

Report Title:	Budget Outturn and School Balances 2022/23
Contains Confidential or Exempt Information	No – Part I
Cabinet Member:	Councillor Amy Tisi
Meeting and Date:	Schools Forum 13 July 2023
Responsible Officer(s):	Lin Ferguson - Executive Director of Children's Services Louise Dutton - 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 2022/23 along with a summary of associated material variances; the reserve deficit balance, maintained schools balances and delegated balances as at 31 March 2023. 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 2023.

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 2023. This is the recommended option.	Continued monitoring and timely reporting of material variances throughout 2023/24 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 2024.
Do nothing. This is not recommended.	The failure to use relevant financial information to understand the position of the Dedicated Schools Grant reserve.

- 1.1 The settlement for the Royal Borough for 2022/23 (including Academy schools) budget notification is £141.167m with net retained funding of £71.865m consisting of £36.035m in respect of maintained schools delegated budgets and £35.830m 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.
- 1.2 The dedicated schools grant budget ended the financial year 2022/23 with a net underspend of £0.941 representing 0.7% of the total DSG allocation for 2022/23.
- 1.3 The main reasons for the Dedicated Schools Grant net underspend of £0.941m are as follows:
 - The Schools Block underspend (£0.496m) relates to the release of an uncommitted pupil growth fund as no additional school places have been required this year, the underspend represents 70% of the budget allocation.
 - The Early Years Block underspend (£0.545m) reflects historic funding levels compared to actual levels of provision as reported through census data undertaken in January 2023, the underspend represents 5% of the budget allocation. The underspend reflects the Private, Voluntary, Independent Nursery providers reporting a greater number of children not attending nursery due to parents needing to reassess their financial commitments, believed to be a direct result of the cost-of-living crisis.
 - The High Needs Block overspend of £0.116m is primarily due to provision of Independent Special or Non-Maintained Schools and other associated direct support, the overspend represents less than 1% of the budget allocation.
- 1.4 Table 2 sets out the summarised financial position for 2022/23

Table 2 Summarised Financial Position 2022/23

Block Budget	S251 Budget Notification	Less Academy Recoupment & Direct Funding	Net Budget	Final Outturn Forecast	Final Outturn Variance
	£000	£000	£000	£000	£000
<u>Expenditure</u>					
Schools	102,297	(66,262)	36,035	35,539	(496)
Central School Services	1,035	0	1,035	1,020	(15)
Early Years	10,401	0	10,401	9,856	(545)
High Needs	27,434	(3,040)	24,394	24,510	(116)
TOTAL EXPENDITURE	141,167	(69,302)	71,865	70,924	(941)
<u>Funding</u>					
Dedicated Schools Grant	(141,167)	69,302	(71,865)	(71,865)	0
TOTAL FUNDING	(141,167)	69,302	(71,865)	(71,865)	0
NET EXPENDITURE	0	0	0	(941)	(941)
Balance brought forward DSG general reserve (surplus) / deficit					2,047
Net (surplus) /deficit					1,106

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 £35.830m the movement between the variance previously reported to Schools Forum 19 January 2023 of n underspend of £0.197m and the final outturn of £0.941m is £0.744m, representing a favourable movement of 2.1%.
- 3.3 The material movements include:

- The Early Years Block forecast underspend increased by (£0.410m) reflects historic funding levels compared to actual levels of provision as reported through census data undertaken in January 2023, the movement represents 3.9% of the budget allocation. The underspend reflects the Private, Voluntary, Independent Nursery providers reporting a greater number of children not attending nursery due to parents needing to reassess their financial commitments, believed to be a direct result of the cost-of-living pressures.
- The High Needs Block forecast overspend reduced by (£0.443m) largely due to the earlier impact of the Deficit Management Plan, the movement represents 1.6% of the budget allocation.

3.4 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 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	13 July 2023

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 The net in-year underspend of £0.941m is a favourable movement on the dedicated schools grant general reserve which as of 31 March 2022 was a net deficit of £2.047m, therefore, the revised deficit as of 31 March 2023 is £1.106m. The deficit as of 31 March 2023 represents 0.8% of the total budget allocation 2022/23.

5. DEFICIT MANAGEMENT PLANS

5.1 The Deficit Management Plan themes continue to significantly improve the budget position. The main Deficit Management Plan themes being implemented which have contributed towards the improved position include:

- The robust challenge process for agreeing inflationary rate increases and stronger commissioning arrangements
- 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 School 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

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.

4.5 The total fund carried forward to 2023/24 is £157,789, it is planned a 10% contingency of £15,789 will be retained, therefore, the net balance of £142,000 will be reimbursed to schools at the end of the summer term 2023.

7. MAINTAINED SCHOOL BALANCES

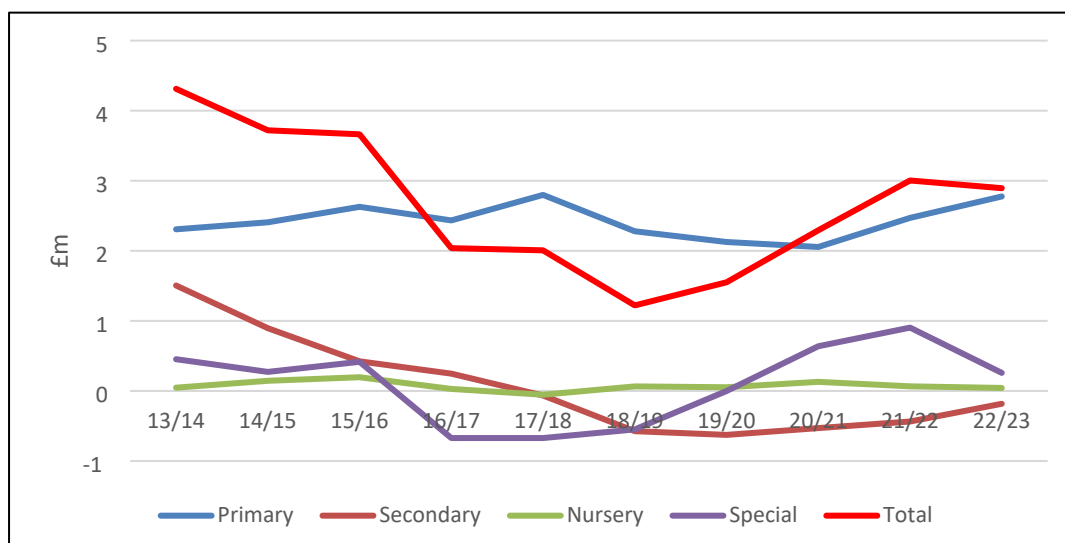
1.6 This section analyses maintained school balances at the end of 2022/23 reflecting on recent trends.

1.7 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.

1.8 As at 31 March 2023, the overall school balances totalled £2.894m equivalent to 5.1% of the delegated schools budget directly funded by the Department for Education, a net adverse movement of £0.109m (3.6%) on the balances compared with the previous year. The total per sector are set out in table 4.

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

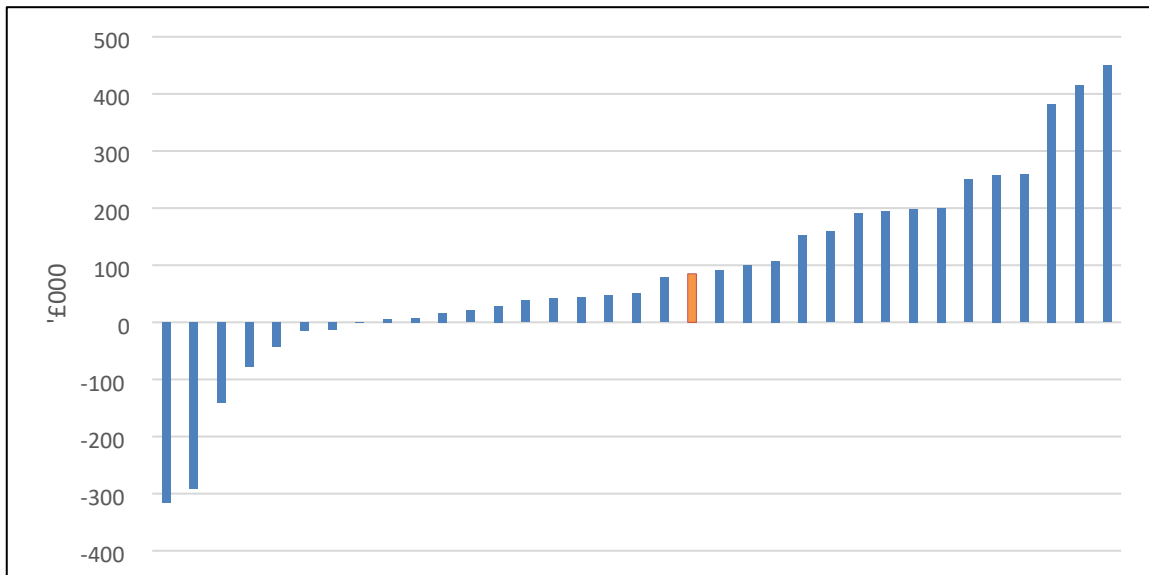
Diagram 1 Total school balances by sector 2013/14 to 2022/23



Surplus

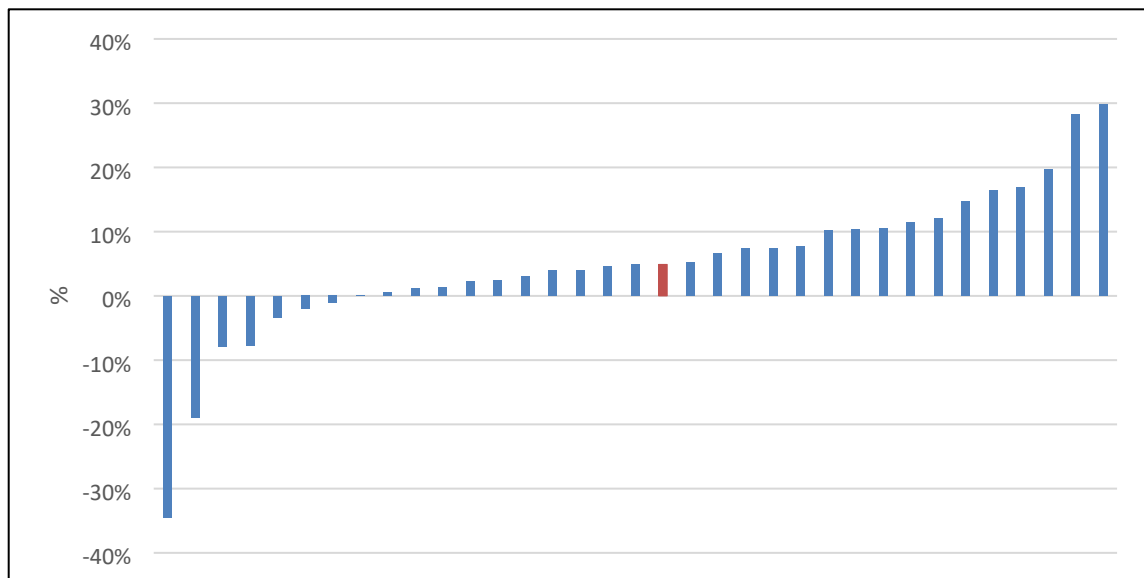
- 1.10 Schools are funded each year mainly on the number of pupils on roll and are expected to use their resources on those pupils, reserving a small allowance for future planning, projects and operational risks. The Department for Education discourages schools from building up excessive uncommitted balances, notionally defined as 5% of budget share for secondary schools, and 8% for other schools.
- 1.11 At the end of 2022/23, 27 out of 34 maintained schools had surplus balances. The 2022/23 surplus balances total £3.790m an average of £0.140m per school.
- 1.12 The full range of school balances is demonstrated in diagram 2; with the average balance highlighted orange.

Diagram 2 School Balances 31 March 2023



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

Diagram 3 Percentage School Balances 31 March 2023



Deficit balances

1.14 As of 31 March 2023, there were seven schools with a deficit position. The 2022/23 deficits total £0.896m, an average of £0.128m.

Movement in School Balances per Sector

1.15 The primary and secondary sectors have seen 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.

1.16 The most significant movement is within the special sector. There has been a big increase during the year both in income and expenditure. Income – Higher than budgeted top-up income, Coronavirus grants and pupil premium grants. Expenditure – Higher than budgeted pay increases for Teachers and Support staff, overspent in supply/agency budget and increased staffing due to change in the student cohort and increased numbers.

Table 4 Movement in School Balances

Sector	As at 31/03/22 Surplus / (deficit)	As at 31/03/23 Surplus / (deficit)	Total Movement Surplus / (deficit)
	£000	£000	£000
Nursery	66	43	(23)
Primary	2,470	2,776	306
Secondary	(436)	(184)	252
Special	904	259	(645)
Total	3,003	2,894	(109)

1.17 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).

1.18 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 MANAGMENT

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. BACKGROUND DOCUMENTS

13.1 This report is supported by one background document:

- Schools revenue funding 2022/23 Operational guide
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2023-to-2024/schools-operational-guide-2023-to-2024>

14. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputies)</i>			
Andrew Vallance	Executive Director of Resources/S151 Officer		
Emma Duncan	Director of Law, Strategy & Public Health/ Monitoring Officer		
<i>Deputies:</i>			
Vacant	Head of Finance (Deputy S151 Officer)		
Vacant	Head of Law (Deputy Monitoring Officer)		
Vacant	Head of Governance (Deputy Monitoring Officer)		
<i>Mandatory: Procurement Manager (or deputy) - if report requests approval to go to tender or award a contract</i>			
Lyn Hitchinson	Procurement Manager		
<i>Mandatory: Data Protection Officer (or deputy) - if decision will result in processing of personal data; to advise on DPIA</i>			
Samantha Wootton	Data Protection Officer		
<i>Mandatory: Equalities Officer – to advise on EQiA, or agree an EQiA is not required</i>			
Ellen McManus-Fry	Equalities & Engagement Officer		
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Stephen Evans	Chief Executive		
Andrew Durrant	Executive Director of Place		
Kevin McDaniel	Executive Director of Adult Services and Health (DASS)		
Lin Ferguson	Executive Director of Children's Services and Education (DCS)		

Confirmation relevant Cabinet Member(s) consulted	Cabinet Member for	
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REPORT HISTORY

Decision type:	Urgency item?	To follow item?
For information	No	No
Report Author: TBC		

Equality Impact Assessment

For support in completing this EQIA, please consult the EQIA Guidance Document or contact equality@rbwm.gov.uk

www.rbwm.gov.uk



1. Background Information

Title of policy/strategy/plan:	Budget Outturn and School Balances 2022/23
Service area:	Schools
Directorate:	Children's Services

Provide a brief explanation of the proposal:

- What are its intended outcomes?
- Who will deliver it?
- Is it a new proposal or a change to an existing one?

The intended outcome of the proposal is to provide Schools Forum with an updated financial position in respect of the Dedicated Schools Grants reported variance, deficit balance carried forward, maintained schools balances and de-delegated balances as of 31 March 2023.

This is not a new proposal and is a requirement to inform Schools Forum of the financial position of the Dedicated Schools Grant.

2. Relevance Check

Is this proposal likely to directly impact people, communities or RBWM employees?

- If No, please explain why not, including how you've considered equality issues.
- Will this proposal need a EQIA at a later stage? (for example, for a forthcoming action plan)

Yes.

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. The expectation is more appropriate provision will be provided to pupils within this characteristic.

If 'No', proceed to 'Sign off'. If unsure, please contact equality@rbwm.gov.uk

3. Evidence Gathering and Stakeholder Engagement

Who will be affected by this proposal? For example, users of a particular service, residents of a geographical area, staff
Stakeholders including pupils with disabilities will be directly affected by the proposals included within this report.
Among those affected by the proposal, are protected characteristics (age, sex, disability, race, religion, sexual orientation, gender reassignment, pregnancy/maternity, marriage/civil partnership) disproportionately represented? For example, compared to the general population do a higher proportion have disabilities?
Stakeholders including pupils with disabilities will be directly affected by the proposals included within this report.
What engagement/consultation has been undertaken or planned? <ul style="list-style-type: none">• How has/will equality considerations be taken into account?• Where known, what were the outcomes of this engagement?
Schools Forum is actively engaged throughout the Schools Formula budget setting. Within the Deficit Management Plan strategy there was a series of stakeholder surveys and engagement sessions undertaken with key groups.
What sources of data and evidence have been used in this assessment? Please consult the Equalities Evidence Grid for relevant data. Examples of other possible sources of information are in the Guidance document.
Not Applicable

4. Equality Analysis

Please detail, **using supporting evidence**:

- How the protected characteristics below might influence the needs and experiences of individuals, in relation to this proposal.
- How these characteristics might affect the impact of this proposal.

Tick positive/negative impact as appropriate. If there is no impact, or a neutral impact, state 'Not Applicable'

More information on each protected characteristic is provided in the Guidance document.

	Details and supporting evidence	Potential positive impact	Potential negative impact
Age	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	Yes	Not Applicable
Disability	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. The expectation is more appropriate provision will be provided to pupils within this characteristic.	Yes	Yes
Sex	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Race, ethnicity and religion	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Sexual orientation and gender reassignment	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Pregnancy and maternity	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Marriage and civil partnership	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Armed forces community	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Socio-economic considerations e.g. low income, poverty	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Children in care/Care leavers	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable

5. Impact Assessment and Monitoring

If you have not identified any disproportionate impacts and the questions below are not applicable, leave them blank and proceed to Sign Off.

What measures have been taken to ensure that groups with protected characteristics are able to benefit from this change, or are not disadvantaged by it? For example, adjustments needed to accommodate the needs of a particular group
Not Applicable
Where a potential negative impact cannot be avoided, what measures have been put in place to mitigate or minimise this? <ul style="list-style-type: none">For planned future actions, provide the name of the responsible individual and the target date for implementation.
Not Applicable
How will the equality impacts identified here be monitored and reviewed in the future? See guidance document for examples of appropriate stages to review an EQIA.
Not Applicable

6. Sign Off

Completed by: James Norris	Date: 18-05-23
Approved by:	Date:

If this version of the EQIA has been reviewed and/or updated:

Reviewed by:	Date:
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