

WIRRAL COUNCIL

SCHOOLS FORUM – 30th June 2020

REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN'S SERVICES

SCHOOLS BUDGET OUTTURN REPORT 2019/20

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to outline the year end position for the 2019/20 Schools' Budget. At this time, the accounts are provisional and subject to audit.
- 1.2 Overall the schools' budget has overspent by £1,264,497 which is mainly due to pressure in the High Needs Block. The overspend is the cumulative closing position and thus reflects the position after use of the opening balance in the DSG reserve. There has been no impact on the 2019/20 budget from Covid-19 as the additional costs and funding have occurred in 2020/21.
- 1.3 The table attached at appendix 1 compares the detailed Schools Budget with the spend for the year and the reasons for the main variations are included below. The Budget and Outturn for each block of the Dedicated Schools Grant is as follows:

	Budget (£)	Outturn (£)	Variance (£)
Schools Block	109,295,600	103,656,477	5,639,123
Schools de-delegated	1,653,700	1,859,995	(206,295)
Central Schools Services Block	3,413,400	3,424,724	(11,324)
High Needs Block	36,227,300	37,723,057	(1,495,757)
Early Years Block	21,172,200	20,673,561	498,639
DSG	(168,114,700)	(162,559,881)	(5,554,819)
LA contribution – SEN restructure	(186,000)	(186,000)	0
Use of DSG reserves – High Needs deficit	(2,343,200)	(2,209,136)	(134,064)
Total	1,118,300	2,382,797	1,264,497

2.0 SCHOOLS BLOCK

2.1 Secondary Schools – £5.639m reduction/underspend

Adjustments have been made following the conversions to Academy status during the year for Bebington High School and this has resulted in an underspend of £5.869m. The reduced spend through the delegated budget is offset by a reduction in the Dedicated Schools Grant (DSG) income.

The schools' budget for 2019/20 was set prior to Bebington High School converting to Academy status thus £64.4k of Bebington's school budget had already been allocated to School de-delegated activities. The conversion to Academy status resulted in a recoupment of the gross budget for Bebington thus generating a £59.4k overspend in Secondary schools and this has been offset against the £5.869m underspend.

The underspend has been further offset by expenditure of £165.4k for 3 secondary schools that is to be funded from the re-allocation of the one-off 'growth' fund that was set up following the closure of Kingsway Academy. The funding for this activity had been ring-fenced in the DSG reserve at the end of 2018-19. The overspend is, therefore, offset by DSG income.

2.2 School Specific Contingency - £12.7k underspend

This budget underspent by £12.7k, and the allocation of how it was spent is as follows:

	Budget £	Outturn £	Variance £
<u>Primary and Secondary Schools</u>			
Business Rates variations	6,018		
Vulnerable Children support	39,500		
Other school support	33,342		
<u>Special Schools</u>			
School budget support	5,267		
Other budget support	1,800		
Special School buyback	(144,254)		
Special School balance redistributed	136,702		
Total	78,375	91,100	(12,725)

The purpose of this budget is to meet exceptional and unforeseen costs, which would be unreasonable to expect the schools and governing bodies to bear. As such these costs can fluctuate year on year.

2.4 Special Staff Costs - £226.3k overspend

There was a £226.3k overspend on Special Staff costs as shown in the table below:

	Budget £	Outturn £	Variance £
Maternity, Paternity & Other Staff Costs	531,267	757,577	(226,310)
TU Facilities	89,433	89,433	0
Insurances & Recharges	6,900	6,900	0
Total	627,600	853,910	(226,310)

The overspend is due to the additional staff costs associated with the increasing number of maternity cases in primary and special schools. The continuing pressure on this activity has been reflected in the increased pupil rate in the de-delegation budget proposals for 2020-21.

2.5 Schools Block DSG

As noted above, DSG income reflects the recouplement of grant in respect of Bebington High School that converted to Academy status with effect from 1 April 2019.

3.0 CENTRAL SCHOOLS SERVICES BLOCK

3.1 School Admissions – £12.9 overspend

This centrally managed budget has overspent by £12.9k due to increased pension costs and agency cover for maternity leave.

3.2 School Closure / Retirement Costs - £14.4k overspend

The enhanced pension costs arising from previous school closures were £74.4k against a budget of £60k. The budget for this activity has been increased for 2020-21 to reflect the pressures in recent years.

3.3 Schools Forum – £10.6k underspend

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

3.4 Contribution to Combined Budgets – no variance

The £875.6k budget 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 underspend of £499.4k when comparing actual spend with DSG received, as summarised by the following table:

	2019-20 DSG Grant £	2019-20 Outturn £	2019-20 variance £
2 Year Old's	3,124,444	3,140,037	(15,593)
3/4 - universal	10,871,093	10,805,854	65,239
3/4 - extended	5,416,025	5,150,521	265,504
EYPP	186,991	195,917	(8,926)
DAF	103,300	39,360	63,940
MNS Protection	572,000	522,237	49,763
Central Costs	518,700	433,776	84,924
Inclusive Practice Fund	450,000	455,438	(5,438)
Total	21,242,553	20,743,140	499,413

4.2 2-Year-old offer - £15.6k deficit

Payments to providers during the year for 2-year-old funding was £15.6k more than DSG received. This is caused by the actual take-up of eligible 2-Year old's being greater than the expected level on which the funding is based.

4.3 3 & 4-Year-Old Universal Offer - £65.2k surplus

Take-up of places is still growing but is still less than the expected level on which the funding is based, and this has resulted in a surplus of £65.2k against anticipated DSG funding.

4.3 3 & 4-Year-Old Extended Offer - £265.5k surplus

The extended offer for working parents of 3- and 4-year old's saw a surplus of £265.5k against anticipated DSG funding. Take-up of the extended offer has increased considerably but is still less than the expected level on which the funding is based.

4.4 Disability Access Fund – £63.9k surplus

Following its introduction in 2017-18, take up of the Disability Access Fund (DAF) has been less than expected. EFSA have confirmed that final 2018-19 allocations of DAF funding will be based on DLA data rather than Early Years census data, so the 2019-20 DSG allocation will not be adjusted.

EFSA have stated that they expect authorities to spend any additional funding over and above DAF actually paid out in 2019-20 on services in line with the principles and aims of DAF. It is therefore proposed that the £63.9k unspent DAF funding is spent on further initiatives to support the purpose of DAF, such as training, equipment etc., in addition to the total £114.3k surplus from 2017-18 and 2018-19.

4.5 Early Years Central Budget - £84.9k underspend

The underspend is due to staff vacancies that occurred during the year. Further analysis is to be undertaken to determine if the vacancies will continue into 2020-21.

5.0 HIGH NEEDS BLOCK

5.1 Bases - £108.8k underspend

Adjustments have been made following the conversions to Academy status during the year for Bebington High School and this has resulted in an underspend of £108.8k. The reduced spend through the delegated budget is offset by a reduction in the Dedicated Schools Grant (DSG) income.

5.2 Special Education Needs Statements (excluding Early Years) - £394.9k overspend

Pressure on this budget continues with an overspend of £394.4k despite an increase in the budget from 2018-19. There has been an increase in awards and the number of out of area children for Primary Schools and this has generated an overspend of £518.2k. This includes £14,500 committed for a nurture group at Rock Ferry Primary and £60k committed for a group PFA at Egremont Primary.

There was an underspend of £128.7k for Secondary Schools. The underspend is due to actual awards being less than expected.

5.3 Special Education Needs Top Ups - £1.439m overspend

The overall position on the High Needs Block was an overspend of £1.439m which is summarised as follows:

	Budget £	Spend £	Variance £
Top Ups for Maintained Special Schools	7,708,600	8,113,933	(405,333)
Top Ups for Resourced provision	1,038,200	1,067,641	(29,441)
Alternative provision	434,900	949,984	(515,084)
FE and 6 TH Form Top Ups	1,700,000	1,648,939	51,061
Additional Nursing Support	106,600	145,330	(38,730)
Exceptional Needs	504,100	1,005,465	(501,365)
Total	11,492,400	12,931,292	(1,438,892)

Top Ups for Maintained Special Schools was overspent by £405.3k due to several schools being over place numbers. This includes 5 pupils at Gilbrook School and 23 extra pupils at Elleray Park from September 2019. In addition, there were additional costs relating to backdated banding assessments.

Alternative Provision top-ups budget was overspent by £515.1k which is mainly due to the provision of new initiatives. The overspend is partially offset by £263k of DSG income in relation to Emslie Morgan Academy which closed in August 2019.

FE and 6TH Form Top Ups were underspent by £51.1k which is mainly due to a £90k contribution from Department of Health and Social Care in respect of one particularly costly placement.

Exceptional Needs was overspent by £501.4k which is mainly due to increased demand. There are currently 53 pupils being funded with up to 60 pupils being funded earlier in the financial year. In addition, unplanned costs were incurred in relation to the installation and rental costs of a portacabin at a special school. As reported to Forum earlier in the year, all awards as well as the award process for Exceptional Needs funding are currently being reviewed.

5.4 High Needs Contingency - £78.6k overspend

The overspend is due to additional place funding and this includes 5 pupils at Gilbrook School and 23 extra pupils at Elleray Park from September 2019.

5.5 Independent Special Schools - £28.9k overspend

The budget overspent by £293.9k due to actual students being greater than expected. The budget is based on 84 students but activity has been as high as 103 during the year.

The overspend has been mostly off-set by lower than expected costs relating to 2018/19. As previously reported, there were around £400k of 2018/19 commitments which remained unpaid/uninvoiced. £195k of these have been found to have been overstated and have resulted in a one-off reduction in overall costs for 2019-20.

5.6 Home Tuition - £93.4k overspend

Although the Home Tuition budget was increased in 2018-19 to ensure the service could meet statutory requirements, due to increasing costs and demand an overspend of £93.4k has been generated for 2019-20. This service provision will be reviewed during 2020.

5.7 Support for SEN - £250.9k underspend

The underspend is mainly due to several posts that 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.

6.0 UPDATE ON SPECIFIC RESERVES

6.1 The DSG reserves carried forward into 2019/20 were £2.2m. Following the planned usage for 2019/20 plus the subsequent in-year overspend the reserve balance to be carried forward into 2020/21 is in deficit by £1.264m as follows:

	Brought forward balance at 1 Apr 19 £	2019/20 Activity £	Carried forward balance at 31 Mar 20 £
DSG Reserve	1,414,669	(3,473,633)	(2,058,964)
Job Evaluation and Pay Harmonisation	655,396	0	655,396
Early Years – development in the Early Years Portal	94,071	0	94,071
City Learning Centre's	45,000	0	45,000
Total surplus/(deficit)	2,209,136	(3,473,633)	(1,264,497)

Following the return of an overall deficit position at 31 March 2020, the DSG reserve is now represented by an overall merged position of (£1,264,497).

- 6.2 Regulations require that where the deficit is 1% or more of the DSG allocation, gross of recoupment, a recovery plan must be submitted to EFSA. The Wirral DSG reserve deficit at the end of the 2019/20 is less than the 1% thus there is no requirement to submit a recovery plan to EFSA at this time. Updated regulations are expected in July 2020 thus the basis for submitting recovery plans to EFSA may change.

Whilst a Recovery Plan may not need to be formally submitted to the EFSA, a plan must be developed and put in place to recover the deficit and thus is currently in the planning stages. The base budget estimate presented to Schools Forum in January 2020 identified an underspend of 644k for 2020-21. Whilst this will go some way to off-setting the deficit if it is achieved, there will still be a shortfall of £620k at the end of 2020-21.

- 6.3 Whilst the overall DSG reserve to be carried forward to 2020/21 is in deficit by £1.264m, this includes a cumulative surplus of £178.2k in respect of the Early Years Disability Access Fund.
- 6.4 Since the 2019-20 financial year closed to transactions, further charges for 2019/20 of £67.2k have been identified for Early Years activity which will be paid in 2020/21. To avoid pressure on the 2020/21 budget, it is proposed that £67.2k of the 2020/21 DSG reserve be ring-fenced to meet these costs.

7.0 CONCLUSION

- 7.1 The overspend recorded for 2019/20 has resulted in an overall DSG reserve deficit of £1.264m at 31 March 2020.

8.0 RECOMMENDATIONS

- 8.1 That the Forum notes the report and the financial position of the Schools Budget for 2019/20.
- 8.2 That £245,305 of DSG for 2020-21 be ring-fenced as follows:

Disability Access Fund underspend	£178,140
Early Years late charges for 2019-20	£ 67,165

- 8.3 That the High Needs working group meets with the Head of Service for SEND and Inclusion and Finance Business Support colleagues to discuss the Councils' deficit recovery plan.

Paul Boyce

Corporate Director for Children Services

Appendix 1 – Budget Variations 2019-20	Budget 2019-20	Spend 2019-20	Variation 2019-20
	£	£	£
Individual Schools Budget			
Primary Schools	85,814,000	85,814,000	0
Secondary Schools	23,481,600	17,842,477	5,639,123
Special Schools	10,328,600	10,328,600	0
Wirral Hospitals School	1,354,300	1,354,300	0
Bases	1,108,000	999,187	108,813
Early Years Funding	20,203,500	19,784,347	419,153
Individual Schools Budget Total	142,290,000	136,122,912	6,167,088
Central School Costs			
Early Years	518,700	433,776	84,924
Admissions	372,200	385,151	(12,951)
School Closure / retirement costs	60,000	74,448	(14,448)
Licences & Subscriptions	246,600	241,126	5,474
Schools Forum	10,600	0	10,600
Contributions to Combined Budgets	875,600	875,600	0
PFI Affordability Gap	1,118,400	1,118,400	0
Retained duties (ex-ESG)	730,000	730,000	0
Costs delegated to / de-delegated from schools			
Library Service	170,100	172,311	(2,211)
Insurances	25,900	17,286	8,614
School Specific Contingencies	91,100	78,375	12,725
Special Staff Costs	627,600	853,910	(226,310)
Behavior Support	86,000	85,113	887
School Improvement	159,100	159,100	0
General duties (ex-ESG)	493,900	493,900	0
High Needs Pupils			
Statements	5,715,100	6,109,999	(394,899)
SEN Top Ups	11,492,400	12,931,292	(1,438,892)
High Needs Contingency	310,000	231,378	78,622
Independent Special Schools	3,700,000	3,728,872	(28,872)
Home Tuition	400,500	493,945	(93,445)
Exclusions	60,000	43,463	16,537
Support for Special Education Needs	2,150,200	1,899,260	250,940
Special School Transport	58,200	58,200	0
Non-delegated school costs total	29,472,200	31,214,903	(1,742,703)
Total School and Central Costs	171,762,200	167,337,814	4,424,386
Dedicated School Grant	(168,114,700)	(162,559,881)	(5,554,819)
LA contribution - SEN restructure	(186,000)	(186,000)	0
Use of reserves - Schools budget overspend	(2,343,200)	(2,209,136)	(134,064)
Grand Total	1,118,300	2,382,797	(1,264,497)