

REPORT FOR SCHOOLS FORUM

1.	Date of Meeting:	26th April 2024
2.	Title:	Dedicated Schools Grant – 2023/24 Outturn & 2024/25 Funding
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools' Forum as to the draft 2023/24 outturn position of the delegated budget for maintained schools and centrally retained budgets – both of which are funded from the Dedicated Schools Grant (DSG).
- 1.2 In addition, to provide summary details to maintained members of Schools Forum as to the surplus/deficit balances of the maintained schools within Rotherham.

2. RECOMMENDATION(S)

- 2.1 That Schools Forum members note the information contained within this report.
- 2.2 That Schools Forum members note that the centrally retained early years balance is subject to change as this will be dependent on the early years' adjustment for the Spring 2024 census count.

3. REASON FOR RECOMMENDATION(S)

- 3.1 To ensure that Schools Forum members are kept informed of the DSG position within Rotherham.
- 3.2 Furthermore, that maintained members of the Forum are kept abreast of the surplus/deficit balances across both maintained schools and academy trusts within Rotherham.

4. OVERALL DSG BUDGETS 2023/24

- 4.1 In 2023/24 the final allocation of DSG for Rotherham was £108.321m. (Confirmed by the DfE in March 2024). This amount is net of academy recoupment for the 92 academies within Rotherham at a total of £198.164m.

Total Schools Block Allocation	£230.617m
Less Academy Recoupment	(£198.164m)
Central Schools Services Block	£1.510m
High Needs Block	£55.187m
Early Years Block	£19.171m
Total DSG allocation for Rotherham	£108.321m

4.2 The above DSG budget excludes the following schools related funding:

- Carry Forward school's balances – a total net surplus of £2.981m was carried forward by maintained schools from the previous financial year.
- Pupil Premium Grant – a total of £3.6m has been allocated to maintained schools for the 2023/24 financial year.
- Other specific grant funding for schools – certain grant funding has been provided by the ESFA in the current financial year and allocated directly to schools in accordance with the grant conditions e.g. Universal Infant Free School Meals, Primary PE & Sports grant, Recovery Premium, Teachers Pay Additional Grant and School Led Tutoring Grant.

5. ROTHERHAM SCHOOLS DELEGATED DSG BUDGET

5.1 DSG funding has been allocated to individual schools through the local schools funding formula. A funding adjustment of £3.459m was made to the school block funding to reflect the DfE confirmed funding transfer of 1.5% to the High Needs Block.

The latest 2023/24 draft outturn position for all maintained schools based is as follows:

Surplus Balance	22/23 Outturn £'000	2023/24 Original Budget £'000	Latest Forecast Outturn £'000
Nurseries	386	185	440
Primary	1,706	952	1,466
Secondary	501	145	556
Special	398	54	-70
PRU	-11	0	-131
	2,981	1,613	2,260

5.2 The table below shows the value of school balances for 2023/24.

Value of Balance	Number of Schools	% of Total Number of Schools	Combined Value of Balance (£)
Deficit Balance	3	12%	-267,619
Surplus £1,001 - £50,000	6	24%	133,842
Surplus £50,001 - £100,000	7	28%	464,432
Surplus £101,001 - £250,000	7	28%	1,111,518
Surplus £250,001 +	2	8%	817,923
Total	25	100%	2,260,095

- 5.3 As set out within the Rotherham Scheme for Financing Schools, individual schools are permitted to carry forward balances to be spent or replenished in subsequent financial years. In total, the carry forward on individual school budgets (listed below) is an overall combined surplus of £2.260m compared to £2.981m in the previous financial year.
- 5.4 There has been a noticeable reduction in overall school surplus balances when compared to the previous year and could be attributable to the increased cost pressures that schools are facing.

As of 31st March 2024, the movement on surplus balances when compared with 2022/23 reflected a decrease in year of £721k as follows:

2023-2024		2022-2023		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
25	2,260	27	2,981	-2	721

- 5.5 Of the total 2023/24 surplus balances, 7 schools hold balances above the thresholds set out in the Scheme for Financing Schools. The Scheme for Financing Schools sets out the financial arrangement between the local authority and the maintained schools. The scheme states that if a school's balance has exceeded the allowable surplus (8% of school budget share for nursery, primary and special, 5% for secondary) and allowing for commitments and any amounts assigned for a specific purpose then the local authority may deduct an amount equal to the excess balance.
- 5.6 Schools reporting excess surplus balances will be expected to submit a plan to the local authority outlining intended use of the balance.
- 5.7 As of 31st March 2024, the movement on deficit balances in comparison with 2023/24 shows an increase in deficit balances with the inclusion of Special Schools and the PRU.

2023-24		2022-2023		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
3	267.6	1	-11	2	256.6

For the school that remains in a deficit position from 2022/23, a budget recovery plan is in place to bring the budget back into a surplus position by 2025/26. The other 2 schools with deficit balances will be rolled forward and will need to be managed as part of the budget planning process for 2024/25. Meetings will be scheduled with those schools unable to submit a balanced budget to

understand the underlying issues and support schools to formulate further plans to address the deficit.

6. DSG SAFETY VALVE

- 6.1 During 2021/22 Rotherham was approved to enter the DfE's Safety Valve programme and received funding of £8.53m, reducing the DSG Centre Reserve deficit to £12.84m at the end of 2021/22. Rotherham's planned safety valve funding was increased from £3m to £6m at the end of 2022/23. The reprofiling of the safety valve funding, alongside an underspend on the High Needs Block of £724k and underspends on falling rolls and growth funding had reduced the DSG Central Reserve deficit to £5.9m at the end of 2022/23. The draft position on the DSG at the end of 2024 is £1.708m and Rotherham will continue to receive safety valve funding at £2m for the next 2 years.

The latest DSG management plan is forecasting an overall net deficit in the DSG reserve account of £535k in 2025/26 compared to the balanced position that was assumed in the signed Safety Valve Agreement. The latest position includes the DfE approved schools block transfer of 0.5% in 2024/25.

The deficit has arisen due to the increasing pressures that the high needs block is facing e.g. increasing EHCP numbers, inflationary pressures, continuing placements in ISPs and reduction in funding transfers from schools.

7. HIGH NEEDS BLOCK ELEMENT

The planned underspend of £2.068m in 2023/24 as budgeted in the management plan has been achieved and transferred to DSG central reserves alongside an additional £131k in underspend from within the High Needs Block. Pressures still remain in the High Needs Block as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are now the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).

These pressures reflect system wide issues in how the funding is determined. Whilst the allocation moved to a formulaic basis in 2018/19 and now includes proxy indicators of SEND within the population, a large element of the grant remains fixed based on historic spend.

In 2023/24 Rotherham was successful in submitting a disapplication request to the Secretary of State to transfer 1.5% of the DSG Schools Block allocation (£3.459m) to the High Needs Block.

Inclusive of the £3.459m transfer of funding into the High Needs Block there was an underspend of £131k (financial pressure would be £1.260m without the transfer) in the 2023/24 financial year.

8. EARLY YEARS BLOCK ELEMENT

The brought forward balance of £503k at the start of 2023/24 has been utilised to fund Inclusion support Grant leaving a shortfall of £11k bringing the draft year end position to £492k. As in 2023/24 the carry forward amount on the Early Years Block will be used to fund the Inclusion Support Grant.

As in previous years the local authority has yet to be notified of the final early years' adjustment for 2023/24 (based on the January 2024 census). The government usually advises local authorities of this adjustment in July. The local authority has modelled the census data provided to the government and are anticipating an increase of £38.4k and this has been included within the draft 2023/24 accounts.

9. 2024/25 & FUTURE YEARS

For 2024-2025 the Mainstream Additional Grant (MSAG) has been rolled into the Dedicated Schools Grant DSG providing an increase in DSG National Funding Formula (NFF). This has been reflected in the new NFF values for basic entitlement, FSM5 and the lump sum.

In addition to schools' allocations through the schools national funding formula, schools will be allocated additional funding through the Teachers Pay Additional Grant (**TPAG**). The ESFA has indicated that the funding will be incorporated into core budget allocations for 2025 to 2026.

7. Names and Contact Details

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