

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM - 8TH OCTOBER 2014

REPORT OF THE DIRECTOR OF CHILDRENS SERVICES

PFI and Central Budgets Review

1. EXECUTIVE SUMMARY

This report considers the centrally managed School Budgets and suggests a means to manage the Council's reduced contribution to School PFI costs in 2015-16 from within this area.

2. BACKGROUND

The Council has a PFI agreement signed by the Council, school governing bodies and the PFI contractor in March 2001. The scheme involved the rebuild / refurbishment of one primary and eight secondary schools. Contracts were originally for 25 years to July 2029, but were extended in 2004 by 2 years to July 2031. In addition to funding major investment to those schools that were in the worst condition in the late 1980's, the scheme has also allowed the redirection of subsequent capital funding to the school estate over a 10 year period.

An annual sum is paid to the PFI contractor for the cost of PFI. This "unitary charge" represents the repayment of capital costs and a payment for the cost of providing facilities management services. The contract makes provision for the total costs to increase each year by the Retail Prices Index less 10%.

The summarised School PFI costs are as follows:

	£000
Contract payments	11,037
PFI Grant	5,472cr
School Contributions	2,979cr
PFI Net Cost (Affordability Gap)	2,586

Up until now the Affordability Gap has been met by a matching Council contribution, however in 2014-15 the Council reduced it's contribution to Schools PFI costs by £600,000 (which is covered in the ISB by the use of a one off reserve) and in 2015-16 the Council will reduce it's contribution to costs by £2.3m. This change requires permanent equivalent savings to be identified within the overall schools budget.

Previous reports to the Schools Forum on 30th April and 2nd July have started to explore the options to implement this change in 2015-16.

3. PROPOSAL

The Schools Forum Formula Working Party met in the summer term and looked at what changes could be implemented from centrally managed

budgets. An amount of £650,000 was identified and reported to the last meeting.

Attached to this report are proposals covering this amount and other suggestions, totalling £2.3m. These are briefly described below.

3.1 Admissions £23,600

This budget of £365,400 makes provision for the administration of all admissions to maintained schools (including the costs of the 11 plus). Taking account of current costs there is an uncommitted balance of £23,600.

3.2 School Closure / retirement costs £200,000

This budget of £326,000 funds the continuing premature retirement cost of teachers and staff arising from closing schools. Since no new school closure costs can be charged here and the continuing retirement costs are £120,000 the budget can be reduced.

3.3 School Sports Coordinator £25,000

This is funding towards a post working to develop sport in schools. In future this amount should be secured through school traded services.

3.4 School Intervention £180,000

This budget (£674,500) supports intervention in vulnerable schools in accordance with the School Improvement Strategy, Primary and Secondary Consultant Heads, 14 – 19 and work around Narrowing the Gap. A separate report on this work is elsewhere on this agenda. The reduction proposed is 25%

3.5 City Learning Centres £120,000

There are 3 CLC's with a combined budget of £814,700. The provision has been the subject of previous reports and is currently being restructured to provide a more sustainable model for the future. Part of this new solution is to provide an ongoing fund which will enable the upgrade and replacement of large, high value, high spec equipment, in order to maintain the cutting edge of these facilities. This proposal would result in the ongoing fund (estimated to be £120,000 pa) being funded from within the CYP / Schools Capital Programme.

3.6 LACES £45,000

The service is part funded by the Council and part by the Schools Budget and supports the educational progress of Looked After Children. LACES are currently being reviewed. Any reductions arising from this would fall over both areas of the budget.

3.7 Clinical Waste Disposal £11,600

It is proposed that these costs are no longer absorbed centrally, but are paid through delegated school budgets.

3.8 Use of Swimming Baths £19,800

This is a contribution to swimming baths used by schools. These costs would in future be charged to schools.

3.9 PPM £200,000

This budget of £449,000 supports the health and safety and maintenance of school buildings, grounds and equipment. It also pays for minor repairs and emergencies.

The budget was reduced by £200,000 in 2014-15 and this proposal would reduce funding by a further third. As a result it is likely more costs would fall on the Schools Capital programme or schools traded service.

3.10 Insurances £25,000

This is a delegated budget to Primary schools for the costs of governor liability in Aided Schools. The budget of £57,700 is underspent

3.11 SEN Top Ups £600,000

The budgets for High Needs Top Ups are funded within the High Needs Block of the Schools Budget. This block, when DSG has been set, is £32m, whilst the planned overall budgeted spend for High Needs is £34m. This proposal therefore would also start to reduce the difference between DfE resources and planned local spend.

SEN top ups represent additional amounts paid to specialist provision which are over and above funding for High Needs places. These top ups, are paid to take account of pupil needs. Within this budget there is contingency of £900,000. Whilst there has been some call on this area – for example to fund the Minimum Funding Guarantee in 2014-15 for Special Schools and Resourced Base provision, there is an uncommitted balance in the current year. This proposal would reduce the contingency by 2/3rds.

3.12 Statements £200,000

This proposal would reduce the current budget of £4.6m and takes account of a current underspend.

3.13 Support for SEN £200,000

This budget provides support for SEN, Sensory Services and Portage together with a range of SEN initiatives. The SEN initiative area totals £690,000 and provides a range of support and activities. It is proposed that the reduction of £200,000 is from within this area and largely takes account of uncommitted budgets.

4. **RECOMMENDATION**

It is recommended that these proposals are referred to the Schools Forum Formula Working Party for further discussion and consideration. The Group would report their findings to the next meeting.

Julia Hassall
Director of Children's Services