

WIRRAL COUNCIL

CABINET

12 FEBRUARY 2014

SUBJECT:	SCHOOLS BUDGET 2014/15
WARD/S AFFECTED:	ALL
REPORT OF:	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 2014/15 of £240,058,000 for early years, maintained schools, academies, colleges and providers in Wirral. This report was presented to the Schools Forum on 22 January 2014.

2.0 RECOMMENDATION

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

- The Dedicated Schools Grant (DSG) funded Schools Budget for maintained schools and academies is approved at the sum of £240,058,000.
- The headroom of £1,215,100 (detailed in para. 4.6) is allocated within the formula to all schools and early years providers.
- The High Needs Contingency totalling £908,900 is agreed.
- A reduction for Planned Programmed Maintenance (PPM) of £200,000 is agreed.
- The use of DSG reserves totalling £732,000 in setting the schools budget is agreed and the remaining balance for Automatic Meter Readers is reclassified as a reserve for installation of defibrillators.

3.0 REASONS FOR RECOMMENDATION/S

3.1 The Council is required to set a Schools Budget for 2014/15.

4.0 BACKGROUND AND KEY ISSUES

4.1 Schools Budget 2014/15

The Schools Funding Allocations were issued by the Department for Education on 18 December 2013. The basis of the grant 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 Old funding and NQT induction)

DSG can only be used for the purposes of the Schools Budget

4.2 Pupil Premium £16.8m

4.2.1 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.

4.2.2 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 Schools - £1,300 (last year £953).
- Secondary Schools £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). Then rate for each Service child remains at £300

4.2.3 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.

4.3 Dedicated Schools Grant (DSG) £237m

4.3.1 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.

4.3.2 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:

	Block	Pupil Numbers	Funding Per Pupil £	Allocation £
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
			Total	<u>236,740,000</u>

4.3.3 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.

4.3.4 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).

4.3.5 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 it is anticipated that 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

4.3.6 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.

4.4 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.

4.5 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.

4.6 2014/15 Budget Changes

4.6.1 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.
- 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.

4.6.2 **6th Form Funding**

The Schools Budget includes funding for High Needs students in 6th 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 have been 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.

4.6.3 **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 6th 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.

4.6.4 **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.

4.6.5 **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.

SEN Top Ups 2014-15		£
Statements	Early Years	292,200
	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
	Total	17,014,800

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 6th 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.

4.6.6 Use of Reserves

There are a number of DSG reserves held totalling £2m at 31 March 2013. The Schools Budget for 2014/15 plans to use £0.7m of these. The reserves that will be used are:

- 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.

5.0 INFLATION

- 5.1 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.

6.0 CENTRALLY HELD SCHOOL BUDGETS

- 6.1 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.

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 (£2,586,500).
- Contributions to combined budgets (£2,336,200) as shown below:

Combined Budget Summary	£
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
Looked After Children Education Service	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
Total	2,336,200

The budgets held for Contingency, Special Staff (maternity and trade union facility time), the School Library Service, Insurance (Governors Aided), Behaviour Support and the Minority Ethnic Achievement Service (MEAS) form part of the budgets which have been delegated to schools, these total £1,886,600. Members of the Schools Forum agreed to de-delegate the above budgets for Primary and Secondary Schools (with the exception of Trade Union facility time for secondary schools).

6.2 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.

6.3 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.

7.0 BUDGET SAVINGS OPTIONS

There are a number of budget savings options for 2014-15 arising from working in partnership with schools. These have been progressed in discussions with schools and as part of this budget as follows:

- **Planned Programmed Maintenance £200,000**
This is a savings option carried forward from 2013/14 and has been implemented by a reduction in the overall schools maintenance programme from £649,000 to £449,000. Whilst this will reduce the programme and transfer some costs to schools and capital, the reduction can be safely accommodated and results in a reduction in the Council's overall contribution to the Schools budget.
- **School Crossing Patrols £415,000**
This option has been discussed with Headteacher groups with a view to it being funded by schools from their delegated budgets. The crossings would continue to be managed and staffed by Streetscene, but schools individually would meet the costs of the service.
- **Non Teaching Trade Union Facility Time £35,000**
Secondary school representatives have not agreed to the delegation of Teaching or Non Teaching Trade Union costs. This means initially that the area will become a traded service with separate decisions required by each secondary school. Where agreement is not reached with the schools concerned, costs will need to be reduced.

- **Private Finance Initiative (PFI) Affordability Gap £2,300,000**
This is a budget savings option for 2015/16. In 2014/15 these costs are funded in full by the Council, outside DSG. The PFI Affordability Gap is the shortfall between the cost of the Councils 9 school PFI contract (£11m) and the combined government grant (£5.5m) and the school contributions received (£3.0m). The net total is £2.6m. However restrictions within School Finance Regulations fix this saving at the net PFI costs in 2012/13.

8.0 RELEVANT RISKS

- 8.1 Setting the Schools budget enables school and provider budgets to be allocated taking account of DfE Regulations and timescales.

9.0 OTHER OPTIONS CONSIDERED

- 9.1 None

10.0 CONSULTATION

- 10.1 Consultation has taken place with the Schools Forum.

11.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 11.1 The Schools Budget provides Early Years funding for Private Voluntary and Independent Providers.

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

- 12.1 The Schools Budget for 2014/15 totals £240.1m and is funded from Dedicated Schools Grant / reserves of £237.5m and a council contribution of £2.6m for the PFI affordability gap.
- 12.2 IT, staffing and asset implications may arise from changes in pupil numbers and the level of funding.

13.0 LEGAL IMPLICATIONS

- 13.1 There are none arising from this report.

14.0 EQUALITIES IMPLICATIONS

- 14.1 Has the potential impact of proposals been reviewed with regard to equality? Yes and impact review can be found via the following link:
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

15.0 CARBON REDUCTION IMPLICATIONS

- 15.1 Schools have been withdrawn from the financial aspects of the Carbon Reduction scheme with effect from 2014/15.

16.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 16.1 There are none arising from this report.

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REFERENCE MATERIAL

School Funding Allocations 18 December 2013.

SUBJECT HISTORY

Council Meeting	Date
Wirral Schools Forum Pupil Premium Schools Budget Report 2014/15 Delegation of budgets	22 January 2014

APPENDIX 1

SCHOOLS BUDGET SUMMARY 2014/15

£000

Dedicated Schools Grant	236,740
Use of DSG and other reserves	732
Total Grant Funding	237,472
Schools Budget Base Expenditure	178,649
Add back 2013-14 Academy Baseline	58,655
	237,304
Change in ISB Costs	
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
	2,117
Changes in SEN / High Costs :	
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
	1,119
Other changes in central costs:	
Increase (inflation) re PFI contracts	191
Cease Carbon Reduction Budget	(229)
Admissions	(87)
Reduce PPM programme	(200)
Reduce combined budgets	(164)
Other	7
	(482)
Total Schools Expenditure	240,058
Net Schools Budget	2,586

EDUCATION SCHOOLS

	Base Estimate 2013/14	Base Estimate 2014/15
Individual Schools Budget		
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
Individual Schools Budget Total	150,112,000	212,916,700
Central School Costs		
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
Costs delegated to schools		
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	
High Needs Pupils		
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
Non Delegated School Costs Total	28,536,600	27,141,300
Total of Schools and Central Costs	178,648,600	240,058,000
Dedicated Schools Grant Total	176,054,000cr	236,740,000cr
Use of Reserves		731,500cr
Grand Total	2,594,600	2,586,500