

**DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2019-20**

**Purpose of the Report**

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2019-20 as at 31 August 2019.

**Main Considerations**

2. Appendix 1 to this report outlines the budget monitoring summary as at 31 August 2019.
3. An overspend of £4.864 million is currently projected against the overall schools budget. This is the first report of the new financial year although the on-going pressures on the high needs block is known and understood.

***Early Years Budgets***

4. Budgets for the free entitlement for 15 and 30 hours childcare for 2, 3 & 4 year olds are currently forecast to be overspent by £0.978 million. This is because the take up of hours has increased above the budgeted hours which was based on the average take up of the past three years.

	<b>Budgeted FTE</b>	<b>Forecast FTE</b>	<b>Forecast FTE Variance</b>	<b>Budgeted Spend £M</b>	<b>Forecast Spend £M</b>	<b>Forecast spend Variance £M</b>
2 year olds	385	355	(30)	2.335	2.155	(0.180)
3 & 4 year olds	4791	5001	210	22.938	23.946	1.008
ISF	447	673	226	0.357	0.539	0.182

5. The 18/19 adjustment based on the January 2018 census data was a reduction of £0.359 million. The forecast is included to follow the accounting principle of prudence however, the increased take up should be reflected in the January census and allocation increased as such.

***High Needs Budgets***

6. High Needs budgets are projected to overspend by £3.958m. The biggest areas of overspend are Independent Special School packages, Named Pupil Allowances and top ups in non-Wiltshire provision.
7. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. At the last meeting, Schools Forum requested more granular detail around the activity and this has been provided in Appendix 2. There is much management information, but it is important to note that the number of EHCPS being requested has not slowed at all and is rising at a similar rate as 2018/19.

	<b>Children with an EHCP in Wiltshire</b>
Number as at 1 April 2019	3,433
As at September 2019 (to reflect new the academic year)	3,639
Current Year to Date Variance	<b>213 (5.98% increase)</b>

8. Much work has been done, Schools Forum members will recall we set up the High Needs Block Working Group (August to December 2018) to collect views on the drivers for increased spend including EHCP and banding review funding requests from schools. Recommendations from this group included an external review and this was commissioned through ISOS. ISOS have worked with the local authority, WPC, schools, children & young people and parents and carers through the Spring and Summer of 2019 to examine processes and systems of support and inclusion. ISOS will be presenting their findings & recommendations later in the agenda today and the next steps will be outlined.

### **DSG Reserve**

9. The reserve brought forward of £2.060 million is reduced by the early years block adjustment of £0.206 million. The forecast overspend would take the reserve into a deficit position of £7.130 million.
10. With effect from 2018-19, the department tightened the rules governing deficits in local authorities' overall DSG accounts, under which local authorities have to explain 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 the end of any financial year. The current DSG reserve stands at 0.6% and so no report was required for 2018/19.
11. The forecast DSG deficit reserve would take the % to over the DfE's 1% and would require a recovery plan. The ISOS findings and new SEN Strategy will feed into a recovery plan and SEN Strategy currently in draft which will be used as an operational tool to take the school budget forward.

	<b>DSG Reserve £ M</b>
2018/19 Brought Forward	(2.060)
2018/19 Early Years Adjustment	(0.206)
2019/20 Forecast Overspend	(4.864)
2019/20 Forecast DSG Reserve Deficit	(7.130)

### **Proposals**

12. Schools Forum is asked to note the budget monitoring position at the end of August 2019 alongside the ISOS findings and recommendations presentation and Schools Budget 2020/21 Consultation report.

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