



**Report to:** Schools Forum

**Date:** 27<sup>th</sup> June 2017

**Subject:** Dedicated Schools Grant  
Outturn Position 2016-17

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**Summary:** To inform Schools Forum of the year end position of the Schools Budget and DSG for 2016-17. To update Forum on the level of schools balances as at 31/03/2017.

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

**Implications:**

*What are the **financial** implications?* The level of centrally held reserves carried forward is £0.003m

*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 2016/17.
- 1.2 This report includes all resources allocated from the DSG Grant and other school specific grants.

## **2. 16-17 Outturn Position**

- 2.1 Appendix 1 attached to this report highlights the following:
  - A decrease in carry forward of £1.397m into school balances including special schools.
  - There is an overspend on the Early Years Block which will be funded from reserve. This is mainly due to timing issues due to the volatility around numbers. There is also spending relating to 2 year old provision and quality where the funding was received in 15/16 but carried forward.
  - The High Needs block is reporting a significant overspend for 2016/17. Forum have been continually reminded of the problems facing this block of funding. The main reasons are increased numbers requiring independent school placements, additional Post 16 support (numbers) and additional funding due to increasing numbers of EHC statements in mainstream schools. The remaining High Needs reserve has been applied to fund the overspend. As agreed by Forum a further £0.700m has been used from the centrally held and contingency reserves.
  - As agreed with Schools Forum, any centrally held and contingency reserves remaining after the allocation to High Needs has been directed towards resourcing supplementary funding allocations. The central reserve now stands at £0.003m.

## **3. School Balances**

- 3.1 Forum has received a number of reports in the last few years concerning the level of balances held by schools. The mandatory requirement for Councils to operate a clawback scheme was removed in April 2011. Forum had previously agreed to suspend the scheme in light of formula changes and future uncertainties around funding.
- 3.2 It was agreed that the Finance Division would work with and support, on a less formal basis, those Schools who appear to be carrying excess balances. Below is a summary of balances as at 31/03/2017. Appendix 2 lists the balances held individually by schools. We have not conducted an in depth review of balances as in previous years. Those holding balances in excess of

15% of the DSG budget are mainly using these funds to support capital/building work and refurbishments.

**Table 1 – Summary of School Balances**

Balances	Nursery & Primary (£)	Secondary (£)	Special (£)	Total (£)
As at 31/3/16	9,007,449	5,546,210	1,131,081	15,684,740
As at 31/3/17	7,994,775	5,141,002	1,151,576	14,287,353
Annual Increase / Decrease (+/-)	-1,012,674	-405,208	20,496	-1,397,387
Annual % Increase / Decrease (+/-)	-11.24%	-7.31%	1.81%	-8.91%
<b>Number of Schools</b>	<b>94</b>	<b>13</b>	<b>6</b>	<b>113</b>
<b>Average Balance 31/3/17</b>	<b>85,051</b>	<b>395,462</b>	<b>191,929</b>	<b>126,437</b>
<b>Average Annual Increase / Decrease (+/-)</b>	<b>-10,773</b>	<b>-31,170</b>	<b>3,416</b>	<b>-12,366</b>

3.3 Academy conversions and closing schools are excluded from both March 2016 and March 2017 values to enable a fair comparison to be made.

3.4 The table shows a slight decrease in total across all sectors as schools begin to feel the impact of standstill budgets set against ever increasing cost pressures.

3.5 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
Nursery & Primary	55	59
Secondary	7	54
Special	4	67
Totals	66	58

3.6 The total number is marginally up on the 65 reported in 2015/16.

3.7 After a slowing down from a period of rapid growth in balances, both in total and those judged to be “excess”, over the previous years, balances have now decreased again. It has been noted that there is significant use of balances to support budgets in 17/18, with a number of schools struggling to set a balanced budget even after taking reserves into account.

#### 4. Recommendations

- 4.1 Forum to note the outturn position and level of balances held
- 4.2 Forum to advise if any further information or detailed review of school balances is required.