

## 2024/25 Outturn and Maintained School Balances.

<b>Schools' Forum Date</b>	13 <sup>th</sup> June 2024
<b>Type of Decision</b>	For decision
<b>Background Documents</b>	Previous year balances report Schools Forum 12th July 2023
<b>Authors</b>	Sue Hall Finance Business Partner Neil Egles Schools Finance Manager
<b>Purpose of Report</b>	To inform Schools Forum of the 2023/24 Outturn Position for Dedicated Schools Grant (DSG) and non-DSG and the DSG deficit balance to carry forward.  To update the Forum on the maintained school balances at the end of 2023/24, and the work of the Deficit Officers Group.
<b>Key Recommendations</b>	Recommendation 1: That Forum agrees the DSG deficit balance at the end of 2023/24, as shown in this report, is carried forward to 2024/25.
<b>Resource Implications</b>	A DSG deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the LA not to do this. Any local authority with a DSG deficit at the end of 2023/24 must co-operate with the DfE in managing that situation by providing information as and when requested by the department about its plans for managing its DSG account in the 2024/25 financial year and subsequently.

### 1. 2023/24 Dedicated Schools Grant outturn

The 2023/24 in-year DSG outturn position was an overspend of £17.167m resulting in a cumulative overspend of £45.751m representing 7.8% of the 2023/24 gross DSG budget, as follows:

Summary of 2023/24 Outturn	Schools £m	High Needs £m	Early Years £m	Central School Services £m	Total £m	2022/23 balances			Outturn 2023/24 £m
						Schools £m	Early Years £m	Gross DSG Deficit £m	
DSG before recoupment 2023/24	455.369	93.288	36.836	3.077	588.570				588.570
In-year net spend including recoupment	455.666	111.812	34.091	3.395	604.964	0.084	0.689		605.737
2023/24 in-year outturn (minus = underspend)	0.297	18.524	-2.745	0.318	16.394	0.084	0.689		17.167
2022/23 DSG balances brought forward						-0.142	-1.426	30.152	28.584
DSG Deficit carried forward to 2024/25						-0.058	-0.737	30.152	45.751

Although there is an overall net £45.751m DSG deficit being carried forward to 2024/25, this contains surplus commitments relating to maintained schools de-delegated budgets and early years as follows:

<b>De-delegated balances</b>	<b>£m</b>
October pupil increases	-0.073
Targeted intervention and support	0.031
Union facilities	0.000
2023/24 in-year de-delegation outturn	-0.042
2022/23 remaining de-delegated balance	-0.058
<b>Total de-delegated balance end of 2023/24</b>	<b>-0.100</b>

<b>Early Years Balance</b>	
2023/24 in-year underspend	-2.745
2022/23 remaining balance	-0.737
<b>Total Early Years balance end of 2023/24</b>	<b>-3.482</b>

The Early Years block under-spend was due to lower spend against the budget for free entitlement for nursery places for three- and four-year-olds and also due to balances brought forward from the previous financial year. Further adjustments will be made to the Early Years block by the DfE in June/July to account for changes in activity following the census in January. Once the funding position becomes clear the use of any balances will be discussed with the Schools Forum.

**Recommendation 1: That Forum agrees the DSG deficit at the end of 2023/24 is carried forward as shown above.**

## **2. High Needs**

Within the total deficit position, the High Needs block is £49.376 million in deficit offset by other block balances. The High Needs outturn was £5.703 million above the deficit budget (£12.82 million) that was set and was due to increasing demand for Education Health and Care Plans, additional independent special school placements, alternative provision and additional packages of support, were the primary drivers for the pressures.

<b>High Needs Block Outturn 2023/24</b>	<b>Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>
Mainstream EHCP Costs - Early Years	636.3	653.3	17.0
Mainstream EHCP Costs - Primary	13,076.6	13,409.8	333.2
Mainstream EHCP Costs - Secondary	6,784.8	7,299.9	515.1
Mainstream EHCP Costs - Secondary Post 16	435.0	417.7	-17.3
Special Centres - Primary	777.2	900.4	123.2
Special Centres - Secondary	120.9	148.7	27.8
Special School Provision - Place funding (LA)	15,563.8	15,400.4	-163.4
Special School Provision - Top-up funding	17,777.6	17,976.4	198.8
Independent Special Schools - Joint Funding	19,627.2	21,175.4	1,548.2
Post 16 Independent School Placements	1,893.0	1,986.7	93.7

EHCP Costs - College and FE	12,438.1	12,513.3	75.2
Alternative provision - places & top ups & services	5,082.5	6,646.5	1,564.0
Alternative provision - Glos Hospital Education	2,442.0	2,613.0	171.0
Excluded pupils	-100.0	-457.8	-357.8
LA Services and staffing	3,374.1	3,595.3	221.2
Restorative Practice	200.0	279.9	79.9
Special School Teachers Pay and Pensions	971.3	947.5	-23.8
Other additional packages of support	980.8	2,271.2	1,290.4
Education other than at school (EOTAS)	1,366.8	1,644.7	277.9
Special School Bespoke Packages	1,000.0	1,436.3	436.3
Support Services	411.5	691.6	280.1
Therapies and other health related costs	263.3	261.3	-2.0
High Needs Unallocated	-11,835.0	0.0	11,835.0
Rounding	0.1		-0.1
	93,287.9	111,811.5	18,523.6

Gloucestershire's High Needs block, like most local authorities nationally, is in deficit. A technical instrument – a Statutory Override – exists, which allows Local Authorities to hold a ring-fenced deficit (i.e. overdrawn) reserve balance for DSG. The Statutory Override was recently extended by Government, to March 2026. This creates a risk that General Fund balances will be required to meet the cumulative deficit, as at 1 April 2026.

There is a separate report on the agenda covering high needs and the actions being taken to develop a recovery plan.

### **3. Maintained School Balances at the end of the 2023/24 Financial Year.**

The Schools Fair funding scheme allows schools to carry forward, from one financial year to the next, any surplus or shortfall in expenditure, relative to the school's budget share for the year, plus/minus any balance brought forward from the previous year.

Key figures to note about the balances held at the 31<sup>st</sup> March 2024 are:

- 157 schools are in surplus.
- 20 schools are in deficit. All of these are receiving support to draw up and implement recovery plans in line with the deficit process that was agreed by Forum.
- Total Maintained School Balances decreased by £1.259m (-4.8%) made up of:
  - Revenue Balance increases of £1.682m (7.8%)
  - Capital Balance decreases of £1.063m (-36.1%)
  - Removal of £1.878m of balances relating to 14 academy conversions.

Schools' CFR returns do not separately identify any unspent earmarked grants e.g., pupil premium. The balances shown therefore include these.

A more detailed breakdown across the different sectors is shown below:

**School Balance Movements 2023–2024 (excluding academies)**

	31/03/2023	31/03/2024	Change 2023 to 2024	% Change	Incr/Decr
<b>Primary</b>					
Revenue	16,689,954	16,251,401	-438,553	-2.6%	Decrease
Capital	2,364,434	1,320,975	-1,043,459	-44.1%	Decrease
<b>Total</b>	<b>19,054,388</b>	<b>17,572,375</b>	<b>-1,482,012</b>	<b>-7.8%</b>	Decrease
<b>Secondary</b>					
Revenue	4,267,365	4,255,594	-11,771	-0.3%	Decrease
Capital	400,399	531,066	130,666	32.6%	Increase
<b>Total</b>	<b>4,667,764</b>	<b>4,786,660</b>	<b>118,895</b>	<b>2.5%</b>	Increase
<b>Special</b>					
Revenue	961,549	2,691,274	1,729,724	179.9%	Increase
Capital	97,329	-2	-97,331	-100.0%	Decrease
<b>Total</b>	<b>1,058,878</b>	<b>2,691,272</b>	<b>1,632,394</b>	<b>154.2%</b>	Increase
<b>Alternative Provision</b>					
Revenue	-309,666	92,998	402,665	130.0%	Increase
Capital	78,119	25,492	-52,627	-67.4%	Decrease
<b>Total</b>	<b>-231,547</b>	<b>118,490</b>	<b>350,037</b>	<b>-151.2%</b>	Increase
<b>Total</b>					
Revenue	21,609,202	23,291,266	1,682,064	7.8%	Increase
Capital	2,940,281	1,877,530	-1,062,750	-36.1%	Decrease
<b>Total</b>	<b>24,549,483</b>	<b>25,168,797</b>	<b>619,314</b>	<b>2.5%</b>	Increase
<b>Academy in year conversions</b>	<b>1,877,894</b>	<b>0</b>	<b>-1,877,894</b>	<b>-100.0%</b>	Decrease
<b>Gross of Academy movements</b>	<b>26,427,377</b>	<b>25,168,797</b>	<b>-1,258,580</b>	<b>-4.8%</b>	Decrease

**Notes:**

1. Schools which closed or converted to academies by 31/03/2024 have been excluded from both the 31/03/2023 and 31/03/2024 figures to provide a more 'like for like' comparison between years.
2. The reduction in balances due to schools converting to academy status during 2023/2024 is shown separately.
3. Federated schools operating under a single budget have been treated as 1 school in these figures.

Revenue Balances 31/03/2024 Range					
	Primary	Secondary	Special	Alternative Provision	Overall
Max Balance	862,253	1,480,909	2,441,476	92,998	2,441,476
Min Balance	-317,147	609,989	-171,697	0	-317,147
Average	97,314	851,119	672,818	46,499	130,850
<i>Previous Year Average</i>	<i>93,340</i>	<i>853,473</i>	<i>240,387</i>	<i>-154,833</i>	<i>121,400</i>

Revenue Bal. as % of Individual School Budget (ISB)					
	Primary	Secondary	Special	Alternative Provision	Overall
Highest	59%	29%	48%	2%	59%
Lowest	-38%	10%	-4%	0%	-38%
Average	10%	14%	15%	1%	10%
<i>Previous Year Average</i>	<i>10%</i>	<i>16%</i>	<i>8%</i>	<i>-8%</i>	<i>11%</i>

Revenue Balance totals 31/03/2024 by amount					
	Primary	Secondary	Special	Alternative Provision	Overall
Deficits larger than -£50,000	-2,016,604	0	-171,697	0	-2,188,301
Deficits between -1 and -£50,000	-143,955	0	0	0	-143,955
<b>Deficits only Total</b>	<b>-2,160,559</b>	<b>0</b>	<b>-171,697</b>	<b>0</b>	<b>-2,332,256</b>
Surpluses 0 to £50,000	939,542	0	0	0	939,542
Surpluses £50,001 to £100,000	3,002,605	0	62,654	92,998	3,158,258
Surpluses £100,001 to £200,000	5,675,392	0	0	0	5,675,392
Surpluses £200,001 to £400,000	5,702,297	0	358,840	0	6,061,137
Surpluses £400,001 to £600,000	956,375	0	0	0	956,375
Surpluses over £600,000	2,135,748	4,255,594	2,441,476	0	8,832,818
<b>Surpluses only Total</b>	<b>18,411,960</b>	<b>4,255,594</b>	<b>2,862,970</b>	<b>92,998</b>	<b>25,623,522</b>
<b>Overall totals</b>	<b>16,251,401</b>	<b>4,255,594</b>	<b>2,691,274</b>	<b>92,998</b>	<b>23,291,266</b>

Revenue Balances 31/03/2024 by School Numbers					
	Primary	Secondary	Special	Alternative Provision	Overall
Schools	167	5	4	2	178
In Surplus	147	5	3	2	157
In Deficit	20	0	1	0	21

#### 4. Deficit Officers Group review of deficits and excess surpluses

The Forum have previously agreed that as well as the Council's Deficit Officers Group working with schools in deficit to produce recovery plans, they should also contact representatives of the schools holding the largest excessive balances in order to identify the reasons behind the surplus and to advise each school on appropriate action to use their surplus where appropriate.

A summary from the Council's Deficits Officer Group is below:

##### Deficit Schools

At the start of the year 36 schools were forecasting revenue deficits in their 2023/24 Governors' Budget Plans which totalled £3.316 million. Deficit schools were regularly monitored and where particular concerns had been identified, schools contacted and appropriate actions taken to support recovery. As a result, only 19 of the 36 schools which projected a deficit position actually ended the year in a deficit. The total revenue deficit at year end for those 19 schools was £2.315m, however, 2 additional schools, which were not projecting a deficit at the beginning of the year also ended the year in a deficit position totalling £0.017m. This brought the total revenue deficit at the end of 2023/24 to £2.332m held by 21 schools as summarised below:

Revenue Deficits	End of 2022/23		End of 2023/24	
	No. of Sch	Total £	No. of Sch	Total £
Less than £10,000	2	£11,658	3	£14,279
£10,000 - £19,999	5	£74,035	1	£14,534
£20,000 - £29,999	1	£26,385	0	£0
£30,000 - £39,999	2	£62,278	2	£68,061
£40,000 - £49,999	1	£42,754	1	£47,082
£50,000 - £99,999	2	£150,265	3	£248,202
£100,000 - £149,999	6	£753,943	6	£719,208
£150,000 - £199,999	2	£324,256	1	£171,697
£200,000+	2	£874,278	4	£1,049,194
<b>Totals</b>	<b>23</b>	<b>£2,319,852</b>	<b>21</b>	<b>£2,332,257</b>

There are a further 57 schools whose in-year revenue balance decreased but were still in surplus at the year end. Officers are working closely with these schools to ensure an in-year surplus balance can be achieved in a prompt manner.

The critical pressure is coming from fluctuating or falling pupil numbers and the increase of SEN within schools.

Schools Finance is in the process of collating the 2024/25 Governor's Budget Plans, and once all the plans have been received the Deficit Officer Group will review the position and challenge schools where necessary. Every school that submits a deficit budget will be required to submit a recovery plan.

#### Schools with surplus balances

157 schools (83%) out of all 178 maintained schools had a revenue surplus at year end totalling £25.623m.

The Deficit Officers Group are continuing to monitor schools with large surplus balances and they will be asked and challenged where necessary to account for higher than average balances. The Group also review all other maintained schools holding surplus balances above 5% in Secondary and 8% in Primary and Special Schools.

## **5. Children & Families Summary Outturn Position 2023/24 – Non-DSG**

### **Extract from the Revenue Outturn Report for 2023/24 to be presented to Cabinet on 12<sup>th</sup> June 2024**

The year-end revenue position as at March 2024 for non-DSG funded services is an over-spend of £7.813 million (4.94% above budget), a favourable movement of £773k relative to the position reported in January. The position includes the use of the children's reserve set up in the budget of £6.2 million. External placements continued to be the most significant and enduring variance during the year at £12.433 million overspent. The other significant overspends were disability services (£2.064 million) and

section 17 and discretionary payments (£925k) which were partly offset by underspends on home to school transport (£599k) and the in-house fostering service (£895k).