

Report Title:	Budget Monitoring and Forecast 2022/23
Contains Confidential or Exempt Information	No – Part I
Cabinet Member:	Councillor Stuart Carroll - Deputy Chairman of Cabinet & Cabinet Member for Children's Services, Education, Health, Mental Health, & Transformation
Meeting and Date:	Schools Forum 17 November 2022
Responsible Officer(s):	Kevin McDaniel - Executive Director of People 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 projected financial position for 2022/23 along with a summary of associated Risks & Opportunities; the projected reserve deficit balance as at 31 March 2023 and an understanding of the financial pressures faced in respect of the Dedicated Schools Grant. Details are set out in sections 2 and 3.*

*Additionally, the report introduces the proposal to change the current arrangements in respect of the permanent exclusion process. Details are set out in section 4.*

## 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Schools Forum notes the report and:

- i) ***the cumulative projected reserve deficit balance as at 31 March 2023***
- ii) **agrees to the proposed change to the permanent exclusion process arrangements, effective and back dated from September 2021.**

## 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 the impact on the projected reserve deficit balance as at 31 March 2023. <b>This is the recommended option.</b>	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.

<b>Option</b>	<b>Comments</b>
Continue with no changes. <b>This is not recommended.</b>	The failure to use relevant financial information to understand the position of the Dedicated Schools Grant reserve.
Schools Forum to note the contents of the report and agrees to the proposed change the permanent exclusion process arrangements, effective from September 2021. <b>This is the recommended option.</b>	Permanent exclusions based on the academic year for all schools.
Continue with no changes. <b>This is not recommended.</b>	The failure to implement a consistent approach across all schools.

1.1 The recommended option to note the contents of the report and impact on the projected reserve deficit balance as at 31 March 2023 will ensure an understanding of the Dedicated Schools Grant financial position for 2022/23 and the cumulative deficit.

1.2 The recommended option to note the contents of the report and agree to the proposed change the permanent exclusion process arrangements will enable a consistent and transparent process to be implemented.

## 2. KEY IMPLICATIONS

2.1 The key implications of this report are set out in Table 3.

**Table 2: Key Implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Schools Forum to note the contents of the report and impact on the projected reserve deficit balance as at 31 March 2023	Greater than 3% movement in reported variance of central schools budget as at 31 March 2023	Less than 3% movement in reported variance of central schools budget as at 31 March 2023	Less than 2% movement in reported variance of central schools budget as at 31 March 2023	Less than 1% movement in reported variance of central schools budget as at 31 March 2023	30 April 2023
Schools Forum to note the contents of the report and agrees to the proposed change the	Agreed process with no change to the timely invoicing of permanent	Agreed process with timely invoicing of permanent exclusions	Agreed process with termly invoicing of permanent exclusions based on the	Agreed process with half termly invoicing of permanent exclusions based on the	31 January 2023

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
permanent exclusion process arrangements, effective from September 2021	exclusions based on the academic year	based on the academic year	academic year	academic year	

### **3. FINANCIAL DETAILS / VALUE FOR MONEY**

- 3.1 The Indicative Settlement for the Royal Borough for 2022/23 (including Academy schools) current budget notification is £141,166,000 with net retained funding of £72,442,000 consisting of £36,613,000 in respect of maintained schools delegated budgets and £35,829,000 central schools budget including Central School Services, Early Years and High Needs. Maintained schools delegated budgets are treated as spent as soon as they are delegated.
- 3.2 The projected net in-year overspend of £403,000 is an adverse movement on the dedicated schools grant general reserve which as at 31st March 2022 was a net deficit of £2,047,000, therefore, the cumulative projected deficit as at 31st March 2023 is £2,450,000, representing 1.7% of the total budget allocation 2022/23.
- 3.3 The material forecast variances are as follows:
- 3.4 The Schools Block underspend (£450,000) relates to the release of uncommitted pupil growth fund as no additional school places have been required this year.
- 3.5 The Central School Services Block underspend (£100,000) relates to reduced management overheads and non-independent special school places.
- 3.6 The Early Years Block underspend (£80,000) reflects historic funding levels compared to planned levels of provision.
- 3.7 The High Needs Block overspend of £1,033,000 is primarily due to provision of Independent Special or Non-Maintained Schools and other associated direct support.
- 3.8 Table 3 reflects the summarised financial position for 2022/23.

**Table 3: Summarised Financial Position 2022/23**

Schools Block Budget 2022/23	Current Budget £000	Less Academy Recoupment & Direct Funding £000	Net Budget £000	Current Forecast £000	Forecast Variance £000
<b>Expenditure</b>					
Schools	102,297	-65,684	36,613	36,163	-450
Central School Services	1,035	0	1,035	935	-100
Early Years	10,400	0	10,400	10,320	-80
High Needs	27,434	-3,040	24,394	25,427	1,033
<b>TOTAL EXPENDITURE</b>	<b>141,166</b>	<b>-68,724</b>	<b>72,442</b>	<b>72,845</b>	<b>403</b>
<b>Funding</b>					
Dedicated Schools Grant	-141,166	68,724	-72,442	-72,442	0
<b>TOTAL FUNDING</b>	<b>-141,166</b>	<b>68,724</b>	<b>-72,442</b>	<b>-72,442</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>403</b>	<b>403</b>
	<b>Summary</b>				
	Total in year (surplus) / deficit				403
	Balance brought forward DSG general reserve (surplus) / deficit				2,047
	Net Projected (surplus) /deficit				<b>2,450</b>

- 3.9 The Dedicated Schools Grant conditions require that any authority with an overall deficit on its Dedicated Schools Grant account at the end of the financial year prepare a Deficit Management Plan, including a recovery period of three to five years. It will be challenging to clear the cumulative deficit with increased costs and rising demand for complex service provision, and the SEND reforms (2014) that increased support to include individuals up to 25 years of age. The Deficit Management Plan was reported to the Schools Forum in May 2022.
- 3.10 In conjunction with the Deficit Management Plan, AfC 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 a more sustainable structure so authorities are better placed to respond to the forthcoming SEND Review reforms. The DBV programme commenced in the summer of 2022 and operate for 30/36 months.
- 3.11 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.

#### 4. PERMANENT EXCLUSIONS

- 4.1 When a pupil is excluded from a mainstream maintained school, the local authority deducts from the school's budget in-year the amount within the formula relating to the age and personal circumstances of that pupil, pro rata to the number of complete weeks remaining in the financial year from the 'relevant date'. This deduction should cover not just the basic entitlement but also the relevant amounts for pupil-led factors, such as free school meals or English as an additional language, where the pupil would attract funding through those criteria.
- 4.2 Currently, the local authority may ask an academy trust to agree an arrangement for the transfer of funding for a pupil who has been permanently excluded, on the same basis as if the academy were a maintained school as set out in 4.1. This request is considered by academies on a pupil by pupil basis.
- 4.3 The recommendation is to implement a standard approach for all RBWM schools, where the arrangement as per 4.1 applies to all schools. Additionally, for simplicity it is recommended that the adjustment is based on the academic year. The outcome of this recommendation will be for a more consistent, transparent approach, with the funding following the pupil in a more timely manner.
- 4.4 It is recommended the proposed changes are effective from September 2021 as this period has yet to be adjusted for.

#### 5. LEGAL IMPLICATIONS

- 5.1 This report complies with the DfE statutory operational guidance 2022/23.

#### 6. RISK MANAGEMENT

- 6.1 The risks and their control are set out in table 4.

**Table 4: Impact of risk and mitigation**

<b>Risk</b>	<b>Level of uncontrolled risk</b>	<b>Controls</b>	<b>Level of controlled risk</b>
Poor financial management resulting in lack of accuracy and reliance upon reported position	MEDIUM	Robust financial management within services to enable effective and timely reporting	LOW

## 7. POTENTIAL IMPACTS

- 7.1 Equalities. Equality Impact Assessments are published on the council's website. It has been assessed that there are no Equality Impact risks arising from this report.
- 7.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.
- 7.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

## 8. CONSULTATION

- 8.1 Financial reporting including the Dedicated Schools Grant is regularly provided to RBWM Commissioners and the Achieving for Children Board.

## 9. APPENDICES

- 9.1 This report is supported by the following appendix:
- Appendix A – Equality Impact Assessment

## 10. BACKGROUND DOCUMENTS

- 10.1 This report is supported by the following background document:
- Schools revenue funding 2022/23 Operational guidance  
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2022-to-2023>

## 11. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>		<i>Statutory Officers (or deputies)</i>	
Adele Taylor	Executive Director of Resources/S151 Officer	04-11-22	
Emma Duncan	Director of Law, Strategy & Public Health/ Monitoring Officer	04-11-22	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	04-11-22	
Elaine Browne	Head of Law (Deputy Monitoring Officer)	04-11-22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	04-11-22	07-11-22
<i>Mandatory:</i>		<i>Procurement Manager (or deputy) - if report requests approval to go to tender or award a contract</i>	

Lyn Hitchinson	Procurement Manager	04-11-22	
<b>Mandatory:</b>		<i>Data Protection Officer (or deputy) - if decision will result in processing of personal data; to advise on DPIA</i>	
Emma Young	Data Protection Officer	04-11-22	07-11-22
<b>Mandatory:</b>		<i>Equalities Officer – to advise on EQiA, or agree an EQiA is not required</i>	
Ellen McManus	Equalities & Engagement Officer	04-11-22	
<b>Other consultees:</b>			
<b>Directors (where relevant)</b>			
Tony Reeves	Interim Chief Executive	04-11-22	
Andrew Durrant	Executive Director of Place	04-11-22	
Kevin McDaniel	Executive Director of People Services	04-11-22	08-11-22

Confirmation relevant Cabinet Member(s) consulted	Cabinet Member for Children's Services, Education, Health, Mental Health, & Transformation	Yes
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## REPORT HISTORY

Decision type:	Urgency item?	To follow item?
For information & decision making	No	No

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

## APPENDIX A - EQUALITY IMPACT ASSESSMENT

### Essential information

Items to be assessed: (please mark 'x')

Strategy		Policy		Plan		Project		Service/Procedure	x
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Responsible officer	James Norris	Service area	Finance	Directorate	Children's (Achieving for Children)
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<b>Stage 1: EqIA Screening (mandatory)</b>	Date created: 04/11/2022	<b>Stage 2 : Full assessment (if applicable)</b>	N/A
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**Approved by Head of Service / Overseeing group/body / Project Sponsor:**

*"I am satisfied that an equality impact has been undertaken adequately."*

**Signed by (print):** Kevin McDaniel

**Dated:** 08/11/2022



## **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. 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.

### **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 2022/23 along with a summary of associated material variances; the reserve deficit balances as at 31 March 2022.

Additionally, the report is to provide the Schools Forum with the proposed changes to the permanent exclusion process arrangements, effective from September 2021.

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”.

<b>Protected characteristics</b>	<b>Relevance</b>	<b>Level</b>	<b>Positive/negative</b>	<b>Evidence</b>
<b>Age</b>	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.
<b>Disability</b>	Yes	Low	Negative	The Deficit Management Plan developed may impact on the current range of services provided for pupils within this characteristic. The impact will be continually reviewed and reassessed.
<b>Gender re-assignment</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
<b>Marriage/civil partnership</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
<b>Pregnancy and maternity</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
<b>Race</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
<b>Religion and belief</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
<b>Sex</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
<b>Sexual orientation</b>	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.

### **Outcome, action and public reporting**

<b>Screening Assessment Outcome</b>	<b>Yes / No / Not at this stage</b>	<b>Further Action Required / Action to be taken</b>	<b>Responsible Officer and / or Lead Strategic Group</b>	<b>Timescale for Resolution of negative impact / Delivery of positive impact</b>
<b>Was a significant level of negative impact identified?</b>	No	Continued monitoring and reporting of the Dedicated Schools Grant budgets including development of Deficit Management Plan.	James Norris	Regular reporting to Schools Forum.
<b>Does the strategy, policy, plan etc require amendment to have a positive impact?</b>	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).

## **Stage 2 : Full assessment**

### 2.1 : Scope and 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.***

Eliminate discrimination, harassment, victimisation

<b>Protected Characteristic</b>	<b>Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)</b>	<b>If yes, to what level? (High / Medium / Low)</b>	<b>Negative impact : Does the proposal disadvantage them (Yes / No)</b>	<b>If yes, to what level? (High / Medium / Low)</b>	<b>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.</b>
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	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.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					



Foster good relations

<b>Protected Characteristic</b>	<b>Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)</b>	<b>If yes, to what level? (High / Medium / Low)</b>	<b>Negative impact : Does the proposal disadvantage them (Yes / No)</b>	<b>If yes, to what level? (High / Medium / Low)</b>	<b>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.</b>
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and 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? If so please summarise any updates.**

*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.*

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