

Date: 5 July 2018	Item 5	Type of report: For decision
Report title:	Dedicated Schools Grant Outturn 2017-18	
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Executive Summary

This report sets out the outturn of the Dedicated Schools Grant (DSG) 2017-18 which includes the provisional year-end position of the carry forward to 2018-19 and requests that the Schools Forum agrees to the Local Authority's decision to carry forward the deficit of £4.1m to 2018-19.

Schools Forum Actions

The Schools Forum is asked to:

- Note that the Dedicated Schools Grant was in a deficit £4.1m at the end of 2017-18 financial year, after use of the DSG reserve of £1.25m during 2017-18
- Agree that that the deficit will be carried forward to 2018/19.
- Note the position is provisional subject to external audit opinion.

1. Dedicated Schools Grant 2017-18

1.1 Members will recall that the Local Authority reported to the March 2018 Schools Forum that the DSG was forecasting a £3.5m. The final position is an overall overspend of £4.1m overspend. This figure though is still subject to external audit.

1.2 The overall position is summarised below

2017-18	Budget	Final	Over/
	£m	Outturn	(Underspends)
		£m	£m
Schools Block	128	128.5	0.5
Early Needs Block	28	28	0
High Needs Block	43	46.6	3.6
Total	199	203,1	4.1

- 1.3 The key movements between the March forecast and the outturn position flowed from increased pressures on high needs. As we noted in our 17 March 2018 report, there were risks associated with financial forecasting of high needs due to demand issues.
- 1.4 This overspend is after using the reserve that was brought forward from the previous year (at 31 March 2017) of £1.25m.
- 1.5 The main cause of the overspend is the Local Authority’s growing responsibilities for Post 16 students with SEND. This is a statutory requirement, but the funding received through the DSG has not increased in line with the growth. This is not an uncommon problem across Local Authorities. Attached in Appendix A of this report is a survey that London Councils undertook on High Needs expenditure in London. It shows across London that of 31 authorities responding to the survey 26 reported an overspend.
- 1.6 Members will be aware at the last meeting it was agreed to set up a High Needs Sub-Group to look at the overspend and how in the long term the High Needs block can be balanced. This group will look at a more detailed breakdown of the overspend. The first meeting of the group was held on the 14 May 2018. A verbal update will be given at the meeting of the initial thoughts of members and the approach being adopted.

2. End of year position on de-delegated budgets and Growth Fund

The summary position is shown in the table below:

2017-18	Budget £m	Final Outturn £m	Over/ (Underspend) £m
Schools in financial difficulty	0.5	0.3	(0.2)
Behaviour Support services (before carry forward)	1.7	1.8	0.1
Maternity (after carry forward)	0.7	0.7	0
Trade Unions (after carry forward)	0.08	0.08	0
Growth Funds	0.6	0.6	0
Falling Rolls	0.1	0.1	0

Summerhouse had an end of year overspend of £0.1m which has been carried forward. This was created by extra transports costs and higher catering costs.

2. **Conclusion**

The outturn position was as predicted and contained no real surprises although the overspend has now put the DSG under significant financial pressure which cannot continue, the spend on the High Needs Block needs be addressed through a recovery plan, otherwise it will destabilise both the Schools and the Councils finances.