

## REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	21 <sup>st</sup> June 2019
2.	Title:	Dedicated Schools Grant – 2018/19 Outturn
3.	Directorate:	Finance and Customer Services

### 1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools Forum as to the 2018/19 outturn position of 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.
- 1.3 To provide information in respect of pupil-led funding recovered as a result of permanent exclusions.

### 2. RECOMMENDATION(S)

- 2.1 That Schools Forum members note the information contained within this report, particularly that the reserve balances have increased to £15.1m (centrally retained).
- 2.2 That Schools Forum members note that the deficit balance is subject to change as this will be dependent on the early years adjustment for the Spring 2019 census count. Within the figures, an anticipated clawback of £26k has been accounted for.

### 3. REASON FOR RECOMMENDATION(S)

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

### 4. BACKGROUND INFORMATION & CONTEXT

#### 4.1 Context

In 2018/19 the final allocation of DSG for Rotherham was £92.228m. This amount is net of academy recoupment for the 79 academies within Rotherham at a total of £143.418m.

It should be noted that the 2018/19 accounts also include the 2017/18 early years adjustment from the January 2018 census of £336k which authorities were notified of in summer 2018 (after the 2017/18 statement of accounts had been compiled). However, Schools Forum members should note that the DSG note to the accounts however was updated to include this.

As in previous years the local authority has yet to be notified of the final early years adjustment for 2018/19 (based on the January 2019 census). The government have advised the individual authorities will be notified of this adjustment in June 2019. The local authority have modelled the census data provided to the government and are anticipating a clawback of £26k. This has been included with the 2018/19 accounts.

A copy of the DSG disclosure note for 2018/19 has been included at appendix A to this report.

An overspend of £9.687m was the total balance brought forward from 2017/18.

#### 4.2 Centrally retained balance

As stated in 5.1 above, the balance brought forward to 2018/19 was 9.687m. The early years adjustment for January 2018 received in summer 2018 was additional funding of £336k used to meet the pressure on the high needs expenditure.

As reported to Schools Forum throughout the year; pressures on high needs expenditure continued to rise so the total amount of deficit reserve remaining as at March 2019, to carry forward to 2019/20, is £15.114m.

It should be noted, as outlined elsewhere in the report, that the local authority has modelled the impact of the January 2019 early years census data and are expecting a clawback of £26k. This has been taken into consideration in the production of the 2018/19 final accounts. The actual adjustment will be known in summer 2019.

The £26k anticipated clawback is made up of an additional £64k for 3 & 4 year olds, £17k for Early Years Pupil Premium, £38k for Nursery Schools supplementary funding and clawback of £145 k for 2 year olds.

### 5. Individual School Budgets

- 5.1 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 £3.490m.

Value of Balance	Number of Schools	% of Total Number of Schools	Combined Value of Balance
Deficit Balance	7	-9%	-319,579
Surplus £0 - £20,000	3	1%	25,590
Surplus £20,001 - £50,000	10	9%	312,044
Surplus £50,001 - £100,000	7	15%	539,983
Surplus £101,001 - £250,000	10	45%	1,572,410
Surplus £250,001 +	3	39%	1,359,225
<b>Total</b>	<b>40</b>	<b>100%</b>	<b>3,489,673</b>

#### 5.2 Surplus balances

As at 31st March 2019, the movement on surplus balances when compared with 2017/18 reflected a increase in year of £0.602m as follows;

2017-2018		2018-2019		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
36	3,207	33	3,809	-3	602

In the main, the reason for the increase in the level of surplus is due to a rise in all sectors, particularly the secondary and special sectors. Four of the six in-year academy conversions were schools with cumulative surplus balances of £153k as at 31<sup>ST</sup> March 2018.

Of the total 2018/19 surplus balances, 11 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 schools 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.

Letters have been sent to the schools asking for them to return an excess surplus balance justification plan.

### 5.3 Deficit balances

As at 31st March 2019, the movement on deficit balances in comparison with 2017/18 shows an overall reduction in the value of the deficit by £296k as follows:

2017-2018		2018-2019		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
10	-616	7	-320	-3	296

In summary, the 7 deficit balances can be analysed as follows:

Number of Schools	Amount of Deficit
3	Up to £50,000
4	Above £50,001

Of the 10 schools that were previously identified to be in deficit, 3 have now entered a surplus balance position, 2 now have academy status with a cumulative deficit balance of £218k and 5 schools remain in deficit.

2 schools that were previously in surplus have now entered a deficit position. Meetings are taking place between the school, Finance, HR and School Improvement Service colleagues to determine the appropriate way forwards.

For all schools that are in a deficit position, individual 3 year budget recovery plans are in the process of being compiled. These will then be subject to formal review throughout the year.

Similar to previous years, the key reasons why schools have deficit balances are as follows:

- falling pupil numbers and schools do not take action quick enough to adjust their staffing compliment
- excessive levels of spending on goods/services and/or excess staffing structures
- long term staff absences/suspensions which are not covered through staff insurance
- short term absence which do not trigger insurance claims

## **6 Excluded pupils**

A total of £93,051 was recovered from individual schools & academies who permanently excluded pupils during 2018/19 financial year. Due to the increasing number of permanent exclusions, this was a 6% increase from 2017/18. This funding was utilised to reduce the amount of high needs block DSG funding required to fund the pupil referral units.

## **7. Names and contact details**

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