

Report to the Schools Forum 18 May 2023

Dedicated Schools Grant (DSG) Outturn 2022/23

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 DSG balance at the start of 2022/23 was a £333,000 surplus. At the end of the year this had decreased to a surplus of £247,000. 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. Two-thirds of local authorities are currently part of one of the DfE's two support programmes, due to high needs budget difficulties.
- 1.3 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.
- 1.4 However and notwithstanding the continued surplus, given that the allocation of high needs DSG was £3.9m higher (like-for-like) in 2022/23 compared to the previous year, the outturn position reflects the continued and substantial upwards pressure on high needs costs.
- 1.5 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
- 1.6 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.

Maintained School Balances

- 1.7 Maintained schools ended 2022/23 with revenue balances of just over £12m made up as follows:

Single status	£3.0m
General revenue balances	£9.1m
Total	£12.1m
- 1.8 Balances overall have remained at almost exactly the same level as 2022/23, as equivalent balances then were £12.0m.
- 1.9 At the end of 2019/20 revenue balances were only £7m, so during the two financial years significantly affected by covid, maintained school balances increased rapidly. Previously schools' balances had been relatively stable and this pre-covid pattern has thus returned in 2022/23

- 1.10 There was a significant increase in Capital balances, from £1.147m at the start of 2022/23 to £1.593m by year end.
- 1.11 The figures above mask considerable variances in individual schools – a number of schools with stable or falling pupil numbers are finding it financially very difficult in the context of the inflationary pressures that are impacting upon all schools. In general the financial environment for schools has been less stable and predictable for schools in recent years, through the impact of covid, inflation and in some cases recruitment difficulties.
- 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 2023/24 to reduce balances to within these levels, to 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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May 2023