


Agenda Item 6

	London Borough of Hammersmith & Fulham SCHOOLS FORUM October 12th 2021
DEDICATED SCHOOLS GRANT MONITORING QUARTER 2 2021/22	
Open	
Wards Affected: (All Wards); All	
Accountable Director: Jacqui McShannon, Director of Children Services	
Report Authors: Tony Burton Head of Finance for Children's Services and Education	Contact Details: Tel: 07909 004 710 E-mail: tony.burton@lbhf.gov.uk
Purpose of the report <p>This report updates forum on the 2021/22 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 2021/22.</p>	

1. Introduction

- 1.1. This paper sets out:
- Carry forward balances at 1st April 2021
 - Forecast variances in each of the blocks of the Dedicated Schools Grant in 2021/22
 - Projected closing balances at 31st March 2022
 - Changes in 2021/22 dedicated schools grant allocations advised by Education and Skills Funding Agency (ESFA)

2. Summary Position

- 2.1. Table 1 below shows the high-level position for 2021/22 financial year at quarter 2.

Table 1 – Accumulated Adjusted DSG Carry Forward from 2020/21 (balances at 31/03/21 and forecast balances at 31/03/22)

Dedicated Schools Grant (DSG) Balances by Block			
Figures in red and brackets represent surplus	Balance 31/03/21	2021/22 Forecast Variance	Forecast Balance 31/03/22
	£m	£m	£m
Schools Block	(0.755)	0.755	0
Central Services Schools Block	0	0	0
High Needs Block (including Safety Valve £4m)	16.679	(3.17)	13.509
Early Years Block	(1.418)	1.418	0
TOTAL DSG	14.505	(0.997)	13.509

3. High Needs Block

- 3.1. The High Needs Block is forecast to overspend by £0.8m versus the funding allocation in 2021/22, which represents a significant improvement versus overspend on High Needs over recent years.
- 3.2. The retained HNB deficit at 31/03/21 was £16.7m after receipt of the first £6.0m of agreed Safety Valve funding. The retained deficit is forecast to reduce to £13.5m at 31/03/22 following the expected receipt of £4m further safety valve funding in 2021/22 financial year.
- 3.3. The £13.5m balance of the retained HNB deficit at 31/03/22 is forecast to be eliminated by 31st March 2026 following further expected receipts of £10m of DfE Safety Valve funding over the period. Total expenditure on the HNB is forecast to increase by 26.3% from £26.638m in 2020/21 to £33.636m in 2025/26.

4. Schools Block and Maintained De-delegation 2021/2022

- 4.1. The £0.755m Schools Block surplus carry forward at 31/03/21 relates to the underspend on maintained primary dedelegated budget since April 2018.
- 4.2. Provisions are held as follows:
 - £0.265m of this surplus has been returned to maintained primary schools as agreed at Schools Forum in June 2021. Values were calculated on a pro-rated basis in line with each schools contribution.
 - £0.382m provision for additional support to maintained primaries to support their transition to lower rolls and subject to due diligence with respect to the appropriate and proportionate support by the appointed subgroup.
 - £0.100m – Provision for short term budget support for two schools in financial difficulty and subject to an agreed medium-term sustainable budget plan.

- 4.3. Allocations and payments from the balance will be agreed with the maintained schools sub-group of the schools forum and report at subsequent meetings.

Table 2 - Schools Block Forecast 2021/22

	£m	£m	£m
	2021/22 Budget	2021/22 Forecast	2021/22 Variance
Schools Block delegated (after academy recoupment)	38.086	38.086	0
Falling Rolls Fund	0.200	0.200	0
Maintained schools de-delegated Budget	0.696	1.451	0.755
Maintained schools Education Functions	0.273	0.273	0
Transfer to High Needs Block	0.528	0.528	0
Total Schools Block received by LBHF. (underspend to c/f)	39.780	40.530	0.755

- 4.4. Projected underspends and use of retained balances in the 2021/22 schools block are indicated in Table 2 above. At the present time it is assumed the £0.755m retained balance will be allocated and disbursed in 2021/22 financial year. Any underspends on the schools' block will be carried forward to 2022/23 as school funds per the conditions of grant.

- 4.5. Within the maintained schools Education Functions budget is an allowance of £47,900 in 2021/22 for Asbestos management, surveys and inspections. Additional asbestos surveys and re-inspections have been conducted to bring risk management information up to date which will be met by the council's approved schools capital programme or the Education Functions budget as appropriate. Forecast expenditure in 2021/22 is £90,000, representing an adverse variance of £42,100. No overspend is reported against Education Functions in table 2 above as it is likely this pressure can be contained in 2021/22. However, the budget for 2022/23 will need to increase to cover the full cost of asbestos management and surveys.

5. Falling Rolls

- 5.1. The falling rolls fund of £0.200m in the 2021/22 budget has been allocated to schools in accordance with the principles agreed by Schools Forum during the 2020/21 financial year.

6. Early Years Block 2021/22

- 6.1. Early years DSG closed with a retained surplus in 2020/21 of £1.418m. This will be adjusted due to the retrospective adjustments for 2020/21 still outstanding. Due to changes in the methodology for calculating Early Years funding entitlements for 2020/21 and 2021/22 the ESFA will not be in a position to finalise the adjustments until November 2021.

- 6.2. The Early Years block is forecast to spend to budget in 2021/22 based on current data available. There are risks and uncertainties concerning the final level of funding due to the change in methodology used by the ESFA to determine entitlement.
- 6.3. For the 2021/22 financial year funding will be calculated on a term by term basis; Summer term 2021 headcount will be used to determine 5 months of funding, Autumn term 2021 headcount 4 months of funding and January 2022 headcount 3 months of funding. It is expected that for 2022/23 ESFA will revert to using January headcounts to determine the annual allocation. As funding will follow the individual headcount numbers it seems reasonable to assume that funding will be adequate to cover the costs incurred.
- 6.4. Initial calculations for the Summer term based on the May 2021 headcount indicate a small reduction in take up of the 3 and 4 year old offer which could lead to less funding being available for central early years spend which must remain at only 5% of the funding allocated. This will be reviewed fully during the 2022/23 budget setting process.
- 6.5. The Early Years block is adjusted retrospectively each year so the final allocation for 2021/22 will not be known until July 2022. In previous years ESFA would have updated the 2021/22 allocation by this stage but we only have the initial allocation due to the changes mentioned in earlier paragraphs as detailed in Table 3 below.

Table 3 Early Years Grant Funding 2021/22

	£m
Early Years Funding Element	2021/22 Original Budget
3 and 4 YO universal & extended offer	14.860
2 YO Disadvantaged offer	1.161
EY Pupil Premium	0.089
Disability Access Fund	0.048
MNS supplementary funding	0.850
Total 2020/21 Early Years	17.008

7. Central Services Schools block 2021/22

- 7.1. The CSSB block is forecast to outturn to budget. Any efficiencies or savings possible within the CSSB ahead of the notified further grant reduction in April 2022 will be passed through to support the High Needs Block pressure in year.

Report ends

