

WIRRAL COUNCIL

CABINET

23 FEBRUARY 2009

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

SCHOOLS BUDGET 2009-2010

EXECUTIVE SUMMARY

This report recommends the approval of the Schools Budget for 2009-10. The budget was presented to the Schools Forum on 21 January 2009. The report and the resolution from the Forum supporting the budget is attached as Appendix 1 and 2.

1. Schools Budget 2009-2010

- 1.1 This is the second year of a national three year funding period for schools (2008-2011). In 2008-09 decisions were taken about levels of funding based on the governments stated priorities, which were:

Ensuring all children make good progress
Early intervention in SEN
Support for specific groups at risk of poor outcomes
Ensuring school workforce skills

- 1.2 The changes agreed in 2008-09 to the schools formula targeted additional resources to deprivation, inclusion bases in Secondary schools and SEN intervention. This will continue in 2009-10 with headroom allocated to these areas totalling £2,176,000. There are no further changes proposed to the school funding formula in 2009-10.

- 1.3 The Schools Budget is based on the following resources:

Dedicated Schools Grant	£194,121,000
Council funding (Area Based Grants)	£663,700

The make up of the budget is described in more detail in the attached report

2. School Balances

- 2.1 The Schools Forum have agreed a change in the calculation of excess school balances. Excess balances will in future be subject to a 2% levy (similar to the national levy proposed in 2007). This will increase to 5% and 8% in future years if balances do not reduce as expected. Amounts deducted will be redistributed within the school budget.

3. Financial and Staffing Implications

- 3.1 The report sets out the Schools Budget for the financial year 2009-10.

4. Other Implications

- 4.1 There are no Staffing, Equal Opportunities, Local Agenda 21, Community Safety, Planning, Anti-Poverty, Social Inclusion or Local Member Support implications arising from this report.

4. Background Papers

- 5.1 None used in the preparation of this report.

6. RECOMMENDATIONS

- 6.1 That Cabinet agree the Schools Budget for 2009-10
- 6.2 That a schools contingency underspend of up to £200,000 is carried forward if available to meet part of the increase in school insurance costs as set out in para. 4.9 of the attached report to Schools Forum 21 January 2009.

Howard Cooper
Director of Children's Services

WIRRAL COUNCIL

SCHOOLS FORUM 21st JANUARY 2009

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

SCHOOLS BUDGET 2009-2010

EXECUTIVE SUMMARY

This report outlines the Schools Budget for Wirral for 2009-10 and describes the financial changes to be considered by the Forum and Cabinet.

1. Background.

This is the second year of a national three year funding period for schools (2008-2011). In 2008-09 decisions were taken about levels of funding based on the governments stated priorities, which were:

- ensuring all children make good progress
- early intervention especially SEN
- support for specific groups at risk of poor outcomes
- ensuring school workforce skills

In 2009-10 the funding Wirral will receive provides an increase of 3.9% per pupil of which 0.8% is for government priorities.

The initial budget for 2009-10 calculated the available Headroom to be allocated in the schools budget as being £2,178,000. Headroom is the difference between DSG and the budget required to continue funding schools at their current level after allowing for inflation, unavoidable cost pressures and the Minimum Funding Guarantee.

Headroom has been allocated in the budget as follows:

	£
Deprivation funding to narrow the gap	1,933,000
Secondary Education Inclusion Bases	75,000
Increase in Statement value (Year 2)	170,000

Deprivation funding has already been delegated to schools and included in indicative budgets over the three year period.

It is not intended that half way through the 2008-11 funding settlement there should be any significant changes to the levels of planned funding for schools. The Local Funding Formula is fixed over the period to give all schools allocations that are certain and clear, with most changes being for movements in January pupil numbers only. Some other changes to central costs are however required and these are described in paragraph 4.1 to 4.11 in this report.

2. Dedicated Schools Grant

The DCSF has revised the indicative levels of Dedicated Schools Grant (DSG) for Wirral:

	Allocation	Increase	% cash	% pupil
	£000	£000		
2009-10	188,275	4,557	2.5	3.9
2010-11	194,548	6,273	3.3	4.4

The increases compare with average national increases per pupil of 3.7% and 4.3% respectively.

The DCSF allocations are indicative, based on estimates of pupil numbers. Authorities are still required to review the numbers used and revise grant estimates where necessary, prior to final allocations being issued in June 2009 (based on January 2009 pupil numbers). Changes in pupil numbers have been built into DSG estimates below :

	Allocation	Pupil Adjustment	Grant carry forward	Revised DSG	Increase
	£000	£000	£000	£000	£000
2009-10	188,275	139cr	-	188,136	4,399
2010-11	194,548	427cr	-	194,121	5,985

None of the DSG carried forward from previous years has been included in the 2009-10 budget above. Following the Schools Funding consultation last year it was agreed that any changes to resources as a result of adjusted DSG should be made at the end of the three year funding period, not during it. The current DSG balance at 30th June 2008 is £253,000.

3. Minimum Funding Guarantee (MFG)

The MFG has been set at 2.1% for the 3 year period. This is 1% below the assessment of average cost pressures and assumes an efficiency gain in schools, as part of national public-sector efficiency requirement.

4. Projected Budget 2009-10

The projected budget is detailed at Appendix 1 and includes the items detailed in the following paragraphs.

4.1 Inflation

Provision is included for teachers and other pay at 2% and income at 3% Provision has also been included for price inflation at 2%.

4.2 Other Specific Grants

Specific grants have been included in the budget and are detailed in the table below

	Amount 2008-09	Estimated Amount 2009-10	Estimated Amount 2010-11
	£	£	£
LSC 6 th Form and SEN	20,341,400	20,767,100	21,201,600
School Development Grant			
Devolved	15,129,900	15,142,500	15,200,700
Central	1,165,100	1,189,500	1,218,500
SSG + SSG (P)	10,516,300	10,568,600	10,681,200
Learnwise – LSC / ESF	491,000	1,470,000	827,000
School Lunch Grant	554,700	553,300	553,300
Ethnic Minority Achievement	159,600	188,200	199,800
Extended School Sustainability	470,700	849,500	1,196,900
Targeted Primary and Secondary Strategy	2,176,200	1,911,100	TBA
Making Good Progress*	-	791,600	TBA
Surestart, Early Years and Childcare	9,101,000	9,562,000	10,385,000
Free Entitlement for 3 and 4 year olds	-	404,300	1,651,900
Playing for Success	80,000	80,000	80,000

*New areas within the Standards Fund programme include an allocation for Making Good Progress. This is a “Narrowing the Gap” initiative to improve the rate pupils progress year on year and includes funding for one to one tuition for children who have fallen behind expectations.

Overall there is no increase in match funding required for Standards Fund.

4.3 Area Based Grant (ABG)

The following Area Based Grants are also included in the Schools Budget:

	Amount 2008-09	Estimated Amount 2009-10	Estimated Amount 2010-11
	£	£	£
Secondary Behaviour and Attendance	68,300	68,300	68,300
School Development Grant	776,600	444,700	444,700
Choice Advisors	52,100	52,100	52,100
Flexible 14-19 Partnerships	100,000	98,600	96,900
Total	997,000	663,700	662,000

4.4 Early Years £134,000

The number of children in Early Years settings has increased and growth of £134,000 is required. The increase is also reflected in Census numbers and in the level of DSG received.

4.5 **SEN**

There are continuing pressures on SEN budgets in addition to the growth included in 2008-09. Initial estimates identified a further growth requirement in excess of £500,000. The main increase arises from costs charged by other Local Authorities for SEN placements outside Wirral.

Spend targets have been agreed that will limit the increase required in 2009-10 to £250,000. This will be met from a reduction in the SEN Plan budget (£150,000), a reduction in Schools Contingency (£100,000) and reduced pressure on Independent Special School budgets, following changes to school places to be implemented at Claremount in September 2009 and 2010.

4.6 **Statements £170,000**

As previously proposed the unit value of a statement will increase over the funding period from £831 to £1,030 (plus inflation). This will require growth of £170,000 in 2009-10.

4.7 **Budget Reduction**

The following budget reductions are proposed within the schools budget and have resulted in a corresponding reduction in Area Based Grant (shown in 3.3 above) :

4.8 **Area Teams £100,000cr**

ABG includes a residual Behaviour Improvement Programme (BIP) budget of £432,000. This is intended to cover costs for first day education for primary excluded pupils, Learning Mentor training and a small behaviour support team. There is an uncommitted balance of £100,000 which it is proposed to transfer to strengthen the Children and Young People's Area Team Budget.

4.9 **Insurance (Central costs) £52,000cr**

The Risk and Insurance Team have reviewed school insurance premiums in support of the DCSF Risk Ranking Initiative. In future charges will be based on a model that creates an individual charge for each class of insurance for each school. Premiums will take account of relevant exposure data and claims experience. However this has also resulted in greater insurance charges for schools and overall school premiums will increase by 35% (£400,000). Schools have been charged less than should have been the case in the years since insurance costs were delegated, whilst central school and CYP budgets have been charged more. The regularisation of charges will be phased in. Schools will be pay 50% of the increase in 2009-10, with the remainder being funded from contingency. It is recommended that any available underspend in contingency in the current financial year is carried forward for this purpose. The full charge to schools will be implemented in 2010-11. There will be continued support and advice to schools in respect of Risk Management.

The saving above of £52,000 is from the reduction in centrally managed insurance budgets for School Meals and other services.

4.10 **SEN Staffing £80,000cr**

Cabinet agreed this saving on 10th December. A number of vacant posts that have been unfilled for more than 12 months will be deleted. These include:
Hearing Support 0.5 Teacher and 2 * 0.5 Teaching Assistants
Vision Support 0.5 Teaching Assistant.

4.11 **Harnessing Technology £100,000cr**

The Harnessing Technology budget is made up of a capital grant of £1,084,000 and central match funding within the Schools Budget and Capital programme of £239,700. The spend plan does not rely on all this central match funding being available. Therefore the saving can be achieved without directly impacting the programme.

4.12 **Central Limit Calculation**

The Forum has previously considered and approved an increase in the Central Limit for 2009-10 (11th June 2008) This has arisen because of additional SEN costs and holding funds for closing schools in contingency, giving a lower percentage ISB increase than the overall increase in school funding. The relevant percentages at that time were:

Increase in ISB 2.2%

Increase in Schools Budget 2.3%

Although this may now change as a result of the current budget proposals, the Forum are asked to confirm their agreement to an increase in the central limit if required.

4.13 **Budget Timetable**

The Schools Budget will be considered by Cabinet on 23rd February, taking account of advice from the Schools Forum .

5. **Financial Implications**

The Budget for 2009-10 is compiled from the base budget for 2008-09 approved by Council on 2nd March 2008 and updated for issues outlined in this report. The projected budget is shown at Appendix 1.

The key figures at the date of preparing this report are:

	£
DSG Estimate 2008-09	183,737,000
DSG Estimate 2009-10	188,136,200
DSG Estimate 2010-11	194,121,000

6. **Other Implications**

There are no staffing, equal opportunities, human rights, Local Agenda 21, Community Safety, Planning or Local Member Support implications arising from this report, other than those detailed in the report above.

7. **Background Papers**

DCSF Funding Settlement 12 November 2007.

8. RECOMMENDATIONS

- i) That the views of the Schools Forum are sought on the Schools Budget for 2009-10 and the level of central costs.
- ii) That a schools contingency underspend of up to £200,000 is carried forward if available to meet part of the increase in schools insurance as set out in 3.7 above
- iii) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 23rd February 2009.

Howard Cooper
Director of Children's Services

SCHOOLS BUDGET

Appendix 1

SUMMARY

	Base Estimate 2009-10 £000	Base Estimate 2010-11 £000
Dedicated Schools Grant	183,737	188,136
Increase in grant	4,399	5,985
	<u>188,136</u>	<u>194,121</u>
 Base Estimate	 184,734	 188,800
 Increase in ISB costs		
2% pay and price inflation (3% income)	3,222	3,366
Falling rolls	2,283cr	2,232cr
Transfer from Contingency	313	59
Rates and Insurances	13cr	68cr
School Funding Formula	2,660	4,026
	<u>3,899</u>	<u>5,151</u>
 Increase in Early Years Places	 <u>134</u>	 <u>40</u>
 Increase in Central Costs		
2% pay and price inflation (3% income)	454	454
Schools Contingency	358cr	20
SEN plan	150cr	150
SEN costs including OLEA	250	-
Statements increase in unit value	170	170
Reduction in Area Based Grants	1cr	2cr
Transfer to Area Teams	100cr	-
	<u>265</u>	<u>792</u>
 School Budget Savings		
Insurance central costs	52cr	
SESS support	80cr	
Harnessing Technology match funding	100cr	
	<u>232cr</u>	
 School Budget Total	 188,800	 194,783
 Net Schools Budget	 664	 662

SCHOOLS BUDGET	ORIGINAL BUDGET 2008/09	ESTIMATE 2009/10
OBJECTIVE SUMMARY	£	£
Schools		
Primary Schools	73,233,100	75,357,000
Secondary Schools	76,921,400	78,239,600
Special Schools	13,422,700	13,776,600
Nursery Schools	<u>1,083,100</u>	<u>1,110,100</u>
Schools Total	<u>164,660,300</u>	<u>168,483,300</u>
Non Delegated School Costs		
Milk & Meals	339,200	344,200
Statements	3,907,200	3,996,300
Support For SEN	2,262,500	3,003,600
SEN Transport	57,100	58,200
Wirral Alternative Schools Programme	929,000	941,500
Education Out Of School	167,100	169,900
OLEA	302,500	521,800
Early Years	4,388,500	4,606,500
Sure Start & Childrens Centres	-	-
Indep Special School Fees	2,914,900	3,062,400
Library Service	194,200	197,700
Licences & Subs	56,000	57,100
Insurances	65,400	65,400
Admissions	395,400	455,400
School Specific Contingencies	1,585,000	1,333,800
Special Staff Costs	811,200	825,600
Contributions to combined budgets	359,900	359,900
Schools Forum	10,400	10,600
Miscellaneous	<u>172,800</u>	<u>176,400</u>
Non Delegated School Costs Total	<u>18,918,300</u>	<u>20,186,300</u>
Non Devolved Grant/Funded Expenditure		
Standards Fund	1,155,400	130,300
Other Specific Grants	-	-
Non Devolved Grant/Funded Expenditure Total	<u>1,155,400</u>	<u>130,300</u>
Dedicated Schools Grant		
Dedicated School Grant	<u>(183,737,000)</u>	<u>(188,136,200)</u>
Dedicated Schools Grant Total	<u>(183,737,000)</u>	<u>(188,136,200)</u>
Schools Total	997,000	663,700

SCHOOLS BUDGET	ORIGINAL BUDGET 2008/09	ESTIMATE 2009/10
SUBJECTIVE SUMMARY	£	£
Expenditure		
Employees	42,758,500	42,326,800
Premises	3,252,400	3,222,100
Transport	227,700	216,300
Supplies	7,997,800	8,225,500
Third Party	197,058,100	203,051,300
Transfers	535,200	558,600
Support	<u>2,118,000</u>	<u>2,185,400</u>
Expenditure Total	<u>253,947,700</u>	<u>259,786,000</u>
Income		
Government Grants	(223,079,200)	(229,340,900)
Other Grants & Reimbursements	(22,196,000)	(24,330,900)
Customer and Client Receipts	(1,709,400)	(2,090,200)
Recharge to Other Revenue Accounts	<u>(5,966,100)</u>	<u>(3,360,300)</u>
Income Total	<u>(252,950,700)</u>	<u>(259,122,300)</u>
Schools Total	997,000	663,700

WIRRAL SCHOOLS FORUM

21 January 2009

SCHOOLS FUNDING 2009/10

The Director of Children's Services outlined the Schools Budget for 2009/10 and described the financial changes to be considered by the Forum and the Cabinet. Andrew Roberts, Principal Manager (Finance), explained that it would be the second year of a national three-year funding period for schools (2008-2011). In 2008/09 decisions had been taken about levels of funding based on the government's stated priorities, which were:

- ensuring that all children make good progress
- early intervention, especially with regard to SEN
- support for specific groups at risk of poor outcomes
- ensuring school workforce skills

In 2009/10 the funding that Wirral would receive provided for an increase of 3.9% per pupil, of which 0.8% was for government priorities.

The initial budget for 2009/10 calculated the available Headroom money to be allocated in the Schools Budget as £2,178,000 (Headroom was the difference between Dedicated Schools Grant and the budget required to continue funding schools at their current level, after allowing for inflation, unavoidable cost pressures and the Minimum Funding Guarantee). Headroom had been allocated in the budget as follows:

	£
Deprivation funding to narrow the gap	1,933,000
Secondary education inclusion bases	75,000
Increase in Statement value (Year 2)	170,000

Deprivation funding had already been delegated to schools and included in indicative budgets over the three-year period.

It was not intended that half-way through the 2008-2011 funding settlement there should be any significant changes to the levels of planned funding for schools. The Local Funding Formula was fixed over the period to give all schools allocations that were certain and clear, with most changes being for movements in January pupil numbers only. Some other changes to central costs were, however, required and they were described in part 4 of the report.

He referred in particular to the continuing pressures on budgets for special educational needs, where initial estimates had identified a further growth requirement in excess of £500,000, mainly the result of charges by other local authorities for SEN placements outside Wirral. However, spending targets had been agreed that would limit the increase required in 2009/10 to £250,000: that would be met from a reduction in the SEN Plan budget (£150,000), a reduction in schools contingency (£100,000) and reduced pressure on independent special school budgets, following changes to school places to be implemented at Claremount in September 2009 and 2010. There were also a number of budget reductions to be implemented in relation to the Behaviour Improvement Programme, insurance costs, deletion of unfilled SEN posts and match funding for Harnessing Technology.

In relation to insurance costs, the Forum was advised that to date schools had to a greater or lesser extent been subsidised, and the intention was to ensure that each school bore the cost of its own risks. That was likely to result in an average increase of 35%. The cost to each school was currently being calculated – it would be phased in to assist those facing the larger increases.

The Forum voted on the three recommendations in the Director's report (see below). Following the vote the Forum considered the responses to the Director's consultation letter, particularly in respect of;

The Observatory School – additional places.

Excess balances – adoption of an arrangement based on that operated by Lancashire County Council.

In response to members' queries, officers stated that funding for extended schools would not be included in the calculations; and the provision set aside for single status pay ought to be contained within the 5% or 8% tolerances (in that it amounted to a small proportion of the total balances). However, Betty Renshaw was concerned that some schools faced a disproportionate increase (in one case £120,000) – David Armstrong undertook to look into that matter.

John Weise sought assurances about capital projects for which funding had been reserved – if a scheme could not be implemented, would the money be lost? David Armstrong assured the Forum that the capital programme was closely monitored, particularly with a view to preventing unnecessary delays. He kept in regular touch with headteachers on the matter. There was little danger of schemes falling out of the programme as they were rigorously examined before they were included. Ultimately it was elected members that decided the capital programme.

Resolved -

(1) (12:0, with two abstentions) That the proposed Schools Budget for 2009/10 and the level of central costs be supported.

(2) (17:0) That a schools contingency underspend of up to £200,000 be carried forward if available to meet part of the increase in schools insurance as set out in paragraph 3.7 of the Director's report.

(3) (18:0) That the Schools Budget and views of the Schools Forum be referred to the budget meeting of the Cabinet on 23 February 2009.

(4) (18:0) That the proposal to increase the number of places at The Observatory School with effect from September 2009 be supported.

(5) (16:0, with one abstention) That the revised arrangement for controlling excess school balances be endorsed.