

MUNICIPAL YEAR 2019/20 REPORT NO. 25

MEETING TITLE AND DATE:

Schools Forum 04 March 2020

REPORT OF:

Director of Finance, Resources & Customer Services

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Agenda – Part 1

Item: 4a

**Subject: Schools Budget -
2019/20 Monitoring Update**

1. EXECUTIVE SUMMARY

This report provides details of the DSG budget monitoring position for 2019/20 including confirmation of the latest DSG allocation from the EFA as at January 2020.

2. RECOMMENDATIONS

To note the contents of the report.

3. ACCUMULATED DSG CARRIED FORWARD

3.1 Table 1 sets out the cumulative DSG deficit position as at 31 March 2019.

The DSG Outturn position for 2018/19, as at 31st March 2019, was reported at the last meeting. At this stage it was highlighted that an adjustment would be made in 2019/20, in respect of 2018/19, to adjust the DSG allocation for the Early Years Block to reflect January 2019 pupil data. It was estimated that this adjustment would be minimal as overall early years pupil numbers had remained consistent between Jan 2018 and Jan 2019. The Early Years adjustment was confirmed by the ESFA in July 2019 as £12,700.

Table 1 – Accumulated DSG Carry Forward 2018/19

	£'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	(0.682)
2018/19 Carry Forward – 31/03/2019	0.412
2018/19 Early Years Adj – July 2019	0.012
2018/19 Carry Forward – FINAL	0.424

4. 2019/20 DSG ALLOCATION

- 4.1 The original estimate of gross DSG resources for 2019/20 amounted to £334.186m. Of this amount £1.945m 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 2019/20 were agreed within this level of resources.
- 4.2 In January 2020, revised DSG allocations for 2019/20 were published. These allocations reflected updated academy and college recoupment for the Schools Block and High Needs. The revised DSG position for 2019/20 is summarised in Table 2.

Table 2 – DSG Allocation 2019/20

DSG Summary 2019/20	ORIG 2019/20	Academy Recoup	Import/Export Adj 19/20	Early Years Adj 19/20	REVISED 2019/20
	£000	£000	£000	£000	£000
SCHOOLS BLOCK	259.009	(130.954)			128.054
CENTRAL SERVICES	2.925				2.925
EARLY YEARS BLOCK	25.410			0.022	25.431
HIGH NEEDS BLOCK	46.843		0.435		47.278
GROSS DSG	334.186	(130.954)	0.435	0.022	203.689
Direct ESFA Funding	(1.945)	(0.131)			(2.076)
NET TOTAL DSG	332.241	(131.085)	0.435	0.022	201.613

- 4.3 Further updates to the 2019/20 DSG allocation are not expected before the end of the financial year, but a final confirmation will be received in March 2020.

5. 2019/20 DSG Budget Monitor

Appendix D details the DSG budget monitoring position as at the end of January 2020.

5.1 Schools Block

Projected Underspend – (£538k)

There are projected underspends in the Schools Block. These relate to the Growth Fund, where no additional classes are expected to be required for the 1920 academic year, the Appeals budget which is projecting an underspend and rates where there is reduced demand on the DSG for schools converting to academy status as they will be entitled to 80% charitable relief.

5.2 Early Years Block

Projected Net Nil Variance

Monitoring indicates that there is an overspend in school nurseries, but this is offset by a corresponding underspend in PVIs resulting in a net nil variance. The position will be closely monitored for the remainder of the financial year.

5.3 High Needs

Projected Overspend - £5.874m

The High Needs budgets for 2019/20 were set within the funding available which did not allow for any contingency or provision for expected increase in demand. Key areas of overspend are as follows:

- Outborough Placements - £2.918m
Budgets for out-borough placements were based on commitments as at January 2019. The projected overspend is due to a variety of factors including the full year effect of pupils starting during 2018/19, new placements and changes to support packages. Several residential students have turned 19 during the financial year so the Education budget has had to pick up the full cost of these placements rather than a 3-way split with health and children's services.

Further analysis of these budgets is being undertaken to ensure that projections are as accurate as possible.

- Post 16 High Needs - £0.467m
Overspend based on current projections of student numbers
- Exceptional Needs – £0.797m
Exceptional needs overspend based on the summer and autumn term monitoring exercise. The spring term data is currently being analysed and further significant increases in expenditure are expected.
- SEN & Educational Psychology Service Salaries - £0.466m
Staffing has been increased in both these service areas in order to meet the increase in demand for EHCPs and statutory assessments. A further re-structure of the SEN Service is currently being finalised in order to make the service fit for purpose. This is expected to result in an increased overspend
- Speech and Language Service - £0.173k
Overspend due to increased charge from the Health Service. This overspend relates to 2018/19 and an invoice for this additional cost is also expected for 2019/20

Plans for additional in borough provision is being developed and an update will be provided as soon as the details and start dates have been confirmed.

5.4 DSG Outturn Position

Overall, the latest monitoring position for 2019/20 indicates an overspend of £5.336m which will result in a DSG cumulative deficit of £4.924m. Due to the issues highlighted above, this is expected to increase further by the end of the financial year. The 2019/20 budget will continue to be monitored closely for the remainder of the financial year and updates will be provided to the Forum at future meetings.