

WIRRAL COUNCIL

SCHOOLS FORUM – 15th MAY 2019

REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN'S SERVICES

SCHOOLS BUDGET OUTTURN REPORT 2018/19

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to outline the year end position for the 2018/19 Schools' Budget. At this time accounts are provisional and subject to audit.
- 1.2 Overall the schools budget had an over spend of £141,300. This amount includes a £15,900 over spend against the Council's contribution to the PFI budget, leaving a £125,400 overspend against the School's budget.
- 1.3 The table attached at appendix 1 compares the Schools Budget with the spend for the year and the main variations are set out below. A summary of the Budget and Outturn for each block of the Dedicated Schools Grant is as follows:

	Budget (£)	Outturn (£)	Variance (£)
Schools Block	113,075,400	110,264,034	-2,811,366
Schools de-delegated	1,725,200	1,772,121	46,921
Central Schools Services Block	3,244,900	3,311,009	66,109
High Needs Block	32,435,000	34,086,736	1,651,736
Early Years Block	21,123,800	20,387,836	-735,964
DSG	-170,428,000	-168,504,132	1,923,868
LA contribution – SEN restructure	-186,000	-186,000	0
Total	990,300	1,131,604	141,304

2.0 SCHOOLS BLOCK

2.1 Primary Schools - £2.921m reduction / under spend

Adjustments have been made following the conversions to Academy status during the year of Town Lane Infants, St Joseph's Catholic Primary (Birkenhead), Portland Primary, Christ Church CE Primary (Moreton), Woodslee Primary and Church Drive Primary schools.

This reduced spend through the delegated budget is offset by a reduction in the Dedicated Schools Grant (DSG) income. One secondary school (Bebington High School) converted to academy on 1st April 2019, but at the time of writing no further conversions are planned.

2.2 Secondary Schools – £109,800 increase / overspend

An additional £501.3k was allocated to 11 secondary schools in relation to the closure of The Kingsway Academy in August 2018. As previously reported, at the time of setting school budgets for 2018-19 there were 140 pupils at The Kingsway Academy whose successor school was unknown, and on the advice of ESFA a one-off 'growth' fund of £391,544 was set up to redistribute once the successor schools were known.

Funding regulations state that where growth funding is payable to academies, they should be funded for the period from the additional September intake through to the following August (as opposed to March for maintained schools), resulting in an overspend of £110k on the secondary school budget. However, following discussions with the ESFA they have agreed to fund this additional amount via a reduction in DSG recoupment.

2.3 School Specific Contingency - £3,000 over spend

This budget overspent by £3k, and the allocation of how it was spent is as follows:

	Budget £	Outturn £	Variance £
<u>Primary and Secondary Schools</u>			
Business Rates variations		223,200	
Vulnerable Children support		36,500	
Other school support		25,900	
LA temporary contribution to backdated business rates		(186,800)	
<u>Special Schools</u>			
School budget support		12,500	
Other budget support		1,800	
Special School buyback		(143,600)	
Special School balance redistributed		129,300	
Total	95,800	98,800	3,000

As reported to Forum in September, there were charges of £223k relating to Business Rates bills being above those estimated in budget allocations. £187k of this was in relation to backdated charges resulting in an amended rateable value due to new, refurbished, or revalued buildings. These charges can be backdated as far as April 2015.

Following discussions with the Director of Finance and Investment, it has been agreed that the Local Authority will fund these temporarily to support schools and relieve this pressure, with the intention that underspends on the School Specific Contingency budget in future years are used to pay it back.

2.4 Special Staff Costs - £107,800 over spend

There was a £107.8k overspend on Special Staff costs as shown in the table below:

	Budget £	Spend £	Variance £
Maternity, Paternity & Other Staff Costs	558,500	666,300	107,800
TU Facilities	82,300	82,300	0
Insurance & Recharges	6,900	6,900	0
Total	647,700	755,500	107,800

2.5 Behaviour Support - £45,200 under spend

Funding has been carried over from 2017-18 for embedded police invoices that were yet to be received. However, it has since been confirmed that there are no outstanding charges, resulting in an underspend of £45.2k.

2.6 Insurances - £16,500 under spend

This de-delegated budget has underspent by £16.5k due to a reduced number of schools claiming back the premium in recent years.

2.7 Schools Block DSG

As noted above, an additional £109k has been received during the year in relation to pupils transferring from Kingsway Academy to other Academies. The DfE adjusted the recouped amount from Wirral's DSG to take into account the full year due to academies being funded on an academic year basis.

They also adjusted to pay back £173k for the period Kingsway closed from September 2018. This was queried with ESFA, who confirmed it was correct and that no further adjustments were to be made.

3.0 CENTRAL SCHOOLS SERVICES BLOCK

3.1 PFI Affordability Gap - £91,500 overspend

The PFI contract makes provision for costs to increase each year by the December Retail Prices Index (RPI), less 10% of that RPI. The 2018/19 budget was set using the December 2018 RPI rate of 4.1%. However, the actual RPI rate used is a more precise figure, resulting in an overspend of £15,900 against the Council's contribution to the PFI budget.

The closure of Kingsway Academy has resulted in a reduction in the schools contribution to PFI costs from September 2018. However, DfE have agreed to fund 50% of this shortfall for 3 years, frontloaded due to concerns that the earlier years are more difficult for the Council.

However, there were also additional redundancy costs of £75,500 following the closure of Kingsway Academy, which are included in the PFI contract and contribute to the overspend.

3.2 School Admissions – £27,700 under spend

This centrally managed budget has underspent by £28k relating to small uncommitted budgets, part year vacant posts, and reduced costs in relation to examination fees.

3.3 School Closure / Retirement Costs - £12,700 over spend

The enhanced pension costs arising from previous school closures were £72,700.

3.4 Schools Forum – £10,600 under spend

There has been no spending against this budget of £10,600.

3.5 Contribution to Combined Budgets – no variance

There was no variance on the schools budget's contribution to combined budgets of £875k, which was utilised across the following areas:

	Budget
	£
School Improvement	330,000
Discretionary Rate Relief Top Up	106,600
LCSB contribution	30,000
Governors Forum	2,200
PFI Support Team	61,800
LACES	140,500
School Intervention	136,000
CLC PFI	68,500
Total	875,600

4.0 EARLY YEARS BLOCK

- 4.1 The overall position on the Early Years block was an under spend of £781k when comparing actual spend with DSG received, as summarised by the following table:

	2018-19 DSG £	2018-19 Outturn £	2018-19 variance £
2 Year Olds	3,096,654	3,146,292	49,638
3/4 - universal	10,992,501	10,981,819	-10,681
3/4 - extended	5,217,945	4,809,019	-408,926
EYPP	229,104	227,619	-1,485
DAF	99,630	40,135	-59,495
MNS Protection	564,369	523,160	-41,209
Central Costs	518,700	365,577	-153,123
Inclusive Practice Fund	450,000	294,215	-155,785
Total	21,168,903	20,387,836	-781,068

4.2 Inclusive Practice Fund - £155,800 under spend

There was an underspend of £156k relating to the Inclusive Practice Fund. As reported to Forum in January, while IPF referrals are increasing, the new processes introduced in 2018 are still to take hold, and there remains a reluctance from providers in applying due to the funding rate compared with the work involved in applying.

As agreed by Forum in January, the funding rate has been increased to £5.12 from the spring 2019 term, transition funding for the 1st half term of F2 will apply where appropriate, and a dedicated fixed term post will be appointed in order to maximise use of this budget in future years.

4.3 Early Years Central Budget - £153,100 under spend

The £140k permanent increase in this budget, which had previously been increased temporarily, was not agreed until midway through 2018-19, resulting in some slippage in the restructuring of the service and planned projects, including the purchase of IT Software. It is anticipated that these initiatives will be implemented in full in 2019-20.

There has also been some additional grant income received, as well as some additional income from training courses which was not budget for.

4.4 2-Year-old offer - £49,600 increase

Payments to providers during the year for 2-year-old funding was £50k in excess of DSG received. This is caused by the eligible population fluctuating during the year as well as take-up reducing to 84% in spring 2019.

4.5 3 & 4 Year Old Extended Offer - £408,900 reduction

The extended offer for working parents of 3 and 4 year olds saw an under spend of £409k against anticipated DSG funding. Take up of the extended offer has

increased considerably since spring 2018, while autumn 2018 saw a reduction in claims due to children starting school.

4.6 Disability Access Fund – £59,500 reduction

Following its introduction in 2017-18, take up of the Disability Access Fund (DAF) has not increased during 2018-19 with only 65 claims being made, resulting in an underspend of £60k. ESFA have confirmed that final 2018-19 allocations of DAF funding will be based on DLA data rather than Early Years census date, so the 2018-19 DSG allocation will not be adjusted.

ESFA have stated that they expect authorities to spend any additional funding over and above DAF actually paid out in 2018-19 on services in line with the principles and aims of DAF. It is therefore proposed that the £59.5k unspent DAF funding is ring fenced to be spent on further initiatives to support the purpose of DAF, such as training, equipment etc., in addition to the £54,700 underspend from 2017-18.

5.0 HIGH NEEDS BLOCK

5.1 Bases - £16,000 reduction / under spend

This reduction in spend results from Woodslee Primary converting to Academy status on 1st December, with a corresponding reduction in DSG, enabling ESFA to pay the Academy directly from the date of conversion.

5.2 Special Education Needs Statements (excluding Early Years) - £1.127m over spend

As previously reported, there has been a large increase in the cost of statements during 2018-19, resulting in an over spend of £1.127m. Primary schools were budgeted based on 1,573 units in autumn 2017, but in autumn 2018 and spring 2019 around 2,500 units were paid.

Similarly, the budget for secondary statements was based on 1,653 units paid in autumn 2017, while over 1,900 units were paid in autumn 18 and spring 19.

The overall budget of £4.281m for SEN Statements also includes the Inclusive Practice Fund as described above (paragraph 3.2).

5.3 Special Education Needs Top Ups - £1.178m over spend

A budget of £9.6m funds the Pupil Led Top Up funding in Specialist Provision, Resource Bases, FE, Colleges and Alternative Provision.

Cost for special school top-ups include pupils in the additional places in 4 special schools from September 2018 as agreed in July 2018, as well as several schools with pupils exceeding their place numbers, and pupils needs increasing in complexity.

Top-up numbers were slightly lower than budgeted in established bases, while numbers in Emslie Morgan were significantly below place numbers in Autumn and Spring, with this budget also funding the Progress Pathways pilot as reported to September Forum.

Demand for Exceptional Needs has increased resulting in an overspend of £265k, and costs of FE and 6th Form top-ups have increased significantly, with an overspend of £512k reflecting a national increase in demand as well as tribunal

cases placing 2 students in places costing £100k each per term. These cases will be reviewed at the end of the academic year.

The breakdown of the SEN Top Ups budget is as follows:

	Budget	Spend	Variance
	£	£	£
Top Ups for Maintained Special Schools	6,917,000	7,410,200	493,200
Top Ups for Resourced provision	724,400	690,000	(34,400)
Alternative provision	433,300	360,000	(73,300)
FE and 6 TH Form Top Ups	946,000	1,457,900	511,900
Additional Nursing Support	106,600	121,800	15,200
Exceptional Needs	504,100	769,300	265,200
Total	9,631,400	10,809,200	1,177,800

5.4 Home Tuition - £111,100 over spend

The Home Tuition Service over spent by £110k, which again was due to the need to react to demands from schools for pupils to be home-educated, far exceeding original numbers assumed when the budget was increased from April 2018. Consideration will be given as to how the service is operated in 2019-20.

5.5 High Needs Contingency - £358,400 over spend

The High Needs Contingency budget of £279,900 over spent in 2018-19, largely due to the additional places in 4 special schools from September 2018, as well as the increasing number of EHCPs being awarded resulting in the 90% SEN guarantee costing more than previous years. Commitments during the year included:

	£
90% SEN guarantee	259,100
Additional Special School places from September	<u>379,200</u>
	<u>638,300</u>

5.6 Support for SEN - £468,400 under spend

A number of posts have been vacant throughout the year in this area. There has also been a staffing restructure of the SEN service as previously reported to Forum including the formation of a Clinical Psychologists team, with an additional budget of £587k across the whole service. This includes an increase of £186k for the SEN Support Services which, although only confirmed in September/October 2018, has been secured for the full year increasing the overspend. Some overhead budgets within SEN Support have also been uncommitted to contribute to the increased staffing costs.

5.7 Independent Special Schools - £103,700 over spend

The budget in this area has been exceeded by £104k, which reflects an increased demand. At 31st March 2019 there were 94 young people with complex needs in Independent Special Schools. The cost of placements increased during the year, partly due to students moving into 6th Form provision.

5.8 High Needs Review (2018-19 Schools Block 0.5% Top-Slice) - £729,200 under spend

£993,300 was top-sliced from the Schools Block in 2018-19, and was partially committed to fund the places and top-ups following the creation of some pilot bases from September 2018 pending the outcome of the independent SEN review. The cost in 2018-19 was £264.2k, with a further £428.6k committed as part of the 2019-20 budget, leaving approximately £300k from the top-sliced

amount. It is proposed that this is used to support high needs pressures in 2019-20 and beyond.

5.9 High Needs Block DSG

An additional £712k high needs funding was received as part of the additional £250m High Needs block funding over 2 years announced by ESFA on 17th December 2018. The same amount has been included in the 2019-20 budget.

6.0 UPDATE ON SPECIFIC RESERVES

6.1 The DSG reserves carried forward into 2018/19 were £2.3m, and the amounts carried forward into 2018/19 total £2.2m as follows:

- **Job Evaluation and Pay Harmonisation – Balance at 31.03.19 - £0.655m**

- **DSG Reserve – Balance at 31.03.18 – £1.41m**

	£
DSG Carry Forward from 2017/18	1,492,100
Additional DSG relating to 2017/18	48,000
Use of reserve - Schools' budget overspend	(125,400)
	1,414,700

- **Early Years – Balance at 31.03.19 - £0.094m**

This reserve is expected to fund development in the Early Years Portal.

- **City Learning Centres – Balance at 31.03.19 - £0.045m**

There will be some remaining final closure / school reuse costs in relation to the former City Learning Centres, but these are not expected to exceed £45k.

7.0 CONCLUSION

7.1 The £15.9k over spend recorded against the PFI Affordability Gap relates to the Council's contribution to the school budget. The remaining services had a cumulative over spend of £125,400, largely related to the High Needs block.

8.0 RECOMMENDATIONS

8.1 That the Forum notes the report and the financial position of the Schools Budget for 2018/19.

8.2 That the £1,414,700 balance in the DSG reserve be ring-fenced as follows:

- £181,500 for use to support the Inclusive Practice Fund as agreed in May 2018;
- £59,500 underspend on the 2018-19 Disability Access Fund is added to the £54,700 underspend from 2017-18 leaving a total of £114,200 to be used for further initiatives to support the purpose of the Disability Access Fund, such as training, equipment etc. in line with ESFA guidelines;
- £1,119,000 to support High Needs pressures and the general schools' budget in 2019-20 and beyond.

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Corporate Director for Children Services

Appendix 1 – Budget Variations 2018-19

	Budget 2018-19	Spend 2018-19	Variation 2018-19
	£	£	£
Individual Schools Budget			
Primary Schools	91,071,100	88,149,969	-2,921,131
Secondary Schools	22,004,300	22,114,065	109,765
Special Schools	8,964,400	8,964,400	0
Wirral Hospitals School	1,354,300	1,354,300	0
Bases	1,012,000	996,000	-16,000
Early Years Funding	20,155,100	19,728,044	-427,056
Individual Schools Budget Total	144,561,200	141,306,779	-3,254,421
Central School Costs			
Early Years	518,700	365,577	-153,123
Admissions	372,200	344,546	-27,654
School Closure / retirement costs	60,000	72,689	12,689
Licences & Subscriptions	233,100	233,139	39
Schools Forum	10,600	0	-10,600
Contributions to Combined Budgets	875,600	875,600	0
PFI Affordability Gap	963,400	1,054,870	91,470
Retained duties (ex-ESG)	730,000	730,000	0
Costs delegated to / de-delegated from schools			
Library Service	180,900	178,684	-2,216
Insurances	27,500	11,039	-16,461
School Specific Contingencies	95,800	98,793	2,993
Special Staff Costs	647,700	755,484	107,784
School Meals	19,300	19,300	0
Behaviour Support	88,600	43,420	-45,180
School Improvement	166,100	166,100	0
General duties (ex-ESG)	499,300	499,300	0
High Needs Pupils			
Statements	4,280,800	5,252,402	971,602
SEN Top Ups	9,631,400	10,809,216	1,177,816
High Needs Contingency	279,900	638,274	358,374
Independent Special Schools	3,700,000	3,803,746	103,746
Home Tuition	400,500	511,614	111,114
Exclusions	60,000	47,007	-12,993
Support For Special Education Needs	2,150,200	1,681,809	-468,391
Special School Transport	58,200	58,200	0
Schools Block 0.5% top-slice	993,300	264,133	-729,167
Non-delegated school costs total	27,043,100	28,514,942	1,471,842
Total School and Central Costs	171,604,300	169,821,721	-1,782,579
Dedicated School Grant	-170,428,000	-168,504,132	1,923,868
LA contribution - SEN restructure	-186,000	-186,000	0
Use of reserves - Schools budget overspend	0	-125,370	-125,370
Grand Total	990,300	1,006,219	15,919