


## Agenda Item 4

	<b>London Borough of Hammersmith &amp; Fulham</b> <b>SCHOOLS FORUM</b> <b>23<sup>rd</sup> March 2021</b>
<b>DEDICATED SCHOOLS GRANT MONITORING QUARTER 3 2020/21</b>	
<b>Open</b>	
<b>Wards Affected: (All Wards); All</b>	
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<b>Purpose of the report</b> This report updates forum on the 2020/21 quarter 3 budget monitoring position. 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 1<sup>st</sup> April 2020
- Forecast variances in each of the blocks of the Dedicated Schools Grant in 2020/21
- Projected closing balances at 31<sup>st</sup> March 2021
- Proposed use of £0.382m de-delegated funds brought forward (maintained primary schools only) to provide additional support around transformation costs in schools who experienced a significant fall in roll between October 2019 and October 2020.

### 2. Summary Position

2.1. Table 1 below shows the high-level position for 2020/21 financial year at quarter 3.

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

<b>Dedicated Schools Grant (DSG) Balances by Block</b>			
<b>Figures in red and brackets represent surplus</b>	<b>Balance 31/03/20</b>	<b>2020/21 Forecast Variance</b>	<b>Forecast Balance 31/03/21</b>
	£m	£m	£m
Schools Block	(0.605)	(0.200)	(0.200)
Central Services Schools Block	0	0	0
High Needs Block	19.790	3.074	22.864
Early Years Block	(0.066)	0.015	0.015
<b>TOTAL DSG</b>	<b>19.119</b>	<b>2.874</b>	<b>22.679</b>

- 2.2. The Schools Block surplus carry forward at 31/03/20 comprises:
- £0.223m for falling rolls protection – detailed allocation of this funding is detailed in item 2 on the agenda for 23/03/21.
  - £0.382m underspend on the maintained schools de-delegated budgets. Surplus retained for future requests from maintained primary schools in financial difficulty and contingency. A proposal for the use of retained balances will be made in consultation with maintained primary schools. Details of this proposal are included in section 7 of this report.
- 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.
  - A favourable movement of £0.41m versus the Qtr2 reported position. The change is as a result of detailed review of placement costs following the start of the new academic year.
  - 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. Proposals to utilise this retained carry forward are include in agenda item 3.

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

- 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.

**Table 2 - Schools Block Forecast 2020/21**

	£m	£m	£m
	<b>2020/21 Budget</b>	<b>2020/21 Forecast</b>	<b>2020/21 Variance</b>
Schools Block delegated (after academy recoupment)	37.544	37.544	0
Falling Rolls Fund	0.098	0.098	0
Maintained schools de-delegated Budget	0.709	0.509	(0.200)
Maintained schools Education Functions	0.323	0.323	0
Transfer to High Needs Block	0.526	0.526	0
<b>Total Schools Block received by LBHF. (underspend to c/f)</b>	<b>39.200</b>	<b>39.000</b>	<b>(0.200)</b>

- 3.2. All remaining delegated schools block funding for 2020/21 financial year will be paid to maintained primary schools by the first week of March 2021.
- 3.3. 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 proposed allocation of this fund has been covered in Item 1 – Schools Block Update 2021/22, following applications from schools to access this fund in addition to the fund agreed from the 2021/22 budget now agreed.
- 3.4. The balance of the de-delegated budget brought forward from 2019/20 is £0.382m. A proposal to allocate this resource to maintained primary schools to support falling rolls is detailed in section 7 for this report.
- 3.5. The current 2020/21 maintained schools de-delegated budget is forecast to underspend by £0.2m and is proposed to be carried forward to 2021/22 to support requests from maintained schools in the future. This underspend is as a result of the gatekeeping of the dedelegated contingency fund by officers combined with school forum agreement to financial support agreed since 2018/19 financial year.

#### **4. Central Services Schools block 2020/21**

- 4.1. The CSSB block is forecast to outturn to budget. The improvement versus the quarter 2 position is as a result of government covid-19 funding available to cover the shortfall in income general at the PDC.

#### **5. High Needs block 2020/21**

- 5.1. The High Needs block is forecast to overspend by £3.074m, as set out in Table 3 below. This would result in a cumulative deficit on the High Needs Block of £22.864m at 31<sup>st</sup> March 2021.

- 5.2. 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.

**Table 3 – High Needs 2020/21**

	<b>2020/21 Forecast £m</b>
Place funding	4.7
Top-up funding and placement costs	16.1
Alternative provision	1.4
Commissioned Services (incl. OT, Speech and Language, Hospital Education, Hospital Education, Home Tuition and Outreach Services)	2.8
SEN service	1.5
Other (incl. LAC Belongings and discretionary equip)	0.3
<b>Total expenditure</b>	<b>26.8</b>
HNB (net) allocation	
In-year allocation	<b>-22.9</b>
Transfer from SB	<b>-0.5</b>
Transfer from CSSB	<b>-0.3</b>
<b>Total income</b>	<b>-23.7</b>
<b>FORECAST OUTTURN (overspend)</b>	<b>3.1</b>

## 6. Early Years Block 2020/21

- 6.1. The Early Years block is forecast to broadly spend to budget in 2020/21 based on Q3 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.

## 7. Proposed use of retained maintained primary contingency to support falling rolls transition in 2021/22

- 7.1. A further proposal to allocate the prior year underspend on maintained primary contingency of £0.382m to support maintained primary schools with transitional support around their falling rolls is shown in table 4 below.
- 7.2. The purpose of this support would be to ensure maintained primaries receive additional funding from within their dedelegated resources to support budget planning to achieve a sustainable medium term budget position and to mitigate the income impact of roll reduction above the 3% level .
- 7.3. Funding from this pot would be proposed on the basis of total of £1,392.09 per place lost above 3% between October 2019 and 2020, after allowing for allocations from the SF agreed falling rolls fund of £200k across all eligible schools.

- 7.4. Payment would be made upon receipt by local authority finance officers of a balanced budget plan for the 2021/22 to 23/24 period as agreed by school governing bodies.

**Table 4 – Proposed allocations of contingency funding to maintained schools to support budget actions to mitigate falling rolls**

<b>SCHOOL</b>	<b>proposed Amount</b>
	£
Addison Primary School	16,701
Brackenbury Primary school	9,828
Flora Gardens School	4,454
Kenmont Primary School	2,832
Miles Coverdale Primary School	4,962
Normand Croft	1,869
Old Oak Primary School	34,887
Sir John Lillie	9,113
St Johns Walham Green	4,399
St Mary's Catholic Primary School	1,869
St Paul's CofE Primary School	15,409
St Thomas of Canterbury Catholic Primary School	26,791
Wormholt Park Primary School	18,186
Melcombe Primary School	230,700
<b>TOTAL</b>	<b>382,000</b>

- 7.5. Allocation of £1,374.58 per pupil reduction over 3% for all schools plus an additional £1,604.49 per pupil for Melcombe School who were unable to access falling rolls funds agreed through the Authority Proforma Tool due to their current Ofsted classification.

## **8. Recommendations and Decisions**

- 8.1. Schools Forum are asked to agree the allocation of delegated contingency balances to maintained primary per table 4 above.
- 8.2. Funding will be released following receipt of an agreed medium term budget plan for 2021/22 to 2023/24 to ensure maintained schools remain financially sustainable within expected future funding available.

**Report ends**