

# WIRRAL COUNCIL

## WIRRAL SCHOOLS FORUM - 24th JANUARY, 2012

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

#### SCHOOLS BUDGET 2012-2013

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#### EXECUTIVE SUMMARY

This report outlines the Schools Budget for 2012-13 and describes the financial changes to be considered by the Forum and Cabinet. The Forum are asked for their views on the proposed budget of £179,089,400 for maintained schools and £49,335,300 for the anticipated number of academies.

#### 1.0 Background

The schools funding allocations were issued by the Department for Education on 13<sup>th</sup> December. The allocations are for a further year and continue the current grant methodology. School funding is maintained at "flat cash" per pupil. This means that overall budgets per pupil are unchanged in cash terms and are without any inflationary increases.

#### 2.0 Pupil Premium

The Pupil Premium provides additional funding for deprived pupils. In 2012-13 it will be set at £600 for each pupil that has been eligible for Free School Meals at any point in the last 6 years. A premium is also payable in respect of Looked After Children and Service Children (although the latter group will be funded at £250). The Pupil Premium is a separate report on this agenda.

#### 2.1 Dedicated Schools Grant

The DfE have consulted during the year on plans to reform school funding (Schools Forum Report 27<sup>th</sup> September) and in the light of responses they are continuing to develop their proposals. For 2012-13 the current distribution methodology for the Dedicated Schools Grant (DSG) has been maintained. This includes the grants that were mainstreamed in 2011-12 such as School Standards Grant and School Development Grant.

The estimated level of DSG for Wirral is:

Guaranteed Unit of Funding (GUF)	Guaranteed Unit of Funding (GUF)	Estimate of all Pupil Numbers	<b>DSG</b>
2011-12	2012-13		2012-13
£	£		£
5,028.39	5028.39	45,426.7	228,424,700

Estimated pupil numbers are based on October census data where available and include academies. Final allocations will be issued in June 2012, based on January 2012 pupil numbers.

## 2.2 Mainstreamed Grants

The grants that have been included within DSG are estimated to be £34,517,000

Most funding is included within the individual budgets delegated to schools. However the following amounts continue to be retained centrally for:

	£
City Learning Centres	814,700
Advanced Skills Teachers	317,100
Ethnic Minority Achievement	199,300
School Intervention	674,500
	<b>2,005,600</b>

## 2.3 Academies

During the year a number of Secondary Schools have become academies. Currently there are 9 academies, with another 4 anticipated before the end of 2011-12. Academies are independent from the local authority and are funded separately from maintained schools, through the YPLA (Education Funding Agency from 1<sup>st</sup> April 2012). However regulations require Wirral to continue to calculate their budgets. The overall budget sum, together with a proportion of central schools budgets including Maternity, Behaviour, Contingency, will be deducted from the DSG grant received by Wirral and paid by the YPLA to academies.

The grant reduction for Wirral is estimated to be as follows:

	£
Delegated Schools Budget	48,810,400
Central School Budgets for:	
Special Staff Costs (Maternity etc)	265,100
Contingency including termination of employment costs	102,800
MEAS	93,400
Behaviour Support	27,500
Licences and Subscriptions	24,900
Miscellaneous	11,200
	<b>524,900</b>
<b>Total</b>	<b>49,335,300</b>

The total budgets throughout this report exclude indicative amounts for academies.

## 2.4 Minimum Funding Guarantee (MFG)

The Secretary of State confirmed that the MFG would continue in 2012-13, protecting schools from changes in funding resulting from fewer pupils and formula changes. The MFG remains at minus 1.5% per pupil. Authorities can choose to set a higher guarantee, however this would increase costs at a time when "headroom" or growth opportunities are limited to achieving efficiencies/reductions in other budget areas.

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

Changes within the ISB are:

- Transfer of funding for the Education Inclusion Bases at Oldershaw, Woodchurch and Hilbre (£510,700). These services will be commissioned from the respective academies on the same basis as the Sanderling Unit at UAB.
- Net falling rolls £1,201,300 – the estimated secondary numbers (11-15) will reduce from 18,101 to 17,679 (a 2% reduction), this will be matched by a similar reduction in grant. There is a small increase in primary numbers from 23,687 to 23,944 (a 1% increase).
- Rates. Having allowed for a 5.2% increase in rates payable by schools next year, there is an overall net reduction of £58,500. This is because the academy schools receive 80% mandatory rate relief.
- 6<sup>th</sup> Form Funding. To date no allocations have been received from the YPLA, these are unlikely to be received before the end of March. Indications are that amounts will reduce as previously indicated for the Teachers Pay Grant and for transitional protection to bring school sixth form allocations in line with other colleges. There has also been a 6% reduction in student numbers. Taking all factors into account the overall allocations may reduce by about £1.6m (8%).
- 8 places for Social Communication Difficulties / Autistic Spectrum Disorder (SCD / ASD) at Claremount Special School. Part year cost £68,300 funding initially from the SEN plan.
- Full time provision at Wirral Hospital school for 50% of students £130,000.

## **2.6 Early Years Single Funding Formula**

In 2011-12 there has been a significant underspend in the Early Years budget of £1.1m. This is reported elsewhere on the agenda. Most has arisen from the use of final Standards Fund grant allocations for Early Years Extension of Free Entitlement.

In 2012-13 it is anticipated that the main changes required are to take account of a small reduction in the estimated attended hours. There are likely to be more providers claiming flexibility and quality supplements which will reduce the underspend in this area.

The overall costs and take up will be kept under review.

## **3.0 Projected Central Budget 2011-12**

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

### **3.1 Inflation**

No direct provision is included in the budget for pay awards, since none are anticipated in 2012, with the exception of £250 for non-teaching staff earning less than £21,000.

There is no general provision for price inflation.

### 3.3 **SEN £50,000 increase**

The changes in central SEN costs are as follows:

#### Statements

It is expected that the overall demand will reduce in 2012-13 by £83,000. The total units are estimated to be 3,584 (last year 3,678). The unit value will also be reviewed to take some account of Pay Harmonisation costs. There is provision within the estimates to increase the rate payable by 6% from £1,071 to £1,135.

#### Independent Special Schools and OLEA.

The number of Independent Placements has increased in 2011-12. Taking account of reduced cost pressures within other LA placements there is estimated to be a net increase of £83,000.

#### 16-19 SEN costs

These costs are supported by a grant from the YPLA. The grant is not needs-led and has in recent years been cut based on overall population projections. The budget makes provision for a similar cut to last year of £50,000. The actual amount is still to be confirmed.

#### Education Inclusion Bases

Transfer of Academy Education Inclusion Bases £510,700. Increase places at Wallasey and Oldershaw, reduce places at Bebington. The net increase of £39,200 is funded from the SEN plan.

### 3.4 **School Meals Service.**

The school meals budget has been updated to take account of a labour review following EVR earlier in 2011-12 and the transfer of a number of schools to an in-house provision. Meal take up and paid meal income has increased during the year in those schools remaining with METRO.

### 3.5 **Carbon Reduction Commitment**

The budget provision for this area has been retained centrally for all schools and academies in accordance with School Finance Regulations. The provision identified in 2011-12 of £189,400 has been increased to £259,400. This reflects the anticipated costs for 2011-12 which are estimated to be £240,000 and a small additional provision if further charges are received or if the scheme changes.

### 3.6 **WASP**

No changes have been made in respect of the WASP budget for 2012-13. The DfE have indicated that PRU's will receive a delegated budget in line with all other maintained schools and academies from 2013-14. The development of a funding formula will be the subject of further reports. It is expected that WASP and the Management Committee will operate with a shadow budget in 2012-13.

### 3.7 **Schools Budget elements funded by the Local Authority**

The Schools Budget report includes the transfer of two areas from the Children and Young People's budget on the advice of the DfE. The initial transfer has been made with matching LA resources and therefore has no impact on overall schools funding. These budgets are in respect of the following:

PFI – the funding Gap for the Councils 9 school PFI scheme. £1,973,400  
This budget - known as the “PFI Affordability Gap” - is the shortfall between the cost of PFI (£10.3m), and the combined government grant (£5.5m) and school contributions received (£2.8m). The gap increases each year in line with the contract inflation clause.

Schools PPM £649,000

This resource is intended to support the health and safety and maintenance of schools buildings, grounds and equipment. It also pays for minor repairs, emergencies and costs associated with the security and utilities of closed buildings.

In the Council’s budget for 2012-13 a proposal will be made to transfer the budget saving arising from the closure of Cole Street (estimated at £200,000). The saving represents lump sums and other costs that are no longer payable through the schools funding formula now that the school has closed. The Forum has not previously committed these funds.

The saving is a Schools Budget item and is only made possible by the Schools Budget funding a matching element within the Councils’ PPM programme.

### 3.8 Contribution to Combined Budgets

School Funding Regulations allow contributions to support services that would otherwise fall outside the Schools Budget. Funding combines with other Council resources for the educational benefit of children.

The existing budgets in this category are as follows:

#### **Repayment of the loan for School Harmonisation costs £450,000**

As part of the Council’s budget for 2011-12 a £2m loan was agreed to cover the shortfall in the estimated back pay for job evaluation and harmonisation in schools. The loan is to be repaid before 31<sup>st</sup> March 2015. The budget makes a continuing provision for a second instalment of £450,000.

#### **Discretionary Rate Relief £270,000**

Agreement was reached in 2011-12 for the Schools Budget to meet the cost of Discretionary Rate Relief for schools.

#### **Advanced Skills Teachers £317,100**

The AST programme supports teachers who have achieved high standards of classroom practice and are prepared to share this with other schools. The budget is not delegated but held centrally and allocated to cover teaching costs and costs associated with the release of teachers to work with partner schools.

#### **School Improvement £359,900**

This sum is the former match funding for the Primary and Secondary Strategy Coordination programme. It supports the funding of a number of consultant teachers who work with schools, together with training and the resourcing of equipment and facilities at Acre Lane.

#### **Local Safeguarding Children’s Board £30,000**

The LSCB provides governance of child protection arrangements, undertakes serious case reviews, training and employs a designated Officer for allegations. The Board is funded from partner organisations including Social Care, Schools, Police, Health and

Probation. The £30,000 contribution from the Central Schools Budget, matches the amount received from Health.

### **School Sports Partnerships Coordination £25,000**

The government indicated that funding to maintain School Sports Partnerships will continue until August 2013. This funding provides a contribution to a 0.5 fixed term post.

### **School Intervention £674,500**

This budget is mainly made up of remaining balances within the former primary (£405,900) and secondary (£98,700) strategy programmes in addition it includes some smaller sums for diploma and 121 tuition support. These amounts were not delegated to schools along with other grants last year. Funding is devolved to meet priorities and targeted schools during the year, in addition it funds the "100 Club".

### **City Learning Centres £814,700**

The 3 City Learning Centres have a combined budget of £814,700. CLC's support a range of Primary, Secondary and Special Schools across a range of activities such as technology, multi media and computer aided design.

Funding identified is for a further 12 months, whilst business plans are developed that will result in more running costs being covered from charges to schools and other users.

### **Combined Budgets – Summary**

	<b>£</b>
Repayment of Pay Harmonisation costs	450,000
Discretionary Rate relief top up	270,000
Advanced School Teachers	317,100
School Improvement	359,900
LSCB contribution	30,000
School Sports Coordinator	25,000
School Intervention	674,500
City Learning Centres	814,700
<b>Total</b>	<b>2,941,200</b>

There are no increases proposed in this area of the budget.

## **3.9 Insurances**

School insurance charges for 2012-13 will be approximately £60,000 less than in 2011-12 (a reduction of 8%). This is the result of better management of insured risks by schools, reduced claims and sustained improvements in claims handling.

## **3.10 Headroom £250,700**

Although there is no overall growth in the Schools Budget over the current funding period, there remains an uncommitted balance of £250,700.

This arises because:

- DSG received in 2011-12 was in addition to the amount estimated £164,800
- DSG received in 2012-13 for additional primary pupils is in excess of amounts allocated through the funding formula £261,700
- Budget changes for the Hospital School, SEN, Carbon Reduction and Rates etc (£175,800).

Options for the Headroom include:

- Allocating within the formula to all schools
- Making an additional harmonisation loan repayment
- Allocating to a reserve to meet future rounds of pay harmonisation costs
- Increasing SEN unit values

#### 4.0 Central Limit Calculation

There was a breach in the central limit in 2011-12 which has previously been reported. This resulted from the transfer of grants referred to in Para 3.5 and the centrally retained grants in Para 2.2.

The percentage changes at that time were:

Increase in ISB	minus 1.5%
Increase in Schools Budget	plus 27.5%

A similar breach is not anticipated in 2012-13 as there are no significant changes proposed to the level of delegated or retained budgets. However the Forums approval is requested if a breach is triggered which would be the subject of a further report.

#### 5.0 Budget Timetable

The Schools Budget will be considered by Cabinet on 20th February 2012, taking account of advice from the Schools Forum.

#### 6.0 Financial Implications

The budget for 2012-13 is compiled from the base budget for 2011-12 approved by Council on 1<sup>st</sup> March 2011 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 2011-12	222,387,300
DSG Revised Estimate 2011-12	205,535,100
DSG Estimate 2012-13	179,089,400

#### 7.0 RECOMMENDATIONS

- i) That the views of the Schools Forum are sought on the Schools Budget for 2012-13 and the level of central costs
- ii) That the contributions to combined budgets are agreed
- iii) That the proposal for funding £200,000 of PPM from the Schools Budget is agreed.
- iv) That the Forum's views are sought on the use of Headroom totalling £250,700.
- v) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 20<sup>th</sup> February 2012.

**David Armstrong**

**Acting Director of Children's Services**

AR735/Schools Forum

## SCHOOLS OBJECTIVE BUDGET SUMMARY

	<b>Current Estimate 2011/12</b>	<b>Base Estimate 2012/13</b>
Schools		
Primary Schools	88,981,900	90,068,600
Secondary Schools	88,453,700	43,587,900
Special Schools	16,004,800	16,231,100
Early Years	10,263,900	10,162,600
Schools Total	<b>203,704,300</b>	<b>160,050,200</b>
Non Delegated School Costs		
Milk & Meals	236,400	233,800
Carbon Reduction	189,400	259,400
M E A S	292,800	199,300
Advanced Skills Teachers	317,100	317,100
Statements	5,208,200	5,617,400
Support For SEN	2,423,300	2,395,400
Wirral Alternative Schools Programme	1,047,400	1,047,400
Education Out Of School	246,200	246,100
OLEA	204,900	133,400
Early Years	562,000	561,600
Indep Special School Fees	2,474,000	2,628,500
Library Service	204,900	204,900
Licences & Subs	72,000	47,100
Insurances	65,400	65,400
Admissions	412,900	412,900
School Specific Contingencies	1,107,400	886,600
Special Staff Costs	938,500	673,200
Schools Forum	10,600	10,600
Miscellaneous	177,300	166,100
Contributions to Combined Budgets	1,193,100	1,193,100
School Intervention	674,500	674,500
City Learning Centres	814,700	814,700
Non Delegated School Costs Total	<b>18,873,000</b>	<b>18,788,500</b>
PFI and Schools PPM		<b>2,622,400</b>
Non Devolved Grant/Funded Expenditure	<b>0</b>	<b>0</b>
Other Specific Grants		
Dedicated School Grant	(222,387,300)	(179,089,400)
Headroom	0	250,700
Total	<b>(222,387,300)</b>	<b>(178,838,700)</b>
<b>Grand Total</b>	<b>190,000</b>	<b>2,622,400</b>



## SCHOOLS BUDGET SUMMARY - DETAILS

	<b>2011-12 Current Estimate</b>	<b>2012-13 Original Estimate</b>
<b>Schools</b>		
1 <b>Early Years</b>		
2 Third Party Payments	10,263,900	10,162,600
3		
4 <b>Primary Schools</b>		
5 Premises	835,100	884,500
6 Third Party Payments	88,146,800	89,184,100
7 Transfer Payments	2,970,500	4,253,400
8 Government Grants	-2,970,500	(4,253,400)
9		
10 <b>Secondary Schools</b>		
11 Premises	692,300	476,300
12 Third Party Payments	108,297,600	50,862,600
13 Transfer Payments	1,758,200	1,803,600
14 Government Grants	-1,758,200	(1,803,600)
15 Other Grants and Reimbursements	-20,536,200	(7,751,000)
16		
17 <b>Special Schools</b>		
18 Third Party Payments	16,004,800	16,231,100
19 Transfer Payments	173,600	272,400
20 Government Grants	-173,600	(272,400)
21		
22 <b>Non Delegated School Costs</b>		
23 <b>Admissions</b>		
24 Transfer Payments	40,000	40,000
25 Support Services	372,900	372,900
26		
27 <b>Early Years</b>		
28 Employees	273,600	273,200
29 Supplies and Services	100	100
30 Support Services	288,300	288,300
31		
32 <b>Education Out Of School</b>		
33 Employees	246,200	246,100
34		
35 <b>Indep Special School Fees</b>		
36 Employees	3,217,200	3,376,700
37 Support Services	17,400	17,400
38 Government Grants	-12,400	(17,400)
39 Other Grants and Reimbursements	-748,200	(748,200)
40		
41 <b>Insurances</b>		
42 Premises	65,400	65,400
43		
44 <b>Library Service</b>		

45	Employees	118,600	118,600
46	Transport	500	500
47	Supplies and Services	72,500	72,500
48	Support Services	59,700	59,700
49	Recharge to Other Revenue Accounts	-46,400	(46,400)
50			
51	<b>Licences &amp; Subs</b>		
52	Supplies and Services	72,000	72,000
53	Recharge to Other Revenue Accounts	0	(24,900)
54			
55	<b>Milk &amp; Meals</b>		
56	Employees	2,597,000	2,298,100
57	Premises	174,300	174,400
58	Transport	7,700	7,700
59	Supplies and Services	1,758,700	1,559,400
60	Support Services	412,000	412,000
61	Government Grants	-105,000	(105,000)
62	Customer and Client Receipts	-1,529,100	(1,444,900)
63	Recharge to Other Revenue Accounts	-3,079,200	(2,667,900)
64			
65	<b>Miscellaneous</b>		
66	Supplies and Services	65,600	65,600
67	Third Party Payments	11,600	11,600
68	Transfer Payments	1,000	1,000
69	Support Services	99,100	99,100
70	Recharge to Other Revenue Accounts	0	(11,200)
71			
72	<b>OLEA</b>		
73	Supplies and Services	458,500	419,700
74	Other Grants and Reimbursements	-253,600	(286,300)
75			
76	<b>School Specific Contingencies</b>		
77	Premises	51,100	51,100
78	Transfer Payments	1,048,500	930,500
79	Support Services	7,800	7,800
80	Recharge to Other Revenue Accounts	0	(102,800)
81			
82	<b>Schools Forum</b>		
83	Supplies and Services	10,600	10,600
84			
85	<b>Special Staff Costs</b>		
86	Employees	935,000	934,800
87	Support Services	3,500	3,500
88	Recharge to Other Revenue Accounts	0	(265,100)
89			
90	<b>Statements</b>		
91	Employees	947,300	816,400
92	Supplies and Services	100,300	115,000
93	Third Party Payments	4,744,600	5,220,000
94	Transfer Payments	70,000	70,000

95	Support Services	32,700	32,700
96	Other Grants and Reimbursements	-686,700	(636,700)
97			
98	<b>Support For SEN</b>		
99	Employees	2,006,500	1,877,100
100	Transport	20,000	20,000
101	Supplies and Services	41,500	41,500
102	Third Party Payments	37,100	126,100
103	Transfer Payments	26,600	26,600
104	Support Services	329,100	369,100
105	Recharge to Other Revenue Accounts	-37,500	(65,000)
106			
107	<b>Wirral Alternative Schools Programme</b>		
108	Employees	697,220	720,600
109	Premises	93,030	91,400
110	Transport	18,800	18,800
111	Supplies and Services	243,650	221,900
112	Third Party Payments	73,400	73,400
113	Support Services	146,400	146,400
114	Government Grants	0	(18,100)
115	Customer and Client Receipts	-150,000	(150,000)
116	Recharge to Other Revenue Accounts	-75,100	(57,000)
117			
118	<b>M E A S</b>		
119	Employees	269,700	269,600
120	Transport	6,400	6,400
121	Supplies and Services	1,700	1,700
122	Transfer Payments	15,000	15,000
123	Recharge to Other Revenue Accounts	0	(93,400)
124			
125	<b>Contributions to Combined Budgets</b>		
126	Transfer Payments	1,193,100	1,193,100
127			
128	<b>City Learning Centres</b>		
129	Employees	517,200	593,800
130	Premises	50,000	93,300
131	Transport	19,000	19,200
132	Supplies and Services	157,200	156,900
133	Third Party Payments	71,300	100
134	Support Services	0	3,500
135	Customer and Client Receipts	0	(52,100)
136			
137	<b>Advanced Skills Teachers</b>		
138	Employees	317,100	317,100
139			
140	<b>School Intervention</b>		
141	Transfer Payments	674,500	674,500
142			
143	<b>Carbon Reduction</b>		
144	Third Party Payments	189,400	259,400

145			
146	<b>Cap Exp From Revenue</b>		
147	Premises		649,000
148	Supplies and Services		10,320,900
149	Government Grants		(5,471,500)
150	Customer and Client Receipts		(1,680,100)
151	Recharge to Other Revenue Accounts		(1,195,900)
152			
	<b>Non Devolved Grant/Funded</b>		
153	<b>Expenditure</b>		
154	<b>Other Specific Grants</b>		
155	Employees	218,700	-
156	Supplies and Services	39,700	-
157	Other Grants and Reimbursements	-258,400	-
158			
159	<b>Dedicated School Grant</b>		
		-	
160	Government Grants	222,387,300	(228,424,700)
161	Recharge to Other Revenue Accounts	0	49,335,300
162			
163	<b>Headroom</b>		
164	Transfer Payments	0	250,700
165			
166	<b>Grand Total</b>	<b>190,000</b>	<b>2,622,400</b>