

**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<sup>st</sup> October 2019.

**Main Considerations**

2. Appendix 1 to this report outlines the budget monitoring summary as at 31<sup>st</sup> October 2019.
3. An overspend of £6.429 million is currently projected against the overall schools budget. This is an increase since the last report although the on-going pressures on the high needs block are known and understood, in line with national pressures and recovery plans are in place to significantly reduce pressure long term.

***Schools Block***

4. There is a forecast underspend of £0.247 million on the schools block budgets. This is largely due to a positive adjustment from the DfE allocating additional growth as a result of academy conversions.

***Early Years Budgets***

5. Budgets for the free entitlement for 15- and 30-hours childcare for 2, 3- & 4-year olds are currently forecast to be overspent by £0.995 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. In addition to this, the inclusion support fund has been utilised more fully than in previous 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                 | 358                 | (27)                         | 2.335                    | 2.168                    | (0.167)                           |
| 3 & 4 year olds | 4791                | 4996                | 205                          | 22.938                   | 23.919                   | 0.981                             |
| ISF             | 447                 | 673                 | 226                          | 0.357                    | 0.538                    | 0.181                             |

6. 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**

7. High Needs budgets are projected to overspend by £5.685m. The biggest areas of overspend are Independent Special School packages, Named Pupil Allowances and payments in relation to alternative provision including direct payments & elective home education.
8. 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 <sup>st</sup> April 2019  | 3,433                                     |
| As at 31 <sup>st</sup> October 2019      | 3,680                                     |
| Current Year to Date Variance (7 months) | <b>247 (7.19 % increase)</b>              |

9. 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, health colleagues, children & young people and parents and carers through the Spring and Summer of 2019 to examine processes and systems of support and inclusion. ISOS recommendations are in the process of being rolled out and the presentation on these plans is later the agenda.
10. Additionally, there are recovery plans in place across the whole of Wiltshire Council budgets at present to stop or delay all uncommitted spend which is not linked to safeguarding, elections, trading or longer-term transformation or savings plans. This will have a positive impact on DSG spending levels.

### **Central School Services Block**

11. There is a minor favourable forecast variance of £0.004 on the centrally held school budgets.

### **DSG Reserve**

12. 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 £8.695 million.
13. 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.
14. 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<br/>£ M</b> |
|--|----------------------------|
| 2018/19 Brought Forward                | (2.060)                    |
| 2018/19 Early Years Adjustment         | (0.206)                    |
| 2019/20 Forecast Overspend             | (6.429)                    |
| 2019/20 Forecast DSG Reserve - Deficit | (8.695)                    |

### **Proposals**

15. Schools Forum is asked to note the budget monitoring position at the end of October 2019 alongside;

- a. the recovery action plan presentation later in the agenda
- b. Reports on the various Autumn consultations – de-delegated services, transfer of schools block to high needs block and the DfE’s consultation on treatment of the DSG as a ringfenced grant in the local authority’s accounts
- c. Reports on the 20/21 Schools Budget and levels of funding

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