

WIRRAL COUNCIL

SCHOOLS FORUM – 24th NOVEMBER 2020

REPORT OF THE DIRECTOR FOR 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 2020-2021.
- 1.2 Overall the schools' net budget is forecast to overspend by £1.4m 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, £2.0m but has been partially offset with the £644k budgeted surplus bringing the in-year projected deficit for 2020-21 to £1.4m.
- 1.3 At the end of 2019-2020 the Dedicated Schools Grant (DSG) reserve closed with a deficit balance of £1.3m. The forecast in-year deficit of £1.4m means that the closing balance on the DSG reserve is expected to be £2.7m. A DSG Deficit Management Plan is currently being developed and this is explained in more detail in the separate report that is included on the agenda.
- 1.4 The current outturn position reflects an improvement of £0.3m since the report to the September 2020 Forum where the in-year overspend was expected to be £1.7m leading to a cumulative deficit of £3.0m at the end of 2020-2021.

2.0 FORECAST BUDGET VARIATIONS

The budget variations that make up the forecast £1.4m overspend are identified in the table attached in Appendix 1. The reasons for the variations as well as comments on specific budget areas are given below.

2.1 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.

2.2 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-19 outbreak it is expected that providers will experience reduced take-up of childcare places for the 2020 autumn term. Ordinarily

providers are 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 actually been taken up. As a result of this, the funding mechanism for LAs has changed for 2020-2021 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 Department for Education (DfE) will keep this under review.

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

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

2.4 **Contribution to Combined Budgets**

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

	Budget
	£
School Improvement	264,0000
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.

2.5 **Schools Forum – projected £10,360 favourable variance**

To date just one commitment has been identified against this budget and that is £240 for the preparation and hosting of the survey to support the National Funding Formula consultation.

2.6 **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.

- 2.7 Special Education Needs Statements – projected £424,844 adverse variance**
 Pressure on this budget continues to grow with an overspend of £425k projected despite an increase in the budget from 2019-2020. This reflects an improvement of £454k from the position reported to Forum in September.

An overspend of £79k is expected for Primary Schools due to growth in the number of plans. The 2020 Summer term saw a growth of 125 plans but further growth has not been as high as first expected thus the forecast expenditure for both the 2020 Autumn and 2021 Spring terms has been revised down resulting in an improved outturn position since that reported to the 2020 September Forum.

An overspend of £101k is expected for Secondary Schools due to forecast growth in plans. Growth has slowed a little since the 2020 Summer term thus the forecast expenditure for both the 2020 Autumn and 2021 Spring terms has been revised down resulting in an improved outturn position since that reported to the 2020 September Forum.

Demand for ‘out of borough’ placements is expected to continue but less than that experienced in 2019-2020. It is expected that this will cause a further pressure of £203k which is made up of £28k for Primary and £175k for Secondary.

- 2.8 Special Education Needs Top Ups – projected £622,733 adverse variance**
 Although there was an increase in this budget from 2019-2020, growth in demand is still greater than planned and an overspend of £623k is forecast. This reflects an increase of £100k since the position was reported to 2020 September Forum.

	Budget	Projected Spend	Projected Variance
	£	£	£
Top Ups for Maintained Special Schools	8,427,900	8,380,180	47,720
Top Ups for Resourced provision	1,048,600	1,122,867	(74,267)
Alternative provision	1,318,200	1,238,000	80,200
FE and 6th Form Top Ups	1,683,200	2,045,321	(362,121)
Additional Nursing Support	159,900	129,043	30,857
Exceptional Needs	782,000	1,127,122	(345,122)
Total	13,419,800	14,042,533	(622,733)

An overspend of £74k is forecast for Top Ups for resourced provision due to increase demand. This reflects an improvement on the position reported to the 2020 September Forum.

FE/6th Form budget is currently projecting an overspend of £362k due to an increase in places. This reflects a £81k worsening of the position reported to 2020 September Forum.

Exceptional Needs is forecast to overspend by £345k due to the growth in applications from September 2020. This reflects a £100k worsening of the position reported to 2020 September Forum.

Moderate underspends for; Top Ups for Maintained Special Schools of £48k, Alternative Provision £80k and Additional Support £31k have partially off-set the overspends in other activities.

2.9 Independent Special Schools – projected £986,570 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 December 2020 and a further 12 places from the 2021 Spring term to end of March 2021. The forecast level of demand will generate an overspend of £987k.

2.10 Home Tuition – projected £100,000 adverse variance

The Home Tuition budget remains the same as 2019-2020. Due to cost pressures in 2019-2020 the budget overspent by £93k. These cost pressures have continued into 2020-2021 resulting in a forecast overspend of £100k.

2.11 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.

2.12 Support for SEN – projected £163,260 favourable variance

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

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

At the end of financial year 2019-2020 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 2020-2021 accounts and will contribute to the increased DSG reserve balance to be carried forward into 2020-2021.

3.0 UPDATE ON RESERVES

- 3.1 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 £1.4m, it is expected that the closing reserve balance to be carried forward into 2021-2022 will be in deficit by £2.7m.

4.0 CONCLUSION

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

5.0 RECOMMENDATIONS

5.1 That the Forum notes the report.

Paul Boyce,
Director for Children, Families and Education

Appendix 1 - 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	240	10,360
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	6,661,844	(424,844)
SEN top-ups	13,419,800	14,042,533	(622,733)
High Needs contingency	360,000	395,000	(35,000)
Independent Special Schools	4,134,000	5,120,570	(986,570)
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	34,365,527	(1,896,427)
Total Costs	175,194,000	177,090,427	(1,896,427)
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	2,667,040	(1,419,340)