



Schools Forum

Report title: Dedicated schools grant (DSG) 2023/24 final, 2024/25 update

Date: 24th October 2024

Key decision: No.

Item number 5

Outline and recommendations

2023/24 DSG revised outturn position following finalisation of the Early Years (EY) pupil number data

- Schools forum to note final position with regards the 2023/24 position
- To note following validation process:
 1. Of the £1.4m £1m value of clawback, value of funds that can be maintained by LA £0.4m,
 2. funding implications of the EY supplementary Grant (2023/24), £155k
 3. request for balance to support the High Needs Block (HNB) recognising the pressure on the HNB £255k
- **Note the 2024/25 DSG position** updated from December 2023, initial allocation for:
 - schools block - recoument by Education and Skills Funding Agency (ESFA) to fund recent converter academy schools directly.
 - updated EY funding, following validation of the January pupil count.
- Note the confirmation of the teachers' pay award at 5.5% and supporting grant, with the expectation that 1.2% is met by schools directly. Each school will be affected variably depending on their teaching costs and how they confirm with the methodology.
- Note that advised by DfE changes per se expected with exception of PFI. Funding update for 2025/26 will be headlines in mid November and final allocations in late December.
- June 2024 budget plans submitted by schools - initial feedback for Schools Forum to note.

Timeline of engagement and decision-making

Decisions for school's forum:-

- Agree the use of the £400k funding remaining from the Early Years (EY) block post the 2023/24 data validation to fund the clawback of the Early Years Grant of £155k, and agree to transfer the remaining £245k to support the overspend on the high needs block.

Remainder of the report is for information.

1. Summary

- 1.1. The purpose of this report is to update schools forum on various financial information including:

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- 2023/24 Dedicated Schools Grant (DSG) final outturn following data validation.
- 2024/25 updated DSG (July 2024) and projected outturn.
- Update on Pay Awards and associated supported funding.

2. DSG 2023/24 final position

2.1. Schools Forum will be aware that the DSG position for 2023/24 remained provisional pending the finalisation of the Early Years (EY) Data (January 2024). We have now received the DSG final position and can confirm as per table 1 below.

Table 1

2023/24	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
Total Lewisham Allocation	231.0	3.3	76.9	23.8	335.0
Less ESFA adjustments	-52.6	0.0	-0.4	0.0	-53.1
Total Cash Allocation	178.4	3.3	76.4	23.8	282.0
Expenditure	-177.7	-4.7	-79.6	-23.4	-285.4
Transfers	-0.7		0.7		0.0
Met from General Fund		1.4			1.4
Net position	0.0	0.0	-2.5	0.4	-2.0

2.2. The table above notes the following

- Schools Block shows as balanced for 2023/24.
- Central School Services Block (SSSB) supplemented from Council resources
- High Needs Block shows an overspend of circa £2.5m. This will add to the overall position and now shows a cumulative position of £15.5mm (assuming 2024/25 concludes with a £2.4m overspend that will rise to £18m).
- Early Years Block- following the finalisation of the data validation exercise, the funding to the LA has been reduced by £1.03m.

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Table 2 EY Block

LA Number	LA Name	Adjustment						Total
		Universal 3-4 year old entitlement funding	Additional 3-4 year old funding for working parents	TWO-YEAR-OLD ALLOCATIONS	EYPP	SUPPLEMENTARY DEDICATED SCHOOLS GRANT FUNDING FOR 3-4 YEAR OLDS FOR		
		Amount LA allocated for universal 3-4 year old entitlement funding for the first year	Amount LA allocated for additional hours for 3-4 year olds	Total funding to LAs for 2-year-olds	Early Years' Pupil Premium	Disability Access Fund	Maintained nursery school supplementary funding	
209	Lewisham	-£564,595	-£218,002	-£252,769	£10,655	£0	-£5,950	-£1,030,661

2.3. This reflects reduction in numbers and leaves circa £400k.

2.4. Unfortunately, the DfE has advised that the Early Years Supplementary Grant would also require adjustment with a consequence of further clawback from the Local Authority of £155k (table 2 below). Please see table below showing the extra from DfE remittance slip. Schools forum is asked to approve the use of £155k from the £400k, leaving a £245k balance.

Schools forum is requested to approve the transfer of £245k to support the High Needs Block in 2024/25. It should be noted that the funding previously agreed of circa £600k will be used to support those schools with higher than average EHCP so effectively is being returned to schools.

Table 3

UKPRN	Total Recovery / Payment	LA No	LA Name	Message to Recipient (Remittance advice)
10003895	-£154,624.00	209	Lewisham	FY23/24 EYSG adjustment

3. DSG 2024/25

3.1. Table 4 below shows the revised funding allocation for Lewisham.

3.2. The table shows the adjustment for academy recoupment – effectively the DfE/ESFA will hold back funds to enable funding for Lewisham schools that are Academies. The EY block remains provisional pending the January 2025 pupil validation exercise. The EY block has however been revised following on from the January 2024 Census return (initially set at £41.m).

Table 4

2024/25	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
Total Lewisham Allocation	240.7	3.0	79.0	38.9	361.6
Less ESFA adjustments	-89.1	0.0	-0.7	0.0	-89.8
Total Cash Allocation	151.6	3.0	78.3	38.9	271.8
Expenditure	-151.0	-4.7	-81.4	-38.9	-276.0
Transfers	-0.6		0.6		0.0

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Met from GF		1.7			1.7
Net position forecast	0.0	0.0	-2.5	0.0	-2.5

3.3. Following on from above the revised budgets within EY, this position now stands provisionally as shown in table 5 below. It should be noted that the EY block is likely to have further adjustments, potentially linked to the under 2s offer and appropriate census return updates.

Table 5

Description		£m
3 and 4 year old hourly rate	87.05%	20.01
SENif	2.69%	1.65
Deprivation	3.63%	0.84
Contingency	1.74%	0.63
Early Years Quality and Sufficiency Team	4.90%	1.88
Formula Driven Element 3 and 4 year old	100.00%	25.00
Disability Access Funding		0.18
Early Years Pupil Premium		0.18
Nursery Schools Supplementary Funding		0.48
2 year old entitlement		13.06
Total Provisional Early Years Block		38.90

4. Teachers Pay Offer

4.1. Schools forum will be aware that shortly after the end of the summer term, the DfE announced agreement towards a 5.5% uplift for all teaching staff. At the time of the announcement the DfE also noted that it would be supported by specific funding – to this end a new grant has been announced. Full details can be found in the following link:

[Core schools budget grant \(CSBG\) 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/core-schools-budget-grant-csbg-2024-to-2025)

4.2. The schools specific information has now been received and the schools funding tool is updated accordingly.

4.3. Based on the guidance we anticipate the funding rates outlined below

Primary and Secondary	National	Lewisham ACA	Lewisham Figure
	£	£	£
Primary	76	1.187	90.19
KS3	108	1.187	128.16
KS4	122	1.187	144.77
Lump Sum	2900	1.187	3441.31
FSM 6 Primary	70	1.187	83.07
FSM 6 Secondary	100	1.187	118.67

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Special Schools	610	1.212	739.06
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- 4.4. It should be further noted that the funding is for seven months, reflecting the September to March position. It is highly likely that the funding for 2025/26 will be rolled into the main DSG.
- 4.5. It should be noted that any funding can only be assumed as a contribution to the overall increase in teaching costs. Whilst the DfE suggests this is fully funded, the pay review body suggested that the initial 1.2% can be met from schools' budgets. Therefore there is possibly 4.3% support. Again, funding for individual schools will vary depending on their level of staffing and what 5.5% means for each school. Those with high staffing costs will naturally have a lower contribution from the grant. For those schools that do have a balance remaining, that can be used to support some of the support staff costs.
- 4.6. Funding for EY is based on the EY funding formula (localised to allow for floors and ceilings). The DfE has noted for Lewisham an increase of 11p (6p if adjusted for 7 months) for all providers with EY settings, and 57p (33p if adjusted for 7 months) for the nursery schools. The expectation is a total £233k.
- 4.7. It should be noted that there remains a level of ambiguity if the funding for mainstream schools is indeed 7 months as the main CSBG appears to be 7 months advised – the EY grant is demonstrated at annual then pro-rated down.

5. Other Grants and 2025/26 DSG

- 5.1. At the time of writing, DfE has confirmed that headline information will be known post autumn budget statement (likely Mid November), however the final detailed information will not be known until December. DfE has also confirmed no significant changes to overall formula with the exception of PFI – which the DfE is currently in engagement with Local Authorities.
- 5.2. Normally by now, the DfE would have announced provisional 2025/26 DSG uplift.

6. June Budget Plans 2024/2025 to 2026/27

- 6.1 Schools Finance has now received all the budget plans from schools. The Governing Body of each school has now been sent a letter confirming the health check of each school. The point of concern is the number of schools who are suggesting their inability to set a balanced three year budget. The main challenge here is difficulty in understanding how realistic the budgets are. Currently 35 schools are suggesting a deficit at the end of the 3 year period. At the end of 2023/24 we have 24 schools in deficit.
- 6.2 Going forward to strengthen support to schools, Lewisham will be inviting those schools with the highest risk to engage with a panel consisting of Director for Education, Head of Lewisham Learning, Head of Finance and HR.

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7. Financial implications

- 7.1. There are no direct financial implications arising from this report. The report does however recognise the reduction in the EY block funding as an outcome of the pupil validation exercise and the knock on effect.
- 7.2. The report recognises that after clawback there remains circa £400k and schools forum is asked to agree that £155k of this funding is used to support the shortfall from the Early Years Supplementary Grant.
- 7.3. Balance is transferred to support the ongoing pressure on the high needs block (£245k) recognising the pressure arising from support under 5's.
- 7.4. The report also notes the increasing number of schools suggesting they are not able to set a three year balanced budget. The report notes the strengthening of process by Lewisham to support these schools. Governing Bodies are required by the DfE to set a balanced budget position. Whilst many schools are undertaking preventative action, many are not taking advantage of the longer term planning to prevent doing into deficit. The report also noted schools with deficits – Lewisham Council is currently engaging with the schools to ensure robust Deficit Recovery Plans are in process.

8. Legal implications

- 8.1. There are no specific legal implication arising at this stage. It is to be noted that local authorities are obliged to publish annually a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools, and after each financial year to publish a statement showing outturn expenditure.

9. Equalities implications

- 9.1. At this stage there are no direct implications arising from this report. Equalities impact will need to be considered as the Council/ schools progresses options towards mitigating an overspend position in the associated budgets.

10. Climate change and environmental implications

- 10.1. Not applicable

11. Crime and disorder implications

- 11.1 Not applicable

12. Health and wellbeing implications

- 12.1 Not applicable

Report author and contact

Mala Dadlani Strategic Business Partner (CYP) mala.dadlani@lewisham.gov.uk

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