
Dedicated Schools Grant Monitoring Report 2018/19 – Quarter Three

Report being considered by: Schools' Forum
On: 21st January 2019
Report Author: Amin Hussain
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

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 For 2018-19, there are four DSG funding blocks: Schools Block, High Needs Block, Early Years Block and a new Central Schools Services Block. The funding for each of the four 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 The 2018-19 Dedicated Schools Grant allocation is £129m. This includes £35.5m which funds Academies and post 16 high needs places and is paid direct by the Education and Skills Funding Agency (ESFA). The remaining grant, after any actual brought forward over spend, is £92.8m; the revised DSG budget is built with a planned over spend of £464k.

3.5 Over spends, unless funded from outside the DSG, should be recovered by top slicing the following year's DSG allocation. Under spends must be used to support the schools' budget in future years. (by either creating a reserve or increasing the budget for one off expenditure).

3.6 The Local Authority and Schools' Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations. 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. Quarter Three Forecast (31 December 2018)

4.1 The forecast position at the end of December is shown in Table 1. A more detailed position per cost centre is shown in Appendix A.

Table 1 - DSG Block Net Budgets	Current Budget	Support Services	DSG Grant Funding	Planned +over/- under spend	Forecast Overspend				Variance to Plan
					Month Three	Month Six	Month Seven	Month Nine	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Block (inc ISB)	64,829	62	-64,985	-94	0	-94	-94	-94	0
Central Schools Services Block	847	205	-1,079	-26	0	-27	-26	-58	-32
Early Years Block	9,479	50	-9,492	37	0	37	37	46	9
High Needs Block	17,669	127	-17,249	547	0	881	979	605	58
Total Net Expenditure	92,824	444	-92,804	464	0	797	896	499	35

4.2 The budget was set with an over spend of £464k against the DSG, as per the decision made by the Schools' Forum. The forecast over spend position at Quarter Three against expenditure budgets is £499k

4.3 The forecast overspend includes the £87k under achievement on the High Needs funding due to a reduction in the import/export adjustment.

4.4 The Department of Education announced in December 2018 an additional £380k of high needs funding for 2018-19 and 2019-20 in recognition of the cost pressures that Local Authorities are experiencing on the high needs block. This has been included in the forecast figure.

4.5 Explanations for variances per funding block are summarised in the following paragraphs.

5. Schools Block

5.1 Table 2 sets out the current forecast of the Schools Block. The original budget includes under spend carried forward from 2017-18. The budget change is due to additional de-delegated budget transfers.

Table 2 - Schools Block	Original Budget	Budget Changes	Current Budget	Current Forecast	Variance
	£'000	£'000	£'000	£'000	£'000
Expenditure	64,439	390	64,829	64,829	0
Support services	62		62	62	0
DSG grant funding	-64,985		-64,985	-64,985	0
Net Position	-484	390	-94	-94	0

5.2 At this stage in the year, no variance is forecast against budget. 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.

6. Early Years Block

6.1 Table 3 sets out the current forecast of the Early Years Block. The budget was set with an over spend due to the change in the carried forward amount from 2017/18.

Table 3 - Early Years Block	Original Budget	Budget Changes	Current Budget	Current Forecast	Variance
	£'000	£'000	£'000	£'000	£'000
Expenditure	9,479	0	9,479	9,488	9
Support services	50		50	50	0
DSG grant funding	-9,492		-9,492	-9,492	0
Net Position	37	0	37	46	9

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

6.3 As at Quarter Three there is a £9k forecast adverse variance which is due to increased demand to fund one to one support for children who attend private and voluntary early year's settings and do not have EHCPs.

7. Central Schools Services Block

7.1 The budget for this new Block was built after transferring funding from the Early Years Block and High Needs Block towards paying for the central services that are carried out on behalf of settings within these blocks. There was a £26k brought forward under spend from 2017-18 which has been adjusted within this budget.

Table 4 - Central Schools Services Block	Original Budget	Budget Changes	Current Budget	Current Forecast	Variance
	£'000	£'000	£'000	£'000	£'000
Expenditure	847	0	847	815	-32
Support services	205		205	205	0
DSG grant funding	-1,079		-1,079	-1,079	0
Net Position	-26	0	-26	-58	-32

7.2 As at Quarter Three there is a £32k forecast underspend due to a lower than budgeted charge for Copyright Licenses and a reduction in administration costs for the Capita IT system.

8. High Needs Block

8.1 Table 5 sets out the current forecast of the High Needs Block. The budget was set after carry forwards with a £447k over spend. The budget was increased by £100k, after Schools Forum agreed to utilise £100k of the 2017-18 improved position for invest to save proposals. If this sum is not utilised it would improve the budget position. The revised budget is set at an over spend of £547k.

Table 5 - High Needs Block	Original Budget	Budget Changes	Current Budget	Current Forecast	Variance
	£'000	£'000	£'000	£'000	£'000
Expenditure	17,569	100	17,669	17,991	323
Support services	127		127	127	0
DSG grant funding	-17,249		-17,249	-17,514	-265
Net Position	447	100	547	605	58

8.2 There is currently a forecast overspend of £323k 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.

8.3 An additional £380k of high needs funding has been allocated for 2018-19 in recognition of the cost pressures in the high needs block. This has been included in the forecast figure.

8.4 The main variances against expenditure are as follows:

- £39k – overspend in Applied Behaviour Analysis which represents the number of learners requiring bespoke packages to meet their needs.
- £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.
- £36k - over spend in SEN Commissioned Provision largely as a result of a forecast under achievement in income of £31k due to a place being filled by a WBC pupil. Savings will be realised elsewhere as a result of placing pupils in our own provision. There is also a forecast over spend on the repairs and maintenance budget.
- £127k – 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 more than expected pupils receiving funding as permanently excluded pupils than budgeted.

- £125k – over spend in the EHCP PRU Placement budget – this is funding for pupils attending 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 spends in the High Needs Block is significant and the total over spend forecast against this Block is £605k (including budgeted over spend and additional grant allocation, £381k). There needs to be a serious consideration to where spending can be scaled back and savings identified in order to contain the over spend to the initial budget.
- 9.2 Though a transfer could be made from the Schools Block to support the High Needs Block, it would be a one year only transfer and would not address the structural deficit problem.

10. Appendices

Appendix A – DSG 2018-19 Budget Monitoring Report Month 9

Dedicated School's Grant (DSG) 2018-2019 Budget Monitoring Month 9

Cost Centre	Description	Original Budget 2018-19	Net Virements Agreed In Year	Amended Budget 2018-19	Forecast	Variance	Comments
90020	Primary Schools (excluding nursery funding)	48,786,120		48,786,120	48,786,120	0	
DSG top slice	Academy Schools Primary	0		0	0	0	
90025	Secondary Schools (excluding 6th form funding)	14,784,820		14,784,820	14,784,820	0	
DSG top slice	Academy Schools Secondary	0		0	0	0	
90230	DD - Schools in Financial Difficulty (primary schools)	120,020	259,100	379,120	379,120	0	
90113	DD - Trade Union Costs	43,680		43,680	43,680	0	
90255	DD - Support to Ethnic minority & bilingual Learners	151,750	38,300	190,050	190,050	0	
90349	DD - Behaviour Support Services	196,830	17,190	214,020	214,020	0	
90424	DD - CLEAPSS	3,170		3,170	3,170	0	
90470	DD - School Improvement	0		0	0	0	
90423	DD - Statutory & Regulatory Duties	147,590		147,590	147,590	0	
90235	School Contingency - Growth Fund/Falling Rolls Fund	205,000	75,710	280,710	280,710	0	
	Schools Block Total	64,438,980	390,300	64,829,280	64,829,280	0	
90583	National Copyright Licences	159,610		159,610	133,010	-26,600	
90019	Servicing of Schools Forum	43,580		43,580	43,580	0	
90743	School Admissions	244,860		244,860	244,860	0	
90354	ESG - Education Welfare	201,900		201,900	201,900	0	
90460	ESG - Statutory & Regulatory Duties	197,540		197,540	191,920	-5,620	
	Central School Services Block DSG	847,490	0	847,490	815,270	-32,220	

Dedicated Schools Grant Monitoring Report 2018/19 – Quarter Three

Cost Centre	Description	Original Budget 2018-19	Net Virements Agreed In Year	Amended Budget 2018-19	Forecast	Variance	Comments
90010	Early Years Funding - Nursery Schools	876,070		876,070	876,070	0	
90037	Early Years Funding - Maintained Schools	1,269,090		1,269,090	1,269,090	0	
90036	Early Years Funding - PVI Sector	6,199,460		6,199,460	6,199,460	0	
90052	Early Years PPG & Deprivation Funding	48,280		48,280	48,280	0	
90053	Disability Access Fund	23,370		23,370	23,370	0	
90018	2 year old funding	719,480		719,480	719,480	0	
90017	Central Expenditure on Children under 5	223,300		223,300	223,300	0	
90287	Pre School Teacher Counselling	45,000		45,000	45,000	0	
90238	Early Years Inclusion Fund	75,000		75,000	84,360	9,360	Increased demand
	Early Years Block Total	9,479,050	0	9,479,050	9,488,410	9,360	
90026	Academy Schools RU Top Ups	854,270		854,270	808,580	-45,690	Slight reduction in FTE compared to budget.
90539	Special Schools - Top Up Funding	3,300,420		3,300,420	3,372,050	71,630	Additional Place and Top Up funding in relation to increased numbers of pupils.
90548	Non WBC Special Schools - Top Up Funding	1,098,070		1,098,070	959,970	-138,100	Known movements to other settings including one placement costing in excess of £100k
90575	Non LEA Special School (OofA)	840,100		840,100	804,040	-36,060	Various movements of placements.
90579	Independent Special School Place & Top Up	2,436,400		2,436,400	2,348,460	-87,940	Various movements of placements.
90580	Further Education Colleges Top Up	1,396,140		1,396,140	1,269,330	-126,810	Costs factored into the budget no longer require payment including several changes to pupil placements.
90617	Resourced Units Top Up Funding Maintained	293,020		293,020	276,890	-16,130	Number of pupils lower than expected at one site
90618	Non WBC Resourced Units - Top Up Funding	107,000		107,000	147,260	40,260	Known costs for placements agreed to date
90621	Mainstream - Top Up Funding maintained	541,560		541,560	648,220	106,660	Increasing numbers of pupils entitled to Funding
90622	Mainstream - Top Up Funding Academies	185,170		185,170	244,810	59,640	Increasing numbers of pupils entitled to Funding

Dedicated Schools Grant Monitoring Report 2018/19 – Quarter Three

Cost Centre	Description	Original Budget 2018-19	Net Virements Agreed In Year	Amended Budget 2018-19	Forecast	Variance	Comments
90624	Non WBC Mainstream - Top Up Funding	75,000		75,000	80,330	5,330	Known costs for placements agreed to date
90625	Pupil Referral Units - Top Up Funding	542,950		542,950	757,700	214,750	Summer and Autumn Term Actuals. Estimated for Spring Term.
90627	Disproportionate No: of HN Pupils NEW	100,000		100,000	73,470	-26,530	Includes Spring 2019 Estimate
90628	EHCP PRU Placement			0	126,330	126,330	Based on number of pupils currently attending the PRU with EHCPs
				381,000		-381,000	
High Needs Block: Top Up Funding Total		11,770,100	0	12,151,100	11,917,440	-233,660	
90320	Pupil Referral Units	660,000		660,000	660,000	0	
90540	Special Schools	2,860,000		2,860,000	2,860,000	0	
90584	Resourced Units - Place Funding (70)	242,000		242,000	242,000	0	
High Needs Block: Place Funding Total		3,762,000	0	3,762,000	3,762,000	0	
90237	SEN High Needs Contingency		90,000	90,000	90,000	0	2017/18 C/F budget agreed by SF re Behaviour Support and PPEP Care Program
90240	Applied Behaviour Analysis	75,000		75,000	114,440	39,440	Based on current demand
90280	Specil Needs Spprt Team	319,170		319,170	315,670	-3,500	
90287	Pre School Teacher Counselling	40,000		40,000	40,000	0	
90288	Elective Home Education Monitoring	27,990		27,990	27,990	0	
90290	Sensory Impairment	172,750		172,750	246,330	73,580	Increase in JA costs and the number of additional visits needed . Assumes NO recharges w ill apply this FY.
90295	Therapy Services	240,760		240,760	261,470	20,710	Savings in contract costs low er than anticipated
90315	Home Tuition	245,000		245,000	245,000	0	
90555	LAL Funding	82,400		82,400	91,700	9,300	Few er than expected places requested therefore recharges low er.
90565	Equipment For SEN Pupils	0	10,000	10,000	10,000	0	2017/18 C/F budget agreed by SF.

Dedicated Schools Grant Monitoring Report 2018/19 – Quarter Three

Cost Centre	Description	Original Budget 2018-19	Net Virements Agreed In Year	Amended Budget 2018-19	Forecast	Variance	Comments
90577	SEN Commissioned Provision	456,000		456,000	491,670	35,670	Premises Expenses pressure. Places now filled by WB pupils so factored into underspends else here.
90582	PRU Outreach	61,200		61,200	61,200	0	
90585	HN Outreach Special Schools	50,000		50,000	50,000	0	
90610	Hospital Tuition	45,000		45,000	45,000	0	Estimate of funding required for Financial Year for known cases .
90830	ASD Teachers	141,550		141,550	141,550	0	
90961	Vulnerable Children	50,000		50,000	50,000	0	
90581	Dingleys Promise	30,000		30,000	30,000	0	
High Needs Block: Non Top Up or Place Funding		2,036,820	100,000	2,136,820	2,312,020	175,200	
High Needs Block Total		17,568,920	100,000	18,049,920	17,991,460	58,460	
Total Expenditure across funding blocks		92,334,440	490,300	93,205,740	93,124,420	35,600	
SUPPORT SERVICE RECHARGES		444,000		444,000	444,000	0	
TOTAL DSG EXPENDITURE		92,778,440	490,300	93,649,740	93,568,420	35,600	