AGENDA ITEM 3

**Title of report: 2024-25 Outturn: Schools Closing Balances and DSG Outturn**

**Author of the paper: Leslie Oosthuizen**

**Officer to present the paper to Schools Forum: Leslie Oosthuizen**

**Details on who has been consulted with on this paper to date: Finance**

**Executive Summary:**

This report informs Schools Forum of maintained school provisional balances as at 31st March 2025 and sets out the outturn position (excluding individual schools budget) for London Borough of Tower Hamlets (LBTH) DSG Budget for 2024-25

The provisional position of the Dedicated Schools Grant (DSG) at the end of 2024-25 is an overspend of £4.2 million from the budget position.

**Details of recommendations and timescales for decisions:**

Schools Forum are asked to:

Schools Forum are asked **discuss and comment on** any of the issues raised in the report.

Schools Forum are also asked to note the outturn position which will be reported to the Department of Education and included in the LBTH Note to the Accounts year-end statement.

**Appendix A to this report:**

Individual school revenue balances for 2023-24 and 2024-25, with in-year movement of value and as a percentage. Schools which meet the revenue surplus monitoring thresholds of over the 5%, 8% and 12% (as per the balance control policy) are highlighted.

## **Background**

* 1. Schools receive their delegated budget share based upon the formula factors and components agreed in the Tower Hamlets Schools Funding Formula. In addition, significant revenue grant funding is managed by schools. Grant conditions usually allow schools to carry forward unspent income, despite the assumption that it should be spent on the pupils at the school each year.
	2. Revenue surplus and deficit balances are compared nationally as a percentage of total income available, thus allowing a comparison between schools in different areas with varied funding levels.
	3. All schools via their governing body have delegated powers and responsibilities to manage and deploy their financial resources at a local level in accordance with the locally agreed aims and objectives as outlined in the School Improvement Plan (SIP), aimed at achieving the best outcomes for pupils.
	4. Within the framework of Tower Hamlets’ Scheme for Financing Schools (see Section 5), schools are permitted to carry-forward any year-end surplus/deficit recorded at 31st March, to the following financial year.
	5. Schools successfully completed the year end process and data verification by the end of April 2025, by working with the local authority over the easter holiday.
1. **Schools Revenue Position**
	1. Overall, the school cumulative revenue balances at the end of the 2024/25 financial year have ***decreased*** by **£0.116 mill (-0.4%)** to **£32.5m**. The year-end position illustrated school by school, is shown in Appendix 1 and the position by school sector in Table 1.

**Table1. Revenue Balances carried forward by sector: 2023-24 to 2024-25.**

|  |  |  |  |
| --- | --- | --- | --- |
| **School phase** | **2023-24** | **2024-25** | **23/24 to 24/25 movement** |
|   | **£k** | **£k** | **£k** | **(%)** |
| Nursery | -82 | 190 | 272 | -332% |
| Primary  | 11,998 | 11,019 | -979 | -8% |
| Secondary | 14,638 | 15,513 | 875 | 6% |
| Special | 6,054 | 5,770 | -284 | -5% |
|   | **32,608** | **32,492** | **-116** | **-0.4%** |

* 1. Schools in financial risk: 10 schools were in a revenue deficit position at the end of 2023-24 (total value of -£1,968 mill). Of the deficit schools 4 have achieved a revenue surplus at the end of 2024-25, the others have increased the deficit, and one nursery school has closed.

In 2024-25, 17 schools were in a deficit position at a total value of -£3,245 mill., 8 had been in surplus last year.

* 1. A total of 23 schools have a surplus balance of over 12% of the total income available, 35 pass the 8% threshold and 43 the 5% threshold.
	2. Schools will be expected to upload the CFR reports to the government site by the end of June, this will then form part of the national benchmarking programme available to schools.
1. **Dedicated Schools Grant (DSG) Overview**
	1. The Dedicated Schools Grant (DSG) is distributed by the Department for Education (DfE) on a national formulaic basis. This specific grant is allocated to local authorities in four blocks: Schools Block (SB), Early Years Block (EYB), High Needs Block (HNB) and the Central Schools Services Block (CSSB).
	2. The outturn position is shown after deductions have been made for direct payments to academies, and no prior year balances are included.
	3. The year-end DSG position excludes all the schools balances carried forward from previous years. It reconciles to the annual allocation. This will be reported back to the DfE in the Section 151 Outturn Statement and feature in the Boroughs Note to the Accounts.

**Table 1: DSG Budgets, Expenditure and Under/ (Overspends) per funding block.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Block** | **Allocated DSG funding £000** | **Expenditure £000** | **Net £000** |
|  **Schools block**  | 204,930 | 203,038 | 1,892 |
|  **Central school services block**  | 2.535 | 2,556 | (21) |
|  **High needs block**  | 80,695 | 89,097 | (8,402) |
|  **Early years block**  | 39,162 | 36,864 | 2,298 |
|  **Total DSG allocation**  | **330,694** | **334,927** | **(4,233)** |

1. **DSG Blocks Position**

## The Schools Block was underspent at the end of 2024-25 following the delay in opening a new academy. Schools Forum were asked to consider taking forward this to 2024-25 on the assumption that the growth funding was at risk of being insufficient. This need did not materialise, and therefore the Local Authority are proposing that the surplus would be better used to reduce the overall overspend.

**Table 2: Schools Block budgets & expenditure**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Budget****£000** | **Outturn****£000** | **Net** **£000** |
| **Individual Schools Budgets (ISB)**  | 97.7% | 199,592 | 199,667 | (75) |
| **De-delegated budgets**  | 0.4% | 818 | 903 | (85) |
| **Growth** | 1.3% | 3,558 | 1,529 | 2,030 |
| **Education services** | 0.5% | 962 | 940 | 22 |
| **Total** | **100%** | **204,930** | **203,039** | **1,892** |

## The Central Schools Service Block largely came in on budget. This is centrally managed and the under and overspends were netted off to a minimum impact. The exception to this was a £21k overspend in historic severance and retirement costs in schools. The DfE are directing local authorities to reduce the budget, at a greater rate that the reduction in costs.

## The Early Years Block underspend is mainly due to Department for Education (DfE) rolled out the new entitlements, using national assumptions that did not reflect the actual number of eligible children in each local authority.

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## The High Needs Block was overspent by £8.4k.  Pressures are primarily within the High Needs Budget. This is due to increased demand for Education Health and Care Plans (EHCPs), rising costs of specialist placements, and insufficient funding to meet the complex needs of pupils. The adverse movement between quarters four and three is attributed to an increase in High Needs out-of-borough placements, particularly with more children attending non-6th form provisions.

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## The DfE were consulted regarding the carry forward of DSG Early Years underspends. Their response was that any in-year underspend on the DSG must first be used to offset a cumulative deficit. The overall savings in the Schools and Early years blocks will therefore be used to reduce the High Needs overspend as in previous years. This overspend is a burden to all schools and pupils in the borough, so reducing it benefits the whole education community. This would reduce the HN 2024-25 overspend by £4.19 to -£8.4 mill. The cumulative overspend increased by £4.23 mill from -£19.1 mill to -£20.1 mill.

**Table 3: Cumulative DSG balances and HN overspends**

|  |  |  |  |
| --- | --- | --- | --- |
| **Block** | **B/F prior years (\*)** | **2024-25** | **Cumulative**  |
| Under/(over) spend | Under/(over) spend | Under/(over) spend |
| **£ mill** | **£ mill** | **£ mill** |
|  **Schools block**  | 2.00 | 1.89 | 3.89 |
|  **Central school services block**  | (0.10) | (0.02) | (0.12) |
|  **High needs block**  | (19.16) | (8.40) | (27.56) |
|  **Early years block**  | 1.40 | 2.30 | 3.70 |
| **Total DSG allocation**  | **(15.86)** | **(4.23)** | **(20.09)** |

**Appendix A – School Balances**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sector | **DfE No.** | **School** | **2023-24 Revenue balance** | **2023-24 Capital balance** | **2024-25 Revenue balance** | **2024-25 Capital balance** |  | **Revenue movement £** |
| Nurs | 1040 | Alice Model | -187,052 | 47,196 | -285,270 | 49,662 |  | -98,219 |
| Pri | 2922 | Arnhem Wharf | 235,106 | 557 | -80,594 | 2,562 |  | -315,700 |
| Pri | 2912 | Bangabandhu | 178,956 | 51,780 | -134,998 | 31,526 |  | -313,955 |
| Sp | 7168 | Beatrice Tate | 531,984 | 80,188 | 518,839 | 50,028 |  | -13,145 |
| Pri | 2043 | Ben Jonson | 780,724 | 31,606 | 878,978 | 42,852 |  | 98,254 |
| Pri | 2917 | Bigland Green | 913,762 | 9,372 | 884,678 | 18,588 |  | -29,084 |
| Sec | 4298 | Bishop Challoner Boys |  |  | 0 | 0 |  | 0 |
| Sec | 4726 | Bishop Challoner Girls | 2,277,578 | 96,235 | 2,188,220 | 126,440 |  | -89,358 |
| Pri | 2441 | Blue G F Infant | 189,036 | 106,612 | 162,713 | 96,751 |  | -26,323 |
| Pri | 2099 | Blue G F Junior | 235,736 | 40,176 | 322,027 | 36,882 |  | 86,291 |
| Pri | 2056 | Bonner | 251,411 | 51,261 | 560,714 | 36,927 |  | 309,303 |
| Sec | 4024 | Bow | 1,448,589 | 54,002 | 1,568,922 | 0 |  | 120,333 |
| Sp | 7084 | Bowden House | 928,303 | 30,725 | 1,272,877 | 45,255 |  | 344,574 |
| Pri | 2097 | Cayley | 337,319 | 0 | 36,452 | 0 |  | -300,867 |
| Sec | 4507 | CFGS | 897,261 | 223,754 | 1,206,837 | 438,786 |  | 309,576 |
| Nurs | 1012 | Childrens House | 459,611 | 23,248 | 467,833 | 2,394 |  | 8,222 |
| Pri | 2110 | Chisenhale | 169,121 | 0 | 3,992 | 6,848 |  | -165,129 |
| Pri | 3332 | Christchurch | 50,969 | 0 | 75,713 | 0 |  | 24,744 |
| Pri | 2118 | Columbia | 171,519 | 41,075 | 280,173 | 46,018 |  | 108,653 |
| Nurs | 1024 | Columbia Market | -44,734 | 35,900 | -108,736 | 40,400 |  | -64,002 |
| Pri | 2144 | Cubitt Town Primary | 288,882 | 99,434 | 400,892 | 110,981 |  | 112,010 |
| Pri | 2378 | Elizabeth Selby | 310,912 | 0 | 421,446 | 0 |  | 110,534 |
| Pri | 3619 | English Martyrs | -243,306 | 0 | -397,780 | 0 |  | -154,474 |
| Sec | 4505 | George Green | 568,637 | 0 | 1,110,709 | 0 |  | 542,072 |
| Pri | 2254 | Globe | -228,556 | 38,780 | -176,820 | 46,716 |  | 51,735 |
| Pri | 2270 | Hague | 167,275 | 44,372 | 204,172 | 28,790 |  | 36,896 |
| Pri | 2916 | Halley | -37,675.57 | 799 | -10,524 | 799 |  | 27,152 |
| Pri | 2281 | Harbinger | 67,107 | 16,733 | -103,557 | 0 |  | -170,664 |
| Pri | 2999 | Harry Gosling | 394,665 | 138,202 | 483,208 | 137,098 |  | 88,544 |
| Pri | 2910 | Hermitage | 258,104 | 20,745 | 346,015 | 1,980 |  | 87,911 |
| Pri | 2341 | John Scurr | 705,409 | 0 | 771,994 | 0 |  | 66,585 |
| Pri | 2918 | Kobi Nazrul | 105,856 | 52,157 | 32,114 | 33,052 |  | -73,741 |
| Sec | 4105 | Langdon Park | 1,789,774 | 18,680 | 1,869,566 | 0 |  | 79,792 |
| Pri | 2004 | Lansbury Lawrence | 412,782 | 0 | 349,134 | 0 |  | -63,648 |
| Pri | 2377 | Lawdale | 154,461 | 4,951 | 88,357 | 7,459 |  | -66,104 |
| Sp | 1100 | LEAP | -163,684 | 0 | -913,571 | 0 |  | -749,887 |
| Pri | 2005 | Malmesbury | 78,316 | 28,226 | 374,702 | 1,405 |  | 296,386 |
| Pri | 2533 | Manorfield | 262,241 | 0 | 224,321 | 0 |  | -37,919 |
| Pri | 2397 | Marion Richardson | -64,724 | 44,493 | -129,616 | 191 |  | -64,892 |
| Pri | 2402 | Marner | 622,777 | 25,741 | 588,165 | 26,877 |  | -34,612 |
| Pri | 2406 | Mayflower | 194,625 | 11,609 | 144,903 | 0 |  | -49,722 |
| Sec | 4150 | Morpeth | 1,671,706 | 77,106 | 1,571,492 | 64,976 |  | -100,215 |
| Pri | 2432 | Mowlem | 23,286 | 0 | -26,992 | 0 |  | -50,278 |
| Sec | 4296 | Oaklands | 1,344,500 | 0 | 302,382 | 0 |  | -1,042,118 |
| Nurs | 1031 | Old Church | -558,076 | 0 | 0 | 0 |  | 558,076 |
| Pri | 2059 | Old Palace | 567,884 | 30,952 | 563,463 | 39,530 |  | -4,421 |
| Pri | 2446 | Olga | 60,263 | 34,244 | -173,024 | 34,053 |  | -233,287 |
| Pri | 2908 | Osmani | 340,243 | 67,502 | 317,513 | 76,220 |  | -22,730 |
| Pri | 2006 | Our Lady & St Joseph  | 241,657 | 0 | 332,193 | 0 |  | 90,536 |
| Sp | 7095 | Phoenix | 3,831,577 | 0 | 3,659,542 | 0 |  | -172,034 |
| Nurs | 1032 | Rachel Keeling | 247,848 | 2,217 | 116,100 | 6,865 |  | -131,747 |
| Pri | 2857 | Seven Mills | 35,241 | 2,858 | 113,973 | 1,798 |  | 78,732 |
| Pri | 3397 | St Agnes | 1,375 | 0 | 69,603 | 0 |  | 68,229 |
| Pri | 3411 | St Anne & Guardian Angels | 255,315 | 29,376 | 231,497 | 11,392 |  | -23,818 |
| Pri | 3431 | St Edmund | 7,217 | 0 | -218,202 | 0 |  | -225,419 |
| Pri | 2003 | St Elizabeth | -230,624 | 0 | -99,720 | 0 |  | 130,905 |
| Pri | 3462 | St Johns | -209,875 | 0 | -191,038 | 0 |  | 18,837 |
| Pri | 3497 | St Lukes | 4,910 | 0 | -179,682 | 0 |  | -184,592 |
| Pri | 2002 | St Mary / St Michael | 437,151 | 0 | 474,770 | 0 |  | 37,619 |
| Pri | 3563 | St Paul / St Luke | 41,778 | 0 | 83,314 | 0 |  | 41,536 |
| Pri | 3574 | St Pauls Whitechapel | 121,750 | 0 | 162,617 | 0 |  | 40,866 |
| Pri | 3581 | St Peters | 216,170 | 0 | 133,469 | 0 |  | -82,700 |
| Pri | 3592 | St Saviours | 251,954 | 0 | 125,427 | 0 |  | -126,527 |
| Sp | 7169 | Stephen Hawkings | 926,005 | 24,327 | 1,232,499 | 101,582 |  | 306,494 |
| Sec | 4722 | Stepney All Saints  | 2,258,785 | 0 | 2,372,759 | 0 |  | 113,974 |
| Pri | 3350 | Stepney Greencoat | 160,672 | 0 | 264,145 | 0 |  | 103,473 |
| Pri | 2499 | Stepney Park  | 976,407 | 35,300 | 998,311 | 0 |  | 21,904 |
| Pri | 2569 | Stewart Headlam | 190,628 | 30,371 | 11,357 | 26,302 |  | -179,270 |
| Sec | 4297 | Swanlea | 2,380,905 | 0 | 3,321,638 | 0 |  | 940,733 |
| Pri | 2828 | Thomas Buxton | 235,889 | 6,996 | 335,598 | 15,772 |  | 99,708 |
| Pri | 2623 | Virginia | 262,623 | 0 | 250,550 | 3,796 |  | -12,073 |
| Pri | 2631 | Wellington | 135,847 | 6,390 | 141,549 | 6,886 |  | 5,702 |
| Pri | 2921 | William Davis | 17,775 | 26,593 | -14,931 | 30,903 |  | -32,706 |
| Pri | 2658 | Woolmore | 889,696 | 11,481 | 712,622 | 0 |  | -177,074 |
|  |  |  |  |  |  |  |  |  |
|  |  | **Total** | **32,607,560** | **1,854,319** | **32,491,997** | **1,887,345** |  | **-115,564** |