

SUMMARY HEADLINES

1. Overall Position and Movement

Revised Budget	Forecast Outturn	Outturn Variance	Transfer from reserves
£0m	£0m	£0m	£1.6m

2. Revenue Position by Division

Summary DSG position 2019/20 Period 02 (All figures in £000s)

	Approved budget 2019/20	Forecast Outturn Period 02 2019/20	In-year spend against approved budget
Schools Block	259,445	259,445	
De-delegation			
Schools Central Block	2,329	2,329	
Early Years	37,158	36,392	-766
High Needs Block	58,187	58,217	30
Funding	-357,119	-356,383	+736
Total	0	0	0

(NB Budgeted spend includes funding for academies, Free Schools and Colleges which is recouped by the Education and Skills Funding Agency from the Dedicated Schools Grant before the Local Authority receives it).

At this stage of the year, the only variances are in Early Years (-£0.766m) and High Needs (+£30k).

3. Latest Financial Position

The approved budget for 2019/20 included use of funding for High Needs in advance (from 2020/21). After taking account of the year-end balances for each block, agreed at Cabinet in June 2019, the forecast year-end balances for March 2020 for each block are as per the table below.

Summary DSG position 2019/20 Period 02 (Block financing position)

	b/f	DSG Funding 2019/20	Forecast Outturn Period 02 2019/20	In-year variance	Forecast Carry-forward 2019/20
Schools Block		259,445	259,445		
De-delegation	-414				-414
Schools Central Block		2,329	2,329		
Early Years	-1,115	37,052	36,392	-660	-1,775
High Needs Block	-433	55,780	58,217	2,437	2,004
Funding		-354,606	-354,606		
Total	-1,962		1,777	1,777	-185

The Early Years forecast is based on a similar level of participation to 2018/19. The Early Years DSG income is based on 5/12ths of the January 2019 census and 7/12ths of the January 2020 census. As the profile of participation in 2018/19 generated an underspend in excess of £1m, a similar level of participation will generate a similar underspend, which is why the year-end forecast is approaching £1.8m underspend. At this stage of the financial year, none of the details of the censuses used to pay early years settings is yet available. It is, therefore, too early to know whether participation levels will be at, below or above those for 2018/19 and the forecast will vary during the year, as this information becomes available.

The High Needs budget is showing only a £30k forecast overspend at this stage of the year. The High Needs budget approvals for 2019/20 include £2.407m more funding from 2020/21 in advance. This means that there still remains a forecast deficit on the High Needs budget by year-end 2019/20. The underlying position for High Needs is that the difference between the current level of spending and the pure High Needs DSG allocation for 2019/20 is a shortfall of £5m. The plan for addressing this presently is to lobby government for more resources, to pursue the High Needs Transformation Programme to deliver service improvements and to take any opportunities that present themselves to transfer funding from other blocks or elsewhere.

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 may present themselves in the High Needs budget.
- There are 15 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.
- As schools become academies, some may be entitled to leave the local authority with deficits which the local authority would have no option but to write off.