

Meeting:	Schools Forum
Date:	10 September 2024
Subject:	Item 4: Update on DSG 2024-25
Responsible Officer:	Pat Harvey, Interim Finance Business Partner – Children’s Services

Section 1 – summary

1. This report updates Schools Forum on the 2024-25 DSG budget position.
2. Schools Forum is required to:
 - Note the latest projected DSG position for 2024-25.
 - To discuss and comment on the latest DSG forecast for 2024-25.

Section 2 – report

3. In 2024-25 the updated DSG budget at quarter 1, after recoupment for mainstream schools, academies, special education places in academies and further education settings, is £163,695,860. This is total DSG funding received by London Borough of Harrow and is subject to change during the financial year based upon academy, out of borough places and post16 recoupment.
4. Table 1 below reports each DSG block of funding and forecast outturn.

TABLE 1 - DSG Block(s)	Revised Budget	Forecast Q1	Variance
Central	£1,510,259	£1,510,259	£0
Early Years	£28,133,187	£28,133,187	£0
High Needs	£49,556,630	£59,017,815	£9,461,185
Schools Growth	£165,306	£165,311	£5
Schools ISB	£84,330,478	£84,330,478	£0
Total	£163,695,860	£173,157,050	£9,461,190
DSG Cumulative Deficit 31 March 2024			£2,579,760
Revised position as at Q1 reporting 31 March 2025			£12,040,950

5. The projected in year overspend of £9,461m relates to pressures within the High Needs Block (HNB).

6. It should be noted that the Early Years block allocation will most probably be underspent and subjected to clawback by the DfE based upon latest initiative for under 2-year-olds and 2-year-old funding that commenced from September 2024. This data set is unknown, and assumption is reported within the overall DSG forecast.
7. The projected HNB spend in 2024-25 is shown below in table 2.

High Needs Block Projections 2024-25

TABLE 2 - High Needs Block Spend £'000	2024-25 Budget	2024-25 Forecast	2024-25 Variance	FTE	2023-24 Budget	2023-24 Forecast	2023-24 Variance	FTE
INMSS Day Schools	£12,302	£13,059	£757	241.75	£9,234	£10,199	£965	177.17
INMSS Residential Schools	£490	£490	£0	20.50	£530	£760	£230	17.83
Ind Specialist post16	£853	£833	-£20	19.33	£1,235	£1,099	-£136	27.03
Out of Borough Mainstream EHCPs	£1,568	£1,568	£0	194.25	£1,265	£1,244	-£21	153.88
FE Colleges	£4,531	£4,531	£0	226.08	£2,876	£3,080	£204	301.86
Other LA Special Schools	£3,293	£3,293	£0	112.25	£2,333	£2,389	£56	119.5
Early Years SEN Provision	£239	£189	-£50	35.17	£200	£199	-£1	14.13
EOTAS & Alternative Provision	£114	£122	£8	8.17	£294	£207	-£87	
Harrow Special Schools	£14,978	£14,992	£14	516	£13,658	£13,695	£38	516
Pupil Referral Unit	£1,582	£1,582	£0	74	£1,530	£1,530	£0	74
PFI	£449	£449	£0		£449	£449	£0	
Sensory Services	£1,325	£1,325	£0		£1,156	£1,156	£0	
SEN Transport	£187	£187	£0		£187	£187	£0	
Therapy	£1,177	£1,177	£0		£1,177	£949	-£228	
SEND Support	£570	£570	£0		£822	£822	£0	
Harrow Mainstream EHCPs	£11,255	£11,796	£542	906	£8,213	£8,863	£650	751.13
Harrow Mainstream ARMS	£2,854	£2,854	£0	145.5	£2,463	£2,356	-£106	145.5
Budgeted Deficit	-£8,210	£0	£8,210		-£1,556	-£1,104	£452	
Total	£49,557	£59,018	£9,461	2,499.00	£46,066	£48,081	£2,015	2,298.03

8. Overall, the forecast spends in 2024-25 is expected to be £9.4m higher compared with 2023-24, in other words, a shortfall on the High Needs Block to meet expected growth and demand during 2024-25 as part of 2024-25 budget setting.
9. An area of pressure is within the Independent & Non-Maintained Special School (INMSS) Provision budget where spend is expected to be £2.86m higher than in 2023-24, an increase of 28%.

10. Mainstream school and academies Education Health and Care Plans (EHCP) forecast growth in children and young people having an EHCP that requires additional funding in support of their plan to access education provision, an additional £2.93m, 33% increase.
11. Forecast on new banding (Band F) introduced in 2024-25 in support of children attending a mainstream school with an EHCP but requiring a specialist place and additional support costs for their attendance in school to access education.
12. ARMS place provision growth and additional places within 2024-25 to be filled full year effect due to demand.
13. Post16 and FE Colleges data and actual 'take-up' in numbers of places is usually known later in the financial year, due to academic year 'take-up' and any changes will be reported to Schools' Forum. This is currently another growth and pressure area within the HNB due to legislative changes in the Children and Families Act 2014 whereby local authorities support children up to the age of 25 in suitable educational provision.
14. HNB fee increases in provision for both INMSS and Out of Borough (OOB) creates additional demand within the High Needs system based upon current cost of living, inflation and staffing increases that were not fully funded by government, for example HNB increase from 2023-24 to 2024-25 was approximately £2,176m (4.6% increase) whereas some provider fee uplift requests ranged from as much as 3% to 12%. It should be noted that Harrow negotiated with providers on these requests as part of the commissioning arrangements.

DSG Deficits

15. Based on the current projections there will be a further £9,461m added to the cumulative HNB deficit at the end of 2024-25. The current detailed deficit position is shown below in table 3.

TABLE 3 – Dedicated Schools Grant CUMULATIVE reporting	£'000
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 2023-24	£4,007
In year DSG movement (accruals, other blocks surplus)	-£4,050
Cumulative Deficit 31 March 2024	£2,580
Forecast DSG Deficit 2024-25	£9,461
Cumulative FORECAST DSG Deficit 2024-25	£12,041

16. 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.

17. 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 as reported in table 4 below.

Table 4 - DSG Contingency 2024-25	Balance	Committed	Uncommitted
Contingency balance b/fwd.	£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
EYB 2023-24 clawback	-£384,569		-£384,569
Contingency commitments 2024-25			
Growth fund	£440,609	£440,609	
Boys of Black Caribbean Heritage Project	£230,000	£230,000	
Backfilling loss of SIMB grant Year 2	£180,000	£180,000	
Contingency balance	£3,590,417	£3,011,357	£579,060

18. Therefore, the balance of £580k will be used to offset the projected deficit in 2024-25 on the HNB plus any underspends on any of the other blocks at the end of this financial year will have to be automatically applied to the deficit and will be updated to Schools' Forum as part of the final outturn position.

19. Schools' Forum was updated at the last meeting in June on the LA SEND Strategy which reported the Council Strategy in addressing the demands and pressures on the HNB and future needs of the Children and Young People in Harrow.

Section 3 – contact details

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