

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Dedicated Schools Grant and School Balances 2018/19 –
Outturn Report

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

Summary

The provisional outturn for schools is an overall revenue surplus of **£26.24m**, which is a decrease of **(£1.40m)** in the total Schools Balances (Revenue & Capital) held compared to 2017/18. The final position on the centrally retained element of the Dedicated Schools Grant (DSG) was an overspend of **(£1.71m)**.

This report summarises the:

- Outturn position on school balances as at 31 March 2019
- Final 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 2018/19
- The DSG deficit balance carried forward into 2019/20
- Impact from proposed changes to the Excessive Surplus Balance Mechanism in the Scheme for Financing School
- Proposal to use any excessive surplus balance clawback to reduce overspend on the high needs block.

Schools Forum members to approve DSG deficit balance on central expenditure carried forward to 2019/20 of (£1.71m) to be recovered through proposals set out in the following reports to this meeting:

- Agenda item 6: High needs block recovery plan including proposal to begin consultation on transfer of 0.5% from schools block to high needs block.
 - Agenda item 5: Consultation on changes to Local Management of the Scheme for Financing Schools - proposed change to excess surplus balance mechanism to claw back 50% of all excessive surplus balances held for two years or longer.
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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 2018/19 in respect of schools and the Council. The final position will be confirmed once the audited accounts completed for 31st May 2019. The 2018/19 DSG allocation after academy and high needs recoupment, was **£317.46m**, of which **£298.78m** was delegated to schools and **£18.68m** 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 **£26.24m**. This is a decrease of **(£1.40m)** in the total balances held compared to 2017/18. The reduced balances includes the in-year clawback of £0.78m from the primary sector. Table one below shows total schools balances by sector. Tables two and three show surplus and deficit balances respectively. Appendix 1 provides individual school revenue and capital balances (excludes capital balances for voluntary aided schools)

Table one: Maintained School Balances by Sector 2018/19:

Sector	2018/19		2017/18		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	2	216	2	253	0	(37)
Primary	93	20,518	96	22,430	(3)	(1,912)
Secondary	7	2,742	7	2,023	0	719
Special	13	2,762	14	2,937	(1)	(175)
Total	115	26,238	119	27,643	(4)	(1,404)

Table two: Surplus Balances

Sector	2018/19		2017/18		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	2	216	2	253	0	(37)
Primary	91	20,589	96	22,521	(5)	(1,932)
Secondary	7	2,742	7	2,023	0	719
Special	10	3,333	12	2,974	(2)	359
Total	110	26,880	117	27,771	(7)	(891)

Table three: Deficit Balances

Sector	2018/19		2017/18		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	0	0	0	0	0	0
Primary	2	(71)	1	(91)	1	20
Secondary	0	0	0	0	0	0
Special	3	(571)	1	(38)	2	(534)
Total	5	(642)	2	(129)	3	(514)

- 2.2 Annually, an analysis of reserves review is completed for each school with an

excess surplus balance. This is classified to be a surplus balance 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 2018/19 on all schools above the 5% and 8 % threshold. This shows that overall excess surplus balances have reduced by (£1.2m) during 2018/19 to £11.7m at March 2019. This reduction reflects the clawback in 2018/19 of £0.78m from the primary sector. Table five shows the value of the minimum and maximum excess surplus balance for each sector.

Table four: Excess Balances

Sector	2018/19		2017/18		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	2	88	2	164	0	(76)
Primary	63	9,081	60	10,842	3	(1,761)
Secondary	4	964	3	471	1	493
Special	9	1,573	7	1,438	2	135
Total	78	11,706	72	12,915	6	(1,209)

Table five: Range of individual excess surplus balance 2018/19

Sector	2018/19	
	£000's	£000's
	From	To
Nursery	0	72
Primary	1	1,260
Secondary	88	523
Special	17	623

- 2.7 Under the existing balance control mechanism in the scheme of delegation, maintained schools would be required to analyse the commitments against its excess surplus balances and return this to the Local Authority in early June. However, the mechanism may change for this year based on the outcome of the scheme for financing schools consultation. This proposes a change to the scheme to implement a mechanism to clawback the excess surplus balance above the 5% / 8% threshold that has been held for longer than two years, 50% in 2019/20 and the remainder in 2020/21.
- 2.8 Individual school's excessive balances have been analysed under this proposal to determine the impact of the proposed change if implemented. Table six below shows the number of schools by sector and the potential clawback of 50% as proposed in the consultation. Appendix two provides school level detail for the 48 schools.

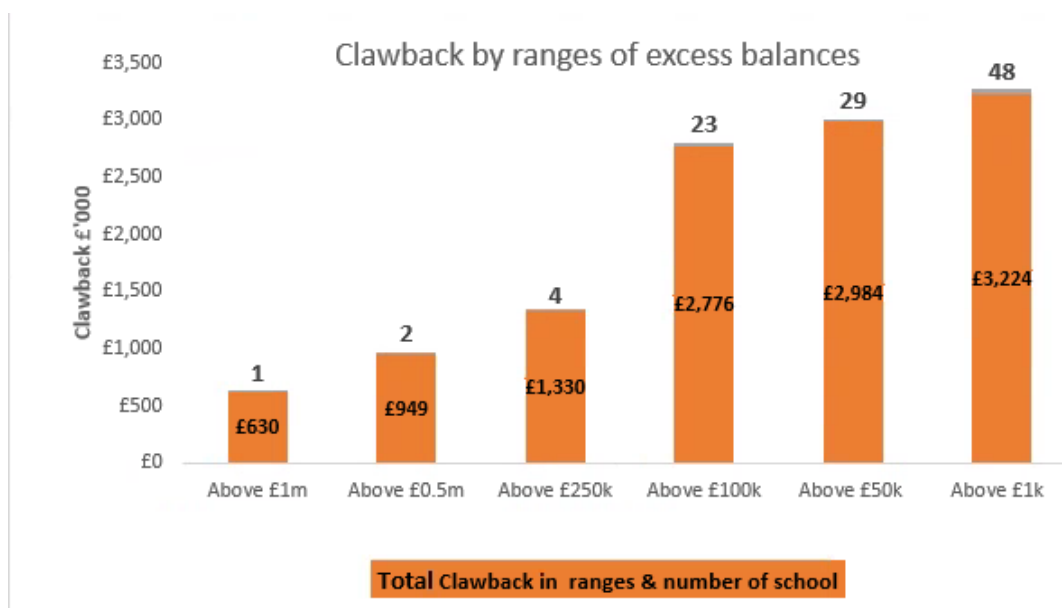
Table six: Clawback of Excess Balances held for more than 2 years

Clawback			Range of clawback	
Sector	No.	£000's	£000's	£000's
Nursery	2	44	7	36
Primary	39	2,658	1	630
Secondary	2	168	84	84
Special	5	354	9	184
Total	48	3,224		

- 2.9 Excess surplus balances maintained for more than two years is expansive, ranging from less than £1k to £1.26m. Table seven and the bar chart below show the potential clawback for 2018/19 at different levels. The top two schools which have held an excess balance above £0.5m for more than two years, attended a 'support and challenge' meeting regarding their high balances last year. For one of the two schools a notice of concern was issued and there was a clawback of £0.5m as agreed with Schools Forum. The other school with an excess balance over £0.5m at 31st March 2018 did not agree to return any funds through claw back in 2018/19 and during the year the surplus balance has increased by £46k.

Table seven: Clawback by ranges of excess balances

Excess surplus balance held more than 2 yrs.	No. schools	Total Clawback 2018/19 (at 50%) £'000's
Above £1m	1	£630
Above £0.5m	2	£949
Above £250k	4	£1,330
Above £100k	23	£2,776
Above £50k	29	£2,984
Above £1k	48	£3,224



3. RETAINED SCHOOL BUDGET 2018/19

3.1 The overall retained schools budget DSG position 2018/19 is an overspend of (£1.71m). Table eight 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 2018. 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 eight: 2018/19 DSG deployment

Central Expenditure	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2018/19 before academy recoupment			518,055
Academy figure recouped for 2018/19			200,591
Total DSG after academy recoupment for 2018/19			317,464
Plus brought forward from 2017/18			-769 Deficit
Less carry forward to 2019/20 agreed in advance			0
Agreed initial budgeted distribution in 2018/19	18,681	298,783	317,464
In year adjustments	0	-	0
Final budgeted distribution for 2018/19	18,681	298,783	317,464
Less actual central expenditure	20,392		
Less actual ISB deployed to schools		298,783	
Plus local authority contribution for 2018/19	-	-	0
Carry forward to 2019/20	- 1,711	0	- 1,711 Deficit

4. RETAINED DSG DEFICIT

- 4.1 High needs block 2018/19 overspend of (£2.72m) and early years block overspend of (£2.19m) has been offset from an underspend in the schools block of £3.15m. Resulting in a DSG overspend (£1.71m) at the end of 2018/19. The growth fund in the schools block in 2019/20 has reduced by £1.90m compared to 2018/19. Therefore it is unlikely that there will be an underspend to offset any overspends in 2019/20. It is proposed that if there is a clawback from schools excessive balances, the initial claim will go towards offsetting the DSG deficit brought forward from 2018/19.
- 4.2 The high needs block report (agenda item 6) includes details of the impact of the continued growth in the population on the high needs block. Key pressures are in Education, Health and Care plan for pupils in mainstream schools and 'out of city' placements.
- 4.3 Early years block funding is based on estimated pupil numbers and an adjustment to funding is made by the DfE to reflect any increases/decreases between January censuses (i.e. January 2018 and January 2019). The early years block budget pressure is due to lower level of take up for the free entitlement to early years places compared to funded levels.

5. RECOMMENDATIONS

- 5.1 All Schools Forum members are asked to note and comment on:
- Maintained school balances as at 2018/19
 - The DSG deficit balance carried forward into 2019/20
 - Impact from proposed changes to the Excessive Surplus Balance Mechanism in the Scheme for Financing School
 - Proposal to use any excessive surplus balance clawback to reduce overspend on the high needs block.
- 5.2 Schools Forum members to approve DSG deficit balance on central expenditure carried forward to 2019/20 of (£1.71m) to be recovered through proposals set out in the following reports to this meeting:
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Appendix 1: Individual School Revenue & Capital Balances March 2019

	Schools Balance as at 31 March 2019			
Name of School	REVENUE Surplus / (Deficit)	CAPITAL Surplus / (Deficit)	TOTAL Surplus / (Deficit)	Excess Balances Yes (Y) or No (N)
	£	£	£	
<u>Nursery</u>				
Collyhurst Nursery	106,908	26,013	132,921	Y
Martenscroft Nursery	68,785	14,391	83,176	Y
Nursery Total	175,692	40,404	216,096	2
<u>Primary</u>				
Abbott	95,551	23,276	118,827	Y
Acacias	268,747	(695)	268,052	Y
All Saints (Newton Heath)	48,682		48,682	N
All Saints (Gorton)	101,108	16,927	118,035	Y
Alma Park	338,398	27,253	365,651	Y
Armitage	326,841	20,447	347,288	Y
Ashbury Meadow	477,644	263,831	741,475	Y
Baguley Hall	161,409	32,973	194,382	N
Benchill	241,337	25,235	266,572	Y
Birchfields	601,520	54,916	656,437	Y
Bowker Vale	128,601	17,188	145,789	N
Broad Oak	(53,911)	19,544	(34,366)	Deficit
Button Lane	168,383	25,112	193,495	Y
Cavendish	175,555		175,555	N
Chapel Street	221,055	34,118	255,173	Y
Charlestown	219,084	30,564	249,649	Y
Cheetwood	30,290	3,046	33,336	N
Chorlton	165,874	16,780	182,654	Y
Christ the King	129,280		129,280	N
Claremont	389,010	35,004	424,014	Y
School of The Resurrection	126,976	27,533	154,509	Y
Crab Lane	199,559	27,809	227,368	Y
Crosslee	130,135	18,813	148,948	N
Crowcroft Park	274,576	23,623	298,198	Y
Crumpsall Lane	73,911	17,116	91,027	N
Heald Place	1,216,296	301,182	1,517,478	Y
Higher Openshaw	110,800	13,066	123,865	N
Holy Name	65,529		65,529	N
Holy Trinity	110,635	13,163	123,798	N
Irk Valley	421,714	31,499	453,212	Y
Lily Lane	86,874	2,556	89,431	N

	Schools Balance as at 31 March 2019			
Name of School	REVENUE Surplus / (Deficit)	CAPITAL Surplus / (Deficit)	TOTAL Surplus / (Deficit)	Excess Balances Yes (Y) or No (N)
	£	£	£	
Manley Park	175,302	28,833	204,135	Y
Mauldeth Road	312,151	57,865	370,015	Y
Medlock	427,196	16,318	443,514	Y
Moston Fields	(55,266)	18,551	(36,715)	Deficit
Moston Lane	318,408	15,973	334,381	Y
Mount Carmel	54,913		54,913	N
New Moston	245,782	20,636	266,418	Y
Northenden	100,715	27,102	127,816	Y
Oswald Road	304,272	35,395	339,667	Y
Our Lady's	165,044		165,044	Y
Park View	315,150	27,838	342,987	Y
Peel Hall	170,305	19,170	189,475	Y
Pike Fold	808,615	83,726	892,341	Y
Plymouth Grove	187,184	6,190	193,375	Y
Rack House	156,067	15,179	171,245	Y
Ravensbury	257,386	61,519	318,904	Y
Ringway	11,669	23,378	35,046	N
Sacred Heart (Baguley)	170,262		170,262	Y
Sacred Heart (Gorton)	71,417		71,417	N
Sandilands	189,879	17,455	207,334	Y
Saviour	264,939		264,939	Y
St Agnes	240,202	39,418	279,620	Y
St Aidan's Catholic	185,120		185,120	Y
St Ambrose	253,171		253,171	Y
St Andrew's	38,828		38,828	N
St Anne's (Ancoats)	108,671		108,671	Y
St Anne's (Crumpsall)	213,802		213,802	Y
St Augustine's	206,932	31,184	238,116	Y
St Bernard's	92,697		92,697	N
St Brigid's	86,361		86,361	N
St Catherine's	98,041		98,041	N
St Chad's	150,456		150,456	Y
St Chrysostom's	316,132	26,279	342,411	Y
St Clare's	254,578		254,578	Y
St Clement's	181,593	25,304	206,897	Y
St Cuthbert's	249,281		249,281	Y
St Dunstan's	189,691		189,691	Y
St Edmund's	312,603		312,603	Y
St Francis	83,473		83,473	N
St James (Rusholme)	66,562		66,562	N

	Schools Balance as at 31 March 2019			
Name of School	REVENUE Surplus / (Deficit)	CAPITAL Surplus / (Deficit)	TOTAL Surplus / (Deficit)	Excess Balances Yes (Y) or No (N)
	£	£	£	
St John Bosco	148,139	19,586	167,724	Y
St John's (Longsight)	278,873	18,764	297,637	Y
St John's (Chorlton)	223,931		223,931	Y
St Joseph's	89,338	3,045	92,384	Y
St Kentigern's	69,927	17,752	87,679	N
St Luke's	117,168	16,909	134,077	N
St Malachy's	109,096		109,096	Y
St Margaret Mary's	329,055		329,055	Y
St Margaret's	70,037	36,627	106,665	N
St Mary's (Moss Side)	327,374	13,595	340,969	Y
St Mary's (Moston)	23,199		23,199	N
St Mary's (Levenshulme)	121,819	6,289	128,109	N
St Patrick's	202,276		202,276	Y
St Paul's	120,313	34,929	155,242	Y
St Peter's Catholic	84,203		84,203	N
St Philip's	86,978		86,978	Y
St Richard's	216,607	7,795	224,402	Y
St Wilfrid's (Newton Heath)	76,072	30,512	106,584	Y
St Wilfrid's (Hulme)	130,077		130,077	Y
St Willibrord's	126,614		126,614	Y
The Divine Mercy	94,970	14,011	108,981	N
Varna Street	483,690	18,560	502,250	Y
Total	18,560,802	1,957,564	20,518,366	63
Secondary				N
Abraham Moss High	186,333	74,596	260,929	N
Loreto High	417,587		417,587	Y
Our Lady's High	359,449		359,449	Y
St Matthew's High	(44,036)	102,681	58,645	N
St Peter's High	137,700		137,700	N
The Barlow High	384,709	44,720	429,429	Y
Wright Robinson	962,621	115,421	1,078,043	Y
Secondary Total	2,404,364	337,418	2,741,782	4

	Schools Balance as at 31 March 2019			
Name of School	REVENUE Surplus / (Deficit)	CAPITAL Surplus / (Deficit)	TOTAL Surplus / (Deficit)	Excess Balances Yes (Y) or No (N)
	£	£	£	
Special				
Ashgate	252,609	31,127	283,736	Y
Camberwell Park	244,294	77,879	322,173	Y
Grange	669,989	14,736	684,724	Y
Lancastrian	(54,321)	25,409	(28,912)	Deficit
Manchester Hospital	820,588	11,597	832,185	Y
Meade Hill	88,072	5,762	93,834	Y
North Ridge High	394,892	43,118	438,010	Y
Rodney House	150,312	5,740	156,052	Y
Southern Cross	91,588	11,831	103,418	Y
The Birches	253,049	32,558	285,607	Y
The Federation	122,163	11,523	133,685	N
PRU KS1 & 2	(18,794)	5,760	(13,034)	Deficit
PRU KS3 & 4	(624,936)	95,468	(529,468)	Deficit
Special Total	2,389,505	372,507	2,762,012	9
Total All Schools	23,530,363	2,707,893	26,238,256	78

Appendix 2: EXCESS BALANCES HELD FOR MORE THAN 2 YEARS

Name of School	Excess Balance held for more than 2 years	50% Clawback under proposed Mechanism
	£	£
<u>Nursery</u>		
Collyhurst Nursery	72,544	36,272
Martenscroft Nursery	15,046	7,523
	87,590	43,795
<u>Primary</u>		
Heald Place	1,260,319	630,160
Pike Fold	637,671	318,836
Ashbury Meadow	394,785	197,393
St Edmund's	220,752	110,376
St Margaret Mary's	209,877	104,939
Mauldeth Road	209,120	104,560
Varna Street	208,649	104,324
Birchfields	189,403	94,702
Park View	180,194	90,097
Claremont	164,978	82,489
Crowcroft Park	154,975	77,488
Irk Valley	138,296	69,148
St Augustine's	127,434	63,717
St Agnes	112,470	56,235
Saviour	108,183	54,092
Armitage	105,020	52,510
Acacias	103,105	51,553
St Aidan's Catholic	93,074	46,537
Sacred Heart (Baguley)	82,676	41,338
Crab Lane	61,795	30,897
St Anne's (Crumpsall)	55,034	27,517
St Clement's	51,529	25,765
St Chrysostom's	48,947	24,474
Ravensbury	48,807	24,403
St Wilfrid's (Hulme)	47,207	23,603
Northenden	40,213	20,106
St Paul's	35,356	17,678
Chorlton	35,290	17,645
St Ambrose	35,035	17,518
St John Bosco	30,660	15,330
New Moston	30,059	15,030
School of The Resurrection	24,961	12,481
St Willibrord's	23,187	11,594

Name of School	Excess Balance held for more than 2 years	50% Clawback under proposed Mechanism
	£	£
St Anne's (Ancoats)	20,260	10,130
St Dunstan's	11,310	5,655
St Clare's	10,188	5,094
St Patrick's	3,985	1,993
St Joseph's	1,286	643
All Saints (Gorton)	205	103
	5,316,297	2,658,149
<u>Secondary</u>		
The Barlow RC High	168,847	84,424
Loreto High	167,618	83,809
	336,466	168,233
<u>Special</u>		
Manchester Hospital	367,421	183,711
North Ridge High	117,923	58,962
Ashgate Primary	101,755	50,877
Southern Cross	17,546	8,773
Camberwell Park	103,620	51,810
	708,265	354,133
TOTAL	6,448,618	3,224,309

Academies -Conversion May 2019

Note: proposed changes in Scheme for Financing Schools not approved prior to conversion

Grange	404,494	N/A
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