

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM

14TH JANUARY 2015

SUBJECT:	SCHOOLS BUDGET 2015-16
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF CHILDREN'S SERVICES
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report outlines the Schools Budget for 2015-16 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 £242,576,100 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 17th December 2014. The national basis of the Dedicated Schools Grant (DSG) is the "Spend Plus" methodology introduced in 2006, adjusted in some cases for a Minimum Funding Level (MFL). The MFL has been introduced for the first time in 2015-16 as a means to target additional funding to those authorities that fund schools below average for a number of pupil related formula factors. Wirral is not one of those authorities; therefore DSG is based on amounts per pupil paid in previous years.

Within DSG there are four unringfenced spending blocks for each authority:

- Early Years Block
- Schools Block
- High Needs Block
- Other (NQT induction)

2.2 2015-16 Pupil Premium £17.6m

In addition to DSG all schools receive a Pupil Premium providing funding targeted to deprived pupils. Now in its fifth year the changes for Pupil Premium in 2015-16 are summarised below:

- From 1st April schools, nurseries, private voluntary and independent providers and childminders will be entitled to a Pupil Premium of £300 pa for each 3 and 4 year old child from a low income family. Wirral's indicative allocation is £357,000.

- The Pupil Premium rates in schools for pupils who are or have been eligible for Free School Meals (FSM) at any point in the last six years are:
 Primary school - £1,320 (last year £1,300).
 Secondary school - £935 (unchanged)
- The rate for each Looked After Child or child that has been adopted since December 2005 is £1,900 (unchanged)
- The rate for each child of a parent in the Armed Forces is £300 (unchanged).

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) and LAC Census data collected in March 2015.

2.3 Dedicated Schools Grant (DSG) £241m

2.3.1 DSG is made up of four unringfenced blocks. These funding blocks indicate the levels of expenditure anticipated for each authority, however local spending decisions can and will reallocate resources according to needs and priorities, this continues to be the case.

2.3.2 The allocations for Schools and Early Years funding blocks are updated for changes in pupil numbers. Pupil numbers for the Schools Block are those recorded in the October 2014 census, whereas Early Years Funding is a combination of the census in January 2015 and January 2016. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2016. The Early Years grant used for the 2015-16 Schools Budget will be based on the current indicative figures (using the January 2014 census).

2.3.3 From 2015-16 funding for 2 year olds will also be determined by census data in the same way as Early Years. In this first year there will be an additional count in Autumn, to take account of additional numbers as take up increases in local authorities following the recent policy change.

2.3.4 The High Needs Block provides an allocation for funding of all high needs students aged 0 – 24, including the Hospital School. In previous years the block has been updated for changes requested in High Needs place numbers. This will not be the case in 2015-16. The EFA signalled an intention earlier in 2014 to roll forward the place numbers used in 2014-15 to 2015-16, adjusting only where there is an exceptional need.

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

	Block	Pupil Numbers	Funding Per Pupil £	Allocation £
1.	Schools Block	41,322	4,539.60	187,585,400
2.	Birkenhead Girls Academy			3,656,000
3.	Early Years Block	2,992	3,816.57	11,419,200
	2 Year Old funding		.	4,347,100
	Early Years Pupil Premium			357,000
4.	High Needs Block			33,818,000
5.	NQT induction			62,000
			Total	<u>241,244,700</u>

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 pupil funding rate of £4,539.60 has been reduced by £7.51 compared to 2014-15. This replaces a charge for Carbon Reduction. The reduction is the equivalent of £310,000 compared to £270,000 in 2014-15.
2. In 2015-16 funding for Birkenhead Girls Academy will be included within Wirral's overall DSG. This marks a policy change by the DfE, whereby funding for all academy and Free Schools are included in the grant given to each Local Authority. For Wirral the sum of £3.6m is being included in DSG based on school data used for 2015-16 allocations.

The existing arrangement whereby the EFA then recoups the equivalent budget from DSG to pay academies and Free Schools is unaffected.

3. Early Years pupils are based on the January 2014 census
2 Year old Funding uses estimated numbers, and provides for growth in take up.
4. 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.

2.3.6 Schools Block £191m

This funding covers the delegated budgets to mainstream schools and academies (totalling £187m 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 PFI, these budgets have not been increased and in relation to the contributions to combined budgets have decreased from £2.3m to £2.1m.

2.3.7 Early Years Block £15m

This Block funds the costs of Early Years Education for 2, 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). There is a small element covering SEN costs in Early Years and some central support costs.

2.3.8 High Needs Block £34m

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.
- Alternative Provision Bases and EMAP. In line with Regulations the funding for each place will increase to £10,000 from September 2015.
- 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, takes account of 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. On Wirral in 2014-15 a new banded top up system (with 5 bands) was introduced and used to allocate funding to special schools, resourced based and alternative provision.
- The costs of Top Ups for all education and training for post 16 specialist provision for Learners with Learning Difficulties or Disabilities (LLDD) in colleges and private providers.
- The Hospital Schools budget

2.3.9 Other Block

This funding reflects costs of monitoring and quality assuring Newly Qualified Teacher induction.

2.4 Academies

Currently there are 15 secondary academies and 2 primary academies. In addition there are 2 academy conversions anticipated before the end of the financial year, 1 secondary and 1 alternative provision. Academies are independent from the local authority and are funded directly from the EFA, however Regulations require Wirral to continue to calculate their budgets in order to determine the total grant reduction. For Wirral this is estimated to be £67m in 2015-16.

2.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2015-16, protecting schools from formula changes and changes in pupil data. 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 2015-16 Budget Changes

Reduction in Council Contribution to the costs of PFI of £1.7m

There have been a number of reports to the Schools Forum during the year on the Council’s decision to reduce its contribution to the costs of the 9 school PFI agreement by £2.3m (the PFI Affordability Gap). The amounts that have been reduced are £0.6m in 2014-15 and £1.7m in 2015-16. In 2014-15 the saving required was found by using one off reserves. In 2015-16 a more permanent solution is required for the full £2.3m.

Proposals have been considered by a Forum Working Party and were reported to the last meeting. The potential and revised areas for reduction are as follows:

Proposed 2015-16 Schools Budget savings £2.3m

	Original Proposal £	Revised Proposal £
School Pay Harmonisation	450,000	450,000
School Closure Costs	200,000	200,000
Planned Programmed Maintenance	200,000	200,000
Admissions	23,600	23,600
Schools Sports Coordinator	25,000	25,000
School Intervention	180,000	-
City Learning Centres	120,000	120,000
LACES	45,000	45,000
Clinical Waste Disposal	11,600	11,600
Use of Swimming Baths	19,800	19,800
School Governor Liability Insurance	25,000	25,000
SEN Top Ups / contingency	600,000	400,000
Statements	200,000	200,000
Support for SEN	200,000	250,000
Headroom from school falling rolls	-	330,000
	2,300,000	2,300,000

In the case of School Intervention £180,000 and SEN Top Ups £600,000, members asked that proposals were reconsidered alongside any alternatives. The scope to make further adjustments is limited. There is some agreement that any reductions should be made without impacting on existing delegated school budgets; that centrally managed budgets should be reduced first and that the future spending plans should broadly reflect DSG funding blocks.

With this in mind the final proposals take account of a small amount of Headroom within the budget. This “growth” arises from a difference between the pupil funding received in DSG for rising primary rolls and the primary funding allocated within the ISB. Allowing for the net overall increase in Business Rates and the increase needed for the Carbon Charge adjustment, there is a balance of £330,000 which can be used to meet PFI costs, allowing for the savings to be adjusted as shown in the table above.

2.6.1 Primary, Secondary and Academy Budgets £187m

The significant changes within this area are:

- Net change in school rolls, resulting in an overall reduction of £60,600. There are 69 more pupil on roll in October 2014 compared to October 2013. The estimated secondary numbers for pupils aged 11-15 have reduced from 16,834 to 16,655 (a 1% reduction). There is an increase in primary numbers from 24,668 to 24,916 (a 1% increase). The overall reduction arises from the secondary funding per pupil being higher than primary schools.
- A top slice for an expansion of national copyright licences £80,000cr
- Headroom £80,400. There is a small balance available after the adjustments arising from PFI of £330,000.

- An increase in rates payable of £6,500. There has been a large revaluation in rates for Pensby and Park Primary schools and an overall 2% price increase. Offsetting this is a reduction in rates costs for schools who convert to an academy.

As in 2014-15 the Primary and Secondary school budgets continue to be supported by reserves totalling £732,500. The nature of reserves are one-off balances, schools should not therefore plan for these additional sums beyond a further year

2.6.2 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. The EFA have indicated that they have no plans to make any additional changes to the formula other than those already agreed.

The 6th Form 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).

The National Funding Rate will be confirmed in January. It is anticipated that schools will be informed of their allocations for the academic year 2015-16 in February. The Transitional Protection following the equalisation of School 6th Form funding ended in 2014-15, however the protection following formula changes introduced in 2013-14 will continue for a third and final year in 2015-16.

2.6.3 High Needs Places £14.7m

Guidance earlier in the year from the EFA indicated an intention to use the same High Needs Place Numbers in 2015-16 as was used in 2014-15. This would as a result defer the introduction of a "lagged" funding system for places where school census and individual learner records would be used from the previous October.

For an authority to request any change in High Needs place numbers in 2015-16, the change had to be significant and be supported by a business case. Although this information was submitted by Wirral to make a number of changes the application did not meet thresholds laid out by the EFA and was not therefore approved.

Locally there are still grounds to consider increasing places in special schools and these are recommended as follows:

Kilgarth increase by 5 places to 55

Observatory School increase by 5 places to 55

Elleray Park increase by 9 places to 99

Stanley increase by 9 places to 99

The requested increase Orrets Meadow places from 66 to 72 should be deferred at this time, enabling additional resources to be focussed on ASD provision at the school

The place number changes described above would cost an additional £163,400 for a part year in 2015-16 and £280,000 for a full year. The budget is based on this being funded from school reserves until a lagged system is introduced.

No changes are proposed to the Hospital School at this point in time. The business case submitted requested an increase of 40 places to 120 and additional funding of

£227,000. As this was not approved there will be further discussion with the EFA in order to better understand their position.

The other significant High Needs change in 2015-16 is the place funding for Alternative Provision. From September 2015 this will increase from £8,000 to £10,000. No additional funding has been provided nationally for this, since the change is intended to be cost neutral, from a matching reduction in the value of top ups paid. There are 96 Alternative Provision places in total, 80 at EMAP and 8 in each of the 2 primary bases. The change will result in an increase in place funding of £112,000 part year and £192,000 in a full year.

2.6.4 Early Years £15.4m

The main change within this budget is the introduction of a Pupil Premium for 3 and 4 year olds which has been mentioned previously and the inclusion of funding for 2 year olds on the basis of headcount data in January / Autumn 2015 and January 2016.

The DfE anticipate there are 1,846 2 year olds who are eligible to receive Early Education. 1,846 is about 50% of the total number of 2 year olds on Wirral. Take up in this area is still increasing. The budget is based on 1,177 pupils in January building up to 1,846 in January 2016.

There are no changes planned to the rates or bands within the Early Years Single Funding Formula or the formula funding 2 year olds in 2015-16.

2.6.5 SEN Top Ups £16.6m

The proposed budget for SEN Top Ups is £16.6m. There is an increase / growth within the High Needs DSG Block of £272,000. Some further information is needed from the EFA to confirm adjustments. Initially however growth has been allocated to increased numbers arising from Top Ups, Independent Special Schools and Home Tuition as set out below.

SEN Top Ups 2015/16

Statements	Early Years	292,200
	Primary	1,325,700
	Secondary (including 6th Forms)	1,998,300
	Exceptional Need	449,200
	Other	383,100
Top Ups	Special Schools (and 6th Forms)	6,141,200
	Independent Non Maintained Special Schools	3,383,300
	Home Teaching	301,400
	EMAP/WASP	420,800
	SEN units - resourced and alternative provision	629,400
	Support costs	11,700
	Further Education, 6th Form College and other providers	742,700
	Contingency	500,000
	Total	16,579,000

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

- **Special Schools and EMAP.** The top up budgets have been increased by £180,900, reflecting additional numbers at Stanley, Kilgarth, Gilbrook and EMAP together with changes in ASD provision at Orrets Meadow and Claremount.
- **Statements.** A net reduction of £200,000. The budget anticipates that the numbers in the current year will continue into 2015-16
- **Independent Special Schools.** A small increase of £88,100. The budget anticipates maintaining 92 placements
- **Further Education and 6th Form College.** No change to the overall provision of £742,700
- **Home Teaching.** As indicated elsewhere on the agenda this budget faces increased demand for services resulting in additional teaching hours. The increase in budget recommended of £50,000 to £301,400 will also require a review of charges during the year.
- **Contingency.** The contingency of £500,000 is required to cover the potential costs of:
 - Any unforeseen consequences arising from top ups, exceptional cases or the review of High Needs.
 - Any mismatch between provider places and places taken up.
 - Inflationary pressures within Non Maintained Special Schools.

As indicated there are some areas that require further clarification with the EFA in respect of place numbers and the Hospital School. The area will be kept under review and changes / updates to the budget will be the subject of future reports.

2.6.6 Use of Reserves

There are a number of DSG reserves held totalling £4.1m at 31st March 2014. 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 planned to use £1.9m of these.

In 2015-16 £894,900 of reserves will be used. This commits most of the DSG underspend carried forward from 2013-14.

The remaining reserves are committed to the costs of pay harmonisation, contingencies and Early Years.

3.0 INFLATION

- 3.1 No direct provision is included within the budget for pay awards. At this stage a 1% award for teaching staff is anticipated, together with an increase in Teachers Pension contributions from 14.1% to 16.4%. The 2.2% pay award for non-teaching staff was implemented in January. The additional costs arising from these changes in schools will need to be met from existing school budgets.

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 2015-16 cover:

- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£126,000)
- the cost of licences for copyright and music in all schools and academies (resulting from a national agreement) (£250,000)
- School Admissions (£341,800)
- Planned Programmed Maintenance (PPM £249,000)
- The PFI Affordability Gap (£2,736,500)
- Contributions to combined budgets (£2,114,800).
- Schools Forum £10,600
- Early Years £405,300

4.2 **School Admissions (£341,800)**

This budget is required to meet the costs of supporting and administering the authority's school admissions scheme (including the 11 plus). Savings of £23,600 have been identified in this budget.

4.5 **Planned Programmed Maintenance (£249,000)**

This resource supports the health and safety and maintenance of school buildings, grounds and equipment. It also pays for minor repairs and emergencies. The budget has been reduced by £200,000 in 2015-16.

4.6 **PFI Affordability Gap (£2,736,500)**

The funding gap for the council's 9 school PFI scheme is £2,736,500 (an increase of £150,000 compared to 2014-15). The affordability gap is the shortfall between the costs of the PFI contract £11.2m 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.

4.7 **School Copyright licences (£250,000)**

The DfE purchases a single national licence for all state funded schools. Licences cover area such as the Copyright Licence Agency, the Education Recording Agency, a School Printed Music Licence. Next year this will also cover the costs of 4 other areas including the Performing Rights Society.

Guidance indicates that overall costs will increase by £100,000 to £250,000

4.8 **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.

Regulations 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 funds continuing costs for Discretionary rate Relief in Voluntary Aided 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 Intervention £674,500**
This budget provides additional funding within School Improvement to meet priorities in targeted schools during the year.
- **City Learning Centres £694,700**
The 3 City Learning Centres have a combined budget of £814,700 of which £120,000 is from the Council's capital programme to upgrade large, high value, high spec equipment.
- **LACES £140,500**
The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils. The contribution has been reduced by £45,000 in 2015-16.
- **Miscellaneous £108,600**
These amounts support the Governors Forum, school swimming baths, school wellbeing, the School Staff Survey and the PFI Support Team

Combined Budget Summary	£
Discretionary Rate Relief top ups	106,600
School Improvement	359,900
LSCB Contribution	30,000
School Intervention	674,500
City Learning Centres	694,700
LACES	140,500
Wellbeing and School Staff Surveys	44,600
Governors Forum	2,200
PFI Support Team	61,800
Total	2,114,800

The equivalent budget in 2014-15 was £2,336,200

5.0 Budget Timetable

- 5.1 The Schools Budget and advice from the Forum will be considered by Cabinet on 10th February 2015.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The budget for 2015-16 is compiled from the base budget for 2014-15 approved by Council on 10th March 2014 and updated for any issues identified in this report.

The projected budget (DSG and council contribution) is £242,576,100 and is shown in Appendix 1.

7.0 RECOMMENDATIONS

- i) That the views of the Schools Forum are sought on the Schools Budget for 2015-16.
- ii) That the contributions to combined budgets are agreed.
- iii) That the proposed reductions totalling £2.3m (£1.7m in 2015-16) are agreed.
- iv) The High Needs Contingency totalling £500,000 is agreed.
- v) That the reserves totalling £894,900 used to set the Schools Budget are agreed.
- vii) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 10th February 2015.

Julia Hassall
Director of Children's Services

Schools Budget Summary**2015-16**

	£000
Dedicated Schools Grant	241,245
Use of DSG and other reserves	895
Total Grant Funding	<u>242,140</u>
Schools Budget Base Expenditure	179,153
Add back 2014-15 Academy and High Needs baseline	61,444
Increase top slice for Carbon costs	40
Top slice for School Licences	100
	<u>240,737</u>
Change in ISB costs	
Net falling rolls	(61)
Net Headroom / growth	410
Transfer Birkenhead Girls Academy	3,656
Transfer re additional licence costs	(80)
Early Years provision for 2 year olds	(596)
Early Years Pupil Premium	357
	<u>3,686</u>
Changes in SEN / High Needs Costs	
Increase in Special School Places	163
Reduction in Resources Base places (FYE)	(50)
Special School / EMAP top ups	181
Independent Special School Top Ups	88
Home Tuition Service	50
SEN Support	(10)
High Needs Contingency	(105)
	<u>317</u>
Other Changes in Central Costs	
Increase (inflation) re PFI contracts	150
Reduced Council Contribution	(2,300)
Other	(13)
	<u>(2,163)</u>
Total Schools Expenditure	<u>242,577</u>
Net Schools Budget	437

EDUCATION - SCHOOLS

	Base Estimate 2014-15 £	Base Estimate 2015-16 £
Individual Schools Budget		
Primary Schools	92,497,800	96,985,000
Secondary Schools	30,618,500	89,652,800
Special Schools	8,500,300	9,793,400
SEN Bases	2,006,000	2,816,800
EMAP (formerly WASP)	640,000	733,400
Wirral Hospital Schools	1,352,300	1,352,300
Early Years	15,551,000	15,406,500
Individual Schools Budget Total	151,165,900	216,740,200
Central School Costs		
Early Years	489,700	405,300
Admissions	365,400	341,800
School closure / retirement costs	326,000	126,000
Licences and subscriptions	152,000	250,000
Schools Forum	10,600	10,600
School Harmonisation costs	450,000	-
Contribution to Combined Budgets	2,336,200	2,114,800
PPM	449,000	249,000
PFI Affordability Gap	2,586,500	2,736,500
Costs delegated to schools		
Library Service	195,000	-
Insurances	57,700	-
Minority Ethnic Achievement Service	260,400	-
School Specific Contingencies	107,500	-
Special Staff Costs	673,200	-
School Meals	13,900	-
Behaviour Support	96,500	-
High Needs Pupils		
Statements	4,648,500	4,448,500
SEN Top Ups	8,881,500	8,445,800
Independent Special Schools	3,295,200	3,383,300
Home Tuition	251,400	301,400
Indep School Places and Maintained 6th Forms		942,000
Support for SEN	2,282,700	2,022,700
Special School Transport	58,200	58,200
Non delegated School Costs Total	27,987,100	25,835,900
Total School and Central Costs	179,153,000	242,576,100
Dedicated Schools Grant Total	(175,835,000)	(241,244,700)
Use of Reserves	(1,331,500)	(894,900)
Grand Total	1,986,500	436,500

Note – Base Estimate 2014-15 is after academy recoupment