

WIRRAL COUNCIL

SCHOOLS FORUM – 13th June 2023

REPORT OF THE DIRECTOR FOR CHILDREN, FAMILIES AND EDUCATION

SCHOOLS BUDGET OUTTURN REPORT 2022-23

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to outline the year end position for the 2022-23 Schools Budget. At this time, the accounts are provisional and subject to audit.
- 1.2 Overall the schools budget has overspent by £3.073m which an improvement of £0.192m since the position reported at the November 22 meeting of the Forum.
- 1.3 The table attached at Appendix 1 compares the detailed Schools Budget with the spend for the year. The reasons for the main variations and comments on specific budget areas are included in section 3.0 below. The Budget and Outturn for each block of the Dedicated Schools Grant (DSG) is summarised below.

	2022-23 Budget £	2022-23 Spend £	2022-23 Variation Favourable/ (Adverse) £
Schools Block	119,142,322	118,519,353	622,969
Schools Block de-delegated	1,819,643	1,745,441	74,202
Central School Services Block	3,579,849	3,583,384	(3,535)
High Needs	52,379,430	55,520,183	(3,140,753)
Early Years	20,183,630	20,982,142	(798,512)
DSG Grant Income	(195,355,485)	(195,818,395)	462,910
Total before contribution to/-from Reserve	1,749,389	4,532,108	(2,782,719)
Movement on DSG Reserve	(289,889)	(3,072,608)	2,782,719
Total after contribution to/-from Reserve	1,459,500	1,459,500	0
Cumulative reserve balance b/fwd from 2020-21			(1,690,030)
In-year contribution to/-use of reserve			(3,072,608)
Cumulative reserve balance c/fwd to 2023-24			(4,762,638)

- 1.4 At the beginning of 2022-23 the cumulative DSG reserve opened with a deficit balance of £1.690m. The in-year deficit of £3.073m means that the total deficit balance to be carried forward into 2022-23 is £4.763m.

2.0 REVISED 2022-23 BUDGET

- 2.1 There is no change made for 2022-23 budget in this financial year.

3.0 SCHOOLS BLOCK

3.1 Schools – £622,969 Favourable

Individual school balances have been carried forward to 2023-24 in the designated schools reserve. £0.623m favourable variance is due to the academy conversion and the DSG income has been reduced by the corresponding amount.

3.2 Schools de-delegated - School Specific Contingency - £12,661 favorable

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 significantly fluctuate year on year and are summarised in the table below.

	2022-23 Budget	2022-23 Spend	2022-23 Variation Favourable/ (Adverse)
<u>Primary and Secondary schools</u>			
Business rates variations	26,100	18,556	7,544
School support	5,145	29	5,116
<u>Special schools</u>			
School support	0	66,500	(66,500)
Special school buy-back	(155,000)	(155,000)	0
Special school balance redistributed	155,000	88,499	66,501
Total	31,245	18,584	12,661

The favorable variance of the Business rate variations of £7.5K underspend which reflects the difference between the actual activity and the expected charges that are levied after the schools budgets have been set.

3.3 Schools de-delegated - Special Staff Costs - £42,894 favourable

There was a £0.043m underspend on Special Staff costs as shown in the table below:

	2022-23 Budget	2022-23 Spend	2022-23 Variation Favourable/ (Adverse)
Maternity, Paternity & Other Staff Costs	628,700	585,807	42,894
TU Facilities	150,078	150,078	0
Insurances & Recharges	6,700	6,700	0
Total	785,478	742,585	42,894

The increased pupil rate in the de-delegation was agreed for 2022-23 budget reflecting the continuing pressure on the maternity/paternity pay. The 22-23 demand was less than anticipated and resulting in a £0.043m underspend.

3.4 Schools de-delegated - Insurances - £19,623 favourable

This budget covers the cost of governors' liability insurance for Voluntary Aided (VA) schools. The claims received from the VA schools in 2022-23 were less than anticipated.

3.5 Schools Block DSG - £462,910 favourable

The favorable variance in grant income compared to budget mainly relates to Early Years and School block funding. The adjustment to the Early Years grant allocation will be calculated using the Spring 23 census, and this is not confirmed until July 2023. An accounting transaction is processed to reflect the expected. The school block grant adjustment is as mentioned in 3.10. The other variances are related to the import/export process and the change to the allocation for an alternative provision out of borough placement in High Needs block as reported at the November 2021 meeting.

- Academy Conversion Recoupment (£622,969)
- Early Years Adjustment £1,074,046
- High Needs Recoupment/Adjustment £11,833

4.0 CENTRAL SCHOOLS SERVICES BLOCK

4.1 Central Schools Services block - £3,535 adverse

Overall, the Central Schools Services Block is overspent by £4k due to the business rates revaluation during the year funded from the contingency budget. This variance balanced with the favourable variances balance from the Admissions team and the Schools Forum budget which has not been utilised.

4.2 Contribution to Combined Budgets – balanced

These contributions support services that would otherwise fall outside of the schools budget. The contributions combine with other council resources for the educational benefit of children.

The £630.5K 2022-23 budget was utilised across the following areas:

	Budget
	£
School Improvement	237,600
Discretionary Rate Relief Top Up	76,752
LCSB contribution	21,600
Governors Forum	1,602
PFI Support Team	44,496
PFI CLC	49,320
Looked after Children Education Services	101,160
School Intervention	97,920
Total	630,450

5.0 EARLY YEARS BLOCK

5.1 The overall position on the Early Years block when compared to budget was an overspend of £798.5k. Due to the funding mechanism for early years, budget does not reflect actual grant income thus it is more appropriate to review early years financial performance against the expected grant income for the year. In addition, the variance for 2022-23 includes £41.9k Disability Access Fund (DAF) underspend. After adjusting for these two factors, the early years underspend for 2022-23 was £275,533 as summarised in the table below. Note that the variance is indicative at this time and is subject to confirmation once the final grant allocation for 2022-23 is published.

	2022-23 Grant £	2022-23 Spend £	2022-23 Variation Favourable/ (Adverse)
2 year-olds	2,976,326	3,012,094	(35,768)
3/4 year-olds (Universal)	10,835,221	10,640,353	194,868
3/4 year-olds (Extended)	5,622,329	5,497,596	124,733
	<u>19,433,876</u>	<u>19,150,044</u>	<u>283,832</u>
Pupil premium	237,440	240,085	(2,645)
Disability Access Fund	116,800	74,878	41,922
MNS Protection	485,299	478,981	6,318
Central Costs	534,261	534,261	0
Inclusive Practice Fund	450,000	503,895	(53,895)
Total	21,257,676	20,982,143	275,533

5.2 Payments to providers - £283,832 favourable

Payments to providers have resulted in a surplus of £283.8K against anticipated DSG funding. This year's Early Years grant allocation is calculated using the number of hours taken up across 2-year-old and 3 & 4-year-old provision based on January 22 (5 months) and January 23 (7 months) census. 2 year-old payment overspend is due to the total hours of January 23 is lower than actual hours of the Summer and Autumn 22 term.

5.3 Disability Access Fund – £41,922 favourable

There was an underspend on the fund of £41.9k which is mainly due to slippage in spending plans. The fund is ring-fenced to be used on services in line with the principles and aims of DAF, such as training and equipment, it is therefore proposed that the underspent funding is used on further, in addition to the total £120.6k surplus brought forward from 2021-22.

5.5 Early Years Central Budget - balanced

The expenditure of the central budget was in line with this year's budget.

5.6 Inclusive Practice Fund - £53,895 adverse

The demand for support for Early Years has continued in 2022-23. The total Inclusive Practice fund expenditure in 22-23 was £728.9k, £225k expenditure was met by the increased budget from the High Needs Block.

6.0 HIGH NEEDS BLOCK

6.1 Special School Places - £166,032 adverse

The 2022-23 budget includes growth of 105 places to be allocated to schools from September 22. An additional 166 places in total (9 places from April 22 and 157 places from September 22) have been allocated to the schools resulting £166K overspend.

6.2 Special Education Needs Additional Resources (excluding Early Years) - £930,550 adverse

Pressure on this budget has continued throughout the year in line with the requests for Education, Health and Care Plan (EHCP) assessments resulting in an overspend of £930.6k. 2022-23 budget for Specialist personal support was increased reflecting the demand increase, which resulting the adverse variance in 2022-23 was less than the one in 2021-22 (£1.792m).

The majority of the overspend relates to:

- Units of Resource – there has been a growth in plans during the year and overspends of £330.3K for Secondary pupils and £966.8K for Primary pupils. This overspend is partly covered by an underspend of £142.4K for out of borough placements has been generated.

6.3 Special Education Needs Top Ups - £378,598 Adverse

Although the budget was increased in 2022-23 reflecting the increased demand, the overall position on top-ups was an overspend of £378.6K which is summarised as follows:

	Budget £	Forecast £	2022-23 Variation Favourable/ (Adverse)
Top-Ups for Maintained Special Schools	9,625,088	9,900,082	(274,994)
Top-Ups for Resourced Provision	2,217,681	2,009,131	208,550
Alternative Provision	1,318,200	1,285,000	33,200
FE & 6th Form Top-Ups	2,225,000	2,431,435	(206,435)
Additional Nursing Support	160,000	112,518	47,482
Exceptional Needs	1,390,500	1,576,901	(186,401)
Total	16,936,469	17,315,067	(378,598)

The adverse variance is mainly from the overspend in Top-ups for the Special Schools and Further Education which are related to the increased places from September 22. The demand for the exceptional needs continues to increase and the spend in 2022-23 was £324.2K more than the spend in 2021-22.

6.4 High Needs Contingency - £401,726 adverse

The overspend is due to the need to respond to the demand for additional places. Additional provision has been generated in the form of temporary place funding and temporary accommodation.

6.5 Independent Special Schools - £1,637,680 adverse

The demand increased throughout the year and the pupil number increased to 157 at the end of the financial year. The budget for 2022-23 was increased reflecting the anticipated increase in the number of pupils and the costs, however the actual level of demand was exceeded than expected. The demand is expected to continue into 2023-24.

6.6 Home Tuition Service - £37,876 favourable

The small underspend is due to a slippage of sessional staff expenditure that occurred during the year.

6.7 Support for SEN - £131,282 favourable

The underspend is mainly due to staff vacancies in and Communications Differences teams and Vulnerable Children. The Clinical Psychologists team structure is currently under review to accommodate the current demand for the service.

7.0 UPDATE ON SPECIFIC RESERVES

7.1 The 2022-23 budget included a planned deficit of £290K in the High Needs Block that was to be carried forward into the reserve at the end of the financial year. The actual pressure on the High Needs Block in the year was more than anticipated and resulted in £3.341m overspend. This has been partly offset by underspend in the Early Years block thus generating a net deficit for the year of £3.073m. This will be added to the DSG reserve resulting in a total deficit of £4.763m to be carried forward into 2023-24.

7.2 The Council continues to develop its deficit recovery strategy and an update on this is included as a separate item on the agenda.

7.3 Whilst the overall DSG reserve to be carried forward to 2023-24 is in deficit by £4.763m, this includes a cumulative surplus of £162.5K in respect of the Early Years Disability Access Fund.

8.0 CONCLUSION

8.1 The overspend of £3,072,608 generated in 2022-23 has resulted in an overall DSG reserve deficit of £4,762,638 at 31 March 2023.

9.0 RECOMMENDATIONS

9.1 That the Forum notes the report and the financial position of the Schools Budget for 2022-23, subject to confirmation of the final grant allocation for 2022-23.

9.2 That, DSG for 2022-23 includes a cumulative surplus of £162,531 of ring-fenced Early Years Disability Access Fund.

Simone White

Director of Children, Families and Education

Appendix 1 - Budget Variations 2022-23

	2022-23 Budget £	2022-23 Spend £	2022-23 Variation Favourable/ (Adverse)
Individual Schools Budget			
Primary	96,718,989	96,096,020	622,969
Secondary	22,291,955	22,291,955	0
Special	13,411,216	13,577,248	(166,032)
Wirral Hospitals School	1,589,422	1,589,422	0
SEN Bases	1,112,565	907,890	204,675
Sixth Form/Further Education	268,000	268,000	0
Early Years	19,199,369	19,943,986	(744,617)
Growth and Falling Rolls Fund	131,378	131,378	0
Individual Schools Budget Total	154,722,894	154,805,898	(83,004)
Central School Costs			
Early Years Costs	534,261	534,261	0
Admissions	388,009	367,790	20,219
School Redundancy Costs	76,000	76,000	0
Licenses and subscriptions	259,856	259,856	(0)
Schools Forum	10,600	0	10,600
Contingency	25,434	59,788	(34,354)
Contribution to combined budgets	630,450	630,450	0
PFI Affordability Gap	1,459,500	1,459,500	0
Retained duties Central (ex-ESG)	730,000	730,000	0
Costs delegated to/de-delegated from schools			
Library Service	183,783	183,783	0
Insurances	24,909	5,286	19,623
School Specific contingencies	31,245	18,584	12,661
Special Staff Costs	785,478	742,585	42,894
Behaviour Support	142,131	143,107	(976)
School Improvement	149,999	149,999	0
Retained duties de-delegated (ex-ESG)	502,098	502,098	0
High Needs Pupils			
Additional resources	9,665,491	10,649,936	(984,445)
SEN top-ups	16,936,469	17,315,067	(378,598)
High Needs contingency	561,104	962,830	(401,726)
Independent Special Schools	6,734,980	8,372,660	(1,637,680)
Home Tuition	364,166	326,290	37,876
Support for SEN	2,127,817	1,996,535	131,282
Special School Transport	58,200	58,200	0
Non-delegated school costs Total	42,381,980	45,544,605	(3,162,625)
Total Costs	197,104,874	200,350,503	(3,245,629)
Funding			
Dedicated School Grant	(195,355,485)	(195,818,395)	462,910
Total before Movement in DSG Reserve	1,749,389	4,532,108	(2,782,719)
Contribution to/from DSG Reserve	(289,889)	(3,072,608)	2,782,719
Grand Total	1,459,500	1,459,500	0