Briefing Note – Dedicated Schools Grant: Reconciliation with Statutory Returns and Accounts

Produced for:	*Schools Forum*
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1 Purpose of the Briefing

1.1 To provide a reconciliation of the Dedicated Schools Grant (DSG) balances reported between 2019/20 and 2025/26 across the Section 251 Returns, DSG disclosures within the Statement of Accounts, Revenue Outturn (RO) Returns, and Section 151 DSG Assurance Returns, and to verify the accuracy and consistency of the reported opening balances, in-year movements, and closing balances for each financial year

1.2 The purpose of this briefing note is to provide a response to the following query raised by Councillor Mackinnon at Executive on the 22/06/2027

"Will the Executive publish a year-by-year DSG reconciliation statement from 2019/20 onwards showing the opening balance, in-year movement and closing balance as recorded in:

(a) Section 251 returns;

(b) The DSG note in the Statement of Accounts;

(c) Revenue Outturn returns; and

(d) S151 assurance returns,

and confirm whether all figures agree?"

2 Background

DSG Statutory Override

2.1 Since the 2020/21 financial year, legislation has allowed DSG deficits to be held in an unusable reserve, separating them from the authority's wider usable reserves.

2.2 This statutory accounting override did not apply to the 2019/20 financial year; therefore, any DSG deficit relating to 2019/20 was not eligible to be held in an unusable reserve in the 2019/20 Statement of Accounts. Prior to the implementation of the statutory override, traditional accounting treatment was applied.

Statutory Returns

2.3 The Dedicated Schools Grant (DSG) is reported through several statutory returns and financial statements, including the Section 251 returns, Revenue Outturn returns, the DSG note within the Statement of Accounts, and Section 151 assurance returns.

2.4 Section 251 is part of the Apprenticeships, Skills, Children and Learning Act 2009. Local authorities submit statements of planned and actual expenditure on education and children's social care.[1] In relation to the DSG, they provide a formal record of the school's budget position, including DSG allocations, in-year expenditure and year-end balances.

2.5 The DSG note to the accounts provides a reconciliation of the DSG position, showing the opening balance, in-year surplus or deficit, and closing balance. It explains how the cumulative DSG balance has moved during the financial year.

2.6 Local authorities are required by the Secretary of State, under section 168 of the Local Government Act 1972, to complete and return the Revenue Outturn (RO) return.[2] For the DSG, they provide the outturn position for school's budget funding and expenditure, including year-end balances. [3] The Revenue Outturn return does not detail cumulative DSG balances only the in-year surplus or deficit balance.

2.7 Local authorities have continuing responsibility for financial regularity in schools. The chief financial officer (CFO), known as the Section 151 officer of the local authority is responsible for making the necessary arrangements for local financial and management controls, under section 151 of the Local Government Act 1972.

2.8 Under these arrangements, the section 151 officer must ensure that the grant monies for the DSG are used for the purpose for which they are intended. They must confirm this to DfE by submitting a signed assurance statement that confirms the deployment of the DSG, along with a note to the accounts.[4] The guidance for 2025/26 has not yet been released at the time of writing this report.

[1] Paragraph 2.4 Section 251: 2025 to 2026 - GOV.UK
[2] Paragraph 2.6 General fund revenue account outturn: general guidance notes - GOV.UK
[3] Paragraph 2.6 General fund revenue account outturn: specific guidance notes - GOV.UK
[4] Paragraph 2.8 [Withdrawn] Dedicated schools grant assurance (DSG): guidance for local authorities for 2024 to 2025 - GOV.UK

3 Reconciliation

3.1 The reconciliation in Appendix A presents a comparison of the opening balance, in-year movement, and closing balance reported within each of the relevant returns and disclosures. The exercise is intended to verify the accuracy and consistency of the figures reported and to confirm whether the balances reconcile across all reporting requirements.

4 Implications and Impact

4.1 A review of the Section 251 Outturn Returns (Appendix A) identified presentation differences within Table 1.8.1a, the block-by-block reconciliation of in-year balances, for the years 2019/20 to 2024/25.

4.2 As Table 1.8.1a is a memorandum table for information only, there is no requirement to resubmit any returns. The differences are presentation-related only, have no financial impact, and have not affected funding allocations or decision-making. The matter is being reported to Schools Forum for information.

4.3 In the Statement of Accounts Statutory Override note there is a discrepancy between the 2020/21 closing balance and the 2021/22 opening balance. The balance was restated during the 2021/22 financial year, this is clearly shown in the 2021/22 Statement of Accounts.

4.4 There are discrepancies on the opening balances and in year balances for 2020/21. This is due to the change in accounting treatment of deficit balances and the introduction of the Statutory override. Some returns continued to reference prior year balances however these balances prior to 2020/21 could not be added into the statutory override.

5 Conclusion

5.1 The reconciliation has identified that, in prior years, DSG information reported in the Section 251 returns did not consistently align with other statutory returns and the Statement of accounts. These issues resulted from errors made in prior reporting periods.

5.2 It is important to note that the discrepancies identified do not alter the underlying DSG financial position reported through the Council's statutory financial statements and returns. Rather, the issue relates to the consistency and clarity of the information previously reported in some statutory reporting returns.

5.3 The Council acknowledges the need to ensure that future reports to Schools Forum are supported by clear reconciliations between the Statement of Accounts and any assurance statements submitted to the Department for Education. Going forward, the process for preparing DSG reporting will include additional review and reconciliation checks to ensure that information provided in the Statement of Accounts and other statutory returns is complete, consistent and clearly explained.

5.4 The Finance Team have strengthened the DSG reporting process going forward to ensure that all statutory returns and the Statements of Accounts are transparent, accurate and aligned with the statutory reporting framework. All submissions will be supported by appropriate reconciliation checks, retained working papers and final submission documents to provide a clear audit trail.

6 Appendix A

		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		£m	£m	£m	£m	£m	£m	£m
Section 251 Outturn	Opening Balance	0.10	1.69	1.46	2.97	4.76	9.45	16.13
	In Year Movement DSG rec table	5.11	0.12	1.63	1.70	4.52	8.31	8.77
	In Year Movement (difference between opening/closing balances)	1.59	-0.23	1.50	1.80	4.69	6.68	8.77
	Closing Balance	1.69	1.46	2.97	4.76	9.45	16.13	24.90
Statement of Accounts: Deployment of DSG	Opening Balance	-0.10	-1.69	-1.46	-2.97	4.76	9.45	16.13
	In Year Movement			-1.50	-1.80	4.69	6.68	8.77
	Closing Balance	-1.69	-1.46	-2.97	-4.76	9.45	16.13	24.90
Statement of Accounts: Statutory Override	Opening Balance		0.00	-1.46	-2.97	-4.76	-9.45	-16.13
	In Year Movement		1.46	-1.50	-1.80	-4.69	-6.68	-8.77
	Closing Balance		1.46	-2.97	-4.76	-9.45	-16.13	-24.90
Revenue Outturn (RO) return	Opening Balance							
	In Year Movement		-1.46	-1.50	-1.80	-4.69	-6.68	-8.77
	Closing Balance							
Section 151 DSG Assurance return Deployment of DSG	Opening Balance	0.10	1.69	1.46	2.97	4.76	9.45	
	In Year Movement				1.80	4.69	6.68	
	Closing Balance	1.69	1.46	2.97	4.76	9.45	16.13	

Table 1

Cells shaded grey indicate instances where a balance was not required to be reported in the relevant return.

Cells shaded pink indicates returns that are not yet due.

Cells shaded yellow indicate discrepancies discussed in paragraph 4.1.

Cells shaded orange indicate discrepancies discussed in paragraph 4.2.

Cells shaded blue indicate discrepancies discussed in paragraph 4.3.