Report to the Schools Forum 20 May 2021

Dedicated Schools Grant (DSG) Outturn 2020/21

Council DSG Position

1.1 As noted in previous meetings of this Forum, the High Needs area of DSG and therefore Councils' overall DSG positions, continue to be under pressure, both in T&W and elsewhere.

1.2 For Telford and Wrekin, the end of year DSG position prior to 2019/20 had been as follows:

2016/17	£271,000 surplus
2017/18	£544,000 deficit
2018/19	£20,000 surplus
2019/20	£120,000 surplus

At the end of 2020/21 the surplus has increased to £576,000. Whilst local authorities end of year positions will not be collectively published until the Autumn, in the context of the recent history of DSG, this is likely to be a much better position than many other local authorities.

1.3 There were a number of factors contributing towards the in-year surplus of DSG, notably a reduction in the cost of independent placements. As the cost of this area had rapidly increased until a couple of years ago and it continues to be a major source of cost pressures in other local authorities, it is a significant achievement to have achieved such good cost control.

1.4 A general caveat applies to financial outturns from 2020/21, which is that CV19 and the associated lockdowns made it a far from normal year and it is difficult to assess the net financial impact of this. It remains possible that there could be additional expenditure this year arising from the financial impact of delays in interventions / provision in 2020/21.

1.5 Nonetheless, after having incurred a significant deficit in 2017/18, T&W's subsequent ability to stay within budget demonstrates that constructive relationships with schools and other providers, combined with strong service and financial management continue to make a difference to the financial position of the authority.

1.6 The Council will continue to focus on ensuring that all high needs expenditure is cost effective, and where funds are available, will continue to prioritise support for the resilience of mainstream schools with regard to high needs, alongside funding specialist providers to continue the high quality provision for the most complex children

1.7 There are few indications that the demographic, social and legislative pressures underlying high needs budget pressures are easing. High needs therefore remains an area of significant financial risk, with overall expenditure increasing each year. It is thus very dependent upon the DfE continuing to recognise these pressures in future funding settlements.

Maintained School Balances

1.8 Maintained schools ended 2020/21 with revenue balances of just over £10.7m, made up as follows;

Single status	£3.044m
General revenue balances	£7.680m
Total	£10.724m

1.9 This represents a significant increase from 2019/20, as equivalent balances then were £7m. It also represents a very different pattern to the previous year which saw schools' revenue balances remaining at a similar level comparing the start of the year to the end of the year

1.10 Capital balances showed a more modest increase, from £0.908m at the start of 2020/21 to £1.088m by year end.

1.11 In normal circumstances, such a significant increase in school balances would have led to the authority focusing more attention on school balances via the annual balances survey. However as noted in paragraph 1.4 above, 2020/21 was a (hopefully) unique year given the impact of CV19 on educational activity, with inevitable but unpredictable financial impacts.

1.12 We will however contact schools with balances significantly above the 5% (secondary schools) or 8% (all other schools) thresholds and without budgeted plans in 2021/22 to reduce balances to within these ensure that we understand school expenditure plans going forward and that they seem reasonable in the context of the school's balances.

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