

WIRRAL COUNCIL

SCHOOLS FORUM – 29th SEPTEMBER 2020

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

SCHOOLS BUDGET MONITORING REPORT 2020-21

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Forum on the Schools Budget position and anticipated variations in the current year.
- 1.2 Overall the schools' net budget is forecast to overspend by £1.7m which is mainly due to pressure in the High Needs Block. When the budget was set it was expected that there would be a surplus £644k in the High Needs Block and it was planned that this would be used to make a contribution to the Dedicated Schools Grant (DSG) reserve. The gross overspend against budgeted expenditure is, therefore, £2.3m but has been partially offset with the £644k budgeted surplus bringing the in-year projected deficit for 2020-21 to £1.7m.
- 1.3 At the end of 2019-20 the DSG reserve closed with a deficit balance of £1.3m. The forecast in-year deficit of £1.7m means that the closing balance on the DSG reserve is expected to be £3m. A DSG Deficit Management Plan is currently being developed and this is explained in more detail in section 5.0 of this report.

2.0 REVISED 2020-21 BUDGET

- 2.1 Since the last budget report was presented to Schools Forum, the budget has been updated to reflect the Academy recoupmnt and the most recent Early Years allocation. The impact of these changes is to reduce both the expenditure and grant income budgets by £104.8m. In addition, the Growth Fund and Falling Rolls Fund have been identified separately in the Individual Schools Block section. There has been no change to the overall budget which remains at £1.2m. The table attached in Appendix 1 identifies the changes in the budget.

3.0 FORECAST BUDGET VARIATIONS

The budget variations that make up the forecast £1.7m overspend are identified in the table attached in Appendix 2. The reasons for the variations as well as comments on specific budget areas are given below.

3.1 Primary, Secondary and Special Schools

Schools activity is expected to be delivered on budget. The schools budget includes both the Growth and Falling Roles budgets of £233k each. The monitoring report assumes that both of these funds will be fully spent in year.

3.2 Early Years Grant

The Early Years budget of £20.2m reflects the funding required for 2, 3 and 4-year olds who are entitled to receive free Early Education and Early Years Pupil

Premium, as well as the 3 and 4-year-old extended offer. The budget for this is based on the January 2020 Census.

As a result of the COVID outbreak it is expected that providers will experience reduced take-up of childcare places for the Autumn term. Ordinarily providers would be funded for the number of actual number of places filled but DfE guidance announced in July sets out that:

- LAs should continue to fund early years providers who are open and offering their usual entitlements places at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus outbreak.
- In addition, LAs should continue to fund providers which have been advised to close, or left with no option to close, for public health reasons.

The impact of this is that payments to providers are likely to reflect a higher number of childcare places than have been taken up. As a result of this, the funding mechanism for LAs has changed for 2020-21 and this now has a heavier weighting on the 2020 census number. Whether this change to the funding mechanism will be sufficient to cover total costs will not be known until 2021 when the final Early Years funding will be confirmed.

For the purposes of this monitoring report it has been assumed that actual activity will be within budget and that grant income will be sufficient to cover costs.

It is expected that LA's and childcare providers will return to the normal approach from 1 January 2021 but the DfE will keep this under review.

3.3 **Central Early Years Budget – projected £29,100 favourable variance**

An underspend is expected within this centrally managed budget as a result of some part-year vacant posts.

3.4 **Contribution to Combined Budgets**

The combined budgets of £0.7m are broken down as follows:

	Budget
	£
School Improvement	264,000
Discretionary Rate Relief Top Up	85,300
LCSB contribution	24,000
Governors Forum	1,800
PFI Support Team	49,400
LACES	112,400
School Intervention	108,800
CLC PFI	54,800
Total	700,500

It is anticipated that these budgets will be fully committed.

3.5 **Schools Forum – projected £10,600 favourable variance**

There are no commitments to date against this budget of £10,600.

3.6 Insurances – projected £10,000 favourable variance

This de-delegated budget is projected to underspend by £10,000, reflecting a reduced number of claims received in recent years.

3.7 Special Education Needs Statements – projected £878,623 adverse variance

Pressure on this budget continues to grow with an overspend of £879k projected despite an increase in the budget from 2019-20.

An overspend of £165k is expected for Primary Schools due to growth in the number of plans. The Summer term saw a growth of 125 and further growth of 100 plans for the Autumn term and 75 plans for the Spring term has been forecast.

An overspend of £272k is expected for Secondary Schools due to forecast growth in plans. Growth of 160 plans for the Autumn term and a further 120 plans for the Spring term is expected.

Demand for 'out of borough' placements is expected to continue at the 2019-20 level, and this will cause a further pressure of £400k, £140k for Primary and £260k for Secondary.

3.8 Special Education Needs Top Ups – projected £521,094 adverse variance

Although there was an increase in this budget from 2019-20, growth in demand is still greater than planned and an overspend of £521k is forecast. The budget, forecast expenditure and overspend is summarised as follows:

	Budget	Projected	Projected
	£	Spend	Variance
		£	£
Top Ups for Maintained Special Schools	8,427,900	8,391,501	36,399
Top Ups for Resourced provision	1,048,600	1,183,583	(134,983)
Alternative provision	1,318,200	1,238,000	80,200
FE and 6 TH Form Top Ups	1,683,200	1,964,620	(281,420)
Additional Nursing Support	159,900	129,043	30,857
Exceptional Needs	782,000	1,034,147	(252,147)
Total	13,419,800	13,940,894	(521,094)

An overspend of £135k is forecast for Top Ups for resourced provision due to increase demand.

FE/6th Form budget is currently projecting an overspend of £281k due to an increase in places.

Exceptional Needs is forecast to overspend by £252k due to the growth in 12 applications from September.

Moderate underspends for; Top Ups for Maintained Special Schools of £36k, Alternative Provision £80k and Additional Support £31k have partially off-set the overspends in other activities.

3.9 Independent Special Schools – projected £931,388 adverse variance

The budget is based on 105 places, but demand is increasing, and the forecast expenditure is based on demand increasing to 126 by September. The forecast level of demand will generate an overspend of £931k.

3.10 Home Tuition – projected £100,000 adverse variance

The Home Tuition budget remains the same as 2019-20. Due to cost pressures in 2019-20 the budget overspent by £93k. These cost pressures have continued into 2020-21 resulting in a forecast overspend of £100k.

3.11 High Needs Contingency – projected £35,000 adverse variance

This budget funds the 90% Notional SEN Guarantee, where mainstream schools are compensated if their element 2 costs exceed 90% of their notional SEN allocation. The overspend relates to a revenue contribution to adaptations that are needed for a specialist facility for deaf pupils.

3.12 Support for SEN – projected £223,260 favourable variance

An underspend is projected mainly relating to vacant posts within the Clinical KIND/Clinical Psychologists and Communication Difficulty teams, although these are partially off set by an overspend within the Physical/Medical budget relating to the Mediquip contract.

3.13 DSG - £174,590,200 - £0.167m adverse variance

At the end of financial year 2019-20 the value of the DSG grant income received was adjusted to reflect the expected final grant allocation in relation to Early Years. This is usual practice and reflects the timing difference between the closure of accounts and the date by which the Council is notified of the final allocation. Unfortunately, the level of grant income due was overstated by £167k thus the deficit b/fwd. from 2019-20 should have been reported £167k worse. The impact of the overstated income will now be reflected 2020-21 accounts and will contribute to the increased DSG reserve balance to be carried forward into 2020-21.

4.0 UPDATE ON RESERVES

4.1 The final DSG deficit balance carried forward into 2020-21 was £1.3m. This includes ring-fenced funding of £245,305 in respect of; Early Years Disability Access Fund (£178,140) and Early Years charges that were levied too late to be included in the 2019-20 accounts (£67,165). Due to the forecast in-year overspend of £1.7m, it is expected that the closing reserve balance to be carried forward into 2021-22 will be in deficit by £3.1m.

5.0 DSG DEFICIT MANAGEMENT PLAN

5.1 In response to the deficit position identified at the end of financial year 2019-20, the Council embarked on the development of a DSG Deficit Management Plan in line with DFE requirements. DFE requirements include the need for each qualifying LA to produce a plan and to provide detailed and timely data relating to high needs and activity and costs.

To date the relevant stakeholders have been advised of the situation by letter and also in the appropriate forums and this includes the High Needs Working Group. The Council will consult with the relevant stakeholders as the plan develops. A more detailed update on progress and the potential financial impacts of the plan will be reported at the November 2020 Schools Forum meeting.

6.0 CONCLUSION

6.1 The Schools Budget will be monitored throughout the year, and any projected variances against budget will be reported to the Forum.

7.0 RECOMMENDATIONS

7.1 That the Forum notes the report.

Paul Boyce
Director of Children, Families and Education

Appendix 1 - Schools Budget 2020-21

	2020-21 Budget (Sep 2020) £	2020-21 Budget (Jun 2020) £
Individual Schools Budget		
Primary	82,980,000	105,710,300
Secondary	25,293,000	104,530,400
Special	11,368,300	11,368,300
Wirral Hospitals School	1,354,300	1,354,300
SEN Bases	988,000	1,672,000
Sixth Form/Further Education	36,000	1,344,000
Early Years	20,239,300	21,511,800
Growth Fund	233,000	0
Falling Rolls Fund	233,000	0
Individual Schools Budget Total	142,724,900	247,491,100
Central School Costs		
Early Years	518,700	518,700
Admissions	372,200	372,200
School Redundancy Costs	81,000	81,000
Licenses and subscriptions	244,900	244,900
Schools Forum	10,600	10,600
Contribution to combined budgets	700,500	700,500
PFI Affordability Gap	1,247,700	1,247,700
Retained duties (ex-ESG)	730,000	730,000
Costs delegated to/de-delegated from schools		
Library Service	188,200	188,200
Insurances	25,600	25,600
School Specific contingencies	66,100	66,100
Special Staff Costs	701,400	701,400
Behaviour Support	107,000	107,000
School Improvement	150,700	150,700
Retained duties (ex-ESG)	504,800	504,800
High Needs Pupils		
Statements	6,237,000	6,237,000
SEN top-ups	13,419,800	13,360,300
High Needs contingency	360,000	360,000
Independent Special Schools	4,134,000	4,134,000
Home Tuition	400,500	400,500
Support for SEN	2,210,200	2,269,700
Special School Transport	58,200	58,200
Non-delegated school costs Total	32,469,100	32,469,100
Total Costs	175,194,000	279,960,200
Funding		
Dedicated School Grant	(174,590,200)	(279,356,400)
Contribution to DSG Reserve (High Needs)	643,900	643,900
Funding Total	(173,946,300)	(278,712,500)
Grand Total	1,247,700	1,247,700

Appendix 2 - Budget Variations 2020-21

	2020-21 Budget £	2020-21 Spend £	2020-21 Variation £
Individual Schools Budget			
Primary	82,980,000	82,980,000	0
Secondary	25,293,000	25,293,000	0
Special	11,368,300	11,368,300	0
Wirral Hospitals School	1,354,300	1,354,300	0
SEN Bases	988,000	988,000	0
Sixth Form/Further Education	36,000	36,000	0
Early Years	20,239,300	20,239,300	0
Growth Fund	233,000	233,000	0
Falling Rolls Fund	233,000	233,000	0
Individual Schools Budget Total	142,724,900	142,724,900	0
Central School Costs			
Early Years	518,700	489,600	29,100
Admissions	372,200	372,200	0
School Redundancy Costs	81,000	81,000	0
Licenses and subscriptions	244,900	244,900	0
Schools Forum	10,600	0	10,600
Contribution to combined budgets	700,500	700,500	0
PFI Addordability Gap	1,247,700	1,247,700	0
Retained duties (ex-ESG)	730,000	730,000	0
Costs delegated to/de-delegated from schools			
Library Service	188,200	188,200	0
Insurances	25,600	15,600	10,000
School Specific contingencies	66,100	66,100	0
Special Staff Costs	701,400	701,400	0
Behaviour Support	107,000	107,000	0
School Improvement	150,700	150,700	0
Retained duties (ex-ESG)	504,800	504,800	0
High Needs Pupils			
Statements	6,237,000	7,115,623	(878,623)
SEN top-ups	13,419,800	13,940,894	(521,094)
High Needs contingency	360,000	395,000	(35,000)
Independent Special Schools	4,134,000	5,065,388	(931,388)
Home Tuition	400,500	500,500	(100,000)
Support for SEN	2,210,200	1,986,940	223,260
Special School Transport	58,200	58,200	0
Non-delegated school costs Total	32,469,100	34,662,245	(2,193,145)
Total Costs	175,194,000	177,387,145	(2,193,145)
Funding			
Dedicated School Grant	(174,590,200)	(174,423,387)	(166,813)
Contribution to DSG Reserve (High Needs)	643,900	0	643,900
Funding Total	(173,946,300)	(174,423,387)	477,087
Grand Total	1,247,700	2,963,758	(1,716,058)