


### Agenda Item 3

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>SCHOOLS FORUM</b></p> <p align="center"><b>8<sup>th</sup> July 2025</b></p>
<b>Dedicated Schools Grant Outturn 2024/25</b>	
<b>Open</b>	
<b>Classification</b> - For scrutiny, review and comment	
<b>Key Decision:</b> No	
<b>Wards Affected:</b> All	
<b>Accountable Director:</b> Jacqui McShannon, Executive Director of People	
<b>Report Authors:</b> Peter Haylock – Operational Director of Education and SEND Tony Burton – Head of Finance Children’s Services and Education	
<b>Purpose of the report:</b> This report confirms the 2024/25 outturn for the Dedicated Schools Grant and Balances Held at 31 <sup>st</sup> March 2025.	

## 1. Overview of Dedicated Schools Grant Outturn 2024/25

1.1. The summary outturn position on the Dedicated Schools Grant (DSG) for the 2024/25 accounted for by LBHF in the financial year is outlined below.

DSG Block	2024/25 Funding	2024/25 Outturn	2024/25 Variance	Comments
	£m	£m	£m	
Schools Block	35.828	35.828	0	Budget after academy recoupment of £80.755m & transfer to High Needs block
Central Services	2.112	2.112	0	Nil variance after £0.742m support to HNB expenditure
High Needs Block	34.083	35.046	0.963	Funding is after academy recoupment of £5.096m but includes £1.179m transfer from Schools block. <b>Baseline overspend of £5.254m before mitigations - see section 4</b>
Early Years Block*	18.508	17.964	(0.544) Favourable	Favourable position pending 2024/25 ESFA adjustment. Positive funding adjustment expected - £0.167m in Summer 2025
<b>Total</b>	<b>90.531</b>	<b>90.950</b>	<b>0.419</b>	Net overspend £0.419m

\*Note: Early Years Allocation is provision pending Summer 2025 Final Adjustments TBC

- 1.2. Due to the retained deficit position on the DSG, it is expected that favourable variances across the 4 funding blocks offset the retained overall deficit on grant funding held on the balance sheet.
- 1.3. Many local authorities in England currently have DSG deficits, frequently resulting from pressures on their high needs budgets. Since 2020, the government has allowed local authorities to exclude DSG deficits from their main revenue budgets. This accounting treatment ('the statutory override') means local authorities do not breach their statutory duty to set a balanced budget.
- 1.4. The statutory override initially covered the financial years to 2020/21, 2021/22 and 2022/23, but the override period was subsequently extended to cover years up to and including the 2025/26 financial year.

## 2. Schools Block Outturn 2024/25

- 2.1. Summary Schools Block Expenditure for 2024/25 is detailed below.

<b>Schools Block</b>	<b>2024/25</b>	<b>2024/25</b>
	<b>£m</b>	
Maintained Primary Budget Shares Passported	34.932	
Maintained De-delegated and Education Functions budget	0.896	
<b>Total Schools Block received for maintained primary schools</b>		<b>35.828</b>
Schools Block transfer to High Needs by disapplication agreed	1.179	
Academy recoupment	80.755	
NNDR Recouped	1.273	
<b>Total block movements and recoupment</b>		<b>83.207</b>
<b>Total Schools Block 2024/25</b>		<b>119.035</b>

- 2.2. £34.932m for agreed maintained primary budget shares were passported to schools in 2024/25. In addition, £0.031m de-delegated budget for school licences was paid back to schools as this expenditure is now directly incurred by schools.
- 2.3. A small £3,349 underspend on the budget for schools in financial difficulty was used to fund cost increases across trade union facilities and free school meals eligibility checking.

- 2.4. Payments totalling £0.096m were made from the limited maintained primary school fund for Schools in Financial Difficulty contingency in 2024/25. This was to 3 maintained primary schools following consultation with maintained primary school representatives on the Schools Forum. This related to restructure costs as part of deficit recovery or deficit avoidance planning work.
- 2.5. The following further grant values were recouped from the Hammersmith and Fulham schools block allocation by the Education and Skills Funding Agency:
- £80.755m with respect to funding for mainstream academy schools
  - £1.273m with respect to non-domestic rates (Business Rates for mainstream schools)
- 2.6. A block transfer of 1% of the schools block was agreed in Spring 2024 at £1.179m. This was deployed to support High Needs block expenditure as planned in the budget following the agreed disapplication process as part of budget setting.

### 3. Central Services Schools Block

- 3.1. The Central Services Block has been fully deployed in 2024/25.
- 3.2. The budget for support to the High Needs from The Central Services Block was able to be increased due to favourable variances to budget on other budget lines via cost reductions and application of other applicable grants.

### 4. High Needs Block

- 4.1. Summary High Needs Block Expenditure for 2024/25 is detailed below.

High Needs	2024/25	2024/25
	£m	£m
Expenditure Incurred by the LA	38.158	
High Needs ESFA Recoupment	5.096	
<b>Total High Needs Spend Gross 2024/25</b>		<b>43.254</b>
Total High Needs Funding 2024/25		(38.000)
<b>Total Baseline Overspend 24/25</b>		<b>5.254</b>
Less: 24-25 mitigations at Outturn		(4.291)
<b>Mitigated overspend</b>		<b>0.963</b>

- 4.2. The 2024/25 High Needs overspend before mitigations was £5.254m gross, £0.963m after mitigations

Mitigated by:

- £1.179m Schools Block Transfer (planned)
  - £0.960m Safety Valve Funding (planned final payment)
  - £0.742m Central Services Schools Block (£0.511m planned to £0.742m)
  - £1.00m one-off contribution from council reserves for 2024/25 agreed as part of the Safety Valve plan.
  - £0.410m Investment in high needs early intervention services from available Education Section 106 resources.
- 4.3. The High Needs Block is seeing continued pressures from sustained demand, increasing complexity of needs and inflationary impacts of on costs in the high needs system.
- 4.4. Expenditure on special educational needs statutory services has exceeded DSG grant funding and other mitigations in 2024/25. A final grant receipt of £0.960m under the Safety Valve agreement was received in 2024/25 taking the total and final funding received through this mechanism to £20.5m over the period of the Safety Valve agreement
- 4.5. The total retained deficit relating to the high needs overspend is £2.663m at 31<sup>st</sup> March 2025. Growing pressures and more limited mitigation options from 2025/26 presents a challenging picture for Hammersmith and Fulham and reflects the position across much of England.

## **5. Early Years Block**

- 5.1. The 2024/25 grant allocation is subject to retrospective adjustment by ESFA in Summer 2025 when they are due to be revised for the January 2025 census.
- 5.2. 2024/25 Early Years final position is an underspend of £0.544m. A breakdown of outturn variances after expected £0.167m additional funding is as follows:

<b>Budget Area</b>	<b>March 2025 EY DSG Budget £m</b>	<b>Estimated Final (Surplus) /Deficit £m</b>
Contingency – includes £0.062m used for 2023/24 clawback of DSG following January 2024 census	0.195	(0.133)
Special Educational Needs Inclusion Fund	0.623	(0.102)
Participation – All Offers/Entitlements	15.264	(0.167)
Maintained Nursery Lump Sum	0.397	0
Central Expenditure	0.850	(0.100)
EY Pupil Premium and DAF	0.190	(0.042)
Maintained Nursery Supplement	0.989	0
<b>Total</b>	<b>18.508</b>	<b>(0.544)</b>

- 5.3. The favourable outturn presented for 2024/25 includes estimated accruals of £0.167m additional funding income with respect to expected retrospective funding adjustments across all government funded entitlements. This is following an overall increase in activity versus the March 2025 provisional funding allocation which has created a funding upside versus participation led activity,

**Report ends**