

CITY OF WESTMINSTER

SCHOOLS' FORUM 13th JANUARY 2025

REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES

2024/25 DEDICATED SCHOOLS GRANT BUDGET MONITORING AND FORECAST SCHOOL BALANCES

This report provides Schools' Forum with an update on the revised Dedicated Schools Grant (DSG) allocation, budgets set and forecasts for 2024/25.

Information is also provided on forecast school balances.

FOR INFORMATION

1 INTRODUCTION

- 1.1 The Dedicated Schools Grant allocation for 2024/25, based on information published by the Education and Skills Funding agency (ESFA) in November 2024, was £100.357m. This figure was after deductions for academies recoupment, and funding of high needs places in academies.
- 1.2 Table 1 shows a comparison between the updated DSG allocation as reported by the ESFA in November 2024 compared to the March 2024 position.
- 1.3 The changes since March are: an increase of £0.095m to the Early Years block to reflect a headcount increase compared to numbers used for the March 2024 DSG; a decrease of £1.371m to the High Needs allocation mainly due to a net decrease in the import / export adjustment. This reflects a college with headquarters in Westminster being recognised as regional provision and responsibility for funding and commissioning places moving to the DfE.

2 2024/25 DSG ALLOCATION

- 2.1 The DSG allocation as at November 2024 compared to the March 2024 DSG allocation is shown in table 1:

Table 1 – DSG Allocations 2024/25

Funding Blocks	2024/25 DSG @ November 24	2024/25 DSG @ Mar 24	Change since March 24
	£'000	£'000	£'000
Early Years Block			
3-4yo funding	10,410	10,410	0
Maintained Nursery Supplement	1,129	1,172	(43)
2 yo funding	4,166	3,984	182
Early Years Pupil Premium	168	211	(43)
EY DAF	96	96	0
Total Early years Block	15,969	15,874	95
Schools and Central Schools Services Block (CSSB)			
Schools Block Formula and CSSB	130,227	130,222	5
Academy Recoupment Adjustment	(84,109)	(84,109)	(0)
Transfer to High Needs Block	0	(0)	0
Total Schools and CSSB (before NNDR deduction)	46,118	46,113	5
High Needs Block			
High Needs Block Formula Funding	41,458	43,471	(2,013)
Deductions for High Needs Places in Academies	(1,857)	(2,498)	641
Transfer from Schools Block	0	0	0
Total High Needs Block	39,602	40,973	(1,371)
Total DSG Allocation 2024/25	101,689	102,960	(1,271)
Schools Block NNDR deduction	(1,332)	(1,332)	0
Total DSG after NNDR deduction	100,357	101,628	(1,271)

3 DSG BUDGETS AND BUDGET MONITORING

3.1 At January 2025, the projected year end DSG position is shown below in table 2 and includes overspend and underspend variances. This is based on the amended DSG allocation, the resulting revised budgets and is for information.

Table 2 – DSG Budget Monitoring 2024/25

Budget Area	Revised Budget	Forecast Jan 2025	Projected Variance
	£'000	£'000	£'000
Early Years Block			
3 to 4-year old Formula Funding (PVI)	4,505	4,505	0
3 to 4-year old Formula Funding (Schools)	4,505	4,505	0
3 to 4-year old Formula Contingency	415	415	0
2-Year old Funding	2,782	2,782	0
9-23 Month old Funding	822	822	
Deprivation	569	569	0
Maintained Nursery Supplement	1,129	1,129	0
SEN Inclusion Fund (SENIF)	249	249	0
Disability Access Fund (DAF)	96	96	0
Early Years Pupil Premium	168	168	0
Children in Need Provision	307	307	0
Short Breaks	22	22	
Childcare and Early Education Service	400	400	0
Total Early Years	15,969	15,969	0
Schools Block & CSSB			
Schools Formula	43,587	43,635	48
Falling Rolls and Growth Fund	0	0	0
Copyright Licences	117	170	53
De-delegated Trade Unions supply	82	82	0
School Restructures	0	350	350
School Standards	170	170	0
Virtual School	135	135	0
Admissions (including Fair Access Payments)	346	426	80
Servicing of Schools' Forum	46	46	0
Statutory duties chargeable to the DSG eg planning for education service and finance functions	303	303	0
Total Schools and CSSB	44,786	45,317	531

Budget Area	Revised Budget	Forecast Jan 2025	Projected Variance
High Needs Block			
Top-Up Maintained Pre-16	7,936	10,479	2,543
Top-Up Academies, Free, College Pre-16	3,814	4,484	670
Top-Up Out of Borough	6,387	5,884	(503)
Top-Up Independents Pre-16	3,632	4,077	445
Top-Up Post 16 Academies, Colleges	3,971	347	(3,624)
Top-Up Post 16 Independents	2,671	2,838	167
Top-Up Post 16 Maintained	153	214	61
Targeted Support	250	250	0
Special Schools and Units Places	3,611	3,758	147
Alternative Provision Commissioning	1,465	1,535	70
Hospital Education	379	379	0
Looked After Children High Needs Placement Costs	700	630	(70)
SEN Outreach	1,236	1,461	225
SEN Commissioning ABA	10	10	0
SEN Services	581	581	0
Occupational Therapy	755	754	(1)
Portage	216	296	80
Other Support & Therapies	278	306	28
Speech & Language Therapy (SALT)	1,507	1,571	64
Equipment	50	51	1
Total High Needs Block	39,602	39,905	303
Total Dedicated Schools Grant 24/25 (Rounding's to £1,000)	100,357	101,191	834

EARLY YEARS

- 3.1 Following the early years DSG final funding adjustment relating to 2023/24, a reconciliation was done of all payments and commitments relating to 2023/24. Following the outcome of this reconciliation, the underspend remaining is £606,000. It is proposed that this underspend is passed on to providers in 2024/25 by adding to the hourly provider rate for 3–4-year-olds in a one-off increase in 2024/25. Funding for two year olds in 2024/25 was passed to providers in full.
- 3.2 The 3 to 4 year old formula funding budget was derived from the January 2023 school census and early years census. The hourly rate set was adjusted to take account of deprivation, SENIF and centrally retained budgets.

- 3.3 The 2 year old funding allocations are based on the January 2023 census data.
- 3.4 The Early Years block has been adjusted to reflect the January 2024 census data and a final adjustment will be made in 2025 to reflect 2024/25 early years census counts.
- 3.5 Providers are encouraged to ensure census data is completed accurately and in a timely manner to ensure resulting payments are as expected. The data team can provide further advice where needed.

SCHOOLS AND CSSB

- 3.6 The forecast overspend of £531,000 in the Schools and CSSB block reflects the final invoice for the 2024/25 copyright licences and the Risk Protection Arrangement for 2023/24 being paid this year, as agreed re the items to be funded from the DSG balance in the June 2024 Schools Forum paper. Additionally, there are in-year funding pressures funded from the DSG reserve for secondary fair access payments of £80,000 and £350,000 for School Restructures as agreed in the June 2024 School Forum.

HIGH NEEDS

- 3.7 The high needs block is forecast to overspend by £303,000. In total there is an in-year £241,000 underspend forecast against top ups, this reflects overspends in the pre 16 top ups and a one off underspend on post 16 placements as a result of a full review of costs relating to 2023/24 (which were lower than estimated. The top up forecasts also includes the cost of the recommendations in the separate high needs budget paper. The costs for independent sector and out of borough placements are subject to further review. Other forecast top up figures are also subject to change, as validation continues to take place regarding new starters and costs for individual young people, particularly those in the FE colleges, to ensure that all additional costs are included.
- 3.8 SEN outreach is forecast to overspend by £225,000 and the forecast is similar to the 2023/24 outturn position
- 3.9 Portage is forecast to overspend by £80,000 and the forecast is similar to the 2023/24 outturn position
- 3.10 Speech and Language therapy (SALT) is forecast to overspend by £64,000 reflecting the payments to CLCH.
- 3.11 The high needs review group will continue to review costs and ensure value for money within the high needs block.

4 SCHOOL BALANCES

- 4.1 The detail of individual school balances as held at 31st March 2024 and latest forecasts for expected balances at 31st March 2025 are shown in Appendix A. These balances reflect information provided by schools as at 18th December 2024 and are RAG rated as summarised below:

RAG Rating	2022/23 Outturn	2022/23 Revenue Balance	2023/24 Outturn	2023/24 Revenue Balance	2024/25 Forecast	2024/25 Forecast Revenue Balance
Red	15	(2,607)	13	(3,374)	16	(4,735)
Amber	7	165	7	228	11	637
Green	17	5,924	17	6,796	10	3,493
Total	39	3,482	37	3,650	37	(605)

- 4.2 As noted at the June Forum, although there has been some improvement in the response rate for financial returns from schools, several schools continue to miss return deadlines or submit incomplete information. Officers have been following up with these non-compliant schools with headteachers though some issues persist. There are also concerns about the quality of some submissions, prompting officers to develop a criterion to assess the quality of returns. This will allow for statistics on the timeliness and quality of submissions to be reported to the Forum and aligns with previous ISOS recommendations. The aim is to provide greater transparency on accurate school positions, minimising time spent chasing returns and amendments required and enabling the LA to better target effective support.
- 4.3 Included below is a high level summary of the timeliness of submissions as of 18th December 2024 (based on Q2 for non-deficit schools and P06 for deficit schools), going forward a more detailed profile will be included providing details on dates, completeness, consistent errors including year end positions:

Q2 Income and Expenditure (CFR1)			Q2 Payroll Information (CFR2)			Q2 Budget monitoring		
On Time	10	27%	On Time	10	27%	On Time	19	51%
Late	27	73%	Late	27	73%	Late	18	49%
Not Received	0	0%	Not Received	0	0%	Not Received	0	0%
TOTAL	37	100%	TOTAL	37	100%	TOTAL	37	100%

- 4.4 The sixteen schools shown with forecast deficits at the end of 2024/25 in Appendix A are all RAG rated as red to highlight the urgent need for a sustainable position to be achieved in order to return to a balanced budget position within 3 years. Collectively, these schools had an aggregate deficit of £2.729m at 31st March 2024 and are forecasting a deficit of £4.735m at 31st March 2025. Six of these schools had a surplus at the end of 2023/24.
- 4.5 Appendix B shows the RAG rating criteria.
- 4.6 Three schools with deficits at the end of 2023/24 are now forecasting a surplus balance at the end of 2024/25. A revised budget plan has been requested for one of those schools.

- 4.7 Of the thirteen schools that reported a deficit balance at the end of 2023/24, seven have a licensed deficit recovery plan in place. Recovery plans for two schools are being reviewed or revised and the remainder are yet to be finalised - an advisor is working with these schools to support them with this.
- 4.8 Deficit recovery plans need to be reviewed annually and revised as necessary. Progress against the plans is monitored monthly during the year.
- 4.9 The latest forecasts shows an estimated use of £4.255m of balances which would reduce school balances to a net deficit of £0.605m from £3.650m.
- 4.10 Schools classified as amber are deemed to be at risk and further work will be undertaken to address financial concerns. These schools should engage with the LA for support and should utilise the DfE-led SRMA process for an objective review of their financial position and advice on steps they might take with regard to 3-year budget planning. Assurances that plans are in place to manage ongoing commitments such as staffing, e.g. through restructuring – particularly where this expenditure is being funded from the use of one-off balances, will also be sought to avoid the schools going into deficit. Savings would need to be found to eliminate the dependency on reserves as this is neither prudent nor sustainable.
- 4.11 The DfE introduced a requirement in 2022 for LAs to submit high-level Action Plans for managing schools with revenue balance deficits, where the LA has a number or proportion of schools with revenue balance deficits over a certain level. Westminster meet the threshold this year for requiring Action Plans as there are more than 10 schools, or more than 10% of schools, with revenue balance deficits of 5% or more. The Action Plan should provide a summary of the strategy and steps being taking by the LA to manage and support schools with revenue balance deficits; along with some additional commentary on each of the schools with a deficit of 5% or more and a summary of the current and forecast financial position for those schools.

5 CONCLUSION

- 5.1 Schools' Forum are asked to:
- 5.1.1 note the revised 2024/25 DSG allocation of £100.357m and forecast overspend of £0.800m, which can be funded from the cumulative DSG surplus;
- 5.1.2 note the projected year end school balances (section 4); and
- 5.1.3 note the number of schools who did not provide timely financial returns and that further information will be presented to future schools forum meetings with further details on the timeliness and quality of financial returns (paragraph 4.2 – 4.3).

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Background Papers:

EFSA – DSG Allocations 2024-25

[Westminster \(skillsfunding.service.gov.uk\)](https://www.westminster.gov.uk/skillsfunding.service.gov.uk)