add back reduced requirement for growth fund shortfall	-£134
Revised commitments	£1,536
Balance brought forward	£1,716
Uncommitted carry forward to 2023-24	£180

11. However, we are able to add back £136k from the revised growth fund shortfall as explained above. This leaves an uncommitted balance to be carried forward to 2023-24 of £180k

High Needs Block

12. The anticipated High Needs Block will total £43.812m after import/export adjustments and recoupment for academies. There will also be a High Needs Additional Grant in 2023-24 totalling £1.9m.

Special Schools & PRUs

13. As part of the HNB operational guidance for 2023-24 there is a mandatory requirement for LAs to apply a +3% MFG on place/top up funding for special schools, academies and PRUs. This is compared with the 2021-22 place/top up funding. In addition, there is a mandatory requirement to increase all place/top up funding by a further 3.4%. The increases are set out at Table 5

Table 5 – Special Schools & PRUs funding increases 2023-24

School	Kingsley	Woodlands	Shaftesbury	Alexandra	PRU	Total
MFG up to +3%	£116,862	£110,382	*	£58,560	£43,097	£328,900
Increase 3.4%	£137,984	£125,099	£117,914	£66,368	£48,843	£496,208
Total increase	£254,845	£235,481	£117,914	£124,928	£91,940	£825,108

**funding between 2021-22 and 2022-23 already increased per place above +3% through revised pupil banding due to starters and leavers*

14. There is no mandatory requirement to increase funding for other types of SEND provision, however, the LA took a request to Harrow Council Cabinet to approve interim funding increases in 2023-24 pending the

outcome of the future funding reviews in relation to EHCPs and ARMs in mainstream schools. These proposals were approved on 16 February 2023.

ARMS Units

15. Funding for ARMS units place/top up funding has been increased by 10% in 2023-24 to reflect the length of time since funding was last reviewed. This is an additional cost to the HNB of £292k.

EHCPs in Mainstream Schools

16. Funding for EHCPs in mainstream schools has been increased by 3.4% in line with the mandatory funding requirement for special schools from the High Needs Additional Grant. This is an additional cost to the HNB of £362k.

SEND Support Fund

17. In 2023-24 the SEND Support Fund has increased to £822k and over 50% of schools will receive £6,000 per pupil with an EHCP where the number of EHCPs is above the average number of EHCPs as a proportion of NOR.

Update on HNB Projected Deficit

18. As part of the funding proposal reported to cabinet there was also an update on the projected HNB deficit. These figures also formed part of the free school bid submitted to the DfE
19. The HNB has a cumulative deficit brought forward from 2022-23 of £4.007m. At the end of Q3 the projection is for an in-year balanced budget maintaining the deficit at £4.007m. It is possible that there may even be an in-year underspend of around £500k, taking the deficit down to £3.5m. This has partially been achieved due to an additional HN Supplementary grant totalling £1.6m in 2022-23.

Table 6 – Projected HNB Deficit

Projections	Spend
Deficit brought forward 1 April 2022	£4,006,867
2022-23 in year surplus	-£502,545
Deficit carried forward 31 March 2023	£3,504,322
2023-24 in year deficit projection without funding proposals	£1,053,301
2023-24 ARMS & EHCP funding proposals	£653,888
Cumulative deficit 31 March 2024	£5,211,511
2024-25 in year deficit projection	£4,494,359
2025-26 in year deficit projection	£10,581,762
Cumulative deficit 31 March 2026	£20,287,631

20. The figures above assume that there will be a projected 100-120 additional pupils with EHCPs per annum, that additional ARMs will be opened and there will be 20 additional special school places in September 2023 but assumes beyond 2023-24 that provision in the borough will be at capacity and thus the majority of additional children would need to be educated out of borough at Independent Non-Maintained Specialist Schools (INMSS).
21. This is where the significant spike in spend is projected to occur from 2024-25 as a disproportionate number of the additional growth in children would have to be placed at INMSS provision.
22. The cost of INMSS provision is estimated to increase to around £70,000 compared to £30,000-£35,000 in Harrow special school provision and £20,000-£25,000 in ARMs resources.
23. An updated SEND Strategy will be presented to Cabinet in 2023 and will refresh the actions being taken to mitigate the deficit which includes
- opening more ARMS provision at mainstream schools
 - changing the character of special MLD schools to take more children with SLD
 - continued support to mainstream schools to make provision for more pupils with EHCPs
 - bid to DfE for special free school
 - exploring further options to create in borough specialist provision including increased post 16 opportunities
 - a stronger focus on integrated work with other agencies, including health services, to ensure that children with SEND have needs met locally
 - more integrated approaches to school attendance, including for children with SEMH challenges so that more intensive provision is not required
 - In addition, better local provision enables home to school travel strategies and new operative models to reduce impact on the general fund from SENT

Section 3 - Contact Details

Contact:

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Background Papers

Schools Forum Report – 13 September 2022

- Item 4 – DSG Budget Setting 2023-24

Schools Forum Report – 17 January 2023

- Item 4 – DSG Budget Setting 2023-24