

SUMMARY HEADLINES

1. Overall Position and Movement

| | | | |
|-----------------------|-------------------------|-------------------------|-------------------------------|
| Revised Budget | Forecast Outturn | Outturn Variance | Transfer from reserves |
| £0m | £0m | £0m | £0.6m |

2. Revenue Position by Division

Summary DSG position 2019/20 Period 04 (All figures in £000s)

| | DSG funding in 2019-20 | Approved budget 2019/20 | Forecast Outturn Period 04 2019/20 | In-year forecast variance against funding | In-year forecast variance against approved budget | Forecast Outturn Period 03 2019/20 | Movement in Forecast P04 to P03 |
|-----------------------|-------------------------------|--------------------------------|---|--|--|---|--|
| Schools Block | 259,445 | 259,445 | 259,445 | | | 259,445 | - |
| De-delegation | | | | | | | |
| Schools Central Block | 2,329 | 2,329 | 2,329 | | | 2,329 | - |
| Early Years | 36,877 | 37,158 | 35,731 | -1.146 | (1,427) | 35,702 | 29 |
| High Needs Block | 58,904 | 58,187 | 58,961 | 60 | 777 | 58,158 | 806 |
| Total | 357,555 | 359,119 | 356,469 | -1.086 | 650 | 355,634 | 835 |

(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 (-£1.427m) and High Needs (+£777k).

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 above.

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. Additionally a 19% reduction in participation for 2 Year Olds has been forecast, which is being pursued by Early Years team, reducing funding by £415k (as 7/12ths is derived from the January 2020 census), along with a reduction in expenditure of £719k (as this is across the whole financial year). At this stage of the financial year, none of the details of the censuses used to calculate payment to 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 approvals for 2019/20 included transfers of £2.566m from other areas of the DSG and £2.407m more funding drawn in advance from 2020/21. Both of these actions boosted the original HNB allocation by £4.973m. However there still remains a forecast deficit on the High Needs budget by year-end 2019/20 which is predominantly due to the free school and the ESFA has now confirmed funding to address this. The underlying position for High Needs is that the difference between the current level of spending and the original allocation. 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.

The summary DSG position includes the latest available funding allocations from ESFA, which include an additional £717k in the High Needs block and a reduction of £176k for Early Years block. These revised allocations reflect up to date data on pupil numbers and funding adjustments for pupils from other LA areas, a virement will be actioned before the next monitor to reflect these changes which will reduce the forecast transfer from reserves.

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 from within the General Fund (£1.5m 2018/19).