
**Manchester City Council
Report for Resolution**

Report to: **Schools Forum**

Subject: **Dedicated Schools Grant (DSG) and School Balances
2019/20 – Outturn Report**

Report of: **Directorate Finance Lead – Children’s and Schools**

Summary

The provisional outturn for Manchester maintained schools is an overall surplus of **£14.81m**, which is a decrease of **£11.42m** in the total Schools Balances (Revenue & Capital) held compared to 2018/19. The final position on the centrally retained element of the Dedicated Schools Grant (DSG) was **£4.28m overspend**.

This report summarises the:

- Outturn position on school balances as at 31 March 2020
- Provisional outturn position on the DSG including the centrally retained DSG.

Recommendations

All Schools Forum members are asked to note and comment on:

- Maintained school balances as at 2019/20
- The DSG deficit balance carried forward into 2020/21
- Suspension of the automatic Excessive Surplus Balance Mechanism for 2020/21 in light of the COVID-19 pandemic.
- The Local Authority intends to resume the automatic excessive balance clawback mechanism next year.

Schools Forum members are asked to approve DSG deficit balance on central expenditure carried forward to 2020/21 of (£4.28m). Prior to COVID-19, the DSG deficit was planned to be recovered over the next three years, 2020/21 to 2022/23, further details in section 5 of the report.

Contact Officers:

Name: Reena Kohli

Position: Directorate Lead Children and Families Finance

Telephone: 0161 234 4235

E-mail: r.kohli@manchester.gov.uk

Name: Anne Summerfield

Position: Principal Finance Lead

Telephone: 0161 234 1463

E-mail: a.summerfield@manchester.gov.uk

Name: Nehal Ayub

Position: Senior Finance Manager

Telephone: 0161 234 1467

E-mail: n.ayub@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. INTRODUCTION

- 1.1 The purpose of this report is to state and explain the provisional position of the Dedicated Schools Grant (DSG) for 2019/20 in respect of schools and the Council. The final position will be confirmed once the audited accounts have been authorised. The 2019/20 DSG allocation after academy and high needs recouplement was **£312.02m**, of which **£293.71m** was delegated to schools and **£18.31m** was retained centrally by the Council.

2. PROVISIONAL OUTTURN POSITION FOR SCHOOLS

- 2.1 The provisional outturn position for maintained schools is an overall surplus of **£14.81m**. This is a decrease of **£11.42m** in the total balances held compared to 2018/19. There are two schools, a secondary and special school, which converted to Academy status in 2019/20, reducing school balances by £1.76m. The reduced balances includes the 2019/20 excess balances clawback of £2.08m from Manchester maintained schools. Table one below displays total schools balances by sector, showing the primary sector reduced their balances by £7.06m, of which £3.04m can be accounted for by seven schools. Tables two and three show surplus and deficit balances respectively. Appendix one provides individual school revenue and capital balances (excludes capital balances for voluntary aided schools).

Table one: Maintained School Balances

Sector	2019/20		2018/19		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	2	34	2	216	0	(182)
Primary	93	13,453	93	20,518	0	(7,065)
Secondary	6	582	7	2,742	(1)	(2,160)
Special	12	745	13	2,762	(1)	(2,017)
Total	113	14,814	115	26,238	(2)	(11,424)

Table two: Surplus Balances

Sector	2019/20		2018/19		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	2	34	2	216	0	(182)
Primary	91	13,769	91	20,589	0	(6,820)
Secondary	5	793	7	2,742	(2)	(1,949)
Special	11	1,631	10	3,333	1	(1,702)
Total	109	16,227	110	26,881	(1)	(10,654)

Table three: Deficit Balances

Sector	2019/20		2018/19		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	0	0	0	0	0	0
Primary	2	(316)	2	(71)	0	(245)

Secondary	1	(212)	0	0	1	(212)
Special	1	(885)	3	(571)	(2)	(314)
Total	4	(1,413)	5	(642)	(1)	(771)

- 2.2 Annually, an analysis of reserves review is completed for each school with an excess surplus balance. It is classified to be a surplus where the balance is above 8% of the budget share for nursery, primary and special schools, and above 5% of the budget share for secondary schools. The following tables provide details of the excess surplus balances for 2019/20 on all schools above the 5% and 8% thresholds. Appendices two and three show the categories of committed spend and the school level reserves, respectively. Table four shows that overall excess surplus balances have reduced by £8.66m during 2019/20 to £3.04m at March 2020. This reduction reflects the excess balances clawback in 2019/20 of £2.08m from maintained schools. Table five shows the value of the minimum and maximum excess surplus balance for each sector.

Table four: Excess Balances

Sector	2019/20		2018/19		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	0	0	2	81	(2)	(81)
Primary	40	2,887	63	9,081	(23)	(6,194)
Secondary	0	0	4	964	(4)	(964)
Special	3	157	9	1,572	(6)	(1,415)
Total	43	3,044	78	11,698	(35)	(8,654)

Table five: Range of individual school excess surplus balance

Sector	2019/20	
	£000's	£000's
	From	To
Nursery	0	0
Primary	4	516
Secondary	0	0
Special	5	157

- 2.3 In 2018/19, the Local Authority updated its balance control mechanism in the scheme of delegation, following which an automatic excessive surplus balance clawback would be administered on those schools holding balances above the 5% / 8% thresholds for a period of more than four years, at a percentage rate agreed at Forum. This was agreed at 50% for 2019/20, leading to the clawback of £2.08m, which was set against the DSG high needs overspend. In light of the COVID-19 pandemic, the Local Authority acknowledges schools will be burdened with additional costs and is keen to facilitate business continuity where possible. It has therefore been decided that the automatic excessive balance clawback will not be implemented in 2020/21. Forum members are asked note to that this decision was made before the Covid Fund for schools was confirmed. The Local Authority intends to resume the automatic excessive

balance clawback mechanism next year.

3. RETAINED SCHOOL BUDGET 2019/20

- 3.1 The 2019/20 outturn position for the overall retained schools DSG budget is an overspend of **£4.28m**. Table six below sets out the note to the Council's provisional Annual Accounts in respect of the DSG, which will be reported to the Department for Education (DfE). The Council's expenditure on schools is funded primarily by grant monies provided by the DfE in the DSG. An element of DSG is recouped by the DfE to fund Academy schools in Manchester. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the Schools Finance (England) Regulations 2020. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Table six: 2019/20 DSG deployment

DSG Note to the Accounts 2019/20	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2019/20 before academy and high needs recoupment			530,768
Academy and high needs figure recouped for 2019/20			218,746
Total DSG after academy recoupment for 2019/20			312,021
Plus brought forward from 2018/19			(1,711)
Less carry forward to 2019/20 agreed in advance			0
Agreed initial budgeted distribution in 2019/20	18,311	292,000	310,310
In year adjustments	0	1,711	1,711
Final budgeted distribution for 2019/20	18,311	293,711	312,021
Less actual central expenditure	17,491	0	17,491
Less actual ISB deployed to schools	0	298,811	298,811
Plus local authority contribution for 2019/20	0	0	0
Carry forward surplus/(deficit) to 2020/21	819	(5,101)	(4,281)

4. RETAINED DSG DEFICIT

- 4.1 High needs block 2019/20 overspend of £7.18m has been offset by underspends on the early years block, schools block, and central services block of £1.35m, £1.44m, and £0.1m, respectively. The resulting DSG outturn position for 2019/20 is £4.28m overspend.
- 4.2 Early years block funding is based on estimated pupil numbers and an

adjustment to funding is made by the DfE in July to reflect any increases/decreases between January censuses (i.e. January 2019 and January 2020). The estimated financial impact of this impending adjustment has been built into the 2019/20 early years balances.

5. DSG RECOVERY

- 5.1 Prior to COVID-19 pandemic: DSG deficit of £4.28m was expected to be recovered over a three year period from 2020/21 to 2022/23. Based on original budgets set for 2020/21, the Local Authority plans to reduce the DSG deficit by £1.8m in 2020/21 and the balance over the following two years. The financial impact of the increasing pressures in the high needs block on DSG recovery, along with the COVID-19 pandemic will need to be worked through and reported to Schools Forum.

6. RECOMMENDATIONS

- 6.1 All Schools Forum members are asked to note and comment on:

- Maintained school balances as at 2019/20
- The DSG deficit balance carried forward into 2020/21
- Suspension of the automatic Excessive Surplus Balance Mechanism for 2020/21 in light of the COVID-19 pandemic.
- The Local Authority intends to resume the automatic excessive balance clawback mechanism next year.

- 6.2 Schools Forum members are asked to approve DSG deficit balance on central expenditure carried forward to 2020/21 of (£4.28m).

Appendix One: Individual School Revenue & Capital Balances March 2020

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
<u>Nursery</u>						
1008	CY	Collyhurst Nursery	819	6,229	7,048	N
1007	CY	Martenscroft Nursery	14,143	12,614	26,758	N
2		Nursery Total	14,963	18,843	33,806	0
<u>Primary</u>						
2001	CY	Abbott	15,787	6,198	21,985	N
2048	CY	Acacias	203,717	0	203,717	Y
3301	VA	All Saints (Newton Heath)	82,000	0	82,000	N
2321	CY	All Saints (Gorton)	130,748	11,264	142,012	Y
2006	CY	Alma Park	80,680	0	80,680	N
3043	VC	Armitage	182,864	0	182,864	N
2010	CY	Ashbury Meadow	565,965	141,548	707,514	Y
2326	Foundation	Baguley Hall	171,886	35,189	207,074	Y
2341	Foundation	Benchill	342,749	26,064	368,813	Y
2328	CY	Birchfields	314,655	0	314,655	Y
2039	CY	Bowker Vale	127,240	0	127,240	N
2298	CY	Broad Oak	-196,506	0	-196,506	N
2340	CY	Button Lane	189,006	431	189,436	Y
2057	CY	Cavendish	114,788	7,581	122,370	N
2058	CY	Chapel Street	193,412	16,720	210,132	N
2060	CY	Charlestown	138,523	12,558	151,081	N
2288	VC	Cheetwood	7,078	657	7,735	N
3003	VC	Chorlton	192,966	7,164	200,131	Y
3402	VA	Christ the King	173,236	0	173,236	Y
2068	CY	Claremont	202,499	43,194	245,693	N
3490	VA	Cof E of The Resurrection	111,251	0	111,251	Y
2296	CY	Crab Lane	156,691	0	156,691	N
2075	CY	Crosslee	161,536	14,513	176,050	N
2076	CY	Crowcroft Park	188,692	0	188,692	Y
2327	CY	Crumpsall Lane	73,841	0	73,841	N
2129	CY	Heald Place	360,310	0	360,310	Y
2303	CY	Higher Openshaw	193,434	1,101	194,535	Y
3408	VA	Holy Name	83,304	0	83,304	N
3005	VC	Holy Trinity	162,985	0	162,985	N
2249	CY	Irk Valley	105,247	10,137	115,384	N

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
2142	CY	Lily Lane	53,771	2,556	56,327	N
2305	CY	Manley Park	242,070	20,103	262,173	Y
2161	CY	Mauldeth Road	277,646	0	277,646	Y
2324	CY	Medlock	321,873	0	321,873	Y
2164	CY	Moston Fields	-127,403	8,030	-119,373	N
2165	CY	Moston Lane	324,184	178	324,361	Y
3503	VA	Mount Carmel	54,104	0	54,104	N
2184	CY	New Moston	207,055	0	207,055	Y
2186	CY	Northenden	83,713	7,792	91,505	Y
2330	CY	Oswald Road	193,316	289	193,606	N
3475	VA	Our Lady's	163,684	0	163,684	Y
3506	CY	Park View	187,318	9,000	196,319	Y
2300	CY	Peel Hall	103,989	2,506	106,496	N
2302	CY	Pike Fold	459,451	8,906	468,356	Y
2216	CY	Plymouth Grove	166,381	2,684	169,065	N
2232	CY	Rack House	158,998	2,655	161,653	N
2234	CY	Ravensbury	196,169	0	196,169	Y
2008	CY	Ringway	8,539	1,465	10,004	N
3464	VA	Sacred Heart (Baguley)	92,835	0	92,835	Y
3505	VA	Sacred Heart (Gorton)	146,443	0	146,443	Y
2301	CY	Sandilands	138,516	2,159	140,674	N
3491	VA	Saviour	118,554	0	118,554	Y
3041	VC	St Agnes	201,147	2,935	204,081	Y
3415	VA	St Aidan's Catholic	121,616	0	121,616	Y
3418	VA	St Ambrose	124,681	0	124,681	Y
3310	VA	St Andrew's	57,464	0	57,464	N
3504	VA	St Anne's (Ancoats)	55,740	0	55,740	N
3422	VA	St Anne's (Crumpsall)	87,940	0	87,940	N
3011	VC	St Augustine's	151,576	6,451	158,027	Y
3473	VA	St Bernard's	82,715	0	82,715	N
3429	VA	St Brigid's	83,586	0	83,586	N
3432	VA	St Catherine's	85,456	0	85,456	N
3434	VA	St Chad's	123,418	0	123,418	Y
3015	VC	St Chrysostom's	144,905	3,772	148,677	N
3501	VA	St Clare's	157,674	0	157,674	N
3042	VC	St Clement's	119,614	21,646	141,260	Y
3500	VA	St Cuthbert's	148,313	0	148,313	Y

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
3439	VA	St Dunstan's	93,567	0	93,567	N
3440	VA	St Edmund's	71,904	0	71,904	N
3445	VA	St Francis	84,760	0	84,760	N
3316	VA	St James' (Rusholme)	82,204	0	82,204	N
3446	VA	St John Bosco	10,274	0	10,274	N
3045	VC	St John's (Longsight)	118,879	6,768	125,646	N
3489	VA	St John's (Chorlton)	199,700	0	199,700	Y
3494	VA	St Joseph's	71,635	0	71,635	N
5200	VA	St Kentigern's	102,099	9,737	111,836	N
3044	VC	St Luke's	39,292	13,063	52,355	N
3452	VA	St Malachy's	157,428	0	157,428	Y
3455	VA	St Margaret Mary's	144,334	0	144,334	Y
3022	VC	St Margaret's	161,304	27,885	189,189	N
3028	VC	St Mary's (Moss Side)	230,631	0	230,631	Y
3484	VA	St Mary's (Moston)	24,700	0	24,700	N
3457	VA	St Mary's (Levenshulme)	101,251	6,289	107,541	N
3460	VA	St Patrick's	75,671	0	75,671	N
3039	VC	St Paul's Primary	77,765	22,443	100,208	N
3465	VA	St Peter's Catholic	51,062	0	51,062	N
3325	VA	St Philip's	77,072	0	77,072	N
3482	VA	St Richard's	91,486	7,372	98,859	N
3034	VC	St Wilfrid's (Newton Heath)	109,830	19,061	128,891	Y
3469	VA	St Wilfrid's (Hulme)	75,448	0	75,448	N
3472	VA	St Willibrord's	130,256	0	130,256	Y
3507	VA	The Divine Mercy	107,485	21,197	128,682	N
2278	CY	Varna Street	241,311	3,089	244,400	Y
93		Total	12,878,982	574,348	13,453,330	40
Secondary						
4271	CY	Abraham Moss High	77,620	40,711	118,331	N
4753	VA	Loreto High	208,975	0	208,975	N
4761	VA	Our Lady's High	251,241	0	251,241	N
4762	VA	St Matthew's High	-248,684	36,835	-211,848	N
4770	VA	St Peter's High	96,305	-27,709	68,597	N
4768	VA	The Barlow High	124,027	22,218	146,245	N
6		Secondary Total	509,485	72,055	581,541	0

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
<u>Special</u>						
7749	CY	Ashgate	95,788	0	95,788	N
7023	CY	Camberwell Park	309,692	59,680	369,372	Y
7029	CY	Lancastrian	33,260	6,775	40,035	N
7007	CY	Manchester Hospital	204,277	14,416	218,693	Y
7042	CY	Meade Hill	57,283	203	57,486	N
7061	CY	North Ridge High	174,656	29,885	204,541	N
7047	CY	Rodney House	154,797	56	154,854	Y
7056	CY	Southern Cross	71,089	423	71,512	N
7041	CY	The Birches	121,342	32,441	153,783	N
7959	CY	The Federation	83,739	331	84,070	N
1102	CY	Bridglea PRU	178,663	2,044	180,708	N
1105	CY	Man Secondary PRU	-896,822	11,460	-885,362	N
12		Special Total	587,765	157,716	745,481	3
113		Total All School	13,991,195	822,962	14,814,157	43

Appendix Two: Commitments against Reserves 2019/20

2019/20	Excess Balance	Bals on Behalf of other schools	External Balances e.g. Banker School	Planned Work not yet begun or completed	Planned Asset Purchase	To off-set future year budget reduction	Contingency for backdated payments	Unspent Grants
£000's								
Nursery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Primary	2,953.87	5.71	20.29	1,464.64	683.05	470.18	47.97	262.03
Secondary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special	157.15	0.00	0.00	110.11	29.84	0.00	0.00	17.20
Total	3,111.01	5.71	20.29	1,574.75	712.89	470.18	47.97	279.23

Appendix Three: Summary of the Analysis of Reserves 2019/20

DFE NO	School	YEAR END BALANCES (Revenue & Capital)	EXCESS BALANCES	BUDGET SHARE INCOME (Early Years, Schools Block, & High Needs)	YEAR END BALANCE as % of BUDGET SHARE
		2019-20 £	2019-20 £	2020-21 £	%
Primary					
2010	Ashbury Meadow Primary	707,514	516,861	2,383,154	29.7%
2302	Pike Fold Primary	468,356	290,757	2,219,990	21.1%
3003	Chorlton CofE Primary	368,813	114,574	1,069,456	18.7%
3475	Our Lady's RC Primary	262,173	87,150	956,683	17.1%
2076	Crowcroft Park Primary	277,646	92,891	1,197,514	15.8%
2341	Benchill Primary	200,131	171,787	2,462,829	15.0%
2324	Medlock Primary	163,684	149,183	2,158,620	14.9%
2165	Moston Lane Primary	188,692	145,834	2,231,588	14.5%
3452	St Malachy's RC Primary	148,313	65,786	1,145,526	13.7%
2161	Mauldeth Road Primary	321,873	114,052	2,044,925	13.6%
2305	Manley Park Primary	324,361	105,517	1,958,204	13.4%
3011	St Augustine's CofE Primary	124,681	60,763	1,215,804	13.0%
3042	St Clement's CofE Primary	360,310	45,970	1,191,125	11.9%
3500	St Cuthbert's RC Primary	244,400	47,448	1,260,810	11.8%
3418	St Ambrose RC Primary	123,418	38,490	1,077,386	11.6%
2321	All Saints Primary (Gorton)	128,891	42,859	1,239,412	11.5%
3489	St John's RC Primary Chorlton	142,012	58,618	1,763,516	11.3%
2303	Higher Openshaw Primary	194,535	55,465	1,738,375	11.2%
2278	Varna Street Primary	141,260	69,616	2,184,796	11.2%
2129	Heald Place Primary	157,428	101,448	3,235,779	11.1%
3034	St Wilfrid's CofE Newton Heath	121,616	35,023	1,173,353	11.0%

DFE NO	School	YEAR END BALANCES (Revenue & Capital)	EXCESS BALANCES	BUDGET SHARE INCOME (Early Years, Schools Block, & High Needs)	YEAR END BALANCE as % of BUDGET SHARE
		2019-20 £	2019-20 £	2020-21 £	%
3434	St Chad's RC Primary	314,655	32,182	1,140,448	10.8%
3028	St Mary's CofE Moss Side	199,700	58,212	2,155,237	10.7%
3415	St Aidan's Catholic Primary	111,251	28,566	1,163,129	10.5%
3491	Saviour CofE Primary	204,081	26,802	1,146,908	10.3%
2328	Birchfields Primary	158,027	70,207	3,055,599	10.3%
3472	St Willibrord's RC Primary	146,443	26,477	1,297,247	10.0%
3490	CofE of The Resurrection	196,319	22,300	1,111,893	10.0%
3041	St Agnes CofE Primary	230,631	35,079	2,112,526	9.7%
3505	Sacred Heart RC Primary Gorton	203,717	24,681	1,522,022	9.6%
2048	Acacias Primary	118,554	34,171	2,119,327	9.6%
3455	St Margaret Mary's RC Primary	144,334	22,575	1,521,986	9.5%
3506	Park View Primary	130,256	28,870	2,093,105	9.4%
2186	Northenden Primary	189,436	9,414	1,026,136	8.9%
2234	Ravensbury Primary	91,505	14,792	2,267,212	8.7%
2184	New Moston Primary	196,169	13,794	2,415,761	8.6%
2340	Button Lane Primary	207,055	10,876	2,232,010	8.5%
3464	Sacred Heart Catholic Primary Baguley	207,074	4,664	1,102,129	8.4%
3402	Christ the King RC Primary	92,835	7,453	2,072,294	8.4%
2326	Baguley Hall Primary	173,236	5,664	2,517,626	8.2%
40	Primary Total	8,485,385	2,886,870	69,981,442	
7023	Camberwell Park	369,372	139,944	2,867,857	12.9%
7047	Rodney House	154,854	11,515	1,791,733	8.6%
7007	Manchester Hospital School	218,693	5,804	2,661,116	8.2%
3	Special Total	742,920	157,263	7,320,705	
43	Total	9,228,305	3,044,133	77,302,147	