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Report title:	Dedicated Schools Grant 2017-18 – Budget Monitoring Report October 2017	
Author name and contact details:	Russell Dyer russell.dyer@southwark.gov.uk Kamiljit Kaur kamiljit.kaur@southwark.gov.uk	
Officer to present the report:	Russell Dyer Kamiljit Kaur	

Executive Summary

The report sets out the budget monitoring position as at 31st October 2017 of the 2017-18 Dedicated Schools grant which will have implications for setting the budget for 2018-19.

Schools Forum Actions

The Schools Forum is asked to note the current position in year on DSG as at 31st October 2017 and the expected outturn position on the Dedicated Schools Grant reserves at year end.

1. Background

1.1 Members will recall that at the October 2017 meeting of the Schools Forum there were specific identified budget risks to the Dedicated Schools Grant (DSG) and this report gives an update on the position in each with the options for potential mitigations/ savings. These proposals, following the Schools Forum comments, will be developed and shaped further by the Local Authority (LA) and a working group of Schools Forum.

2. DSG 2017-18 and DSG Reserve Budget Monitor

2.1 As with all budget forecasts these need to be treated with caution particularly with regard to demand driven areas such as SEND and Behaviour Services. In addition, areas that are lagged funded on a participation basis, such as early years can be difficult to forecast given the in-year and post-year adjustments that take place.

2.2 The overall updated DSG grant allocations as at July 2017 are shown in the table below:

	DSG 2017-18 £m	DSG 2017-18 £m	Movement £m
Schools Block	128.22	128.22	0
High Needs Block	43.36	43.36	0
Early Years Block	27.40	27.67	(0.27)
Total	198.98	199.25	(0.27)

2.3 For Early Years, the change since the last meeting has been some additional funding. .

2.4 The overall position as projected at the 31st October 2017 is summarised in the table below:

	DSG 2017-18 £m	Over/ (Underspend) £m
Schools Block	128.22	0
High Needs Block	43.36	3.5
Early Years Block	27.67	0
Total	199.25	3.5

Note: The position on early years assumes in-year action to manage pressures flowing from participation and or/ use of unused day nursery reserve commitment.

3. Schools Block

3.1 The Schools Block is forecasting a balanced position. However, with regard to the Maternity Payment scheme, even allowing for an in- year change so that there is an abatement of 25% to maternity payments from October 2017, there is still a residual pressure on maternity of £0.1m. Additionally, there is a pressure of £0.1m on licenses and subscriptions and a smaller pressure on trade unions facility time reimbursement due to late invoicing by a number of schools.

3.2 Taken the above into account, the LA has established that there will be sufficient underspends and savings in other central retentions to contain these pressures although finely balanced. With regard to Summerhouse, the forecast pressure has now reduced from £0.1m as verbally reported at the last meeting to £40k and this will be carried forward into 2018-19 for the service to meet by income recoveries and efficiencies.

4. Early Years Block

- 4.1 This is forecasting to be a balanced position at outturn. There is, however, some risk to the forecast as spend is mainly based on the level of uptake of participation. Payments should only be made at the agreed rates for those eligible children on the census so there is a need for clawing back any overpayment made for any ineligible children or children that are not on census.
- 4.2 In going forward to 2018-19 so as to ensure that pressures do not arise, payment rates need will be kept under close review to ensure a build up of a sufficient contingency. With regard to those budgets retained centrally, these will be adjusted in line with any reduction of the grant. It should be noted that there are specific issues around the subsidy to council run day nursery provision which can only continue for the remainder of this financial year.
- 4.3 The proposed rates for 2018-19 will be made by the LA at the January 2018 meeting of Schools Forum.

5. High Needs Block

- 5.1 The forecast position of an overspend in this block remains as previously reported to the October 2017 meeting. Once again, this is a demand driven budget and so there is a high risk of increased cost and therefore this needs to be viewed with caution.
- 5.2 As a consequence, the LA is reviewing the projected spend with a view to formulating savings proposals, cost avoidance and invest to save initiatives. The 2018-19 top up rates will be a consideration at the January 2018 meeting of Schools Forum.

6. Consequences of an anticipated DSG deficit at the year end

- 1. It is a requirement that the Schools Forum has to agree to any deficit from a previous year being carried forward son reducing the amount of the School Budget in that year. Therefore, at the January 2018 meeting of the Schools Forum the LA will formally propose that an element of the expected deficit carry forward on the DSG at the year-end will need to be met by from reduced school budget shares. This will be the priority for any DSG 2018-19 headroom together with the funding for new free schools and any business rate increases.