

SUMMARY HEADLINES

1. Overall Position and Movement

Revised Budget	Forecast Outturn	Outturn Variance	Transfer to reserves
P7 £0m	£0m	£0m	(£1.2m)

2. Revenue Position by Division

Summary DSG position 2018/19 Period 7 (All figures in £000s)

	b/f	Funding 2018/19	Forecast 2018/19	In-year variance	P7 Carry- forward 2018/19	Previous (P6) c/f 2018/19	Movement
Schools Block		253,423	253,423				0
De-delegation	(357)		18	18	(339)	(57)	(282)
Schools Central Block		2,262	2,262				0
Early Years	(500)	36,600	35,255	(1,345)	(1,845)	(1,865)	20
High Needs Block	2,055	54,471	54,431	(40)	2,015	1,814	201
Funding	(182)	(346,756)	(346,574)	182			0
Total	1,016		(1,185)	(1,185)	(169)	(108)	61

NB, to be consistent with the figures reported to Schools Forum, this summary includes £164m for mainstream academies and £9m for High Needs recouped by the ESFA.

3. Latest Financial Position

- The **overall DSG** forecast position has worsened slightly (+£61k) since Period 6. The main change is within the De-delegated budget for Schools in Financial Difficulty (+£0.282m improvement) and High Needs (£0.2m adverse).
- **De-delegated budgets.** The greater amount of scrutiny of schools in financial difficulty has, so far, not resulted in a stepped increase in the use of this fund. The brought forward of £0.290m on this budget will not be used in 2018/19 and, rather than seek a further de-delegated budget from maintained primary schools in 2019/20, the brought forward is expected to be carried forward for use in future years.
- It must be stressed that the **Early Years** forecast underspend is **tentative** because 2/3rds of the expenditure on early years settings and 7/12ths of the DSG Early Years Block income is dependent on the participation levels recorded in the October 2018 and January 2019 pupil censuses, which have not yet taken place. The forecast is based on patterns in 2017/18, so these may not be replicated.
- The **High Needs** position has had an adverse movement of £0.2m since period 6 due to changes in activity levels across all top-ups, but particularly in Alternative Provision.
- At year-end, there may be choices to make about how any balance is treated. If there is a cumulative underspend of (£0.2m), this would have to be carried forward into 2019/20. Decisions, however, would need to be made about whether any of the Early Years surplus could be transferred to the High Needs budget to reduce its cumulative deficit. Schools Forum deferred a decision about possibly offsetting one with the other (to year-end) when it met in September 2018.

4. Risks and Opportunities

- Variations in pupil numbers in early years may confirm a projected underspend or it may reverse the position.
- Cost and demand pressures and opportunities within High Needs have materialised and there is little scope for taking action to reduce them in this financial year in the context of plans for setting the High Needs Budget at Full council in November 2018.
- Further academisation could erode de-delegated funding for the authority
- There are 17 schools that ended the year with a deficit balance. These deficits have accumulated over a long period of time and for some schools represent a significant proportion of their annual school budget. Officers have been meeting with those schools to develop a plan whilst ensuring they are able to meet statutory responsibilities and, there is recognition that any repayment of deficit would be over much longer timescales than the 3 or so years that might normally be expected of schools. Two of the schools who have recently become academies had combined deficits of £1.1m which the LA will have to address this financial year.