

WESTMINSTER CITY COUNCIL**SCHOOLS' FORUM – 11 JUNE 2018****REPORT BY STRATEGIC FINANCE MANAGER****DEDICATED SCHOOLS GRANT OUT-TURN
AND SCHOOL BALANCES AS AT 31 MARCH 2018**

This report informs Schools' Forum on the year-end DSG balance as at 31st March 2018 and the end of year balances for individual schools.

FOR INFORMATION**1. INTRODUCTION**

- 1.1 Westminster City Council receives an allocation of Dedicated Schools Grant (DSG) from the Education and Skills Funding Agency (ESFA) to fund its maintained schools and academies as well as certain items of central expenditure, Early Years and High Needs Expenditure.
- 1.2 On 20th March 2018 the Council was informed of its final DSG allocation for 2017/18. This confirmed final DSG figure was £85.111m. There is also a negative adjustment of £0.455m (Early Years and Copyright Licences from 2016/17).

2. DEDICATED SCHOOLS GRANT – Outturn and carry forward

- 2.1 At Period 10, Children's Services were reporting an overspend of £0.703m against the Dedicated Schools Grant of £84.656m (Initial budget of £85.111m less in-year adjustments of £0.455m). This was reported to Schools Forum in January 2018. This was made up as follows:

DSG Block	Amount (£m)	Nature	Commentary
Early Years	(1.439)	One-off	Based on DfE expected take up of 30 hour offer. If take up is lower then the grant will be reduced to reflect this.
Schools	1.488	Ongoing	Primarily against contingency for redundancies and virtual school pressures
High Needs	0.654	Ongoing	The pressure is against top up funding, belongings placements and SALT with an underspend against top ups to free schools and independent schools
TOTAL	0.703		

2.2 The final outturn position was net expenditure of £85.850m, an adverse movement of £0.491m. This left a residual overspend position of £1.194m, which the service balanced using DSG reserve held on the Council's balance sheet (brought forward position of £5.275m). The residual DSG reserve remaining in Westminster is £4.080m.

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Schools	1.488	Ongoing	Primarily against contingency for redundancies and virtual school pressures
High Needs	1.145	Ongoing	The pressure is against top of up funding, belongings placements and SALT with an underspend against top ups to free schools and independent schools
TOTAL	1.194		

3. USE OF DSG BALANCES

3.1 The table below shows the proposed application of the £4.080m DSG balances. The proposals take account of the ongoing cost pressures highlighted in the 2017/18 outturn position: the need to support schools with deficits and/or needing to restructure; the ongoing cost pressures in high needs top ups to schools; and the expected early years DSG reduction to reflect actual numbers funded:

	2018/19 (£m)	2019/20 (£m)	To fund
Balance b/f	4.080	1.150	
Schools & schools central	1.000		Transition support for schools with restructures, redundancies & virtual school pressure.
High Needs	1.150	1.150	High Needs growth, hospital schools education & post 16 unfunded growth.
Early Years	0.780		Early Years estimated ESFA adjustment part year-effect.
Balance c/f	1.150	0	

4. SCHOOL BALANCES

- 4.1 ESFA are aware that some local authorities operate balance control mechanisms and have not ruled out use of schools balances regarding pressures on funding schools, high needs and early years. Schools' Forum discussions in January were considering schools balances from falling rolls and schools redundancy calculations using period 10 information. The absence of academy information on balances has been raised in contextual information of previous reports.
- 4.2 ESFA guidance refers to balances that exceed 5% of budget for secondary schools and 8% for nursery, primary and special schools.
- 4.3 Westminster's annual statement of accounts reported that the estimated total of School Balances was £5.643m at 31st March 2018. Since Westminster closes the accounts on an estimate these are not 100% accurate to the balances shown on schools financial systems.
- 4.4 Appendix A shows the detail of individual estimated school balances as held at 31st March 2018 and compared to the relevant calculation for the ESFA's suggested revenue balance control mechanism. Some schools have not confirmed their final actual balances and we will report on the actual balances at the next Schools' Forum.
- 4.5 The estimated school balances have increased by £2.097m to £5.801m. There are six schools with deficit balances at the end of 2017/18 compared to nine at the end of 2016/17 and this reflects the deficit recovery actions taken by schools. 22 schools have balances in excess of the ESFA guidance referred to in 4.2 above.
- 4.3 We will be contacting any schools whose balances appear to cause concern or who have submitted deficit budget plans to check that the balance shown is accurate, ensure that all funding available to the school has been paid to them and that the school has a viable recovery plan should this be required.

5 RECOMMENDATIONS

Schools Forum are asked to:

- 5.1 note the DSG Carry Forward position.

- 5.2 note the level of schools balances and consider whether the levels held raise any concerns.
- 5.3 to agree proposals for use of centrally retained balances as detailed in section 3.

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Background papers:

DSG Note and Final Accounts 31st March 2018.

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