

WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT:	SCHOOLS BUDGET 2013/14
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF CHILDRENS SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

This report recommends the approval of a Schools Budget for 2013/14 of £236,732,400 for maintained schools and academies in Wirral. In addition the funding of a further £250,000 of Schools Planned Programmed Maintenance from Dedicated Schools Grant (DSG). The report includes some minor changes to the Early Years Single Funding Formula. Reports on these areas were presented to the Schools Forum on 23rd January 2013.

2.0 RECOMMENDATION

2.1 Taking account of the views of the Schools Forum that:

- The DSG funded Schools Budget for maintained schools and academies is approved at the sum of £236,732,400.
- The headroom of £333,400 be allocated within the formula to all schools.
- The High Needs Contingency totalling £880,200 is agreed.
- A further £250,000 of PPM included in the Schools Budget is funded from DSG.
- The contributions to combined budgets are approved.
- The changes to the Early Years Single Funding Formula are agreed.

3.0 REASONS FOR RECOMMENDATION/S

3.1 The Council is required to set a Schools Budget for 2013/14.

4.0 BACKGROUND AND KEY ISSUES

4.1 Schools Budget 2013/14

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

4.2 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.

4.3 Dedicated Schools Grant (DSG)

4.3.1 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>

4.3.2 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 such as admissions, carbon reduction and PPM. In line with national guidance and with the exception of central budgets for Licences and PFI these 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.

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

4.3.4 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.

4.3.5 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.

4.4 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.

4.5 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.

4.6 Inflation

No direct provision is included within the budget for pay awards. At this stage none have been finalised, although there continues to be ongoing dialogues with pay review bodies about a 1% pay award (teachers from September 2013) . 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 reflect RPI increases.

4.7 Changes in Delegated Schools Expenditure

4.7.1 Primary and Secondary school changes include:

- 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
- 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.

4.7.2 Special School Changes include:

- 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.

4.7.3 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.

4.7.4 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.

4.8 Changes in Central Schools Expenditure

SEN Top Ups

The funding for SEN Top Ups is a new area within the budget and is part of the overall national reform of school funding. The proposed Top Up budget is in excess of £16.6m and broken down 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

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

- **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.

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 (£2,397,400). The calculation for PFI costs takes account of the December RPI of 3.1% and the inclusion within the Children and Young people's budget of PFI costs for City Learning Centres.
- Contributions to combined budgets as shown below:

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 Staff Surveys	44,600
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

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 (MEAS) have been delegated to schools and

total £2,397,100. Members of the Schools Forum agreed to de-delegate the above budgets for Primary and Secondary Schools (with the exception of MEAS and insurance for secondary schools).

The costs of School Milk and Advanced Skills Teachers (£523,600) have also been delegated.

4.9 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 School Funding Formula Changes for the Early Years Single Funding Formula (EYSFF)

2 Year Old Early Education

A new Early Years Formula was introduced in April 2011 to fund the Free Entitlement for early years provision for all 3 and 4 year olds in nursery schools, nursery classes, day nurseries and pre-school playgroups.

This entitlement is now being expanded from September 2013 to cover a targeted provision within 2 year olds. Any 2 year old child in a family meeting the criteria used to establish school aged eligibility for Free School Meals or any 2 year old child that is looked after by the local authority will be entitled to a free 15 hour place. The estimated number of eligible children for Wirral is 834.

Wirral will receive £2,313,366 in 2013-14 together with additional "Trajectory" funding of £908,165. This will expand provision beyond the statutory level and prepare for an entitlement based on 40% of 2 year olds in 2014-15. This grant could fund a further 330 children for a full year.

A Schools Forum Working Party met in early January to consider this area. Arrangements are being put in place to advise providers, seek information about additional capacity and to promote the 2 year old scheme. Further meetings of this group are planned, where responses from providers and the use of a Capital Allocation of £614,624 to help deliver this programme will be considered.

The payments to providers must in future be made through the Early Years Single Funding Formula. Guidelines recommend that a single rate is used with no supplements. The current rate paid is £4.85, taking account of a higher staff to pupil ratio and it is recommended that this continues to be used in the future.

5.2 Amendments to the EYSFF

The current formula contains a number of supplements for Nursery Schools. This includes an additional amount to continue funding the level of grants previously

received by the schools. In 2013-14 the formula needs to be amended to remove this element as has happened with mainstream schools. The amounts concerned total £114,200 and should be transferred to the Headteacher and Harmonisation Lump Sum element paid to Nursery Schools.

Overall the formula is delivering less funding to the 3 nursery schools than previously. Whilst there is a protection element in the formula, when this reduces next year to 80% of the budget set in 2010-11, the schools are indicating that there is a budget shortfall of between £30,000 and £60,000.

2013-14 is the final year of the protection scheme. It is proposed that for this year the reduction from 85% to 80% is not implemented. This change will increase costs by £62,000. It is anticipated that this will be met from within the existing Early Years Budget.

6.0 RELEVANT RISKS

6.1 These formula changes enable Early Years budgets and funding budgets to be distributed taking account of DFE regulations.

7.0 OTHER OPTIONS CONSIDERED

7.1 None

8.0 CONSULTATION

8.1 Consultation has taken place with the School Forum.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 All Providers of Early Years Education are paid using a single funding formula.

10.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

10.1 The financial implications are described in the report. IT, staffing and asset implications may arise from changes in pupil numbers and the level of funding.

11.0 LEGAL IMPLICATIONS

11.1 There are none arising from this report.

12.0 EQUALITIES IMPLICATIONS

12.1 There are none arising from this report.

12.2 Equality Impact Assessment (EIA) is not required for this report.

13.0 CARBON REDUCTION IMPLICATIONS

13.1 There are none arising from this report. It should be noted that schools will incur carbon reduction charges in 2013/14.

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 There are none arising from this report.

REPORT AUTHOR: Andrew Roberts
Interim Head of Branch – Planning and Resources
telephone: (0151) 666 4249
email: andrewroberts@wirral.gov.uk

REFERENCE MATERIAL

School Funding Allocations 19th December 2012.

SUBJECT HISTORY

Council Meeting	Date
Wirral Schools Forum Pupil Premium Schools Budget Report 2013-14 Early Years Update	23 January 2013
Proposals for Changes to the Local Funding Formula for Schools	18 th October 2012

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	(117)
Increase (inflation) re PFI contracts	217
Other	<u>27</u>
	307
Total Schools Expenditure	<u><u>236,732</u></u>
Net Schools Budget	2,596

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	2,397,400
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	27,468,600
Dedicated Schools Grant Total	-191,621,000	-234,136,000
Grand Total	2,745,100	2,596,400