

**CABINET****Monday, 17th February 2020****SCHOOLS BUDGET AND FUNDING FORMULA CHANGES 2020/21****Councillor Thomas Usher (Cabinet Member for Children, Families & Education) said:**

“Extensive consultation on this schools budget has taken place through our Schools Forum, and I would like to place on record my thanks for their input and constructive comments. Their help has been invaluable in particular because it is no easy task applying new formulas imposed by Central Government – with no consideration of local circumstances – to determine our schools budget.

However, we are all proud of the work our schools do, often under difficult conditions, and they continue to go above and beyond in supporting our children to reach their aspirations.”

**REPORT SUMMARY**

This report sets out the Schools Budget for 2020/21 having been previously considered by the Schools Forum at their meetings on 6<sup>th</sup> November 2019 and 15<sup>th</sup> January 2020.

The Schools Budget covers education provision for all Wirral Pupils aged up to 18 in Early Years, Primary, Secondary and academy schools and for some pupils up to the age of 25 in Special Schools and High Needs providers.

Most budgets are delegated to schools with some central provision for support services including school admissions and High Needs.

The report proposes several changes to the local funding formula for Schools to allow implementation of the National Funding Formula, following the transition steps taken in 2019/20. There are also changes proposed to High Needs.

The Schools Budget provides resources to support all children and young people pledges, and the proposals within result in an in-year surplus of £643,900 on the Dedicated Schools Grant (DSG) budget, which it is proposed to transfer to the DSG reserve to partially offset the deficit position expected at the end of 2019/20.

This matter affects all Wards within the Borough and is a Key Decision.

**RECOMMENDATION/S**

1. The Cabinet recommends to the Council approval of the 2020-21 Schools Budget of £279,960,200, having recognised the following views and formula proposals from the Schools Forum, that:

- i) The 2020-21 schools funding formula should adopt the formula factor rates of the National Funding Formula.

- ii) A Minimum Funding Guarantee of 1.84% for Wirral mainstream schools in 2020-21 is approved to provide additional protection and stability in funding, and to ensure schools receive a minimum 1.84% increase in per pupil funding (as defined by the National Funding Formula) and cannot lose pupil funding unless there is a reduction in pupil numbers, therefore ensuring that no pupil is disadvantaged as a result of the change in formula.
- iii) The continuing Contributions to Combined Budgets should be £700,500 in 2020-21.
- iv) Surplus High Needs funding of £643,900 in 2020-21 is transferred to the DSG reserve to partially offset the DSG deficit expected at the end of 2019-20.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATIONS**

- 1.1 The Council has a legal requirement to set a schools budget for the following financial year.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Schools' Forum considered a number of options when considering the Schools Budget with regard to the make-up of the Schools' local funding formula in light of the introduction of the National Funding Formula from April 2018. These are described in more detail in the report.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Schools Forum was asked for their views on and approval of the Schools Budget for 2020/21 on 15th January 2020. The budget of £279,960,200 is for early years, maintained schools, academies, colleges and providers and is based on Dedicated Schools Grant allocations issued by the Department for Education (DfE) on 19th December 2019, and a Council contribution to PFI costs of £1,247,700.
- 3.2 The format of the Dedicated Schools Grant (DSG) is largely unchanged following the introduction of the National Funding Formula for Schools and High Needs in 2018-19.
- 3.2.1 DSG allocations have been updated for changes in pupil numbers. Pupil numbers are those recorded in the October 2019 census. The secondary roll has increased while the primary roll has fallen slightly, and is expected to fall further in future years following a previous reduction in Early Years (3 and 4 year olds).
- 3.2.2 Early Years funding is based on a combination of the census in January 2020 and January 2021. The dates for the Early Years Census mean that the exact DSG will not be finalised until July 2021. The grant used for the budget are based on the current indicative figures (using the January 2019 census) and any known or anticipated changes after this date e.g. for increasing take up of the 15-hour extended offer.
- 3.2.3 The High Needs Block provides resources to fund high needs students aged 0 – 24, including the Hospital School, and will increase by £5.9m. Growth can be used flexibly to make adjustments locally to high needs places as well as to the top ups provided. A number of changes are described later in this report.
- 3.2.4 The Blocks in their current format can be summarised as follows:

Block	2019-20	2020-21 Allocation	Change	Change
	£	£	£	%
Schools Block	202,890,500	211,908,000	9,017,500	4.44%
Early Years (est)	21,172,200	22,480,500	1,308,300	6.18%
High Needs	36,874,100	42,828,700	5,954,600	16.15%
Central Schools	2,295,000	2,139,200	(155,800)	(6.79%)
<b>Total</b>		<b>279,356,400</b>		

### 3.2.5 Schools Block £211.9m

This funding covers the delegated budgets to mainstream primary and secondary schools and academies only. Funding previously included in the schools' block for budgets that are managed centrally on behalf of schools is now included in the Central Schools Services Block. In November 2019, Schools Forum supported this block being redistributed to maintained schools using the formula factor rates used in the National Funding Formula.

### 3.2.6 Early Years Block £22.5m

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 for both the universal and extended entitlement. Most of this funding is directed through the Early Years National Funding Formula (EYNFF). This is allocated to Local Authorities based on an hourly rate, which has increased from £5.22 to £5.30 for 2-year olds, and from £4.31 to £4.39 for 3 and 4-year olds.

There are small elements covering Special Education Needs (SEN) costs and some central Early Years support costs. Amounts held centrally are within the new nationally defined limits of 5%.

### 3.2.7 High Needs Block £42.8m

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

- Special schools (pre and post 16), and non-maintained special schools, both of which receive a base level funding of £10,000 per place.
- School resource bases / SEN units which receive £6,000 per place.
- Alternative Provision Bases funding of £10,000 per place.
- Place funding in Wirral's FE provision at Wirral Met College and Birkenhead 6th Form College of £6,000 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.
- The central provision of SEN support.

### 3.2.8 Central School Services Block £2.1m

This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. Funding previously allocated to LAs for Education Services Grant (ESG) retained duties is included within this block, together with funding for historic commitments.

Funding allocated to Local Authorities for historic commitments, which for Wirral are the contribution to combined budgets and schools retirement costs (school closure), has been reduced by 20% in line with the DfE's expectation that these costs will unwind over time.

The funding for ongoing responsibilities includes:

- School Licenses
- Admissions
- Schools Forum
- Former ESG retained duties
- Capital Expenditure from Revenue (PFI costs)

The treatment of these budgets, which are considered in further detail later in this report, is in accordance with national guidance.

### 3.3 Academies

Currently there are 16 secondary academies and 12 primary academies (1 Alternative Provision Academy – Emslie Morgan – closed in August 2019). Academies are independent from the local authority and are funded directly from the ESFA, however Regulations require Wirral to continue to calculate their budgets which are then deducted from Wirral's DSG.

### 3.4 Minimum Funding Guarantee (MFG)

Local Authorities have discretion over the level of MFG in their local funding formula for mainstream schools as part of the 'soft' formula. In 2020-21 LAs can apply MFG of between plus 0.5% and plus 1.84% per pupil to protect schools from large formula changes but giving Authorities the flexibility to move towards the National Funding Formula whilst reflecting local circumstances where necessary.

Minimum Funding Guarantee is discussed further later in this report, along with the Schools Funding Formula.

### 3.5 2020-21 Schools Budget savings

There are no specific budget savings proposed as part of this Schools Budget report.

## 3.6 2020-21 School Budget Changes

### 3.6.1 Primary, Secondary and Academy Budgets £211.9m

The significant changes within this area are:

- There is a net increase in school rolls, which results in an overall budget increase of £1.04m. There are 157 more pupils on roll in October 2019 compared to October 2018. Primary numbers have reduced by 110 from 25,888 to 25,778 (a 0.42% reduction) while Secondary numbers have increased by 267 from 17,908 to 18,175 (a 1.5% increase).
- There has been an increase in the estimated Business Rates payable of £40k resulting from inflation and the unwinding of transitional relief following the rates revaluation exercise in 2017.
- The PFI Affordability Gap delegated to schools has been increased by the estimated cost of inflation - £54,300.
- There is Headroom within the budget, which arises from a difference in the pupil funding received in DSG and the funding allocated within the ISB. This totals £7.86m (3.9%) and has been split proportionately between primary and secondary budgets.

### 3.6.2 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 for 6<sup>th</sup> Forms.

### 3.6.3 High Needs Places £16.0m

Places in specialist provision within Local Authority areas continue to be determined by each LA in consultation with schools and providers. There is flexibility to make adjustments so that places more broadly reflect take up by pupils and some place changes have been included in the budget, reducing the budget by £144,500. These include the increase in place numbers at 2 special schools which have been in effect since September 2019, and includes the removal of place funding previously allocated to Emslie Morgan following the closure of the school in August 2019.

Additional Complex/Severe Learning Difficulties (CLD / SLD) places will be required from September 2020, although the number required at this stage is unknown. There are also more pupils due to leave primary special schools year 6 in August 2020 than will be leaving secondary special schools. Previously these additional pressures have been funded from the High Needs Contingency budget. However, for 2020-21 an amount equivalent to 40 places has been set aside for this purpose. A policy will be produced setting out the criteria for accessing this place funding when schools go over place numbers.

All changes have been reported to the ESFA where necessary and have been reflected in the budget as follows:

#### **Full Year Effect of changes made in 2019-20**

- Foxfield increase by 2 places to 140
- Townfield reduce by 1 place to 10
- Woodchurch High increase by 5 places to 20
- Oldershaw increase by 6 places to 26

- Emslie Morgan AP reduce by 20 places to 80
- Weatherhead reduce by 1 place to 0
- Wirral Met College increase by 14 places to 133

#### **Changes from September 2019**

- Elleray Park increase by 23 places to 151
- Gilbrook increase by 5 places to 60

#### **Changes from March 2020**

- Emslie Morgan AP reduce by 80 places to 0
- Additional places introduced – 40 places

### **3.6.4 Early Years £21.5m**

Early Years funding for 2020-21 will be based on census counts in January 2020 (5/12ths) and January 2021 (7/12ths). The final allocation will not therefore be known until June/July 2021.

Latest DfE estimates (December 2018) indicate that 1,247 children (PTE) are eligible for 2-year-old funding in Wirral, with an estimated take-up of 90% in 2020-21. Estimated DSG and expenditure budgets are therefore based on these numbers.

The January 19 census showed a falling roll for universal 3&4-years olds compared to the January 18 census, mirroring a drop in birth rates for the related period. A further drop in numbers has been predicted for the January 2020 census, although this will be kept under review.

The extended offer of an additional 15 hours for working parents was introduced from autumn 2017, with the DfE's expectation being that extended hours claimed would eventually be around 60% of universal hours. 2019-20 budget was set assuming extended hours claimed would be 50% of universal hours by Spring 2020, with the Autumn 2019 assumption being 48.5%. This was actually 48.1% in Autumn 19. Estimated DSG and expenditure budgets for 2020-21 estimate that this will be 50% in spring 2020, rising to 55% in spring 2021.

<b>Pupil numbers</b>	<b>January 2018</b>	<b>January 2019</b>	<b>Change</b>
2-year olds (PTE)	1,106	1,055	(51)
3/4-year olds (universal PTE)	4,878	4,814	(64)
3/4-year olds (extended PTE)	2,012	2,204	192

As outlined above in paragraph 3.2.6 the hourly rates paid by DfE to Wirral will increase by £0.08, rising from £5.22 to £5.30 for the 2-year-old rate, and from £4.31 to £4.39 for the 3&4-year-old rate.

A consultation was conducted during December 2019 to seek views on how the additional funding should be allocated across the Early Years funding formula. The consultation was issued to around 400 Early Years Providers, including approximately 250 funded providers. There were 62 responses (all from funded providers), with 77.42% supporting adding all additional funding to the base rate, rather than the supplements. Both the 2-year-old rate paid to providers, and the base rate of the 3&4-year-old formula will therefore increase by £0.08 from April 2020.

### 3.6.5 SEN Top-ups £24.5m

The proposed budget for SEN Top-ups is £24.5m, an increase of £2.8m from 2019-20. As well as the changes to place numbers outlined above, top-up budgets have been increased as follows:

	2019-20 budget £	2020-21 budget £	Change £
<b>Statements (£6,237,000)</b>			
Early Years	450,000	450,000	0
Primary	2,730,600	3,243,600	513,000
Secondary (including 6 <sup>th</sup> Forms)	2,314,700	2,323,600	8,900
Personal Budgets	108,700	108,700	0
Other	111,100	111,100	0
<b>Top-ups (£18,254,800)</b>			
Special Schools (& 6 <sup>th</sup> Forms / Hospital)	7,708,600	8,308,400	599,800
SEN Units (resourced & AP)	1,038,200	1,048,600	10,400
Alternative Provision	494,900	1,378,200	883,300
Further Education (6 <sup>th</sup> form college & providers)	1,700,000	1,683,200	(16,800)
Exceptional Need	504,100	782,000	277,900
Nursing Support	106,600	159,900	53,300
Contingency	310,000	360,000	50,000
Independent Non-maintained Special Schools	3,700,000	4,134,000	434,000
Home Tuition	400,500	400,500	0
<b>Total</b>	<b>21,678,000</b>	<b>24,491,800</b>	<b>2,813,800</b>

- **Statements £6.2m** – a net increase of £0.52m reflecting the increased number/cost of EHCPs/IPFAs, particularly for Primary pupils. This includes an estimate of additional awards being made during 2020 to March 2021.
- **Special Schools £8.31m** – special school top-ups budgets are under increasing pressure, with increased complexity of need being reflected in the higher costing top-up bands. The budget also assumes all special schools are full throughout the year. The inclusion element (reported to Forum in September 2019) has been reduced by £119.5k due to the removal of ‘Specialist School’ funding from Clare Mount Special School from April 2020. This has been reallocated to the SEN Support Services budget to fund a fixed-term post to undertake a review of inclusion funding and its impact. An element is also included to enable the local authority to ‘purchase’ additional EHCP places at Wirral Hospital School.
- **Alternative Provision £1.38m** – the budget has increased by £883,300, which has been transferred from the AP (Emslie Morgan) Places budget to fund alternative AP initiatives with Progress School as reported to Forum in June 2019.
- **Exceptional Need £782k** – although a review of all Exceptional Needs cases is currently being carried out, this budget has been increased by £278k to reflect funding currently committed for 2020-21. The Exceptional Needs awards process is also being reviewed.
- **Nursing Support £160k** – an increase of £53k reflects funding currently committed for 9 children.



- **Independent Special Schools £4.1m** – there has been an increase of £434k in this budget which reflects the funding currently committed resulting from increase in demand, as well as an estimate of further placements made during 2020-21.
- **Home Tuition £401k** – the budget for the Home Tuition service remains unchanged for 2020-21, despite projected overspends in 2019-20. This is due to a planned review of the service during 2020.
- **Contingency £360k** – this budget has been increased by £50k and covers the potential cost of:
  - The 90% guarantee to maintained mainstream schools to limit the demands on low cost high incidence SEN budgets used to support statements (£200k).
  - Any unforeseen consequences arising from top-ups, places, or exceptional cases (£60k).
  - Potential additional funding (£100k) for a base at The Oldershaw Academy agreed by the former interim Head of SEN. Discussions are currently ongoing with the school as to what support has been agreed and the level of funding.

These changes are summarised in the table above, and together with the place changes outlined in 3.6.3 mean that the pressures estimated on the High Needs budget total £2.79m. The top-up model for both Special Schools and SEN Units/Resource Bases will be reviewed during 2020.

### 3.6.6 Central School Services

Budgets held for Contingency, Special Staff (maternity and trade union duties), the School Library Service, Insurance (Governors Aided), and Behaviour Support have been delegated to schools. Schools Forum have de-delegated all these areas so they can be held centrally. They have also de-delegated costs associated with former General Duties of the Education Services Grant and School Improvement.

The centrally held budgets for 2020-21, mainly funded by the Central Schools Services Block of DSG, include:

- The continuing premature retirement of teachers and staff that have arisen from closing schools (£81,000, an increase of £21,000 due to overspends in previous years).
- The cost of licenses for copyright and music in all schools and academies resulting from a national agreement (£244,900, a reduction of £1,700 to reflect the actual cost published by DfE on 19th December 2019).
- School Admissions (£372,200, unchanged from 2019-20).
- Contributions to combined budgets (£700,500, a reduction of £175,100 reflecting the 20% reduction in funding from DfE for 'historic commitments' as per paragraph 3.2.8 above).
- Schools Forum (£10,600, unchanged from 2019-20).
- Early Years (£518,700, funded from the Early Years block and unchanged from 2019-20).
- Retained duties of the former Education Services Grant (ESG) (£730,000, unchanged from 2019-20).
- The Authority's contribution to the PFI Affordability Gap (£1,247,700, an increase of £129,300, funded by the LA).

### 3.6.7 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.

There must be no new commitments or increases in expenditure from that agreed in 2012-13, and DfE expect that these costs will unwind over time. For this reason, funding from DfE has been reduced by 20% for 2020-21, and these contributions have also all been reduced by 20%, and for 2020-21 are as follows:

<b>Combined budget summary</b>	<b>£</b>
Discretionary Rate Relief	85,300
School Improvement	264,000
LSCB	24,000
School Intervention	108,800
PFI – CLCs	54,800
LACES	112,400
PFI Support Team	49,400
Governors Forum	1,800
<b>Total</b>	<b>700,500</b>

### 3.7 Education Services Grant

Schools Forum agreed on 15<sup>th</sup> January 2020 to de-delegate £500,000 on behalf of Maintained Primary, Secondary and Special Schools towards the full year costs of former ESG General Duties. This is to contribute to the cost of functions such as Internal Audit, some Asset Management costs, school redundancies, and other statutory duties. The estimated costs of these services per the 2019-20 Section 251 Budget Return are as follows:

<b>Estimated cost of ESG services</b>	<b>£</b>
Education Welfare	454,800
Asset Management	152,600
Statutory/Regulatory duties	998,600
Premature retirement/redundancy	128,300
Monitoring national curriculum assessment	65,000
<b>Total</b>	<b>1,799,300</b>
<b>Funded by:</b>	
School budget retained duties	730,000
General duties (de-delegation)	500,000
Council funded	569,300
<b>Total</b>	<b>1,799,300</b>

### 3.8 Use of Reserves

DSG reserves held total £2.2m and were agreed as part of the year end accounts for 2018-19. £0.65m of this is reserved for the costs of pay harmonisation, with small amounts being held for Early Years and the remaining final closure / school re-use costs of the former City Learning Centres.

The Schools Budget for 2019-20 is likely to use £3.57m of these, leaving the overall DSG reserve with a £1.4m deficit (with some of this being ringfenced for specific activities as previously agreed).

### 3.9 Other Grant Funding

Pupil Premium provides funding targeted towards deprivation. It is expected to continue, although the rates are still to be confirmed. For Wirral Pupil Premium totals approximately £17m, although final allocations are based on data collected in the January census for current numbers of Free School Meal's (and those over the previous 5 years) and LAC Census data collected in March 2020.

Confirmation is also awaited with regards to grants for Universal Infant Free School Meals, Primary PE and Sport Premium, Year 7 Catch-up Premium, and Extended Rights to Home to School Transport grant.

Although the rates for 2020-21 have not been confirmed yet, the DfE has confirmed that the Teachers Pay and Teachers Pension Employers Contributions Grants will be paid separately from the National Funding Formula in 2020-21.

### 3.10 INFLATION

Although the mainstream schools' budget has received increased funding, there is no specific provision in the budget for pay awards. A pay award of 2.75% from September 2019 was announced, with a corresponding Teachers Pay Grant allocation of 0.75%. This is in addition to the 2% grant awarded to cover the previous years' teachers' pay increase of up to 3.5%.

A 2% pay award for support staff was also agreed from April 2019. Any additional cost over and above any increase in budget allocations and Teachers Pay Grant will need to be met from existing school budgets.

An increase in employers' Teachers' Pension contributions from 16.48% to 23.68% took effect from September 2019, although DfE have indicated this will be funded in 2020-21 (see paragraph 3.9 above).

There is no general provision for price inflation, although costs for school rates and PFI continue to reflect RPI increases.

### 3.11 CHANGES TO THE SCHOOLS FUNDING FORMULA

3.11.1 The Secretary of State confirmed details of updated National Funding Formula (NFF) for schools in October 2019. The format of the formula remains largely unchanged from 2019-20, with a few important changes / features:

- Core NFF formula factors will increase by up to 4% in 2020-21, apart from Free School Meals factors which will increase by 1.84% in line with inflation;
- Premises factors will be allocated to local authorities based on actual 2019-20 allocations, with the PFI factor increasing in line with the RPIX measure of inflation;

- Every secondary school will be allocated at least £5,000 per pupil in 2020-21, with primary schools allocated £3,750 per pupil (rising to £4,000 in 2021-22);
- The Minimum Per Pupil funding factor will be a compulsory factor in LA's local formulae and must be at the national levels (£3,750 and £5,000). This is the first step towards the DfE implementing a 'hard' NFF;
- The overall schools' block funding provided to local authorities continues to be ring-fenced, with some limited flexibility to transfer up to 0.5% out of the Schools Block to High Needs, subject to consultation and Schools' Forum approval.

3.11.2 Wirral remains responsible for agreeing the funding formula for schools until a "hard" formula is implemented, which is now expected in 2021-22. During this intervening time the NFF will run alongside any local formula for schools. This "soft" period is seen by the DfE as a transition, giving LA's flexibility to move towards the NFF and may also protect against turbulence.

The LA is required to consult with schools on any proposals to change the local schools funding formula. In addition School Forum members must also be consulted on their views. A consultation was conducted on the following:

1. The 2020-21 funding formula structure;
2. The level of protection (MFG) to be included in the formula;
3. Use of any "Headroom" monies;

3.11.3 The consultation sought views on retaining the current structure of Wirral's formula, or adopting the NFF factor values. 74% of responses supported adopting NFF factor values, and this view was endorsed by Schools Forum on 6<sup>th</sup> November 2019.

Views were also sought on whether to include an MFG rate of 0.5%, 1% or 1.5%. 69% supported a 0.5% MFG, and this was endorsed by Schools Forum on 6<sup>th</sup> November 2019. However, when final DSG allocations were published on 19<sup>th</sup> December 2019 the schools block was considerably higher than previously indicated by DfE, and as such on 15<sup>th</sup> January 2020 Schools Forum supported the maximum permitted 1.84% MFG being included in the funding formula, ensuring additional protection and stability in funding for more schools, and guaranteeing all mainstream primary and secondary schools (including academies) gain at least 1.84% funding per pupil compared with their 2019-20 allocation (as defined by the National Funding Formula), subject to changes in pupil numbers.

Various views were suggested for the use of 'headroom' monies, and on 6<sup>th</sup> November 2019 Schools Forum supported the proposal to split any remaining Schools Block funding after applying the NFF rates and 1.84% MFG be split equally between a growth fund and a falling roll fund.

3.11.4 It was the Schools Forum's view that de-delegated services, such as Schools Library Service, should continue to be offered as part of the schools' budget in 2020-21, and that the funding to support former Council Education Services is maintained and increased.

### **3.12 CHANGES TO THE EARLY YEARS FUNDING FORMULA**

As described in paragraph 3.6.4, as part of the Government's commitment to increasing Early Years funding nationally by £66m to support the hourly rate paid to childcare providers, the hourly rate paid by DfE to Wirral increased by £0.08 for 2, 3 and 4 years to £5.30 for 2 year olds, and £4.39 for 3&4-year olds.

A consultation was conducted during December 2019 to seek views on how the additional funding should be allocated across the Early Years funding formula. The consultation was issued to around 400 Early Years Providers, including approximately 250 funded providers. There were 62 responses (all from funded providers), with 77.42% supporting adding all additional funding to the base rate, rather than the supplements. Both the 2-year-old rate paid to providers, and the base rate of the 3&4-year-old formula will therefore increase by £0.08 from April 2020.

### **4.0 FINANCIAL IMPLICATIONS**

4.1 The budget for 2020/21 is compiled from the base budget for 2019/20 approved by Council on 4th March 2019 and updated for any issues identified in this report. The projected Schools budget is £279,960,200 and is shown in appendices 1 and 2.

4.2 As described in paragraph 3.8, the DSG reserve is expected to end 2019-20 with a deficit of £1.4m. The High Needs block of the DSG grant has increased by £5.9m for 2020-21 (paragraph 3.2.4), and the budget changes described in this report result in surplus High Needs funding of £643,900 for 2020-21. It is proposed that this is transferred to the DSG reserve to partially offset the deficit.

4.3 Wirral Council commissioned independent advisors (Premier Advisory Group) to carry out an in-depth review of SEN provision, with the objective of reallocating DSG resources to meet need and to prevent future overspends. A final report was not received until December 2019, and as such no changes that may result from their findings are reflected in this report and will not impact the budget until 2021-22.

### **5.0 LEGAL IMPLICATIONS**

5.1 The Council is required to agree a Budget for 2020/21 and to inform Primary and Secondary Schools of their individual budget allocations by 28 February (Special Schools and Early Years providers by 31 March).

### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

6.1 The Schools Budget makes some limited provision for staff providing support to schools, mainly within budgets for Special Education Needs and Disabilities. Most staff however are employed directly by schools where these decisions are made by governing bodies.

6.2 Schools continue to receive some funding for assets and ICT through Formula Capital Grant Allocations. Most asset funding is directed through the Council's Capital Programme and includes school schemes funded by capital grant allocations for Condition and Basic Need.

## **7.0 RELEVANT RISKS**

- 7.1 There are increasing cost pressures in schools arising from additional costs from pay awards and inflation, which will not be met in their entirety from increased budget allocations; instead they will need to be found from efficiency savings. These cost pressures are causing significant difficulties for schools across the country and Wirral is no exception.
- 7.2 Reports to the Schools Forum indicate that a number of schools are facing deficit budgets. Action is being taken to address the position with those schools and governing bodies concerned.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 Consultations with Headteachers and governors have been carried out regarding changes to the Schools funding formula, and Early Years providers consulted on the Early Years funding formula. Schools Forum have supported the proposed budget.
- 8.2 However Schools Forum believe that despite additional grant allocations for schools, Early Years, and Special Education Needs via the Dedicated Schools Grant, the increase does not do enough to offset existing and increasing pressures within schools, and the budget is insufficient to fully meet children's' needs.
- 8.3 Schools Forum also believe that the 20% reduction in DSG funding for 'historic' commitments is very sudden and too severe. Schools Forum's view is that although there is no option but to reduce the Contribution to Combined Budgets accordingly, the services it supports are valuable education services, and believe that the overall support provided for these services should be maintained.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 The budget and proposals contained in this report are supported by an Equality Impact Assessment.

## **10.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

- 10.1 The content and/or recommendations contained within this report are expected have no impact on emissions of CO2.

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**APPENDICES**            Appendix 1 – Schools Budget Changes 2020-21  
                                 Appendix 2 – Schools Budget 2020-21

## BACKGROUND PAPERS

Appendix 1 – Schools Budget changes 2020-21

Appendix 2 – Schools Budget 2020-21

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Schools Forum – School Budget Report 2020/21	15 <sup>th</sup> January 2020
Cabinet – School Budget 2019/20	18 <sup>th</sup> February 2019
Schools Forum – School Budget Report 2019/20	16 <sup>th</sup> January 2019
Cabinet – School Budget 2018/19	19 <sup>th</sup> February 2018
Schools Forum – School Budget Report 2018/19	17 <sup>th</sup> January 2018
Cabinet – School Budget 2017/18	20 <sup>th</sup> February 2017
Schools Forum – School Budget Report 2017/18	18 <sup>th</sup> January 2017

## **Appendix 1 - Schools Budget changes 2020-21**

	<b>£'000</b>
Dedicated Schools Grant	279,356
Contribution to reserve	(644)
<b>Total Grant Funding</b>	<b>278,713</b>
Schools adj base budget	171,762
Add back 19-20 Academy & High Needs	95,110
	<b>266,872</b>
<b>Change in ISB costs</b>	
Net rising rolls	1,042
Rates and rents	59
PFI affordability gap increase	54
Headroom	7,862
High Needs places	(145)
Early Years DAF increase	(9)
Early Years pupil numbers (3/4s)	679
Early Years rate increase (3/4s)	324
Early Years pupil numbers (2s)	264
Early Years rate increase (2s)	51
	<b>10,181</b>
<b>Changes in SEN / High Needs</b>	
High Needs Contingency increase	50
Exceptional Need	278
Nursing support	53
End of specialist school funding (CM)	(120)
Independent Special Schools demand increase	434
Additional of post to oversee Outreach provision	120
EHCPs / IPFAs - additional needs	522
<b>Top-up numbers/bands:</b>	
AP / Hospital	1,007
Bases	10
Special Schools	596
Further Education & Sixth Form	(17)
	<b>2,933</b>
<b>Other changes in central costs</b>	
Increase PFI contracts (inflation)	129
Reduce Contribution to Combined budgets	(175)
Reduce licence and subscription charges	(2)
Increase school retirement costs	21
	<b>(27)</b>
<b>Total Schools Expenditure</b>	<b>279,960</b>
<b>Net Schools Budget 2020-21 (LA Funded)</b>	<b>1,248</b>



**Appendix 2 - Schools Budget 2020-21**

	<b>Adj Estimate 2019-20</b>	<b>Base Estimate 2020-21</b>
	<b>£</b>	<b>£</b>
<b>Individual Schools Budget</b>		
Primary	85,814,000	107,149,400
Secondary	23,481,600	104,962,600
Special	10,328,600	11,440,000
Wirral Hospital Schools	1,354,300	1,359,100
SEN Bases	1,108,000	1,672,000
Alternative Provision	0	0
6th Form / Further Education	0	1,140,000
Early Years	20,203,500	21,511,800
<b>Individual Schools Budget Total</b>	<b>142,290,000</b>	<b>249,234,900</b>
<b>Central School Costs</b>		
Early Years	518,700	518,700
Admissions	372,200	372,200
School Closure / Retirement Costs	60,000	81,000
Licenses and subscriptions	246,600	244,900
Schools Forum	10,600	10,600
Contribution to combined budgets	875,600	700,500
PFI Affordability Gap	1,118,400	1,247,700
Retained duties (ex-ESG)	730,000	730,000
<b>Costs delegated to / de-delegated from schools</b>		
Library service	170,100	0
Insurances	25,900	0
School Specific contingencies	91,100	0
Special Staff costs	627,600	0
Behaviour Support	86,000	0
School Improvement	159,100	0
General duties (ex-ESG)	493,900	0
<b>High Needs pupils</b>		
Statements	5,715,100	6,237,000
SEN top-ups	11,552,400	13,360,300
High Needs contingency	310,000	360,000
Independent Special Schools	3,700,000	4,134,000
Home Tuition	400,500	400,500
Support for SEN	2,150,200	2,269,700
Special School Transport	58,200	58,200
<b>Non-delegated school costs total</b>	<b>29,472,200</b>	<b>30,725,300</b>
<b>Total School and Central costs</b>	<b>171,762,200</b>	<b>279,960,200</b>
<b>Dedicated Schools Grant</b>	<b>(168,300,700)</b>	<b>(279,356,400)</b>
Contribution to / (from) DSG reserve (High Needs deficit)	(2,343,200)	643,900
<b>Grand Total</b>	<b>1,118,300</b>	<b>1,247,700</b>