

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date: **2nd November 2017** **AGENDA ITEM: 05**

Title: **Budget Monitoring and Forecast 2017/18**

Responsible officer: Kevin McDaniel, Director of Children's Services

Contact officer: James Norris, Head of Finance (RBWM) Achieving for Children Tel: 07824478100

1 PURPOSE AND SUMMARY

1.1 The purpose of this report is to provide the Schools Forum with:

- the projected financial position for 2017/18 with associated schedule of Risks & Opportunities
- the projected reserve balance as at 31 March 2018
- an understanding of the financial pressures which are currently being faced.

2 RECOMMENDATIONS

Schools Forum is asked to note:

2.1 The Forum is asked to note the contents of this report including the reported variance, schedule of Risks & Opportunities and the projected deficit balance carried forward as at 31 March 2018.

3 FINANCIAL SUMMARY

3.1 The overall Schools Budget 2017/18 is £62,031,000. There is a net in year deficit of £483,000 relating to the dedicated schools grant funded services mainly relating to the release of underachievement of the High Needs Block savings plan. The deficit of £483,000 consists of:

- underachievement of the High Needs Block savings plan due to schools not agreeing to a reduction in Top Up allocations and an increase in annual fees £300,000; further strategies are underway to deliver the remainder of the savings plan
- estimated increased numbers of pupils receiving Alternative Provision support £80,000
- additional cost of conversion to academy status for Bisham Church of England Primary School exceeding funding available by £69,000.
- in year increased school rates charged to the central school budget £40,000
- other minor variances net (£6,000) underspend

- 3.2 The net overspend will be an additional pressure on the dedicated schools grant reserve which as at 31 March 2017 was a deficit of £752,000; the revised projected deficit as at 31 March 2018 has increased to £1,235,000.
- 3.3 The Schools Forum meeting late in 2016/17 the forum was informed of a projected year end deficit and the planned three year recovery plan for 2017/18 onwards.
- 3.4 Table 1 sets out the summarised financial position for 2017/18.

Table 1 Summarised Financial Position

Schools Budget	S251 budget	Budget Adjustments	Current Budget	Forecast Variance	Projected Expenditure/ Funding	Note
	£000	£000	£000	£000	£000	
Expenditure						
Schools Block (post recoupment)	35,839		35,839	133	35,972	1
Early Years Block	9,667	(387)	9,280	(30)	9,250	2
High Needs Block	16,912		16,912	380	17,292	3
TOTAL EXPENDITURE	62,418	(387)	62,031	483	62,514	
Funding						
Dedicated Schools Grant (net)	62,418	(387)	62,031	0	62,031	
TOTAL FUNDING	62,418	(387)	62,031	0	62,031	
Note:						
Total in year surplus / (deficit)	0	0	0	(483)	(483)	
Brought forward surplus / (deficit)	(752)		0	0	(752)	
Total surplus / (deficit)	(752)	0	0	(483)	(1,235)	4

- 3.5 The material forecast variances are set out below:

Note	Comments
1	School related costs; including Academy Conversion deficit balance £69,000; in year changes to school rates £40,000; increased licence charges £27,000; additional growth fund allocations £25,000; reduced school rental costs (£20,000); other minor variances net (£8,000) underspend
2	Reduced spend on the Early Years SEN Inclusion fund in the Spring Term (£30,000)
3	Estimated increased numbers of pupils receiving Alternative Provision support £80,000; underachievement of the High Needs Block savings plan £300,000
4	Projected deficit on DSG General Reserves for 2017/18 £1,235,000 (excluding the Risks & Opportunities listed in table 2).

3.6 Table 2 sets out the summarised Risks & Opportunities. These are potential changes in forecast that currently are not being reported as there are currently plans to contain pressures or utilise underspends.

Table 2 Summarised Risks & Opportunities

	Variance to Current Budget	Note
	£000	
Expenditure		
Schools Block	80	1
Early Years Block	0	
High Needs Block	790	2
Total Expenditure Risks & Opportunities	870	

3.7 The material forecast risks & opportunities are set out below:

Note	Comments
1	Bad debt provision outstanding school loan £100,000; Other Central Provision for increased rental income (£20,000)
2	<p>The most significant risk of a further overspend is within the High Needs Block. Currently there is a risk of the under achievement of the savings plan which was budgeted to reduce costs by £900,000. The forecast includes the under achievement of £300,000, however, there is risk of a further £600,000 shortfall. The initial plan is set out in appendix A. Progress to date has been slower than expected. The outcome of the recent Special Educational Needs inspection will add to the complexities of delivering some previously identified strategies.</p> <p>In respect of Top Ups and Independent School placements detailed work is being undertaken to review the current cohort of pupils within this category and based on historic spending a risk of £150,000 has been flagged.</p> <p>There is a potential further overspend of £40,000 relating to the estimated number of pupils requiring Alternative Provision for the remainder of the financial year.</p>

4 PROJECTED RESERVE BALANCE

- 4.1 The net overspend will be an additional pressure on the dedicated schools grant reserve which as at 31 March 2017 was a deficit of £752,000; the revised projected deficit as at 31 March 2018 has increased by £483,000 to £1,235,000.
- 4.2 The projected reserve balance as at 31 March 2018 of £1,235,000 excludes the Risk & Opportunities Register net balance of £870,000. Incorporating this the projected reserve balance as at 31 March 2018 increases to £2,105,000.

5 FUTURE ACTION

- 5.1 The level of overspend is unaffordable for the Council. Achieving for Children officers are developing a recovery plan for consideration by both the Council and schools to bring the level of annual spend back into balance. Achieving for Children and the Council are also

exploring options to address the cumulative DSG fund deficit. These options will be discussed with the Council and head teachers over the coming months.

Appendix A

Year / Details	Mainstream School Top Ups	Special School and RP Top Ups	Forest Bridge Top Ups	Indep and NMSS Schools	Sen Support Services	Alt. Provision	Totals
	£000	£000	£000	£000	£000	£000	£000
2017/18							
Reduction in Top Ups	50	50					100
Consultation Review	30	20	20				70
Reorg. of Alt Prov						100	100
SEN Support Services					100		100
Commissioning		40	50	440			530
Total 2017/18	80	110	70	440	100	100	900
2018/19							
Reduction in Top Ups	50	50					100
Consultation Review	20	20	30				70
Reorg. of Alt Prov						140	140
SEN Support Services					60		60
Commissioning			30	500			530
Total 2018/19	70	70	60	500	60	140	900
Total							
Reduction in Top Ups	100	100	0	0	0	0	200
Consultation Review	50	40	50	0	0	0	140
Reorg. of Alt Prov	0	0	0	0	0	240	240
SEN Support Services	0	0	0	0	160	0	160
Commissioning	0	40	80	940	0	0	1,060
Totals	150	180	130	940	160	240	1,800