

SLOUGH SCHOOLS' FORUM
4th December 2018
Directorate of Children Learning and Skills

DSG Budget Monitoring Report

1 PURPOSE OF THE REPORT

1.1 This paper provide Schools' Forum (SF) with the latest allocation of the DSG provided by the DfE and an update on the latest budget monitoring position for each block within the DSG.

2 RECOMMENDATIONS

2.1 Schools' Forum is asked to note the report.

3 REASONS FOR RECOMMENDATION

3.1 It is good practice to regularly update Schools' Forum on the how the council is spending the DSG budget.

3.2 It is recommended that Schools' Forum approve the carry forward of any resulting deficit on the DSG reserve at the end of the financial year and use future DSG allocations to fund this.

4 REPORT

4.1 Final DSG Settlement for 2018/19

The DfE issued a revised DSG settlement in July 2018. The revised settlement includes changes to the Early Years Block. The table below demonstrates the breakdown of the allocation between the element that will be administered by the Local Authority and the proportion that will be recouped by the DfE for academies. It also shows transfers between blocks that have been agreed at Schools' Forum, and any other adjustments made into the DSG from outside the DSG.

The latest DSG allocations for 2018/19 are highlighted over leaf. Please note that cash received (income) from the ESFA is denoted as a negative value. The positive values reflect the planned payments/transfers within each block.

Block	DSG Settlement Before Recoupment £m	Recoupment £m	Agreed Transfers £m	Other Adjustments £m	Net Budget £m
Schools	-127.487	92.651	-0.548	0.000	-35.383
Early Years	-14.604	0.000	0.000	0.000	-14.604
High Needs	-22.588	4.058	0.824	-0.309	-18.015
Central School Services	-0.625	0.000	-0.276	0.000	-0.901
TOTAL	-165.304	96.709	0.000	-0.309	-68.904

	Net Budget £m	Projection £m	Variance £m	Carry Forward £m	Net Variance £m
DSG Support Grants	-5.312	-5.312	0.000	0.000	0.000
TOTAL	-5.312	-5.312	0.000	0.000	0.000

4.2 Early Years' adjustments

The initial 2017/18 allocation for Early Years' was based on the January 2017 census. The final adjustment to this allocation was made in July 2018 and is calculated as a weighted average of 5/12ths of the January 2017 census and 7/12ths of the January 2018 census. The DfE recouped £368k in July 2018 for the overfunding of Universal and Extended Entitlement in 2017/18. This was because the uptake was less than anticipated.

4.3 It was reported in the DSG outturn paper to Schools' Forum that the carry forward for 2017/18 was (£818k) but was likely to be reduced by a similar amount to that recouped in 2016/17. This means that the finalised end of year position was (£450k), which is shown in the table in paragraph 4.7.

4.4 The provisional 2018/19 Early Years DSG allocation was also based on the January 2017 census data. The updated 2018/19 allocation is based on January 2018 census data. The final adjustment to the 2018/19 Early Years DSG allocation will be made in July 2019, and calculated as a weighted average of 5/12ths of the January 2018 census and 7/12ths of the January 2019 census. The DfE have reduced the 2018/19 budget from £15.304m to £14.604m. The breakdown of this is shown in the table below.

DETAILS	Universal Entitlement for 3-4 Year Olds £m	Extended entitlement for 3-4 Year Olds £m	2 Year Old Funding £m	EYPP £m	DAF £m	MNS £m	Total Allocation £m
Jan 18 Settlement	10.360	2.318	1.648	0.082	0.055	0.840	15.304
Jul 18 Settlement	10.058	2.257	1.381	0.069	0.055	0.784	14.604
Adjustment	-0.302	-0.061	-0.267	-0.013	0.000	-0.056	-0.700

4.5 The reasons for this adjustment are linked directly to uptake of the offer, which was lower than anticipated.

4.6 DSG Projected Forecast

It is forecast that in 2018/19 the DSG will overspend by **£1.981m**. By the end of the year the DSG is forecast to have an overall balance of **£7.045m**. Both of these adverse variances are entirely to the HNB which is expected to overspend by £2m in 2018/19 and a cumulative total of over **£7.521m**. This deficit has built up over the past 4 years at an average of roughly £2m per year. The table below sets out the forecast for each block.

Block	Net Budget £m	Projection £m	Variance £m	Carry Forward £m	Net Variance £m
Schools	35.383	35.358	-0.026	0.000	-0.026
Early Years	14.604	14.604	0.000	-0.450	-0.450
High Needs	18.015	20.022	2.007	5.514	7.521
Central School Services	0.901	0.901	0.000	0.000	0.000
TOTAL	68.904	70.885	1.981	5.064	7.045

4.7 Schools' Block

The Schools' Block contains money received from the DfE to fund Individual School Budgets and is based on an annual allocation driven by specific national formula and distributed to schools via local formula. For 2018/19 the council is expected to receive **£35.383m** as per the most recent settlement updates. This allocation is net of academy recoupment. An in year underspend of **£26k** is currently forecast for the Growth Fund, which is due to the actual levels of expansion and bulge classes being lower than anticipated. However, this forecast includes underwriting costs of £90k for The Grove Academy, which is 50% of the total sum agreed to be paid to the school. The authority is seeking to again share the costs of the underwriting fees by splitting them between equally between the DSG and General Fund. Schools Forum will receive a formal request for this arrangement. If Schools' Forum reject this then the underspend will be **£116k**. The latest summary is shown in the table below.

Schools' Block	Budget 2018/19 £m	Projection 2018/19 £m	Variance £m
DSG Settlement	-127.487	-127.487	0.000
Academy Recoupment	92.651	92.651	0.000
HNB Transfer	-0.548	-0.548	0.000
Income Total	-35.384	-35.384	0
Maintained Primary Schools Budget	26.791	26.791	0.000
Maintained Secondary Schools Budget	7.063	7.063	0.000
De-delegated Budget: Behavioural Services	0.234	0.234	0.000
Growth Fund: School Block Top Slice	0.900	0.874	-0.026
Growth Fund: Not Recouped	0.396	0.396	0.000
Sub Total	35.384	35.358	-0.026
Variance	-0.000	-0.026	-0.026

4.8 The DfE have announced a new Teachers' pay grant- worth £187m in 2018/19 and £321m in 2019/20, funded from existing DfE budget. The ministerial statement to Parliament states that this will fund the element of the award that is above the previous 1% cap.

4.9 A recent announcement regarding contribution rates to the teachers' pension scheme indicates the amount employers pay towards the schemes will need to increase considerably. The DfE have indicated additional funding will be provided to maintained schools and academies in 2019.20 in view of the unforeseen costs.

- 4.10 The table below breaks down the additional DSG support grants the council receives on behalf of its maintained schools, which it fully passes through.

DSG Support Grants	Budget 2018/19 £m	Projection 2018/19 £m	Variance £m
<u>Receipts</u>			
Pupil Premium	-1.964	-1.964	0.000
Sixth Form Funding	-2.035	-2.035	0.000
UIFSM	-1.036	-1.036	0.000
PE & Sports Grant	-0.096	-0.096	0.000
Teachers Pay Grant	-0.181	-0.181	0.000
Income Total	-5.312	-5.312	0.000
<u>Expenditure</u>			
Pupil Premium	1.964	1.964	0.000
Sixth Form Funding	2.035	2.035	0.000
UIFSM	1.036	1.036	0.000
PE & Sports Grant	0.096	0.096	0.000
Teachers Pay Grant	0.181	0.181	0.000
Expenditure Total	5.312	5.312	0.000
Variance	0.000	0.000	0.000

4.10 Early Years Block

The Early Years Block contains money received from the DfE to fund free early learning and education in all settings, including the private, voluntary and independent sectors (PVI's). Budgets are updated monthly based on the revised census data for those settings. For 2018/19 the council is expecting to receive **£14.604m** as per the most recent settlement update.

4.11 Reason for Variance

Currently, the Early Years Service is forecast to carry forward **£883k** into the 2019/20, of which £0.450m relates to the 2017/18 underspend, and £433k for 2018/19. It is likely that the DfE will recoup most of the in-year underspend in Jul 19 as there are indications that the uptake of extended entitlement is not as high as the DfE anticipated and therefore **is not** included in the balance within table 4.4.

- 4.12 The projections for the autumn and spring term are based on the actual level of uptake for the previous financial year, and will be revised when actual data has been provided by the Early Years team. Any increase in uptake as a result of the new data will reduce the in-year carry forward; however the overall net position after the Jul 19 adjustment has been made is unlikely to differ significantly from our projections now.

- 4.13 Growth. As per the revised settlement in Jul 18, which saw an overall reduction of Early Years funding of £700k, the growth budget has been reduced to accommodate part of this reduction. However, schools drew down from growth as per their increased universal entitlement uptake. This has caused growth to overspend by £38k, but is contained within the overall settlement.

- 4.14 Central Expenditure is forecast to overspend by £37k due to the reduction in funding from the Jul settlement. Expenditure had already been calculated and committed based on the Jan 18 settlement and therefore will not change. The over spend is contained within the overall settlement. The latest position is shown below.

Early Years Block	Budget 2018/19 £m	Projection 2018/19 £m	Variance £m
DSG Settlement	-14.604	-14.604	0.000
Income Total	-14.604	-14.604	0.000
<u>Expenditure</u>			
Maintained Nursery Schools			
2 Year Old Funding	0.164	0.164	0.000
3-4 Year Old Universal Entitlement	1.662	1.662	0.000
3-4 Year Old Extended Entitlement	0.270	0.270	0.000
Deprivation	0.014	0.014	0.000
Maintained Nursery Supplement	0.783	0.783	0.000
Sub Total	2.893	2.893	0.000
<u>Primary Schools</u>			
2 Year Old Funding	0.057	0.057	0.000
3-4 Year Old Universal Entitlement	4.063	4.063	0.000
3-4 Year Old Extended Entitlement	0.338	0.338	0.000
Deprivation	0.052	0.052	0.000
Sub Total	4.509	4.509	0.000
<u>Special Schools</u>	0.007	0.007	0.000
Sub Total	0.007	0.007	0.000
<u>PVI Sector</u>	6.332	5.824	-0.508
Sub Total	6.332	5.824	-0.508
Deprivation Balance	0.010	0.010	0.000
EYPP	0.082	0.082	0.000
Growth	-0.038	0.000	0.038
Disability Access Fund	0.055	0.055	0.000
Sub Total	0.109	0.147	0.038
<u>Central Budgets</u>			
Early Years Adaptations/ Practical Support	0.073	0.075	0.002
Early Years Strategic Financial support	0.080	0.080	0.000
Early Years Behaviour Support Services	0.042	0.042	0.000
Central Early Years Expenditure	0.091	0.091	0.000
Early Years Team Contribution	0.468	0.503	0.035
Central Expenditure Total	0.754	0.791	0.037
Projected End of Year Variance	-0.000	-0.433	-0.433
Carry forward from 2017/18	0.000	-0.450	-0.450
Cumulative (Surplus)/Deficit	-0.000	-0.883	-0.883

4.15 High Needs Block

The High Needs Block is projected to over spend by **£7.520m** which is **41.7%** of the revised budget. This includes the cumulative overspend of **£5.514m** from the last financial year. The table below shows the full details of the latest position.

High Needs Block	Budget £m	Projected Outturn £m	Variance £m
<u>Receipts</u>			
High Needs DSG	-22.588	-22.588	0.000
Academy Recoupment	4.058	4.058	0.000
Council Contribution (PFI)	-0.310	-0.310	0.000
Schools Block Transfer	0.548	0.548	0.000
Central Block Transfer	0.276	0.276	0.000
Income Total	-18.016	-18.016	0.000
<u>Expenditure</u>			
High Needs Funding Mainstream Schools	12.729	13.076	0.347
Alternative Provision	0.659	0.659	0.000
Early Years Inclusion	0.000	0.166	0.166
Independent Special Schools	0.800	1.800	1.000
Post 16	0.132	0.600	0.468
Out-borough	0.750	0.930	0.180
Sub Total	15.070	17.231	2.160
<u>Expenditure Centrally Retained</u>			
Autism	0.186	0.139	-0.047
Hard to Place Pupils	0.267	0.362	0.095
Sensory Impairment	0.722	0.652	-0.070
Strategy for SEN & Inclusion	0.182	0.095	-0.087
High Needs Inclusion	0.946	0.901	-0.045
Sub Total	2.302	2.149	-0.154
<u>Expenditure Other</u>			
PFI Contribution (HNB)	0.184	0.184	0.000
PFI Contribution (Council)	0.310	0.310	0.000
Non controllable	0.149	0.149	0.000
Sub Total	0.643	0.643	0.000
Projected End of Year Variance	-0.000	2.006	2.006
Carry forward deficit from 2017.18	0.000	5.514	5.514
Cumulative Deficit	-0.000	7.520	7.520

4.16 National Picture

Nationally, many local authorities are reporting an overspend on their High Needs Block for the current financial year. For Slough, a review of the final outturn for the past 5 years shows that the position is significantly worsening. This can be seen in the table below. The current overspend which includes the overspend carried forward from 17/18 show a negative variance of **42%**.

Year	Brought Forward	Outturn	DSG Allocation	Variance	Carried Forward	Annual Percentage	Cumulative Percentage
2014/15	-300,000	16,304,598	17,050,169	-745,571	-1,045,571	-4.57%	-6.13%
2015/16	-1,045,571	17,840,023	16,990,108	849,915	-195,656	4.76%	-1.15%
2016/17	-195,656	18,762,447	17,092,587	1,669,860	1,474,204	8.90%	8.62%
2017/18	1,474,204	22,355,456	18,315,642	4,039,814	5,514,018	18.07%	30.11%
2018/19	5,514,018	20,022,172	18,015,800	2,006,372	7,520,390	10.02%	41.74%

4.17 When the figures above for 2016/17 and 2017/18 are corrected to show expenditure in the year that they were actually incurred the revised table below is revealed.

Year	Brought Forward	Outturn	DSG Allocation	Variance	Carried Forward	Annual Percentage	Cumulative Percentage
2016/17	-195,656	19,565,447	17,092,587	2,472,860	2,277,204	12.64%	13.32%
2017/18	2,277,204	21,552,456	18,315,642	3,236,814	5,514,018	15.02%	30.11%
2018/19	5,514,018	20,022,172	18,015,800	2,006,372	7,520,390	10.02%	41.74%

4.18 Slough's HNB overspend therefore reflects the national picture. It also compares reasonably with the both Reading and Kingston LAs as seen in the table below.

Year	SBC		Kingston		Reading	
	Value £'m	%age	Value £'m	%age	Value £'m	%age
2015/16	-0.195	-1.10%	2,563	12.73%	3,397	16.37%
2016/17	1.468	7.83%	4,690	23.80%	1,638	6.82%
2017/18	4.147	22.65%	4,809	18.93%	2,586	12.96%

4.19 Reason for Variance

The overspend is made up of the following elements:

- a) **Mainstream Schools - £350k** has been spent on funding additional places in resource base to meet needs.
- b) **Post 16, OOB and ISS - £1.648m** extra is expected to be spent on children in these settings above budget. The budgets are historical and have not been increased to allow for growth in this area.
- c) **Centrally Retained – (£15k)** .The HNB centrally retained services is expected to underspend overall by £15k from Sensory Impairment, one off SALT saving and a vacancy within the Autism Team.
- d) **Early years Inclusion - £166k**. 33 children estimated on 2017/18 actuals multiplied by £4,620 per pupil against a nil budget.

4.20 Central School Services Block

The CSSB is expected to breakeven this year. All budgets have been fully committed. The table below shows the latest forecast position.

CSSB	Budget £m	Projection £m	Variance £m
<u>Receipts</u>			
DSG Settlement	-0.625	-0.625	0.000
Block Transfer	-0.176	-0.176	0.000
Block Transfer	-0.100	-0.100	0.000
Income Total	-0.901	-0.901	0.000
<u>Expenditure</u>			
Servicing of schools forum	0.053	0.053	0.000
Admissions	0.178	0.178	0.000
Education Welfare (Former ESG)	0.145	0.145	0.000
Asset Management (Former ESG)	0.013	0.013	0.000
Statutory & Regulatory (Former ESG)	0.258	0.258	0.000
Licenses	0.124	0.124	0.000
LA Safeguarding Board	0.030	0.030	0.000
VH	0.100	0.100	0.000
Expenditure Total	0.901	0.901	0.000
Variance	0.000	0.000	0.000

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

6.1 Monitoring Officer

The relevant legal provisions are contained within the main body of this report.

6.2 Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

6.3 Access Implications

There are no access implications.

7 CONSULTATION

7.1 Not applicable

Contact for further information

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