

Bolton Council

Report to:	Schools Forum		
Date of meeting:	26 th February 2021		
Report of:	Director of Childrens Services Deputy Chief Executive	Report number:	
Contact officer:	Lisa Butcher, Head of Finance	Telephone number	01204 336818
Report title:	DSG Financial Monitoring 2020-21 Quarter Three		
Not confidential			
This report does not contain information which warrants its consideration in the absence of the press or members of the public.			
Purpose:	This report provides the Schools Forum with information relating to the financial position for the DSG portfolio for the 2020-21 financial year, as at Quarter Three.		
Recommendations:	It is recommended that the Schools Forum: <ul style="list-style-type: none"> • Notes the financial position of the portfolio as at 31st December. 		
Decision:			
Background documents:			
Signed: (Executive Cabinet Member reports only)	Leader/Executive Cabinet Member	Monitoring Officer	
Date:			

Summary:

This report presents the financial position in respect of the Department of Children's services DSG budget for the 2020/21 as at Quarter Three.

Key Issues:**Revenue Expenditure:**

Revenue expenditure for the Dedicated Schools Grant (DSG) is to be £4.021m greater than the grant available.

Capital Expenditure:

The schools' element of the original capital programme approved at Council in February 2020 totalled £18.543m. Expenditure at the 31st December 2020 was £4.493m against a revised programme of £8.931m.

Reserves

Reserves are expected to be £14.026m at the 31st March 2021.

- £20.460 relate to capital monies held for future work on schools
- £-6.434m revenue relates to schools balances (£+7.658m), and other DSG reserves (£-14.092m)

1 Background

This report provides the Schools Forum with information relating to the financial position for the 2020/21 financial year as at Quarter Two. The information included within the report is divided into three elements:

- Revenue expenditure
- Capital expenditure
- Reserves movements

2 Revenue Expenditure

2.1 Revenue Budget

Table One: DSG – Approved Revenue Budget 2020/21

	DSG
Dedicated Schools Grant per Strategic Budget Report	198,169,000
<u>Budget Adjustments:</u>	
Academy DSG Recoupment Adj	
High Needs Import/Export Update	33,000
6th Form Funding - Pupil Number Update	-125,000
Early Years - January 2020 Census Data Update	127,000
High Needs Place Deduction - July Update	-218,000
Pupil Premium - Census Update	58,000
Academy Conversion - Chorley New Road 1st November 2020	-513,000
Adjusted Grant at Quarter 3	197,531,000

Table One outlines the budget for the Dedicated Schools Grant, including an analysis of amendments to the original budget.

There have been various budget adjustments within the first three quarters.

Quarter One

- updated High Needs import/export pupil numbers
- re-calculation of 6th Form Grant to reflect pupil number changes
- the full year effect of academy conversions.

Quarter two

- increase resulting from higher Early Years numbers based on January 2020 census to fund 2019/20 academic year
- inflation increases to Pupil Premium Grant allocations.
- increase in places at Special Academies sees a reduction to the LA High Needs budget.

Quarter Three

- a reduction to the schools' block from the academy conversion at Chorley New Road as of 1st November 2020.

2.2 Financial Position – Revenue Expenditure

Table Two below outlines the Department of Children's DSG revenue position for 2020/21

Table Two Department of People DSG Financial Position 2020/21

Service	Net Budget	Quarter 3	Year End Variance
Dedicated Schools Grant	£000s	£000s	£000s
Schools Block			
Nursery Schools	0	22	22
Primary Schools	96,602	95,420	-1,182
Secondary Schools	39,437	39,251	-186
Special Schools	207	355	148
Other - Growth	1,389	1,389	0
De-delegation	0	-23	-23
Add to schools balances		1,198	1,198
Subtotal	137,635	137,612	-23
Local Authority Retained Budgets			
Central Expenditure	2,962	2,941	-21
Early Years Block	21,994	22,295	301
High Needs Block	34,940	38,704	3,764
Subtotal	59,896	63,940	4,044
Total Dedicated Schools Grant Budgets	197,531	201,552	4,021

Variance Analysis

Outlined below are details of significant variances between the final outturn position and the budget within the Dedicated Schools Grant.

Centrally Retained Budgets

Dedicated Schools Grant is projected to exceed the grant available by £4.021m.

The main variances relate to the High Needs Block due to increased special school placements, increases in numbers and cost of out of borough placements in Independent Special schools. Early Years Block has a small overspend resulting from payment protection to providers in Autumn term following Government Guidance.

Delegated Schools Budgets

School balances are projected to increase overall by £1.2m in this financial year. Balances in the Primary schools will increase by £1.2m with balances in Nursery Secondary and Special sectors relatively unchanged.

School balances of £7.7m are forecast at the end of the financial year, which is felt to be prudent. As part of the funding settlement some schools had quite a significant uplift and the Forum approved that the surplus balance control system be suspended for one year only, in relation to balances at 31.03.21 to enable time for planning and enabling projects. This is also felt appropriate due to delayed spending because of Covid.

3 Capital Programme

Table Three – Capital Programme

Children's Services Capital Programme	Programme as at Q2	New Schemes	Scheme Reprogramming	Revised Programme Q3	Expenditure Q3
	£000s	£000s	£000s	£000s	£000s
Scheme	2020/21	2020/21	2020/21	2020/21	2020/21
Building Maintenance Programme	2,135	10	-352	1,793	1,124
Capital Support Fund	131		-80	51	12
Access	50		-26	24	10
Devolved Formula Capital	983			983	382
Primary Expansion Programme	3,221		-680	2,541	1,067
Special School Expansion Programme	2,075		-419	1,656	577
Secondary Expansion Programme	3,585		-1,780	1,805	1,321
Primary Places	77		1	78	0
Total Expenditure	12,257	10	-3,336	8,931	4,493
Children's Services Capital Programme	Programme as at Q2	New Schemes	Scheme Reprogramming	Revised Programme Q3	Expenditure Q3
	£000s	£000s	£000s	£000s	£000s
Financed By:	2020/21	2020/21	2020/21	2020/21	2020/21
Section 106	392			392	392
Basic Need Grant	1,654		-1,410	244	200
Devolved Formula Grant	983			983	382
School Condition Grant	1,957	10	-397	1,570	849
Schools BMP Contributions	143		-62	81	81
Schools Other Capital Grants	0			0	0
Revenue Contributions to Capital - Schools	6,578		-1,467	5,111	2,523
SEND Capital Grant	550			550	66
Total Financing	12,257	10	-3,336	8,931	4,493
Balance	0	0	0	0	0

The original capital programmes for the Department of People Services were reported in the Cabinet reports of February 2020. The schemes relating to schools have since been amended to £8.931m. The changes in this quarter are due to the following:-

- New Schemes £0.010m
- Reprogramming of schemes resulting in a decrease of £3.336m

At the end of quarter three expenditure was £4.493m.

4. Reserves Movements

Table Four – Summary of Reserves Position

Outlined in the table below are the projected movements on the Department's reserves (schools and education) in the current year.

Service	Balance		Other	Balance
	1st April 2020	Outturn Movements	Movements	31st March 2021
Schools and DSG Revenue Reserves	£'000	£'000	£'000	£'000
High Needs Strategic Planning	-21		21	0
Important to cover key areas of risk	-21	0	21	0
Centrally Retained DSG	12,697	4,021		16,718
Other Schools Balances	-715		524	-191
Schools Balances	-6,458		-1,200	-7,658
Legal requirements	5,524	4,021	-676	8,869
Capital	-7,322		5,133	-2,189
Bolton Supported School Improvement Group	-200		-46	-246
Two Year Old Funding	-345		345	0
Reserve with existing commitment	-7,867	0	5,432	-2,435
Total Revenue Reserves	-2,364	4,021	4,777	6,434

The outturn movements' column represents the impact upon reserves of the projected outturn position shown in Table 2 of this report.

Capital Reserves	Balance 1st April 2020	Outturn Movements	Other Movements	Balance 31st March 2021
	£'000	£'000	£'000	£'000
Schools & DSG Reserves				
Existing commitments	-21,515		1,055	-20,460
Total Schools & DSG Reserves	-21,515	0	1,055	-20,460

7 Recommendations

It is recommended that the Schools Forum:

- Notes the financial position of the portfolio as at 31st December 2020.