

**DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2017-18**

**Purpose of the Report**

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2017-18 as at 31 January 2018.

**Main Considerations**

2. Appendix 1 to this report outlines the budget monitoring summary as at 31<sup>st</sup> January 2018. The budget reflects the reductions made by the ESFA for academy recoupment, high needs places paid directly by the ESFA and for the January 2017 early years census. Further adjustments will be made later in the financial year to reflect the January 2018 early years census.
3. An overspend of £0.828 million is currently projected against the overall schools budget. This is an adverse movement of £1.140 million since the previous report to Schools Forum. The biggest movements since the October forecast are in the high needs spend.

***Early Years Budgets***

4. Budgets for the universal entitlement for 15 hours childcare for 3 & 4 year olds, and for the entitlement for 2 year olds, are currently assumed to be on target to break even. Data on take up of the free entitlement received after the autumn term pupil count indicates that this budget will be underspent however the final DSG settlement for Wiltshire will be adjusted for the January 2018 early years census and if take up is less than estimated this is likely to result in a reduction in DSG.

***High Needs Budgets***

5. High Needs budgets are now projected to overspend by £2.672m, an increase of £1.184m since the previous report to schools forum. Investigation in to the increased variance indicates that the largest movements are:
  - a. Projected spend in independent special school (ISS) placements has increased by £0.376m. This increase includes a transfer of funding responsibility for one placement from the looked after children placement budget to the ISS budget (£0.150m). The transfer is backdated to September 2017.
  - b. An error in the recording of data for the post-16 top up forecast which, when corrected, increases the forecast by £0.600 million compared with previous months.
6. Spend on Education Personal Budgets has also increased during the year, this is causing the projected overspend of £0.445m against the specialist provision budget.

***Impact on 2018-19***

7. Any overspend against the overall DSG budget at the end of the financial year will be offset initially against the DSG reserve. The reserve at the end of 2016-17 was reported as £0.583 million however the 2016-17 DSG allocation was then reduced by a further £0.242m after the end of the financial year to reflect the January 2017 early years census. The available reserve is therefore currently £0.341 million.
8. The current projected underspend will exceed the level of reserves. This would lead to a deficit being rolled forward in to 2018-19.

9. The increase in overspend also impacts on the position in 2018-19. Schools Forum agreed a number of savings proposals at the January meeting aimed at closing the funding gap in the high needs block in 2018-19. The full year impact of the increased overspend will mean that there is a larger gap in 2018-19 than originally calculated. The revised gap for 2018-19 is being calculated and further recovery actions will need to be developed.

### **Proposals**

10. Schools Forum is asked to note the budget monitoring position at the end of January 2018 and the potential impact on the DSG reserve and 2018-19 budget if the overspend cannot be reduced.

*Report Author: Liz Williams, Head of Finance*

*Tel: 01225 713675*

*e-mail: [elizabeth.williams@wiltshire.gov.uk](mailto:elizabeth.williams@wiltshire.gov.uk)*