

## FINANCE UPDATE

### REPORT OF THE COUNTY TREASURER AND CHIEF OFFICER FOR CHILDREN'S SERVICES

#### Recommendations:

It is recommended that:

- i. Schools Forum is asked to note the month 6 DSG monitoring position as set out in section 1  
**All to note**
  
- ii. Schools Forum to agree in-principle that any residual deficit balance be carried forward into 2018-19 and to be offset by possible increased High Needs funding, alongside continued management action to control spending.  
**All to vote**

#### 1. Month 6 DSG budget monitoring position

1.1 The Month 6 forecast for the DSG is a net over spend of £2.036millions. DEF and Cabinet have approved the £20.55millions in Carry forward from 2016-17 (£18.4millions of which is schools balances) and has been included as budget for 2017-18.

**Table 1: Summary of Month 6 forecast position and major variations:**

<b>Education and Learning (DSG)</b>					
	<b>Final Approved Net Budget</b>	<b>Mth 6 Net Spend</b>	<b>Forecast at Mth 6</b>	<b>Variance before MA</b>	<b>Movement from Month 2</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Schools delegated budget	243,287	116,238	243,287	0	0
DSG and School funding	(333,261)	(171,117)	(333,235)	26	26
<b>Total DSG</b>	<b>(89,974)</b>	<b>(54,879)</b>	<b>(89,948)</b>	26	26
De-delegated budgets	6,293	1,756	5,531	(762)	(622)
Central Provision within Schools Budget	4,689	3,269	5,270	581	582
High Needs Funding	63,960	31,238	66,105	2,145	757
Early Years & Childcare Services	35,587	16,064	35,633	46	(83)
<b>Total DSG central budgets inc delegated</b>	<b>110,529</b>	<b>52,327</b>	<b>112,539</b>	<b>2,010</b>	<b>634</b>
<b>Overall Net DSG budget</b>	<b>20,555</b>	<b>(2,552)</b>	<b>22,591</b>	<b>2,036</b>	<b>660</b>

#### 1.2 Schools and de-delegated budgets

In July the DFE confirmed the revised DSG settlement allocation of £305.75millions including Early Years (before recoupment for academies)

De-delegated budgets are forecasting an under spend of £762,000 due to anticipated savings against Maternity (£224,000); Schools and DSG Contingency (FIPS) (£351,000); Copyright Licences (£146,000) and Trade Unions (£20,000).

Any surplus balance at year end in the past has a request presented to schools forum to be carried forward in to 2018-19. However, advice received from the DfE during the summer 2017 has stated if there is overspend at yearend within the DSG Central budgets, uncommitted surplus balances will go toward offsetting this position (excluding schools balances).

### 1.3 Central Provision within Schools

For month 6 we have introduced a £583,000 forecast overspend relating to planned School Growth commitments against known resource levels. This pressure was highlighted in the report in previous months but not previously entered into forecasts.

### 1.4 High Needs

Table 2 shows the High Needs budget is currently forecasting to over spend at year end by £2.14millions for 2017-18.

The High Needs service has seen a rise in forecast spending of over £3.3millions since budgets for 2017-18 were set.

Despite management action of £1.6m (included in forecasts above), the growing demand on services continues to exceed the funding allocated. The main factors behind the increased costs are:

- High cost placements in the independent sector
- Expansion of the Maintained Special schools to meet demand
- Increasing costs and numbers of personalised education packages, EHCPs and MyPlans
- Increased exclusions
- Demand for Medical AP and independent hospital placements

**Table 2: Summary of High Needs budgets and forecast position as at Month 6**

Activity Description	Base budget 2017/18 £000	Forecast spend at outturn £000	Current Month Variance £000
Alternative Provision incl Hospital school	2,507	3,082	575
LDP Inclusion & Safeguarding	3,290	3,261	(29)
Nursery Plus	1,164	1,164	0
SEN Mainstream	11,003	11,378	375
SEN Services	924	924	0
Independent Sp.Schools & Recoupment	15,493	16,675	1,182
Maintained Special Schools	27,530	27,549	19
Early Help	118	118	0
Support Centres and PSPs	1,931	1,953	22
<b>TOTAL</b>	<b>63,960</b>	<b>66,104</b>	<b>2,144</b>

### 1.5 Early Years

At month 6 Early Years is projecting a small overspend of £46,000. This is due to increased costs of £82,000 in SEN and £158,000 for deprivation as a result of the roll out of the 30 hour offer. This has been offset by £130,000 adjustment to the Spring 2017 payments and £53,000 savings due to the low take up of the Disability Access Fund.

## 1.6 Central budget balance at year end

Advice from the DfE in respect of any overspend at year end for DSG Central budgets (of which High Needs forms part of), must first of all be to offset it in part or in total by any uncommitted surplus balances, including from De-delegated budgets as this is not considered to be 'ring-fenced' for schools use only.

Along with discussions with SFG representatives, County Treasurer and Leader of the Council we are not going to request a transfer of 0.5% from the Schools Block in 2018-19. We are requesting that the Forum make an in-principle agreement to any residual deficit balance being carried forward into 2018-19 and offset by possible increased High Needs funding, alongside the continuance of a management action plan to control spending.

## 1.7 2016-17 Carry Forward

In March 2017 the Authority put a disapplication case to the Secretary of State to request that they reverse the decision made by schools forum not to carry forward the Central Expenditure deficit (which included the High Needs deficit balance) to 2017-18.

A decision was received advising that we should use surpluses in the DSG prior to requesting a carry forward. For that reason they did not approve the disapplication and therefore did not overturn the schools forum decision.

## 1.8 Recommendations:

- iii. Schools Forum is asked to note the update as set out in section 1 above  
**All to note**
  
- iv. Schools Forum to agree in-principle that any residual deficit balance be carried forward into 2018-19 and to be offset by possible increased High Needs funding, alongside continued management action to control spending.  
**All to vote**

MARY DAVIS  
County Treasurer

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Chief Officer for Children's Services

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