

Report Title:	Budget Monitoring and Forecast 2020/21
Contains Confidential or Exempt Information?	No – Part 1
Lead Member:	Councillor Stuart Carroll - Deputy Chairman of Cabinet, Adult Social Care, Children's Services, Health and Mental Health
Meeting and Date:	Schools Forum 19 November 2020
Responsible Officer(s):	Kevin McDaniel - Director of Children's Services James Norris - Head of Finance Achieving for Children (RBWM)
Wards affected:	All

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REPORT SUMMARY

1. The purpose of this report is to provide the Schools Forum with the projected financial position for 2020-21 along with a summary of associated Risks & Opportunities; the projected reserve deficit balance as at 31 March 2021 and an understanding of the financial pressures faced in respect of the Dedicated Schools Grant. Details are set out in sections 2 and 3.
2. The Dedicated Schools Grant has a cumulative deficit position, therefore, it must work to mitigate this pressure including submitting a recovery plan to the Department for Education. The future action is set out in section 4.

1. DETAILS OF RECOMMENDATION

- 1.1 **Recommendation:** That Schools Forum notes the report including the reported variance, schedule of Risks & Opportunities and the projected deficit balance carried forward as at 31 March 2021.

2. REASONS FOR RECOMMENDATION AND OPTIONS CONSIDERED

2.1 FINANCIAL SUMMARY

- 2.2 The total Dedicated Schools Grant (DSG) Budget allocation for 2020/21 is £123,745,000 including the proportion of the allocation that will be recouped by the Department for Education (DfE) for academies, non-maintained independent special schools and further education colleges which totals £59,162,000.
- 2.3 There has been an in-year budget allocation from the DfE of £421,000 in respect of the Early Years and High Needs Block relating changes in changes in pupil numbers.
- 2.4 The DfE Early Years Block initial allocation for 2020-21 was challenged by Achieving for Children. This resulted in agreement for an additional allocation to be received relating to the current financial year estimated at £691,000. This

updated allocation has been taken into account within the monitoring but until the additional funding is received will not be reflected in the reported budget allocation.

- 2.5 The element of the current budget allocation that will be administered by the Local Authority is £65,005,000. There is a projected net in-year deficit of £208,000 against this allocation, representing 0.3%. This position is unchanged to the position reported to Schools Forum 22nd September 2020.
- 2.6 The forecast material variances are as follows:
- Schools Block - Growth Fund underspend (£450,000)
 - Central Block - release of vacancies following restructure (£52,000)
 - Early Years Block - Private, Voluntary & Independent Nurseries 2019-20 underspend carried forward at (£100,000) subject to final block recalculation.
 - High Needs Block £810,000 includes reflects Pupil Top Up funding and other direct support packages
- 2.7 The summarised financial position for 2020-21 is set out in table 1.

Table 1 Summarised Financial Position

Schools Budget	S251 Budget Allocation	Less Academy Recoupment & Direct Funding	DfE Budget Changes 2020	Current Budget (updated)	Forecast Variance	Current Forecast	Note
	£000	£000	£000	£000	£000	£000	
<u>Expenditure</u>							
Schools Block	91,762	(56,899)	0	34,863	(450)	34,413	1
Central Block	1,073	0	0	1,073	(52)	1,021	2
Indicative Early Years Block	8,918	0	244	9,163	(100)	9,063	3
High Needs Block	21,992	(2,263)	177	19,906	810	20,716	4
TOTAL EXPENDITURE	123,745	(59,162)	421	65,005	208	65,213	
<u>Funding</u>							
Dedicated Schools Grant	(123,745)	59,162	(421)	(65,005)	0	(65,005)	
TOTAL FUNDING	(123,745)	59,162	(421)	(65,005)	0	(65,005)	
NET EXPENDITURE	0	0	0	0	208	208	5
Summary					£000		
Total in year (surplus) / deficit					208		
Balance brought forward DSG general reserve (surplus) / deficit					1,025		
Net Projected (surplus) /deficit					1,233		

2.8 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 allocation through the national funding formula (NFF) exceeded local demand and historic commitments (£450,000)
2	Central Block (£52,000) - release of vacancies following restructure (£52,000)

3	Early Years Block (£100,000) - Private, Voluntary & Independent Nurseries clawback provision from 2019-20 (£100,000).
4	High Needs Block £810,000 – 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.
5	Projected net deficit charge to the DSG General Reserves for 2020/21 is £208,000 (excluding the Risks & Opportunities listed in table 3).

2.9 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	70	1
Total Expenditure Risks & Opportunities	70	

2.10 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 £70,000.

3. PROJECTED RESERVE BALANCE

3.1 The dedicated schools grant general reserve as at 31 March 2020 was a deficit of £1,025,000; the revised projected deficit as at 31 March 2021 has increased by £208,000 to £1,233,000 (1.00% of the current total DSG funding allocation for 2020-21).

3.2 The projected reserve balance as at 31 March 2021 of £1,233,000 excludes the Risk & Opportunities Register of £70,000, therefore the projected reserve balance as at 31 March 2021 could increase to £1,303,000 (1.05% of the total DSG funding allocation for 2020-21).

4. FUTURE ACTION

- 4.1 RBWM has a cumulative deficit on its DSG reserve, 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
 - 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
- 4.2 Achieving for Children have been in discussions with the DfE and a detailed deficit recovery plan will be presented at the appropriate Schools Forum.
- 4.3 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.
- 4.4 Following the final High Needs Block allocation for 2020-21, there will be a detailed review of budgets and historic expenditure undertaken winter 2020/21 and shared at the appropriate 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.
- 4.5 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.
- 4.6 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.

5. FINANCIAL DETAILS / VALUE FOR MONEY

- 5.1 The financial implications are set out in sections 2 and 3. The overall impact is a projected carried forward deficit on the Dedicated Schools Grant as at 31 March 2021 of £1,233,000.
- 5.2 Local authorities are required to carry forward overspends to their schools budget either in the immediately following year or the year after.

6. LEGAL IMPLICATIONS

- 6.1 There are no legal implications arising from this report.

7. RISK MANAGEMENT

- 7.1 There are no potential risks arising from this report.

8. POTENTIAL IMPACTS

- 8.1 Equalities. Equality Impact Assessments are published on the [council's website](#). The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. There are no Equalities. Equality Impact risks arising from this report.
- 8.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.
- 8.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

9. BACKGROUND DOCUMENTS

- 9.1 This report is supported by the following background documents:
- Dedicated schools grant: conditions of grant 2019 to 2020 (updated January 2020) <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2019-to-2020/dedicated-schools-grant-conditions-of-grant-2019-to-2020>
 - Schools revenue funding 2020 to 2021 Operational guide (updated February 2020) <https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2020-to-2021>

10. CONSULTATION

- 10.1 There is no requirement for stakeholder consultation arising from this report.

11. TIMETABLE FOR IMPEMENTATION

11.1 There is no timetable for implementation of any actions arising from this report.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Stuart Carroll	Deputy Chairman of Cabinet, Adult Social Care, Children's Services, Health and Mental Health	04-11-20	
Duncan Sharkey	Managing Director	04-11-20	10-11-20
Russell O'Keefe	Director of Place	04-11-20	
Adele Taylor	Director of Resources/S151 Officer	04-11-20	10-11-20
Kevin McDaniel	Director of Children's Services	04-11-20	04-11-20
Hilary Hall	Director Adults, Commissioning and Health	04-11-20	04-11-20
Andrew Vallance	Head of Finance	04-11-20	
Elaine Browne	Head of Law	04-11-20	10-11-20
Mary Severin	Monitoring Officer	04-11-20	09-11-20
Nikki Craig	Head of HR, Corporate Projects and IT	04-11-20	10-11-20
Louisa Dean	Communications	04-11-20	
Karen Shepherd	Head of Governance	04-11-20	10-11-20

REPORT HISTORY

Decision type: Schools Forum For information	Urgency item? No	To Follow item? No
Report Author: James Norris - Head of Finance Achieving for Children (RBWM)		