

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	25th June 2021
2.	Title:	Dedicated Schools Grant – 2020/21 Outturn & 2021/22 Funding
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools Forum as to the 2020/21 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 The report outlines the national picture on the High Needs Block as part the overall Dedicated Schools Grant and the additional funding the government is investing in education in the next two years as part of its spending review.

2. RECOMMENDATION(S)

- 2.1 That Schools Forum members note the information contained within this report, particularly that the reserve balances have increased to £21.3m (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 2021 census count. Within the figures, an anticipated reduction of £222k 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 updated on the DSG reserve position within Rotherham.

4. BACKGROUND INFORMATION & CONTEXT

4.1 Context

In 2020/21 the final allocation of DSG for Rotherham was £85.203m. This amount is net of academy recoupment for the 86 academies within Rotherham at a total of £161.712m.

It should be noted that the 2020/21 accounts also include the 2019/20 early years adjustment from the January 2020 census of £7k which authorities were notified of in summer 2020 (after the 2019/20 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.

4.2 Centrally retained balance

The DSG central reserve deficit balance brought forward to 2020/21 was 19.9m.

As reported to Schools Forum throughout the year; pressures on high needs expenditure continued with a further deficit in 2020/21 of £2.0m which has contributed to a net deficit in the DSG Central Reserve of £21.3m after taking account of DSG balances in other DSG funding blocks and PRU balances.

It should be noted, as outlined elsewhere in the report, that the local authority has modelled the impact of the January 2021 early years census data and are expecting a reduction in funding of £222k. This has been taken into consideration in the production of the 2020/21 final accounts. The actual adjustment will be known in summer 2021.

The £222k anticipated reduction in funding is made up of estimated clawbacks of £118k for 3 & 4 year olds, £95k for 2 year olds, £12k for Nursery Schools supplementary funding and offset by an estimated increase of £3k for Early Years Pupil Premium.

High Needs Block Element

The High Needs Block over spend is as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are now the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).

The deficit reflects system wide issues in how the funding is determined. Whilst the allocation moved to a formulaic basis in 2018/19 and now includes proxy indicators of SEND within the population, a large element of the grant remains fixed based on historic spend.

In 2020/21 Rotherham were successful in submitting a disapplication request to the Secretary of State to transfer 1.5% of the DSG Schools Block allocation (£2.96m) to the High Needs Block. The transfer is for one year only and to continue with the transfer of funding a new application is required each financial year.

Despite the £3.0m transfer of funding into the High Needs Block there was still a overspend of £2.0m (financial pressure would be £5.0m without the transfer) in the 2020/21 financial year.

2021/22 & Future Years

The Government spending review announced additional funding for schools and high needs, compared to 2019-20, will rise by £4.8 billion for 2021-22 and £7.1 billion for 2022-23.

In 2021/22 the £4.8 billion is split £4.020 billion to the Schools Block and £0.780 billion to the High Needs Block; the funding split for future years still to be determined. For Rotherham this is an additional £5.5m for schools and £5.3m in the High Needs Block.

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 £3.180m.

Value of Balance	Number of Schools	% of Total Number of Schools	Combined Value of Balance
Deficit Balance	4	14%	-226,551
Surplus £20,001 - £50,000	7	23%	285,775
Surplus £50,001 - £100,000	6	20%	422,209
Surplus £101,001 - £250,000	10	33%	1,551,343
Surplus £250,001 +	3	10%	1,147,030
Total	30	100%	3,179,806

5.2 Surplus balances

As at 31st March 2021, the movement on surplus balances when compared with 2019/20 reflected an increase in year of £1.022m as follows:

2019-2020		2020-2021		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
35	2,461	30	3,180	-5	719

The increase in the level of surplus takes account of the 5 schools that have converted to academies during 2020/2021. The in-year academy conversions were schools with cumulative balances of £303k as at 31ST March 2020.

Of the total 2020/21 surplus balances, 10 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.

Schools have recently submitted excess surplus balance plans detailing intended use.

5.3 Deficit balances

As at 31st March 2021, the movement on deficit balances in comparison with 2019/20 shows a decrease in the value of the deficit by £141k as follows:

2019-2020		2020-2021		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000

7	-368	4	-227	3	-141
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In summary, the 4 deficit balances can be analysed as follows:

Number of Schools	Amount of Deficit
2	Up to £15,000
2	Above £50,001

Of the 7 schools that were previously identified to be in deficit, 3 have now entered a surplus balance position, 1 now has academy status with a deficit balance of £11k and 3 schools remain in deficit.

1 school that was previously in surplus has now entered a small deficit position. Meetings will take place between the school, Finance, HR and School Improvement Service colleagues to support them in developing their deficit recovery plans.

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.

7. Names and contact details

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