

SUMMARY HEADLINES

1. Overall Position and Movement

Revised Budget	Forecast Outturn	Outturn Variance	Transfer to reserves
P10 £0m	£0m	£0m	£2.5m

2. Revenue Position by Division

Summary DSG position 2018/19 Period 10 (All figures in £000s)

	b/f	Funding 2018/19	Forecast 2018/19	In-year variance	P10 Carry- forward 2018/19	Previous (P9) c/f 2018/19	Movement
Schools Block		254,861	253,423	-1,438	-1,438		(1,438)
De-delegation	-357				-357	(357)	0
Schools Central Block		2,262	2,248	-14	-14		(14)
Early Years	-500	36,574	36,121	-453	-953	(1,014)	61
High Needs Block	2,055	55,454	54,664	-790	1,265	1,031	234
Funding	-182	-349,151	-348,969	182			0
Total	1,016		-2,512	-2,512	-1,496	(340)	(1,156)

NB, to be consistent with the figures reported to Schools Forum, this summary includes £165m for mainstream academies and £9m for High Needs recouped by the ESFA.

3. Latest Financial Position

- The **overall DSG** forecast position is forecasting a £2.5m in-year underspend, translating into a £1.5m cumulative underspend.
- The main improvement of £1.438m arises in the **Schools Block** from an unusual anomaly associated with the amount of protection calculated for two academies between 2016/17 and 2018/19. The anomaly was discovered as part of the submission of the mainstream formula for 2019/20. It was reported to Full Council in February 2019 that the amendment of this, with the Education and Skills Funding Agency's agreement, created £0.9m more funding beyond a standstill to the benefit of 54 schools and academies. Data received from the ESFA in December 2015 had been incorrect and officers had not identified it at the time. It resulted in overly generous protection for two new and growing schools. Calculations for subsequent years were technically correct, but were erroneously based on the data error for 2016/17. While the ESFA had used the LA's calculations to recoup funding for academies from the LA's DSG each year, they had not replicated the error in their own calculations, so the recouped funding was available to return to the LA. Within 3 weeks of identifying the issue, the ESFA, to their credit, had accepted the error and full reimbursement which, when the 2019/20 adjustment is taken into account, benefits Bristol by £2.3m.
- 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 £234k since P9 due to further increased demand in Alternative Learning Provision, and the service expects to end the year with a cumulative deficit of £1.3m.
- At year-end, there may be choices to make about how any balance is treated. If there is a cumulative underspend of (£1.5m), 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 decisions of Cabinet for 2019/20 were 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 .
- 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.