

## 2021/22 Outturn and Maintained School Balances.

<b>Schools' Forum Date</b>	16 <sup>th</sup> June 2022
<b>Type of Decision</b>	For decision
<b>Background Documents</b>	Previous year balances report Schools Forum 17th June 2021
<b>Authors</b>	Sue Hall Finance Business Partner Neil Egles Schools Finance Manager
<b>Purpose of Report</b>	To inform Schools Forum on the draft 2021/22 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 2021/22, 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 2022/22 is earmarked as shown in the report and carried forward to 2022/23.
<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 2021/22 must co-operate with the DfE in handling that situation by providing information as and when requested by the department about its plans for managing its DSG account in the 2022/23 financial year and subsequently.

### 1. 2021/22 Dedicated Schools Grant outturn

The 2021/22 in-year DSG outturn position was an overspend of £5.058m resulting in a cumulative overspend of £17.042m representing 3.26% of the 2021/22 gross DSG budget.

The breakdown between the DSG blocks was as follows:

DSG Blocks	Schools £M	High Needs £M	Early Years £M	Central School Services £M	Total £M	DSG %
DSG before Recoupment 2021/22	410.727	74.996	34.760	2.784	523.267	100.00%
Outturn net spend including recoupment	410.133	81.958	33.415	2.819	528.325	100.97%
2021/22 in-year outturn (minus = underspend)	-0.594	6.962	-1.345	0.035	5.058	0.97%
Remaining 2020/21 DSG Deficit balance					11.984	2.29%
DSG Deficit c/fwd to 2022/23					17.042	3.26%

The £0.594m schools block net underspend identified in the table above consists of two elements:

- An underspend of £0.456m on the growth fund used to fund new schools and increases in basic need places.
- An in-year under spend of £0.138m on the de-delegated budgets that relate to maintained schools only.

There was also a surplus of £0.200m at the end of last year relating to de-delegated balances that is part of the net £11.984m remaining deficit balance brought forward, bringing the de-delegated surplus element of the DSG up to £0.338m.

A more detailed split of this across the dedelegated budget headings is below:

<b>De-delegated balances</b>	<b>£m</b>
October pupil increase	-0.051
Targeted Intervention and Support	-0.057
Union Facilities	0.000
Education Functions	-0.030
2021/22 in-year total	-0.138
2020/21 balance b/fwd	-0.200
<b>Total de-delegated balance</b>	<b>-0.338</b>

So although there is an overall net £17.042m DSG deficit being carried forward to 2022/23, this contains surplus commitments relating to the £0.338m maintained schools de-delegated budgets above and early years DSG balances of £2.824m, which consists of the £1.345m 2021/22 in-year underspend and £1.479m brought forward underspend from 2020/21.

The Early Years block balance of £2.824m included £1.48m relating to 2020/21 and in March School Forum agreed for £1.4 million of these balances to be allocated to providers and specific projects. The in-year position of £1.35m was due to lower spend against the budget for free entitlement for nursery places for three and four year olds and project initiatives both affected by the impact of the pandemic.

It is therefore recommended that the DSG deficit be earmarked as follows:

<b>(Minus = Surplus)</b>	<b>Surplus Balances £m</b>	<b>Deficit Balance £m</b>	<b>Net Total £m</b>	<b>% of High Needs 2021/22 Budget %</b>
<b>DSG Deficit Split:</b>				
Early Years	-2.824		-2.824	
De-delegated funding *	-0.338		-0.338	
<b>Deficit to carry forward to 2022/23</b>		<b>20.205</b>	<b>20.205</b>	<b>26.94%</b>
<b>Total DSG carry forward to 2022/23</b>	<b>-3.162</b>	<b>20.205</b>	<b>17.043</b>	
* Supporting maintained schools in financial difficulty including schools converting to academy status				

**Recommendation 1: That Forum agrees the DSG deficit at the end of 2021/22 is earmarked as shown above.**

## 2. High Needs

Dedicated Schools Grant (DSG) funded services are over-spent by £17.043 million in 2021/22, which includes the deficit brought forward of £13.665 million. Within the total deficit position, the High Needs block is £20.205 million in deficit offset by early years and de-delegated balances. The High Needs budget was £2.869 million above the deficit budget that was set with top-up budgets for colleges, special schools, primary and secondary schools overspending by £3.18 million due to increased demand.

<b>High Needs Block Outturn 2021/22</b>			
(excluding recoupment)	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Alternative provision - places & top ups & services	5,470.8	4,846.9	-623.9
Alternative provision - Glos Hospital Education	2,030.7	1,942.1	-88.6
EHCP Costs - College and FE	4,698.9	6,184.0	1,485.1
EHCP Costs - Early Years	233.5	294.3	60.8
EHCP Costs - Primary	7,882.3	8,570.1	687.8
EHCP Costs - Secondary	5,226.0	5,710.9	484.9
Excluded pupils	-100.0	-216.3	-116.3
LA Services and staffing	3,831.9	3,816.9	-15.0
Independent Special Schools	17,262.7	17,585.4	322.7
Restorative Practice	200.0	204.0	4.0
Special Centres	326.3	305.6	-20.7
Special school provision	20,948.2	21,812.5	864.3
Support Services	1,325.1	1,187.1	-138.0
Virtual School	620.3	581.6	-38.7
Deficit Budget set plus adjustments in year	-4,093.3	0.0	4,093.3
Rounding	-0.1	0.1	0.2
	<b>65,863.3</b>	<b>72,825.2</b>	<b>6,961.9</b>

Gloucestershire's High Needs block, like most LAs nationally remained in deficit throughout the year. The increase in the allocated funding for 2022/23 of an additional £6.968 million and a further £2.98 million Supplementary Grant will be required to meet forecast demand pressures for additional special school places and support to mainstream schools. The current forecast for 2022/23 for the high needs block is an in-year deficit of circa £5 million, but recent trends are still being analysed to identify a realistic position. We continue to look at proposals on how to resolve this deficit, and initiatives to tackle need more effectively and reduce costs in the long run.

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 2021/22 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 2022 are:

- 174 schools are in surplus.
- 19 schools (4 less than last year) 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 increased by £3.407m (17%) made up of:
  - Revenue Balance increases of £3.357m (17.8%)
  - Capital Balance increases of £0.084m (8.4%)
  - Removal of £0.034m of balances relating to seven 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 2021-2022 (excluding academies)

	31/03/2021	31/03/2022	Change 2021 to 2022	% Change	Incr/Decr
<b>Primary</b>					
Revenue	16,976,594	18,941,214	1,964,620	11.6%	Increase
Capital	856,100	890,025	33,925	4.0%	Increase
<b>Total</b>	<b>17,832,694</b>	<b>19,831,239</b>	<b>1,998,545</b>	<b>11.2%</b>	<b>Increase</b>
<b>Secondary</b>					
Revenue	1,613,735	2,774,363	1,160,628	71.9%	Increase
Capital	92,841	192,563	99,722	107.4%	Increase
<b>Total</b>	<b>1,706,576</b>	<b>2,966,926</b>	<b>1,260,350</b>	<b>73.9%</b>	<b>Increase</b>
<b>Special</b>					
Revenue	865,432	1,255,737	390,305	45.1%	Increase
Capital	-5,217	-40,714	-35,498	-680.5%	Decrease
<b>Total</b>	<b>860,215</b>	<b>1,215,023</b>	<b>354,808</b>	<b>41.2%</b>	<b>Increase</b>
<b>Alternative Provision</b>					
Revenue	-575,717	-734,240	-158,523	-27.5%	Decrease
Capital	60,970	46,921	-14,048	-23.0%	Decrease
<b>Total</b>	<b>-514,747</b>	<b>-687,319</b>	<b>-172,571</b>	<b>33.5%</b>	<b>Decrease</b>
<b>Total</b>					
Revenue	18,880,044	22,237,075	3,357,031	17.8%	Increase
Capital	1,004,694	1,088,795	84,101	8.4%	Increase
<b>Total</b>	<b>19,884,738</b>	<b>23,325,870</b>	<b>3,441,132</b>	<b>17.3%</b>	<b>Increase</b>
<b>Academy in year conversions</b>	<b>33,644</b>	<b>0</b>	<b>-33,644</b>	<b>-100.0%</b>	<b>Decrease</b>
<b>School in year closures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>Decrease</b>
<b>Gross of Academy movements</b>	<b>19,918,382</b>	<b>23,325,870</b>	<b>3,407,488</b>	<b>17.1%</b>	<b>Increase</b>

**Notes:**

1. Schools which closed or converted to academies by 31/03/2022 have been excluded from both the 31/03/2021 and 31/03/2022 figures to provide a more 'like for like' comparison between years.

2. The reduction in balances due to schools converting to academy status during 2021/2022 is shown separately.

Revenue Balances 31/03/2022 Range					
	Primary	Secondary	Special	Alternative Provision	Overall
Max Balance	616,655	826,394	1,347,527	-46,497	1,347,527
Min Balance	-165,492	251,893	-231,436	-687,742	-687,742
Average	104,073	554,873	313,934	-367,120	115,218
<i>Previous Year Average</i>	93,278	322,747	216,358	-287,858	97,824

Revenue Bal. as % of Individual School Budget (ISB)					
	Primary	Secondary	Special	Alternative Provision	Overall
Highest	52%	21%	34%	-2%	52%
Lowest	-55%	5%	-7%	-36%	-55%
Average	12%	11%	8%	-19%	11%
<i>Previous Year Average</i>	11%	6%	7%	-13%	9%

Revenue Balance totals 31/03/2022 by amount					
	Primary	Secondary	Special	Alternative Provision	Overall
Deficits larger than -£50,000	-919,543	0	-231,436	-687,742	-1,838,721
Deficits between -1 and -£50,000	-185,515	0	0	-46,497	-232,013
<b>Deficits only Total</b>	<b>-1,105,058</b>	<b>0</b>	<b>-231,436</b>	<b>-734,240</b>	<b>-2,070,733</b>
Surpluses 0 to £50,000	1,265,915	0	13,493	0	1,279,408
Surpluses £50,001 to £100,000	3,431,276	0	0	0	3,431,276
Surpluses £100,001 to £200,000	6,212,398	0	126,152	0	6,338,550
Surpluses £200,001 to £400,000	6,967,759	575,126	0	0	7,542,885
Surpluses £400,001 to £600,000	1,552,269	0	0	0	1,552,269
Surpluses over £600,000	616,655	2,199,237	1,347,527	0	4,163,420
<b>Surpluses only Total</b>	<b>20,046,272</b>	<b>2,774,363</b>	<b>1,487,173</b>	<b>0</b>	<b>24,307,808</b>
<b>Overall totals</b>	<b>18,941,214</b>	<b>2,774,363</b>	<b>1,255,737</b>	<b>-734,240</b>	<b>22,237,075</b>

Revenue Balances 31/03/2022 by School Numbers					
	Primary	Secondary	Special	Alternative Provision	Overall
Schools	182	5	4	2	193
In Surplus	166	5	3	0	174
In Deficit	16	0	1	2	19

#### 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 31 schools were forecasting revenue deficits in their 2021/22 Governors' Budget Plans which totalled £3.094 million. Despite Covid 19, limiting some of the actions the Deficit Officers Group and schools could take, progress on

deficit reductions was regularly monitored and where particular concerns had been identified, schools contacted and appropriate actions taken to support recovery. As a result, only 18 of the 31 schools which projected a deficit position actually ended the year in a deficit. The total revenue deficit at year end for those 18 schools was £2.024m, however, 1 additional school, which were not projecting a deficit at the beginning of the year also ended the year in a deficit position totalling £0.046m. This brought the total revenue deficit at the end of 2021/22 to £2.070m held by 19 schools as summarised below:

Revenue Deficits	End of 2020/2021		End of 2021/2022	
	No. of Schools	Total £	No. of Schools	Total £
Less than £10,000	1	£ 7,150	1	£ 5,148
£10,000 - £19,999	3	£ 50,071	0	£ -
£20,000 - £29,999	3	£ 67,937	3	£ 71,151
£30,000 - £39,999	2	£ 70,165	2	£ 61,034
£40,000 - £49,999	1	£ 49,429	2	£ 94,678
£50,000 - £99,999	4	£ 280,106	5	£ 363,282
£100,000 - £149,999	4	£ 476,139	3	£ 390,768
£150,000 - £199,999	3	£ 502,774	1	£ 165,492
£200,000+	2	£ 580,240	2	£ 919,178
<b>Totals</b>	<b>23</b>	<b>£2,084,011</b>	<b>19</b>	<b>£2,070,731</b>

There are a further 76 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.

Due to the increases in per-pupil funding in the last two years this is less of an issue than it has been. The critical pressure is coming from fluctuating or falling pupil numbers. The deficit group is working closely with the school place planning team to monitor this and make adjustments to pupil admission numbers where appropriate.

Schools Finance is in the process of collating the 2022/23 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

174 schools (89%) out of all 195 maintained schools had a revenue surplus at year end totalling £24.308m, of those, 110 schools' surpluses increased and 64 decreased since the previous year.

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 2021/22 – Non-DSG**

The year-end revenue position as at March 2022 for non-DSG funded services is an over-spend of £17.286 million (13.73% of budget). Included within these figures is the additional cost of the impact of Covid-19 on budgets which totals £9.683 million giving an underlying over-spend of £7.603 million. Significant over-spends include the external placements budget (£15 million) due to the increased number of children in care partly linked to the pandemic but also the number and cost of external placements and disability services (£1.6 million). The investment approved as part of the 2022/23 budget will help to address a significant part of the cost pressures identified above although increasing demand for social care services will continue to put pressure on the placements budget.

A draft extract from the Revenue Outturn Report for 2021/22 which will be presented to Cabinet on 22<sup>nd</sup> June 2022 is also shown in **Annex A**.

**Extract (draft) from the Revenue Outturn Report for 2021/22 to be presented to Cabinet on 22<sup>nd</sup> June 2022**

**Children and Families Outturn**

The year-end revenue position as at March 2022 for non-DSG funded services is an over-spend of £17.286 million (13.73% of budget). Included within these figures is the additional cost of the impact of Covid-19 on budgets which totals £9.683 million giving an underlying over-spend of £7.603 million. Significant over-spends include the external placements budget due to the increased number of children in care partly linked to the pandemic but also the number and cost of external placements and disability services. The net over-spend has reduced by £1.062 million due to lower safeguarding staff and home to school transport costs.

Additional expenditure for the impact of Covid-19 covers three key areas which are external placement costs including the additional cost of accommodation for care leavers, cost of social care staff and support to vulnerable pupils. Covid-19 grants totalling £7.1 million have been spent including the Winter Grant, Local Support Grant, Holiday Activities Fund and Household Support Fund.

Activity levels within social care continued to cause significant budgetary pressures on children's services and in particular against external placements resulting in the over-spend. At the end of March 2022 children in care numbers were 841 compared to 754 at the end of April 2020. Gloucestershire's number and rate of children in care is above statistical neighbours but remains below the England average.

The over-spend against the external placement budget is £15 million (48.2% above budget) and this also includes the impact of Covid-19 on placement numbers which totals £7.9 million resulting in an underlying over-spend of £7.1 million. The underlying over-spend is due to the number of residential, fostering and supported living placements and also the cost of complex residential placements. The average unit cost of a placement is £115,800 per annum, (residential/supported living average unit cost of £180,900), this is compared with the budgeted cost of £105,200 per annum. At the end of March there were 480 external placements, of which 114 are residential and 141 supported living placements.

To address this over-spend position in 2022/23, in conjunction with the additional MTFS funding of £6.6 million for external placements, the strategy will continue to be to bring the child in care population more in line with statistical neighbours over the coming years. This will involve a range of measures, aimed to impact on both numbers and associated costs, including

- further developing our edge of care offer to support children at home and to prevent their escalation and entry into care;



- increasing the number and proportion of children placed with in-house foster care;
- continuing to develop our own placement provision with providers to exert a greater influence on the market and control costs;
- continuing to develop our permanence planning to reduce drift and delay and ensure children can leave our care in a timely manner by achieving permanence or reunification as appropriate.

Safeguarding staffing budgets are over-spent of £144k (0.7% above budget). Effective management of the workforce, improved processes for recruitment, more effective advertising and the support and training provided by the social work academy has reduced this cost pressure in year. The inability to recruit to both agency and permanent staff has also contributed to the position. Turnover of staff has been rising and has been between 20.7% and 24.5% over the last six months and at the end of March there were 125 agency workers in post which is an increase on previous months.

Home to School transport is reporting a £151k over-spend and is due to the number and cost of the transport for SEN pupils, due to procuring new routes and the number of solo journeys required. The reduction in overspend of £652k is due to reconciliation of closed routes and additional income from other Local Authorities.

Services for children with disabilities are over-spent by £1.644 million due to the increased cost of care packages, including s.76 contracts with Health, and disability service staffing costs.

In-house fostering and adoption services are under-spent by £933k due to activity at the start of the year being below budgeted assumptions.