



LONDON BOROUGH OF  
**HARROW**

Meeting:	<b>Schools Forum</b>
Date:	7 November 2023
Subject:	<b>Item 4: Update on DSG 2023-24 and 2024-25</b>
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 and indicative growth requirements for 2024-25.
2. Schools Forum is required to:
  - Note the projected DSG position for 2023-24
  - Review and agreed the revised growth fund requirements for 2023-24 and 2024-25

## Section 2 – report

### DSG 2023-24

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	£2,481,544
Schools Growth	£352,842	£813,285	£460,443
Schools ISB	£85,138,979	£86,128,980	£990,001
<b>Total</b>	<b>£152,281,400</b>	<b>£155,746,694</b>	<b>£3,465,294</b>
Use of contingency to support school budgets			-£990,000
Use of contingency to support growth fund			-£460,444
<b>Revised position</b>			<b>£2,481,544</b>

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 £2.482m 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		2022-23
INMSS Day Schools	£9,196	£10,901	£1,705		£7,152
INMSS Residential Schools	£530	£565	£35		£551
Ind Specialist post16	£1,235	£1,031	-£203		£1,244
Out of Borough Mainstream	£1,765	£1,292	-£473		£1,174
FE Colleges	£2,876	£3,023	£147		£2,426
Other LA Special Schools	£2,333	£2,448	£115		£1,970
Early Years SEN Provision	£200	£232	£32		£218
EOTAS & Alternative	£294	£207	-£87		£145
Harrow Special Schools	£13,696	£13,695	-£0		£12,577
Pupil Referral Unit	£1,530	£1,530	£0		£1,437
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	£7,713	£9,366	£1,653		£6,187
Harrow Mainstream ARMS	£2,463	£2,395	-£68		£1,683
Budgeted Deficit	-£1,556	-£1,703	-£147		£0
<b>Total</b>	<b>£46,066</b>	<b>£48,547</b>	<b>£2,482</b>		<b>£40,449</b>

7. Overall, the spend in 2023-24 is expected to be £8.1m higher compared with 2022-23. The biggest area of pressure is on the Independent & Non-Maintained Special School (INMSS) Provision budget.

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	-£710
	Expected new starters 2023-24	£602
	College changes	£514
	From other specialist provision	£1,106
	From mainstream	£1,825
	Fee increases	£484
Harrow school provision	Full year effect new provision in 2022-23	£350
	Fee increases	£1,214
	General growth in demand	£1,278
<b>Total</b>		<b>£8,099</b>

## DSG Deficits

9. Based on the current projections there will be a further £2.482m 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
<b>Cumulative Deficit 31 March 2023</b>	<b>£2,623</b>
DSG Deficit Forecast 2023-24	£2,482
<b>Estimated Cumulative Deficit 31 March 2024</b>	<b>£5,104</b>

10. 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.

**Growth Fund 2023-24**

**Growth in Pupil Numbers from October 2022 Schools Census**

11. In line with the informal trigger funding process which has been operating for a number of years it is proposed to provide additional funding to those schools whose NOR has increased (by May 2023 census) by more than 2% of the NOR in October 2022. Each pupil over and above the 2% deminimus will be funded at the 2023-24 primary Basic Entitlement for primary schools and 50% of the KS3 and KS4 Basic Entitlement for secondary schools.
12. In this scenario funding would be allocated to the following primary schools. There are no eligible secondary schools.

School	Increase NOR	2% threshold	No. Eligible pupils	Total Funding
Earlsmead Primary School	22	6	16	£58,340
Kenmore Park Infant School	20	5	15	£56,545
Longfield Primary School	17	14	3	£11,818
Weald Rise Primary School	27	7	20	£74,421
<b>Total Payable</b>				<b>£201,124</b>

13. This funding has been earmarked from the growth fund.

**Growth Fund Commitments & Forecast 2023-24**

14. The Growth Fund this financial year has been notionally committed as follows

Commitment	Budget	Commitment 2023-24	Commitment 2024-25
Primary Expansion	£77,088	£33,038	£132,150
Secondary Expansion			
30x 2 KS3 bulge	£192,605	£0	
30x 1 KS4 bulge	£105,578	£45,248	£75,143
Licences	£188,016	£188,016	
Pupil growth Oct22-May23	£250,000	£201,124	
<b>Total commitments</b>	<b>£813,286</b>	<b>£467,425</b>	<b>£207,563</b>

15. When the budget was set last year, there was an assumption that primary and secondary bulge classes would be needed based on the school roll projections at that time.

**Primary Growth**

16. It is possible that an extra primary class may be needed from January 2024. There are particular pressures in Y1 where there are only 3 vacancies but 30 pupils over numbers in the rest of the schools and Y2 where there are only 7 vacancies but 20 pupils over numbers in the rest of the schools.

17. It is proposed to retain £33k commitment for a primary bulge class opening from January 2024. It is also proposed to commit £132k to funding the bulge class in its second year as the pupils joining would not have been included in the October 2023 schools census so those pupils will not receive funding through the formula in 2024-25.

**Secondary Growth**

18. The majority of the in-year growth for secondary provision has been managed by secondary schools by informal arrangement to take additional pupils. Therefore, it is not anticipated that a KS3 additional class will need to be opened this academic year.

19. However, discussions are underway as to whether it is possible to open and Y11 ESOL class from January 2024. It is therefore proposed to commit £45k and a further £75k for the summer term 2024 until the pupils leave as they will never appear on a census.

**Update on 2024-25 DSG**

20. At its meeting in September 2023, Schools Forum received indicative 2024-25 school budgets based on pupil funding rates as published by the ESFA in July 2023. In October the DFE identified a significant error in the published rates and subsequently issued revised funding rates.

- 21. The indicative budgets were recalculated and circulated via email in October. Whilst the funding rates are lower than originally published, there will still be growth in overall schools' budgets, but at a lower rate.
- 22. Indicative school budgets for 2024-25 updated for the October 2023 schools census will be shared with Schools Forum in January 2024 and final schools' budgets will be published in February 2024.

**Falling Rolls Fund 2024-25**

- 23. For the first time in 2024-25 there is a new mandatory factor in the National Funding Formula which could allocate funding within the DSG schools block for schools with falling rolls. Whilst it is a mandatory factor in the national NFF it remains an optional factor in the local NFF.
- 24. Funding will be allocated based on the reduction in pupil numbers at Medium Super Output Areas (MSOA) and is based on differences between the primary and secondary number on roll between the October 2022 and October 2023 school's census.
- 25. The ESFA has provided a calculator template for LAs to estimate the amount of funding they might attract through this factor. For Harrow, the estimated October 2023 census pupil numbers is approximately 500 more in total than on the October 2022 census therefore Harrow will not qualify for Falling Rolls funding for 2024-25.
- 26. This continues to be an optional factor and as no schools will qualify under the DfE definition then it is proposed not to implement this factor in 2024-25.

**Growth Fund 2024-25**

- 27. In addition to a falling rolls calculator the ESFA provides a template to enable LAs to calculate the indicative growth fund. This has been populated with estimated October 2023 schools census data. The estimated allocation is £1.229m. This growth will need to fund any expansions or bulge classes as well as growth for growing schools.

**Indicative Growth Fund Commitments 2024-25**

<b>Growth</b>	<b>Period</b>	<b>Amount</b>
New & Growing Schools	Sept 24 to Aug 25	£166,440
Primary bulge	Sept 24 to March 25	£68,597
	April 25 to March 26	£117,595
Secondary bulge	Sept 24 to March 25	£96,714
	April 25 to March 26	£165,795
<b>Indicative commitments</b>		<b>£615,142</b>

28. The Hujjat is still growing and does not have pupils in all year groups. It is a requirement to provide funding for September 2024 to August 2025 through the funding formula for the pupils which will join the school next academic year.
29. It is proposed to commit funding for one primary and one secondary bulge class from September 2024 and depending on how many pupils have joined the schools by the October 2024 schools census, continue committing funding in the second year of the bulge class being the difference between the number of pupils on the October 2024 census and a maximum of 30 pupils so that those schools are not financially disadvantaged if they take pupils after the census date.
30. The Growth Fund is part of the overall Schools Block. If the growth fund commitments next financial year are lower than the allocation of growth, it can be repurposed in the overall schools funding formula. Conversely if the final growth fund allocation is lower than the commitments required, the difference will have to be funded from within the overall Schools Block.
31. The final growth fund allocation will be brought back to Schools Forum in January 2024. Unlike other aspects of the DSG, if there are underspends in the Growth Fund they can be carried forward and committed to funding growth in future years.

**Notional SEN**

32. Mainstream schools are notified each year of an identified but notional SEN budget within the overall budget allocation. It is an identified amount within a maintained school’s delegated overall budget. It is intended as a guide for a school’s spending decisions and is neither a target nor a constraint on a school’s duty to use it’s ‘best endeavours’ to secure special provision for its pupils with SEN.
33. LAs are responsible for calculating the amount of this notional budget using funds from the schools block and in relation to the mainstream NFF. There is no national approach to the calculation of schools’ notional budget.
34. In discharging that responsibility mainstream schools are expected to

- Meet the costs of provision for pupils identified as on SEN support
- Contribute towards to cost of provision for pupil with high needs (most with EHCPs) up to £6,000 per annum and above the costs of the basic provision for all pupils in the school

35. The notional SEN budget is not intended to provide £6,000 for every pupil with SEN nor is it intended to provide a specific amount per pupil for those with lower additional support costs.

36. For 2024-25 the DfE recommends that a check of the notional SEN budget calculation is made, in line with guidance, and that an annual review is carried out subsequently. There may be validation checks as part of the budget submission process if it appears that the total notional SEN budget provides schools with less than a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHCP.

**Example of Other Local Authority Notional SEN %**

Factor>	AWPU		FSM		FSM6		IDACI		EAL		LPA	
LA	Pri	Sec	Pri	Sec	Pri	Sec	Pri	Sec	Pri	Sec	Pri	Sec
B&D			50%	50%	50%	50%					100%	100%
Barnet	5%	5%	20%	20%	20%	20%	20%	20%	100%	100%	20%	20%
Brent	2%	2%	100%	100%	100%	100%	100%	100%	50%	50%	100%	100%
Ealing	3%	3%			50%	50%	50%	50%	50%	50%	100%	100%
Enfield	4%	4%	30%	30%	30%	30%	18%	18%	20%	20%	100%	100%
H&F	3%	3%			18%	26%	14%	16%	100%	100%	100%	100%
Hillingdon											100%	100%
Hounslow	5%	5%	15%	15%	15%	15%	15%	15%	15%	15%	100%	100%
Richmond	5%	5%	10%	10%	10%	10%	10%	10%	0%	0%	100%	100%
Harrow	2%	2%	20%	4%	20%	4%	20%	4%	10%	10%	100%	100%

37. A snapshot of some London borough’s Notional SEN % is shown at the table above. This is the percentage of each factor of their school funding formula which they attributed to Notional SEN. As explained above there is no national approach and the table below shows how Notional SEN varies wildly between authorities.

38. It is therefore impossible to determine if Harrow is out of line with other LAs in determining its notional SEN.

39. However, within the guidance the ESFA does provide a worked example which explains how LAs can ascertain if Notional SEN budgets are big enough. This includes taking into account how many pupils have been identified by schools as in the SEN Support category (although it is acknowledged that these numbers are not subject to external moderation and therefore may be inconsistent) and how many pupils with EHCPs for whom schools are expected to mee the first £6,000, as well as

taking into account any targeted funding to meet high needs (the SEND Support Fund).

- 40. The illustrative model suggests that the costs of making provision for a pupil on SEN support are, on average, £3,500 per annum and the cost of supporting a pupil with high needs is £6,000.
- 41. The model also assumes that the national average proportion of pupils with EHCPs in mainstream schools is 2% and for SEN support is 12.7% for primary school sand 12.3% in secondary schools.
- 42. For Harrow, based on the October 2022 schools census, the EHCP average is around 2% and the SEN Support average is 10% for primary and 11% for secondary. However, the range to arrive at the average is 3% to 21% for SEN Support and 0% to 7% for EHCPs.
- 43. Using the illustrative model, approx 50% of Harrow schools have a Notional SEN budget that would notionally fund all EHCPs and SEN Support pupils. Those that are below this level are those that generally have a higher level of pupils with SEN Support
- 44. It is difficult to suggest what the next steps would be in relation to Notional SEN in the absence of a national framework or more detailed guidance. For 2024-25 it is proposed that the level of Notional SEN attributed to each of the formula factors does not change but will continue to be reviewed in future years to ensure consistency with any guidance, national averages and future SEN reforms.

**Section 3 – contact details**

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