

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 15 December 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.

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***

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. 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.
Continue with no changes. This is not recommended.	The failure to use relevant financial information to understand the position of the Dedicated Schools Grant reserve.

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.

2. KEY IMPLICATIONS

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

Table 2: 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 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

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 underspend of (£197,000) is a favourable 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 £1,850,000, representing 1.3% of the total budget allocation 2022/23.
- 3.3 The total forecast variance is an underspend of (£197,000) with the material variances as follows:
- 3.4 The Schools Block underspend (£496,000) 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 (£125,000) relates to reduced management overheads and non-independent special school places.

- 3.6 The Early Years Block underspend (£135,000) reflects historic funding levels compared to planned levels of provision.
- 3.7 The High Needs Block overspend of £559,000 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 Gross Budget £000	Less Academy Recoupment & Direct Funding £000	Net Budget £000	Current Forecast £000	Forecast Variance £000
Expenditure					
Schools	102,297	-65,983	36,314	35,818	-496
Central School Services	1,035	0	1,035	910	-125
Early Years	10,400	0	10,400	10,265	-135
High Needs	27,434	-3,040	24,394	24,953	559
TOTAL EXPENDITURE	141,166	-69,023	72,143	71,946	-197
Funding					
Dedicated Schools Grant	-141,166	69,023	-72,143	-72,143	0
TOTAL FUNDING	-141,166	69,023	-72,143	-72,143	0
NET EXPENDITURE	0	0	0	-197	-197
	Summary				
	Total in year (surplus) / deficit				-197
	Balance brought forward DSG general reserve (surplus) / deficit				2,047
	Net Projected (surplus) /deficit				1,850

- 3.9 The total favourable movement to the previously reported position is (£600,000) with the material movements as follows:
- 3.10 The Schools Block increased underspend of (£46,000) relates to the release of the balance of the uncommitted pupil growth fund as no additional school places have been required this year.
- 3.11 The Central School Services Block increased underspend (£25,000) relates to reduced management overheads.
- 3.12 The Early Years Block increased underspend (£55,000) reflects the increased in-year block funding allocation of (£129,000) which was greater than the previously estimate level.
- 3.13 The High Needs Block reduced overspend of (£474,000) is primarily due to the implementation of several of the Deficit Management Plan themes, including the robust challenge process for agreeing inflationary rate increases and stronger commissioning arrangements estimated at (£190,000).
- 3.14 Further examples of Deficit Management Plan themes being implemented which have contributed towards the improved forecast include:

- The impact of the Social, Emotional & Mental Health (SEMH) programme reducing the volume of pupils at risk of exclusion. Additionally, interventions by coach monitors supporting pupils have in many cases resulted in no further Education and Health Care Plan (EHCP) support being required
- Reduction in the Special Schools placement costs through adding new resources bases/units within RBWM schools resulting in increased cost avoidance of more costly placements
- The EHCP funding panels now have headteachers on the board which has resulted in headteachers in our school having a greater understanding of SEND financial matrix
- More schools have been awarded the Quality Inclusion Mark resulting in more pupils with an EHCP being educated within Borough Schools that are attached to these units reducing Out of Borough costs

3.15 Within the High Needs Block forecast variance of £559,000 is an estimated provision of £400,000 for future demand of new placements for the period from 21st November 2022 to 31st March 2023. Future Demand will be monitored monthly, any underspend or additional pressures would be released into the forecast position.

3.16 The in-year position has significantly improved, however, 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.

3.17 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.

3.18 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. LEGAL IMPLICATIONS

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

5. RISK MANAGEMENT

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

Table 4: Impact of risk and mitigation

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

6. POTENTIAL IMPACTS

- 6.1 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.
- 6.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.
- 6.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

7. CONSULTATION

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

8. APPENDICES

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

9. BACKGROUND DOCUMENTS

- 9.1 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>

10. 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	05-12-22	
Emma Duncan	Director of Law, Strategy & Public Health/ Monitoring Officer	05-12-22	06-12-22
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	05-12-22	
Elaine Browne	Head of Law (Deputy Monitoring Officer)	05-12-22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	05-12-22	05-12-22
<i>Mandatory: Procurement Manager (or deputy) - if report requests approval to go to tender or award a contract</i>			
Lyn Hitchinson	Procurement Manager	05-12-22	06-12-22
<i>Mandatory: Data Protection Officer (or deputy) - if decision will result in processing of personal data; to advise on DPIA</i>			
Emma Young	Data Protection Officer	05-12-22	
<i>Mandatory: Equalities Officer – to advise on EQiA, or agree an EQiA is not required</i>			
Ellen McManus	Equalities & Engagement Officer	05-12-22	
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Tony Reeves	Interim Chief Executive	05-12-22	
Andrew Durrant	Executive Director of Place	05-12-22	
Kevin McDaniel	Executive Director of People Services	05-12-22	

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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Stage 1: EqIA Screening (mandatory)	Date created: 05/12/2022	Stage 2 : Full assessment (if applicable)	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: 05/12/2022

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 2023.

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 characteristics	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	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.
Gender re-assignment	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
Marriage/civil partnership	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
Pregnancy and maternity	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
Race	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
Religion and belief	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
Sex	No	N/A	N/A	There is nothing in the report which is considered to impact on this protected characteristic.
Sexual orientation	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

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	Regular 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).

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

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					

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

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					

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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