


Agenda Item 6

	London Borough of Hammersmith & Fulham SCHOOLS FORUM March 14th 2023	
DEDICATED SCHOOLS GRANT MONITORING QUARTER 3 2022/23		
Open		
Wards Affected: (All Wards); All		
Accountable Director: Jacqui McShannon, Strategic Director of Children Services		
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Purpose of the report This report updates forum on the 2021/22 quarter 3 budget monitoring position for the Dedicated Schools Grant covering: <ul style="list-style-type: none">• High Needs Block• Schools Block including dedelegated budgets• Central Services Schools Block• Early Years Block		

1. Introduction

- 1.1. This paper sets out:
- Carry forward balances at 1st April 2022
 - Forecast variances in each of the blocks of the Dedicated Schools Grant in 2022/23
 - Projected closing balances at 31st March 2023
 - Changes in 2022/23 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 2022/23 financial year at quarter 3.

Table 1 – Accumulated Adjusted DSG Carry Forward from 2021/22 (balances at 31/03/22 and forecast balances at 31/03/23)

Dedicated Schools Grant (DSG) Balances by Block			
Figures in red and brackets represent surplus	Balances 31/03/22	2022/23 Forecast Variance	Forecast Balance 31/03/23
	£m	£m	£m
Schools Block	(0.065)	(0.056)	(0.121)
Central Services Schools Block	0	0	0
High Needs Block (including Safety Valve £4m)	11.820	(4.006)	7.814
Early Years Block	(0.234)	0.234	0
TOTAL DSG	11.521	(3.828)	7.693

3. Schools Block and Maintained De-delegation 2022/2023

- 3.1. The £0.065m Schools Block surplus carry forward at 31/03/22 relates to the underspend on maintained primary de-delegated budget in 2021-22.
- 3.2. A total of £0.240m contingency budget for schools in financial difficulty is available in 2022/23 to support maintained primary schools.
 - £0.065m Schools Block surplus carry forward at 31/03/22 relates to the underspend on the maintained primary de-delegated budget in 2021-22 for Schools in Financial Difficulty
 - £0.175m is available from the agreed budget for 2022/23
- 3.3. The proposed allocations totalling £162,000 from the contingency for Schools in Financial Difficulty for 2022/23 are set out below.
- 3.4. Appendix 1 Details Contingency funding support paid and proposed in 4 year period 2019/20 to 2022/23.
- 3.5. The following should be noted with respect to this recommendation:
 - This funding support is a short-term measure to support schools with low levels of retained balances where cost increases above the budgeted level have led to a deficit in retained balances pending the realisation of the benefits of cost reductions.
 - The schools concerned have evidenced a sustainable medium term budget position following mitigating actions around cost reductions and efficiencies.
 - Financial support from the de-delegated contingency to support restructure costs and short-term deficits are expected to be one-off support to schools within the planning cycle.
 - The schools benefitting from this support should not expect further support from the contingency for schools in financial difficulty in the short to medium term.

- Financial support will meet direct restructure costs and balance of short-term deficit.
- Schools ordinarily, are expected to meet the costs of redundancies and other restructure costs from within the delegated schools budget.

3.6. Schools Forum are asked to approve the allocations for payment subject to virtual review and approval of a subgroup of the Schools Forum.

Table 2 – Recommended Allocation of De-delegated Contingency for Current Requests Schools in Financial Difficulty 2022/23.

Maintained Primary	Contingency Support Recommended	Support Provided for:
	£	
Flora Gardens Primary	72,000	Tight budget position, significant restructure and cost reductions through staff turnover achieved. Short term budget support 2022/23 needed with respect to short term deficit with time lag on cost reduction measures. Support with significant restructure costs at £72,000.
Avonmore Primary	60,000	Tight budget position, significant restructure, cost reductions and income generation. Short term budget support 2022/23 needed with respect to short term deficit with time lag on cost reduction measures. Includes £10,000 for redundancy.
Kenmont Primary	30,000	Short Term budget issue 2022/23 driven by temporary reduction in nursery numbers (now recovering), short term exceptional staffing costs not covered by insurance. This is within a context of operation over recent years with low levels of reserves and unbudgeted system wide cost increases. Long term sustainable budget presented with roll expected to improve in years 5 and 6 following linked school status with Queens Park Community School, QPCS
Total Proposed	162,000	
Available Budget	240,000	
Fund Balance c/f	78,000	

- 3.7. The Schools Block budget 2022/23 is summarised below in Table 3. There is a de-delegated underspend forecast on the maintained primary fund of £0.121m:
- £0.078m underspend on contingency for schools in financial difficulty per Table 2.
 - £0.043m underspend forecast on de-delegated School Effectiveness Service due to part year vacancy in the service.
- 3.8. Proposals for the expected carry forward of de-delegated underspend will be reported to Schools Forum in the Summer term with the 2022/23 Dedicated Schools Grant Outturn report.

Table 3 - Schools Block Forecast 2022/23

	£m	£m	£m
	2022/23 Budget	2022/23 Forecast	2022/23 Variance
Schools Block delegated (after academy recoupment)	37.276	37.276	0
Falling Rolls Fund	0.200	0.200	0
Maintained schools de-delegated Budget	0.666	0.545	(0.121)
Maintained schools de-delegated underspend b/f from 2021/22	0.066	0.066	0
Maintained schools Education Functions	0.258	0.258	0
Transfer to High Needs Block	0.556	0.556	0
Total Schools Block	39.022	38.901	(0.121)

4. Central Services Schools block 2022/23

- 4.1. The £2.817m CSSB block is forecast to outturn to budget with no variances to budget expected.
- 4.2. A planned contribution of £1.319m to support the High Needs Block in 2022/23 is expected to be achieved.
- 4.3. Any underspend within the CSSB ahead of the notified further grant reduction in April 2023 will be passed through to support the High Needs Block pressure in year.

5. High Needs Block 2022/23

- 5.1. The retained HNB deficit at 31/03/22 was £11.8m after receipt of High Needs Safety Valve funding of £6m and £4.5m in 2020/21 and 2021/22 respectively.
- 5.2. The High Needs Block is forecast to be broadly balanced in 2022/23 financial year due to an underspend of £0.006m after:

- High needs funding allocation of £27.927m in 2022/23 excluding academy recoupment funding.
 - Contribution of £0.556m from agreed Schools Block Transfer
 - Contribution of £1.319m from Central Services Schools Block
 - Benefit of final surplus of £0.179m on Early Years Block 2021/22 after final funding adjustments,
- 5.3. A retained closing deficit of £7.813m is forecast on the High Needs Block in 2022/23 after further High Needs Block Safety Valve funding of £4m expected.
- 5.4. A further £6m of High Needs Safety Valve funding is expected with respect to the remaining deficit, with £3m in 2023/24 and 2024/25 financial years respectively.

6. Early Years Block 2022/23

- 6.1. Early years DSG closed with a provisional retained surplus in 2021/22 of £0.234m, subject to final funding adjustments by the ESFA.
- 6.2. Final funding for 2021/22 was reduced by £0.051m leaving revised surplus balance of £0.179m.
- 6.3. This balance will offset against the High Needs Block retained deficit balance carried forward from 2021/22 of £11.820m. Schools Forum are asked to note this as an essential contribution to balance the in-year High Needs expenditure versus available funding – see paragraph 5.1.

Table 4 Early Years Grant Funding 2022/23

	£m	£m	£m
Early Years Funding Element	2022/23 Original Budget	2022/23 Revised Allocation	Change in Funding
3 and 4 YO universal & extended offer	13.388	13.056	(0.332)
2 YO Disadvantaged offer	0.906	1.048	0.142
EY Pupil Premium	0.095	0.092	(0.003)
Disability Access Fund	0.051	0.051	0
MNS supplementary funding	0.733	0.702	(0.031)
Total 2022/23 Early Years	15.173	14.948	(0.225)

- 6.4. The Early Years block is forecast to spend to budget in 2022/23 based on current data available.
- 6.5. In the 2022/23 financial year, the ESFA reverted to using January headcounts to determine the annual allocation. As funding will follow participation the individual headcount numbers, it is expected that funding will be adequate to cover the costs incurred.

- 6.6. The Early Years Block is adjusted retrospectively each year so the final funding allocation for 2022/23 will not be known until July 2023.

Report ends

Item 6, Appendix 1 - Contingency Funding for Schools In Financial Difficulty 2019/20 to 2022/23 (Including 2022/23 Recommended)

Maintained Primary Fund Only

	2019/20	2020/21	2021/22	2022/23 Proposed	Total
School	£	£	£	£	£
Avonmore Primary School				60,000	60,000
Flora Gardens Primary School	31,000			72,000	103,000
Kenmont Primary				30,000	30,000
Melcombe Primary School			106,700		106,700
Miles Coverdale Primary School	46,000				46,000
Old Oak Primary School	108,000		34,887		142,887
St Paul's CofE Primary School			15,409		15,409
St Thomas Of Canterbury Catholic Primary			26,791		26,791
Total Paid	185,000	-	183,787	162,000	530,787