

## ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

|                      |                                                             |                                                 |
|----------------------|-------------------------------------------------------------|-------------------------------------------------|
| Date:                | <b>16<sup>th</sup> January 2018</b>                         | <b>AGENDA ITEM: 7</b>                           |
| Title:               | <b>Budget Monitoring and Forecast 2017/18</b>               |                                                 |
| Responsible officer: | Kevin McDaniel, Director of Children's Services             |                                                 |
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### 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 £595,000 relating to the dedicated schools grant funded services mainly relating to the release of the underachievement of the High Needs Block savings plan.
- 3.2 There has been no movement in forecast to the last reported position.
- 3.3 The in-year deficit of £595,000 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 £500,000; 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.
  - non domestic rates in year increased charges to the central school budget £40,000
  - in year staffing vacancies within Targeted Intervention (£76,000)
  - other minor variances net (£18,000) underspend.

3.4 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 £1,347,000.

3.5 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                           |          |
| <b>Expenditure</b>                  |               |                    |                |                   |                                |          |
| 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         | 492               | 17,404                         | 3        |
| <b>TOTAL EXPENDITURE</b>            | <b>62,418</b> | <b>(387)</b>       | <b>62,031</b>  | <b>595</b>        | <b>62,626</b>                  |          |
| <b>Funding</b>                      |               |                    |                |                   |                                |          |
| Dedicated Schools Grant (net)       | 62,418        | (387)              | 62,031         | 0                 | 62,031                         |          |
| <b>TOTAL FUNDING</b>                | <b>62,418</b> | <b>(387)</b>       | <b>62,031</b>  | <b>0</b>          | <b>62,031</b>                  |          |
| Note:                               |               |                    |                |                   |                                |          |
| Total in year surplus / (deficit)   | 0             | 0                  | 0              | (595)             | (595)                          |          |
| Brought forward surplus / (deficit) | (752)         |                    | 0              | 0                 | (752)                          |          |
| <b>Total surplus / (deficit)</b>    | <b>(752)</b>  | <b>0</b>           | <b>0</b>       | <b>(595)</b>      | <b>(1,347)</b>                 | <b>4</b> |

3.6 The reported material forecast variances are set out below in table 2.

**Table 2 Material forecast variances**

| 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 £500,000; Targeted Intervention staffing vacancies (£76,000); other minor variances net (£12,000) underspend                                |
| 4    | Projected deficit on DSG General Reserves for 2017/18 £1,347,000 (excluding the Risks & Opportunities listed in table 3).                                                                                                                                                                |

3.7 Table 3 sets out the summarised Risks & Opportunities a net pressure of £670,000. These are potential changes in forecast that currently are not being reported as there are plans to contain pressures or utilise underspends.

**Table 3 Summarised Risks & Opportunities**

|                                                    | <b>Variance to Current Budget</b> | <b>Note</b> |
|----------------------------------------------------|-----------------------------------|-------------|
|                                                    | <b>£000</b>                       |             |
| <b>Expenditure</b>                                 |                                   |             |
| Schools Block                                      | 80                                | 1           |
| Early Years Block                                  | 0                                 |             |
| High Needs Block                                   | 590                               | 2           |
| <b>Total Expenditure Risks &amp; Opportunities</b> | <b>670</b>                        |             |

3.8 The details of the material forecast risks & opportunities are set out below in table 4.

**Table 4 Details of Risks & Opportunities**

| <b>Note</b> | <b>Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 £500,000, however, there is risk of a further £400,000 shortfall. 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 £595,000 to £1,347,000.
- 4.2 The projected reserve balance as at 31 March 2018 of £1,347,000 excludes the Risk & Opportunities Register net balance of £670,000. Incorporating this net further movement the projected reserve balance as at 31 March 2018 increases to £2,017,000.

## **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.

- 5.2 Additional funding has been approved through the Schools Forum and the East Berkshire Clinical Commissioning Group of £416,000 & £450,000 respectively. This funding will support the Special Educational Needs & Disability (SEND) Action Plan to address the issues identified in the recent OfSTED inspection and will support a programme investing in the SEND transition to raise standards, performance and improve value for money.