


## Agenda Item 6

	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>SCHOOLS FORUM</b></p> <p style="text-align: center;"><b>Tuesday 3<sup>rd</sup> October 2023</b></p>
<b>DEDICATED SCHOOLS GRANT MONITORING QUARTER 2 2023/24</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 2022/23 closing balances on the Dedicated Schools Grant 2022/23  The 2023/24 quarter 2 budget monitoring position after updates to the allocation received in July 2023 from the Education and Skills Funding Agency (ESFA).  It also includes the forecast accumulated Dedicated Schools Grant (DSG) carry forward deficit position.	

### 1. Introduction

#### 1.1. This paper sets out:

- Carry forward balances at 1<sup>st</sup> April 2023
- Forecast variances in each of the blocks of the Dedicated Schools Grant in 2023/24.
- Projected closing balances at 31<sup>st</sup> March 2024
- Changes in 2023/24 dedicated schools grant allocations advised by the Education and Skills Funding Agency (ESFA)

### 2. Summary Position

2.1. Table 1 below shows the high-level position for 2023/24 financial year at quarter 1.

**Table 1 – Accumulated Adjusted DSG Carry Forward from 2022/23 (balances at 31/03/23 and forecast balances at 31/03/24)**

<b>Dedicated Schools Grant (DSG) Balances by Block</b>				
<b>Figures in red and brackets represent surplus</b>	<b>Balance 31/03/23</b>	<b>2023/24 Forecast Variance</b>	<b>Forecast Balance 31/03/24</b>	<b>Comments</b>
	£m	£m	£m	
Schools Block	(0.315)	0.315	0	22/23 maintained schools balance held for reimbursement for schools in financial difficulty
Central Services Schools Block	0	0	0	Nil variance after budgeted £0.908m transfer to support HNB expenditure
High Needs Block (including Safety Valve £4m)	4.749	(1.901)	2.848	Final 2022/23 retained deficit after £7m Safety Valve funding received in 2022/23 financial year. Further £1.5m Safety Valve funding expected in 2023/24.
Early Years Block	(0.575)	0.643	0.068	Retrospective clawback of £0.643m confirmed. Leaves final Early Years deficit 2022/23 of £0.068m versus funding received.
<b>TOTAL DSG</b>	<b>3.859</b>	<b>(0.943)</b>	<b>2.916</b>	

### 3. High Needs Block

3.1. The High Needs Block is forecast to underspend by £0.401m versus the funding allocation in 2023/24. This represents a significant improvement versus overspend on High Needs over recent years. This is after the application of £0.908m transfer from Central Services Schools Block and £1.154m transfer from the Schools Block.

3.2. The retained HNB deficit at 31/03/22 was £4.749m after receipt of £17.55m of agreed Safety Valve funding since the commencement of the agreement. The retained deficit is forecast to reduce to £2.848 at 31/03/24

following the expected receipt of £1.5m further safety valve funding in 2023/24 financial year.

- 3.3. The £2.848m balance of the retained HNB deficit at 31/03/24 is forecast to reduce further by 31st March 2026 following further expected receipts of £1.5m of DfE Safety Valve funding expected in 2024/25 and small forecast surpluses versus High Needs Block funding over the medium term.
- 3.4. It should be noted that inflationary pressures in the wider economy since early 2022 may drive unbudgeted cost pressures from 2023/24 and over the medium term. Such pressures will be monitored closely.

#### 4. Schools Block and Maintained De-delegation 2023/24

- 4.1. The £0.315m Schools Block surplus carry forward at 31/03/23 relates to the underspend on the dedelegated contingency fund for schools in financial difficulty. Of this, £0.162m was proposed at the March 2023 Schools Forum as contingency support for 3 schools in financial difficulty. Requests are linked to clear medium term deficit reduction plans. The process with respect to these requests will progress in the Autumn Term 2023.

**Table 2 - Schools Block Forecast 2023/24**

	£m	£m	£m
	2023/24 Budget	2023/24 Forecast	2023/24 Variance
Schools Block delegated (after academy recoupment)	37.595	37.595	0
Falling Rolls Fund	0.200	0.200	0
Maintained schools de-delegated Budget	0.691	0.691	0
Maintained schools Education Functions	0.262	0.262	0
Transfer to High Needs Block	1.154	1.154	0
<b>Total Schools Block received by LBHF</b>	<b>39.902</b>	<b>39.902</b>	<b>0</b>

- 4.2. Future requests from the balance of carried forward funding and the 2023/24 budget for maintained primary schools in financial difficulty will be progressed with the maintained schools sub-group of the schools forum and reported at subsequent meetings as these requests are made. No further formal requests for contingency funding have been made to date. However, more are expected as schools work through a challenging financial context and as the impact of salary increases on budget plans become clear.
- 4.3. Projected underspends and use of retained balances in the 2023/24 schools block are indicated in Table 2. At the present time it is assumed the £0.315m retained balance will be allocated and disbursed in 2023/24 financial year.

- 4.4. The falling rolls fund of £0.200m in the 2023/24 budget will be allocated to schools in accordance with grant regulations and Schools Forum budget decisions. Further work will take place in the Autumn Term 2023 to consider bids for funding from mainstream schools for consideration and agreement by the Schools Forum Falling Rolls Subgroup.

## 5. Early Years Block 2023/24

- 5.1. The £0.575m surplus carry forward at 31/03/2023 related to an expected retrospective clawback of grant by the ESFA following the January 2023 census count.
- 5.2. Clawback was confirmed by the Education Skills Funding Agency in July 2023 at £0.643m, resulting in an effective final deficit on the Early Years Block of £0.068m for 2023/24. Detailed monitoring will be needed in 2023/24 financial year to understand if the Early Years deficit carried forward can be recovered in the 2023/24 financial year.
- 5.3. The Early Years block is currently forecast to spend to budget in 2023/24 based on current data available. Funding versus activity will be monitored closely.

**Table 3 Early Years Grant Funding 2023/24**

	£m
Early Years Funding Element	2023/24 Budget
3 and 4 YO universal & extended offer	13.358
2 YO Disadvantaged offer	1.153
EY Pupil Premium	0.095
Disability Access Fund	0.051
MNS supplementary funding	0.814
<b>Total 2023/24 Early Years</b>	<b>15.471</b>

- 5.4. Additional supplementary funding was announced in the Summer resulting in additional funding via the Early Years Supplementary Grant for existing entitlements from September 2023.

**Table 4 Existing and Additional EYSG rates as they will be paid by H&F**

Entitlement		Core Rate/Hr 23-24	Additional EYSG Rate/Hr
Disadvantaged	2 year olds	£7.56	<b>£3.24</b>
universal	3 and 4 year olds	£6.48	<b>£0.08</b>
extended hours	3 and 4 year olds	£6.48	<b>£0.08</b>
Early Years Pupil Premium (EYPP)	3 and 4 year olds only	£0.62	<b>£0.04</b>

Disability Access Fund (DAF)	3 and 4 year olds only	£828.00	<b>£30.92</b>
Maintained Nursery Schools	Supplement	£6.32	<b>£0.35</b>

5.5. The Additional EYSG rate will be passed through to providers in its entirety for government funded hours for the period September 2023 to March 2024.

**6. Central Services Schools block 2023/24**

6.1. The CSSB block is forecast to outturn to budget at £2.421m, including the £0.908m budgeted contribution to the High Needs block.

**Report ends**