

SUMMARY HEADLINES

1. Overall Position and Movement

Revised Budget	Forecast Outturn	Outturn Variance	Transfer from reserves
£0m	£0m	£0m	£1.1m

2. Revenue Position by Division

Summary DSG position 2019/20 Period 07 (all figures in £000s)

	DSG funding/budget 2019/20	Forecast outturn Period 07 2019/20	Forecast Variance	Forecast outturn Period 06 2019/20	Movement in Forecast P06 to P07
Schools Block	259,445	259,445	0	259,445	0
De-delegation	0	0	0	0	0
Schools Central Block	2,329	2,329	0	2,329	0
Early Years	36,461	35,839	(622)	35,702	137
High Needs Block	58,904	60,586	1,682	59,010	1,576
Total	357,139	358,199	1,060	356,486	1,713

(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 (-£0.622m) and High Needs (+£1,682k).

3. Latest Financial Position

The approved budget for 2019/20 included use of funding for High Needs in advance (from 2020/21). The forecast position against the latest known DSG funding and the approved additional budget is an overall overpend of £1,060k.

The Early Years DSG income is based on 5/12ths of the January 2019 census and 7/12ths of the January 2020 census. Expenditure is based on 4 census positions through the year, the first two of these January 2019 and May 2019 are known and the forecast is based on these participation levels. 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).

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. Since the last monitor increased pressures have materialised from Out of Area Placements and the cost of Alternative Provision adding £1,682k to the forecast. There are DSG reserves available to cover this forecast overspend but these have been built up across the funding blocks so Schools Forum will need to agree movements between blocks at year end. This position is expected to continue into next financial year so we will need to explore opportunities to transfer funding from other blocks within the DSG budget to best meet our need.

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 previous 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).