

## School Budgets – Dedicated Schools Grant (DSG) 2025-26

### Introduction

1. The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the majority is used to fund individual schools' budgets in maintained schools and academies in Harrow. It also funds Early Years nursery entitlement for 2-, 3- and 4-year-olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education, Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Harrow and out of borough. The DSG is split into four blocks: Schools Block, Central School Services Block, Early Years Block and High Needs Block.

### DSG Settlement 2025-26

2. The 2025-26 DSG settlement is based on the number of pupils on the October 2024 schools census for the Central School Services Block (CSSB) and Schools Block as well as a lump sum for historical items related to premises, the January 2024 Early Years census for the Early Years Block and a combination of a historical lump sum and per pupil funding for the High Needs Block. The provisional DSG allocation the CSSB, Schools Block and High Needs block for 2025-26 (based on 2023 pupil numbers) is £279.114m.

**Table 1 – 2025-26 Dedicated Schools Grant allocation**

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£5,509.32	£7,702.17	21,490.00	13,397.00	£221,581,266
Schools Block – lump sum premises					£3,992,702
Schools Block – growth fund formula					tbc
<b>Total Schools Block</b>					<b>£225,573,968</b>
Central Schools Block					£1,602,242
High Needs Block					£51,937,594
Early Years Block					tbc
<b>Total Dedicated Schools Grant Allocation 2025-26 (provisional)</b>					<b>£279,113,804</b>

3. In 2018-19 the Government introduced a new National Funding Formula (NFF) for Schools, High Needs and Central Services Blocks. For the Schools block this means that LAs are funded on the basis of the total of the NFF for all schools, academies, and free schools in its areas but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forum.

From 2020 the government had intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However, this

has been delayed and there is currently no confirmed date for this. In 2018-19 the LA implemented the NFF after consultation with schools and Schools Forum.

### **Minimum Funding Guarantee**

4. The 2025-26 Minimum Funding Guarantee (MFG) is set to be between -0.5% and 0.0% to protect schools from significant *per pupil* losses between years.
5. The MFG will be confirmed to Cabinet later when budget allocations have been prepared.

### **Central Schools Block**

6. The CSSB totals £1.602m and is used to support the LA with general duties in respect of all schools, the admissions service, centrally provided funding for schools including licences and funding to support LAs with teachers' pay and pension grant increases for teaching staff employed within the council.
7. The CSSB now also includes funding to cover the increased cost of copyright licences.

### **High Needs Block**

8. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block (HNB) of the DSG:
  - Harrow special schools and academies
  - Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
  - Places in out of borough special schools and independent school provision
  - EHCPs in mainstream schools and academies
  - Post-16 provision including further education
  - SEND Support services and support for inclusion
  - Alternative Provision including Pupil Referral Units and education other than at school
9. There is a duty to admit a child or young person if the institution is named on a statutory EHCP. LAs use the HNB to provide the most appropriate support package for an individual in a range of settings, taking account of parental and student choice whilst avoiding perverse incentives to over-identify high needs pupils and students.
10. The provisional HNB budget allocation for 2025-26 is set out at Table 3

**Table 3 – 2025-26 High Needs Block Funding**

<b>Description</b>	<b>Value</b>
High Needs Block NFF Allocation	£49,647,034
Basic Entitlement Factor	£3,323,793
Import/Export Adjustments	<b>-£1,416,000</b>
Additional Funding for Special Free Schools	£6,000
Hospital Education	£246,322
Historic teachers' pay and pension funding factor	£130,445
<b>Total HNB before academy recoupment</b>	<b>£51,937,594</b>

**Early Years Block**

11. The provisional Early Years Block allocation and guidance for 2025-26 is yet to be published. An update will be presented to Cabinet at a later date.

**DSG Deficits**

12. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore, any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves. This ring-fence is due to end in March 2026.
13. Harrow's projected cumulative deficit at the end of 2024-25 is £12.5m
14. An updated management plan and the latest projections will be presented to Cabinet later this year.