

WIRRAL COUNCIL

SCHOOLS FORUM – 25th APRIL 2018

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

SCHOOLS BUDGET UPDATE 2018-19

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to update the 2018-19 Schools Budget for changes that have been made since it was reported to Schools Forum on 17th January 2018. Overall, the Schools Budget has reduced from £259.1m to £171.5m, mainly as a result of academy recoupment adjustments. A breakdown of the updated budget can be found at appendix 1.

2.0 BUDGET CHANGES

2.1 Primary and Secondary School Budgets

The budget for Primary Schools was reported as £101.3m, but is now £90.7m having been reduced by £1.4m due to de-delegation and a further £10m for 6 Primary Academies and adjusted for the All-Through Academy.

The Secondary School budget has been reduced by £72.9 for the recoupment of 15 secondary academies, and a proportion of an All-Through Academy. £245k has also been transferred as part of de-delegation.

A total of £993,300 has also been deducted (£513k from Primary and £480k from Secondary) as a result of the 0.5% top-slice from the DSG Schools Block as approved at Forum on 17th January 2018. This has been ring-fenced for the implementation of changes recommended as part of the Strategic review of High Needs.

The attached paper in appendix 2 contains further details about the High Needs top-slice. At this stage it is unlikely this can be returned to schools during 2018-19.

2.2 Special School Places

The adjustment from £10m to £8.9m is made to show the recoupment of grant funding for 6th form places – there continues to be 106 places in total.

2.3 Early Years

Since the budget report was written the Early Years Census for 2018 has been finalised, and as a result the anticipated spend on Early Years has reduced from £21.3m to £20.2m. The numbers of 3 and 4 year olds claiming Universal funding have decreased from 4,933 Part Time Equivalents (PTE) to 4,880, an equivalent of 30.8k hours. Dedicated Schools Grant (DSG) is paid at £4.31 per hour meaning a reduction of £132,800.

It is assumed at this stage that there will be no further changes to the 2018 census although this may not be the case if the falling roll continues. The makeup of the

budget assumes the reduction in DSG is managed by a matching reduction in expenditure and this has been the case to date.

The estimated budget for 3 and 4 year olds claiming Extended hours was also higher than the January Census. The budget was based on 2,262 PTE pupils compared to 2,012 in the Census. This equates to a reduction in DSG of £614,200, although it is anticipated take up will increase as the year progresses in line with the trend from the Autumn 17 term to Spring 18.

The estimated budget for 2 year olds has reduced. Whilst now reaching 92% of those eligible, the January 2018 census recorded 1,107 PTE pupils, a reduction of 92 against those estimated in the budget. The grant reduction of £273,400 is based on each PTE having a value of £2,972.

More detail on these movements can be found at appendix 3.

The Early Years Pupil Premium numbers for January 2018 are confirmed as 1,585 PTE, an increase of 228 resulting in a revised allocation of £287,200.

2.4 Central PFI budgets

The central PFI affordability gap budget reported in January was £952k, which was increased from the 2017-18 value using the November 2017 RPI of 3.9%. This has now been updated using the December 2017 RPI of 4.1% increasing the budget, and therefore the Council's contribution, by £11k.

The Home Tuition budget has also been increased by £1,600 to include PFI increase at 4.1%, with this increase offset by a reduction in High Needs Contingency budget.

2.5 High Needs Pupils

Deductions have now been processed by the ESFA for places in academies and Further Education, and the budget has been adjusted accordingly. This reflects changes to places in Further Education institutions as reported in January.

The table below summarises the High Needs places for the 2018-19 financial year:

Wirral High Needs Place Numbers	Pre-16		Post-16		Total	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Bases	218	218			218	218
Secondary			47	35	47	35
Alternative Provision	100	100			100	100
Special Schools	903	903	106	106	1,009	1,009
Further Education			182	176	182	176
Total	1221	1221	335	317	1,556	1,538

2.6 Dedicated Schools Grant

At this time the overall DSG for Wirral's Maintained Schools, Early Years and High Needs will reduce from £258m to £170m. Further changes may be made during the year to reflect Academy conversions or the Early Years census in January 2019.

3.0 RECOMMENDATION

3.1 That the Forum notes the report and the changes made to the Schools Budget.

Paul Boyce
Director of Children's Services

Appendix 1 – Schools Budget 2018-19

	Base Estimate 2018-19	Adjusted Estimate 2018-19
Individual Schools Budget	£	
Primary	101,338,124	90,692,500
Secondary	97,315,376	22,388,900
Special	10,080,000	8,964,400
Wirral Hospital Schools	1,359,100	1,354,300
SEN Bases	1,468,000	1,012,000
Alternative Provision	1,000,000	0
6th Form / Further Education	1,308,000	0
Early Years	21,134,100	20,155,100
Individual Schools Budget Total	235,002,700	144,567,200
Central School Costs		
Early Years	518,700	518,700
Admissions	372,200	372,200
School Closure / Retirement Costs	60,000	60,000
Licenses and subscriptions	233,100	233,100
Schools Forum	10,600	10,600
Contribution to combined budgets	875,600	875,600
PFI Affordability Gap	952,400	963,400
Retained duties (ex-ESG)	730,000	730,000
Costs delegated to / de-delegated from schools		
Library service	0	180,900
Insurances	0	27,500
School Specific contingencies	0	95,800
Special Staff costs	0	647,700
School meals	0	19,300
Behaviour Support	0	81,300
School Improvement	0	166,100
General duties (ex-ESG)	0	499,300
High Needs pupils		
Statements	4,280,800	4,280,800
SEN top-ups	9,641,400	9,631,400
High Needs contingency	281,500	279,900
Independent Special Schools	3,700,000	3,700,000
Home Tuition	398,900	400,500
Exclusions	60,000	60,000
Support for SEN	1,971,500	1,971,500
Special School Transport	58,200	58,200
Schools Block 0.5% top-slice	0	993,300
Non-delegated school costs total	24,144,900	26,857,100
Total School and Central costs	259,147,600	171,424,300
Dedicated Schools Grant	(258,168,300)	(170,434,000)
Use of Reserves	0	0
Grand Total	979,300	990,300

Appendix 2 - Schools Budget 2018-19 and High Needs Top Slice

Background

Local Authorities have been given additional flexibilities during the transitional period of the National Funding Formula to top slice the Schools budget by up to ½% to provide additional support to High Needs budgets. There are some specific requirements for this to happen:

- The LA should set out to the Schools Forum why it needs to do this and how it might help manage SEN demands in the future
- Schools Forum should agree to the top slice (or an application should be made to the Secretary of State).
- The top slice is for one year and is an annual decision.

On Wirral the Schools Forum agreed to a top slice of ½% (£1m) to support implementation of the findings from a High Needs Review. The funding is ring-fenced for this purpose. On average the top slice has a value of about £5,000 for a Primary School and £25,000 for a Secondary school, although the exact amounts depend on the makeup of the school budgets and levels protection within the formula.

Since then the LA has decided to commission a more in-depth piece of work from an external review of mainstream provision for SEN and specialist school places. Whilst some of the findings from the initial review will be piloted in the Summer and Autumn terms, the outcomes from the wider review are unlikely to be finalised until the end of the Autumn term and would not be implemented in full until the following year.

Can the Top Slice be given back to schools?

A number of schools have asked this question, commenting particularly on the delay implementing the review and the pressures on schools budget. Guidance was requested from the EFA. There are 2 reasons why a refund in year is not possible or recommended.

Firstly, it is not possible because the EFA would see a refund to schools as a redetermination of school budgets. Funding Regulations prevent any changes to school budgets after they have been issued on 28th February. The LA could make an application to the Secretary of State to dis-apply funding regulations. However it seems unlikely this would be supported.

Secondly it is not recommended because some of the findings from the initial review will be piloted over the coming months. In order to do this, additional resources will be needed.

Next Steps

Primary and Secondary Heads have been briefed.

A paper will be taken to the Schools Forum meeting in May.

Decisions regarding the top slice would be then be reviewed as part of the make-up of the 2019-20 budget later in the year

Appendix 3 - Early Years census January 2018

This note gives the totals recorded in the January 2018 Early Years census, along with a comparison to the 2017 census and explanations for changes.

Figures are correct at the time of writing, however the Department for Education are still validating submissions and checking for duplicate entries so changes may be made until mid-April. However, it is not anticipated that any changes will be made to Wirral's submission, and if any duplicates are identified it would only be a minor change.

The totals recorded in the January 2018 Early Years Census per funding reports, along with January 2017 comparison figures are as follows:

Jan-17 (PTE)	2s	3&4 U	3&4 E
Schools	299	1,883	0
PVIs	933	3,051	0
Total	1,232	4,933	0

Jan-18 (PTE)	2s	3&4 U	3&4 E
Schools	271	1,899	407
PVIs	836	2,980	1,604
Total	1,106	4,879	2,012
<i>Change</i>	<i>-10.23%</i>	<i>-1.09%</i>	

3 & 4 year olds Universal

The number of 3 and 4 year olds taking up the free entitlement dropped by 1.1% from January 2017. This follows on from a 5% drop in 3 and 4 year olds between January 2016 and January 2017 censuses, and corresponds with a drop in Wirral birth rates from 2013 to 2014:

Year	Number of Live Births	Change
2012	3,816	0.37%
2013	3,560	-6.71%
2014	3,536	-0.67%
2015	3,563	0.76%

Source: Wirral Compendium of Statistics 2017

A sample of settings who had a large increase/decrease between years were contacted but no errors or omissions were identified. The majority of providers contacted said they had free spaces or had difficulty filling places and were simply not getting numbers through the door.

2 year olds

2 year old funded hours dropped by 10.2% from January 2017 to January 2018. Providers with significant variances from 2017 to 2018 were contacted but as with 3 and 4 year olds no errors or omissions were identified. The main reasons given were a reduction in requests from parents for 2 year olds, and some providers having fewer spaces available for 2s as they are taken up by 3 and 4 year olds doing the extended hours. There are also a small number of providers who have had funding withdrawn since September 2017 due to an 'inadequate' OFSTED inspection.

The drop in funded 2s also correlates with a drop in the DfE estimates for eligible 2 year olds:

	DfE estimate of eligible 2 year old	Change in eligible 2 year olds	Actual claimed (headcount)	Take up
Spring 17	1412		1244	88.10%
Summer 17	1375	-2.62%	1271	92.44%
Autumn 17	1261	-8.29%	1204	95.48%
Spring 18	1223	-3.01%	1122	91.74%

There was a 13.4% drop in eligible 2 year olds from January 2017 to January 2018. This is due to the introduction on Universal Credit and related income thresholds, and so families in receipt of Universal Credit were not on the DfE's eligible list. NB. From March onwards the income thresholds have changed and so families in receipt of UC *will* be eligible and so *will* be on the DfE list.

3 & 4 year olds Extended

Extended hours for 3 and 4 year olds were introduced from September 2017, and so there is no comparison with the 2017 census. With this being a new initiative it was expected that take up would increase over time and the actual figures in the Autumn 2017 term and Spring 2018 term support this:

	Extended Hours (PTE)	Change
Autumn 17	1,408	
Spring 18	2,012	42.84%

Of the 221 PVI providers offering extended provision, 175 had an increase or had extended hours for the first time in spring, 33 had no change and only 13 had a decrease.