

## REPORT FOR SCHOOLS FORUM

1.	<b>Date of meeting:</b>	<b>24<sup>th</sup> June 2022</b>
2.	<b>Title:</b>	<b>Dedicated Schools Grant – 2021/22 Outturn &amp; 2022/23 Funding</b>
3.	<b>Directorate:</b>	<b>Finance and Customer Services</b>

### 1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools Forum as to the 2021/22 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 details of academy trust revenue reserves as published on the Department for Education website in April for the 2020/21 academic year.
- 1.4 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.
- 2.2 That Schools Forum members note that the centrally retained early years balance is subject to change as this will be dependant on the early years adjustment for the Spring 2022 census count. Within the figures, an anticipated increase of £75k 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.
- 3.2 Furthermore, that maintained members of the Forum are kept abreast of the surplus/deficit balances across both maintained schools and academy trusts within Rotherham.
- 3.3 To ensure that Schools Forum members are kept informed of the reserve position within Rotherham.

### 4. BACKGROUND INFORMATION & CONTEXT

#### 4.1 Context

In 2021/22 the final allocation of DSG for Rotherham was £86.279m. This amount is net of academy recouplement for the 94academies within Rotherham at a total of £185.913m.

It should be noted that the 2021-22 accounts also include the 2020/21 early years

adjustment from the January 2021 census of £17K which authorities were notified of in summer 2021 (after the 2020-21 statement of accounts had been compiled).

Schools Forum members should note that the DSG note to the accounts (see attached) was updated to include this.

As in previous years the local authority has yet to be notified of the final early years adjustment for 2021/22 (based on the January 2022 census). The government usually advised local authorities of this adjustment in July 22. The local authority has modelled the census data provided to the government and are anticipating an increase of £75k. This has been included with the 2021/22 accounts.

#### 4.2 Centrally retained balance

The DSG central reserve deficit balance brought forward to 2021/22 was £21.26m.

As reported to Schools Forum throughout the year; pressures on high needs expenditure remained at £0.73m, however after taking account of other balances in other DSG funding blocks has resulted in an in-year deficit of £0.11m increasing the net deficit in the DSG Central Reserve of £21.37m.

However during 2021/22 Rotherham was approved to enter the DfE's Safety Valve programme and received funding of £8.53m, reducing the DSG Centre Reserve deficit to £12.84m

It should be noted, as outlined elsewhere in the report, that the local authority has modelled the impact of the January 2022 early years census data and are expecting a reduction increase in funding of £75K. This has been taken into consideration in the production of the 2021/22 final accounts. The actual adjustment will be known in summer 2022.

The £75k anticipated increase in funding is made up of following by an estimated increase of £3k 3 & 4 year olds, £32k for 2 year olds and £13k Early Years Pupil premium offset by estimated clawback of 6K for Nursery Supplement funding.

#### ***High Needs Block Element***

The High Needs Block overspend 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 2021/22 Rotherham were successful in submitting a disapplication request to the Secretary of State to transfer 1.5% of the DSG Schools Block allocation (£3.04m) 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 £3.04m transfer of funding into the High Needs Block there was still a overspend of £0.73m (financial pressure would be £3.77m without the transfer) in the 2021/22 financial year.

## 2022/23 & 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 2022/23 the £7.1 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 £3.795m.

Value of Balance	Number of Schools	% of Total Number of Schools	Combined Value of Balance
Deficit Balance	2	7%	-51,365
Surplus £1,001 - £50,000	6	22%	163,674
Surplus £50,001 - £100,000	7	26%	504,382
Surplus £101,001 - £250,000	7	26%	1,038,601
Surplus £250,001 +	5	19%	2,140,296
<b>Total</b>	<b>27</b>	<b>100%</b>	<b>3,795,588</b>

### 5.2 Surplus balances

As at 31st March 2022, the movement on surplus balances when compared with 2020/21 reflected an increase in year of £.614m as follows:

2020-2021		2021-2022		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
30	3,180	27	3,794	-3	614

The increase in the level of surplus takes account of the 3 schools that have converted to academies during 2021/2022. The in-year academy conversions were schools with cumulative balances of £187k as at 31<sup>st</sup> March 2021.

Of the total 2021/22 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.

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

### 5.3 Deficit balances

As at 31st March 2022, the movement on deficit balances in comparison with 2020/21 shows a decrease in the value of the deficit by £176k as follows:

2020-2021		2021-2022		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
4	-227	2	-51	2	-176

In summary, the 2 deficit balances can be analysed as follows:

Number of Schools	Amount of Deficit
1	Up to £20,000
1	Above £40,001

Of the 4 schools that were previously identified to be in deficit, 1 has now entered a surplus balance position, 1 has converted and 2 schools remain in deficit.

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.

## 6. **Academy Trust Surplus Balances**

6.1 As Schools Forum members may want to note that for the academic year 2020/21 the Department for Education received financial data from trusts, as part of the academy accounts return (AAR), submitted in early 2022.

6.2 These are submitted for the preparation of the annual accounts prepared by the DfE for the academies sector, known as the Sector Annual Report and Accounts (SARA).

6.3 The data was published on 19th April and can be accessed at the link below:

[Academy trust revenue reserves 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/academy-trust-revenue-reserves-2020-to-2021)

6.4 The Department for Education now provide information about academy reserves at an individual level rather than just by trust. The balances as at 31<sup>st</sup> August 2021 were as follows.

Number of Academies	Year-end Balance
10	£20K + Deficit
1	£0 – 20K Deficit
16	£0 – 50K Surplus
21	£50K - £100K Surplus
24	£101 - £250K Surplus
21	£250K + Surplus

6.5 Members should determine if further analysis of this data would be beneficial for the purposes of Schools Forum work going forwards.

**7. Names and contact details**

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