

# WIRRAL COUNCIL

## SCHOOLS FORUM – 19<sup>th</sup> JANUARY 2021

### REPORT OF THE DIRECTOR FOR CHILDREN, FAMILIES AND EDUCATION

#### SCHOOLS BUDGET MONITORING REPORT 2020-21

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#### 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 2020-21.
- 1.2 Overall the schools' net budget is forecast to overspend by £1.1m 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 contribute to the Dedicated Schools Grant (DSG) reserve. The gross overspend against budgeted expenditure is, therefore, £1.7m but has been partially off-set with the £644k budgeted surplus bringing the in-year projected deficit for 2020-21 to £1.1m.

The table below summarises the outturn position by funding block and a more detailed analysis is attached in Appendix 2.

	2020-21 Budget £	2020-21 Spend £	2020-21 Variation £
Schools Block	108,739,000	108,739,000	0
Schools de-delegated	1,667,400	1,610,400	57,000
Central School Services Block	3,386,900	3,376,540	10,360
High Needs Block	40,148,900	41,780,439	(1,631,539)
Early Years Block	21,208,000	21,178,900	29,100
DSG	(174,546,400)	(174,379,587)	(166,813)
<b>TOTAL BEFORE CONTRIBUTION TO RESERVE</b>	<b>603,800</b>	<b>2,305,692</b>	<b>(1,701,892)</b>
Contribution to reserves (High Needs)	643,900	0	643,900
<b>TOTAL AFTER CONTRIBUTION TO RESERVE</b>	<b>1,247,700</b>	<b>2,305,692</b>	<b>(1,057,992)</b>
High Needs allocated	40,148,900	41,780,439	(1,631,539)
Contribution to reserves (High Needs)	643,900	0	643,900
<b>NET TOTAL FOR HIGH NEEDS BLOCK</b>	<b>40,792,800</b>	<b>41,780,439</b>	<b>(987,639)</b>

- 1.3 At the end of 2019-20 the Dedicated Schools Grant (DSG) reserve closed with a deficit balance of £1.3m. The forecast in-year deficit of £1.1m means that the closing balance on the DSG reserve is expected to be £2.4m. 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 November 2020 Forum where the in-year overspend was expected to be £1.4m.

## **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 final Academy recouplement, a re-alignment across two budget headings and the amalgamation of the Falling Rolls and Growth funds into one line. The impact of these changes is to reduce both the expenditure and grant income budgets by £43.8k. There has been no change to the overall budget which remains at £1,247,400. The revised budget is detailed in Appendix 1.

## **3.0 FORECAST BUDGET VARIATIONS**

The budget variations that make up the forecast £1.1m 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 and Secondary Schools**

Schools activity is expected to be delivered on budget. The schools budget includes both the Growth and Falling Roles budget of £466k and the monitoring report assumes that this will be fully spent in year.

### **3.2 Special Schools £200k favourable variance**

The 2020-21 budget includes growth of 40 places which were expected to be fully allocated to schools. Of these 40 places, 17 remain unallocated at this time thus the funding will not be fully utilised in 2020-21.

### **3.3 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 providers have experienced reduced take-up of childcare places and in some instances have needed to or have been instructed to close. Ordinarily providers are funded for the number of actual number of places filled but DfE guidance to LA's for the Summer and Autumn terms was to fund providers on a broadly pre-COVID basis.

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. Whilst the funding mechanism has been changed for 2020-21 to reflect this, it will not be known until Spring 2021 whether the funding will be sufficient to cover costs.

The expectation was that take-up would be back on track by January 2021 and funding to providers would be based on the number of hours taken up by children from the start of the spring term. Whilst the recent government announcement on respect of the latest "lock-down" is that nursery settings will remain open, the position regarding take-up of places and funding is uncertain and pending further government guidance.

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.

### 3.4 **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.

### 3.5 **Contribution to Combined Budgets**

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

	<b>Budget</b>
	<b>£</b>
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
<b>Total</b>	<b>700,500</b>

It is anticipated that these budgets will be fully committed.

### 3.6 **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.

### 3.7 **Insurances – projected £7,000 favourable variance**

This de-delegated budget is projected to underspend by £7,000, reflecting expected cost of governors' liability insurance for VA schools.

### 3.8 **Special Staff Costs – projected £50,000 favourable variance**

This de-delegated budget is projected to underspend by £50,000, reflecting a reduction in costs from last year. These particular costs can significantly fluctuate year on year.

### 3.9 **Special Education Needs Statements – projected £475,549 adverse variance**

Pressure on this budget continues to grow with an overspend of £475k projected despite an increase in the budget from 2019-20.

The majority of the overspend relates Units of Resource where...

- 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 and whilst growth has continued, it is at a lower rate than the Summer term.
- An overspend of £102k is expected for Secondary Schools due to forecast growth in plans. Growth has slowed a little since the 2020 Summer term, but expenditure is still expected to be greater than budget.
- Demand for 'out of borough' placements is expected to continue but less than that experienced in 2019-20. It is expected that this will cause a

further pressure of £249k which is made up of £28k for Primary and £210k for Secondary.

### 3.10 Special Education Needs Top Ups – projected £577,451 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 £577k is forecast. This reflects an improvement of £45k since the position was reported to the November 2020 meeting.

	Budget	Forecast Spend	Projected Variance
	£	£	£
Top-Ups for Maintained Special Schools	8,427,900	8,372,480	55,420
Top-Ups for Resourced Provision	1,048,600	1,061,160	(12,560)
Alternative Provision	1,318,200	1,238,000	80,200
FE and 6th Form Top-Ups	1,683,200	2,076,667	(393,467)
Additional Nursing Support	159,900	129,043	30,857
Exceptional Needs	782,000	1,119,901	(337,901)
<b>Total</b>	<b>13,419,800</b>	<b>13,997,251</b>	<b>(577,451)</b>

An underspend of £55k is forecast as the top-ups relating to the additional 40 places will not be fully utilised.

FE/6th Form budget is currently projecting an overspend of £393k due to an increase in places. This reflects a £30k worsening of the position reported to 2020 November Forum.

Exceptional Needs is forecast to overspend by £338k due to the growth in applications from September 2020.

Underspends for; Alternative Provision £80k and Additional Support £31k have been partially off-set by the overspend for Resourced Provision Top-Ups of £13k.

### 3.11 High Needs Contingency – projected £114,986 favourable 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 and any unforeseen circumstances. The forecast underspend reflects an improvement of £150k from the November 2020 position. The £150k relates to a potential revenue contribution to adaptations that may have been needed for a specialist facility for deaf pupils. Now that the commissioning process for the deaf base has concluded, it has been confirmed that the location of the deaf base will not change thus adaptations are not required.

### 3.12 Independent Special Schools – projected £1,049,380 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 £1,049k.

### **3.13 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. A review of the service and charges is planned for 2021-22.

### **3.13 Support for SEN – projected £255,855 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.

### **3.14 DSG - £166,813 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 2020-21 accounts and will contribute to the increased DSG deficit 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 £1.1m, it is expected that the closing reserve balance to be carried forward into 2021-22 will be in deficit by £2.4m.

## **5.0 CONCLUSION**

5.1 The Schools Budget is monitored throughout the year and provisional year-end position will be reported at the May 2021 Schools Forum meeting.

## **6.0 RECOMMENDATIONS**

6.1 That the Forum notes the report.

**Paul Boyce,**  
**Director for Children, Families and Education**

## Appendix 1 - Schools Budget 2020-21

	2020-21 Budget (Jan 2021) £	2020-21 Budget (Sep 2020) £	Budget change £
<b>Individual Schools Budget</b>			
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	962,200	988,000	(25,800)
Sixth Form/Further Education	36,000	36,000	0
Early Years	20,239,300	20,239,300	0
Growth and Falling Rolls Fund	466,000	466,000	0
<b>Individual Schools Budget Total</b>	<b>142,699,100</b>	<b>142,724,900</b>	<b>(25,800)</b>
<b>Central School Costs</b>			
Early Years	518,700	518,700	0
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	10,600	0
Contribution to combined budgets	700,500	700,500	0
PFI Affordability Gap	1,247,700	1,247,700	0
Retained duties (ex-ESG)	730,000	730,000	0
<b>Costs delegated to/de-delegated from schools</b>			
Library Service	188,200	188,200	0
Insurances	25,600	25,600	0
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
<b>High Needs Pupils</b>			
Statements	6,237,000	6,237,000	0
SEN top-ups	13,419,800	13,419,800	0
High Needs contingency	360,000	360,000	0
Independent Special Schools	4,134,000	4,134,000	0
Home Tuition	400,500	400,500	0
Support for SEN	2,192,200	2,210,200	(18,000)
Special School Transport	58,200	58,200	0
<b>Non-delegated school costs Total</b>	<b>32,451,100</b>	<b>32,469,100</b>	<b>(18,000)</b>
<b>Total Costs</b>	<b>175,150,200</b>	<b>175,194,000</b>	<b>(43,800)</b>
<b>Funding</b>			
Dedicated School Grant	(174,546,400)	(174,590,200)	43,800
Contribution to DSG Reserve (High Needs)	643,900	643,900	0
<b>Funding Total</b>	<b>(173,902,500)</b>	<b>(173,946,300)</b>	<b>43,800</b>
<b>Grand Total</b>	<b>1,247,700</b>	<b>1,247,700</b>	<b>0</b>

## Appendix 2 - Budget Variations 2020-21

	2020-21 Budget £	2020-21 Spend £	2020-21 Variation £
<b>Individual Schools Budget</b>			
Primary	82,980,000	82,980,000	0
Secondary	25,293,000	25,293,000	0
Special	11,368,300	11,168,300	200,000
Wirral Hospitals School	1,354,300	1,354,300	0
SEN Bases	962,200	962,200	0
Sixth Form/Further Education	36,000	36,000	0
Early Years	20,239,300	20,239,300	0
Growth and Falling Rolls Fund	466,000	466,000	0
<b>Individual Schools Budget Total</b>	<b>142,699,100</b>	<b>142,499,100</b>	<b>200,000</b>
<b>Central School Costs</b>			
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
<b>Costs delegated to/de-delegated from schools</b>			
Library Service	188,200	188,200	0
Insurances	25,600	18,600	7,000
School Specific contingencies	66,100	66,100	0
Special Staff Costs	701,400	651,400	50,000
Behaviour Support	107,000	107,000	0
School Improvement	150,700	150,700	0
Retained duties (ex-ESG)	504,800	504,800	0
<b>High Needs Pupils</b>			
Statements	6,237,000	6,712,549	(475,549)
SEN top-ups	13,419,800	13,997,251	(577,451)
High Needs contingency	360,000	245,014	114,986
Independent Special Schools	4,134,000	5,183,380	(1,049,380)
Home Tuition	400,500	500,500	(100,000)
Support for SEN	2,192,200	1,936,345	255,855
Special School Transport	58,200	58,200	0
<b>Non-delegated school costs Total</b>	<b>32,451,100</b>	<b>34,186,179</b>	<b>(1,735,079)</b>
<b>Total Costs</b>	<b>175,150,200</b>	<b>176,685,279</b>	<b>(1,535,079)</b>
<b>Funding</b>			
Dedicated School Grant	(174,546,400)	(174,379,587)	(166,813)
Contribution to DSG Reserve (High Needs)	643,900	0	643,900
<b>Funding Total</b>	<b>(173,902,500)</b>	<b>(174,379,587)</b>	<b>477,087</b>
<b>Grand Total</b>	<b>1,247,700</b>	<b>2,305,692</b>	<b>(1,057,992)</b>