

Meeting:	<b>Schools Forum</b>
Date:	10 December 2024
Subject:	<b>Item 3: Update on DSG 2024-25</b>
Responsible Officer:	Andrew Osei, 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 £162,752,243. 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.

<b>TABLE 1 - DSG Block(s)</b>	<b>Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Variance £000</b>
Central	£1,510	£1,510	£0
Early years	£27,885	£25,288	<b>-£2,597</b>
High Needs	£47,098	£59,617	£12,519
Schools Growth	£165	£165	£0
Schools ISB	£86,093	£86,093	£0
<b>Total</b>	<b>£162,752</b>	<b>£172,674</b>	<b>£9,921</b>
Cumulative deficit brought forward from previous years			£2,580
<b>Projected DSG Cumulative deficit</b>			<b>£12,501</b>

5. The forecast outturn for the year is £172.674m against a DSG allocation of £162.752m, resulting in an in-year deficit of £9.921m for the 2024-25 financial year.

6. This deficit is a result of pressures an increasing number of children with EHCPs supported by the High Needs block. The authority saw a 13% increase in the number of EHCPs from 2023 to 2024. With limited capacity in local provision, this creates an increasing reliance on external independent provision resulting in further higher costs.
7. The Early Years block is forecast to underspend and is likely to be subject to clawback by the DfE based upon latest initiative for under 2-year-olds and 2-year-old funding that commenced from September 2024
8. The DSG Statutory override, extended in 2022, ensures that the DSG deficits are carried forward and are not covered by Local authority general reserves. This is a fixed term arrangement until March 2026.
9. For Harrow, this means that the forecast in-year deficit is added to the deficit of £2.580m brought forward from previous years, resulting in a projected cumulative deficit of £12.501 at the end of March 2025.
10. The DfE requires local authorities to explain their plans for bringing the DSG account back into balance.

#### High Needs Block Projections 2024-25

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	£13,302	£1,000	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	£1,910	£342	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	£136	-£103	35.17	£200	£199	-£1	14.13
EOTAS & Alternative Provision	£114	£108	-£6	8.17	£294	£207	-£87	
Harrow Special Schools	£14,978	£15,341	£363	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	£1,058	-£267		£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	-£10,668	£0	£10,668	0.00	-£1,556	-£1,104	£452	
<b>Total</b>	<b>£47,098</b>	<b>£59,617</b>	<b>£12,519</b>	<b>2,499.00</b>	<b>£46,066</b>	<b>£48,081</b>	<b>£2,015</b>	<b>2,298.03</b>

\* current year FTE base on Q1

11. Overall, the forecast spends in 2024-25 is expected to be £11.54m 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.
12. An area of pressure is within the Independent & Non-Maintained Special School (INMSS) Provision budget where spend is expected to be £3.10m higher than in 2023-24, an increase of 21%.
13. Mainstream school and academies Education Health and Care Plans (EHCP) has seen a 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 £4.10m, 33% increase when compared to last year.

### DSG Deficits

14. Based on the current projections there will be a further £9.921m added to the cumulative HNB deficit at the end of 2024-25. The current detailed deficit position is shown below in table 3.

<b>TABLE 3 – Dedicated Schools Grant CUMULATIVE reporting</b>	<b>£'000</b>
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 2023-24	£4,007
In year DSG movement (accruals, other blocks surplus)	-£4,050
<b>Cumulative Deficit 31 March 2024</b>	<b>£2,580</b>
Forecast DSG Deficit 2024-25	£9,921
<b>Cumulative FORECAST DSG Deficit 2024-25</b>	<b>£12,501</b>

15. 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.
16. 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.

<b>Table 4 - DSG Contingency 2024-25</b>	<b>Balance</b>	<b>Committed</b>	<b>Uncommitted</b>
<b>Contingency balance b/fwd.</b>	<b>£3,502,688</b>	<b>£2,160,748</b>	<b>£1,341,940</b>
EYB 2022-23 clawback	-£378,311		-£378,311
<b>Revised balance</b>	<b>£3,124,377</b>	<b>£2,160,748</b>	<b>£963,629</b>
EYB 2023-24 clawback	-£384,569		-£384,569
<b>Contingency commitments 2024-25</b>			
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	
<b>Contingency balance</b>	<b>£3,590,417</b>	<b>£3,011,357</b>	<b>£579,060</b>

17. 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.

18. 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**

#### **Contact:**

Andrew Osei  
Interim Finance Business Partner – Children's Services & Schools  
[Andrew.Osei@harrow.gov.uk](mailto:Andrew.Osei@harrow.gov.uk)