



**Report to:** Schools Forum

**Date:** 16<sup>th</sup> May 2019  
**Updated:** 17<sup>th</sup> May 2019

**Subject:** Dedicated Schools Grant  
Outturn Position 2018/19

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**Summary:** To inform Schools Forum of the year end position of the Schools Budget and DSG for 2018-19. To update Forum on the level of school's balances as at 31/03/2019.

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

**Implications:**

*What are the **financial** implications?*

*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 2018/19 for the DSG and other school specific grants.

## **2. 2018-19 Outturn Position**

2.1 Appendix 1 attached to this report highlights the following:

- School balances have increased by £1.454m.
- There is an underspend on the Early Years Block which will be transferred to reserve and used to support future spending plans and pressures within this area, including sufficiency and volatility. £0.312m will be used in future years to fund gaps within the Borough for 2 year old provision. In addition, £0.150m is earmarked for costs associated with Ages and Stages and Speech and Language Therapy. The remaining balance is held to accommodate the potential clawback by the DFE due to the volatility of numbers of placements determined by the Spring 2019 Census.
- The High Needs block is reporting a significant overspend for 2018/19. The pressures facing this block of funding have previously been reported to Forum, the last report indicated a projected over spend of £1.074m. The final out turn position is a £1.116m overspend. The main reasons for this are increasing numbers of EHC statements in mainstream schools and extra places required within our special schools. We also are having to use more independent provision. As agreed by Forum the deficit will be carried forward to 2019/20. Further information is included in Appendix 4.
- There have been underspends in relation to central funding on contingency and across other de-delegated and central services. This in total comes to £0.243m which has been credited to the centrally held DSG reserve. This will be ring fenced for maintained schools.

## **3. School Balances**

3.1 The mandatory requirement for Councils to operate a clawback scheme was removed in April 2011 following a decision by Forum to suspend the scheme in light of formula changes and future uncertainties around funding.

3.2 As a result the Finance Division 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 31/03/2019. Appendix 2 lists the balances held individually by schools.

3.3 Academy conversions are excluded from both March 2018 and March 2019 values to enable a fair comparison to be made.

**Table 1 – Summary of School Balances**

Balances	Nursery & Primary (£)	Secondary (£)	Special (£)	Total (£)
As at 31/3/18	8,427,239	3,978,887	706,261	13,112,387
As at 31/3/19	8,620,606	5,052,661	893,548	14,566,815
Annual Increase / Decrease (+/-)	193,367	1,073,774	187,287	1,454,427
Annual % Increase / Decrease (+/-)	2.29%	26.99%	26.52%	11.09%

Number of Schools	83	11	6	100
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Average Balance 31/3/19	103,863	459,333	148,925	145,668
Average Annual Increase	2,330	97,616	31,215	14,544
Median Balance 31/3/19	94,561	276,467	174,649	109,269
Median Annual Increase/Decrease	-1,410	75,287	26,080	2,932

- 3.4 The table shows an increase in balances across all sectors, however, the overall increase in Primary School balances is relatively small in comparison to Secondary and Special schools. It is noted that a significant proportion of the £1.454m balances increase relates to just 5 schools (3 Secondary, 1 Primary and 1 Special) that have generated in-year surpluses in excess of £100k.
- 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 in sector
Nursery & Primary	49	59
Secondary	7	64
Special	2	33
<b>Totals</b>	<b>58</b>	<b>58</b>

- 3.6 The total number is one less than the 59 reported in 2017/18.
- 3.7 It has been noted that there is significant use of balances to support budgets in 2019/20, with several schools struggling to set a balanced budget even after taking reserves into account. Longer term budget forecasts also identify that a number of schools are likely to be reliant on the reserves they hold to set balanced budgets in future years.

- 3.8 A review has been undertaken of the 2019/20 budget information received from those schools with balances in excess of 15% of their budget and Table 3 below summarises the main uses of the balances held.

**Table 3 – Use of Balances in schools with balances in excess of 15%**

<b>Area of Spend</b>	<b>Value of Spend (£)</b>	<b>% use of balances</b>
In year staffing costs	890,970	16%
Refurbishment/Repairs	1,351,806	24%
Supplies and Services	823,817	14%
IT Equipment	85,358	1%
Contingency/Uncommitted	2,580,395	45%
<b>Totals</b>	<b>5,732,346</b>	<b>100%</b>

The majority of schools holding balances in contingency anticipate that these will be used in full over the next three years to support their revenue budgets as outlined in their longer-term financial plans.

- 3.9 For completeness also included within Appendix 3 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 2017 and 31<sup>st</sup> August 2018.

#### **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.