

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM

13TH JANUARY 2016

SUBJECT:	SCHOOLS BUDGET 2016-17
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 2016-17 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 £243,273,400 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 2015. The national basis of the Dedicated Schools Grant (DSG) is the "Spend Plus" methodology introduced in 2006 and the same overall amounts per pupil that have been paid in the previous 4 years "flat cash".

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

- Early Years Block
- Schools Block
- High Needs Block

2.2 2016-17 Pupil Premium £17.3m

In addition to DSG all schools receive a Pupil Premium providing funding targeted to deprived pupils. Now in its sixth year there are only minimal changes planned:

- Early Years for schools, nurseries, private voluntary and independent providers and childminders each have a Pupil Premium of £302.10 pa for 3 and 4 year old children from low income families.
For schools with pupils who are or have been eligible for Free School Meals (FSM) at any point in the last six years the rates are:
Primary school - £1,320
Secondary school - £935
- The rate for each Looked After Child or child that has been adopted since December 2005 is £1,900
- The rate for each child of a parent in the Armed Forces is £300
- Funding for Year 7 catch up continues, although Summer schools does not.

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 2016.

The work undertaken to maximise FSM take up, including the recent opt out initiative, will help to maximise numbers and therefore the funding received in schools.

2.3 Other Grant Funding

The meal rate for Universal Infant Free School meals will stay at £2.30 per meal for the academic year 2016-17.

The SEND Implementation Grant will continue (with increased funding) to support the implementation of the new SEND reforms.

The funding for Primary PE and Sport and Extended Rights for Home to School Transport continue.

The Education Services Grant, (funding for School Improvement, Education Social Workers, Premature Retirement Costs, statutory duties and funding for academies) has been cut; from £87 to £77 per pupil. This reduction is part of the first steps to achieve the £600m savings announced in the November Spending Review.

2.4 Dedicated Schools Grant (DSG) £242m

2.3.1 DSG is made up of 3 unringfenced blocks. These funding blocks indicate the levels of expenditure anticipated in each area, however local spending decisions can reallocate resources according to needs and priorities.

2.3.2 The allocations for the Schools funding block have been updated for changes in pupil numbers. Pupil numbers are those recorded in the October 2015 census.

2.3.3 Early Years funding is based on a combination of the census in January 2016 and January 2017. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2017. The grant used for the budget are based on the current indicative figures (using the January 2015 census) and any known or anticipated changes after this date.

2.3.4 The High Needs Block provides an allocation to fund all high needs students aged 0 – 24, including the Hospital School. This year there has been no exceptional need bidding process instead additional funding has been provided to meet growing needs across all authorities. For Wirral an additional £532,000 has been included in the High Needs Block. This growth can be used flexibility to make adjustments locally to high needs places as well as top ups and a number of changes are described later in this report.

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

	Block	Pupil Numbers	Funding Per Pupil £	Allocation £
1.	Schools Block	42,517	4,533.28	192,741,000
2.	Early Years Block	3,082	3,816.57	11,763,000
	2 Year Old funding	940/1,128	4,626.50	3,656,000
	Early Years Pupil Premium			170,000
3.	High Needs Block			33,726,000
	NQT induction			62,000
			Total	<u>242,118,000</u>

The funding blocks for Schools, Early Years and High Needs will be at the centre of the government's proposals and consultation on a National Funding Formula for schools to be implemented from 2017-18.

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 £4,533.28 has been reduced by £6.32 compared to 2015-16 and follows the inclusion of Birkenhead Girls Academy budget and pupils within Wirral's funding allocation. The change is cost neutral.
2. Early Years pupils including 2 year olds are based on the January 2015 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.

2.3.6 Schools Block £193m

This funding covers the delegated budgets to mainstream schools and academies totalling £188m. 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 central budgets have not been increased.

2.3.7 Early Years Block £16m

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 are small elements covering SEN costs and some central Early Years support costs.

2.3.8 High Needs Block £34m

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

- Special schools (pre and post 16), school bases and non-maintained special schools. All receive a base level funding of £10,000 per place.
- Alternative Provision Bases and Emslie Morgan Academy funding of £10,000 per place.
- Additional funding over and above that provided for places in the form of "top ups" 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. Wirral's top up system uses 5 bands to allocate funding across special

schools, resourced bases and alternative provision. Non-maintained Special Schools also receive a top up.

- 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
- The cost of placements in Independent Special Schools
- The costs of Education, Health and Care Plans / Statements.

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, 2 primary academies and 1 Alternative Provision Academy – Emslie Morgan. 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 2016-17.

2.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2016-17, protecting schools from large 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 a feature of future funding reforms.

2.6 2016-17 Budget Changes

Proposed 2016-17 Schools Budget savings

Unlike previous years there are no specific budget savings that are proposed as part of this Schools Budget report.

However the Council in setting its budget continues to face significant pressures and is required to identify a series cost reductions totalling £24m in 2016-17. Some of these will have a bearing on the level of support and services provided to schools; none however are directly funded by the Schools Budget. The Council's budget proposals include reductions in the following areas:

- Home to school transport
- School Improvement
- Education Social Welfare
- School Crossing Patrols
- CAMHS

Final decisions will be taken at Budget Cabinet on 22nd February 2016.

2.6.1 Primary, Secondary and Academy Budgets £188m

The significant changes within this area are:

- The net increase in school rolls, resulting in an overall budget increase of £1,053,000. There are 329 more pupils on roll in October 2015 compared to

October 2014. The estimated secondary numbers for pupils aged 11-15 are now static having fallen over the past decade. Primary numbers have increased from 25,109 to 25,450 (a 1% increase).

- An increase for Primary Special Staff costs of £50,000 (maternity) and the costs of supporting the FSM eligibility checks. Both of these costs are subject to de-delegation decisions later on the agenda.
- An increase in rates payable of £89,500. There is an overall price increase reflecting inflation and increases resulting from the transfer of Childrens Centres.
- There is a small amount of Headroom within the budget. This 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 a small increase in Business Rates, there is a balance remaining of £352,500.
- As in 2015-16 the Primary and Secondary school budgets continue to be supported by reserves. £380,000 will be used in 2016-17 (reduced from £732,500) The nature of reserves are one-off balances, schools should not therefore plan for these additional sums beyond a further year.
- There is no anticipated change to the overall funding per pupil arising from the above. Where changes are experienced at a school level this results from changes in pupils or in pupil characteristics eg attainment or deprivation / FSM's.

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 national funding formula for 6th Forms 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 Spending Review confirmed the cash protection of the national base rate per student for 16 to 19 year olds in 6th forms, colleges and FE for the rest of the parliament.

It is anticipated that schools will be informed of their allocations for the academic year 2016-17 in February. The protection following formula changes introduced in 2013-14 has now ceased.

2.6.3 High Needs Places £14.7m

Guidance earlier in the year from the EFA indicated there would be no move to place led funding being determined automatically by lagged pupil data. Instead the places in specialist provision continue to be determined by each local authority with flexibility to make adjustments so that they broadly reflected take up by pupils. A number of place changes were proposed by Wirral and were considered at the last Schools Forum meeting. These changes confirm those made on a temporary basis in the budget last year, together with a number of additional proposals. All have now been reflected in the budget as follows:

Changes made in 2015-16

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

Further changes from September 2016

Elleray Park increase by 11 places to 110

Stanley increase by 21 places to 120

Lyndale reduction of 40 places

Claremount increase by 10 to 204

Bebington ERP reduce by 5 to 20

Birkenhead Park ERP reduce by 10 to 10

Kingsway Academy ERP reduce by 10 to 20

There are no changes proposed to the Hospital School

2.6.4 Early Years £15.1m

The DfE anticipate there are 1,568 children aged 2 who are eligible to receive Early Education. The budget for 2 year olds in this areas is based on 75% of those eligible taking up the offer. Over the course of the coming year it is expected that this level will increase to 90%.

The provision for 3 and 4 year olds based on 3,082 fte pupils will roll over at its current maximum level.

The estimated take up of the Early Years Pupil Premium has been included at £170,000 (reduced from its budget in 2015-16 of £357,000). The overall numbers claiming have not been as great as anticipated.

Flat cash settlements mean there are no planned changes to the rates or bands within the Early Years Single Funding Formula or the formula funding 2 year olds at this time.

2.6.5 SEN Top Ups £17.4m

The proposed budget for SEN Top Ups is £17.4m. There is an increase / growth within the High Needs DSG Block of £532,000. Some further information is needed from the EFA to confirm the final adjustments that will be made.

Growth has been allocated to increased places in maintained and Independent Special Schools and to increased top ups.

SEN Top Ups 2016/17

Statements	Early Years	292,200
	Primary	1,442,000
	Secondary (including 6th Forms)	1,780,000
	Personal Budgets	108,700
	Other	226,500
Top Ups	Special Schools (and 6th Forms)	6,360,400
	SEN units - resourced and alternative provision	602,000
	EMAP	240,000
	Further Education, 6th Form College and other providers	728,000
	Exceptional Need	710,000
	Support costs	11,700
	Contingency	474,000
	Independent Non Maintained Special Schools	3,700,700
	Home Teaching	308,900
	Everton Free School and 6 th Form element 2 (EFA)	434,000
	Total	17,419,100

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

- **Special Schools.** The top up budgets have been increased by £220,700, reflecting additional numbers at Stanley, Elleray Park, Claremount and Foxfield.
- **Statements.** A net reduction of £158,600. The budget anticipates that the current numbers will continue into 2016-17 with an adjustment for changes / increases in the overall school roll.
- **Independent Special Schools.** An increase of £305,700. The number and cost of placements have increased during the last year. There are currently 91 places, just over half of which are at West Kirby Residential School. The proposed budget takes account of these numbers and makes provision for a further 9 part year places.
- **Further Education and 6th Form College.** A small reduction of £14,700, reflecting a reduction in high cost placements and some changes across service providers.
- **Exceptional Need** an increase of £260,800. A report elsewhere on the agenda describes the increasing numbers and costs, arising from the complexities and challenges supporting children with high needs. Of the growth required £189,000 will be funded from reserves whilst the budget and future commitments are reviewed.
- **Contingency.** The contingency of £474,000 covers the potential costs of:
 - The 90% guarantee to maintained schools to limit the demands on low cost high incidence SEN budgets used to support statements.
 - 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.

There are significant budget pressures which have been eased by growth within the High Needs Block Grant allocation. However this growth alone is not sufficient and does not address all needs. The use of reserves provides some temporary funding whilst a more permanent solution is sought. The area will be reviewed and changes / updates to the budget will be the subject of future reports.

2.6.6 Use of Reserves

DSG reserves held total £3.5m and were agreed as part of the year end accounts for 2014-15. The Schools Budget for 2015-16 plans to use £1.5m of these.

In the 2016-17 budget £568,900 of reserves will also be used.

This leaves reserves of £820,000 mainly for the costs of pay harmonisation and a remaining balance of £600,000.

3.0 INFLATION

- 3.1 No direct provision is included within the budget for pay awards. At this stage a 1% award for teaching and support staff is anticipated, together with an increase in National Insurance contributions from 10.4% to 13.8%. The additional costs arising from these changes in schools together with the full year effect of changes in 2015-16 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, the Minority Ethnic Achievement Service and FSM Eligibility have been delegated to schools. A decision is required for any de-delegation of these.

In respect of Special Staff costs this budget has increased by £60,200 to take account of increases in maternity in Primary and Special Schools. There has also been an increase of £10,000 to support costs for registering entitlement to FSM's.

The remaining centrally held budgets for 2016-17 cover:

- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£86,000 a reduction of £40,000)
- the cost of licences for copyright and music in all schools and academies resulting from a national agreement (£223,800 a reduction of £30,200)
- School Admissions (£341,800)
- Planned Programmed Maintenance (PPM £249,000)
- The PFI Affordability Gap (£2,886,500) an increase of £150,000 funded by the LA.
- Contributions to combined budgets (£2,114,800).
- Schools Forum £10,600
- Early Years £378,700

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) and is unchanged from 2015-16.

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 is unchanged.

4.6 PFI Affordability Gap (£2,886,500)

The funding gap for the council's 9 school PFI scheme is £2,886,500 (an increase of £150,000 compared to 2015-16). The affordability gap is the shortfall between the costs of the PFI contract £11.4m 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 (£223,800)

The DfE purchases a single national licence for all state funded schools. Licences cover areas such as the Copyright Licence Agency, the Education Recording Agency, a School Printed Music Licence and the Performing Rights Society.

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 supports the funding for a number of consultant teachers who work with schools, School Improvement Associates, governor support, Evolve, 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. There is also a £10,000 contribution from the High Needs Budget.
- **School Intervention £674,500**
This budget provides additional funding within School Improvement to support priorities in targeted schools during the year.
- **City Learning Centres £694,700**
The 3 City Learning Centres have a combined budget of £694,700 together with £120,000 from the Council's capital programme (for upgrades to high value equipment).
- **LACES £140,500**
The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils.
- **Miscellaneous £108,600**
These amounts support the Governors Forum, 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 Combined Budget totals are unchanged from 2015-16.

5.0 Budget Timetable

5.1 The Schools Budget and advice from the Forum will be considered by Cabinet on 22nd February 2016.

6.0 FINANCIAL IMPLICATIONS

6.1 The budget for 2016-17 is compiled from the base budget for 2015-16 approved by Council on 24th February 2015 and updated for any issues identified in this report.

The projected budget (DSG, reserves and council contribution) is £243,273,400 and is shown in Appendix 1.

7.0 RECOMMENDATIONS

- i) That the views of the Schools Forum are sought on the Schools Budget for 2016-17 including the use of Headroom, the increases within SEN and the changes in central costs.
- ii) That the Contributions to Combined Budgets are agreed for:
 - Discretionary Rate Relief top ups
 - School Improvement
 - LSCB Contribution
 - School Intervention
 - City Learning Centres
 - LACES
 - Wellbeing and School Staff Surveys
 - Governors Forum
 - PFI Support Team
- iii) That the reserves totalling £568,900 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 22nd February 2016.

Julia Hassall
Director of Children's Services

Schools Budget Summary**2016-17**

	£000
Dedicated Schools Grant	242,118
Use of DSG and other reserves	569
Total Grant Funding	<u>242,687</u>
Schools Budget Base Expenditure	172,745
Add back 2015-16 Academy and High Needs baseline	69,532
	<u>242,277</u>
Change in ISB costs	
Net rising rolls	1,053
Rates	90
Net Headroom	353
Reduction in reserves	(353)
Early Years provision for 2 year olds	(691)
Early Years Pupil Premium	(187)
	<u>265</u>
Changes in SEN / High Needs Costs	
Increase in Special School and Resource Base Places	178
Reduction in Statements / EHCP's	(159)
Special School top ups	257
Independent Special School Top Ups	306
	<u>582</u>
Other Changes in Central Costs	
Increase (inflation) re PFI contracts	150
Special Staff costs and FSM eligibility	70
Licences	(30)
School Closure	(40)
	<u>150</u>
Total Schools Expenditure	<u>243,274</u>
Net Schools Budget	587

EDUCATION - SCHOOLS

	Base Estimate 2015-16 £	Base Estimate 2016-17 £
Individual Schools Budget		
Primary Schools	93,028,400	98,286,800
Secondary Schools	26,045,600	89,656,100
Special Schools	8,733,400	9,921,700
SEN Bases	1,616,800	2,584,500
EMAP	-	800,000
Wirral Hospital Schools	1,352,300	1,352,300
Early Years	15,750,000	14,872,000
Individual Schools Budget Total	146,526,500	217,473,400
Central School Costs		
Early Years	378,700	378,700
Admissions	341,800	341,800
School closure / retirement costs	126,000	86,000
Licences and subscriptions	254,000	223,800
Schools Forum	10,600	10,600
Contribution to Combined Budgets	2,114,800	2,114,800
PPM	249,000	249,000
PFI Affordability Gap	2,736,500	2,886,500
Costs delegated to schools		
Library Service	191,700	-
Insurances	32,300	-
Minority Ethnic Achievement Service	244,600	-
School Specific Contingencies	104,300	-
Special Staff Costs	667,600	-
School Meals	13,600	-
Behaviour Support	92,200	-
High Needs Pupils		
Statements	4,008,000	3,849,400
SEN Top Ups	8,384,900	8,652,100
High Needs Contingency	474,000	474,000
Independent Special Schools	3,395,000	3,700,700
Home Tuition	308,900	308,900
Everton Free School and LCHI 6 th Form		434,000
Support for SEN	2,031,500	2,031,500
Special School Transport	58,200	58,200
Non delegated School Costs Total	26,218,200	25,800,000
Total School and Central Costs	172,744,700	243,273,400
Dedicated Schools Grant Total	(171,413,300)	(242,118,000)
Use of Reserves	(894,900)	(568,900)
Grand Total	436,500	586,500

Note – Base Estimate 2015-16 is after academy recoupment