

# Sefton Schools Forum Report

Date of Meeting:	1 July 2019
<b>Title of Report:</b>	<b>Dedicated Schools Grant (DSG) Outturn 2018/19</b>
Presenting Officer:	Mike McSorley/Kevin McBlain
Reason for Submission to Forum:	(4) ITEM FOR INFORMATION
Executive Summary:	To provide members with the DSG 2018/19 outturn position and level of Schools Balances and Centrally Managed / Retained DSG Reserves.
Budget/Risk Implications:	None
Recommendations :	1. Forum is asked note the 2018/19 outturn position and level of balances carried forward into 2019/20.
Appendices (to be attached)	Analysis of the 2018/19 DSG Individual Schools Budgets (ISB) and Centrally Managed / Retained Schools Budgets (RSB) spending and balances.
Background Papers (available on request)	Year-end Revenue outturn 2018/19 Year end Head of Finance statement to DfE Schools Finance Regulations 2018
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SCHOOLS' FORUM POWERS & RESPONSIBILITIES	
1	ITEMS FOR APPROVAL (DfE can adjudicate where Forum does not agree LA proposal)
2	ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but LA decides)
3	ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but DfE decides)
4	ITEMS FOR INFORMATION (No formal view of the Forum is sought)

## **1.0 Background**

- 1.1 The purpose of this report is to inform members on how the Dedicated Schools Grant was spent in 2018/19, and to indicate the levels of schools' balances carried forward into 2019/20. In addition, to report on the Centrally Managed / Retained Schools budgets; High Needs and Early Years spending and year end DSG reserves.

## **2.0 Outturn 2018/19**

- 2.1 Appendix 1 (a) to the report includes an analysis of Individual School Budgets (ISB) compared with outturn, and shows the opening and closing level of schools balances. Appendix 1 (b) includes an analysis of the Centrally Retained (RSB); High Needs and Early Years non-schools Budgets and related outturn, along with carried forward DSG reserves.
- 2.2 ISBs represent the resources allocated to maintained schools through the schools formula funding, which is established by the Local Authority, in consultation with schools. RSBs represent resources agreed by Schools to be retained centrally by the Local Authority, to meet the costs of delivering education in settings other than its own maintained schools, as well as providing relevant pupil related support services. Central resources also include for provision of services, which may be delivered more effectively from a collective approach rather than through schools individually.
- 2.3 The allocation of DSG for 2018/19 was based on four main spending blocks i.e Schools; High Needs; Early Years and Central Schools Services block. Schools funding is based around weighted pupil numbers and a smaller range of deprivation factors using the October census data from the previous year (i.e October 2017 for 2018/19 funding). The formula excludes Special schools, which are covered by High Needs place funding allocations.
- 2.4 High Needs funding covers DSG for children with Special Education Needs and includes for place funding and additional top up funding as required for Pre16 pupils across mainstream Primary; Secondary and Special phases, including 2 Pupil Referral Units; and for Post 16 provision, funding to enable the Local Authority to pay top up costs only, with the EFA funding post 16 provision in schools and colleges directly. High Needs Funding also includes for payments to External and non-maintained schools funded by the Local Authority (for example independent special schools).
- 2.5 Early Years funding covers the provision of 3-4-year-old entitlement to universal 15 hours per week free nursery education for all parents, and up to an additional 15 hours per week childcare for eligible parents in employment. In addition, it covers nursery provision for eligible 2 year olds in maintained nursery schools; nursery classes in Primary schools; and private, voluntary or independent nurseries, based on parental income.
- 2.6 Each year, the Local Authority has a statutory requirement to meet the Minimum Funding Guarantee (MFG) for schools. This states the minimum percentage by which

individual schools' budgets must increase or maximum decrease from the previous year, subject to pupil number changes. In 2018/19, the MFG was set at minus -0.5%.

### **3.0 DSG Individual Schools Balances 2018/19**

- 3.1 Appendix 1(a) shows the 2018/19 ISB schools budget, expenditure and spending variations, along with the value of the opening and closing schools' balances. Note that Maintained mainstream schools receive funding from the main Schools Block. The Central support service allocations are either funded specifically through de-delegated funding; taken out of the maintained schools funding; or, for the historic Central provision items, funding is found from the Central Schools Service Funding Block on behalf of all schools, including Academies.
- 3.2 High Needs and Early Years Funding Blocks are separate DSG funding streams and include the funding of Maintained Special Schools and High Needs spending services and for provision of early years services including Maintained nurseries; Nursery classes within schools and PVIs to deliver 2-4-year-old childcare.
- 3.3 During 2018/19, Maintained schools' balances decreased by a net £-2.127m moving from an opening balance of £14.994m to a closing balance of £12.867m at 31 March 2019 (See Appendix 3 for full analysis). Closer analysis of the schools' balances reveals the following:

	<u>Increase in balances year on year</u>	<u>Decrease in balances year on year</u>	<u>Net changes in balances year on year</u>	<u>Schools with deficit balances at 31.3.19</u>
	<u>£000m</u>	<u>£000m</u>	<u>£000m</u>	<u>£000m</u>
31 Primary Schools	£0.868m	£0	£0.867m	
38 Primary Schools	£0	£-1.511m	£-1.511m	
6 Primary School conversions to Academy	£0	£-0.569m	£-0.569m	
6 Secondary Schools	£0	£-0.999m	£-0.999m	
4 Special/AP Schools	£0.294m	£0	£0.294m	
3 Special/AP Schools	£0	£-0.135M	£-0.135m	
2 Nursery Schools	£0.081m	£0	£0.081m	
2 Nursery Schools	£0	£-0.156m	£-0.156m	
<b>92 Net movements in balances</b>	<b>£1.243m (37)</b>	<b>£-3.370m (55)</b>	<b>£-2.127m (92)</b>	

<b><u>Incl in the above analysis</u></b>				
2 Secondary Schools				£1.166m
1 Nursery School				£0.270m
Deficit Balances carried forward				£1.436m

- 3.4 In the year, 37 Schools, including Special Schools and Maintained Nurseries, had increased balances during 2018/19; whilst 55 schools saw balances decrease. 6 of these schools converted to Academies and the reduction in their balances is as a result of clearing them out to pay to the new converter school. 3 Schools have a licensed deficit balance to carry forward.
- 3.5 Members should also note that the schools' balances relate only to Sefton's Maintained Schools. Academies maintain their own balances and are directly accountable to the DfE on an academic year basis. Individual maintained schools' balances are attached at Appendix 3 for information. This information has been supplied to schools on an individual basis in May 2019.
- 3.6 During the year, schools (including Nursery and Special Schools) received a number of separate DfE funding grants, in addition to their formula funding. These extra grants (£14.2m) included, Pupil Premium Grant; Universal Infant Free Schools Meals Grant; Supplemental FSM grant; Teachers Pay Grant; Year 7 Catch up grant and Sports and PE grant. These are analysed by school, for information, in Appendix 4.
- 3.6 In respect of Schools balances, Maintained Schools are requested to provide details of how they intend to use them going forward, in particular, where they exceed Schools Forum agreed limits of 12% of a Primary school's DSG allocation and 8% of a Secondary/Special school's allocation. This process of accountability was reviewed during 2015 by consultation with SAPH and SASH, and it was decided by a majority of Schools Forum members, that this process should continue. The deadline for supplying these details back to Finance, was 30 June 2019, and responses will be considered in due course for further enquiry, through the Balance control mechanism.

#### **4.0 DSG Centrally Retained Reserves**

- 4.1 Appendix 1(b) shows the analysis of DSG Centrally / Managed Retained balances, which are kept as earmarked reserves by the Local Authority to support future spending on specific spending block related issues in conjunction with the agreement of Schools Forum or, as necessary, by the Local Authority in support of budget pressures.

4.2 During 2018/19, the Centrally Managed DSG Budgets have overspent by a net £0.745m (overspend was £1.695m in 17/18). This is analysed below with main variations across each central funding block.

<b>ITEM</b>	<b>£m</b>
	<b>(-) Under spend / + Over spend</b>
<b>Early Years related</b>	
2 Year Old Offer	-0.152
2017/18 3-4 YO funding for census number changes (Jan 17 / Jan 18)	-0.733
3-4-Year-old universal free entitlement and additional hours	-0.410
Early Years Pupil Premium	0.044
Disability Access Fund	-0.037
Contingency	-0.130
Early Years Inclusion Funding	-0.055
<b>Items identified as committed against EY Reserves in 18/19</b>	
2 Year old place support funding for ineligible children	0.050
Maintained Nursery School Project	0.040
<b>Net Under-spend on Early Years 2018/19</b>	<b>-1.383</b>
<b>Schools de-delegated items &amp; Centrally related</b>	
<b>Central Schools Services Block</b>	
Primary Schools Class Size Growth Fund overspend	0.025
Trade Union Facility Time / Public Duties Schools Support under-spend in 2018/19 (Actual take up)	-0.044
Ethnic minority achievement under spending in 2018/19	-0.079
Combined budgets under spend – closed schools' mothballing / maintenance costs, grounds maintenance and PDC expenditure	-0.013
VAT Reclaimed back on School Licences	-0.037
Other net variations	-0.002
<b>Net Under-spend on Schools de-delegated items &amp; Centrally related Budgets 2018/19</b>	<b>-0.150</b>
<b>High Needs related</b>	
(5-11 yrs) Primary Top-Up funding to mainstream schools - incl Academies	0.763

(5-11 yrs) Primary Resourced Units Top-Up Funding	0.250
(11-16 yrs) Secondary Top-Up Funding to mainstream schools - incl Academies	0.305
(16-18 yrs) Post 16 Top-Up Funding	0.564
Non-Maintained Special Day School Placements	1.114
Complex and Sensory Needs Team – staffing underspend	-0.156
DfE additional HN funding announced December 2018	-0.562
<b>Net Over-spend against High Needs Budgets</b>	<b>2.278</b>
<b>Total Net Over-spending across DSG centrally managed budgets 2018/19</b>	<b>0.745</b>

### Early Years Block

- 4.3 Early Years provision underspent by £-1.383m in 2018/19. Sefton was paid a rate of £4.30 per hour for the 3-4-year-old universal and extra hours provision; and £5.22 per hour for 2-year-old provision. This is before allocations to providers locally. Local distribution included a universal Base Rate for 3-4 year olds of £4 per hour and £4.90 per hour for 2 Year olds, the same as for 2017/18. The remainder of the funding was allocated to deprivation; support costs; transitional funding towards training; and SEND Inclusion. Separate funding allocations were made for Early Years Pupil Premium; Disability Access Funding and Maintained Nursery Schools' transitional funding protection.
- 4.4 2018/19 saw the full year effect of the increase of the extra 15 hours free childcare available to working parents. Sefton's uptake remains buoyant, however 3-4-year-old provision underspent in the year by £-0.410m. Similarly, a fall in eligible 2 Year olds also led to an underspend against budget of £-0.103m when offset against the reserve funding, made available to pay for places where the eligibility criteria isn't met, but where health professionals recommend a child would benefit from early admission into a nursery. Schools Forum agreed use of DSG reserves for this purpose.
- 4.5 In July 2018, the DfE reviewed the funded numbers of 2-4 year olds, based on the year on year Headcount census data and this can result in either a clawback of in-year funding and/or previous financial year funding or increased funding. Sefton were awarded £-0.733m additional funding for 3-4-Year-old provision, related to 2017/18 change in numbers, whilst suffering a reduction to 2-Year-old funding of £-0.206m due to declining numbers between the annual census days.
- 4.6 Other Early Years spending, saw an over spending on the EY Pupil Premium of £0.044m. This relies on parents, who are not in employment, to provide their NI details and DOB etc to their nursery Provider, who, after a check on eligibility, can receive the Premium Grant, which is worth £302 per child pa.
- 4.7 The Disability Access Funding for Early Years was underspent by £0.037m. This is funding given for children claiming Disability Living Allowance and is paid as a lump

sum to Nurseries at £615 per child pa. Similarly, the contingency made available for training and Early Years inclusion was underspent by £-0.185m.

- 4.8 In 2018, Schools Forum agreed to provide up to £0.040m to the Maintained Nursery Schools in 2018/19, from Early Years centrally retained Reserves, to enable them to work on a sustainability report to the DCS, based in the knowledge that the transitional protection funding given by the DfE in support of these schools, might come to an end in 2019/20. However, this funding has now been extended up until the end of the 2019/20 Academic Year, taking it to end of August 2020. No further announcements have yet been made regards ongoing funding beyond this period.
- 4.9 The sizeable underspending of Early years budgets, as shown above, has helped to mitigate the significant overspending on the High Needs budgets in 2018/19, keeping the DSG centrally retained 'deficit' balances to well within the DfE's 1% threshold of total Block funding, before a formal plan of action is required to bring the deficit position down over a 3-5-year period.
- 4.10 Members may recall from a previous report, explaining the DfE's plan to introduce a formal deficit reduction template, and a report for Local Authorities to complete from 2018/19 outturn, and to be agreed with the DfE and shared with the Schools Forum by the end of June. The trigger mechanism for this, is when a Local Authority's DSG Centrally retained balances, go into a net deficit value above a 1% of their total DSG funding (incl Academies). Sefton's trigger in 2018/19 would have been a net deficit of £2.027m. Our net deficit position at the end of 2018/19 is £0.745m.

### **Central School Services Block**

- 4.11 The Central Schools Services block of services, consists of a number of de-delegated items agreed with maintained schools and centrally retained services, which are funded from a top-slice of the schools' block allocation for services which are considered better managed corporately.
- 4.12 Overall, these items under spent by £-0.151m in 2018/19. A quick analysis includes under spending on Trade Union Facility Time / Public Duties support £-0.044m (£-0.113m in 2017/18); Underspending on Ethnic Minority Achievement (£-0.079m); and Combined Budgets, including the PDC and Grounds maintenance / mothballing and R&M costs of closed schools (£-0.013m). Primary infant class growth over spending by £0.025m, whilst support to schools causing concern spent just over budget. We are also able to reclaim VAT on the School Licences (£-0.037m), which are included, then top-sliced from our DSG allocation, for national purchase by the Government on behalf of all schools.
- 4.13 The surplus balance on Central Services spending will be carried forward into 2019/20, and its use considered during the year. It has been noted from 2017/18, that the underspend against Trade Union Facility time should be earmarked for future use around the Facility Time contributions, yet to be agreed This has now accumulated to £-0.157m.

- 4.14 A further report will be brought to the Schools Forum in the Autumn term, if additional support is required in 2019/20, to support additional cost pressures against these budget areas, in particular Schools causing concern and growth in Infant numbers. The net underspending in this area, has also contributed towards mitigating the significant High Needs overspending in 2018/19.

### **High Needs Block**

- 4.15 High Needs budgets overspent by a net £2.278m in 2018/19. Forecasts brought to the March Schools Forum meeting, suggested an overspend may be around £1.9m, so a worse position than suggested, by outturn.
- 4.16 This overspend has been partially mitigated by underspending on Early Years and the Central Schools Support budget areas (£-1.533m) and from brought forward reserves of (£-0.515m) leaving the overall centrally retained DSG reserves with a net deficit of £0.230m going forward into 2019/20. Note, that last year's outturn report netted the Early Years reserves against the High Needs overspending, and this was incorrect analysis, though the net balances shown, were correct. This has now been rectified to show the position against each individual DSG Block Reserve.
- 4.17 The High Needs overspend is analysed in the table above, but in summary, consists of £1.882m Top up funding related additional costs; £1.114m Non-maintained school places; Complex and Sensory Team underspending £-0.156m and contribution from the DfE through growth funding of £-0.562m announced only in late December 2018.
- 4.18 High Needs is currently under review, but it is expected that there will be an over spending in 2019/20 of around £2.1m unless any mitigating reductions in cost can be found over the coming months.
- 4.19 In summary, DSG Centrally retained non-school reserves started the year with a surplus balance of £0.515m and after a net over spending of £0.745m (as identified above), has ended the year with a small net deficit carry forward of £0.230m. An analysis of the Central DSG reserves is shown in appendix 1b below. Detailed schools' balances are attached as appendix 3.

### **5.0 Future Commitments against Reserves**

- 5.1 Ringfencing any of the centrally retained DSG balances, which lie in areas of surplus i.e Early Years and Central Support services, may become difficult going forward, given the fact that High Needs provision is significantly overspending year on year, and that there are no Council resources to mitigate this position.
- 5.2 From the Authority's (and the DfE's) perspective, any centrally retained DSG reserves are considered net, (as a whole), rather than piecemeal, by Block, for the purpose of determining accountability for deficits, and for making any plans to come out of them. Whilst it is acknowledged that there has been substantial contribution from Early Years, not only towards High Needs budgets, but also towards mitigating overspending, any further commitments against these reserves will need to be limited



to most essential items only, to safeguard the level of balances / and or to reduce the level of overall deficit.

- 5.2 High Needs budgets continue to overspend and it is difficult to see how cost reductions may be made, without changes to expectations, some careful planning and/or increased funding from Government. The High Needs review has highlighted many issues, which will take time to change/implement. Most costs around educating children with SEND, are long term, and once committed, the scope to reduce them is very limited.
- 5.3 Continued overspending in this area, will ultimately take the overall centrally retained DSG balances further into deficit, and this, in turn, will trigger the DfE's requirement to provide robust plans to reduce expenditure, once the deficit exceeds 1% of total DSG funding, which is very likely to happen in 2019/20. To make new commitments against those balances in surplus, would be to strain the current overspend position even further.
- 5.4 Below, are stated (Appendix 2), the reserves, which are deemed to contain some previously agreed ringfenced items. Forum may need to consider whether these should still be maintained beyond 2019/20 on the basis of the comments above.
- 5.1. The centrally managed DSG reserves at the end of 2018/19 are in surplus (£-0.375m) and balances related to Trade Union Facility time are deemed to be ringfenced within this balance (£-0.157m) pending any decision to use this funding.
- 5.2. The Early Years reserves, with a surplus of £-3.083m, contain two ringfenced areas previously agreed by Schools Forum some years ago :
  - 2 YO support to PVI's to help place children with Disabilities who fall outside of eligibility criteria for free 2YO nursery entitlement (£-0.104m) - ongoing applications. The value of this may need to be reduced gradually.
  - Committed spending against training for providers (balance of unused funding from 16/17) (£-0.063m) - not taken up for three years. This may need to be taken out of all future commitments going forward.

The committed values above, total £-0.325m. If applied in full in 2019/20, the net reserves would show an increased deficit of £0.555m.

- 5.3. With a forecast overspend of £2.1m on High Needs in 2019/20, the deficit on these balances would grow to an estimated £2.655m, with some possible mitigation from underspending against Early Years in 2019/20, estimated at c.£-0.350m; plus say underspending against central services say - c. £-0.100m, and we could end 2019/20 with a net deficit of £2.205m to carry forward into 2020/21. This would be above the 1% DSG threshold, sufficient to trigger a report and plan of action to the DfE. Any action plan might mean reviewing all DSG areas of spending, in a bid to reduce costs. Such a position needs to be addressed, with an overview of the whole range of services. It has been made clear by Council Members, that DSG deficits cannot be found from Council balances and remain the responsibility of the Local Authority to make plans within the DSG services for cost reductions to bring balances back into break-even.

- 5.4. Pressures will no doubt be placed on the Central schools' service reserve, as the number of schools causing concern will continue to grow and extra support will be required for those schools having very low balances, to help meet costs of redundancy.
- 5.5. With respect to Early Years, the underspending in 2018/19 may not be repeated and it is expected that the DfE will look to clawback up to £0.300m of funding related to changes in headcount, particularly across 2 year olds year on year. Hence a low expectation of any big underspending for 2019/20.

## **6.0 Recommendations**

- 6.1 Appendix 2 shows an analysis of the centrally retained DSG reserves for information.
- 6.2 The closing balance of all Centrally Retained DSG reserves as a percentage of total 2018/19 DSG funding represents around minus -0.001% (0.11% 2017/18)
- 6.3 Members are asked to note the outturn report for 2018/19 and levels of balances carried forward to 2019/20.

**APPENDIX 1 (a)**

**(a) ANALYSIS OF MAINTAINED SCHOOLS OUTTURN 2018/19 FOR INDIVIDUAL SCHOOLS BUDGETS (a) AND (b) FOR CENTRALLY MANAGED / RETAINED SCHOOLS BUDGETS**

**INDIVIDUAL SCHOOLS BUDGETS**

<b><u>Opening Schools Balances – Surplus (-) / Deficit 1.4.2018</u></b>	<b><u>SCHOOLS</u></b>	<b><u>Schools DSG - Individual Schools Budgets 2018/19</u></b>	<b><u>Outturn Net Expenditure – Individual Schools Budgets 2018/19</u></b>	<b><u>Outturn Variations – Under spend (-) / Overspend 2018/19</u></b>	<b><u>Closing Schools Balances 31.3.2019</u></b>
<b><u>£'s</u></b>		<b><u>£'s</u></b>	<b><u>£'s</u></b>	<b><u>£'s</u></b>	<b><u>£'s</u></b>
(-192,273)	Nursery	1,416,879	1,491,967	75,088	(-117,185)
(-11,697,229)	Primary	96,154,928	97,365,933	1,211,005	(-10,486,224)
(-1,012,417)	Secondary	27,674,156	28,672,387	998,231	(-14,186)
(-2,092,284)	Special (incl. PRUs)	14,926,057	14,768,589	(-157,468)	(-2,249,752)
0	Academies	50,781,347	50,781,347	0	0
0	EFA 6 <sup>th</sup> Form Funding (Excl SEN Post 16)	3,464,109	3,464,109	0	0
<b>(-14,994,203)</b>	<b>ISB DSG Funding</b>	<b>194,417,476</b>	<b>196,544,332</b>	<b>2,126,856</b>	<b>(-12,867,347)</b>
<b>(-14,994,203)</b>	<b>ISB Outturn 2017/18 &amp; adjusted Schools Balances for 2018/19</b>	<b>194,417,476</b>	<b>196,544,332</b>	<b>2,126,856</b>	<b>(-12,867,347)</b>

**APPENDIX 1 (b)**

**CENTRALLY MANAGED DSG EXTERNAL AND SUPPORT BUDGETS & DSG RESERVES**

	<b><u>BUDGET AREAS</u></b>	<b><u>DSG - Retained Schools Budgets 2018/19</u></b>	<b><u>Outturn Net Expenditure – Retained Schools Budgets 2018/19</u></b>	<b><u>Outturn Variations – Under spend (-) / Overspend 2018/19</u></b>	
		<b><u>£'s</u></b>	<b><u>£'s</u></b>	<b><u>£'s</u></b>	
	Early Years	17,860,604	16,477,936	<b>(-1,382,668)</b>	
	High Needs	27,747,507	30,026,003	<b>2,278,496</b>	
	*Schools de-delegated items & Centrally related Budgets 2018/2019- incl growth in class size (£150k) and Schools facing financial difficulties support (£178k) contingencies etc	2,270,871	2,119,820	<b>(-151,051)</b>	
		<b>47,878,982</b>	<b>48,623,759</b>	<b>744,777</b>	
	<b>DSG Funding</b>	<b>(-47,878,982)</b>	<b>(-47,878,982)</b>	<b>0</b>	
	<b><u>Net over spend 2018/19 on Centrally Managed DSG Budgets</u></b>	<b>0</b>	<b>744,777</b>	<b>744,777</b>	
	*Centrally retained figs grossed up for school licence costs, which are paid nationally by the DfE from a top-slice of schools' budget allocations. Outturn figs are net of reclaimable VAT on licences.				

<u>Opening DSG Retained Balances 1.4.2018</u>	<u>SUMMARY OF CENTRALLY MANAGED / RETAINED DSG RESERVES</u>	<u>Application of Reserve in 2018/19 (within Schools DSG analysis)</u>	<u>Contribution to Reserve in 2018/19 (See Centrally Managed / Retained analysis)</u>	<u>Net Movement in Reserves 2018/19</u>	<u>Closing DSG Retained Balances 31.3.2019 (-) Surplus</u>
<u>£'s</u>					<u>£'s</u>
(-1,655,647)	Early Years reserve	90,056	(-1,472,724)	(-1,382,668)	(-3,038,315)
1,364,491	High Needs reserve	2,286,839	(-8,343)	2,278,496	3,642,987
(-224,083)	Schools de-delegated items & Centrally related reserve	0	(-151,051)	(-151,051)	(-375,134)
<b>(-515,239)</b>	<b>DSG Reserves @ 31.3.19</b>	<b>2,376,895</b>	<b>(-1,632,118)</b>	<b>744,777</b>	<b>229,538</b>

**ANALYSIS OF DSG UNCOMMITTED RESERVES 2019/20 - APPENDIX 2**

	<u>EARLY YEARS</u>	<u>SCHOOLS</u>	<u>HIGH NEEDS</u>	<u>TOTALS</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Opening balance 1.4.2019 (-) Surplus / Deficit	(-3,038,315)	(-375,134)	3,642,987 (Def)	229,538 (Def)
<u>Committed use of reserves in 19/20:</u>				
2 YO support to PVIs to help place children with Disabilities who fall outside of eligibility criteria for free 2YO nursery entitlement	104,000			104,000
Committed spending against training for providers (balance of unused funding from 17/18)	63,000			63,000
Trade Union Facility Time				
		157,000		157,000
<b>Uncommitted DSG Reserves Net Deficit</b>	<b>(-2,871,315)</b>	<b>(-218,134)</b>	<b>3,642,987 (Def)</b>	<b>553,538 Def</b>

\*\*Note that the LEA can decide how these centrally managed DSG reserves are deployed, subject to budget pressures across the spending blocks. If the ringfenced amounts identified above, are assumed to be applied in 2019/20, overall, the centrally retained DSG balances are in growing deficit (£0.553m), which would be expected to rise to over £2m net, by the end of 2019/20, due to a forecast overspend on High Needs £2.1m; This might be mitigated

by an assumed under spending by Early Years (£-0.300m) and Central Services Block (£-0.100m), taking the net balances to a deficit of £2.253m by the end of the year. It is suggested that no further commitments should be made against these reserves and Forum will need to consider whether to continue with the items identified as ring fenced above, whilst every effort must be to reduce the deficit position, particularly around High Needs spending.