

Item 3**TITLE OF REPORT: Use of Dedicated School Grant Reserves**

Purpose of the Report

The purpose of this report is to request Schools Forum approval for the use of Dedicated Schools Grant (DSG) reserves.

Background

The Department for Education (DfE) issued guidance in March 2015 on the treatment of balances when a maintained school becomes an academy.

If the conversion is due to the school being issued with an academy order by the Secretary of State (SoS) and is a school eligible for intervention and the school is joining another academy trust, then the balance either positive or negative remains with the closed school. The DfE however recommend that positive balances should transfer to the new academy.

However, with the approval of Schools Forum deficits can be funded from contingency.

Gateshead Pupil Referral Unit

On the 1 January 2018 Gateshead's Pupil Referral Unit (PRU) became a sponsored academy and joined a multi academy trust (MAT) River Tees Multi Academy Trust. As the school became a sponsored academy which had been issued with an academy order by the SoS and was eligible for intervention, the deficit balance could not be transferred to the new school.

This left a deficit with the old school of £190,444.19.

Heworth Grange School

Heworth Grange school converted to a sponsored academy on 1 February 2018, and joined a MAT Concilium Multi Academy Trust. As the school became a sponsored academy which had been issued with an academy order by the SoS and was eligible for intervention, the deficit balance could not be transferred to the new school.

This left a deficit with the old school of £194,709.95.

The total for both closed schools is £385,154.14

There is £816K currently in DSG reserves

Proposal

It is proposed that Schools Forum approves the use of DSG reserves to enable the deficit balances to be funded from contingency.

Recommendations

It is recommended that School Forum approves the write off of the two deficit balances to contingency.

For the following reasons:

- To enable the school balances to be written off
- To enable the schools balance sheet codes to be closed.

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