

London Borough of Hammersmith & Fulham

SCHOOLS FORUM

November 10th 2020

DEDICATED SCHOOLS GRANT MONITORING QUARTER 2 2020/21

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Purpose of the report

This report updates forum on the 2020/21 quarter 2 budget monitoring position after updates to the allocation received in July 2020 from the Education and Skills Funding Agency (ESFA). It also includes the forecast accumulated Dedicated Schools Grant (DSG) carry forward deficit position in 2020/21.

1. Introduction

1.1. This paper sets out:

- Carry forward balances at 1st April 2020
- Forecast variances in each of the blocks of the Dedicated Schools Grant in 2020/21
- Projected closing balances at 31st March 2021
- Changes in 2020/21 dedicated schools grant allocations advised by Education and Skills Funding Agency (ESFA)
- Proposed repayment of unspent de-delegated funds brought forward to maintained schools on a pro rata basis

2. Summary Position

2.1. Table 1 below shows the high-level position for 2020/21 financial year at quarter 1.

Table 1 – Accumulated Adjusted DSG Carry Forward from 2019/20 (balances at 31/03/20 and forecast balances at 31/03/21)

Dedicated Schools Grant (DSG) Balances by Block			
Figures in red and brackets represent surplus	Balance 31/03/20	2020/21 Forecast Variance	Forecast Balance 31/03/21
	£m	£m	£m
Schools Block	(0.605)	0	(0.605)
Central Services Schools Block	0	0.095	0.095
High Needs Block	19.790	3.487	23.277
Early Years Block	(0.066)	0	(0.066)
TOTAL DSG	19.119	3.582	22.701

- 2.2. The Schools Block surplus carry forward at 31/03/20 comprises:
- £0.223m for falling rolls protection
 - £0.382m underspend on the maintained schools de-delegated budgets. Surplus retained for future requests from maintained primary schools in financial difficulty and contingency. Proposals for the use of retained balances will be proposed in consultation with maintained primary schools.
- 2.3. The High Needs Block is forecast to overspend by £3.48m in 2020/21, which represents an improvement versus the £5.83m overspend on High Needs in 2019/20. The retained HNB deficit at 31/03/20 was £19.79m, rising to forecast £23.27m at 31/03/21.
- 2.4. Early years DSG closed with a retained surplus in 2019/20 of £0.066m. This has now been increased to £0.588m due to the retrospective adjustments for 2019-20 notified by ESFA in July 2020. Further decisions will be required on how to allocate this funding.

3. Schools Block and Maintained De-delegation 2020/2021

Table 2 - Schools Block Forecast 2020/21

	£m	£m	£m
	2020/21 Budget	2020/21 Forecast	2020/21 Variance
Schools Block delegated (after academy recoupment)	37.544	37.544	0
Falling Rolls Fund	0.098	0.223	0.125
Maintained schools de-delegated Budget	0.709	0.709	0
Maintained schools Education Functions	0.323	0.323	0
Transfer to High Needs Block	0.526	0.526	0
Total Schools Block received by LBHF. (underspend to c/f)	39.200	39.325	0.125

- 3.1. Projected underspends and use of retained balances in the 2020/21 schools block are indicated in Table 2 below. Underspends on the schools' block will be carried forward to 2021/22 as school funds per the conditions of grant.
- 3.2. The balance of the de-delegated budget brought forward from 2019/20 is £0.382m and there is no current plan to spend these funds. The current 2020/21 maintained schools de-delegated budget is forecast to outturn to budget pending any further decisions. Any underspend may be carried forward to 2021/22 to support requests from maintained schools in the future. It is also proposed that this is reviewed on an annual basis to ensure schools funding is given back to schools when appropriate.
- 3.3. During the summer term there were two requests for financial support. The finance team engaged with both schools to understand the issues and both were not progressed. The first school although facing an in-year deficit still had reserves that would cover them for the medium term. The second school was able to balance their budget by finding efficiencies and generating more income. To date no further requests for financial assistance have been received with respect to the £200,000 budget available.
- 3.4. Officers undertook due diligence with each school to:
- Understand the reason for the request and that support is required to avoid a deficit position
 - Verify the accuracy of budget monitoring in the school
 - Confirm that the schools budget forecasts and plans reasonably ensure a sustainable financial position over the medium term (based on 2020/21 funding levels)
- On this basis both requests received were not progressed and the contingency remains unspent.

4. Falling Rolls

- 4.1. Schools Forum agreed in January 2020 to set up a panel to allocate the balance of the 2019/20 falling rolls fund to schools in 2020/21. The £0.125m carry forward to 2020/21 plus the £0.098m allocated from the 2020/21 schools block is available for this purpose. Schools Forum have agreed to the establishment of a subgroup of the Schools Forum to oversee the allocation of the £0.223m available. The process will be communicated to schools with the 2021-22 Budget Consultation papers following Schools Forum on 10th November with a proforma to complete.
- 4.2. We will require applications from schools with roll falls between September 2018 and September 2019 from the 2020-21 falling rolls fund.
- 4.3. Pending Schools Forum decision on falling rolls fund in the 2021/22 budget for falling rolls between the September 2019 and September 2020, we will also request expressions of interest from the provisional 2021-22

budget – see agenda item 2 for proposed criteria for expressions of interest.

5. Early Years Block 2020/21

- 5.1. The Early Years block is forecast to spend to budget in 2020/21 based on Q1 data available. The revised budget reflects the revised allocation notified by the DfE in July 2020 and is based on the January 2020 census returns.
- 5.2. The Early Years block is adjusted retrospectively in July each year so the final allocation for 2020/21 will not be known until July 2021. Table 4 below shows the breakdown of the allocation between funding elements. The main reason for the increase of £0.903m is the higher uptake of 30 hours funding by the maintained school and academy sector. This equates to an additional 145 30-hour codes over the 2019/20 position.

Table 4 – Revised Early Years Grant Funding 2020/21

	£m	£m
Early Years Funding Element	2020/21 Original Budget	2020/21 revised Budget
3 and 4 YO universal & extended offer	13.861	14.749
2 YO Disadvantaged offer	1.145	1.147
EY Pupil Premium	0.106	0.089
Disability Access Fund	0.047	0.047
MNS supplementary funding	0.820	0.850
Total 2020/21 Early Years	15.979	16.882

- 5.3. The July notification from DfE also included details of the adjustment for 2019-20. There is an additional £0.588m Early Years DSG to be allocated. A further report will be brought to Schools Forum in due course for decision, as the main element of the funding (£0.412m) relates to 3 and 4 year olds and there are regulations as to how this funding may be best allocated.
- 5.4. The DfE has changed the regulations on funding to ensure that all providers receive funding based on levels of service provided prior to the Coronavirus pandemic so that where estimates were higher than actual take up in the Summer term recoveries have not been made.
- 5.5. The DfE has also agreed to fund the Autumn term based on the January 2020 census rather than the January 2021 census; this has allowed providers to receive estimated funding based on Autumn 2019 hours where they are higher than Autumn 2020 estimates. It is expected that the Spring term funding will be based on the January 2021 census which carries the risk of much lower funding if take up remains lower than

normal. This will also affect the 2021-22 allocations which are based on the January 2021 and January 2022 census numbers.

6. Central Services Schools block 2020/21

- 6.1. The CSSB block is forecast to outturn to budget as set out in Table 5 below:
- 6.2. The £95K variance currently forecast on CSSB in 2020/21 is due to Lilla Huset no longer trading services and raising income. This is being kept under review and will be updated when appropriate.

Table 5 – Central Services Schools Block Forecast 2020/21

	£m	£m	£m
Figures in red and brackets represent surplus	2020/21 Budget	2020/21 Forecast	2020/21 Variance
Copyright Licensing	0.107	0.107	0
Asset Management, Place Planning and Strategic Operations	0.123	0.123	0
Asset Management – capital expenditure on the school’s estate including windows repayments	1.435	1.435	0
Management, Support & Finance	0.906	0.902	(0.004)
Virtual School	0.282	0.282	0
Lilla Huset Professional Development Centre	0.172	0.271	0.099
Admissions and ACE	0.567	0.567	0
Transfer to High Needs	0.286	0.286	0
Total	3.878	3.973	0.095

7. High Needs block 2020/21

- 7.1. The High Needs block is forecast to overspend by £3.487m, as set out in Table 6 below. This would result in a cumulative deficit on the High Needs Block of £23.277m at 31st March 2021.

Table 6 – High Needs 2020/21

	2020/21 Forecast £m
Place funding	4.7
Top-up funding and placement costs	15.3
Alternative position	1.5
Commissioned Services (incl. OT, Speech and Language, Hospital Education, Hospital Education, Home Tuition and Outreach Services)	2.6
SEN service	1.7
Other (incl. LAC Belongings and discretionary equip)	0.5
Total expenditure	26.3
HNB (net) allocation	
In-year allocation	-22.1
Transfer from SB	-0.5
Transfer from CSSB	-0.3
Total income	-22.9

- 7.2. The 2020/21 High Needs budget has been supported by a transfer of £0.526m from the Schools Block and £0.286m planned transfer from the Central Services Block. This transfer from the schools block represents a 0.5% transfer compared to a 1% transfer in the previous financial year 2019/20 due to the local authority's request for a higher transfer not being approved by the Department for Education in February 2020.

Report ends