

WIRRAL COUNCIL

SCHOOLS FORUM - 24 JANUARY 2012

REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES

SCHOOLS BUDGET MONITORING REPORT 2011-12

EXECUTIVE SUMMARY

This report briefly describes an anticipated underspend for the financial year 2011-12 in centrally held schools budgets of £2.0 m. It proposes funding schools PPM of £649,000 from DSG, the accelerated repayment of the School Harmonisation Loan of £2m and the creation of a reserve to fund any future harmonisation costs.

Anticipated Budgets Variations

Schools Delegated Budgets £23.6m reduction

Schools delegated budgets will be reduced to take account of academy transfer. There will be a matching reduction in DSG.

Early Years £1.1m reduction.

The underspend arises mainly from the use of final Standards Fund balances for the Extension of Early Years Entitlement, together with reductions in the anticipated hours and flexibility supplements claimed by providers.

School Meals £0.2m reduction

Although a number of schools have taken their meals service in house during the year, the METRO service is performing well. A labour review has been implemented post EVR which has reduced staff costs, in addition meal take up and paid meal income has increased and exceeds targets.

Rates £0.1m reduction

This arises from mandatory rate relief for academy schools.

SEN £0.6m reduction

There is an underspend in Statementing costs this year, which more than offsets the cost and number of Out of Borough Placements. No new commitments have been agreed in other SEN initiative areas and in this year the budget is not required to meet additional SEN demands, resulting in a £400,000 budget reduction. There is a small underspend in the behaviour programme whilst the service is restructured. This area will be the subject of future reports to strengthen priority programmes.

Special Staff Costs and Contingency

There are a number of small underspends in this area. However the contingency budget has also been used to meet academy recoupment costs for central services totaling £230,000. In 2012-13 this is likely to increase to £530,000 and therefore the relevant budgets will be reduced.

Schools PPM and PFI

These costs are included within the Schools Budget at the request of the DfE, having previously been included within Children's Services budget for Asset Management. The transfer is made with matching LA resources.

Schools PPM £649,000

This supports the health and safety and maintenance costs of school buildings, grounds and equipment. It also pays for minor repairs, emergencies and costs associated with the security and utilities for school buildings.

PFI Affordability GAP £1,973,400

This is the shortfall between the cost of PFI for the Council's 8 schools PFI scheme and the combined government grant and school contributions received.

Taking account of the current financial position within the Council's Children and Young People's Budget (overspend £1.6m) and the Schools Budget (Underspend £2.0m) a change is suggested in the funding of school maintenance. It is recommended that in 2011-12 the Schools Budget should fund PPM expenditure in full up to £649,000. At this stage the commitments are £500,000 and an underspend of £149,000 is likely since no new schemes are planned. The change would reduce the overall estimated underspend in the Schools Budget to £1.5m. No changes are proposed for the funding of PFI until the position with academies is resolved.

Job Evaluation and Pay Harmonisation

The Forum has previously received reports describing the level of backdated JE and Harmonisation costs which are estimated to be £5.5m. There are Schools Budget reserves totaling £2.9m to cover this, in addition there is a grant of £1m from the Council. The shortfall of £1.7m is funded by a council loan to be repaid by March 2015. Payment of JE arrears are being made this month, following which the total liability should become clearer.

It is suggested the remaining underspend in the Schools Budget, together with the budgeted loan instalment of £450,000 is used to repay the loan in full at the year end. Finally if this is the case that any remaining sum is transferred to a reserve to cover any costs arising from the final phases of JE and Harmonisation in Schools.

Recommendation

That the Forum comment on the proposed use of any Schools Budget underspends in 2011-12.