

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 30 November 2019.

Main Considerations

2. Appendix 1 to this report outlines the budget monitoring summary as at 30 November 2019.
3. An overspend of £7.314 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 £0.210 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 £1.036 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.

	Budgeted FTE	Forecast FTE	Forecast FTE Variance	Budgeted Spend £M	Forecast Spend £M	Forecast spend Variance £M
2 year olds	385	452	67	2.335	2.742	0.407
3 & 4 year olds	4,791	4,889	98	22.938	23.407	0.468
ISF	447	673	226	0.357	0.539	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 £6.494m. 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. There has been a significant increase in forecast spend since the last report. This is explained by activity in excess of that previously forecast, namely; 27 fte (full time equivalent pupils) new named pupil allowances, 19 fte new special school top ups 4 fte new independent special school places and 3 fte additional SEN education other than at school.
9. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. 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.

	Children with an EHCP in Wiltshire
Number as at 1 April 2019	3,433
As at 30 November 2019	3,715
Current Year to Date Variance (8 months)	282 (8.2 % increase)
<i>Forecast EHCPs as at 31 March 2020 (should rate continue at current 12% level)</i>	3,970

10. 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 independent external review and this was commissioned through ISOS Consultancy, a leading SEN research and advisory company specialising in working alongside the public sector.
11. ISOS have worked with the local authority, WPCC, schools, health colleagues, children and 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 implemented. A consultant special school head teacher has been seconded, working 3 days per week on inclusion practice in educational settings.
12. SEN educational services have been separated away from Childrens social care to align more closely with education under School Effectiveness and Inclusion. A new role, Head of Service for Inclusion takes up post in April 2020.
13. 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 is expected to have a positive impact on DSG spending levels.

Central School Services Block

14. There is a minor favourable forecast variance of £0.006 on the centrally held school budgets.

DSG Reserve

15. 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 £9.580 million.
16. 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 forecast DSG deficit reserve balance would take the % to over the DfE's 1% and will therefore require a recovery plan. This will be based on the savings proposals shared at the December Schools Forum meeting and the 2020-21 agreed, balanced budget. The ISOS findings and new SEN Strategy currently being worked up alongside school leaders will align to the overall recovery plan.

	DSG Reserve £ M
2018/19 Brought Forward	(2.060)
2018/19 Early Years Adjustment	(0.206)
2019/20 Forecast Overspend	(7.314)
2020/21 Opening Forecast DSG Reserve - Deficit	(9.580)

17. In the Autumn, the Department for Education consulted on changing the conditions and regulations applying to the dedicated schools grant (DSG), to clarify that it is a ring-fenced specific grant, separate from the general funding of local authorities. Clarifying whether local authorities are expected to carry forward any deficits they may have on their DSG accounts, and whether the deficit has to be covered by their general reserves. The government had intended to make a decision on the proposed changes, in time to inform the setting of local authorities' budgets for the 2020 to 2021 financial year. However, the DfE website currently confirms that they are analysing feedback and we are asked to visit this page again soon to download the outcome of the consultation.

Proposals

18. Schools Forum is asked to note the budget monitoring position at the end of November 2019 alongside reports later on the agenda on the 2020-21 Schools Budget, levels of funding and recovery planning.

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