

Item 2

Update on DSG Reserve

Schools' Funding Forum
30 June 2017

Simon Pleace

Finance Business Partner for CYPE



Background (2015-16 year end)

- DSG reserve at end of 2015-16 was £7.45m
 - Known commitments £1.1m
 - Contingency for in year growth £5.0m
 - Inspire £0.15m
 - Spare £1.2m
- The Forum agreed to use this £1.2m for the continuation of School Collaborations into 2016-17

Background (December 2016)

- At the December meeting we informed you that the £5m contingency was effectively all gone
- Why – pressure on High Needs in Mainstream schools as well as a pressure on in year pupil growth in accordance with our growth policy

Position as at 31 March 2017

	£'000
DSG reserve at 1 April 2016	7,450
<u>Planned</u>	
Known commitments (inc. Inspire)	-1,250
School Collaborations	-1,200
<u>Unplanned</u>	
Overspend on High Needs – Mainstream	-5,742
Overspend on High Needs - FE Colleges	-1,339
Overspend on High Needs – Independent	-1,816
Overspend on High Needs – OLA maintained	-575
Overspend against our Growth Policy	-2,835
Underspends which require rolling forward to next year	215
Transfer of Central DSG reserve (now fully depleted)	5,262
DSG reserve at 31 March 2017	-1,830

Forecast for end of March 2018

	£'000
DSG reserve at 31 March 2017	-1,830
Inspire (£50k per annum for three years)	-150
Write off of Pent Valley deficit – Aug 17	-3,500
School Collaborations (balance from 2016-17)	-215
Continued growth of pupils in mainstream schools (over and above the £7.5m budget)	-1,000
Continued growth in High Needs (over and above available funding)	Currently at least -3,000 but could be greater
DSG reserve forecast at 31 March 2018	At least -£10,000

Summary

- First time ever that this Council has been in deficit
- Its going to get bigger before it can be recovered
- We are not alone, many OLAs are experiencing growth pressures on a similar scale
- DfE rules require us to inform Forum and to agree a plan for recovery