

SUMMARY HEADLINES

1. Overall Position and Movement

Revised Budget	Forecast Outturn	Outturn Variance	Transfer to reserves
£0m	£0m	£0m	(£1.4m)

2. Revenue Position by Division

Summary DSG position 2018/19 Period 9 (All figures in £000s)

	b/f	Funding 2018/19	Forecast 2018/19	In-year variance	P9 Carry- forward 2018/19	Previous (P8) c/f 2018/19	Movement
Schools Block		253,423	253,423			0	0
De-delegation	-357				-357	-357	0
Schools Central Block		2,262	2,262				0
Early Years	-500	36,574	36,060	-514	-1,014	-985	-29
High Needs Block	2,055	55,454	54,430	-1,024	1,031	946	+85
Funding	-182	-347,713	-347,531	182			0
Total	1,016		-1,356	-1,356	-340	-397	+56

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 is still forecasting a £1.4m in-year underspend, translating into a £0.3m cumulative underspend.
- The Early Years forecast is based on a detailed analysis of the May and October 2018 pupil censuses. The forecasts for participation levels in January 2019 are estimated to be the same as those for January 2018. Any variance in participation by 1% up or down would produce a better or worse outturn by £0.1m. It would be a surprise if participation levels were lower than January 2018 because families are still taking up the new 30 hour places that are available in the sector.
- The **High Needs** position has worsened by £85k since P8 due to variations in activity levels, but the service still expects to end the year with a cumulative deficit of £1.0m.
- At year-end, there may be choices to make about how any balance is treated. If there is a cumulative underspend of (£0.3m), 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. The budget recommendations for Cabinet and Full Council for 2019/20 propose to use £0.517m of any Early Years underspend for the local Maintained Nursery School Supplement. Schools Forum deferred a decision about possibly offsetting one with the other (to year-end) when it met in September 2018. This would include a decision on £0.2m to allow an increase in Early Years SEN rates at year-end.

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, but not this financial year at this late stage.
- 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. Four, possibly five, of the schools who have recently become academies had combined deficits of £1.5m which the LA will have to address this financial year.
- At year-end, it is expected that 14 out of 75 maintained schools will have deficit budgets. The net cumulative maintained school balances is expected to be in the region of £5m.