
Dedicated Schools Grant Monitoring Report

2018/19 – Month 6

Report being considered by: Schools Forum
On: 15 October 2018
Report Author: Ian Pearson
Item for: Information **By:** All Forum Members

1. Purpose of the Report

- 1.1 This report sets out the current financial position of the services funded by the Dedicated Schools Grant (DSG), highlighting any under or over spends.

2. Recommendation(s)

- 2.1 That the report be noted.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Background

- 3.1 The Dedicated Schools Grant (DSG) is a ring fenced specific grant which can only be spent on school/pupil activity as set out in The School and Early Years Finance (England) Regulations 2018.
- 3.2 The main change to the DSG for 2018 is that there are now four funding blocks: Schools Block, High Needs Block, Early Years Block and a new Central Schools Services Block. Each of the four service blocks has been determined by a separate national funding formula.
- 3.3 The schools block is ring fenced in 2018-19 but the Local Authority can transfer up to 0.5% of the funding out of the schools block with Schools Forum agreement. The other blocks are not subject to this limitation on transfers.
- 3.4 Table 1 shows the original DSG budget as set. The total budget was set with a planned over spend of £655k. This will be subject to change following the Schools Forum vote on utilisation of actual over/under spends from 2017-18.
- 3.5 The actual in year grant allocation is £129m.

Table 1 summaries the budget position:

Table 1	Schools Block	Central Schools Services Block	Early Years Block	High Needs Block	DSG Total
Original Grant Allocation	98,011	992	10,357	19,665	129,025
Original Planned Budget carry forwards	-98	0	-795	138	-1,410
Revised Budget carry forwards	386	27	-118	-309	-14
Funding before any Block Transfers	98,299	1,019	9,444	19,494	127,601
Transfers in / -out	0	60	-33	-27	0
Funding after Transfers	98,299	1,079	9,411	19,467	127,601
	0	0	0	0	0
Planned Over/-under spend	-94	-27	37	547	463
Final Budget	98,205	1,052	9,448	20,014	128,064

- 3.6 The figures include funding to Academies and post 16 high needs place funding which form part of our allocation but not our budget as they are paid direct by the EFA – this totals £35.5m.
- 3.7 Over spends, unless funded from outside the DSG, can be carried forward and top sliced from the following year's DSG allocation. Under spends must be carried forward to support the schools' budget in future years.
- 3.8 The Authority and Schools' Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations, and monitoring of spend against the grant needs to take place regularly to enable decision making on over spends/under spends and to inform future year budget requirements.

4. Monitoring Position as at Month 6 (30 September 2018)

- 4.1 The forecast under or over spend position at the end of August is shown in Table 2 below. A more detailed position per cost centre is shown in Appendix A.

Table 2 - DSG Block Net Budgets	Total Net Budget £'000	Proposed Budget Changes £'000	Revised Budget Overspend £'000	Forecast (under) / over spend against budget					Change from last report
				Month Three	Month Six	Month Seven	Month Nine	Month Ten	Report
				£'000	£'000	£'000	£'000	£'000	£'000
Schools Block (inc ISB)	64,490	339	64,829	0	0				0
Central Schools Services Block	847		847	0	0				0
Early Years Block	9,479		9,479	0	0				0
High Needs Block	17,569	100	17,669	0	247				247
Total Net Expenditure	92,385	439	92,824	0	247	0	0	0	247
Support Service Recharges	444		444	0	0				0
Total Expenditure	92,829	439	93,268	0	247	0	0	0	247
DSG Grant	92,805		92,804		-87				-87
Net Position Over / -Under spend	24	439	464	0	334	0	0	0	334

- 4.2 The budgeted over spend on DSG is as per the decision made by the Schools' Forum in July with the revised position which will be voted on at this meeting.

- 4.3 The total over spend position against expenditure budgets is £247k with a further £87k under achievement on the High Needs funding due to a reduction in the import/export adjustment.
- 4.4 Explanations for variances per funding block are summarised in the following paragraphs.

5. Schools Block

- 5.1 Table 3 sets out the current position of the Schools Block. The budget position has changed as a result of the amount carried forward from 2017/18 and when the additional de-delegated budget transfers are voted on this will change further as per the revised budget position shown. At this stage in the year, no variance is forecast. The main risk of over spend in this block is in relation to business rates (as schools are funded according to their actual rates bill). Note that the de-delegated budgets within the Schools Block will be forecast as on line during the year because any over or under spending can only be used within these budgets and cannot be allocated generally across the DSG.

Table 3 - Schools Block	Current Budget £000	Proposed Budget Changes	Final Revised Budget	Current Forecast £000	Variance £000
Expenditure	64,490	339	64,829	64,829	0
Support services	62		62	62	0
Schools Block DSG	64,985		64,985	64,985	0
Net Position	-433	339	-94	-94	0

6. Early Years Block

- 6.1 Table 4 sets out the current position of the Early Years Block. The Early Years Block is difficult to predict due to the volatile nature of both the funding (the final grant allocation will be determined by the January 2019 census), and payments to providers (payments are made according to actual number of hours of provision each term). The budgeted over spend is due to the change in the carried forward amount from 2017/18.

Table 4 - Early Years Block	Current Budget £000	Proposed Budget Changes	Final Revised Budget	Current Forecast £000	Variance £000
Expenditure	9,479	0	9,479	9,479	0
Support services	50		50	50	0
EY Block DSG	9,492		9,492	9,492	0
Net Position	37	0	37	37	0

- 6.2 The final grant for 2017/18 has been notified, and a claw back of £355k has been taken against a provision of £360k.

7. Central Schools Services Block

7.1 Table 5 shows the position for the Central Schools Services Block.

Table 5 - Central Schools Services Block	Current Budget £000	Proposed Budget Changes	Final Revised Budget	Current Forecast £000	Variance £000
Expenditure	847		847	847	0
Support services	205		205	205	0
CSSB Block DSG	1,079		1,079	1,079	0
Net Position	-27	0	-27	-27	0

7.2 The budget for this new Block had been set with an on line budget position following transfers of funding from the Early Years Block and the High Needs Block towards paying for the central services that are carried out on behalf of settings within these blocks. There was a £27k brought forward under spend from 2017-18 which has been adjusted within this budget and will improve the year end projected year end position.

7.3 At this point there is no other variance to budget projected.

8. High Needs Block

8.1 Table 6 sets out the current position of the High Needs Block, which was set at an initial £703k over spend position. Following the change to the amount brought forward from 2017/18 the budget position has been revised to an over spend of £447k. When the budget movements are voted on the final revised position will be a £547k over spend.

8.2 Schools Forum agreed to proposals to utilise £100k of the 2017/18 improved position for invest to save proposals, if this sum is not utilised this will improve the budget position.

Table 6 - High Needs Block	Current Budget £000	Proposed Budget Changes	Final Revised Budget	Current Forecast £000	Variance £000
Expenditure	17,569	100	17,669	17,916	247
Support services	127		127	127	0
HN Block DSG	17,249		17,249	17,162	-87
Net Position	447	100	547	881	334

8.3 There is currently a variance predicted of £247k against expenditure and an £87k under achievement on the grant allocation which is due to the lower than predicted amount of the import export adjustment.

8.4 The main variances against expenditure are as follows:

- £74k - over spend in Sensory Impairment due to increased costs within the Joint Arrangement with the Royal Borough of Windsor and Maidenhead and an income target of £27k which has been set but is not expected to be achieved.

- £21k - over spend in Therapy Services which is due to a saving in the contract cost which was expected to be 10% of the cost but was in fact only £10k.
- £70k - over spend in SEN Commissioned Provision largely as a result of a forecast under achievement in income of £64k due to places being filled by WBC pupils. Savings will be realised elsewhere as a result of placing these pupils in our own provision. There is also a forecast over spend on the repairs an maintenance budget.
- £121k – under spend in Further Education College Top Ups – as a result of building the budget on the same basis as last year which was found to be incorrect and did have a large under spend at the end of 2017/18.
- £215k – over spend in the PRU top up budgets – this is as a result of far more than expected pupils receiving funding as permanently excluded pupils than budgeted.
- £125k – over spend in the new SEMH budget – this is new funding for pupils sent to the PRU where they are on a single roll and the request is agreed by the SEN assessment team. Savings may be identified elsewhere as a result of using this provision.
- Other over and under spends within the Top Up funding areas are demand led and can be as a result of pupil movement from one setting to another.

9. Conclusion

- 9.1 Over spending in the High Needs Block are significant and the total over spend forecast against this Block is £881k (including the budgeted over spend) and consideration needs to be given to where spending can be scaled back and savings identified in order to contain the over spend to the initial budget' or alternatively transferring an amount from the Schools Block to support the High Needs Block. This will, however be a one year only transfer and will not address the structural deficit problem.
- 9.2 It is not usually until later when changes to other high risk budgets such as early years payments become apparent.

10. Appendices

Appendix A – DSG 2018-19 Budget Monitoring Report Month 6

