

Meeting:	Schools Forum
Date:	12 September 2023
Subject:	Item 5: Update on DSG 2023-24
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

1. This report updates Schools Forum on the 2023-24 DSG budget position.
2. Schools Forum is required to:
 - Note the projected DSG position for 2023-24

Section 2 – report

3. In 2023-24 the updated DSG budget, after recoupment for mainstream academies, special education places in academies and further education settings, is £152,281,400.

Block	Revised Budget	Forecast	Variance
Central	£1,469,878	£1,469,878	£0
Early Years	£19,253,878	£19,253,878	£0
High Needs	£46,065,824	£48,080,673	£2,014,850
Schools Growth	£352,842	£813,285	£460,443
Schools ISB	£85,138,979	£86,128,980	£990,001
Total	£152,281,400	£155,746,694	£3,465,294
Use of contingency to support school budgets			-£990,000
Use of contingency to support growth fund			-£460,444
Revised position			£2,014,850

4. In 2023-24 the sum of £1.450m from the contingency is being used to support one off funding in school budgets and a projected shortfall in the growth fund.
5. After applying funding from the contingency there is a projected in year overspend of £2.014m which relates to pressures in the High Needs Block.
6. The projected spend in 2023-24 is shown below

High Needs Block Projections 2023-24

Spend £'000	2023-24 Budget	2023-24 Forecast	2023-24 Variance	FTE	2022-23	FTE
INMSS Day Schools	£9,234	£10,199	£965	177.17	£7,152	142.38
INMSS Residential Schools	£530	£760	£230	17.83	£551	16.17
Ind Specialist post16	£1,235	£1,099	-£136	27.03	£1,244	23.08
Out of Borough Mainstream	£1,265	£1,244	-£21	153.88	£1,174	158.50
FE Colleges	£2,876	£3,080	£204	301.86	£2,426	267.17
Other LA Special Schools	£2,333	£2,389	£56	119.50	£1,970	114.54
Early Years SEN Provision	£200	£199	-£1	14.13	£218	29.96
EOTAS & Alternative	£294	£207	-£87		£145	
Harrow Special Schools	£13,658	£13,695	£38	516.00	£12,577	507.17
Pupil Referral Unit	£1,530	£1,530	£0	74.00	£1,437	74.00
PFI	£449	£449	£0		£449	
Sensory Services	£1,156	£1,156	£0		£1,156	
SEN Transport	£187	£187	£0		£187	
Therapy	£1,177	£949	-£228		£1,094	
SEND Support	£822	£822	£0		£798	
Harrow Mainstream EHCPs	£8,213	£8,863	£650	751.13	£6,187	690.33
Harrow Mainstream ARMS	£2,463	£2,356	-£106	145.50	£1,683	131.00
Budgeted Deficit	-£1,556	-£1,104	£452		£0	
Total	£46,066	£48,081	£2,015	2,298.03	£40,449	2,154.30

7. Overall, the spend in 2023-24 is expected to be £7.6m higher compared with 2022-23. The biggest area of pressure is on the Independent & Non-Maintained Special School (INMSS) Provision budget where spend is expected to be £3.3m higher than in 2022-23, an increase of 43%.

8. The main reasons for the projected increase is as follows

Area	Reason	Increase in cost £'000
Out of borough provision and all FE	Full year effect of new starters in 2022-23	£1,436
	Expected leavers 2023-24	-£156
	Expected new starters 2023-24	£464
	College changes	£713
	From other specialist provision	£584
	From mainstream	£1,381
	Fee increases	£411
Harrow school provision	Full year effect new provision in 2022-23	£350
	Fee increases	£1,214
	General growth in demand	£1,235
Total		£7,632

DSG Deficits

9. Based on the current projections there will be a further £2.015m added to the cumulative HNB deficit at the end of 2023-24. The current deficit position is shown below

DSG Deficit 2019-20	£2,944
DSG Deficit 2020-21	£787
DSG Deficit 2021-22	£277
DSG Surplus 2022-23	-£1,384
Cumulative Deficit 31 March 2023	£2,623
DSG Deficit Forecast 2023-24	£2,015
Estimated Cumulative Deficit 31 March 2024	£4,638

10. However, there is also a positive balance in the brought forward contingency reserve of £3.503m.

11. In previous years the relevant blocks of the DSG could be treated separately however, the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 (updated 2022), made by what is now DLUHC, set statutory rules for how a DSG deficit is to be calculated, and the whole of it put into an unusable reserve. The definition of how the deficit is to be calculated includes any surplus from previous years. It is not possible to hold separate reserves with surpluses in them for some blocks of the DSG. The calculation covers the whole of the DSG and where the overall outcome is a deficit (including brought forward balances), it is not possible to hold separate reserves with surpluses in them for different blocks of the DSG

12. This means that any balance on the contingency reserve must now be used to offset the deficit. There are some commitments against the contingency which will be honoured however any uncommitted balances will be used to offset the deficit

Contingency 2023-24	Balance	Committed	Uncommitted
School Budgets one off funding 2023-24	£990,000	£990,000	
Funding to support EHCP assessment period	£300,000	£300,000	
Backfilling loss of SIMB grant	£180,000	£180,000	
Growth Fund shortfall	£460,748	£460,748	
High Needs Block Projects	£274,000		£274,000
Raising Achievement BBCH Year 1	£80,000	£80,000	
Raising Achievement BBCH Year 2	£150,000	£150,000	
Projects to be determined	£400,000		£400,000
Underspend on EYB & CSSB 2022-23	£667,940		£667,940
Contingency balance	£3,502,688	£2,160,748	£1,341,940
EYB 2022-23 clawback	-£378,311		-£378,311
Revised balance	£3,124,377	£2,160,748	£963,629

13. Therefore, the balance of £964k will be used to offset the projected deficit in 2023-24 on the HNB bringing it down from projected £4.638m to £3.674m. In addition, any underspends on any of the other blocks at the end of this financial year will have to be automatically applied to the deficit.
14. The LA is currently working on an updated SEND Strategy which will include the latest EHCP and financial projections. This will be brought to a future schools forum for discussion.

Section 3 – contact details

Contact:

Jo Frost
Finance Business Partner – Children's Services & Schools
Jo.Frost@harrow.gov.uk