

Kirklees School Forum (Public)

24 June 2022

DSG Outturn 2021/2022

1. Introduction

- 1.1 The 2021/22 balances of all maintained schools are produced from the finalised information produced from each individual maintained school and collated within the overall Local Authority financial ledger.
- 1.2 In addition to the individual school balances, both de-delegated and traded elements of the DSG are managed centrally within the financial ledger operating against terms and conditions devised and agreed by School Forum for the benefit of mainly (but not exclusively) maintained schools.
- 1.3 The report also covers the overall DSG outturn for 2021/2022, including the funding resulting from participation in the Safety Valve programme.

2. School Balances

- 2.1 The balance for all maintained schools as at 31st March 2022 totalled £15.5million which despite academisation of six schools during 2021/2022 currently represents an overall increase of £1.9million in balances, summarised in the Table below.

Area	Number of Establishments	Combined Balance 31 March 2022
Primary Schools	103	£8.6 million
Special Schools	4	£1.3 million
Secondary Schools	7	£5.6 million
Total	114	£15.5 million

- 2.2 Further information covering the 'excess balances' for those schools which have exceeded the 10% (primary & special schools) and 8% (secondary schools) tolerance of their total budget will be agreed with each individual school, with any potential recoupment on these amounts then be considered at a future School Forum meeting.

3. Centrally Managed School Budgets

- 3.1 Both the de-delegation and the traded aspects of central school budgets are managed centrally on behalf of all schools. These fall into the following categories within the Financial Ledger and ultimately reconcile back to the approved de-delegation and agreed support rates and charges associated with Kirklees Business Solutions.

3.2 The overall deficit effect on the DSG account for the above for 2021/2022 is currently reported as £547k adverse. This appears to be an unusual occurrence primarily as a result of the 'cover arrangements' (Long and Short term traded service) for Covid 19 that has effectively under recovered in 2021/2022 by £952k. To contextualise this, 2019/2020 equivalent was approximately £70k adverse.

3.3 School Forum have recommended that the net deficit of £547k on the centrally managed DSG to be recovered from each participating maintained school on a pro-rata usage basis as a fair mechanism for shared responsibility by maintained schools.

4. Overall DSG Position

4.1 The overall DSG as at 31st March 2022 shows an overall deficit of £22.3 million comprising of the following:

<i>Area</i>	<i>£ million</i>
<i>High Needs</i>	22.7
<i>Early Years</i>	-0.5
<i>Schools Block / CSS Block</i>	0.1
<i>Net DSG Reserve Account</i>	22.3

4.2 In-year spend on High Needs in excess of the DSG funding allocation was £12.8m (equivalent in-year deficit in 2020/21 was £10.7m). The Secretary of State for Education also confirmed, on 24 March 2022, the Council's successful participation in the Round 2 Dedicated Schools Grant (DSG) deficit reduction (Safety Valve) Programme. This included an initial 2021/22 Government funding contribution of £13.5m made on 31 March 2022.

4.3 The year-end DSG position is also net of the clearance of £1.954m outstanding deficit school balance relating to Almondbury Community School which had accumulated as a result of an emerging annual structural funding deficit up to the point of the school's closure.

5. Next Steps

5.1 School Forum note the:

- Final the impact on the financial position for the 2021/2022 DSG;
- the increased overall balances on individual school accounts and consider what level of recoupment should be applied for 2021/2022; and
- the overall outturn DSG position for 2021/2022, and the positive impact of the Dedicated Schools Grant (DSG) deficit reduction (Safety Valve) Programme on the overall finances for Kirklees Council.