

MUNICIPAL YEAR 2019/2020 REPORT NO. 5

MEETING TITLE AND DATE:
Education Resources Group 20 May 19
Schools Forum 10 July 19

REPORT OF:
Director of Finance, Resources & Customer Services

Contact officer and telephone number:

Louise McNamara 020 8379 4720
E mail: louise.mcnamara@enfield.gov.uk

Agenda – Part: 1	Item: 4a
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Subject: DSG Outturn 2018/19

1. EXECUTIVE SUMMARY

1.1. This report provides a review of the DSG revenue expenditure for 2018/19 which resulted in a net year-end surplus of £0.376m being carried forward into 2019/20. A detailed breakdown of the outturn position is included as an appendix to the report. The reasons for the key variances are detailed in the report.

2. RECOMMENDATIONS

2.1 To note the contents of the report.

3. 2018/19 DSG OUTTURN POSITION

3.1 The original estimate of gross DSG resources for 2018/19 amounted to £331.540m. Of this amount £2.117m will be provided direct by the Education and Skills Funding Agency (ESFA) to fund post 16 places in special schools and places in mainstream academy units and academy special schools. Budget allocations for 2018/19 were agreed within this level of resources.

3.2 As previously reported, there have been adjustments to the DSG allocation during the financial year for academy recoupment and early years pupil numbers recorded on the January 2018 census. The early years adjustment applied to both the 2018/19 allocation and, retrospectively, the 2017/18 allocation. In December 2018, an additional high needs block allocation of £0.892m was received. The final position for 2018/19 is summarised in Table 1 below.

Table 1 – DSG Allocation 2018/19

DSG Summary 2018/19	ORIG 2018/19	Addit HNB	Academy Recoup	Import/Export	Early Years Adj	REVISED 2018/19
	£000	£000	£000	£000	£000	£000
SCHOOLS BLOCK	255.796		(104.003)			151.793
CENTRAL SERVICES	2.972					2.972
EARLY YEARS BLOC	26.955				(1.549)	25.406
HIGH NEEDS BLOCK	45.817	0.892		0.240		46.949
GROSS DSG	331.540	0.892	(104.003)	0.240	(1.549)	227.120
Direct ESFA Funding	(2.117)		(0.399)			(2.516)
NET TOTAL DSG	329.423	0.892	(104.402)	0.240	(1.549)	224.604

4. ACCUMULATED DSG CARRIED FORWARD

4.1 Table 2 sets out the cumulative DSG deficit position as at 31 March 2019.

Table 2 – Accumulated DSG Position

		£'000s
Balance brought forward 1 April 2018		(0.738)
2017/18 DSG Allocation (applied July 2018)		(0.743)
Net Balance b/f 1 April 2018		(1.481)
Net Underspend 2018/19		2.575
Surplus Balance 31 March 2019		1.094
Outstanding Adjustments 2018/19		(0.718)
Total 2018/19 Carry Forward		0.376

The 2018/19 carry forward shows a significantly improved position with the DSG balance now in a surplus position. An Early Years adjustment for 2018/19 will be made in July 2019 but it is estimated that this will not be significant as overall early years pupil numbers have remained fairly consistent between January 2018 and January 2019.

5. REASONS FOR VARIATIONS FROM ORIGINAL BUDGET

- 5.1 During 2018/19 we have bought regular DSG monitoring updates to the Education Resources Group and Schools Forum which have detailed the variances against the various budget areas during the financial year. Appendix A details the final monitoring position for 2018/19 which resulted in a net underspend of £2.575m
- 5.2 The Appendix shows variances for each expenditure block and this information can be summarised as follows

Schools Block

Gross underspend of £1.325m which will reduce to a net underspend of £0.707m when the outstanding recoupment adjustment has been processed. This underspend is due to lower demand on the Growth Fund, underspends on the Appeals Service and Unplaced Pupils and saving on rates liability due to 18/19 academy conversions. These underspends are offset by the funding of the Houndsfield deficit following their forced academy conversion in February 2019.

Early Years Block

Net underspend of £0.410m resulting from fluctuations in pupil numbers across the financial year and underspends on deprivation and Disability Access Fund allocations. The DAF underspend will be carried forward to 2019/20 and this combined with some outstanding payments to academies will reduce the underspend to a net position of £0.310m. As stated above, this position may be affected by the 2018/19 adjustment that will be made in 2019/20 but it is estimated that this will not be significant.

High Needs Block

Net underspend of £0.841m resulting from additional high needs block funding allocation and underspends on outborough provision offset by overspends on exceptional needs, Post 16 SEN support and the Home and Hospital Service. There

have also been underspends on ARP and St Mary's centre in 2018/19 due to delays in re-allocating these provisions, but plans are in place for these to open in 2019/20.

6. 2019/20 MONITORING POSITION

6.1 DSG 2019/20

The bought forward surplus from 2018/19 will be built into the monitoring process for 2019/20. The first detailed budget monitor for 2019/20 will be carried out in July and this information will be presented at the September meeting.