

## ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	<b>26<sup>th</sup> September 2019</b>	<b>AGENDA ITEM: 4</b>
Title:	<b>Budget Monitoring and Forecast 2019/20</b>	
Responsible officer:	Kevin McDaniel, Director of Children's Services	
Contact officer:	James Norris, Head of Finance (RBWM) Achieving for Children	Email: James.norris@achievingforchildren.org.uk

### 1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Schools Forum with:
- The projected financial position for 2019/20 with associated schedule of Risks & Opportunities
  - The projected reserve balance as at 31 March 2020
  - An understanding of the financial pressures which are currently being faced.

### 2 RECOMMENDATIONS

- 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 2020.

### 3 FINANCIAL SUMMARY

- 3.1 The current DSG Budget 2019/20 is £63,780,000 reflecting the following in-year budget adjustments totalling a net reduction of £652,000 as shown in table 1. This budget will be updated by the ESFA to reflect the final Early Years and High Needs Block allocations for 2019/20. Budget reductions consist of:
- Increased recoupment for academies direct funding £652,000
- 3.2 The current projected forecast is a net in-year surplus of £21,000. The material variances are as follows:
- Early Years Block Private, Voluntary & Independent Nurseries clawback settlement 2018/19 (£435,000)
  - High Needs Block £426,000 including Top Up funding £300,000 based on 2018/19; Outreach Services £76,000 and additional place funding £40,000 reflecting indicative pupil numbers
  - Others net (£12,000)
- 3.3 Table 1 sets out the summarised financial position for 2019/20.

**Table 1 Summarised Financial Position**

Schools Budget	S251 budget	Less Academy Recoupment	Budget Adjustment 2019	Current Budget	Forecast Variance	Projected Exp/ Funding	Note
	£000	£000	£000	£000	£000	£000	
<b>Expenditure</b>							
Schools Block	86,157	(50,669)	(652)	34,836	0	34,836	
Central Block	1,132	0	0	1,132	(12)	1,120	1
Indicative Early Years Block	9,448	0	0	9,448	(435)	9,013	2
Indicative High Needs Block	19,758	(1,394)	0	18,364	426	18,790	3
<b>TOTAL EXPENDITURE</b>	<b>116,495</b>	<b>(52,063)</b>	<b>(652)</b>	<b>63,780</b>	<b>(21)</b>	<b>63,759</b>	
<b>Funding</b>							
Dedicated Schools Grant	(116,495)	52,063	652	(63,780)	0	(63,780)	
<b>TOTAL FUNDING</b>	<b>(116,495)</b>	<b>52,063</b>	<b>0</b>	<b>(63,780)</b>	<b>0</b>	<b>(63,780)</b>	
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(21)</b>	<b>(21)</b>	<b>4</b>
<b>Summary</b>					<b>£000</b>		
Total in year (surplus) / deficit					(21)		
Balance brought forward DSG general reserve (surplus) / deficit					917		
<b>Net Projected (surplus) /deficit</b>					<b>896</b>		

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

**Table 2 Material forecast variances**

Note	Comments on material variances
1	Apprenticeship Levy contribution lower than budget (£10,000).
2	Early Years Block Private, Voluntary & Independent Nurseries clawback settlement 2018/19 (£435,000). The level of underspend is not expected to continue into 2019/20 following the agreement at Schools Forum in January 2019 to review the funding model which increased the deprivation element of the formula.
3	High Needs Block High Needs Block £426,000 including Top Up funding £300,000 based on 2018/19; Outreach Services £76,000 and additional place funding £40,000 reflecting indicative pupil numbers. Others net £10,000.
4	Projected net surplus on DSG General Reserves for 2019/20 of £21,000 (excluding the Risks & Opportunities listed in table 3).

3.5 The summarised material Risks & Opportunities for the current financial year are set out in table 3. These potential material changes to the forecast are not being reported as either there is a degree of uncertainty around them with plans to contain pressures.

**Table 3 Summarised Risks & Opportunities**

	Variance to Current Budget	Note
	£000	
<b>Expenditure</b>		
High Needs Block	500	1
<b>Total Expenditure Risks &amp; Opportunities</b>	<b>500</b>	

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

**Table 4 Details of Risks & Opportunities**

Note	Comments
1	<p>High Needs Block savings target of £700,000 is built into the budget. In previous years cost saving strategies towards delivering against this target included holding 0% inflation increases on providers, successful negotiation of rates for new high cost placements, developing a more robust tribunal process and the continuous implementation of a more collaborative and inclusive approach within schools to retain pupils with special educational needs. These strategies will continue into 2019/20 and currently are expected to deliver similar savings to previous years. <b>Potential risk identified £200,000.</b></p> <p>From 2019/20 onwards, funding for special free school places is included in local authorities' high needs allocations. Funding for these places is deducted from local authorities' high needs allocations by the Education Skills and Funding Agency and paid directly to schools. The Education Skills and Funding Agency through the import/export adjustment and further adjustments in the national funding formula ensures that this change will not result in an unfunded cost for local authorities. Local authorities with a special free school will receive £10,000 for every place at the free school through the formula adjustments. The RBWM budget has been built on this basis and the deduction of £600,000 has been transacted, however, the further adjustment of £10,000 per pupil has yet to be allocated. Latest High Needs Block formula allocation suggests funding shortfall of £300,000 updated guidance is expected in due course. <b>Potential risk identified £300,000.</b></p>

#### 4 PROJECTED RESERVE BALANCE

- 4.1 The net overspend will be an additional pressure on the dedicated schools grant general reserve which as at 31 March 2019 was a deficit of £917,000; the revised projected deficit as at 31 March 2020 has reduced by £21,000 to £896,000.
- 4.2 The projected reserve balance as at 31 March 2020 of £896,000 excludes the Risk & Opportunities Register net balance of £500,000 overspend, therefore the projected reserve balance as at 31 March 2020 could increase to £1,396,000.

#### 5 MAINTAINED SCHOOLS SERVICE CONTRACTS & DE-DELEGATED FUNDS

- 5.1 The maintained schools have made contributions to Service Contracts and de-delegated budgets for a number of years. In accordance with the Education and Skills Funding

Agency Schools Revenue Funding 2019/20 Operational Guide any underspend has been carried forward at year-end.

- 5.2 Service Contracts underspends have already been reimbursed to schools.
- 5.3 In respect of the de delegation services the sum to be reimbursed to schools is £294,718. This reimbursement is net of a 20% retention contingency which will be held in an earmarked account. Following the end of the financial year the cumulative balance will be reviewed with further reimbursement transacted accordingly.
- 5.4 The reimbursement methodology applied is an amount per pupil based on the Number on Roll (NOR) per school as at the October census. The NOR used is Reception to year 11, including the number of pupils in the Resource Units.
- 5.5 The average reimbursement per school is £8,187 with the minimum being £865 and the maximum £14,851. Schools will be notified direct of their reimbursement which will be transacted in the autumn term.

## 6 **FUTURE ACTION**

- 6.1 The level of overspend in the High Needs services remains unaffordable for the Council, therefore, it is important that all local partners continue to work to bring the cost of high needs services back in line with the Government grant allocation.
- 6.2 To drive down costs and deliver efficiencies there were a number of successful cost control measures and savings initiatives implemented in 2018/19 which will continue into 2019/20. In addition to these new strategies including the implementation of the new intervention programme for preventing exclusions within the primary sector will be implemented in 2019/20.
- 6.3 The 2019/20 budget relies on promoting independence and use of the local education offer, managing increasing demand for services through increased early intervention, working with partners to ensure that everyone involved in a child's education is confident in supporting children with additional needs and increasing the amount of local provision as well as ensuring that provision is aligned to need.
- 6.4 The financial trajectory will need to be carefully monitored in 2019/20 to ensure that the level of spending on education services is affordable. Schools Forum and schools will have a clear role in monitoring the position and in implementing the plans in partnership with AfC and the Council.