

<b>School Forum 28 November 2024</b>	
<b>Report from Executive Director of People - Children Services</b>	
<b>DSG Budget Monitoring Report Quarter 2 2024-25</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	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 2 for 2024-25. The forecast is reported against the budget set in consultation with Schools Forum and submitted to the Department for Education on the Section 251 budget return.

**2. Recommendation**

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

**3. Quarter 2 monitoring update**

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 funded by the £0.253m underspend in the 2023/24 Schools Block relating to growth.

At present, the DSG High Needs Block budget is forecast to be on budget but there is an acknowledged, but as yet unquantified, pressure due to the backlog and additional new EHCP plans. In addition there will be a requirement for Out Of Borough placements, which could also increase the forecast significantly. A new resource has been recruited for the High Needs Block to analyse the data and support future forecasts and plans.

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

In addition to the budgeted DSG blocks, there are scheduled DSG Safety Valve payments of £3.24m due in 2024/25 subject to criteria being met. This was not budgeted.

Q1 Forecast	Childrens' Services - DSG	2024/2025 Allocation	Projected Outturn	Variance
£m		£m	£m	£m
0.840	DSG: CSSB	0.840	0.840	-
21.810	DSG: Early Years	21.810	21.810	-
27.755	DSG: High Needs	27.755	27.755	-
43.030	DSG: Schools	42.875	43.129	0.254
(3.240)	DSG: Safety Valve Payments	-	(3.240)	(3.240)
<b>90.195</b>	<b>DSG Total</b>	<b>93.280</b>	<b>90.294</b>	<b>(2.986)</b>

#### 4. DSG Blocks 2025/2026 Update

At the time of drafting this report, the 2025/2026 indicative DSG allocations have not been released. The DfE have indicated that the annual funding cycle will differ from previous years, it is expected that the DSG funding allocations will be announced in December 2024.

The 2024/2025 DSG allocations and approximate funding allocations from the Autumn Statement are outlined in the table below:

Dedicated Schools Grant (DSG)	2024/2025 DSG allocation (£s)	Approximate Funding Allocation announced in the Autumn Budget Statement (£s)	Approximate Total Allocation for 2025/2026 (£s)
Schools block (£s)	42,875,030	2,175,895	45,050,925
Central school services block allocation (£s)	839,974	0	839,974
High needs block allocation (£s)	27,755,129	2,673,827	30,428,956
Early years block (£s)	21,810,113	6,445,715	28,255,828
<b>Total DSG allocation (£s)</b>	<b>93,280,246</b>	<b>11,295,437</b>	<b>104,575,683</b>

The Dedicated School Grant (DSG) balance has been in deficit for several years mainly due to overspends on the High Needs Block. This mainly relates to increased demand for out of borough SEN placements, post 16 services and places at Special schools.

The government announced in the Autumn statement a £1 billion uplift in funding to support the reform of special educational needs provision to improve the outcomes for the most vulnerable children. The increase represents a 6% real terms increase. The approximate increase to the High Needs Block is £2.63 million.

The government also announced a £2.3 billion increase in funding for schools for 2025/2026, the approximate increase to the Schools Block is £2.176 million.

Early Years funding will increase by £1.8 billion to continue the expansion of government-funded childcare to help more parents, particularly women, stay in and return to work. The approximate increase in the Early Years Block is £6.44 million.

Employers National Insurance contributions will increase from 13.8% to 15% from 6 April 2025, the per-employee threshold at which employers start to pay National Insurance will be reduced from £9,100 to £5,000 per year. To support small businesses with these changes, the government is increasing the Employment Allowance from £5,000 to £10,500 and removing the £100,000 threshold, expanding this to all eligible employers. Employers can claim Employment Allowance if their Class 1 National Insurance liabilities were less than £100,000 in the previous tax year.

It is unclear whether the funding for Early Years will increase in 2025/2026 to account for the increase in National Insurance contributions that will affect some of the Early Years Providers.

## **5. Financial Implications**

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

## **6. Legal Implications**

There are no legal implications for this report.

## **7. Equality Implications**

Not applicable

## **8. Consultation with Ward Members and Stakeholders**

Not applicable

## **9. Human Resources/Property Implications (if appropriate)**

Not applicable