

# Agenda Item 7

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| <b>TITLE</b>                | <b>2020/21 Revenue Monitoring Report</b>      |
| <b>FOR CONSIDERATION BY</b> | Schools Forum on 14 October 2020              |
| <b>WARD</b>                 | None Specific;                                |
| <b>LEAD OFFICER</b>         | Director, Children's Services - Carol Cammiss |

## **OUTCOME / BENEFITS TO THE COMMUNITY**

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

## **RECOMMENDATION**

Schools Forum is asked to:

- note the contents of this report and the forecast position for the 2020/21 financial year
- consider a Borough wide approach where schools can support each other, sharing best practice, to tackle the ongoing financial challenges brought about by covid-19

## **SUMMARY OF REPORT**

This report provides Schools Forum with an update on the 2020/21 Dedicated Schools Grant (DSG) forecast, as at 30<sup>th</sup> September 2020.

An in-year deficit of £2.6m is projected, with the budget pressure continuing to be within the High Needs Block. Taken with the brought forward deficit of £3.36m, a forecast cumulative deficit of £5.98m is now projected to 31<sup>st</sup> March 2021.

This represents a movement of £1.09m on that reported previously to Schools Forum, with the main movements due to increased numbers and costs across:

- Out of Borough Maintained
- Post-16
- Independent Special and Non-Maintained

The report also highlights the additional financial uncertainty that covid-19 has brought for some local maintained schools.

## 2020/21 Revenue Monitoring Report

### 01. Purpose of the Report

This report provides Schools Forum with an update on the Dedicated Schools Grant (DSG) revenue budget forecast for the 2020/21 financial year, as at 30<sup>th</sup> September 2020.

### 02. Recommendation

Schools Forum is asked to note the contents of this report, and the forecast position for the 2020/21 financial year, as at the 30<sup>th</sup> September 2020.

### 03. Background

This report forms part of the regular updates to Schools Forum on the anticipated outturn for the Dedicated Schools Grant (DSG), with explanation for significant variances.

At the July 2020 Schools Forum meeting a forecast deficit of £1.53m was reported for the 2020/21 financial year, due to pressure within the High Needs Block. Taken with the brought forward deficit from 2019/20 of £3.36m, the cumulative deficit as at 31<sup>st</sup> March 2021 was projected to be £4.88m.

### 04. DSG Forecast as at 30<sup>th</sup> September

As at 30<sup>th</sup> September, the DSG forecast for the 2020/21 financial year now reports an in-year deficit of £2.6m. Against the £1.53m previously reported, this represents a significant adverse movement of £1.09m.

Table 1 below shows the summary position on each of the four DSG blocks, and highlights that the adverse movement relates fully to the High Needs Block.

| <b>Table 1</b>                | <b>Deficit as at 31<sup>st</sup> March 2020</b> | <b>Forecast Variance as at 30<sup>th</sup> Jun</b> | <b>Forecast Variance as at 30<sup>th</sup> Sep</b> | <b>Movement</b> |
|-------------------------------|---|--|--|-----------------|
| Schools Block                 | (7)   | (112)  | (112)  | 0               |
| Early Years Block             | 0   | 0  | 0  | 0               |
| Central School Services Block | 0   | 0  | 0  | 0               |
| High Needs Block              | 3,363   | 1,638  | 2,729  | 1,091           |
| <b>Total</b>                  | <b>3,356</b>                                    | <b>1,526</b>                                       | <b>2,617</b>                                       | <b>1,091</b>    |

## 05. Main Areas of Movement

Forecast figures reported previously were based on arrangements for individual pupils during the 2019/20 academic year, with a number of assumptions for the September 2020 changes.

While some assumptions have worked through broadly as anticipated, such as WBC mainstream and resource bases which when taken together remain in line with previous forecast, there are 3 key areas where actual arrangements made are above the forecast planning assumptions.

While ongoing increases in demand were anticipated, actual activity levels have been above that assumed. The 2019/20 academic year saw a 21% rise in the number of EHCPs, with 209 additional plans in place for August 2020 when compared to the same point in the previous year.

A review of information held by the SEND team to inform financial planning is being taken forward as a key priority in conjunction with the Deficit Management Plan.

### Out of Borough Maintained - Increase in forecast of £210k

Figures updated for a range of new placements and increased support for the 2020/21 academic year. Key changes:

- Mainstream – new pupil at above average top-up of £13k
- ASD resource unit – 2 new pupils and additional provision for 4 existing pupils at increased cost of £50k
- Special – new pupils placed at cost of £70k

### Post-16 - Increase in forecast of £222k

Figures updated for new placements for the 2020/21 academic year. Key changes:

- Reading College – has net increase of 8 learners with an average top-up of £8k
- Newbury College – 3 additional learners at an average top-up of £45k

### Independent Special & Non-Maintained – Increase in forecast of £620k

Figures updated for new placements and increased support for the 2020/21 academic year. Key changes:

- 8 new placements not assumed in previous forecast, 5 of which are within the £70-£100k range

## 06. Covid Impact on School Budgets

To support schools in responding to covid-19, the Department for Education (DfE) launched a scheme to allow schools to claim for exceptional costs experienced. The *School funding: exceptional costs associated with coronavirus (COVID-19)* scheme was open for April to July to support the period to the end of the 2019/20 academic year.

A number of schools have claimed for exceptional costs through the DfE scheme, with 16 schools having claims approved. Further applications are still being considered by the DfE.

The financial impact on schools in responding to covid-19 has been varied but, in discussion with them, it is clear that loss of private income has been one of the key sources of concern. The DfE scheme did not cover loss of income, and schools were therefore unable to claim through that route.

### Loss of Income

Loss of income for schools has in the main come from suspension of breakfast and after school clubs, or rental of hall facilities.

The DfE Guidance on the exceptional costs scheme states: *'Where schools normally provide a service or operation that is wholly or significantly funded by private income, we know this lost revenue will create additional pressure on budgets. Where schools have members of staff delivering these services, which were funded by private income, they should first look to make the necessary savings from their existing budgets or consider options to redeploy these staff. Once having looked to these other options, schools can then consider using the [Coronavirus Job Retention Scheme](#)'.*

Schools have been supported by HR and Finance to apply for furlough funding where applicable. Public sector staff are generally not able to be furloughed, but the scheme did allow for this where the staff member is paid for from private income, which assisted in offsetting some budget pressure. The furlough opportunity in some cases was however reduced as staff are often employed in more than one role across the school and were therefore not eligible for furlough.

This has left many schools with an unfunded financial pressure, some of whom were already struggling to balance their budget. The Schools Finance Team asked all maintained schools to provide an indication of their lost income levels at the end of the summer term, and the total reported from the 28 schools that responded was £595,000.

### 75p in £ SCHEME

Loss of income as a result of covid-19 is a wider issue across the public sector. In July, the Ministry of Housing, Communities and Local Government (MHCLG) announced a fund to support Local Authorities to some extent from lost income.

WBC Finance Officers raised with MHCLG whether a claim could be made on behalf of maintained schools but it was confirmed this was not possible through the scheme.

### Staffing Costs

As schools move through the start of the new academic year, costs associated with additional staff has been raised as a growing point of concern, due to covid-19 bubble requirements and sickness levels.

### Support for Schools

While Wokingham does not hold any general DSG reserves, a small contingency budget is de-delegated each year. £50k is held for 2020/21 on behalf of maintained schools, with use of that contingency controlled by the AD for Learning, Achievement & Partnerships, and regularly reported to Schools Forum.

While there is an option to explore this to support schools with covid related pressures not funded through other routes, it is unlikely that the level of funds held would be sufficient.

Central Government funding made available to the Council to address covid related pressures more generally has fallen significantly short of budget pressures experienced, and therefore no flexibility exists to consider this for schools.

A small number of schools were already facing a very difficult financial position for the 2020/21 financial year, and it is therefore likely that a greater number will now face a budget deficit.

The Schools Finance team are in contact with those schools already known to be facing a deficit to discuss their position in more detail and support the development of a budget action plan. This work will be supported by School Improvement colleagues.

September Budget Monitoring Templates are being issued to maintained schools for submission back to the Council for the end of October. Those schools who set a balanced budget but are now concerned that they are facing a deficit position should not wait until submitting their September Budget Monitoring Return, but contact Schools Finance as soon as possible to discuss their position further.

It is recognised that schools across the Borough are likely to be facing similar challenges, and while the Local Authority does not see details of the financial position of academies, it is assumed that similar themes will be emerging. Schools Forum are therefore asked to consider encouraging a Borough wide approach where schools can support each other, sharing best practice to tackle the ongoing financial challenges brought about by covid-19.

## 07. Finance Summary

The attached appendices provide further detail across each of the four DSG blocks.

Appendix A – Summary of 2020/21 School Revenue Monitoring  
Appendix B – Detailed breakdown of 2020/21 Revenue Monitoring

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| <b>Contact:</b> | Katherine Vernon – Schools Finance Manager |
| <b>Email:</b>   | katherine.vernon@wokingham.gov.uk          |

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