

Full Council Supplementary Information



Date: Tuesday, 13 November 2018

Time: 6.00 pm

Venue: Council Chamber, City Hall

Issued by: Louise deCordova, Democratic Services

City Hall, Bristol, BS1 5TR

Tel: 0117 352 6151

E-mail: democratic.services@bristol.gov.uk

Date: Thursday, 8 November 2018



Supplementary Agenda

9. High Needs Budget 2018/19

(Pages 3 - 6)



Full Council

13th November 2018



Report of: Denise Murray, Director of Finance (Section 151 Officer)

Title: High Needs Budget 2018/19

Ward: Citywide

Member Presenting Report: The Mayor

THE MAYOR'S REVISED RECOMMENDATIONS

The Budget report provides a detailed summary of the Central Government funding that the Council expects to receive during the year for the High Needs Budget together with a breakdown of estimated revenue expenditure. Having considered the reports produced by officers and by the Cabinet Member for Education and Skills, Schools Forum and the impact assessment,

Council is recommended to agree the Mayor's budget proposals in respect of the High Needs Budget for 2018/19 and in doing so Council is asked to do the following:

To note:

- a) The Council Tax Band D equivalent, as agreed in February 2018, remains unchanged.
- b) That all other budgets agreed by Council remain unchanged, subject to in year movements within delegated authorities
- c) The approach that was followed in calculating the revised high needs budget, as outlined in Sections 4, 5 and 6 of the main report.
- d) The report from Schools Forum as outlined in Appendix A.1, their advice to Cabinet in Appendix A.2 and the consequent decision of Cabinet in Appendix A.3 of the main report.
- e) The latest financial position in the DSG which forecasts a £2.2m cumulative deficit in the High Needs Block by the end of 2018/19, as set out in paragraph 1.4 below.
- f) That the equality impact assessment has been taken into consideration and has informed the revised budget proposals. This can be found in Appendix E of the main report.
- g) The comments of the Director of Finance (s151 Officer) on the robustness of the Budget and adequacy of reserves as set out in section 2 of this addendum.

To agree:

Full Council agrees a High Needs Budget of £54.471m for the 2018/19 financial year.

ADDITIONAL INFORMATION**1. Financial Context**

- 1.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils. Any under spend of grant from one year must be carried forward and applied to the schools budget in future years.
- 1.2 The DSG for 2018/19 is funded in four separate blocks for early years, high needs, schools and central schools services and with the exception of the high needs budget which was subject to a judicial review the budgets agreed by Council in February 2018 remain unchanged.
- 1.3 The main report provides an explanation of the outcome of the Judicial Review of the decision of Council in February 2018 in setting the High Needs Budget in the DSG for 2018/19. It then explains the need to set a new budget and explains how this has been approached and calculated. A revised budget is then proposed.
- 1.4 Table 15b of the Schools Forum report in Appendix A.1 advises that the High Needs budget is forecast to overspend by the end of the financial year 2018/19 by £2.759m. This position improved by £0.566m when Schools Forum and Cabinet both agreed that unallocated funding in the Central School Services Block of the DSG could be transferred to High Needs. So, the forecast overspend became £2.193m.
- 1.5 This needs to be viewed in the context of the overarching DSG forecasted outturn at Period 4 of £1.3m overspend, attributed to the High Needs pressure, offset by a potential underspend in Early Years Block of £0.8m and a £0.1m underspend on de-delegated services.

- 1.6 Should this position be realised, in managing the potential future overspend on the High Needs budget Schools Forum in September 2018 deferred any decision about whether to transfer any unspent monies in 2018/19 in the Early Years Block to the High Needs Block until the end of the financial year.
- 1.7 There was an overall overspend on the general DSG of £1.0m in 2017/18 and a projected overspend of £1.3m in 2018/19 and some of these pressures are expected to recur in 2019/20. In line with DSG Guidance which applies to the grant as a whole, not to the individual blocks, the Council, would have the options of deciding how to manage that overspend at year-end. As per the terms and conditions of the Dedicated Schools Grant, and subject to the financial position at the end of the year, the Council will need to decide whether to:
- a. *Fund all the overspend from its general resources in the year in question*
 - b. *Fund part of the overspend from its general resources in the year in question, and carry forward part to the schools budget in the next year or the year after that*
 - c. *Not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools budget in the next year or the year after that.*
- 1.8 Schools Forum approval is also required to carry forward any deficit on the DSG and therefore there is a risk that ultimately a deficit on the DSG could become a liability to the Council
- 1.9 There will be no change to the current year's level of Council Tax arising from the recommendations. The Band D equivalent will remain at £1,625.94 (£1,891.10 including precepts from Avon Fire Authority and the Police and Crime Commissioner for Avon and Somerset), as set by full Council on 20th February 2018.

2. Financial Assurance Statement

- 2.1 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 2.2 Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change and risk without undue impact on the Council Tax and are a key element of its financial standing and resilience. Council was provided with a detailed assessment of the adequacy of the reserves and the levels of risk inherent in the budget when the original Council budget was set in February 2018. That overall assessment remains valid.
- 1.1 The judgement of the high court on the SEN Judicial Review has created a greater risk that pressures in the Dedicated Schools Grant could become a call on the general reserve, which is currently maintained at a minimum level of between 5% and 6% of the Council's net revenue budget. This situation would only arise if mitigations were not possible within the Dedicated Schools Grant itself.

- 1.2 Whilst there are sufficient resources to mitigate this risk, additional savings would need to be identified as part of the 2019/20 budget process to replenish the general reserve to a level that provides the resilience the Council needs overall as we continue in this challenging period of financial uncertainty and risk.