

FINANCE UPDATE

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

Recommendations

It is recommended that DEF:

- a) Note month 6 DSG monitoring position as set out in section 1
All to note

1. Month 6 DSG budget monitoring position

- 1.1 The Month 6 forecast for the Dedicated Schools Grant is an over spend of £3.2millions after the carry forward of the £1.64millions deficit from 2017/18.

In addition, it takes account of the following planned carry forwards to 2019/20

- £1.33millions surplus for ring fenced De-delegated budgets.
- £2.47millions deficit for planned management actions within High Needs funding

Table 1: Summary of Month 6 forecast position and significant variations:

Dedicated schools Grant	Net Budget	Net spend Mth 6	Forecast at Mth 6	Variance	Movement from Mth 4	Notes
	£'000	£'000	£'000	£'000	£'000	
Schools delegated budget	215,141	102,967	215,141	0	0	
DSG and School funding	(309,878)	(148,729)	(310,245)	(367)	0	
Total DSG	(94,737)	(45,762)	(95,104)	(367)	0	
De-delegated budgets	6,311	2,460	6,311	0	0	1.2
Central Provision (Schools)	5,346	3,144	5,519	173	8	1.3
High Needs Funding	63,703	33,167	67,150	3,447	(1,426)	1.4
Early Years & Childcare Services	38,657	22,518	38,587	(70)	(156)	1.5
Total DSG central budgets	114,017	61,289	117,567	3,550	(1,574)	
Overall Net DSG budget	19,280	15,527	22,463	3,183	(1,574)	

1.2 Schools and de-delegated budgets

In July the DFE confirmed the revised DSG settlement allocation of £284.68millions including Early Years (before recoupment for academies)

De-delegated budgets are forecasting to breakeven after adjusting for the ring fenced carry forward £1.33millions. This comprises of anticipated savings against Maternity (£463,000); Schools and DSG Contingency (FIPS) (£811,000); Copyright Licences (£34,000) and Trade Unions (£24,000).

As with the treatment in 2017/18 any uncommitted surplus balances at year end will go towards offsetting this position (excluding schools balances) of the overall DSG budgets.

1.3 Central Provision within Schools

The overspend mainly relates to School Growth commitments, £172,000, exceeding the level of funds top sliced from the DSG. The anticipated overspend will be carried forward into 2019/20 and recovered as part of a 3-year plan.

1.4 High Needs

The month 6 forecast position for the High Needs Block of the DSG following adjustment for the carry forward request is an overspend of £3.45millions. Excluding the carry forward adjustment the overspend is £5.92millions, an increase of just over £1 million from month 4 and primarily the result of additional costs within further education college placements and an increase in the number of pupils with Education Health and Care plans. Placement numbers for independent special schools remain the driver for most of the forecast pressure within the high needs block.

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

High Needs	Net Budget	Forecast at Mth 6	Variance	Movement from Mth 4
	£'000	£'000	£'000	£'000
Alternative Provision	2,277	2,483	206	39
Children in Care and Exclusions	1,486	1,486	0	0
Closing the Gap	1,500	1,500	0	0
Inclusion	349	349	0	0
Nursery Plus	1,164	1,164	0	0
Safeguarding Every Learner	144	144	0	0
SEN Mainstream	10,818	11,122	304	614
SEN Services	924	924	0	0
Maintained Special Schools	29,449	29,293	(156)	573
Hospital Education Services	375	375	0	0
Recoupment	284	684	400	400
Other Special School Fees	13,569	16,242	2,673	(3,126)
Support Centre Funding	1,364	1,384	20	74
TOTAL	63,703	67,150	3,447	(1,426)

1.5 Early Years

At month 6 Early Years is projecting a small underspend of £70,000. This is due to an underspend of £184,000 within the Trajectory funding and is offset by the forecast overspend of £74,000 for the Tresillian Nursery prior to transfer.

1.6 Management Action

The service is continuing to review the demands in the 0-25 Team to reduce the overspend of the High Needs Block. For 2018/19 the savings to date have totalled £3millions however, there remains growing pressures across the section.

Management Action has already been recognised for 2019/20 with the review of students currently in their 3rd – 5th years of post-19 education which could produce savings in the new academic year.

1.7 Risks/Notes

From 2018/19 there is a requirement from the DfE that any local authority that holds a deficit of the DSG greater than 1% will be required to submit a recovery plan to ESFA and currently Devon is expected to be above the 1%. This will be mandatory under the conditions of grant

1.8 Recommendation:

Schools Forum is asked to note the update as set out in section 1 above

All to note

MARY DAVIS
County Treasurer

JO OLSSON
Chief Officer for Children's Services

Please ask for: Adrian Fox
Adrian.fox@devon.gov.uk