

# WIRRAL COUNCIL

## SCHOOLS FORUM 20th JANUARY 2010

### REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

#### SCHOOLS BUDGET 2010-2011

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#### EXECUTIVE SUMMARY

This report outlines the Schools Budget for Wirral for 2010-11 and describes the financial changes to be considered by the Forum and Cabinet.

#### 1.0 Background.

This is the final year of the national three year funding period for schools (2008-2011). In 2008-09 decisions were taken about levels of funding for schools over this period based on the governments stated priorities, which were and still are:

- ensuring all children make good progress
- early intervention especially SEN
- support for specific groups at risk of poor outcomes
- ensuring school workforce skills

In 2020-11 the funding Wirral will receive provides an increase of 4.4% per pupil of which 1.3% is for government priorities.

The initial budget for 2010-11 calculated the available Headroom in the schools budget at £3,836,000. Headroom is the difference between DSG and the budget required to continue funding schools at their current level, after allowing for inflation, unavoidable cost pressures and the Minimum Funding Guarantee.

Headroom has been allocated in the budget as follows:

	£
Deprivation funding to narrow the gap	3,666,000
Increase in Statement value (Year 3)	170,000

Deprivation funding has already been delegated to schools and included in indicative budgets over the three year period.

It is not intended that in the final year of the funding settlement there should be any significant changes to the levels of planned funding for schools. The Local Funding Formula is fixed over the period to give all schools allocations that are certain and clear, with most changes being for movements in January pupil numbers only. Some other changes to central costs are however required and these are described in paragraph 4.1 to 4.9 in this report.

#### 2.0 Dedicated Schools Grant

The DCSF has revised the indicative levels of Dedicated Schools Grant (DSG) for Wirral:

	<b>Allocation</b>	<b>Increase</b>	<b>% cash</b>	<b>% pupil</b>
	£000	£000		
2010-11	194,988	6,852	3.7	4.4

The increases compare with average national increases per pupil of 4.4% and 4.3% respectively.

The DCSF allocations are indicative, based on estimates of pupil numbers. Authorities are still required to review the numbers used and revise grant estimates where necessary, prior to final allocations being issued in June 2010 (based on January 2010 pupil numbers). Changes in pupil numbers have been built into DSG estimates below :

	<b>Allocation</b>	<b>Pupil Adjustment</b>	<b>Grant carry forward</b>	<b>Revised DSG</b>	<b>Increase</b>
	£000	£000	£000	£000	£000
2010-11	194,988	993cr	-	193,995	5,859

None of the DSG carried forward from previous years has been included in the 2010-11 budget above. Following the Schools Funding consultation in 2008 it was agreed that any changes to resources as a result of adjusted DSG should be made at the end of the three year funding period, not during it. The current DSG balance at June 2009 is £398,600

### **3.0 Individual Schools Budget (ISB)**

The estimated cost of the ISB in 2010-11 is £173.5m. This is less than originally planned. Reductions have arisen from:

- the closure of Arrowe Hill Primary School and savings from the lump sum elements within the formula (£174,000)
- the reduction in rates payable mainly from a number of secondary schools who have changed status to Foundation or Trust (£94,000).
- A fall in the planned secondary school numbers. Indicative budgets had already built in a falling roll for 2010-11. However the fall in planned numbers (11-15) from 19015 to 18531 is greater than anticipated. This reduces the ISB and is matched by a similar reduction in grant.

The ISB will be increased for the expansion of Secondary Education Inclusion Bases at Bebington, Hilbre and Wallasey. This is funded from Central SEN budgets (£93,000).

Following these changes there is Headroom within the budget of £268,000. Given that the formula is fixed, it is proposed to hold this sum within the Schools Specific Contingency Budget as a reserve and carry over into the 2011-14 funding period.

### **3.2 Minimum Funding Guarantee (MFG)**

The MFG has been set at 2.1% for the 3 year period. This is 1% below the assessment of average cost pressures and assumes an efficiency gain in schools, as

part of national public-sector efficiency requirement. The MFG in future years is expected to be significantly lower.

#### 4.0 Projected Central Budget 2010-11

The projected budget is detailed at Appendix 1 and includes the items detailed in the following paragraphs.

#### 4.1 Inflation

Provision is included for teachers pay at 2.3% other pay 1% and income at 3%. There is no general provision for price inflation, unless there is a contractual commitment.

#### 4.2 Other Specific Grants

Specific grants have been included in the budget and are detailed in the table below

	Amount 2009-10	Estimated Amount 2010-11
	£	£
LSC 6 <sup>th</sup> Form and SEN	21,226,500	TBA
School Development Grant		
Devolved	15,802,300	15,941,100
Central	1,189,500	1,214,500
SSG + SSG (P)	10,526,500	10,637,700
Learnwise – LSC / ESF	1,469,300	826,900
School Lunch Grant	553,300	553,300
Ethnic Minority Achievement	188,200	199,800
Extended School Sustainability	849,500	1,225,900
Extended School Subsidy	226,300	791,600
Targeted Primary and Secondary Strategy	2,176,200	TBA
Making Good Progress	791,600	TBA
Surestart, Early Years and Childcare	9,562,200	10,404,900
Free Entitlement for 3 and 4 year olds	404,300	1,685,500
Playing for Success	80,000	80,000
Teachers Development Agency	465,500	465,500
National Challenge	405,000	TBA

Overall there is no increase in match funding required for Standards Fund.

#### 4.3.1 Area Based Grant (ABG) – transfer to Children and Young People’s Budget - £170,500.

The following Area Based Grants are also included in the Schools Budget:

	Amount 2009-10	Estimated Amount 2010-11
	£	£
Secondary Behaviour and Attendance	68,300	68,300
School Development Grant	444,700	372,800

Choice Advisors	52,100	52,100
Flexible 14-19 Partnerships	98,600	-
<b>Total</b>	<b>663,700</b>	<b>493,200</b>

Area Based Grants are used in the Schools Budget to support and continue a number of projects that were previously funded through Standards Fund. These include residual costs arising from the Behaviour Improvement Programme, SEN initiatives and a more recent grant for assistance to parents for admissions. The grants have also been used to support some staffing costs within the Learning and Achievement Branch, including the 14-19 Team. The funding in these areas fit more closely with the Children and Young Peoples Budget and therefore it is proposed to transfer ABG's, totalling £170,500, out of the Schools Budget. There is no impact on DSG arising from this change and no overall reduction when the two budgets are added together.

#### 4.4 **Early Years £40,000**

The number of children in Early Years settings has increased and growth of £40,000 is required. Increases in numbers are reflected in the Census and in the level of DSG received.

#### 4.5 **SEN**

With the exception of agreed growth for Statements and restoring the previous cut to the SEN Plan budget, pressures on SEN budgets are contained within the overall budget provision.

The cost of statements has continued to increase. In 2010-11 costs will increase by £500,000 before any inflation or agreed growth is taken into account, largely from an increase in the number of units (from 3659 to 3941). In addition the Home tuition budget is also being increased - £70,000 for additional teaching costs.

These costs are being offset by an anticipated reduction in both the cost of independent placements and placements with other local authorities. It is estimated that planned independent places will reduce to 81 in 2010-11. Overall there is a net reduction in SEN budgets of £93,000. This sum will fund the expansion of the secondary inclusion bases

The SEN plan budget was reduced last year by £150,000. The budget for 2010-11 makes provision to increase this area back to its previous level - £330,000.

As previously agreed the unit value of a statement will increase over the funding period from £831 to £1,030 (plus inflation). This will require growth of £170,000 in 2010-11.

#### 4.7 **Special Staff Costs £85,000**

Maternity numbers and costs in schools are increasing. In 2009-10 the overspend is estimated to be in the region of £200,000. The growth put into the budget assumes that this trend will continue, but to a lesser extent in 2010-11.

#### 4.6.1 **Schools Contingency £56,400**

Contingency budgets are increased for Headroom (£268,000) referred to earlier in the report. This budget also included the 7/12 costs for Arrowe Hill, following its closure last summer, this has been transferred to the ISB.

#### **4.9 Contribution to Combined Budgets Local Safeguarding Children's Board £24,000**

Schools have new statutory duties in respect of safeguarding children as a result of the Apprenticeships, Skills, Children and Learning Act 2009 and are now prescribed members of the Local Safeguarding Childrens Board (LCSB). The LCSB undertakes serious case reviews, training and employs a designated officer for allegations. The Board is funded from partner organisations including Social Care, Police, Health and Probation. Arrangements are being put in place for schools to contribute directly to training activities; in addition it is proposed that a central contribution from the Schools Budget of £24,000 is agreed.

In total the contributions to combined budgets in 2010-11 would be:

Primary and Secondary Strategy	£359,900
Observatory School Home to School Transport	£58,200
LCSB	<u>£24,000</u>
Total	£442,100

#### **4.9 Rates and Insurances £48,000 cr**

There have been rates reductions in Children's Centres and the Schools Library Service. In addition there are significant reductions in premiums for liability and property insurance, as a result of sustained improvements in recent claims experience.

In total school insurance premiums will reduce by £140,000 (10%) and those paid by central budgets will reduce by £12,000.

#### **4.10 Central Limit Calculation**

The Forum has previously approved an increase in the Central Limit for 2010-11. This arises from SEN growth and holding funds for closing schools in contingency. As a result there is a lower percentage ISB increase than the overall percentage increase in school funding. The relevant figures are:

Increase in ISB 2.9%  
Increase in Schools Budget 3.4%

Although this may now change as a result of the current budget proposals, the Forum are asked to confirm their agreement to an increase in the central limit if required.

#### **4.11 Budget Timetable**

The Schools Budget will be considered by Cabinet on 22nd February 2010, taking account of advice from the Schools Forum.

#### **5.0 Financial Implications**

The Budget for 2010-11 is compiled from the base budget for 2009-10 approved by Council on 2<sup>nd</sup> March 2009 and updated for issues outlined in this report. The projected budget is shown at Appendix 1.

The key figures at the date of preparing this report are:

	£
DSG Estimate 2009-10	188,136,200
DSG Estimate 2010-11	193,995,400

## **6.0 Other Implications**

There are no staffing, equal opportunities, human rights, Local Agenda 21, Community Safety, Planning or Local Member Support implications arising from this report, other than those detailed in the report above.

## **7.0 Background Papers**

DCSF Funding Settlement 12 November 2007.

DSG 2010-2011 Revised Indicative Allocations 27<sup>th</sup> October 2009.

## **8.0 RECOMMENDATIONS**

- i) That the views of the Schools Forum are sought on the Schools Budget for 2010-11 and the level of central costs.
- ii) That £268,000 unallocated DSG is held in Schools Specific Contingency and carried forward to the next funding period.
- ii) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 22<sup>nd</sup> February 2010.

**Howard Cooper**  
**Director of Children's Services**