

# WIRRAL COUNCIL

## WIRRAL SCHOOLS FORUM

22ND JANUARY 2014

<b>SUBJECT:</b>	<b>SCHOOLS BUDGET 2014-15</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF CHILDREN'S SERVICES</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report outlines the Schools Budget for 2014-15 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 £240,058,000 for early years, maintained schools, academies, colleges and providers for the coming year.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Schools Funding Allocations were issued by the Department for Education on 18<sup>th</sup> December 2013. The basis of the Dedicated Schools Grant (DSG) continues to be the "Spend Plus" methodology introduced in 2006. There are four unringfenced spending blocks for each authority:

- Early Years Block
- Schools Block
- High Needs Block
- Other (2 Year Funding and NQT induction)

#### 2.2 2014-15 Pupil Premium £16.8m

The Pupil Premium provides funding for deprived pupils in addition to DSG. Now in its fourth year a number of additional changes have been introduced. These are summarised below and described in more detail elsewhere on this agenda.

- The rates for pupils who are or have been eligible for Free School Meals (FSM) at any point in the last six years are:

Primary school - £1,300 (last year £953).

Secondary school - £935 (last year £900)

- The rate for each Looked After Child or child that has been adopted since December 2005 is £1,900 (last year LAC £900)
- The rate for each Service child remains at £300

Illustrative data based on 2013 gives a total Pupil Premium for 2014-15 for all schools and academies of £16.8m, an increase of £3.1m compared to the previous year.

Final allocations will be based on data collected in the January census for current numbers of FSM's and those over the previous 5 years. Although not confirmed it is

likely that the overall number of claims will reduce, currently the numbers registered are 4% less than in the same period last year, reflecting national changes in Benefit entitlement. This change will have an impact on the final level of grant that will be received.

## 2.3 Dedicated Schools Grant (DSG) £237m

2.3.1 DSG is made up of four unringfenced blocks. These funding blocks indicate levels of expenditure anticipated for each authority, although local spending decisions can and will reallocate resources according to needs and priorities as has been the case in previous years.

2.3.2 In the case of the Schools and the Early Years blocks these are updated for changes in pupil numbers. Pupil numbers for the Schools Block are those recorded in the October 2013 census, whereas Early Years Funding is a combination of the census in January 2014 and January 2015. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2015. The Early Years grant used for the purposes of the 2014-15 Schools Budget will be the indicative figures (based on January 2013).

The High Needs Block provides an allocation for the funding of all High Needs Students aged 0 – 24, including the Hospital School. New for this year are 2 sub blocks, one for schools (both pre and post 16) and one for post school education. This allocation is also indicative and will not be finalised until February / March when adjustments are agreed for place numbers with the EFA.

The Blocks in their current format can be summarised as follows:

	<b>Block</b>	<b>Pupil Numbers</b>	<b>Funding Per Pupil £</b>	<b>Allocation £</b>
1.	Schools Block	41,235	4,547.11	187,230,000
2.	Early Years Block	2,936	3,816.57	11,205,000
3.	High Needs Block	- schools		32,217,000
		- post schools		1,101,000
4.	2 Year Old funding		.	4,925,000
	NQT induction			62,000
			<b>Total</b>	<b><u>236,740,000</u></b>

Notes:

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 for places in SEN bases. The allocation is top-sliced for Carbon Reduction - £270,000.
2. Early Years pupils are based on the January 2013 census
3. High Needs Block includes all funding (both pre and post 16) for pupils in Schools and top up funding only for High Needs students aged 16-24 in Further Education or placed with Independent Special Providers.
4. 2 Year old Funding makes provision for an increase in entitlement in September 2014.

### 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
- 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 expansion of the DfE's national scheme which now covers copyright, recording, video and motion picture licences.

### 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).

### 2.3.5 High Needs Block

The make up of this block is complex. It is based on the "place plus" system introduced by the DfE from April 2013 and includes:

- Special schools (pre and post 16), school bases and independent non-maintained `special schools. All receive a base level funding of £10,000 per place following agreement of place numbers with the Education Funding Agency (EFA).
- Alternative Provision Bases and WASP. This provision is funded at £8,000 per place.
- 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, or "plus" element of funding, is based on the agreed assessed needs of pupils and is paid by the "commissioner" responsible; this may be Wirral Children's Services, a school or another Local Authority. In 2014-15 a new banded top up system (with 5 bands) will be introduced and will be used to allocate funding to special schools, resourced based and alternative provision.
- The costs of all education and training for post 16 specialist and LLDD provision (top ups) to colleges and private providers.
- The Hospital Schools budget

### 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 have a statutory entitlement for 15 hours Early Years Education. In 2014-15 the

programme for 2 year olds will be expanded to reach approximately 40% of 2 year olds. The allocations received reflect this and the costs of further capacity building. Grant is not based on census data, but uses data from the Department of Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) From 2015-16 funding will be based on actual participation, using census data collected in January 2015.

## 2.4 Academies

Currently there are 14 secondary academies and there is 1 primary academy. There are another 3 conversions anticipated shortly. Academies are independent from the local authority and are funded directly from the EFA. Regulations require Wirral to continue to calculate their budgets.

The estimated grant reduction for Wirral will be £58m.

## 2.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2014-15, protecting schools from formula changes and changes in pupil data. This is an important element of schools funding given the recent changes that have been 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 future funding reforms.

## 2.6 2014-15 Budget Changes

### 2.6.1 Primary and Secondary Schools and Academies £183m

The significant changes within this area are:

- Net Falling Rolls £1,147,800. The estimated secondary numbers (11-15) have reduced from 17,326 to 16,834 (a 3% reduction). The increase in primary numbers is from 24,280 to 24,668 (a 2% increase). The overall reduction in the ISB arises from the net fall in rolls and secondary funding per pupil being higher than primary schools.
- A transfer to the High Needs budget (SEN top ups) of amounts previously given to pupils at schools with Resourced Base Provision
- An increase in rates payable of £422,400. This increased cost reflects the 20% rates that are now payable for academies, an overall reduction in discretionary rate relief awards to schools and a 2% price increase. Offsetting part of this change is a reduction in the central schools budget for Discretionary Rate relief costs of £163,400.
- The budget contains an increase in school maternity costs of £150,000, this will be delegated to schools (and is subject to de-delegation decisions).
- Headroom £1,148,000. Headroom is growth within the budget and arises from the following:
  - a difference between pupil funding within the ISB and the overall pupil funding received through DSG
  - An unallocated DSG surplus carried forward from 2012-13 of £472,000
  - Surplus DSG balances for Automatic Meter Readers £250,000 and Excess School Balance deductions of £9,500.

Of the headroom referred to above £732,000 is an increase resulting from the application of these balances. Whilst this will increase school budgets in 2014-15

above that which would otherwise be available, schools should not plan for these additional sums beyond one year.

The average estimated increase is £6,600 for a Primary school and £26,000 for a secondary school.

### 2.6.2 **6<sup>th</sup> Form Funding**

The Schools Budget includes funding for High Needs students in 6<sup>th</sup> Forms. All other post 16 funding is through the National Formula via the EFA. Recent indications are that the EFA have no plans to change the design of this formula (but have announced a reduction of 17.5% in the funding rate for students aged 18 in 2014-15).

The formula is based on lagged learner numbers to which a national rate is applied for each student. This rate is weighted for study programme costs and student retention. There are additional amounts for disadvantage and Additional Learning Support (ALS), together with transitional protection until 2015-16.

Schools will be informed of their funding factors and learner numbers in January; overall allocations for the academic year 2014-15 will not be available until the end of March.

### 2.6.2 **High Needs £14.5m**

The main changes are:

- An increase of 10 places at Elleray Park Special School £100,000
- An adjustment to add back the funding for 126 places at 3 Special School 6<sup>th</sup> forms. Revised Post 16 place funding will then be transferred to the EFA to be included through the National Funding Formula.
- A change in the place value for post 16. In 2013-14 places had a value of £10,977. This will be reduced from August 2014 to £10,000 in line with other High Needs provision.
- An increase in funding from amounts previously included in the main funding formula for Resourced Base places of £228,300

### 2.6.3 **Early Years £15.3m**

The main change within this budget is to include additional funding for 2 year olds to enable the further expansion of provision from September 2014. An allocation of £977,400 has been received for 1,056 places in the Summer Term and £3,417,100 for 1,846 places from September. There is also an allocation of £530,100 for Trajectory funding. The rapid expansion of this area continues to be discussed with representatives from Early Years and the Schools Forum.

A share of Headroom / growth of £67,100 has been included within this area.

### 2.6.4 **SEN Top Ups £17m**

The proposed budget for SEN Top Ups is £17.0m. This budget reflects the additional support costs for individual pupils and takes into account pupils individual needs and the costs of facilities and support that is provided. The breakdown is shown in the table below:

## SEN Top Ups 2014-15

	£
Statements	292,200
Early Years	
Primary	1,494,000
Secondary (including 6th Forms)	2,037,900
Exceptional Need	443,800
Other	384,900
Special Schools (and 6th Forms)	6,068,300
Independent Non Maintained Special Schools	3,299,200
Home Teaching	248,600
WASP	448,000
SEN units - resourced and alternative provision	646,300
Further Education, 6th Form College and other providers	742,700
Contingency	908,900
<b>Total</b>	<b>17,014,800</b>

Changes in costs which have been identified as part of the budget review are:

- **Statements.** A net reduction of £316,800. The budget anticipates that the numbers in the current year will continue into 2014-15
- **Independent Special Schools.** A small increase of £43,900. The budget anticipates maintaining 81 placements
- **Further Education and 6<sup>th</sup> Form College.** The additional amount of £180,000 arising from the full year cost of current placements to July 2014 and the anticipated placements from August
- **Contingency.** The contingency identified of £908,900 is required to cover the potential costs of:
  - o Adjustments with the EFA for post 16 students. There are ongoing discussions about the costs of mainstream school and academy High Needs places (£6,000 per place) which potentially will cost £372,000
  - o Any unforeseen consequences arising from the implementation and review of High Needs Top Ups.
  - o Unfunded growth in place numbers – there has been a small net increase in the planned number of High Needs places
  - o Any mismatch between places identified with providers and places taken up.
  - o Inflationary pressures within Non Maintained Special Schools.
  - o Uncertainty about the overall statement numbers

The budget reflects the position as currently indicated, as described above there are some areas that require further clarification with the EFA. High Needs allocations will be revised over the coming months as Local Authorities and the EFA agree numbers to be funded in the region over a range of different providers. This area will be kept under review and changes / updates to the budget will be the subject of future reports.

### 2.6.5 Use of Reserves

There are a number of DSG reserves held totalling £2m at 31<sup>st</sup> March 2013. These were agreed as part of the year end accounts for 2013-14 and reported to the Forum

in July. The Schools Budget for 2014-15 plans to use £0.7m of these. The reserves that will be used are described below:

- DSG £472,000. This is the net underspend on the schools budget in 2012-13. Grant conditions require that the underspend is carried forward to support the Schools Budget in future years.
- Automatic Meter Readers £250,000. This scheme will not now continue and this amount is a reduction to the current reserve of £415,000. It is recommended that the remaining balance is used to fund the installation and training in the use of defibrillators in schools.
- Excess Balances £9,500. This is a residual balance held following the withdrawal of the scheme in 2012.

### **3.0 INFLATION**

3.1 No direct provision is included within the budget for pay awards. At this stage 1% awards for teaching and non-teaching staff are anticipated. Any costs arising from these changes in schools will 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.

### **4.0 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 remaining centrally held budgets for 2014-15 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) (£152,000)
- School Admissions (£364,400)
- Planned Programmed Maintenance (PPM £449,000) and the PFI Affordability Gap (£2,537,000)
- Contributions to combined budgets (£2,586,500).

#### **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 (£365,400)**

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

identified in this budget from changes to the 11+ test, removal of the Choice Advisor service and the inclusion of income from a number of academy schools.

#### 4.5 **PPM (£449,000)**

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.

The budget has been reduced by £200,000 in 2014-15 reflecting the Council's previously agreed reduction in funding. The remaining PPM budget of £449,000 is now fully funded from DSG.

#### 4.5 **PFI Affordability Gap (£2,586,500)**

The funding gap for the council's 9 school PFI scheme is £2,586,500. This amount is the shortfall between the costs of the PFI contract £11.0m and the combined government grant of £5.5m and school contributions received of £3.0m. The gap increases each year in line with the contract inflation clause (The December RPI was 2.7%).

The funding of £2.3m of the PFI affordability gap is a council budget saving in 2015-16. Proposals in this area will be considered in future meetings during the year.

#### 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 state that there must be no new commitments or increases in expenditure from that in 2012-13. The budgets in this area are shown below:-

- **Discretionary Rate Relief £106,600**

This budget has been reduced following the conversion of a number of secondary schools to academies and the budget savings option to reduce Discretionary Rate Relief for Catholic and Foundation 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.

- **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 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 £140,000**  
These amounts support the Governors Forum, school swimming baths, school emoluments, wellbeing, the School Staff Survey, Clinical Waste and the PFI Support Team

<b>Combined Budget Summary</b>	<b>£</b>
Discretionary Rate Relief top ups	106,600
School Improvement	359,900
LSCB Contribution	30,000
School Sports Coordinator	25,000
School Intervention	674,500
City Learning Centres	814,700
LACES	185,500
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
<b>Total</b>	<b>2,336,200</b>

The equivalent budget in 2012-13 was £2,499,600

### **Carbon Reduction**

The Department for Energy and Climate Change have announced that all schools have been withdrawn from the Carbon Reduction Scheme from 2014-15. Therefore there is no longer a requirement to make provision for these costs. However the DSG received by Local Authorities has been top-sliced in order to offset the overall reduction in funding. The Top Slice is £270,000, compared to a budget provision in 2013-14 of £230,000.

### **4.7 Insurance and Energy Costs**

School Insurance charges are estimated to increase in 2014-15 by 24% on average, although some charges will be higher and some lower depending on risk and claims history. The overall increases are mainly the result of higher costs for Liability Insurance and Schools having an increased share of the Council’s overall payroll.

Increases for energy costs are estimated to be in the region of 6% 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 12<sup>th</sup> February 2013.

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1 The budget for 2014-15 is compiled from the base budget for 2013-14 approved by Council on 5th March 2013 and updated for any issues identified in this report.

The projected budget (DSG and council contribution) is £240,058,000 and is shown in Appendix 1.

## **7.0 RECOMMENDATIONS**

- i) That the views of the Schools Forum are sought on the Schools Budget for 2014-15.
- ii) That the contributions to combined budgets are agreed
- iii) That the proposed reduction for PPM of £200,000 is agreed.
- iv) That the use of Headroom totalling £1,215,100, of which £732,000 is for one year only, is agreed
- v) The High Needs Contingency totalling £908,900 is agreed.
- vi) That the use of reserves in setting the Schools Budget is agreed and that the remaining balance for Automatic Meters is reclassified as a reserve for the installation of defibrillators.
- vii) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 12<sup>th</sup> February 2014.

**Julia Hassall**  
**Director of Children's Services**

**SCHOOLS BUDGET SUMMARY  
2014-15**

Appendix 1  
£000

<b>Dedicated Schools Grant</b>	236,740
<b>Use of DSG and other reserves</b>	732
<b>Total Grant Funding</b>	<u>237,472</u>
<b>Schools Budget Base Expenditure</b>	178,649
Add back 2013-14 Academy Baseline	58,655
	<u>237,304</u>
<b>Change in ISB Costs</b>	
Net falling rolls	(1,148)
Transfer to High Needs	(226)
School Rates increases and reducing DRR	423
Additional maternity costs for schools	150
Headroom / growth - - Schools	1,148
- Early Years	67
Expansion of provision for 2 year olds	1,703
	<u>2,117</u>
<b>Changes in SEN / High Costs :</b>	
Increase in Special School Places	100
School Top Ups	337
Post School Top Ups (FYE)	185
Reduction in Statements	(319)
Reduction in Resourced Base places	(120)
Post 16 adjustment Special Schools	889
Contingency	47
	<u>1,119</u>
<b>Other changes in central costs:</b>	
Increase (inflation) re PFI contracts	191
Cease Carbon Reduction Budget	(229)
Admissions	(87)
Reduce PPM programme	(200)
Reduce combined budgets	(164)
Other	7
	<u>(482)</u>
<b>Total Schools Expenditure</b>	<u>240,058</u>
<b>Net Schools Budget</b>	<b>2,586</b>

## EDUCATION - SCHOOLS

Appendix 2

	<b>Base Estimate 2013/14</b>	<b>Base Estimate 2014/15</b>
<b>Individual Schools Budget</b>		
Primary Schools	92,058,800	95,028,500
Secondary Schools	31,788,300	88,032,000
Special Schools	8,690,000	9,678,900
SEN Bases	2,068,000	2,848,000
WASP	640,000	640,000
Wirral Hospital School	1,352,300	1,352,300
Early Years	13,514,600	15,337,000
<b>Individual Schools Budget Total</b>	<b>150,112,000</b>	<b>212,916,700</b>
<b>Central School Costs</b>		
Early Years	541,100	489,700
Admissions	452,500	365,400
School closure / retirement costs	326,000	326,000
Licences & Subscriptions	101,300	152,000
Carbon Reduction	230,300	-
Schools Forum	10,600	10,600
School Harmonisation Costs	450,000	450,000
Contribution to Combined Budgets	2,499,600	2,336,200
PPM	649,000	449,000
PFI affordability gap	2,395,400	2,586,500
<b>Costs delegated to schools</b>		
Library Service	198,400	
Insurances	55,200	
M E A S	253,800	
School Specific Contingencies	109,600	
Special Staff Costs	606,900	
Milk & Meals	13,900	
Behaviour Support	96,500	
<b>High Needs Pupils</b>		
SEN top Ups	8,298,600	8,825,900
Statements	5,332,900	4,641,100
Support For SEN	2,292,900	2,292,900
Indep Special School Fees	3,315,300	3,909,200
Education Out Of School	248,600	248,600
Special School Transport	58,200	58,200
<b>Non Delegated School Costs Total</b>	<b>28,536,600</b>	<b>27,141,300</b>
<b>Total of Schools and Central Costs</b>	<b>178,648,600</b>	<b>240,058,000</b>
<b>Dedicated Schools Grant Total</b>	<b>176,054,000cr</b>	<b>236,740,000cr</b>
<b>Use of Reserves</b>		<b>731,500cr</b>
<b>Grand Total</b>	<b>2,594,600</b>	<b>2,586,500</b>