

SLOUGH SCHOOLS' FORUM
17th January 2018
Directorate of Children Learning and Skills

DSG Budget Monitoring Report

1 PURPOSE OF THE REPORT

- 1.1 In February 2017 Schools' Forum was consulted on the proposed budget for the DSG for 2017-18. This paper serves to provide Schools Forum (SF) with the budget monitoring reports for the DSG (the Schools, Early Years and High Needs blocks) for 2017/18.

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.

4 REPORT

4.1 DSG Summary

The DSG is expected to overspend by **£3.4m** for the current financial year. This is due entirely to the HNB which is expected to overspend by over **£4.1m**.

Detail	Variance
	£'000
Schools Block	-32
Early Years Block	-720
High Needs Block	4,147
Total DSG	3,395

4.2 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 2017/18 the council received **£41.1m** as per the most recent settlement updates. This allocation is net of academy recoupment.

4.3 Reason for Variance

Overall, the schools block is expected to underspend by **£32k** in respect of staff vacancies within the Admissions service. Because this is a ring fenced budget, any balances at the end of the year will have to be carried forward to the next financial year.

Schools Block	Budget 2017/18	Projection 2017/18	Variance
Income			
DSG Settlement	-35,785,451	-35,785,451	0
Pupil Premium	-2,076,838	-2,076,838	0
Sixth Form Funding	-2,053,973	-2,053,973	0
UIFSM	-992,628	-992,628	0
PE & Sports Grant	-181,673	-181,673	0
Income Total	-41,090,563	-41,090,563	0
Expenditure			
Maintained Primary Budget Shares (Net of De-del)	25,858,201	25,858,201	0
Maintained Secondary Budget Shares (net of De-Del)	7,381,228	7,381,228	0
De-Delegated: Behavioural Services (Littledown)	225,640	225,640	0
Growth Fund	1,454,000	1,454,000	0
General Fund PFI Affordability Gap	-500,000	-500,000	0
Pupil Premium	2,076,838	2,076,838	0
Sixth Form Funding	2,053,973	2,053,973	0
UIFSM	992,628	992,628	0
PE & Sports Grant	181,673	181,673	0
Subtotal	39,724,181	39,724,181	0
Central: Asset Management (Former ESG Duties)	12,800	12,800	0
Central: Statutory and Regulatory Services (Former ESG Duties)	258,400	258,400	0
Central: Education Welfare Service (Former ESG Duties)	144,700	144,700	0
Central: Monitoring National Curriculum (Former ESG Duties)	4,100	4,100	0
Central: Virtual Head	100,000	100,000	0
Central: School Forum Service	53,055	53,055	0
Central: Admissions (DSG)	178,180	146,500	-31,680
Central: School Improvement Support	314,900	314,900	0
Central: Education SI Raising Standards	47,500	47,500	0
Central: LA Safeguarding Board	30,000	30,000	0
Subtotal Central Budgets	1,143,635	1,111,955	-31,680
Non-Controllable Costs	222,747	222,747	0
Schools Block Total	-0	-31,680	-31,680

4.4 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 on a termly basis based on the revised census data for those settings. For 2017/18 the council received **£14.5m** as per the most recent settlement updates.

4.5 Reason for Variance

Currently, the Early Years Service is forecast to carry forward into 1819 an estimated **£720k**. There are caveats in regards to the Working Parent Entitlement and the Nursery Growth projections, which form

over half of the forecast carry forward. The Working Parent Entitlement projections are based on an estimated level of uptake of the newly introduced extended entitlement. Nationally and locally, first term uptake has been slower than anticipated which the Government have recognised. They have subsequently extended the deadline for parents to register their child to be able to receive this extended entitlement. This means that a more refined forecast will be available once the Early Years team consolidate this data after the deadline has passed. However, there is an early indication that there will be a spike in extended entitlement applications in the next term, meaning this carry forward will be used to support this additionality.

The carry forward will also support the additional demand on the 2, 3 & 4 year old participation rates, which have historically overspent, and will help fund the recruitment of key vacant posts within the service in 2018/19.

As this is a ring-fenced budget, any balance left unspent at year-end will be carried forward to the next financial year. The latest position is shown in the table below:-

Early Years Block	Budget 2017/18	Projection 2017/18	Variance
Income			
DSG Settlement	-14,494,509	-14,494,509	0
Income Total	-14,494,509	-14,494,509	0
Expenditure			
Funding to MNS	2,892,470	2,892,470	0
Funding to Primary Schools	1,539,736	1,539,736	0
Funding to Academies	2,159,206	2,159,206	0
PVI	3,221,816	3,221,816	0
2 Yr Old Funding	1,532,486	1,532,486	0
Working Parent Entitlement	1,211,751	1,211,751	0
EYPP	82,010	82,010	0
Nursery Growth	879,717	879,717	0
Disability Access Fund	43,050	43,050	0
Subtotal	13,562,242	13,562,242	0
Central Budgets			
Early Years Adaptations/ Practical Support	142,234	142,234	0
Early Years Strategic & Financial support	80,599	80,599	0
Early Year Extended Entitlement	91,207	91,207	0
EY Behaviour Support Services (Littledown Behavioural Support)	38,944	38,944	0
EY Trade Union Duties	1,356	1,356	0
Central Early Years Expenditure	125,232	125,232	0
Early Years Team Contribution	336,865	336,865	0
2 Year Old Funding CR	115,831	115,831	0
Subtotal	932,267	932,268	1
Expenditure Total	14,494,509	14,494,510	1
Estimated Carry Forward into 1819		-720,000	-720,000
Early Years Block Total	-0	-720,000	-720,000

4.6 High Needs Block

The High Needs Block is projected to over spend by **£4.1m** which is 22.3% of the revised budget. This includes the overspend of **£1.5m** from the last financial year. The table below shows the full details of the latest position.

Detail	Original Budget	Revised Budget	Projected Outturn	Variance
Income				
High Needs DSG	-17,896,000	-17,706,100	-17,706,100	0
Schools Budget DSG	-300,000	-300,000	-300,000	0
Council Contribution (PFI)	-309,542	-309,542	-309,542	0
Income Total	-18,505,542	-18,315,642	-18,315,642	0
Expenditure				
Funding Maintained Schools	13,666,567	13,666,567	14,274,567	608,000
Alternative Provision	659,000	659,000	659,000	0
Independent Special Schools	800,000	800,000	1,620,000	820,000
Post 16	132,240	132,240	432,240	300,000
Out-borough	652,950	652,950	737,950	85,000
Sub-Total High Needs Funded	15,910,757	15,910,757	17,723,757	1,813,000
Autism	185,730	185,730	134,285	-51,445
Hard to Place Pupils	267,000	267,000	432,000	165,000
Sensory Impairment	721,770	721,770	837,000	115,230
Strategy for SEN & Inclusion	182,000	182,000	182,000	0
High Needs Inclusion	1,076,910	1,076,910	1,037,410	-39,500
Sub-Total Centrally Retained	2,433,410	2,433,410	2,622,695	189,285
PFI Contribution (HNB)	183,890	183,890	183,890	0
PFI Contribution (Council)	309,542	309,542	309,542	0
Non Controllable	149,491	149,491	149,491	0
Budget shortfall	-481,548	-671,448	0	671,448
Sub-Total Other	161,375	-28,525	642,923	671,448
Add 16/17 Carry Forward			1,474,203	1,474,204
Expenditure Total	18,505,542	18,315,642	22,463,578	4,147,937
2017/18 Projected Outturn	0	0	4,147,936	4,147,937

Nationally, **78%** of 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 4 years shows that the position is worsening. This can be seen in the table below. The current overspend which includes the overspend carried forward from 16/17 is a negative variance of **23%**. If the overspend

from 16/17 is excluded then variance of the 17/18 expenditure against the budget for the same year is **15%**. This is about double the variance for 16/17.

Year	Outturn	DSG Allocation	Variance	Percentage
2014/15	17,050,169	16,304,598	-1,045,571	-6.41%
2015/16	16,990,108	17,840,023	-195,656	-1.10%
2016/17	17,092,587	18,756,943	1,468,700	7.83%
2017/18	18,315,642	22,463,578	4,147,937	22.65%

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%

4.7 Reason for Variance

The overspend is made up of the following elements:

- a) **Budget Gap - £0.7m** – At the start of the year, the amount of funds received for the HNB was less than the total planned commitments by **£0.5m**. This was reported to the February 2017 Schools Forum. Forum agreed that the HNB Task Group should look at proposals to close this gap over the course of the year. However no definitive proposals were agreed on how this could be done. This gap was increased to by **£0.2m** following the November 2017 updated DSG allocations.
- b) **Out of Borough Independent Special Schools - £0.8m** extra is expected to be spent on children in these schools. At present a total of 39 children are placed in this setting which is considerably more than the amount approved in the budget of £800k.
- c) **Top Payments - £0.4m** more is expected to be spent on top ups.
- d) **Prior Year Expenditure - £0.4m** of unaccrued expenditure relating to previous years had to be paid from this year's budget.

- e) **Centrally Retained - £0.2m** The HNB centrally retained services is expected to overspend by £200k due to Hard to Place pupils and Sensory Impairment.

Any overspend on this budget will be carried forward to the next financial year.

4.8 Service initiatives to address the overspend

- a) **Streamlined Management** – the SEND Team has now transferred back to the Council from Slough Childrens' Services Trust. This means the operational, strategic and support services are now located under a single management team. This has improved the coordination and service delivery and should ensure that invoices are accounted for in the correct financial year.
- b) **Decision Making** – progress is being made to ensure there is a central, transparent consistent decision making process across SEND. This has facilitated improvements to the TOP Up payments process direct to schools and is assisting our current data cleanse exercise.
- c) **Data Cleanse** - The full deployment of a SEND team, is now assuring timely interventions and accurate recording. Closer proximity to central Slough finance is driving improvement in accurate financial accounting. These will ensure we do not have a repeat of invoices being paid in the wrong year.
- d) **Commissioning** – SBC currently commissions numerous resource places, and additional support. We are improving the processes to ensure value for money and improved outcomes that will quality assure commissioned contracts. As advised in previous SEND reviews, Slough will conduct a Banding and a Resource Base review this year, which will drive improved outcomes and use of resources.
- e) **Review** - currently a review of all current Out of Area placements is being done. Ensuring every OOA child placed has a named officer, a timely review of their provision, consideration where possible for a return to Slough to meet needs and improve outcomes.
- f) **Transition Planning** – a early transition to adults and destination planning is being developed to ensure case 'drift' does not add to current high costs
- g) **Decision Making** – progress is being made to ensure there is a central, transparent consistent decision making process across SEND. This has facilitated improvements to the TOP Up

payments process direct to schools and is assisting our current data cleanse exercise.

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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