

Report Title:	Budget Outturn and School Balances 2021/22
Contains Confidential or Exempt Information	No – Part I
Cabinet Member:	Councillor Stuart Carroll - Deputy Chairman of Cabinet, Adult Social Care, Children's Services, Health, Mental Health & Transformation
Meeting and Date:	Schools Forum 26 May 2022
Responsible Officer(s):	Kevin McDaniel - Executive Director of Children's Services James Norris - Head of Finance Achieving for Children (RBWM)
Wards affected:	All

REPORT SUMMARY

The purpose of this report is to provide the Schools Forum with the financial position for 2021/22 along with a summary of associated material variances; the reserve deficit balance, maintained schools balances and delegated balances as at 31 March 2022. Details are set out in sections 2 to 4.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Schools Forum notes the report :

including the reported variance, deficit balance carried forward, maintained schools balances and de-delegated balances as at 31 March 2022.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
Schools Forum to note the contents of the report and impact on the projected reserve deficit balance as at 31 March 2022. This is the recommended option.	Continued monitoring and timely reporting of material variances throughout 2022/23 reported to appropriate stakeholders including Schools Forums and RBWM Cabinet. This would enable up to date and accurate reporting of the projected reserve deficit as at 31 March 2023.
Do nothing. This is not recommended.	The failure to use relevant financial information to understand the position of the Dedicated Schools Grant reserve.

- 2.1 The total DSG allocation for 2021/22 including in year budget changes from the DfE was £135,190,000.
- 2.2 The Schools Budget 2021/22 of £99,611,000 consists of delegated budgets for maintained schools £36,916,000 and academy schools £62,695,000. Delegated budgets are treated as spent as soon as they are delegated, and more information on maintained school balances is given in section 7 of this report.
- 2.3 The remaining £35,579,000 of the DSG covers Central School Services, Early Years and High Needs.
- 2.4 The dedicated schools grant budget ended the financial year 2021/22 with a net overspend of £257,000 representing 0.2% of the total DSG allocation for 2021/22.
- 2.5 The final material variances are as follows:
- Schools Block underspend of (£0.537m), relating to the release of the total uncommitted balance of the pupil growth fund from a total allocation of £0.679m.
 - Central School Services Block underspend of (£0.328m), relating to the receipt of one-off Nursery rental income (£0.130m), reduced management overheads (£0.080m), an underspend within the Non-Independent Special School Places (£0.051m) and staffing vacancies (£0.049m).
 - Early Years Block underspend of (£0.426m) relating to the final budget allocation received from the ESFA in November 2021 for 2020/21 (£0.266m). The final allocation was 3% more than anticipated. Early Years spring term final calculation (£0.160m) based on DfE data provided March 2022.
 - High Needs Block overspend of £1.547m mainly relating to the provision of Independent Special or Non-Maintained Special Schools and other associated direct support. In comparison to the prior year the average unit cost and volume for 2021/22 has increased by 1% and 9% respectively.
- 2.6 Table 2 sets out the summarised financial position for 2021/22

Table 2 Summarised Financial Position 2021/22

Block Budget	S251 Budget Notification	Less Academy Recoupment & Direct Funding	Net Budget Notification	In-Year Budget Changes	Current Budget	Final Outturn Variance	Final Outturn Forecast
	£000	£000	£000	£000	£000	£000	£000
Expenditure							
Schools	99,611	(62,695)	36,916	0	36,916	(537)	36,379
Central School Services	1,097	0	1,097	0	1,097	(328)	769
Early Years	9,025	0	9,025	959	9,984	(426)	9,558
High Needs	24,180	(2,753)	21,426	318	21,744	1,547	23,291
TOTAL EXPENDITURE	133,912	(65,448)	68,464	1,277	69,742	257	69,997
Funding							
Dedicated Schools Grant	(133,912)	65,448	(68,464)	(1,277)	(69,742)	0	(69,742)
TOTAL FUNDING	(133,912)	65,448	(68,464)	(1,277)	(69,742)	0	(69,742)
				(135,190)			
NET EXPENDITURE	0	0	0	0	0	257	257
	Summary					£000	
	Total in year (surplus) / deficit					257	
	Balance brought forward DSG general reserve (surplus) / deficit					1,925	
	Add back unused earmarked reserves 31 March 2021 (surplus) / deficit					(134)	
	Net Projected (surplus) /deficit					2,048	

3. KEY IMPLICATIONS

- 3.1 A significant indicator of the effectiveness of the budget setting and monitoring process can be partly measured by the materiality of movements between the monitoring periods of the central schools budget.
- 3.2 In respect of the central schools budget of £35,579,000 the movement between the variance previously reported to Schools Forum 20 January 2022 of £1,470,000 and the final outturn of £794,000 is £676,000, representing a favourable movement of 1.9%. The overall DSG in-year deficit is a net £257,000 reflecting the unchanged schools block underspend of £537,000.

- 3.3 The thresholds for measuring the effectiveness have been set in table 3. Therefore, the measure has been met.

Table 3: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Schools Forum to note the contents of the report and impact on the projected reserve deficit balance as at 31 March 2022	Greater than 3% movement in reported variance of central schools budget as at 31 March 2022	Less than 3% movement in reported variance of central schools budget as at 31 March 2022	Less than 2% movement in reported variance of central schools budget as at 31 March 2022	Less than 1% movement in reported variance of central schools budget as at 31 March 2022	26 May 2022

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The projected net in-year overspend of £257,000 is an adverse movement on the dedicated schools grant general reserve which as of 31 March 2021 was a net deficit of £1,925,000. Incorporating the release of the unused earmarked reserve of £134,000 the revised projected deficit as of 31 March 2022 is £2,048,000.
- 4.2 The projected cumulative deficit for RBWM is 1.5% of the total budget allocation 2021/22.
- 4.3 This is a national challenge, with many authorities reporting a projected carried forward deficit by 31 March 2022. Those with the most significant balances are entering into a “safety valve” agreement with the DfE where the authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant. The authority undertakes to control and reduce the cumulative deficit in line with the financial plan as submitted and funding assumptions as agreed with the DfE. RBWM is not considered to be a “safety valve” local authority.
- 4.4 Local authorities are required to carry forward overspends to their schools budget either in the immediately following year or the year after. ESFA guidance states that DSG deficits should not be covered from the general fund or other grants but that over time they should be recovered from DSG income.

5. DEFICIT MANAGEMENT PLANS

- 5.1 In accordance with the DfE conditions of grant, AfC working with RBWM must agree a Deficit Management Plan to address the cumulative deficit position with a recovery period of three to five years.
- 5.2 There is no specific timescale for implementing the Deficit Management Plan, however, initial steps are already underway and having an impact.
- 5.3 The Deficit Management Plan must be signed off by the Director of Children's Services and the Executive Director of Resources (section 151 officer). The Deficit Management Plan must be taken to Schools Forum meetings and discussed by members.
- 5.4 The Deficit Management Plan has been included within the Schools Forum reports in May 2022.
- 5.5 In conjunction with the Deficit Management Plan, RBWM is participating with the DfE Delivering Better Value (DBV) in SEND support programme. The programme will provide dedicated support and funding to help local authorities with substantial, deficit issues to reform their high needs systems. In addition, the aim of the programme is to establish more sustainable structure so authorities are better placed to respond to the forthcoming SEND Review reforms. The DBV programme is expected to commence in the summer of 2022 and operate for 30/36 months.

6. DE-DELEGATION BALANCES

- 6.1 De-delegation is the mechanism by which maintained schools pool some of their delegated budget in order to benefit from specific services that could be provided centrally in a more efficient, targeted way and at less risk to individual schools. The total fund carried forward to 2022/23 is £547,000 reflecting an in-year net contribution of £79,000.
- 6.1 It was agreed, at Schools Forum 16 December 2021, to contribute £72,000 of the de-delegation balance to support the planned DfE School Improvement Monitoring & Brokering Grant (the Grant) reduction for 2022/23. This investment by Schools would enable the current level of support to continue for 2022/23.
- 6.2 In addition, it is planned a 10% contingency of £47,000 will be retained. Therefore, the net balance of £427,000 will be reimbursed to schools in the summer term 2022.

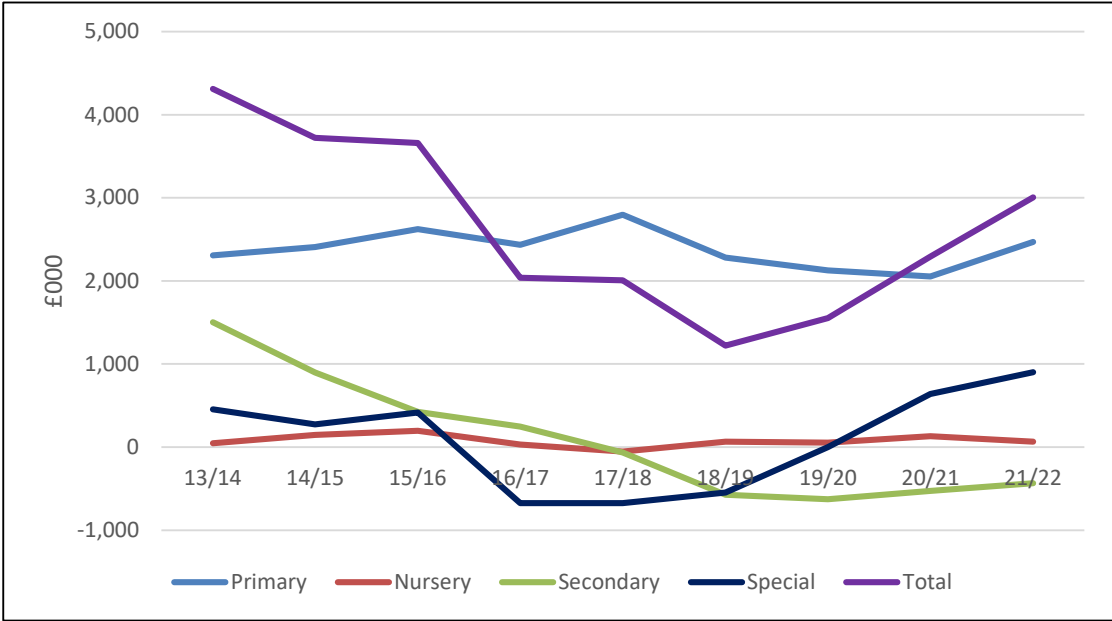
7. MAINTAINED SCHOOL BALANCES

- 7.1 This section analyses maintained school balances at the end of 2021/22 reflecting on recent trends.
- 7.2 Local Authorities do not hold information on academy school balances and the Department for Education does not publish comparable information for academies on its website, therefore, academies are excluded from the analysis.

7.3 As at 31 March 2022, the overall school balances totalled £3,003,000 equivalent to 7.5% of the delegated schools budget directly funded by the Department for Education, a net favourable movement of £710,000 (31%) on the balances compared with the previous year. The average balances over the last 9 years have been £2,650,000. The total per sector are set out in table 4.

7.4 Diagram 1 sets out the school balances by sector since 2013/14.

Diagram 1 Total school balances by sector 2013/14 to 2021/22



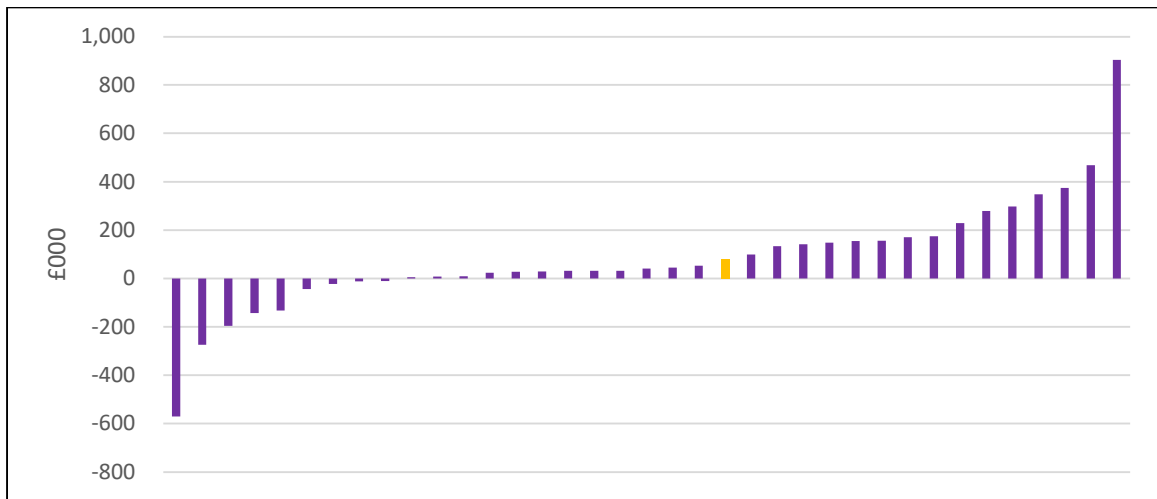
Surplus

7.5 Schools are funded each year mainly on the number of pupils on roll and are expected to use their resources on those pupils, reserving a small allowance for future planning, projects and operational risks. The Department for Education discourages schools from building up excessive uncommitted balances, notionally defined as 5% of budget share for secondary schools, and 8% for other schools.

7.6 At the end of 2021/22, 28 out of 38 maintained schools had surplus balances. The 2021/22 surplus balances total £4,418,000 an average of £164,000 per school.

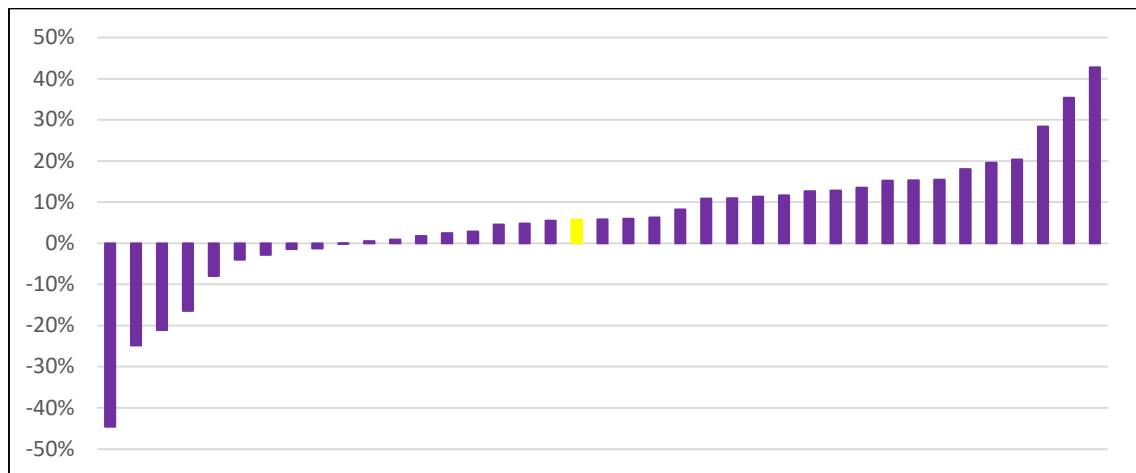
7.7 The full range of school balances is demonstrated in diagram 2; with the average balance highlighted yellow.

Diagram 2 School Balances 31 March 2022



7.8 The full range of school balances as a percentage of the school budget is demonstrated in diagram 3; with the average balance highlighted yellow.

Diagram 3 Percentage School Balances 31 March 2022



Deficit balances

7.9 As of 31 March 2022, there were nine primary schools and one secondary school in a deficit position. The 2021/22 deficits total £1,489,000, an average of £157,000 per school.

Movement in School Balances per Sector

7.10 Primary, secondary and special sectors have seen a favourable movement in balances whilst the nursery sector have seen an adverse movement since 2020/21. The overall movement in net school balances as reflected on the RBWM reserve accounts are shown in table 4.

Table 4 Movement in School Balances

Sector	As at 31/03/21 Surplus / (deficit)	As at 31/03/22 Surplus / (deficit)	Total Movement Surplus / (deficit)
	£000	£000	£000
Nursery	130	66	(64)
Primary	2,055	2,470	415
Secondary	(530)	(436)	94
Special	638	904	266
Total	2,293	3,003	710

7.11 In respect of the Special School sector there has been a materially favourable movement between the end of year balances. The movement has been delivered following the culmination of a number of targeted themes undertaken by the school over recent years including an increase in the number of out of borough pupils within the school resulting in increased income; changes in the pupil needs matrix leading to an increased RBWM funding and increased cost controls including changes in the staffing structure.

7.12 Previously, like many other local authorities, RBWM has not operated a balance control mechanism to redistribute excessive balances. The local authority requests details of committed and uncommitted spend for inclusion in the annual Consistent Financial Reporting (CFR) return submitted to the Education and Skills Funding Agency (ESFA).

7.13 Due to financial pressures Achieving for Children will review these commitments and will consider whether it is appropriate for any excessive balances to be held at a school level. This option will be considered in-conjunction with the Deficit Management Plan and would involve detailed analysis of school commitments to justify retaining excessive balances.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications directly arising from this report.

9. RISK MANAGEMENT

9.1 There are no potential risks directly arising from this report, however, the requirement from the DfE is RBWM/AfC will agree a Deficit Management Plan to address the cumulative deficit position in the short to medium term.

10. POTENTIAL IMPACTS

10.1 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. It has been assessed that there are no Equality Impact risks arising from this report. Link to Equality Impact Assessments. <https://www.rbwm.gov.uk/home/council-and-democracy/equalities-and-diversity/equality-impact-assessments>

10.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.

10.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

11. CONSULTATION

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

12. TIMETABLE FOR IMPLEMENTATION

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

13. APPENDICES

13.1 This report is supported by one appendix:

- Appendix A – Equality Impact Assessment

14. BACKGROUND DOCUMENTS

14.1 This report is supported by one background document:

- Schools revenue funding 2021/22 Operational guide
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022>

15. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputies)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	11-05-22	17-05-22
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	11-05-22	16-05-22
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	11-05-22	
Elaine Browne	Head of Law (Deputy Monitoring Officer)	11-05-22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	11-05-22	12-05-22
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Duncan Sharkey	Chief Executive	11-05-22	12-05-22
Andrew Durrant	Executive Director of Place	11-05-22	
Kevin McDaniel	Executive Director of Children's Services	11-05-22	16-05-22
Hilary Hall	Executive Director of Adults, Health and Housing	11-05-22	17-05-22
<i>Heads of Service (where relevant)</i>			
Nikki Craig	Head of HR, Corporate Projects and IT	11-05-22	12-05-22
Louisa Dean	Head of Communications	11-05-22	

Confirmation relevant Cabinet Member(s) consulted	Councillor Stuart Carroll; Cabinet Member for Adult Social Care, Children's Services, Health, Mental Health, & Transformation	Yes
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REPORT HISTORY

Decision type:	Urgency item?	To follow item?
For information	No	No

Report Author: James Norris, Head of Finance AFC (RBWM), 07824478100

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT: Budget Outturn and School Balances 2021/22

ESSENTIAL INFORMATION										
Item being assessed (Please tick):	Strategy		Policy		Plan		Project		Service/Procedure	✓
Responsible Officer:	James Norris				Service:	Finance				
					Directorate:	Children's Services				
STAGE 1: EqIA SCREENING (MANDATORY)					STAGE 2: FULL ASSESSMENT (IF APPLICABLE)					
Date created:	11-05-22				Date created:					
Approved by Head of Service / Overseeing group/body / Project Sponsor:	<i>"I am satisfied that an equality impact has been undertaken adequately."</i>									
	Signed:	Kevin McDaniel								
	Date:	11-05-22								

GUIDANCE NOTES

What is an EqIA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups.

What are the “protected characteristics” under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What's the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

STAGE 1: SCREENING (MANDATORY)

1.1 What is the overall aim of your proposed *strategy/policy/project etc* and what are its key objectives?

The overall aim of the report is to provide the Schools Forum with the financial position for 2021/22 along with a summary of associated material variances; the reserve deficit balance, maintained schools balances and delegated balances as at 31 March 2022.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics?

*Consider each of the protected characteristics in turn and identify whether your proposal is **Relevant** or **Not Relevant** to that characteristic. If **Relevant**, please assess the level of impact as either **High / Medium / Low** and whether the impact is **Positive** (i.e. contributes to promoting equality or improving relations within an equality group) or **Negative** (i.e. could disadvantage them). Please **document your evidence** for each assessment you make, **including** a justification of why you may have identified the proposal as “Not Relevant”.*

Protected characteristic	Relevance	Level	Positive / Negative	Evidence
Age	Yes	Low	Positive	This report does impact on pupils within this protected characteristic; however, as school funding is on a formula basis impact has already been considered within previous reports and decision making processes
Disability	Yes	Low	Negative	There will be a Deficit Management Plan developed which may impact on the current range of services provided for pupils within this characteristic. The impact will be continually reviewed and reassessed.
Gender reassignment	No			There is nothing in the report which is considered to impact on this protected characteristic.
Marriage and civil partnership	No			There is nothing in the report which is considered to impact on this protected characteristic.
Pregnancy and maternity	No			There is nothing in the report which is considered to impact on this protected characteristic.
Race	No			There is nothing in the report which is considered to impact on this protected characteristic.

Religion or belief	No			There is nothing in the report which is considered to impact on this protected characteristic.
Sex	No			There is nothing in the report which is considered to impact on this protected characteristic.
Sexual orientation	No			There is nothing in the report which is considered to impact on this protected characteristic.

OUTCOMES, ACTION & PUBLIC REPORTING

Screening Assessment Outcome	Yes / No / Not at this Stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	Continued monitoring and reporting of the Dedicated Schools Grant budgets including development of Deficit Management Plan.	James Norris	Termly reporting to Schools Forum.
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	None		

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered "No" or "Not at this Stage" to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

All completed EqIA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

STAGE 2: FULL ASSESSMENT

2.1 SCOPE & DEFINE

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? *List the groups who the work is targeting/aimed at.*

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.*

2.2 INFORMATION GATHERING/EVIDENCE

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

Equality Duty Statement	Protected Characteristic	Advancing the Equality Duty		Negative impact		Explanation & Mitigations Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic
		Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	
Eliminate discrimination, harassment, victimisation	Age					
	Disability					
	Gender reassignment					
	Marriage and civil partnership					
	Pregnancy and maternity					
	Race					
	Religion or belief					
	Sex					
Advance equality of opportunity	Sexual orientation					
	Age					
	Disability					
	Gender reassignment					

	Marriage and civil partnership					
	Pregnancy and maternity					
	Race					
	Religion or belief					
	Sex					
	Sexual orientation					
Foster good relations	Age					
	Disability					
	Gender reassignment					
	Marriage and civil partnership					
	Pregnancy and maternity					
	Race					
	Religion or belief					
	Sex					
Sexual orientation						

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts?

These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.