

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	16th July 2020	AGENDA ITEM: 5
Title:	Budget Monitoring and Forecast 2020-21	
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 2020-21 with associated schedule of Risks & Opportunities
 - the projected reserve balance as at 31 March 2021
 - 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 2021.

3 FINANCIAL SUMMARY

- 3.1 The current DSG Budget 2020/21 is £65,362,000. The Early Years and High Needs Blocks are indicative with the final allocation due from the Department for Education (DfE) in July 2020.
- 3.2 The current projected net in-year deficit of £195,000. The material variances are as follows:
- Schools Block - Growth Fund underspend (£450,000)
 - Early Years Block - Private, Voluntary & Independent Nurseries 2019-20 underspend carried forward at (£145,000) subject to final block recalculation.
 - High Needs Block £815,000 includes reflects Pupil Top Up funding and other direct support packages
- 3.3 Table 1 sets out the summarised financial position for 2020-21.

Table 1 Summarised Financial Position

Schools Budget	S251 budget	Less Academy Recoupment & Direct Funding	Budget Adjustment 2020	Current Budget (updated)	Forecast Variance	Projected Exp/ Funding	Note
	£000	£000	£000	£000	£000	£000	
Expenditure							
Schools Block	91,762	(56,899)	0	34,863	(450)	34,413	1
Central Block	1,073	0	0	1,073	(25)	1,048	2
Indicative Early Years Block	9,697	0	0	9,697	(145)	9,552	3
High Needs Block	21,992	(2,263)	0	19,729	815	20,544	4
TOTAL EXPENDITURE	124,524	(59,162)	(0)	65,362	195	65,557	
Funding							
Dedicated Schools Grant	(124,524)	59,162	0	(65,362)	0	(65,362)	
TOTAL FUNDING	(124,524)	59,162	0	(65,362)	0	(65,362)	
NET EXPENDITURE	0	0	0	0	195	195	
Summary					£000		
Total in year (surplus) / deficit					195		
Balance brought forward DSG general reserve (surplus) / deficit					1,025		
Net Projected (surplus) /deficit					1,220		5

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

Table 2 Material forecast variances

Note	Comments
1	Schools Block (£450,000) - Schools Pupil Growth Fund underspend based on formula funded allocation less agreed commitments estimated at (£450,000)
	Central Block (£25,000) - Admissions Team underspend due to current vacant post (£25,000)

3	Early Years Block (£145,000) - Private, Voluntary & Independent Nurseries clawback provision from 2019-20 (£145,000). ESFA updated guidance and allocation due July 2020. The level of underspend is not expected to continue into 2020-21 following the agreement at Schools Forum in January 2019 to review the funding model which increased the deprivation element of the formula.
4	High Needs Block £815,000 – reflects Pupil Top Up funding and other direct support packages based on the 2019-20 outturn, uplifted to reflect known increases, the increase in allocations paid to schools include changes to the Special Educational Needs funding matrix, re-assessments and new plans. ESFA updated guidance and allocation due July 2020.
5	Projected net deficit on DSG General Reserves for 2020/21 is £195,000 (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 Forecast	Note
	£000	
Expenditure		
High Needs Block	200	1
Total Expenditure Risks & Opportunities	200	

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	High Needs Block – potential that savings are not achieved in full; total budget £350,000. Potential underachievement based on 2019-20 £200,000.

4 PROJECTED RESERVE BALANCE

4.1 The net underspend will help to decrease the pressure on the dedicated schools grant general reserve which as at 31 March 2020 was a deficit of £1,025,000; the revised projected deficit as at 31 March 2021 has increased by £195,000 to £1,220,000 (0.98% of the total DSG funding allocation for 2020-21).

4.2 The projected reserve balance as at 31 March 2021 of £1,220,000 excludes the Risk & Opportunities Register of £200,000, therefore the projected reserve balance as at 31 March 2021 could increase to £1,420,000 (1.14% of the total DSG funding allocation for 2020-21).

5 FUTURE ACTION

- 5.1 RBWM has a cumulative deficit on its DSG account at the end of the 2019 to 2020 financial year, therefore, it must co-operate with the DfE in handling that situation. In particular, the local authority must:
- Provide information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently
 - Provide information as and when requested by the department about pressures and potential savings on its high needs budget
 - Meet with officials of the department as and when they request to discuss the local authority's plans and financial situation
- 5.2 Achieving for Children have been in discussions with the DfE and a detailed deficit recovery plan will be presented at the September 2020 Schools Forum.
- 5.3 In addition, the level of overspend in the High Needs services remains unaffordable, 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.
- 5.4 Following the final High Needs Block allocation for 2020-21 in July 2020, there will be a detailed review of budgets and historic expenditure undertaken and shared at the next Schools Forum. This review will provide Schools Forum with a more in depth knowledge of the budget, pressures and risks to enable greater transparency and understanding leading to more informed decision making.
- 5.5 The 2020-21 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.
- 5.6 The financial trajectory will continue to be carefully monitored in 2020-21 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.