

Corporate Monitoring

Appendix 3 (2) – Schools & DSG

Outturn Report as at 31st March 2020

1 School Balances

Individual maintained schools can carry forward their balance, either surplus or deficit, each financial year. As at 31st March 2019 the net surplus balances on maintained schools was (£2.356m).

As at 31st March 2020 the net deficit balances on maintained schools is £0.145m, a decrease of 106% compared to the position at 31st March 2019 and represents a decrease in net balances of £0.630m compared to schools' own forecasts as at their October budget submissions of (£0.485m). The reduction in school balances reflects the continued pressure on schools budgets in respect of the rise in the number of children with Education, Health and Care Plans (EHCPs) and the requirement of schools to fund the first 11 hours of additional support from their own budgets.

The table below shows a breakdown of these figures separately by surpluses and deficits:

	2018-19		2019-20		Change in value (£)
	Number of Schools	Total Value (£)	Number of Schools	Total Value (£)	
Schools with Surpluses	210	(£9.017m)	187	(£7.796m)	£1.221m
Schools with Deficits	55	£6.661m	72	£7.941m	£1.280m
Total	265	(£2.356m)	259	£0.145m	£2.501m

Three schools have converted to academy status during the year, the surpluses for these schools have transferred to the academy trusts (£0.042m). Two schools have converted as sponsored academies meaning that any deficit on conversion will remain with the Council funded from the Dedicated Schools Grant contingency fund, the net deficit for these schools including settlement agreements was £0.112m. Two maintained schools (Maryport Infant and Maryport Junior Schools) have amalgamated to become Maryport Primary School.

The table below shows that the 5 schools with the most significant deficits are all secondary schools and the net deficit for these schools is £3.654m equating to 46% of the total deficit balance of £7.941m as at 31st March 2020:

School Name	Cumulative Deficit as at 31 st March 2019	Cumulative Deficit as at 31 st March 2020	Movement
The Nelson Thomlinson School	£0.843m	£0.896m	£0.053m
St Benedict's Catholic High School	£0.768m	£0.567m	(£0.201m)
The Lakes School	£0.608m	£0.805m	£0.197m
Ullswater Community College	£0.589m	£0.878m	£0.289m
Netherhall School	£0.499m	£0.508m	£0.009m
Total	£3.307m	£3.654m	£0.347m

During 2018-19 and 2019-20 five secondary schools benefited from a review of their financial health by an accredited Schools Resource Management Advisor (SRMA). The outcome from these deployments were a range of recommendations for cost savings from which the schools could draw up an action plan detailing the recommendations to be taken forward and the action taken to achieve them. Cumbria now has a pool of accredited SRMAs and further deployments will be undertaken during 2020-21 on a priority basis.

2 Dedicated Schools Grant

As at 1st April 2019 the Dedicated Schools Grant (DSG) had an accumulated deficit of £3.841m excluding balances held within individual schools. As at 31st March 2020 the deficit is £6.991m which represents a decrease of (£1.483m) compared to the Q3 forecast and comprises of a reduced pressure on the High Needs Block of (£0.747m) and a decrease in expenditure of (£0.736m) against central DSG. An updated High Needs Recovery plan, which was submitted to DfE on 30 June 2019, sets out the Authority's plans to reduce the deficit on the High Needs Block through a number of savings and Invest to Save initiatives. Progress on delivery is monitored and reported to School Forum. The High Needs Block deficit of £11.022m is £1.430m higher than forecast in the High Needs Recovery Plan. The pressures on the High Needs Block are discussed below.

The table below shows the deficit position on both the central DSG and High Needs Block (this excludes individual school balances):

	Central DSG	High Needs Block	Total
DSG Balance as at 31st March 2019	(£1.693m)	£5.533m	£3.841m
Drawdown to/from reserves	£0.036m		£0.036m
Forecast over/ (under) spends on DSG in 2019-20	(£2.374m)	£5.488m	£3.114m
DSG Balance as at 31st March 2020	(£4.031m)	£11.022m	£6.991m
Q3 Forecast DSG Balance as at 31 st March 2020	(£3.295m)	£11.768m	£8.474m
Movement	(£0.736m)	(£0.747m)	(£1.483m)

Central DSG

Central DSG reserve has increased by (£2.374m) before taking into account the above in-year drawdowns from reserves. This represents an increase of (£0.736m) compared to the Q3 forecast:

Description	Budget	Outturn	Outturn Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
Devolved Schools Grant	175.264	175.244	(0.020)	(0.021)	0.001
Targeted School Staffing Budget (Union Duties)	0.251	0.233	(0.018)	0.019	(0.038)
Targeted School - Absence Cover (Maternity)	0.697	0.885	0.188	0.107	0.081
School Contingency Fund	0.686	0.189	(0.496)	(0.391)	(0.106)
Schools Forum	0.023	0.012	(0.011)	(0.010)	(0.001)
Early Years SEN Inclusion and Sustainability Fund	0.408	0.206	(0.202)	(0.159)	(0.043)
Nursery Grants	26.373	25.151	(1.222)	(1.081)	(0.141)
Learning Improvement Service	0.222	0.222	0.0	0.0	0.0
Admissions Team	0.317	0.317	0.0	0.0	0.0
Other School Contracts (Copyright Licences)	0.423	0.423	0.0	0.0	0.0
Local Safeguarding Childrens Board	0.133	0.133	0.0	0.0	0.0
FAST Teams	0.309	0.309	0.0	0.0	0.0
IF School Planning	0.200	0.097	(0.103)	(0.103)	0.0
Contributions to Central Budgets	4.958	4.468	(0.489)	0.0	(0.489)
Less Share of Delegated budgets (special Schools)	(0.027)	(0.027)	0.0	0.0	0.0
Total DSG to transfer to DSG central reserve	210.237	207.863	(2.374)	(1.638)	(0.736)

The key variances on the Central DSG are:

- Take-up of early years free-entitlement provision for 2, 3 and 4 year olds (Nursery Grants (£1.222m) and Early Years Funds (£0.202m) totalling (£1.424m)
- School Contingency Fund (£0.496m)
- Targeted School Maternity Absence Cover £0.188m
- IF School Planning (£0.103m)
- Contributions to Central Budgets (£0.489m)
- Individually non-material variances (£0.050m)

The underspend against the early years free-entitlement of (£1.424m) has increased by (£0.184m) compared to the Q3 forecast and represents the actual take up of provision for the Spring 2020 term. The underspend is mainly due to an increase in the Early Years Block funding for 2019-20 of (£0.630m) and a retrospective increase of (£0.388m) for 2018-19 following the funding allocation being adjusted for the January 2019 census data. There will be a further adjustment to the grant allocation for 2019-20 in July 2020 to reflect the January 2020 census data. The remaining balance relates to actual take up of early years provision for the Summer, Autumn 2019 and Spring 2020 terms (£0.204m) and uncommitted expenditure against the SEN Inclusion and Sustainability funds (£0.202m).

The School Contingency Fund has underspent by (£0.496m) and represents a decrease of (£0.106m) compared to the Q3 forecast. The underspend relates to uncommitted expenditure.

The pressure against the Targeted School Maternity Absence Cover of £0.188m at year end represents an increase of £0.081m compared to the Q3 forecast and reflects the costs of actual maternity reimbursements to schools.

The underspend against IF School Planning is unchanged compared to Q3 at (£0.103m) and relates to uncommitted expenditure against the school growth fund.

The underspend against Contributions to Central Budgets (£0.489m) represents an increase of the same amount compared to the Q3 forecast and represents uncommitted expenditure.

Individually non-material variances underspend of (£0.50m) represents a decrease in expenditure of (£0.038m) compared to Q3.

High Needs Block

The deficit on the High Needs Block has increased by £5.488m to £11.022m as at 31st March 2020 a decrease of (£0.747m) compared to the Q3 forecast:

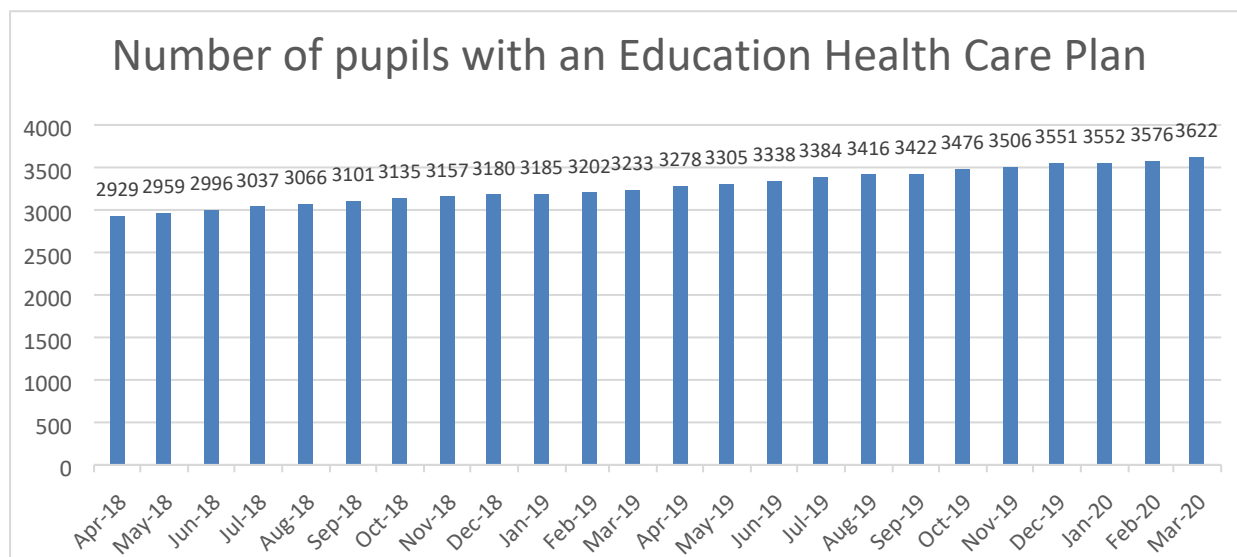
Description	Budget £m	Outturn £m	Outturn Variance £m	Q3 Variance £m	Change in Variance £m
Special Schools - High Needs	8.778	8.921	0.143	0.150	(0.007)
Schools -Resourced Provision	0.784	0.796	0.012	0.012	(0.0)
Independent & Other Placements	5.131	7.369	2.238	2.827	(0.589)
Central SEN (Equipment, BVI, Audio etc)	0.151	0.050	(0.100)	(0.060)	(0.041)
SEND Residential Placements	3.058	3.908	0.850	0.840	0.009
High Needs - Invest to Save	0.768	0.569	(0.199)	(0.166)	(0.033)
High Needs - Top Up	8.474	10.655	2.180	2.207	(0.026)
High Needs - Post 16	3.629	3.994	0.365	0.426	(0.061)
Targeted SEN Funding	0.993	0.993	0.0	0.0	0.0
Virtual School	0.390	0.390	0.0	0.0	0.0
Area Inclusion Teams	2.450	2.450	0.0	0.0	0.0
PRU Budgets	5.090	5.090	0.0	0.0	0.0
Mobility and Independence Contract	0.020	0.020	0.0	0.0	0.0
Share of de-delegated (special schools)	0.027	0.027	0.0	0.0	0.0
Total DSG to transfer to DSG central reserve	39.743	45.231	5.488	6.235	(0.747)

The key variances are:

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £2.180m, this represents a decrease of (£0.026m) compared to the Q3 forecast.
- Specialist Independent Day & Other Placements £2.238m. This represents a decrease of (£0.589m) compared to the Q3 forecast. There has been 1 new independent placement offset by 12 ended placements since Q3 (£0.059m). The number of pupils placed in other authorities has reduced by 16 to 27 since the Q3 forecast (£0.137m). There has also been a reduction in centrally funded alternative education provision since Q3 across various placements (£0.361m). The remaining balance relates to AWPU clawbacks (£0.008m) and teacher employer pension contribution grant (£0.024m).
- Post-16 EHCP top-ups and independent specialist placements £0.365m. This represents a decrease of (£0.061m) compared to the Q3 forecast and relates to a reduction in spend against Kendal and Newton Rigg FE colleges in respect of re-negotiated charges (£0.055m), non-material reductions against various placements (£0.082m), teacher pension employer contribution grant (£0.005m) offset by reduced Continuing Health Care income of £0.081m.
- Residential Placements £0.850m. This represents an increase of £0.009m compared to the Q3 forecast and relates to new placements £0.067m offset by individually non-material net decrease across various placements (£0.058m).
- Resourced Provision Places in mainstream schools £0.012m. This is unchanged compared to the Q3 forecast.
- Special Schools £0.143m. This represents a decrease of (£0.007m) compared to the Q3 forecast and relates to new and amended EHCP top-ups.
- Central SEN (£0.100m). This represents a decrease of (£0.041m) compared to Q3 forecast and mainly relates to an increase in PEX clawbacks (£0.003m) offset by reduced expenditure against equipment (£0.032m) and non-material variances of (£0.006m).

- High Needs Invest to Save Initiatives (£0.199m). This represents a decrease in actual expenditure of (£0.033m) compared to Q3 and relates to staffing costs for the new Alternative Provision in the North PRU £0.016m offset by uncommitted expenditure of (£0.049m).

The pressure against the High Needs Block is due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for pupils with SEN which has risen by 693 from 2,929 as at April 2018 to 3,662 as at March 2020 as the following chart demonstrates:



This is combined with a lack of in-house capacity for specialist placements resulting in pupils being placed in expensive independent settings and a funding system that does not fully recognise the implications of the SEND reforms following the changes to the Children and Families Act 2014 and the extension of statutory duties.