



**Report to:** Schools Forum

**Date:** 13<sup>th</sup> May 2021

**Subject:** Dedicated Schools Grant (DSG) -  
Outturn Position 2020/21

**Report of:** Colette Dutton - Director Children and Families

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**Summary:** To inform Schools Forum of the year end position of the Schools Budget and DSG for 2020-21. To update Forum on the level of school's balances as at 31/03/2021.

**Recommendation(s):** For Schools Forum to note the contents of the report.

**Implications:**

*What are the **financial** implications?* Recorded within the report.

*What are the **staffing** implications?* n/a

**Risks:** n/a

## **1. Introduction**

1.1 The purpose of the report is to inform Schools Forum of the financial outturn position for 2020/21 for the DSG and other school specific grants.

## **2. 2020-21 Outturn Position**

2.1 Appendix 1 attached to this report highlights the following:

- School balances have increased by £6.861m.
- There is a relatively small overspend on the Early Years block of £0.1m which relates to an overspend on TIS funding.
- High Needs Block - The pressures facing this block of funding have been reported to Forum on a regular basis, the last report indicated a projected over-spend of circa £3.86m, which included the repayment of the £2.9m deficit brought forward from 2019/20. A transfer of £0.3m was made from Early Years Central reserves at year end to support with increasing Early Years Additional Resources costs experienced in year which wasn't included in the previous projection. As a result, the final out turn position is a £3.512m overspend and will be carried forward into 2020/21. If we discount the deficit brought forward this represents an in-year overspend of c.£0.6m

As previously reported the main pressures on the high needs block include:

- EHCP top up costs due to the increasing number of plans and Early Years Additional Resources.
- Special School funding due to the increasing number of places and additional funding requirements due to the complexity of pupil needs.
- Alternative Provision costs due to the number of permanent exclusions and difficulties in finding suitable school places for those excluded.
- Post 16 provision costs
- Independent school placements.

Further information is included in Appendix 3 of this report.

- The overall underspend in relation to centrally retained funding (including growth and recoupment adjustments) totals £1.783m. In summary, the underspends were as follows:
  - Recoupment adjustment - £0.553m
  - Growth Funding - £1.010m
  - Contingency - £0.160m
  - Miscellaneous central underspends - £0.059m (e.g. Schools Forum, TU duties, Grants to be paid in 21/22)

A further report is included on the agenda for this meeting to consider the use of the underspend on central DSG.

### 3. School Balances

3.1 Provided below is a summary of maintained school balances as at 31/03/2021. Appendix 2 lists the balances held individually by schools.

**Table 1 – Summary of School Balances**

Balances	Nursery & Primary (£)	Secondary (£)	Special (£)	Total (£)
As at 31/3/20	8,776,262	5,259,852	906,371	14,942,484
As at 31/3/21	12,595,277	7,282,454	1,926,413	21,804,144
Annual Increase / Decrease (+/-)	3,819,015	2,022,602	1,020,043	6,861,660
Annual % Increase / Decrease (+/)	43.52%	38.45%	112.54%	45.92%
<b>Number of Schools</b>	<b>82</b>	<b>11</b>	<b>6</b>	<b>99</b>
<b>Average Balance 31/3/21</b>	<b>153,601</b>	<b>662,041</b>	<b>321,069</b>	<b>220,244</b>
<b>Average Increase</b>	<b>46,573</b>	<b>183,873</b>	<b>170,007</b>	<b>69,310</b>
<b>Median Balance 31/3/21</b>	<b>149,276</b>	<b>599,974</b>	<b>235,727</b>	<b>177,972</b>
<b>Median Increase</b>	<b>43,603</b>	<b>155,242</b>	<b>103,624</b>	<b>46,100</b>

3.2 The table shows a significant increase in the balances across all sectors, with overall balances totalling £21.804m, a £6.8m increase on the balances as at 31/03/2020. Only 17 schools had an in-year deficit, with 82 schools reporting in-year surpluses. Of these 82 schools, 24 schools had an in-year surplus in excess of £100,000 (13 primary schools, 8 secondary schools and 3 special schools).

3.3 As a measure of what is a reasonable level of balances, DfE has historically used 5% of budget as a threshold for Secondaries and 8% for other sectors. The numbers of schools exceeding these thresholds are shown in Table 2 below.

**Table 2 – Number of Schools exceeding DfE Threshold**

Sector	Number of Schools	% of Schools in sector
Nursery & Primary	59	72%
Secondary	9	82%
Special	4	67%
<b>Totals</b>	<b>72</b>	<b>73%</b>

3.4 At year end we had 2 schools reporting an overall deficit position, an improvement from 4 schools at the end of the last financial year and 6 schools that set a deficit budget at the beginning of this financial year. The deficits at the two schools total £0.132m. Appendix 2, also highlights the ongoing pressures within the maintained nursery sector due to the funding

arrangements in this area and the significant impact of the pandemic on income.

- 3.5 The increase in-year of school reserves of £6.8m is the most significant we have seen in many years. It is likely that this increase is a direct result of:
- a) Increased schools block funding in 2020/21 (c £6m)
  - b) Savings in year arising from school closures, i.e. resources, energy costs, supply staff budgets etc.
  - c) COVID related funding, such as the COVID catch up premium which may not yet have been committed and reimbursement of exceptional costs (total COVID related funding £2.030m)
- 3.6 It is important that schools have a clear plan for the use of balances to ensure that excessive balances accumulated are spent on a timely basis and for the benefit of pupils currently at the school. The schools finance team are to undertake an exercise in the Autumn Term to review plans for the use of balances and will seek updates as to progress in delivering these plans.

The decision was taken in 2011 to suspend the balances control mechanism for excessive uncommitted balances as outlined in our Scheme for Financing Schools. In view of the significant in-year increase and the comparably high reserves of some schools compared with their budget allocations, the LA would welcome Forum members views on the use of any balances control mechanism.

- 3.8 For completeness also included within Appendix 4 for information is a summary of the reserves held by Academies within the borough as reported within their year end accounts dated 31<sup>st</sup> August 2019 and 31<sup>st</sup> August 2020. Please note the figures quoted include both restricted and unrestricted funds. We would envisage a similar level of increase in academy balances.

#### **4. Recommendations**

- 4.1 Forum to note the outturn position and level of balances held.
- 4.2 Forum to advise if any further information is required.
- 4.3 Given the increase in surplus balances, the views of members are welcomed as to whether forum would like the LA look at options in relation to a policy on control of excessive balances.