

AGENDA SUPPLEMENT (1)

Meeting: Schools Forum
Place: The Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Thursday 6 October 2016
Time: 1.30 pm

The Agenda for the above meeting was published on 28 September 2016. Additional documents are now available and are attached to this Agenda Supplement.

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Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

- 6 **Budget Monitoring** *(Pages 3 - 6)*

- 9a **High Needs Block Update Report** *(Pages 7 - 8)*

- 10 **Schools Block 2017-18** *(Pages 9 - 20)*

DATE OF PUBLICATION: 30 September 2016
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Wiltshire Council

Schools Forum

6 October 2016

Dedicated Schools Budget – Budget Monitoring 2016-17

Purpose of the Report

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2016-17 as at 31st August 2016.

Main Considerations

2. Appendix 1 to this report outlines the budget monitoring summary as at 31st August 2016. The budget has been adjusted to take account of the recoupment of DSG for academies and to reflect an adjustment for the Early Years census in January 2016.
3. An underspend of £0.420 million is currently projected against the overall schools budget.
4. Budgets for the free entitlement for 15 hours childcare for 3 & 4 year olds and for vulnerable 2 year olds are projected to underspend by £0.588m. The projected position is based on the latest termly census and will be updated through the year to reflect activity.
5. Top up budgets for high needs pupils are currently projected to underspend by £0.167m and this is analysed further in a separate report. Pressure on independent special school budgets are currently being offset by underspends against top up payments and post-16. High needs budgets will remain under pressure through the year as activity increases.

Proposals

6. Schools Forum is asked to note the budget monitoring position at the end of August 2016.

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Financial Monitoring

Service Areas	Current Budget 2016-17 £m	Projected Outturn for Year £m	Variation for Year £m	% Variance
1 Funding Schools				
DSG Funded Expenditure - Delegated to Schools	124.677	124.677	0.000	0.0%
Contingency & Growth Fund	1.058	1.058	0.000	0.0%
Total	125.735	125.735	-	0.0%
2 0-25 SEND Service				
Pre-16				
Independent Special Schools	3.352	3.925	0.573	17.1%
Named Pupil Allowances	1.971	2.198	0.226	11.5%
Top Up Budgets - Wiltshire Maintained Schools & Academies	9.984	9.187	-0.797	-8.0%
Top Up Budgets - Non-Wiltshire Maintained Schools & Academies	0.966	1.262	0.296	30.6%
Post-16				
Top Up Budgets - Post- 16 Placements	5.362	4.898	-0.465	-8.7%
Support Services				
Specialist Provision and EY Inclusion	0.575	0.786	0.212	36.9%
SEND Service	2.017	1.956	-0.062	-3.1%
Total 0-25 SEND Service	24.227	24.211	-0.016	-0.1%
3 Commissioning & Performance and School Effectiveness				
Schools Maternity Costs	0.576	0.576	0.000	0.0%
Trades Union Facilities Costs	0.035	0.053	0.018	52.8%
SIMS & HCSS Licences	0.173	0.179	0.006	3.6%
Other Costs incl. Copyright Licences	0.402	0.365	-0.037	-9.2%
Strategic Planning	0.052	0.052	0.000	0.0%
Admissions Service	0.245	0.234	-0.011	-4.5%
Total Commissioning, Performance & School Effectiveness	1.481	1.458	-0.023	-1.6%
4 Early Years Services				
Early Years Single Funding Formula - 3 & 4 yo	16.115	15.702	-0.413	-2.6%
Early Years Single Funding Formula - 2 yo	2.564	2.389	-0.175	-6.8%
Other Early Years Support	0.462	0.462	0.000	0.0%
Early Years Pupil Premium Grant	0.235	0.235	0.000	0.0%
Total Early Years	19.376	18.788	-0.588	-3.0%
5 Safeguarding				
Child Protection in Schools	0.028	0.028	0.000	0.0%
Total	0.028	0.028	-	0.0%
6 Integrated Youth and Preventative Services				
Assisted Places Scheme	0.047	0.024	-0.024	-50.0%
Ethnic Minority Achievement Service & Traveller's Education	0.478	0.469	-0.009	-1.9%
Alternative Provision/EOTAS	3.186	3.402	0.216	6.8%
Behaviour Support	0.774	0.724	-0.050	-6.5%
Total	4.486	4.618	0.133	3.0%
7 Children's Social Care				
Looked After Children Education Service	0.203	0.277	0.075	36.8%
Total	0.203	0.277	0.075	36.8%
8 DSG Within Corporate Services				
Gross Expenditure	3.594	3.594	0.000	0.0%
Total	3.594	3.594	-	0.0%
	179.130	178.709	- 0.420	-0.2%

Note POSITIVE variances = OVERSPEND

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Comparison of SEND Placement Spend and Activity 15-16 to 16-17 (as at August 2016)

DSG Budgets

Independent Special Schools (FTE)

Wiltshire Schools (FTE):

NPAs

ELP

Resource Base

Special Schools

Non-Wiltshire Schools (FTE)

Post-16 (FTE)

Total High Needs Block

	FTE/Nights			Expenditure			Movement in Spend
	Outturn 2015-16	Projection 2016-17	Movement	Outturn 2015-16 £	Projection 2016-17 £	Year on Year Movement £	
Independent Special Schools (FTE)	92.7	100.2	7.5	3,618,761	3,924,756	305,995	8%
Wiltshire Schools (FTE):							
NPAs	576.2	598.6	22.3	2,356,246	2,197,613	(158,633)	-7%
ELP	349.9	347.7	(2.2)	1,155,784	895,682	(260,102)	-23%
Resource Base	248.9	244.9	(4.0)	1,135,312	1,007,559	(127,753)	-11%
Special Schools	590.5	598.8	8.3	7,642,122	7,283,846	(358,276)	-5%
Non-Wiltshire Schools (FTE)	151.4	156.6	5.2	1,244,880	1,261,814	16,934	1%
Post-16 (FTE)	338.3	358.9	20.6	5,287,190	4,897,500	(389,690)	-7%
Total High Needs Block	2,348.0	2,405.7	57.8	22,440,295	21,468,769	(971,526)	

Year on Year Movement due to volume		
Movement in numbers	15-16 Unit cost (average)	16-17 Unit cost (average)
7.5	39,033	293,605
22.3	4,089	91,386
(2.2)	3,303	(7,171)
(4.0)	4,561	(18,405)
8.3	12,942	107,156
5.2	8,222	43,004
20.6	15,628	321,779
57.8		831,354

Year on Year Movement due to Price	
15-16 Unit cost (average)	16-17 Unit cost (average)
39,157	12,390
3,671	(250,020)
2,576	(252,931)
4,115	(109,349)
12,164	(465,432)
8,056	(26,070)
13,646	(711,469)
	(1,802,880)

Movement in average Unit cost	Notes
0%	Volume higher than in 2015-16
-10%	Numbers increased compared with outturn 15-16 - increase in numbers offsets saving from reduced top up rate. Reduction in unit cost slightly less than I would expect - suggest some being paid on higher bands?
-22%	Updated for September numbers therefore volumes now similar to previous year.
-10%	Reduction in unit costs as expected following decision to implement reduced top up rates for the new bands.
-6%	
-2%	Relatively stable compared with last year
-13%	Reflects estimate of September numbers - final numbers still to be confirmed saving due to increase in day placements in local provision and reduction in external residential placements

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Wiltshire Council

Schools Forum

6 October 2016

Schools Block Changes and Budget Proposals for 2017-18

Purpose of report

1. To outline the key details of the DSG Baseline Funding and the Operational Guidance for Schools Revenue Funding for 2017-18.

Background

2. The Education Funding Agency (EFA) undertook a 'baselines exercise' earlier this year which required LA's to set out their planned 2016-17 spend into 4 blocks (previously 3 blocks as schools block and central schools block will be separate from 2017-18);
 - Schools Block
 - Central Schools Block
 - High Needs Block
 - Early Years Block
3. The Operational Guidance details specific changes along with the criteria for funding schools for the 2017-18 financial year.
4. Due to the funding changes, the EFA have confirmed that there is no requirement for the LA to submit an APT in October 2016.

Adjustments to 2016-17 Baselines

High Needs Block

5. The High Needs Block in Wiltshire has been set at the baseline figure for 2016-17 of £43.27m.
6. In addition, the EFA have transferred nationally £125m from the department's post-16 budget to the high needs baseline. This funding was previously for place funding in FE Colleges and post-16 charitable and commercial providers.
7. The impact of this will be an increase in the high needs block for Wiltshire of £1.18m, increasing the total block to £44.45m.
8. From 2017-18, these places will be funded from the initial high needs allocation to LA's and deducted (for the EFA to fund institutions directly) prior to the high needs allocation being finalised in March 2017. Therefore whilst there appears additional funding, it is simply being passported to institutions via the LA's High Needs Block.

Schools Block

9. The Schools Block baseline figure is taken from the APT submission from January 2016, which informed the 2016-17 individual schools budgets.
10. The 'Retained duties' element of the Education Support Grant (ESG) is also to be included in the central schools block baseline going forwards.
11. The ESG formerly comprised of a 'general' element and the 'retained' element. Funding for the general element is ceasing in 2017-18, as part of an overall £600m saving by the EFA, announced in the 2015 Spending Review. The retained element will transfer across to the DSG.
12. This will increase the value of the DSG by approximately £1.0m, but should not be viewed as new money, but simply as a transfer from ESG to DSG. (The ESG retained element is funded at £15 per Wiltshire pupil.)

Overall Funding

13. The EFA has guaranteed that no Local Authority will see a reduction from its 2016 -17 baseline funding for both its Schools Block and its High Needs Block. Schools will be funded using the APT figures for 2016-17, therefore there will be no funding growth, only pupil-number growth.
14. The Growth Fund, used to support pupil growth in schools that meet the criteria will continue to be funded at the baseline 2016-17 figure of £1.06m.
15. The table below sets out the 2016-17 DSG baseline funding position for Wiltshire.

Funding	2017-18 (as per EFA figures)		2016-17 (as per S.251 Return)
	£m	£m	£m
Schools Block Funding 16-17 – APT	250.81		250.81
Schools Block – Growth Fund	1.00		1.00
Central Schools Block (Baseline)	3.30		3.30
ESG Retained Duties – now DSG	1.00		
Total Schools Block	256.11	256.11	255.11
3&4 Year Old Funding	16.14		16.14
2 Year Old Funding	2.88		2.88
Early Years Block	19.02	19.02	19.02
High Needs Block (Baseline)	43.27		43.27
Post-16 High Needs Transfer	1.18		
Total High Needs Block	44.45	44.45	43.27
TOTAL DSG BASELINE		319.58	317.40

16. Additional funding of £2.18m reflects the ESG transfer across coupled with the Additional post-16 funding, passported directly to institutions

Schools Operational Guidance

17. The Operational Guidance was issued in August 2016 and sets out the funding system for 2017-18 to help Schools Forums to plan the local funding formula. In addition to the guidance the Secretary of State for Education recently stated

“There will be no additional ‘stop gap’ funding for schools who are struggling financially as they wait for the new funding formula to come into effect in 2018-19. It’s unlikely that there will be further support for this forthcoming year but we will keep the additional funding that’s already been put in place.”

18. The key headline messages are detailed below;

- DSG has been re-baselined to reflect 2016-17 spending, as per the APT
- High Needs Block protected, with an uplift to be confirmed later in the year
- Historic commitments funding is being reviewed for all LA’s and any expenditure on historic commitments which is no longer deemed appropriate by the EFA will be allocated to other aspects of the DSG
- ESG retained Duties funding to transfer to the DSG Central Block
- ESG General Duties to be defined clearly in Phase 2 of the consultation later this year. Funding for these is expected to cease from September 2017
- LA will be able to retain DSG funding for maintained schools to deliver the statutory duties which were previously funded by the ESG
- All other funding factors to remain the same apart from the removal of the post-16 factor which isn’t currently used in Wiltshire.
- The Minimum Funding Guarantee (MFG) will be retained again for 2017-18 at -1.5% for the pupil-led factors (excludes lump sum and rates)
- Any decisions to de-delegate school budgets in 2016-17 relate to that year only and decisions for 2017-18 require new decisions to be made.

De-Delegation

19. The proposals set out in the consultation regarding a National Funding Formula have indicated that all budgets will be delegated to schools from 2019-20.

20. Where the funding is de-delegated by maintained schools for services to be provided centrally, then funding is removed from the Wiltshire funding formula, prior to school budgets being issued.

21. Schools Forum agreed in its June meeting that Schools Funding Working Group and officers would develop a plan for delegation of services over

the next two years, to ensure a continuity of service provision and make recommendations to Schools Forum.

22. Initial discussions had proposed the delegation / de-delegation split for 2017-18 as shown in the attached Appendix 1.

Removal of ESG General Rate

23. In the 2015 Spending Review, it was announced that £600m would be saved from the ESG general funding rate by 2019-20. LA's will no longer receive funding for the general rate from April 2017, however there will be some transitional funding from April 2017 to August 2017. The details of the transitional protection are currently unknown and the EFA will release details later this year.
24. The EFA are expecting LA's to use other sources of funding to provide education services once the general funding has been removed.
25. The EFA has proposed that the LA will be able to retain some of the Schools Block funding from maintained schools to provide statutory duties, previously provided using the ESG, however details will not be made available until the next phase of the consultation is issued.
26. Any amounts to be retained centrally will need to be agreed between the LA and maintained members of Schools Forum.

Growth Funding

27. The operational guidance provides for the LA to create a growth fund to support schools to provide additional places in order to meet basic need within the authority.
28. Wiltshire's growth fund has always previously been compliant with the funding regulations and based upon the guidance, would continue to be fully compliant.
29. It is proposed that the Wiltshire Growth Fund continues in 2017-18, as per 2016-17, at the same level and with the same funding criteria. The details of the Growth Fund are contained in Appendix 2. The baseline funding exercise has confirmed that the value is agreed at £1.00m.

Exceptional Premises Factors

30. In its funding formula, the LA has previously used an exceptional factor where the nature of the school premises gives rise to significant additional costs, greater than 1% of the school's total budget. As these costs affect fewer than 5% of the schools in the authority, funding is awarded to these schools in respect of their additional costs.
31. As this factor has been applied consistently over the last four years, the factor can continue to be used in 2017-18, without the need for a specific request to the EFA.

Schools Forum Approval for Centrally Held Funding

32. A number of the services that are covered by funding, which is held centrally are subject to a limitation of no new commitments or increases from 2016 to 2017. Schools Forum approval would be required annually to confirm the amounts on each line.
33. The table below sets out the level of approval required for each service and the arrangements for Schools Forum to approve the retention of schools block funding for the duties previously funded by the ESG retained duties rate.

Approval required	Services covered (and funding block)
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none"> - high needs block provision - central licences negotiated by the Secretary of State
Schools forum approval is required on a line-by-line basis	<ul style="list-style-type: none"> - early years block provision - funding to enable all schools to meet the infant class size requirement - back-pay for equal pay claims - remission of boarding fees at maintained schools and academies - places in independent schools for non-SEN pupils - services previously funded by the retained rate of the ESG
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period	<ul style="list-style-type: none"> - admissions - servicing of schools forum
<p>Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into</p> <p>See para 71 for Information on historic commitments. Read establishing local authority DSG baselines for more information</p>	<ul style="list-style-type: none"> - capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged - contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources - existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged) - prudential borrowing costs – the commitment must have been approved prior to April 2013
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools	<ul style="list-style-type: none"> - funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy - funding for good or outstanding schools

	with falling rolls where growth in pupil numbers is expected within three years
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Proposal

34. It is proposed that:

- a) Schools Forum approve the criteria for allocating pupil Growth Fund in 2017-18, as per the 2016-17 criteria.
- b) Schools Forum agree that the budget for the Growth Fund is retained at a maximum of £1.06m for 2017-18, as per the 2016-17 baseline figure, confirmed by the EFA.
- c) Schools Forum agree to continue funding schools where there are exceptional premises factors, as in 2016-17.
- d) Schools Forum consider the proposed services to have the funding delegated or de-delegated and agree the delegation for 2017-18.

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Growth Fund Criteria 2017-18**New School Allowance (unchanged from 2016-17):**

1. Schools receive funding in advance of pupils arriving in the school, based on the result of the pupil teacher ratio rounded up to the nearest next whole number. The PTRs used are 26.5:1 for KS1 & 27.5:1 for KS2 + 1.1. The topped up element to the next whole number is arrived at by multiplying the result by the salary of a teacher on the top point of the teacher's main scale + on-costs. This element will apply until the first year group has left the school or until the school is full.
2. In addition the costs of a head teacher and 10 hours admin support will be available one "old" term before opening. 55% of the Basic Flat Rate will be available two "old" terms before opening. In the first year of opening the school will also receive 34% of the Basic Flat Rate, 17% in the second & 8.5% in the third year after opening.
3. New schools may also receive an estimate of the new pupil intake for the forthcoming academic year. This approach will be in place for the number of years equal to the number of year groups at the school. The initial estimate may be changed at a later date (but no later than the end of Term 6) to more accurately reflect the likely new intake, with the agreement of the school.

Class Expansion for Basic Need (unchanged from 13-14, 14-15 & 15-16):

4. Where a school is expanded to provide additional classes to meet a basic need for places identified by the LA, from the month of opening for the remainder of the financial year only the school will receive $\frac{7}{12}$ ths x 30 x relevant AWPU for each additional class. Where a full class may not be needed then the school would receive $\frac{7}{12}$ ths x estimate of increased September intake x relevant AWPU. The definition of "expanded" is that a building project or addition of a mobile classroom has taken place.

Infant Class Size Increases:

5. This is payable to a Primary School with infant classes which is required to set up an additional class in the Autumn term as required by the infant class size regulations, and the school cannot accommodate all of its additional Reception and Key Stage 1 pupils in classes of 30 or less, i.e. the total number of pupils in the 3 year groups exceeds a multiple of 30. If the total increase in NOR between the two October census dates is greater than 13 and necessitates that an extra class would be required, then additional funding is allocated per additional class.

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Summary of De-delegated Budgets 2016-17

Budget/Service	£m	Associate Director Area	Easy to Delegate?	Issues/Notes	Interdependencies	Proposed Year to Delegate				
						2017-18	2018-19	2019-20		
Maternity costs	0.576	JC	Would be straightforward to delegate, no staffing implications	Whilst relatively straightforward to delegate, schools may not want it early because holding the budget centrally works as an insurance policy for them. Would need to look at implications for work carried out in Payroll Team - could reduce workload	None	✓			Do early. what is the cost?	
Free School Meal Eligibility Service	0.020	JC	Staffing Implications	Budget funds postholder in Research and Statistics Team to carry out Free School Meal eligibility searches on behalf of schools - currently provided free to maintained schools and on traded basis to academies Potential redundancy costs if service not fully traded once delegated	Links to Traded Services review	✓			schools likely to buy - work out cost	
Licences and subscriptions – includes SIMS Licence	0.173	JC	No staffing implications Procurement rules will require early delegation of SIMS Licence budget	Budget funds SIMS Licence and HCSS Licence SIMS Licence - procurement compliance issues whilst held centrally. Report to Schools Forum in June 2016 to agree delegation from April 2017 rather than go to market to reprocur schools MIS HCSS Licence - we currently require maintained schools to use HCSS and submit financial information in required formats. Suggest extension to contract until 2019	Links to Procurement and monitoring of compliance with tendering rules etc	✓				
					Links to Procurement and monitoring of compliance with tendering rules etc				✓	
Subscriptions	0.006	JC	No staffing implications	Straightforward to delegate but currently funding subscriptions to publications - would require saving to be made when delegated	None	✓				
Trade Unions facilities costs	0.035	JC	No staffing implications, would be straightforward to delegate	This budget funds the school's contribution to union representative time. Academies are invoiced for their share. Budget could be delegated and all schools invoiced. Budget was held centrally as all schools currently signed up to Wiltshire collective agreement - may have implications for TU involvement if schools unwilling to pay? Need to see if 100% compliance from current academies Who currently does the invoicing?	Wiltshire Collective Agreement			✓	delay because of collective agreement	
School contingency budget	0.058	JC	No staffing implications, would be straightforward to delegate	No implications if delegate	None	✓				
Behaviour Support Services	0.556	TH	Staffing implications	Funds the core Behaviour Support Team within Early Help. Potential redundancy implications if delegated Any service offered after April 2019 would need to be on a fully traded basis	Children's Services Integration - this service is currently part of the Early Help Service but budget will not be available as part of wider integration Links to Traded Service Review if service is to be retained and traded Links to work being led on Alternative Provision		✓		put in middle year so don't just leave until the end	
Travellers Education Service	0.166	TH	Staffing implications	Funds the Traveller Education Service within Early Help Potential redundancy implications if delegated Any service offered after delegation would need to be on a fully traded basis	Children's Services Integration - this service is currently part of the Early Help Service but budget will not be available as part of wider integration Links to Traded Service Review if service is to be retained and traded		✓			
Ethnic Minority Achievement Service	0.308	TH	Staffing implications	Funds the EMAS Team within Early Help Potential redundancy implications if delegated Any service offered after delegation would need to be on a fully traded basis	Children's Services Integration - this service is currently part of the Early Help Service but budget will not be available as part of wider integration Links to Traded Service Review if service is to be retained and traded		✓			
	1.896									

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