

**DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2018-19**

**Purpose of the Report**

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2018-19 as at 31<sup>st</sup> August 2018.

**Main Considerations**

2. Appendix 1 to this report outlines the budget monitoring summary as at 31<sup>st</sup> August 2018.
3. An overspend of £0.925 million is currently projected against the overall schools budget. This is the first report of the new financial year although the likelihood of an overspend was raised in the January 2018 meeting (High Needs Block Update Report) when the pressure on the high needs block was estimated at £0.843 million.

***Early Years Budgets***

4. Budgets for the free entitlement for 15 hours childcare for 3 & 4 year olds are currently forecast to be underspent by £0.323 million. This estimate is now wholly based on full year of 30 hours entitlement.
5. The 17/18 adjustment on the early year block was £0.035 million.

***High Needs Budgets***

6. High Needs budgets are projected to overspend by £1.248m. The biggest areas of overspend are Independent Special School packages, Named Pupil Allowances and top ups in non-Wiltshire provision. The post-16 budget shows an underspend which is partially offsetting the overspend in other areas.
7. One of the major drivers of the increased cost is volume. Activity (volume) is measured in FTE and the forecast FTE (2,626 fte) exceeds the budgeted FTE (2,885 fte) by 259 FTE.
8. In view of the on-going pressure on the high needs block, a High Needs Working Group has been set up comprising school and local authority officers to identify contributing factors and to make proposals to reduce the cost pressure on the high needs block.

***DSG Reserve***

9. The reserve brought forward of £0.846 million is reduced by the early years block adjustment of £0.035 million. The forecast overspend would take the reserve into a deficit position of £0.115 million.
10. Current DfE guidance states:  
There are three options to consider if the local authority overspends on the central expenditure component of the schools budget:
  - the local authority may decide to fund all the overspend from its general resources in the year in question

- the local authority may decide to fund part of the overspend from its general resources in the year in question, and carry forward part to the schools budget schools budget in the next year or the year after that
- the local authority may decide not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools budget in the next year or the year after that.

These options will be considered as part of the High Needs Block Working Group.

11. With effect from 2019-20, the department intends to tighten the rules governing deficits in local authorities' overall DSG accounts, under which local authorities have to explain to us their plans for bringing DSG account back into balance. The DfE intend to require a report from any local authority that has a DSG deficit of more than 1% as at 31 March 2019. This report will need to have been discussed with the schools forum. The DfE will consult local authority representatives during the autumn of 2018 about the detailed implementation of these new rules.

### **Proposals**

12. Schools Forum is asked to note the budget monitoring position at the end of August 2018 and the continued pressure on high needs budgets and to support and contribute to the work of the High Needs Working Group.

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