

Title of meeting: Cabinet Member Children, Families and Education

Date of meeting: 30 October 2024

Subject: Dedicated Schools Grant 2024-25 Quarter 1 Budget Monitoring and Revised Budget

Report by: Chris Ward Director of Finance

Wards affected: All

Cabinet Member Councillor Suzy Horton, Cabinet Member for Children, Families and Education

Key decision: Yes/No

Full Council decision: Yes/No

1 Purpose of report

1.1 The purpose of this report is to inform Cabinet Member of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2024-25 as at the end of June 2024, along with proposed budget revisions.

2 Recommendations

2.1 It is recommended that Cabinet Member:

2.1.1 Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 June 2024, together with the associated explanations contained within this report.

2.1.2 Approves the revisions to the 2024-25 budget as set out in Appendix 1 and section 8 of the report.

3 Background

3.1 The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.

3.2 In February 2024, the Cabinet Member for Children, Families and Education approved, and Schools Forum endorsed, the Original DSG budget for the 2024-25 financial year. This report provides Cabinet Member with the latest forecast of the year end outturn as at 30 June 2024, which is set out in the table below.

| Table 1 - Dedicated Schools Grant | | | |
|--|---------------------------------------|---|--|
| | Original budget 2024-25 £000's | Projected outturn 2024-25 £000's | Projected over / (under) spend £000's |
| Income | | | |
| DSG Brought forward 2023-24 | (11,480) | (11,480) | 0 |
| DSG and other specific grants | <u>(96,964)</u> | <u>(96,964)</u> | <u>0</u> |
| Total Income | (108,444) | (108,444) | 0 |
| Expenditure | | | |
| Schools block | | | |
| Primary ISB | 26,135 | 26,135 | 0 |
| Secondary ISB | 16,421 | 16,421 | 0 |
| De-delegated and growth fund | <u>2,198</u> | <u>2,198</u> | <u>0</u> |
| Total Schools block | 44,754 | 44,754 | 0 |
| Central School Service | 1,102 | 1,102 | 0 |
| Early Years block | | | |
| Nursery ISB | 22,874 | 22,874 | 0 |
| Other Early Years | 1,895 | 1,895 | 0 |
| High Needs block | | | |
| High Needs ISB | 389 | 389 | 0 |
| Other High Needs cost | 29,222 | 29,253 | 31 |
| Total Expenditure | 100,236 | 100,267 | 31 |
| DSG Carried forward | (8,208) | (8,177) | (31) |

3.3 Overall, the budget is forecast to overspend by £30,500, the details of which are set out in the sections below.

4 **Schools Block**

This is currently on budget. At the end of the first quarter, all notified Growth Fund allocations for 2024-25 have been paid. If no further payments are required due to bulge classes in autumn 2024, this will release £1.0m of funding to be carried forward to 2025-26 to support agreed commitments with schools.

5 **Early Years Block**

5.1 As in previous years the class lists for the summer term are not received until after the end of the first quarter. Therefore, the Early years budget is forecast on budget.

6 High Needs Block

- 6.1 The High Needs block is forecast to overspend by £30,500, the overspend relates to increased levels of need at the Harbour School in the first half of the summer term. It has been assumed that these costs will continue to the end of the financial year.
- 6.2 The remaining class lists for the summer term are due to be received at the end of the summer term and are therefore forecast on budget for the first quarter.

7 DSG Grant funding and carry forward balance

- 7.1 At the end of June, the DSG income reflects the original allocations approved in February 2024. Section 8 sets out the revisions relating to the March 2024 and July 2024 allocations relating to Early Years and, High Needs Block Import / Export adjustment and DSG recouplement.
- 7.2 As at the end of June 2024, the carry forward balance is projected to be £8.2m. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

| Table 2 - Forecast carry forward balance | £000 |
|---|--------------------|
| Brought forward balance as at 1 April 2024 | (11,480) |
| Schools specific contingency | 124 |
| Growth fund | 503 |
| Relational Practice 2024-25 | 179 |
| Shortfall in High Needs funding for 2024-25 | 2,467 |
| Carry forward balance | (8,207) |
| Projected 2024-25 outturn | 31 |
| Forecast carry forward | (8,176) |
| Future commitments | |
| Growth Fund budgeted carry forward to 2025-26 | 886 |
| Relational Practice Project 2025-26 and beyond | 247 |
| Contingency to manage in-year pressures | 2,179 ¹ |
| Uncommitted DSG carry forward | (4,864) |

8 Budget Revision 2024-25

- 8.1 In March 2024 and July 2024, the authority received adjustments to the DSG Allocations, which are summarised in the tables below.

¹ £2.210m approved by Cabinet Member for Children, Families and Education in February 2024, less £0.031m forecast overspend for the first quarter.

| Funding Blocks | December 2023 Allocation (including academies) | Revised March 2024 DSG variation (including academies) | Revised July 2024 DSG variation (including academies) | July 2024 Allocation (including academies) |
|-------------------------------|---|---|--|---|
| | £000 | £000 | £000 | £000 |
| Schools Block | 158,319 | 0 | 0 | 158,319 |
| Central School Services Block | 1,102 | 0 | 0 | 1,102 |
| Early Years Block | 24,769 | 507 | (292) | 24,983 |
| High Needs Block | 37,393 | 0 | 366 | 37,760 |
| Total DSG | 221,583 | 507 | 74 | 222,164 |

- 8.2 The Early Years funding was adjusted in March 2024 to reflect an increase of four weeks funding to 26 weeks for the period September 2024 to March 2025, for both pupil premium and the basic entitlement. The further reduction in July reflects the hours on the January 2024 census. The corresponding Early Years expenditure budgets have been adjusted to reflect the movement in hours and are detailed in Appendix 1.
- 8.3 The High Needs Block increase relates to the annual import/export adjustment of £372,000 minus £6,000 for the anticipated further adjustment expected in November.
- 8.4 The Table below sets out the DSG funding that the authority expects to receive for 2024-25.

| | July 2024 allocation (excluding academies) | November import export adjustment | Revised DSG allocation (excluding academies) |
|-------------------------------|---|--|---|
| | £000 | £000 | £000 |
| Schools Block | 44,127 | 0 | 44,127 |
| Central School Services Block | 1,102 | 0 | 1,102 |
| Early Years Block | 24,983 | 0 | 24,983 |
| High Needs Block | 27,374 | (6) | 27,329 |
| Total DSG | 97,587 | (6) | 97,582 |

High Needs

- 8.5 The Element 3 Top-up budgets have been adjusted to reflect the net increase in funding to reflect the import/export adjustment in July 2024. Appendix 1 sets out the changes to the Post-16 and Independent and specialist providers budgets.
- 8.6 Since setting the budget in February 2024, the authority has received confirmation of the recoupment of Special School and Inclusion Centre place

funding for the 2024-25 financial year and there is a variation of £41,300 less than anticipated. The movements are set out in Appendix 1.

9 Core Schools Budget Grant 2024-25

9.1 In July 2024 the government announced £1.1bn of funding via a new grant (Core Schools Budget Grants 2024-25) to support mainstream and special schools with their overall costs in the 2024-25 financial year in particular the 2024 teacher pay award. The total grant that will come to Portsmouth Schools won't be confirmed until November 2024.

9.2 The DfE has issued a calculator to enable mainstream schools to estimate the funding they will receive. The authority will pass the funding on to schools at the published rates. At the time of writing this report a consultation regarding the proposed options for payment of the grant to Special Schools is being developed. The grant is expected to be incorporated into the Schools Block and High Needs Block in 2025-26.

9.3 Specific new grants will be provided for Early Years and Post-16 settings, and this is expected to be announced in the operational guidance when it is published.

10 Reasons for recommendations

10.1 It is recommended that Cabinet Member notes the contents of the report in respect of the financial forecast for 2024-25 as at the end of the first quarter and approves the amendments to the budget for 2024-25 for the reasons set out in section 8 and Appendix 1.

11 Integrated impact assessment

11.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.

12 Legal implications

12.1 There are no legal implications arising directly from the recommendations in this report.

13 Director of Finance's comments

13.1 Financial comments and implications are included in the body of this report.

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Signed by: Chris Ward, Director of Finance and Resources



Appendices:

Appendix 1: Dedicated Schools Grant Revised Budget 2024-25

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|---|--|
| School and Early Years Finance and Childcare (Provision of information about young people) (Amendment) (England) Regulations 2024 | The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 (legislation.gov.uk) |
| Budget monitoring working papers 2024-25 | Children, Families and Education Finance Team. |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

Appendix 1 Dedicated Schools Grant Revised Budget 2024-25

| | Approved 2024-25 Budget - Feb 2024 (inc. Academies) | Proposed Budget Revisions | 2024-25 Schools Budget Revised 2024 (Including Academies) | 2024-25 Schools Budget Revised 2024 (Excluding Academies) |
|--|---|---------------------------------|---|---|
| | £000 | £000 | £000 | £000 |
| Schools Block | | | | |
| Individual Schools Budgets (ISB) | | | | |
| Primary | 79,638 | 0 | 79,638 | 26,135 |
| Secondary | 76,496 | 0 | 76,496 | 16,421 |
| Total ISB | 156,134 | 0 | 156,134 | 42,556 |
| De-Delegated and Central Budgets | | | | |
| Growth Fund | 1,994 | 0 | 1,994 | 1,994 |
| De-delegated Budgets | 205 | 0 | 205 | 205 |
| Other Schools Block Sub Total | 2,198 | 0 | 2,198 | 2,198 |
| Total Schools Block | 158,332 | 0 | 158,332 | 44,754 |
| Central School Services Block | | | | |
| Schools Forum | 17 | 0 | 17 | 17 |
| Admissions | 362 | 0 | 362 | 362 |
| Licences (negotiated by DfE) | 162 | 0 | 162 | 162 |
| ESG retained duties | 510 | 0 | 510 | 510 |
| Central Teachers Pay /pensions grant | 51 | 0 | 51 | 51 |
| Central School Services Block Total | 1,102 | 0 | 1,102 | 1,102 |
| Early Years Block | | | | |
| 3 & 4 Year Old Provision ¹ | 14,427 | 232 | 14,659 | 14,659 |
| 2 Year Old Provision | 6,500 | (512) | 5,988 | 5,988 |
| Under 2s | 2,644 | 481 | 3,124 | 3,124 |
| Central Expenditure on under 5's | 1,198 | 14 | 1,212 | 1,212 |
| Early Years Block Total | 24,769 | 215 | 24,983 | 24,983 |
| High Needs Block | | | | |
| Individual Schools Budgets | | | | |
| Special School Place Funding | 7,308 | (67) | 7,242 | 67 |
| Resource Unit Place Funding | 952 | 25 | 977 | 226 |
| Alternative Provision Place Funding | 1,370 | 0 | 1,370 | 97 |
| Total ISB | 9,630 | (42) | 9,588 | 389 |
| Element 3 Top-up funding | 19,519 | 78 | 19,597 | 19,597 |
| Out of City Placements | 3,965 | (18) | 3,947 | 3,947 |
| SEN Support Service | 1,259 | 0 | 1,259 | 1,259 |
| Medical Education | 681 | 0 | 681 | 681 |
| Outreach Services | 320 | 0 | 320 | 320 |
| Turnaround Project | 100 | 0 | 100 | 100 |
| Fair Access Protocol | 60 | 0 | 60 | 60 |

| | Approved 2024-25 Budget - Feb 2024 (inc. Academies) | Proposed Budget Revisions | 2024-25 Schools Budget Revised 2024 (Including Academies) | 2024-25 Schools Budget Revised 2024 (Excluding Academies) |
|--|--|--|--|--|
| | £000 | £000 | £000 | £000 |
| Early Years Complex Needs Inclusion fund | 1,609 | 0 | 1,609 | 1,609 |
| Post-16 high needs places | 1,186 | 0 | 1,186 | 0 |
| Teachers Pay/Pension grants High Needs | 650 | 0 | 650 | 650 |
| Relational Practice | 179 | 0 | 179 | 179 |
| Special Schools Additional Grant 2023/2024 | 685 | 0 | 685 | 685 |
| High Needs supplementary funding | 194 | 0 | 194 | 194 |
| Other High Needs block sub total | 30,408 | 60 | 30,468 | 29,282 |
| Total High Needs block | 40,038 | 18 | 40,056 | 29,672 |
| Total Expenditure | 224,241 | 233 | 224,474 | 100,511 |
| Income | | | | |
| Schools Block | (157,705) | 0 | (157,705) | (44,127) |
| Central Schools Services Block | (1,102) | 0 | (1,102) | (1,102) |
| Early Years Block | (24,769) | (215) | (24,983) | (24,983) |
| High Needs Block | (37,393) | (60) | (37,453) | (27,068) |
| DSG Income ^{2,3} | (220,968) | (275) | (221,243) | (97,280) |
| One-off use of Carry Forward | (3,273) | 42 | (3,231) | (3,231) |
| Total Income | (224,241) | (233) | (224,474) | (100,511) |

¹Includes early years pupil premium

² 2024-25 per ESFA allocations July 2024

³ Includes reimbursement of Growth funding for Academy schools