

School Forum 17 October 2024	
Report from Executive Director of People – Children’s Services	
DSG 2024/25 Budget Monitoring Report - Quarter 1	
Wards Affected:	All
Key or Non-Key Decision:	N/A
No. of Appendices:	None
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This report relates to all Forum Members and is for information.

1. Purpose of the report

This report provides Schools Forum with an update on the forecast financial position at the end of quarter 1 for 2024-25. The forecast is reported against the budget set in consultation with Schools Forum and agreed by Slough Borough Council at its meeting on 7th March 2024.

The Council’s quarter 1 monitoring report, as at 30th June 2024 was presented to Cabinet at their meeting on 16th September 2024. In spite of service pressures of £11.552m the Council was able to present a balanced outturn forecast through the identification of compensating recovery actions and a modest increase in its planned use of the Contingency budget.

The Council’s quarter 2 monitoring report, as at 30th September 2024 is in development and will be presented to Cabinet at their meeting on 18th November 2024. A verbal update on the DSG position as at quarter 2 will be provided at this meeting, in advance of the formal reporting to the Cabinet.

2. Recommendation

Schools Forum is asked to **note** the contents of this report.

3. Provisional DSG Deficit Position at 31st March 2024*

The Dedicated School Grant (DSG) balance has been in deficit for a number of years mainly due to overspends on the High Needs Block. This mainly relates to increased demand for SEN placements, as well as increases in cost reflecting complexity and reviews of individual Education Health & Care Plans (EHCPs) identifying the need for greater support.

Schools Forum are aware of the historic deficit position and work that has been undertaken with DfE as part of Safety Valve DSG Management Plan. The following table outlines the movements in the deficit since 2017-18.

Table 1 – Cumulative DSG Deficits from 2017-18

<i>All in £million</i>	Schools £m	High Needs £m	Early Years £m	Central Services £m	Total Deficit £m	Cumulative Deficit £m	Safety Valve Agreement
2017-18*					4.9	4.9	
2018-19	(0.1)	2.7	(0.5)	0.0	2.1	7.0	
2019-20	(0.1)	5.9	0.4	0.0	6.2	13.2	
2020-21	0.6	6.6	0.1	0.0	7.3	20.5	
2021-22	(0.1)	4.8	0.3	0.0	5.0	25.5	
2022-23	0.0	0.4	(0.7)	0.4	0.1	25.6	(10.80)
2023-24	(0.3)	(0.2)	(0.1)	0.0	(0.6)	25.0	(4.41)
Block Total	0.0	20.2	(0.5)	0.4		25.0	(15.21)

The first payment under the Safety Valve Agreement of £10.8 million was paid in March 2023. Further payments are expected between 2023-24 and 2026-27 to bring the deficit back into balance by 2026-27.

* Technically the outturn position remains provisional until the accounts have been audited.

4. Dedicated schools grant (DSG): 2024 to 2025 allocations local authority summary

The following table sets out our DSG allocation excluding safety valve payments for 2024/25.

Schools block (£s)	Central school services block (£s)	High needs block (£s)	Early years block (£s)	Total DSG allocation (£s)
2024 to 2025 DSG allocations, before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA)				
172,307,899	839,974	37,558,963	21,810,113	232,516,949
2024 to 2025 DSG allocations, after deductions for academies recoupment, national non-domestic rates and direct funding of high needs places by ESFA				
42,875,030	839,974	27,755,129	21,810,113	93,280,246

5. Projected DSG Outturn 2024-25

5.1 DSG balances for the 4 blocks are separately included and are currently forecast net nil, with the exception of a £0.155m overspend in the Schools Block due to higher than anticipated costs for growth in 2024/25. This will be contained within the Schools Block and managed through the growth fund.

5.2 At present, the DSG High Needs Block budget is forecast to be on budget but there is an acknowledged, and as yet unquantified pressure, due to the backlog in processing EHCP plans and a marked increase in the number of new applications. In addition, annual reviews are identifying an increased need in support for individual children.

Along the continuum of high needs provision from containment within mainstream schools, resource bases and locally maintained special schools. Where increasing numbers place pressure on provision this will increase the number of Out Of Borough placements, potentially including Independent Non-Maintained Special Schools (INMSS) which would also increase the forecast significantly.

A new resource has been recruited for the High Needs Block to analyse the data and support the development of pupil-based future forecasts and sufficiency planning.

5.3 Cost allocations into the HNB from other areas are subject to reviewing to ensure compliance with DSG guidance and this could have repercussions for the General Fund forecast, both for 2024/25 and previous years.

5.4 In addition to the budgeted DSG blocks, there are scheduled DSG Safety Valve payments of £2.07m due in 2024/25 subject to criteria being met. This has not been included in the annual budget.

5.5 The current projected outturn on the 4 DSG blocks for the quarter 2 position is due to be presented to Councillors later this month.

6. Safety Valve

6.1 The following table sets out how the Council is expecting to receive a total of £27m of Safety Valve payments

Year	The Department agrees to pay to the authority an additional £m of DSG by year end			
	Annual	Total	Revised	Total
2022-23	£10.80m	£10.80m	£10.80m	£10.80m
2023-24	£3.24m	£14.04m	£4.41m	£15.21m
2024-25	£3.24m	£17.28m	£2.07m	£17.28m
2025-26	£3.24m	£20.52m	£3.24m	£20.52m
2026-27	£6.48m	£27.00m	£6.48m	£27.00m

6.2 Payments under the Safety valve agreement are conditional on the Council agreeing to implement the DSG management plan that it has set out. Which it continues to do.

6.3 The agreement is subject to review by the Department for Education at any time, for example as a result of the following events:

- Higher or lower DSG formula funding levels for the authority in future financial years than those the authority has assumed;
- Significant changes to national SEND policy which impact on elements of the plan;
- Insufficient progress being made towards the authority reaching and sustaining an in-year balance on its DSG account as set out in the plan.

The review process will include an assessment of the impact of the change in circumstances.

All of the above events have happened to one extent or another and the Council remains in dialogue with the Department for Education.

7. Financial Implications

The financial implications have been detailed in the body of this paper.

8. Legal Implications

There are no legal implications for this report.

9. Equality Implications

Not applicable

10. Consultation with Ward Members and Stakeholders

Not applicable

11. Human Resources/Property Implications (if appropriate)

Not applicable