

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM

23 JANUARY 2013

SUBJECT:	SCHOOLS BUDGET 2013-14
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF CHILDREN'S SERVICES
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

1.1 This report outlines the Schools Budget for 2013-14 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 £236,656,800 for maintained schools and academies for the coming year.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Schools Funding Allocations were issued by the Department for Education on 19th December 2012. The basis of the Dedicated Schools Grant (DSG) continues to be the "Spend Plus" methodology introduced in 2006; however the format and presentation has been changed by the DfE to show four unringfenced spending blocks for each authority:

- Early Years Block
- Schools Block
- High Needs Block
- Other

2.2 Pupil Premium

The Pupil Premium provides funding for deprived pupils in addition to DSG. Now in its third year, the rate will be set at £900 for each pupil that has been eligible for free school meals at any point in the last six years (increased from £623 in 2012-13). A premium is also paid in respect of Looked After Children (£900) and Service Children (£300)

Illustrative data based on 2012 gives a total Pupil Premium for 2013-14 for all schools and academies of £13.2m, an increase of £4.1m compared to the previous year.

2.3 Dedicated Schools Grant (DSG)

2.3.1 As the first part of the DfE's plans to reform school funding, DSG is now made up of four unringfenced blocks. These funding blocks have been based on each authority's Schools Budget as agreed in 2012-13 and in the case of the Schools Block and the Early Years Block are updated for changes in pupil numbers. Pupil numbers for the Schools Block have now changed to use those recorded in the October 2012 census (rather than the January 2013 count), whereas Early Years Funding will be a combination of January 2013 and January 2014. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2014. However, grant used for the purposes of the 2013-14 Schools Budget will use the indicative figures.

The High Needs Block is based on the identified spend in 2012-13, no pupil data is used. Additional funding has been provided for the Wirral Hospital School through a national top slice of DSG and there has been an adjustment for high needs pupils and places that are supported by other authorities.

The Blocks are summarised as follows:

	Block	Pupil Numbers	Funding Per Pupil £	Allocation £
1.	Schools Block	41,343	4,547.11	187,991,000
2.	Early Years Block	2,905	3,816.57	11,087,000
3.	High Needs Block	-	-	31,773,000
4.	Other Block	-	-	3,285,000
			Total	<u>234,136,000</u>

Note:

1. Schools Block pupil numbers include academies. Numbers have been adjusted for additional pupils arriving in reception between October and January (the Reception Uplift) and pupils who are placed in SEN bases.
2. Early Years pupil numbers are shown using the "corrected" January 2012 census ie there is no further impact from the 2012-13 census error.
3. High Needs Block includes all top up funding for High Needs students aged 16-24.
4. The Other Block includes Early Years funding for 2 year olds (£3,222,000) and funding for the induction of Newly Qualified Teachers (£63,000).

2.3.2 Schools Block

This funding covers the delegated budgets to mainstream schools and academies (totalling £183m in the [appendix](#) attached). In addition the block funds a number of budgets that are managed centrally on behalf of schools:

- Admissions
- Schools Forum
- Carbon Reduction
- Capital Expenditure from Revenue (PPM and PFI costs)

- Contributions to combined budgets
- Schools budget retirement costs (school closure)
- School Licences

In line with national guidance and with the exception of Licences and PFI these budgets have not been increased and in relation to the contributions to combined budgets have decreased. The change in licence costs is due to the introduction by the DfE of a national scheme.

2.3.4 Early Years Block

This Block funds the costs of Early Years Education for 3 and 4 year old children in schools, nurseries and private voluntary and independent providers. Most of this funding is directed through the Early Years Single Funding Formula (EYSFF). From 2013-14 this will also include Birkenhead High School Academy pre school.

The baseline pupil numbers and grant allocation has been corrected for the 2012-13 census error.

2.3.5 High Needs Block

The make up of this block is complex and includes many changes:

- WASP will have a delegated school budget from the start of the financial year.
- Special schools (pre-16), school bases and independent non-maintained `special schools will receive a base level funding of £10,000 per place. Place numbers have been agreed in advance with the Education Funding Agency (EFA).
- Equivalent place funding for post 16 SEN provision in special schools will be funded through the national funding formula allocation for all 6th form students. Pupil numbers are based on the October 2012 census.
- Alternative Provision Bases and WASP will be funded at £8,000 per place. Although the number of places will reduce in 2013-14 as a result of the base at Rock Ferry Primary closing, the overall funding received by the council has not reduced for this change.
- The delegation to mainstream schools for pre 16 SEN has been increased to £6,000 (previously the first 5 units were valued at £5,665).
- Additional funding over and above that provided for places will be paid in the form of “top ups”. These will be provided on a per pupil basis. The top up is to be based on the agreed assessed needs of pupils and will be paid by the “commissioner” responsible; this may be Wirral Children’s Services, a school or another Local Authority.
- Arrangements to recover place costs for students from Other Local Authorities will cease.
- The Hospital School budget will be funded separately.
- The high needs budget will include (from August 2013) the costs of all education and training for post 16 specialist and LLDD provision (top ups), this will include colleges and private providers. Funding previously received for part of this provision (in the SEN Block Grant) has been replaced by DSG.

2.3.6 Other Block

This funding is in respect of Free Education for 2 year olds. Parents whose children would meet the eligibility criteria for Free School Meals and Looked After Children will have a statutory entitlement for 15 hours Early Years Education from September 2013. This grant is not based on census data, but uses a proxy (children in schools aged 4 to 6 who are eligible for Free School Meals).

Overall funding for this 2 year old provision has been top sliced from the Early Intervention Grant.

2.4 Academies

Currently there are 14 out of 22 secondary schools who have become Academies, with another 2 anticipated. Academies are independent from the local authority and are funded directly from the EFA. Regulations require Wirral to continue to calculate their budgets. From 2013-14 budgets for Academies (and all schools) will include central costs such as maternity, behaviour and contingency budgets that were previously paid separately to Academies as School LACSEG.

The estimated grant reduction for Wirral is £57.5m including £0.5m for those budgets which may now be delegated to all schools.

2.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2013-14, protecting schools from formula changes and changes in pupil data. This is an important element of schools funding given the major changes that are being introduced to the formula. The MFG rate remains at minus 1.5%.

It is likely that the MFG will continue for some time and will be part of the future funding reforms.

2.6 2013-14 Budget Changes

2.6.1 Individual Schools Budget (ISB)

The significant changes within the ISB are:

- Net Falling Rolls £562,200. The estimated secondary numbers (11-15) have reduced from 17,565 to 17,225 (a 2% reduction). This is almost matched by an increase in primary numbers from 23,886 to 24,201. The overall reduction in the ISB arises from secondary funding per pupil being higher than primary schools.
- The inclusion of Academy budgets totalling £57.5m
- Additional delegation of services supporting schools £2,233,300. These budgets were previously held centrally and are described in more detail in a separate report on this agenda.
- An additional cost arising from ending the abatement of rates in the local funding formula for secondary 6th forms and primary nurseries £166,600
- Transfer of school SEN Base Top Ups £1,054,000.
- Funding for the induction of newly qualified teachers £58,000
- Headroom £333,400. Headroom is growth within the budget, which at a time of flat cash settlements is unexpected. It arises because there is a difference between pupil funding within the ISB and the overall pupil funding received through DSG.

This difference is favourable since there is a rising primary roll and a falling secondary roll.

2.6.2 Special Schools

The main changes are:

- Additional delegation for support services of £316,900
- The transfer of £5,917,300 to SEN pupil top ups.
- The reduction of £753,300 in respect of 113 places in 6th form. This will be paid through the 6th Form National Formula from August 2013.
- The direct funding of the Hospital School within DSG.

2.6.3 Early Years

The main change within this budget is to include funding for 2 year olds. An allocation of £2,313,400 for statutory place funding has been received (the equivalent allocation in 2011-12 was £969,000) In addition £908,200 will be paid for Trajectory Funding. The latter amount is intended to increase provision beyond the statutory FSM level in preparation for the expansion of entitlement to 40% of 2 year olds from 2014. The rapid expansion in this area is being discussed in the Early Years Schools Forum Working Group.

2.6.4 WASP

The budget of £640,000 is in respect of 80 places (costing £8,000 per place). The remainder of the existing budget (reduced by 1.5%) is included within SEN top ups.

2.6.5 SEN Top Ups

The proposed budget for SEN Top Ups in 2013-14 is in excess of £16.6m. The breakdown is shown in the table below.

SEN Top Ups 2013-14

	£
Statements	
Early Years	292,200
Primary	1,508,400
Secondary (including 6th Forms)	2,360,000
Exceptional Need	373,000
Other	381,800
Special Schools (and 6th Forms)	5,917,300
Independent Non Maintained Special Schools	2,993,100
Home Teaching	248,600
WASP	397,600
SEN units - resourced and alternative provision	884,400
Further Education, 6th Form College and other providers	393,300
Contingency	880,200
Total	16,629,900

These costs include additional provision which has been identified as part of the budget review:

- **Statements.** Early Years costs will increase by £150,000 reflecting costs within Private Voluntary and Independent providers. This increase is offset by reductions in other statementing areas.
- **Independent Special Schools.** There is an expected growth in places to 89 and additional costs of £512,000.
- **Further Education and 6th Form College.** There is provision for 130 places from August 2013. The part year top up is calculated using £2,800 per pupil.
- **Contingency.** The contingency identified of £880,200 is significant. However, some or all may be required to cover the potential costs of:
 - o Additional FE and college numbers exceeding 130. A bid was submitted to the EFA for growth, however overall numbers (including maintained special schools) were capped at 322 which is an increase of 24% on the numbers in 2011. The original bid submitted was for 332 ie 10 more places.
 - o Additional top ups. £2,800 per student is potentially a low estimate of the costs that may be incurred.
 - o Raising of the participation age
 - o Any mismatch between places identified and places taken up.

This area will be kept under review and will be the subject of future reports.

3.0 INFLATION

- 3.1 No direct provision is included within the budget for pay awards. At this stage none are anticipated, although there continues to be ongoing dialogues with pay review bodies. Without additional funding any costs would need to be met from existing school budgets and the headroom that has been identified.

There is no general provision for price inflation, although costs for rates within the schools budget have been increased and the central PFI budget continues to anticipate RPI increases.

4.0 CENTRALLY HELD SCHOOL BUDGETS

- 4.1 The budgets held for Contingency, Special Staff (maternity and trade union duties), the School Library Service, Insurance (Governors Aided), Behaviour Support and the Minority Ethnic Achievement Service have been delegated to schools. A decision is required for any de-delegation of these areas (separately by maintained primary and secondary Forum representatives only).

The costs of School Milk and Advanced Skills Teachers have also been delegated to schools. These areas may not be de-delegated and are detailed in other reports on this agenda.

The remaining centrally held budgets cover:

- Equal Pay and harmonisation back pay (£450,000)
- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£326,000)
- the cost of licences for copyright and music in all schools and academies (resulting from a national agreement) (£101,300)
- School Admissions (£456,000)

- the Carbon Reduction scheme (£260,300)
- Planned Programmed Maintenance (PPM £649,000) and the PFI Affordability Gap (£2,721,800)
- Contributions to combined budgets (£2,499,600).

4.2 **Equal Pay and harmonisation back pay (£450,000)**

Costs continue to be paid in respect of settlements for job evaluation and harmonisation in schools. In addition provision is required for the costs of the final phase in schools when implemented.

4.3 **School Admissions (£456,000)**

This budget is required to meet the costs of supporting and administering the authority's school admissions scheme (including the 11 plus).

There is provision for a Choice Advisor Service at a cost of £52,200. It is proposed that this service is no longer provided. Some support and advice will be given through alternative means such as in Children's Centres. The existing budget provision has been maintained whilst the service demands are reviewed during the year.

4.4 **Carbon Reduction (£260,300)**

This budget is unchanged, it should be sufficient to meet the costs in 2013-14 since there will be a small underspend in the current year. In the longer term the DfE are reviewing this requirement and may withdraw the scheme from schools.

4.5 **PPM (£649,000)**

This resource supports the health and safety and maintenance of school buildings, grounds and equipment. It also pays for minor repairs, emergencies and costs associated with the security and utilities of closed buildings.

In the Councils Budget for 2013-14 a proposal will be made to fund a further £250,000 of PPM from DSG (£200,000 is already charged in this way).

4.5 **PFI Affordability Gap (£2,321,800)**

The funding gap for the councils 9 school PFI scheme is £2,321,800. This amount is the shortfall between the costs of the PFI contract £10.7m and the combined government grant of £5.3m and school contributions received of £2.9m. The gap increases each year in line with the contract inflation clause.

Whilst the funding of the affordability gap is a council budget savings option there are no proposals to fund costs from DSG in 2013-14.

4.6 **Contributions to Combined Budgets**

School Funding Regulations continue to allow contributions to support services that would otherwise fall outside the Schools Budget. These budgets combine with other council resources for the educational benefit of children.

The Regulations governing this have, however, changed this year, in that there must be no new commitments or increases in expenditure from 2012-13. The budgets in this area are shown below:-

- **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.
- **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**
This funding provides a contribution to a post that will continue to work and develop this area with schools.
- **School Intervention £674,500**
This budget provides additional funding within School Improvement to meet priorities in 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.
- **LACES £185,500**
The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils.
- **Miscellaneous**
A number of miscellaneous school budgets have been transferred to this area in accordance with DfE guidelines. These amounts support the Governors Forum, school swimming baths, school emoluments, wellbeing, the School Staff Survey, Clinical Waste and the PFI support Team

Combined Budget Summary	£
Discretionary Rate Relief top up	270,000
School Improvement	359,900
LSCB Contribution	30,000
School Sports Coordinator	25,000
School Intervention	674,500
City Learning Centres	814,700
School Emoluments Wellbeing and	44,600

Staff Surveys	
Clinical Waste Disposal	11,600
Governors Forum	2,200
PFI Support Team	61,800
Use of School Swimming Baths	19,800
LACES	185,500
Total	2,499,600

The equivalent budget in 2012-13 was £2,815,400

4.7 Insurance and Energy Costs

School Insurance charges are estimated to increase in 2013-14 by 12% on average, although some charges will be higher and some lower depending on risk and claims history. The overall increases are the result of higher costs for both Liability and Property Insurance (property claims have increased significantly in the past year).

Increases for energy costs are estimated to be 3% in the coming year, although the overall amount will depend on tariffs and contract renewals later in the year.

5.0 Budget Timetable

5.1 The Schools Budget and advice from the Forum will be considered by Cabinet on 18th February 2013.

6.0 FINANCIAL IMPLICATIONS

6.1 The budget for 2013-14 is compiled from the base budget for 2012-13 approved by Council on 1st March 2012 and updated for any issues identified in this report.

The projected budget (DSG and council contribution) is £236,656,800 and is shown in Appendix 1.

7.0 RECOMMENDATIONS

- i) That the views of the Schools Forum are sought on the Schools Budget for 2013-14 and the level of central costs
- ii) That the contributions to combined budgets are agreed
- iii) That the proposal for funding a further £250,000 of PPM from the Schools Budget is agreed.
- iv) That the use of Headroom totalling £333,400 and High Needs Contingency totalling £880,200 is agreed.
- v) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 18th February 2013.

Julia Hassall
Acting Director of Children's Services

SCHOOLS BUDGET 2013-14

Appendix 1

SUMMARY

	Base Estimate 2013-14
	£000
Dedicated Schools Grant	<u>234,136</u>
Schools Budget Base Expenditure	194,366
Add back 2012-13 Academy Baseline	<u>36,804</u>
	231,170
Change in ISB Costs	
Net falling rolls	(562)
School Rates increases and ceasing abatement	187
Induction of NQT's	63
Delegation of central costs to schools	2,012
Headroom - growth	333
Early Years for 2 year olds	<u>3,222</u>
	5,255
Changes in SEN / High Costs :	
Early Years inclusive practice	150
Other statements and support	(175)
Independent Schools	512
SEN equipment	14
Adjustments with Other Local Authorities (net)	(45)
Post 16 provision in Further Education	314
SEN Contingency	880
SEN Block grant transferred into DSG	1,416
Post 16 places funded through the National funding Formula	(873)
Other changes in central costs:	
Delegation of central costs to schools	(2,012)
Transfer PFI costs re City Learning Centres	(116)
Increase (inflation) re PFI contracts	140
Other	<u>27</u>
	232
Total Schools Expenditure	<u>236,657</u>
Net Schools Budget	2,521

EDUCATION - SCHOOLS

Appendix 2

	Base Estimate 2012/13	Base Estimate 2013/14
Individual Schools Budget		
Primary Schools	91,613,500	93,001,100
Secondary Schools	55,024,800	89,584,700
Special Schools	16,250,600	8,776,400
SEN Bases		2,768,000
WASP		640,000
Wirral Hospital School		1,097,000
Early Years	10,174,600	13,396,600
Individual Schools Budget Total	173,063,500	209,263,800
Central School Costs		
Early Years	523,100	567,600
Admissions	456,000	456,000
School closure / retirement costs	326,000	326,000
Licences & Subscriptions	54,700	101,300
Carbon Reduction	260,300	260,300
Schools Forum	10,600	10,600
School Harmonisation Costs	450,000	450,000
Contribution to Combined Budgets	2,815,400	2,499,600
PPM	649,000	649,000
PFI affordability gap	2,296,100	2,321,800
Costs delegated to schools		
Library Service	209,700	
Insurances	65,400	
M E A S	286,400	
School Specific Contingencies	372,800	
Special Staff Costs	769,400	
Milk & Meals	224,000	
High Needs Pupils		
SEN top Ups		11,714,500
Statements	4,857,100	4,915,400
Support For SEN	2,235,900	2,292,700
Indep Special School Fees	2,945,600	770,000
Wirral Alternative Schools Programme	1,053,400	
Education Out Of School	248,600	
OLEA	134,900	
Special School Transport	58,200	58,200
Non Delegated School Costs Total	21,302,600	27,393,000
	-	-
Dedicated Schools Grant Total	191,621,000	234,136,000
	-	-
Grand Total	2,745,100	2,520,800

