

AGENDA SUPPLEMENT (1)

Meeting: Schools Forum
Place: The Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Thursday 12 January 2017
Time: 11.00 am

The Agenda for the above meeting was published on 4 January 2017. Additional documents are now available and are attached to this Agenda Supplement.

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

- 8 **Reports from Working Groups (Pages 3 - 8)**

- 10 **School Revenue Funding 2017-18 - Funding Settlement and Budget Setting Process (Pages 9 - 20)**

- 11 **Update reports on DSG Funding Block**
 - 11a **Schools Block- Central Budgets (Pages 21 - 36)**
 - 11b **Schools Block-Delegated Budget (Pages 37 - 42)**
 - 11c **High Needs Block (Pages 43 - 46)**
 - 11d **Early Years Block**

- 12 **Budget 2017- 18: Decision Paper (Pages 47 - 50)**

DATE OF PUBLICATION: 09 January 2017

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Meeting of Schools Funding Working Group and SEN Working Group

4th January 2017, 8:00am, County Hall

MINUTES

Present: Neil Baker, Simon White, Catriona Williamson, John Hawkins, Phil Cook, John Proctor, Martin Watson, Susan Tanner, Grant Davis, Liz Williams

Apologies: Tracy Cornelius, Debbie Bennett, Carol Grant

	Agenda Item	Action
1	<p><i>Budget Monitoring 2016-17</i></p> <p>The group considered the latest budget monitoring position.</p>	
2	<p><i>National Funding Formula for Schools – Phase II Consultation and High Needs funding formula consultation</i></p> <p>GD presented a report summarising the key headlines from the recent government consultations on a proposed national funding formula (NFF) for schools and a proposed national funding formula for the high needs block.</p> <p>The consultation on the NFF confirmed the arrangements for a “soft” formula in 2018-19 and a “hard” formula in 2019-20</p> <p>GD confirmed that Wiltshire did not fare well under the proposals. Whilst there was a small overall gain for Wiltshire under the full NFF for schools (2.4%) there were individual winners and losers within the proposals at school level. It was agreed that as soon as the detail of the individual formula factors was available GD would share with members of the working group.</p> <p>EW outlined the key features of the proposed formula for high needs and that Wiltshire would be on the funding floor under the proposals.</p> <p>It was further agreed that at the March meeting the group would consider the consultation in detail and draft a response for schools forum.</p>	GD
3	<p><i>School’s Revenue Funding Settlement 2017-18 and Budget Setting Process</i></p> <p>EW presented a report detailing the DSG funding settlement for 2017-18 and other funding announcements from the government. The paper also detailed the budget setting process for 2017-18 and confirmed the decision making roles and responsibilities for the local authority and schools forum.</p> <p>EW outlined the changes to the DSG settlement including pupil growth, funding for new responsibilities and funding to support the implementation of the new early years funding formula. The report also detailed changes to Education Services Grant (ESG) funding and the introduction of a new School Improvement Grant for 2017-18.</p>	

	<p>EW presented a report outlining the funding settlement for the high needs block in 2017-18 and the estimated pressures for the financial year. Pressures were based on continued growth in activity and in Independent Special School placements.</p> <p>It was noted that the pressures on the high needs block were even more of a concern given that Wiltshire is not expected to gain funding from the national funding high needs formula in future years. The group discussed that current increases in activity were not sustainable and considered how additional resources could be used, in conjunction with the new SEN Strategic Planning Fund, to provide capacity for change and to support schools in managing pupils with additional needs. It was agreed that schools forum should review the possible impact of utilising an element of any historic commitment funding that was not eligible as central schools block spend to support an increase in top up payments (to start to reinstate the 2016-17 reductions) and to pump prime projects to support reductions in out of county placements. EW/GD to model for schools forum meeting</p>	EW/GD
7	<p><i>Early Years Update Report 2017-18</i></p> <p>EW presented a report on the early years block for 2017-18. The report outlined proposals for the early years single funding formula (EYSFF) for Wiltshire and central early years spend. The report contained a proposal for an amount of the early years block to be retained centrally to support the council's costs in managing the free entitlement and 2 year old offer.</p> <p>JP expressed concern that despite an increase in funding Wiltshire was still on the lowest funding rate nationally. JP also outlined key cost pressures faced by early years providers including:</p> <ul style="list-style-type: none"> ○ Business rates ○ Graduate salaries ○ Auto enrolment ○ National living wage <p>After discussion the recommendations of the group were that there was support for proposal in relation to the administration costs related to the testing of eligibility for the 2 year old offer, pupil premium and additional 15 hours, and for the funding of the inclusion support fund from the early years block. Further information was requested in relation to the additional central costs.</p>	EW
8	<p><i>Date and Time of next meeting</i></p> <p>It was agreed that as the main agenda item for the March meeting will be the response to the funding consultation, a joint meeting of the school funding working group and SEN working group should be held.</p> <p>Date confirmed: Friday 24th February 2017, 8:30am (venue to be confirmed)</p>	

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Wiltshire Council

**Schools Forum
12th January 2017**

Report from the School Funding Working Group and SEN Working Group

Purpose of report

1. To report on the joint meeting of the School Funding Working Group and SEN Working Group held on 4th January 2017.

Main considerations for School Forum

2. The minutes of the meetings are attached at Appendix 1.
3. The working group considered the reports drafted to summarise the funding settlement and budget setting process for 2017-18. A number of recommendations were made which can be taken in to account during the schools forum discussions on the individual budget items.

Proposals

4. That Schools Forum notes the minutes of the School Funding Working Group and SEN Group meeting.

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Wiltshire Council

Agenda Item:

SCHOOLS FORUM
12th January 2017

SCHOOLS REVENUE FUNDING 2017-18 – FUNDING SETTLEMENT AND BUDGET SETTING PROCESS

Purpose of the Paper

1. To update Schools Forum on the schools revenue funding settlement and the budget setting process for 2017-18.
2. The report will outline the funding settlement announced on 20 December 2016 and the impact on school and local authority budgets arising from the settlement. The report will also outline the decision making process for the 2017-18 budget.
3. Further detail on each of the funding blocks and the specific decisions required will be provided in separate papers on this agenda. A separate decision paper will also be provided so that decisions can be considered after all of the update reports have been discussed.

Main Considerations

School Revenue Funding Settlement 2017-18

Dedicated Schools Grant 2017-18

4. DfE issued the revenue funding settlement for schools on 20 December 2016. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£330.806m**. This is an increase of £13.604m compared with 2016-17. It should be noted that some of the increase relates to the transfer of responsibilities in to DSG and therefore is not real growth in funding.
5. The DSG Blocks have been rebased to reflect 2016-17 expenditure and then additional funding for pupil growth, new responsibilities and the new Early Years funding formula have been taken in to account. The split of funding between the blocks is as follows:

Schools Revenue Funding - DSG Settlement 2017-18

	£
Schools Block	260,780,243
High Needs Block	45,303,569
Early Years Block	24,721,797
	<hr/>
	330,805,610
	<hr/>

6. The **Schools Block** has been rebased to reflect 2016-17 spend. The allocation includes growth of £4.7m compared with 2016-17 spend to reflect pupil growth of 1,105 pupils in the October 2016 census. The schools block also includes additional funding of £1.005m to

reflect the transfer of the retained rate of Education Services Grant (ESG) in to central DSG. This is not new funding but a transfer between different funding streams and as such is already committed.

7. The **High Needs block** has been rebased to reflect projected spend in 2016-17. It also includes population growth of £0.850m and an additional allocation of £1.176m to reflect payments for places in FE colleges. This is funding that was previously paid directly to the colleges by the EFA and so does not reflect growth in funding for the Council, merely the transfer of responsibility for paying place funding to colleges.
8. It should be noted that the high needs block allocation does not yet include the outcome of the place review. Wiltshire submitted requests for additional post-16 places at Wiltshire College but has yet to receive confirmation as to whether those places will be agreed.
9. The **Early Years block** has been increased to reflect the increase in hourly rate to be paid through the new national funding formula and the implementation of the entitlement to an additional 15 hours of childcare for children of working parents. In addition there is an allocation of £0.110m for the new Disability Access Fund to be paid directly to providers for children in receipt of Disability Living Allowance.
10. The funding regulations do still allow for funding to be moved between the DSG blocks in 2017-18 however the DfE's expectation is that by rebasing the blocks to reflect spend any movement would now be minimal. It should be noted, however, that all of the blocks are under considerable pressure and in order to address the many cost pressures schools forum may need to consider some movement of costs between funding blocks. Any proposals or options in relation to this will be detailed in the update reports for each block.

Education Services Grant 2017-18

11. In the funding settlement for 2017-18 the government has confirmed the changes previously announced to Education Services Grant (ESG) for 2017-18.
12. Funding for the retained duties element of ESG, to fund delivery of the local authority's responsibilities for all schools, has been transferred in to DSG. The total amount of funding transferred in to DSG is £1.005m in 2017-18.
13. The general duties rate of ESG is ending from 31 March 2017. The general duties rate has previously been allocated at £77 per pupil to fund responsibilities local authorities hold for maintained schools.
14. In 2016-17 Wiltshire Council had budgeted to receive £3.6m ESG. Prior to the announcement that the grant would cease from 2017-18 the council's medium term financial strategy (MTFS) included an assumption that the grant would reduce by £1.8m with the allocation for 2017-18 being £1.774m. Whilst £1.005m of that has now been transferred to DSG, this still leaves a shortfall in the council's budget for 2017-18 of £0.769m.
15. In the operational guidance for schools revenue funding in 2017-18 the government has redefined the responsibilities that would have been met through ESG. School Improvement has been removed from this list and the government has recently announced additional [grant funding](#) to support school improvement. Of the £50m that will be allocated to local authorities it is estimated that Wiltshire could receive up to £0.3m but individual allocations

and conditions of grant have yet to be announced. This funding is lower than the previous allocation through ESG and therefore the council will need to identify how services can be redesigned over the next year alongside the review of traded services and work on self sustaining schools.

16. The cost of therapies has also been removed from the list of services that should be funded from ESG. The operational guidance for 2017-18 indicates that therapies, for example speech and language therapies, should now be funded from the high needs block. This will increase the pressure on the high needs block in 2017-18 by £0.509m.
17. On 20th December 2016 the government confirmed that there will be a transitional grant to cover the period April to August 2017. This will be allocated according to the numbers of pupils in maintained schools at a rate of £27.50 per pupil in a mainstream school and £116.88 per pupil in a maintained special school. Based on the number of pupils in maintained schools in Wiltshire, adjusted for projected academy conversions, it is estimated that Wiltshire could receive up to £0.820m in transitional grant. This will support the local authority's budget in 2017-18 but the grant is only for one year.

DSG Historic Commitments

18. The DfE has also issued supplementary guidance on the treatment of local authority historic commitments to be funded from DSG. In March 2016 local authorities were asked to detail historic commitments that they expected to continue to fund from within DSG in 2017-18. As a result of this exercise the DfE guidance gives clarity on what are acceptable historic commitments under the regulations and also outlines the evidence that must be provided to schools forums to enable them to approve continued funding of historic commitments.
19. Further detail on historic commitments will be provided in the central schools block report elsewhere on this agenda however an initial review of the guidance would indicate that approx. £1.7m of spend currently funded from DSG would not meet the criteria. Delegation of this funding to schools will require the council to make equivalent savings from central services.
20. The schools block report later on this agenda will outline the individual commitments and supporting evidence.

Budget Setting Process 2017-18

21. Local authorities are required to submit the proposed delegated budget for schools in their areas to the EFA by 20th January 2017. The EFA will confirm the formula is compliant with the regulations and will then confirm budgets to academies during February 2017. The LA will need to notify maintained schools of their budget shares by the end of February.
22. The DfE has revised the processes for setting the budgets for central DSG spend and confirmed the powers and responsibilities of the LA and schools forum across all areas of spend within the DSG. The following table confirms the new arrangements for schools forum to approve central spend:

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 (growth fund) • 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 • admissions • servicing of schools forum
<p>Historic Commitments: 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> <hr/>	<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

23. Budget proposals within the papers under consideration will be categorised to ensure that these requirements can be met. A summary of the overall powers and responsibilities for schools forum is attached at Appendix 1 to this report.
24. The update reports will show that many of the decisions in relation to individual funding blocks will impact on the affordability, or otherwise, of other proposals and this will be important to take in to account when considering the final decision paper.

Proposal

25. Schools Forum is asked to note the report.

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Schools forum powers and responsibilities

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted [voting restrictions apply - see schools forum structure document] and informs the governing bodies of all consultations	Checks for compliance with regulations
Contracts (where the LA is entering a contract to be funded from the schools budget)	Proposes at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None
Financial issues relating to: <ul style="list-style-type: none"> arrangements for pupils with special educational needs, in particular the places to 	Consults annually	Gives a view and informs the governing bodies of all consultations	None

Function	Local authority	Schools forum	DfE role
<p>be commissioned by the LA and schools and the arrangements for paying top-up funding;</p> <ul style="list-style-type: none"> • arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding; • arrangements for early years provision; • administration arrangements for the allocation of central government grants 			
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval
<p>De-delegation for mainstream schools for:</p> <ul style="list-style-type: none"> • contingencies • administration of free school meals • insurance • licences/subscriptions • staff costs – supply cover • support for minority ethnic • pupils/underachieving groups • behaviour support services • library and museum services 	Proposes	Primary and secondary school member representatives will decide for their phase. Middle schools are treated according to their deemed status	Will adjudicate where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> School improvement 			
<p>General Duties for maintained schools</p> <ul style="list-style-type: none"> services previously funded by the ESG general duties rate. Read the updated ‘Schools revenue funding 2017 to 2018: operational guide’ for more information. 	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on and the criteria for allocating funding from:</p> <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 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on:</p> <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 	Proposes	Decides for each line	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> places in independent schools for non-SEN pupils services previously funded by the retained rate of the ESG admissions servicing of schools forum 			
<p>Central spend on:</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 	<p>Proposes up to the value committed in 2016-17 and where expenditure has already been committed.</p> <p>See para 71 for Information on historic commitments. Read establishing local authority DSG baselines for more information.</p>	<p>Decides for each line</p>	<p>Adjudicates where schools forum does not agree LA proposal</p>
<p>Central spend on:</p> <ul style="list-style-type: none"> high needs block provision 	<p>Decides</p>	<p>None, but good practice to inform forum</p>	<p>None</p>

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> central licences negotiated by the Secretary of State 			
Carry forward a deficit on central expenditure to the next year to be funded from the schools budget	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
Scheme of financial management changes	Proposes and consults the governing body and Head of every school	Approves (schools members only)	Adjudicates where schools forum does not agree LA proposal
Membership: length of office of members	Decides	None (but good practice would suggest that they gave a view)	None
Voting procedures	None	Determine voting procedures	None
Chair of schools forum	Facilitates	Elects (<i>may not be an elected member of the Council or officer</i>)	None

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Statutory & Regulatory Duties - responsibilities for all schools

		Cost Centre Reference	TOTAL COST	Apportionment Methodology	Apportioned Cost (equal to or smaller than Total Cost)	Maintained	Academy	Traded
	Statutory and Regulatory duties							
SRD 1	Director of children's services and personal staff for director (Sch 1, 20a)	50100	75,229	Split based on academy/maintained schools as percentage of total of schools	75,229	52,278	22,951	
SRD 2	Planning for the education service as a whole (Sch 1, 20b)	15000	351,133	Split based on academy/maintained schools as percentage of total of schools	351,133	244,007	107,125	
SRD 3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 1, 20d)	90320	18,620	Split based on academy/maintained schools as percentage of total of schools	18,620	12,939	5,681	
SRD 4	Administration of grants (Sch 1, 20e)	90320	31,430	Split based on academy/maintained schools as percentage of total of schools	31,430	21,841	9,589	
SRD 5	Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 1, 20fi)	90320	20,054	Split based on academy/maintained schools as percentage of total of schools	20,054	13,936	6,118	
SRD 6	Formulation and review of local authority schools funding formula (Sch 1, 20g)	90320	22,316	Split based on academy/maintained schools as percentage of total of schools	22,316	15,508	6,808	
SRD 7	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA except duties specifically related to maintained schools (Sch 1, 20i)		0					
SRD 8	Consultation costs relating to non-staffing issues (Sch 1, 20r)	90320	6,228	Split based on academy/maintained schools as percentage of total of schools	6,228	4,328	1,900	
SRD 9	Plans involving collaboration with other LA services or public/voluntary bodies (Sch 1, 20v)		0					
SRD 10	Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)	12300	12,206	Split based on academy/maintained schools as percentage of total of schools	12,206	8,482	3,724	
SRD 11	Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 1, 20w)		0					
	Education Welfare							
EW 1	Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 1, 10c)		189,850	assume based on s251 breakdown - 50% of team	189,850	131,930	57,920	
EW 2	School attendance (Sch 1, 11)		0					
EW 3	Responsibilities regarding the employment of children (Sch 1, 29)		0					
	Asset management							
AM 1	Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 1, 10a)		129,771	taken from S251 return	129,771	90,180	39,591	

AM 2	General landlord duties for all buildings owned by the local authority, including those leased to academies	53850	47,295	Split based on academy/maintained schools as percentage of total of schools	47,295	32,866	14,429	
	Central support services							
	No functions							
	Premature retirement and redundancy							
	No functions							
	Monitoring national curriculum assessment							
	No functions							
	Therapies							
	No functions							
	Additional note							
	Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:							
	♦ Ensuring payments are made in respect of taxation, national insurance and superannuation contributions (sch 1, 20e).							
	♦ Recruitment, training, continuing professional development, performance management and personnel management of staff (Sch 1, 20k)							
	♦ Investigations of employees or potential employees, with or without remuneration (Sch 1, 20l)							
	♦ Investigation and resolution of complaints (Sch 1, 20t)							
	♦ Legal services related to education functions (Sch 1, 20u)		14,450		14,450	10,042	4,408	
			918,581		918,581	638,336	280,245	0

86,419

DEDICATED SCHOOLS BUDGET – SCHOOLS BLOCK UPDATE 2017-18 (Central Schools Block Budget)

Purpose of the Report

1. To update schools forum on issues relating to the Central Schools Block budget for 2017-18 and the decisions that will need to be made as part of the budget setting process.

Main Considerations

2. As outlined in the funding settlement paper the DfE has allocated a schools block quantum to Wiltshire of £260.780 million.
3. In 2016-17 central schools block spend is budgeted to be £4.213m. This has remained largely unchanged in recent years as regulations have not allowed for central commitments to be increased. In 2016-17 schools forum did agree an increase to the central licences budget to bring the budget in to line with the expected charge from the DfE. In 2017-18 the rules on not increasing central expenditure have changed slightly and it is now allowable to increase spend on some services outlined in Section B of the table below.
4. For 2017-18 the DfE has published new [Operational Guidance](#) for school revenue funding. The guidance includes details of the requirements for centrally held budgets and the proposals in relation to the removal of the Education Services Grant (ESG) general funding rate. The guidance also lays out the requirements for the approval of central DSG budgets. Further [supplementary guidance](#) has also been issued to give information on the funding and reporting of historic commitments for the 2017-18 financial year.
5. The decisions that schools forum will be asked to make in relation to the central schools block are as follows:

Approval required	Services covered (and funding block)
<p>Section A</p> <p>Schools forum approval is not required (although they should be consulted)</p>	<ul style="list-style-type: none"> • central licences negotiated by the Secretary of State
<p>Section B</p> <p>Schools forum approval is required on a line-by-line basis</p>	<ul style="list-style-type: none"> • funding to enable all schools to meet the infant class size requirement (growth fund) • 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 • admissions • servicing of schools forum
<p>Section C</p> <p>Historic Commitments:</p> <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>	<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
<p>Section D</p> <p>Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools</p>	<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

6. Schools forum is also be asked to consider whether any funding should be retained centrally from maintained schools in order to support the local authority responsibilities for maintained schools, previously funded from the ESG general funding rate. Any funding retained for this purpose would be set at a single rate per 5-16 year old pupil for all mainstream maintained schools, to be deducted from the age weighted pupil unit, and at a rate per place for maintained special schools (which may differ from the mainstream school rate)

7. Currently no change is proposed to the budget for centrally purchased licences. The cost of licences for 2017-18 for Wiltshire has been set at £0.345m.

Section B – Centrally Provided Services

8. Schools forum approval is required on a line by line basis for this group of services which are funded from central schools block. Appendix 1 to this report shows each line and the proposed budget.
9. The responsibilities transferred to central schools block from the retained rate of ESG are further detailed in Appendix 2. £1.005m has been transferred in to the central schools block to fund these activities. An exercise is in progress to demonstrate the costs of these services so that schools forum can be clear what this element of central DSG is funding. Due to the responsibilities being defined in late November, and only confirmed in the funding settlement on 20th December, this exercise is not quite complete. Appendix 2 shows the summary to date and there are a small number of costs to be added in as the work is completed. The services listed in the appendix are as defined in the latest operational guidance.

Section C – Historic Commitments

10. As stated in paragraph 4, the DfE has now issued supplementary guidance on the funding and reporting of historic commitments within central DSG for the 2017-18 financial year. The guidance also details the evidence that Schools Forum will require on each item in order to approve the spend.
11. The evidence that Schools Forum requires in order to approve each item identified as historic commitments includes:
 - a. **Minutes from the schools forum prior to 1st April 2013** – schools forum should have agreed the commitment prior to 2013
 - b. **Proof that the commitment extended at least as far as the 2017-18 financial year.** Evidence can include reports which indicated an end date in to 2017-18 or beyond, or where the commitment has no specific end date.
 - c. **Where budgets relate to non-staffing costs, there must be a contractual commitment** (such as a PFI agreement or lease agreement) which extends in to the relevant financial year.
 - d. **Schools forum papers and minutes that show that approval has been granted for the financial year.** The forum is expected to approve each spending line annually. It is important that schools forums have sufficient information to be able to make an informed decision
12. In May 2016 all LAs were required to submit details of historic commitments that have been met from central DSG. Whilst the DfE has not fed back to Wiltshire on our individual submission, we can now use this guidance to inform what can continue to be met from central DSG from April 2017. In 2016-17 Wiltshire identified historic commitments of £2.341m, these are summarised in Appendix 3 to this report. Appendix 4 summarises the evidence that is available to support each of the commitments, this evidence will be available for inspection at the schools forum meeting.
13. Having considered the guidance and the available evidence the commitments can be summarised for schools forum as follows:

Item	Amount	Meets Definition?	Required Evidence available?
	£m		
Strategic Services - Asset Planning. Funding for capacity to support the management of capital projects. Eligible spend against retained ESG allocation	0.053	No	No
Funding for LAC Personal Education Plans - Schools Forum decision December 2007 to support PEPs for Looked After Children from 2008/09 financial year as required under "Care Matters". Allocation based on original estimate of £500 per LAC and managed by Virtual Head Teacher . PPG Plus now also supports PEPs	0.233	Yes	Yes
Child Protection in Schools Adviser - Schools Forum decision January 2006 to support an additional member of staff within Children's Social Care to provide support and advice to schools enabling them to meet their responsibilities under Every Child Matters agenda following the cessation of Safeguarding Children's Grant	0.041	Yes	Yes
Capital Expenditure Charged to Revenue (CERA) - This figure represents the various property maintenance Service Level Agreements that were in place relating to schools and were centralised over time	1.714	No	No
Prudential Borrowing Schools forum decision to support approx. £3m capital financing for 13 year period	0.300	Yes	Yes
	2.341		
Eligible	0.574		
Not eligible	1.767		

14. Funding has been allocated by DfE within the central schools block to cover historic commitments however the guidance is clear that schools forum can only approve eligible spend. Any funding for commitments that are not considered to be eligible spend can therefore be delegated to schools, used to increase the central expenditure lines in Sections B and D in the table in paragraph 5 above, or used to support expenditure in other DSG blocks. Similarly if schools forum does not agree to fund one or more of the eligible commitments then that funding can also be reallocated.

15. Any funding for historic commitments that is to be reallocated will require the LA to make equivalent savings to enable the funding to be released.

16. At the October 2016 meeting schools forum agreed a growth fund of a maximum of £1m and also agreed the criteria for each element of the growth fund. The total fund of £1m needs to be split across the basic need element (Section D) and the infant class size element (Section B) as these need to be separately agreed. The estimated split is £100,000 for infant class size expenditure and £900,000 for the basic need element of the growth fund. It was noted at the meeting of the school funding working group that expenditure may need to be vired between these elements during the year if actual spend differs significantly between the different parts of the growth fund.
17. Wiltshire does not currently operate a falling rolls fund and no proposal has been put forward to include such a fund for 2017-18. Schools forum will need to confirm this decision or consider proposals to establish a fund. It was noted at the school funding working group meeting that circumstances have not changed sufficiently to revisit that decision and the group recommended that the previous decision not to have a falling rolls fund be confirmed for 2017-18..

Impact of the DSG Funding Settlement on the Local Authority Budget 2017-18

18. The DSG funding settlement, in particular the changes to central DSG and ESG, impacts significantly on the Council's budget setting process.
19. As highlighted in the report on the funding settlement Wiltshire Council had anticipated some reduction in ESG in its 2017-18 budget planning however had not budgeted for the grant to cease. This leaves a shortfall of £0.769m in the LA budget.
20. The assumptions that now need to be made in relation to historic commitments will also require the LA to make further savings in order to release funds to be delegated to schools. This potentially increases the pressure on the LA by a further £1.7m.
21. In total, therefore, the council will need to manage cost pressures of approximately £2.5m to support the changes to the central schools budget and ESG in 2017-18.
22. To date proposals to close this shortfall are as follows:

	£m
ESG Transitional Grant – one off grant for 2017-18	0.820
School Improvement Grant	0.300
High Needs Block to fund therapies costs	0.509
Additional contribution towards ESG responsibilities from the Council	0.500
Additional savings to be identified	0.371
	2.500

23. It should be noted that the ESG transitional grant is a one off grant and so further savings will be required in 2018-19. The transfer of therapies costs to the high needs block supports the LA budget but increases the pressure on the high needs block – this is examined further in the high needs block update report.
24. In order to help local authorities pay for education services previously funded from the general funding rate the school funding regulations will be amended to allow LAs to retain some of their schools block funding to cover the statutory duties they carry out for maintained schools. Any funding retained by the LA for this purpose will need to be agreed by the relevant maintained schools members of the schools forum (primary, secondary and special).
25. At this stage no specific proposal is being made in this regard however it will be necessary to understand the full impact of all of the decisions reached across all of the funding blocks before such an option can be ruled out. Appendix 5 to this report lists those responsibilities that LAs hold for maintained schools and for which funding may be retained from maintained schools. Work is ongoing to identify costs for these specific tasks and to identify where these services are already delivered on a traded basis to schools. This work is not yet complete however the costs identified to date are included in the appendix. Page 27 ESG has been a non-ringfenced grant

allocated to local authorities and therefore specific services have not previously been badged against it.

Proposals

26. Schools Forum is asked to note the report and the required decisions in relation to the central schools block budget for 2017-18.

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Appendix 1

	Section B	Budget 2016-17 £	Proposed Budget 2017-18 £	Notes
Schools forum approval is required on a line- by-line basis	funding to enable all schools to meet the infant class size requirement (growth fund)	100,000	100,000	Schools forum have previously agreed total growth fund of £1m. Infant class size funding is an element of that £1m. Current estimate is £0.100 million to be allocated to this element
	back-pay for equal pay claims	-	-	no expenditure anticipated
	remission of boarding fees at maintained schools and academies	-	-	No budgeted spend - any spend would be for LAC, funded from LAC Education Service and Pupil Premium. (can be updated at the meeting)
	places in independent schools for non-SEN pupils	-	-	
	services previously funded by the retained rate of the ESG	-	1,005,398	New responsibility for DSG in 2017-18 - detail of responsibilities and costs in Appendix 2
	admissions	410,640	410,640	Cost of Admissions team with corporate support overheads
	servicing of schools forum	3,301	3,301	cost of meetings
		513,941	1,519,339	

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	Child Protection Adviser	Asset Planning	LAC Personal Education Plans	CERA	Prudential Borrowing
a) Combined Budgets					
1) Commitment approved by the schools forum (as evidenced by minutes) or Secretary of state (evidenced by formal approval from the department) prior to 1 st April 2013;	Minutes of Schools Forum Meeting January 2006 approving allocation for Schools Child Protection Adviser - amount has increased over time for pay inflation and allocation of overheads		Minutes of Schools Forum Meeting December 2007 - approved top slice of £500 per LAC from Personalised Learning allocation		
2) Commitment extended at least as far as 2017-18 financial year (as evidenced by reports which indicate an end date which is no earlier than 2017-18 or where there is no end date);	Report to Schools Forum January 2006 indicating DSG as source of funding and proposing allocation - no end date		Report to Schools Forum December 2007 indicating DSG as source of funding and proposing allocation - no end date		
3) Schools forum has continued to approve for 2016-17 financial year, as evidenced by minutes;	In ALL cases budget approved each year to match DSG allocation - no explicit decision to remove any of these items				
4) Where budgets relate to staffing, that this relates to staff with permanent contracts (or fixed term contracts which extend into 2017-18) as evidenced by payroll/HR documentation or service review reports;	Structure chart from HR System (SAP) attached including this permanent post				
5) Where budgets relate to non-staffing, that there is a contractual commitment which extends into 2017-18.	not applicable	not applicable	not applicable		
b) Capital expenditure funded from revenue					
1) Commitment entered into prior to 1 st April 2013 (as evidenced by appropriate reports and minutes (eg schools forum, Cabinet))				Commitment relates to schools revenue maintenance costs as identified by service level agreements between the Children's Services Department and the Property Department. The spend has not related to large capital projects but to ongoing maintenance costs	
2) Commitment relates to specific projects which are extending at least as far as 2017-18 financial year (ie not a budget for different capital works each year), as evidenced by reports prior to 1 st April 2013 showing planned scheme profiles and appropriate subsequent scheme updates (eg capital monitoring reports to schools forum or Cabinet, or copies of scheme contracts) – it appears from the comments that this is a general contribution and as such is not compliant					
3) School forum has continued to approve for 2016-17 financial year, as evidenced by minutes				Budget set each year which includes this amount. Included on S251 return annually	
c) Prudential borrowing					
1) Commitment approved by the schools forum (as evidenced by minutes) or Secretary of state (evidenced by formal approval from the department) prior to 1 st April 2013;					Schools Fourm minutes from January 2006 attached approving £0.3m DSG to support capital financing to allow full uptake of New Deal for Schools allocation
2) Commitment relates to continuing payments in relation to a capital scheme and which last at least as far as 2017-18 financial year as evidenced by reports to schools forum or Cabinet;					Borrowing extends for 13 years from 2006/07 - based on £300k per annum to finance borrowing of £2.939m
3) Schools forum has continued to approve for 2016-17 financial year, as evidenced by minutes;					Budget set each year which includes this amount - will be removed in 2018-19

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Responsibilities held by LA for Maintained Schools

		Cost Centre Reference	Apportioned Cost (equal to or smaller than Total Cost)	Maintained	Academy	Traded
	Statutory and Regulatory duties					
M SRD 1	Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 1, 20c)	90320	1,326	1,326		
M SRD 2	Budgeting and accounting functions relating to maintained schools (Sch 1, 20d)	90320	23,068	23,068		
M SRD 3	Functions relating to the financing of maintained schools (Sch 1, 20e)	90320	15,141	15,141		
M SRD 4	Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 1, 20fii)	90320	1,326	1,326		
M SRD 5	Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 1, 20h)	90320	28,024	28,024		
M SRD 6	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 1, 20i)					
M SRD 7	Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 1, 20L)					
M SRD 8	Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 1, 20m)	90430	120,885	120,885		
M SRD 9	Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 1, 20n)	90430	6,362	6,362		
M SRD 10	HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 1, 20o); determination of conditions of service for non-teaching staff (Sch 1, 20p); appointment or dismissal of employee functions (Sch 1, 20q)					
M SRD 11	Consultation costs relating to staffing (Sch 1, 20r)					
M SRD 12	Compliance with duties under Health and Safety at Work Act (Sch 1, 20s)	90460	79,579	63,274		16,305
M SRD 13	Investigation and resolution of complaints relating to maintained schools (Sch 1, 20t)					
M SRD 14	Provision of information to or at the request of the Crown relating to schools (Sch 1, 20w)					
M SRD 15	School companies (Sch 1, 20x)					
M SRD 16	Functions under the Equality Act 2010 (Sch 1, 20y)	12040	3,659	3,659		
M SRD 17	Establish and maintaining computer systems, including data storage (Sch 1, 22)	90320	10,219	10,219		
M SRD 18	Appointment of governors and payment of governor expenses (Sch 1, 26)	11620	7,687	7,687		
	Education Welfare					
M EW1	Inspection of attendance registers (Sch1, 11)					

	Asset management					
	General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:					
M AM 1	• appropriate facilities for pupils and staff (including medical and accommodation)	53200/53491	593,689			593,689
M AM 2	• the ability to sustain appropriate loads					
M AM 3	• reasonable weather resistance					
M AM 4	• safe escape routes					
M AM 5	• appropriate acoustic levels					
M AM 6	• lighting, heating and ventilation which meets the required standards					
M AM 7	• adequate water supplies and drainage					
M AM 8	• playing fields of the appropriate standards					
M AM 9	General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).	90460	79,579	63,274		16,305
M AM 10	Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).					
	Central support services					
M CSS 1	Clothing grants (Sch 1, 10e)					
M CSS 2	Provision of tuition in music, or on other music-related activities (Sch 1, 15)	12300	4,686	4,686		
M CSS 3	Visual, creative and performing arts (Sch 1, 16)					
M CSS 4	Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 1, 17)	12010/10170	752,160			752,160
	Premature retirement and redundancy					
M PRR 1	Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 1, 25)					
	Monitoring national curriculum assessment					
M MNCA 1	Monitoring of National Curriculum assessments (Sch 1, 23)	12300/11620	112,063	66,572	29,227	16,264

	Therapies					
M Th 1	This will be covered in the high needs section of the regulations					
	Additional note					
	Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:					
	♦ Ensuring payments are made in respect of taxation, national insurance and superannuation contributions (sch 1, 20e).					
	♦ Recruitment, training, continuing professional development, performance management and personnel management of staff (Sch 1, 20k)					
	♦ Investigations of employees or potential employees, with or without remuneration (Sch 1, 20l)					
	♦ Investigation and resolution of complaints (Sch 1, 20t)					
	♦ Legal services related to education functions (Sch 1, 20u)					
			1,839,452	415,502	29,227	1,394,723

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DEDICATED SCHOOLS BUDGET – SCHOOLS BLOCK UPDATE 2017-18 (Delegated Budget)

Purpose of the Report

1. To update schools forum on issues relating to the schools delegated budget for 2017-18 and the decisions that will need to be made as part of the budget setting process.

Main Considerations

2. As outlined in the funding settlement paper the DfE has allocated a schools block quantum to Wiltshire of £260.780 million. This includes funding of £1.005m to represent the retained duties that the local authority (LA) has for all schools (formerly funded from ESG), and growth of £4.680m for increased pupil numbers in the October 2016 census.
3. The summary of schools forum responsibilities and powers attached to the report on the funding settlement and budget setting process states that any decisions in relation to the school funding formula are proposed and decided by the LA, having consulted with schools forum. Because the government is currently consulting on a new national funding formula for schools in future years there are no proposed changes to the Wiltshire local funding formula for 2017-18. Schools forum will want to consider the values of pupil led factors within the formula and further detail is provided on this in paragraph 7 below.
4. Taking in to account current central commitments against the schools block it is calculated that the available quantum for the delegated budget is £255.562m. This quantum will be used in the initial calculations of the schools delegated budget.
5. Work is ongoing to input the October 2016 census data in to the Wiltshire formula to calculate individual schools budgets and to review the affordability of current formula factors in order to meet the EFA deadline of 20th January 2017. Further update will be provided at the meeting on 4th January.
6. Currently budgets are being calculated assuming no change in age weighted pupil unit (AWPU) value compared with the current year and no change to the current lump sum values.
7. In previous years the quantum for each of the pupil led formula factors ie., deprivation, English as an Additional Language (EAL) and prior attainment have been held at the same value from year to year. This has meant that per pupil rates have changed year on year. At the meeting in January 2016 schools forum expressed concern that this meant the original relativities between the rates had been distorted and that rates should be reviewed for 2017-18. Appendix 1 to this report outlines the position and presents a number of options for consideration in the 2017-18 budget. These options will need to be considered in terms of the affordability of changing the rates.
8. As in previous years it is also assumed that costs of the minimum funding guarantee (MFG) are met through limiting the increases to schools gaining from the formulaic changes.
9. As in previous years funding for de-delegated services must be allocated through the formula but can then be de-delegated for maintained mainstream primary and secondary schools with schools forum approval. Schools forum considered proposals for 2017-18 at the October meeting and so the majority of decisions in

relation to de-delegation have already been made. There is an outstanding decision in relation to schools maternity budgets and this decision will need to be made at the January meeting.

10. From 2017-18 schools forums can also agree to de-delegate further funding for additional school improvement provision for maintained schools. This new provision sits alongside the new [school improvement grant](#) for statutory local authority intervention functions which commences in September 2017. At this stage there are no proposals within this report for any de-delegation in relation to additional school improvement provision for 2017-18, it is not clear whether this flexibility will continue in future years.
11. The decisions that schools forum will be asked to make in relation to the delegated budget are as follows:

Decision	Notes and interdependencies
Confirm value of AWPU and lump sum	Currently assumed same as 2016-17. Decisions in relation to historic commitments in central DSG will impact on the available quantum for the delegated budget. Final value may not be confirmed until all budget calculations are finished but schools forum can agree principle of whether growth allocated to AWPU.
Confirm values of pupil led factors for deprivation, EAL and prior attainment	Separate report attached As above, decisions in relation to central DSG may impact on affordability of preferred option
Delegation or de-delegation of maternity costs	All other de-delegation decisions were made at the October meeting. Further info required before a decision is reached on maternity budgets
De-delegation of additional school improvement services.	New provision outlined in the operational guidance for 2017-18. No proposal presented at this stage.

Proposals

12. Schools Forum is asked to note the report and the required decisions in relation to the schools delegated budget for 2017-18.

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Appendix 1 to Schools Block (delegated budget) Report

School & SEN Funding Working Groups

4th January 2017

Funding Factors – Quantums and Rates

Purpose of Report

1. To set out the current funding rates for Deprivation, English as an Additional Language (EAL) and Prior Attainment in both primary and secondary schools and set out the funding options for 2017-18.

Background

2. As part of the funding formula approved by the Education Funding Agency, Local Authorities are able to fund schools for a variety of factors. Under the Wiltshire funding formula, Schools Forum have recognised the need to direct funding to the following factors in both primary and secondary schools;
 - Deprivation (FSM Ever6)
 - English as an Additional Language (EAL)
 - Prior Attainment
3. A calculation was performed in 2014-15 which established funding rates, the overall quantum's for each factor and also appropriate differentials between primary and secondary schools.
4. The table below sets out the initial quantum's, including pupil numbers and funding rates for 2014-15.

Deprivation	Rates	Pupils	Total
Primary	825.73	5,667	£4,679,594
Secondary	831.70	3,875	£3,222,638
TOTAL		9,542	£7,902,281

EAL	Rates	Pupils	Total
Primary	1,922.48	435	£835,545
Secondary	658.66	85	£55,735
TOTAL		519	£891,280

Prior Attainment	Rates	Pupils	Total
Primary	614.95	6,480	£3,984,892
Secondary	459.11	5,560	£2,552,699
TOTAL		12,040	£6,537,591

Summary	Deprivation	EAL	Prior Attain	Total
Primary	£4,679,594	£835,545	£3,984,892	£9,500,030
Secondary	£3,222,638	£55,735	£2,552,699	£5,831,122
TOTAL	£7,902,281	£891,280	£6,537,591	£15,331,152

5. The total funding awarded to schools in 2014-15 through these factors was £15,331,152 as set out in the table above.

Appendix 1 to Schools Block (delegated budget) Report

6. In the 2015-16 funding year, Wiltshire schools benefitted from the additional £5.7m of Fairer Funding monies and as a result both the rates and overall quantum's were increased to £15.922m and for 2016-17 the overall quantum was retained at this level of funding, £15.914m.
7. Following the budget setting meeting for the Wiltshire Funding formula for 2016-17, where the overall quantum's had been retained and individual rates of funding adjusted, it was requested that the quantum's and rates be reviewed again as there had been a noticeable movement in the funding rates particularly for EAL funding.
8. It was agreed that work on the quantum's and rates would be presented to both the Schools Funding Working Group and Schools Forum, prior to the submission of school budgets for 2017-18.

Funding for 2017-18

9. The attached Appendix A sets out the position regarding the funding factors from 2014-15 to 2016-17, along with some options for 2017-18.
10. The total amount of funding for these factors has increased from £15.331m to £15.914m in 2016-17. Over the same period there has been growth in the numbers of pupils eligible for Deprivation funding but those eligible for Prior Attainment funding have reduced. Overall, there has been a growth in the funding for these factors.
11. The Appendix sets out four main options for the 2017-18 year;
 - Return to the original 2014-15 overall quantum of £15.331m and scale back the individual rates accordingly
 - Apply the 2014-15 rates for each factor which would increase the overall quantum to £15.925m
 - Retain the 2016-17 overall quantum of £ 15.914m and scale back the rates accordingly
 - Apply the 2016-17 rates for each factor which would increase the overall quantum to £15.985m.

Proposal

12. School Funding Working Group note the contents of the paper.
13. School Funding Working Group propose an option for the rates and quantum's for the 2017-18 Wiltshire school funding formula.

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Funding Factors 2014-15 to 2016-17 - Proposals 2017-18

APPENDIX A

	Original			2017-18			OPTIONS - 2014-15 Rates to 2017-18 data			
	2014-15	2015-16	2016-17	Quantum Unchanged	Rates Unchanged	Movement	2014-15 Quantum	Rates 2014-15	2016-17 Quantum	Rates Unchanged
Deprivation										
Primary	£825.73	£843.15	£838.21	£834.71	£838.21	£3.50	£781.10	£825.73	£834.71	£838.21
Secondary	£831.70	£849.25	£823.43	£801.50	£823.43	£21.93	£762.59	£831.70	£801.50	£823.43
Pupils										
Primary	5,667	5,935	5,966	5,991	5,991	25	5,991	5,991	5,991	5,991
Secondary	3,875	3,988	4,113	4,226	4,226	113	4,226	4,226	4,226	4,226
Total Funding - Primary	£4,679,594	£5,003,952	£5,000,773	£5,000,773	£5,021,716	£20,943.52	£4,679,594	£4,946,948	£5,000,773	£5,021,716
Total Funding - Secondary	£3,222,688	£3,387,157	£3,387,160	£3,387,160	£3,479,815	£92,655.64	£3,222,688	£3,514,764	£3,387,160	£3,479,815
TOTAL FUNDING - DEPRIVATION	£7,902,281	£8,391,109	£8,387,932	£8,387,932	£8,501,531	£113,599	£7,902,281	£8,461,713	£8,387,932	£8,501,531
EAL										
Primary	£1,922.48	£1,500.63	£1,476.84	£1,478.00	£1,476.84	£1.16	£1,476.23	£1,922.48	£1,476.84	£1,476.84
Secondary	£658.66	£578.77	£542.30	£586.70	£542.30	£44.40	£586.69	£658.66	£586.70	£542.30
Pupils										
Primary	435	558	566	566	566	(0)	566	566	566	566
Secondary	85	96	103	95	95	(8)	95	95	95	95
Total Funding - Primary	£835,545	£836,961	£836,550	£836,550	£835,891	-£658.74	£835,545	£1,088,124	£836,550	£835,891
Total Funding - Secondary	£55,735	£55,736	£55,736	£55,736	£51,519	-£4,217.54	£55,735	£62,573	£55,736	£51,519
TOTAL FUNDING - EAL	£891,280	£892,696	£892,286	£892,286	£887,410	-£4,876	£891,280	£1,150,696	£892,286	£887,410
Prior Attainment										
Primary	£614.95	£627.93	£628.43	£636.87	£628.43	£8.44	£612.49	£614.95	£636.87	£628.43
Secondary	£459.11	£468.80	£497.88	£494.57	£497.88	-£3.31	£506.89	£459.11	£494.57	£497.88
Pupils										
Primary	6,480	6,605	6,593	6,506	6,506	(87)	6,506	6,506	6,506	6,506
Secondary	5,560	5,313	5,003	5,036	5,036	33	5,036	5,036	5,036	5,036
Total Funding - Primary	£3,984,892	£4,147,431	£4,143,504	£4,143,504	£4,088,566	-£54,938.52	£3,984,892	£4,000,865	£4,143,504	£4,088,566
Total Funding - Secondary	£2,552,699	£2,490,640	£2,490,656	£2,490,656	£2,507,324	£16,667.84	£2,552,699	£2,312,102	£2,490,656	£2,507,324
TOTAL FUNDING - Prior Attainment	£6,537,591	£6,638,070	£6,634,160	£6,634,160	£6,595,889	-£38,271	£6,537,591	£6,312,966	£6,634,160	£6,595,889
Total Funding - Primary	£9,500,030	£9,988,343	£9,980,827	£9,980,827	£9,946,173	-£34,654	£9,500,030	£10,035,937	£9,980,827	£9,946,173
Total Funding - Secondary	£5,831,122	£5,933,533	£5,933,551	£5,933,551	£6,038,657	£105,106	£5,831,122	£5,889,439	£5,933,551	£6,038,657
TOTAL FUNDING - ALL FACTORS	£15,331,152	£15,921,876	£15,914,378	£15,914,378	£15,984,830	£70,452	£15,331,152	£15,925,375	£15,914,378	£15,984,830

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DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2017-18**Purpose of the Report**

1. To update schools forum on issues related to the high needs block for 2017-18 and the decisions that will need to be made as part of the budget setting process for 2017-18.

Main Considerations

2. As outlined in the paper on the funding settlement for 2017-18 the high needs block allocation for Wiltshire in 2017-18 is £45.304 million. The high needs block has been rebased to reflect projected spend in 2016-17. It also includes population growth of £0.850m and an additional allocation of £1.176m to reflect payments for places in FE colleges. This is funding that was previously paid directly to the colleges by the EFA and so does not reflect growth in funding for the Council, merely the transfer of responsibility for paying place funding to colleges. Whilst the allocation would appear to contain significant growth, in fact the allocation is a reflection of current spend patterns and the high needs block will remain under pressure in 2017-18.
3. The DfE has also updated the [operational guidance](#) for high needs funding in 2017-18. The main changes were in respect of the process for making changes to high needs place numbers. Wiltshire has complied with the process and reviewed place numbers for 2017-18. An application has been submitted to increase the numbers of post-16 places at Wiltshire College and the outcome of that application will be known in January 2017. The funding settlement does not reflect the outcome of the place review.
4. In terms of decision making for the high needs block the guidance on schools forum powers and responsibilities states that all central spend on high needs block provision is decided by the local authority. This would include decisions on top up values. Because of the interdependencies of decisions across all of the funding blocks, decisions on high needs are being presented alongside those that schools forum is required to make on all of the other blocks.

Projected Demand on High Needs Block

5. An initial estimate of pressures on the high needs block for 2017-18 is summarised in the following table:

	£m
Budgeted Spend 2016-17	41.236
Additional Pressure to meet current Spend levels (16-17 budget overspent)	1.039
Therapies costs no longer ESG funded	0.509
Estimated demand on top up budget 2017-18	1.465
Funding to support proposals for supporting pupils at key transition points	0.100
Alternative Provision - inclusion of UTC	0.100
New responsibility to pay Colleges	1.176
Estimated demand on high needs block 2017-18	45.626
High needs allocation	45.304
Estimated Shortfall 2017-18	0.322

6. This estimate includes the following assumptions:
- a. Top up levels remain unchanged from 2016-17 levels
 - b. Demand for placements in independent special schools (ISS) continues to increase (a reduction in the rate of increase has been assumed).
 - c. Numbers of post-16 top ups will continue to increase but at lower unit costs as more needs are met locally.
 - d. Demand for Named Pupil Allowances (NPAs) continues to increase whilst numbers of places for special schools, resource bases and enhanced learning provision (ELP) remain broadly static in line with the place number review.
 - e. Therapies costs will be met from the high needs block following the removal of ESG funding
 - f. That additional funding needs to be added to the alternative provision budget to incorporate the addition of the Salisbury UTC in to the service level agreement. At this stage no further growth is assumed in the alternative provision budget. The budget for hard to place pupils is assumed to remain at £0.297m.
 - g. That an allocation of £0.100 million is included to support the proposal of the School Funding Working Group and SEN Working Group to consider funding for supporting pupils at key transition points.
 - h. That any increase in the early years inclusion support fund to meet additional demand from the extension of the free entitlement for 3 & 4 year olds would be met from the early years block and is therefore not a pressure on the high needs block.
7. In order to address the shortfall, and any other pressures identified by the working groups and not included above, a number of options will need to be considered.
8. **Top Up Values** – the biggest area of spend within the high needs block is expenditure on top up values. It is estimated that a reduction of 3% on top up values in mainstream schools, with a maximum 1.5% reduction for special schools, would reduce costs by £0.390 million. The risk associated with this proposal is that this reduction would follow the reduction of up to 20% taken in 2016-17 therefore increasing the pressure further on school budgets.
9. **Early Years Inclusion Support Fund** – the guidance on early years funding requires councils to have an inclusion support fund in place to support pupils with high needs in early years settings. This support can be funded from the high needs block, as currently happens in Walsley, or from the early years block. If the current

level of inclusion support fund was met from the early years block then this would reduce costs to the high needs block by £0.357m. The impact on the early years block would be to reduce the funding that is available to distribute to settings through the early years funding formula. This is considered in more detail in the paper on the early years block however it should be noted that use of the early years block to support the inclusion support fund is within the regulations and would meet the definition of “pass through” of funding to providers. It is expected that the inclusion support fund would need to increase in 2017-18 due to the expansion of the free entitlement to 30 hours for children of working parents and it has been assumed that this pressure would be met from the early years block. Note that whilst central spend on high needs provision is a local authority decision, central spend on the early years block is determined by schools forum.

10. **Review funding of specialist early years provision** – a further option could be to consider funding provision at district specialist centres, or other specialist early years support services, from the early years block. This could reduce costs by up to £0.400m in the high needs block however would not meet the definition for pass through within the early years block or meet the definition of “administrative” costs for which funding can be retained centrally from the early years block.
11. **Proposal for transitional funding** – an additional £0.1m has been included within the list of pressures but schools forum could agree that this cost should be met from the top up budget with the aim of the funding being to reduce demand for statutory assessments, therefore making the proposal self funding. This would be a risk in year 1 as any new funding mechanism would need to be reviewed to ensure it is achieving the required outcomes.

Proposals

12. Schools Forum is asked to note the pressures on the high needs block and the potential options to reduce the shortfall against high needs budgets.

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DEDICATED SCHOOLS BUDGET – EARLY YEARS BLOCK UPDATE 2017-18**Purpose of the Report**

1. To update schools forum on issues related to the early years block for 2017-18 and the decisions that will need to be made as part of the budget setting process for 2017-18.
2. The operational guidance for the early years block confirms that schools forums must be consulted on changes to local early years funding formulae, including agreeing central spend, although the final decision rests with the local authority.

Main Considerations

3. The provisional early years block settlement for 2017-18 is £24.722 million. This is a significant increase on 2016-17 which reflects both an increase in the level of funding and the funding of new responsibilities. The funding settlement incorporates the increase in hourly rate to be paid through the new national funding formula and the implementation of the entitlement to an additional 15 hours of free childcare for children of working parents. In addition there is an allocation of £0.110m for the new Disability Access Fund to be paid directly to providers for children in receipt of Disability Living Allowance.
4. In August 2016 the government issued a consultation on early years funding. Specifically the consultation included proposals to change the way in which early years funding is distributed to local authorities and also to change the way in which LAs allocate funding to settings for delivery of the free entitlement for 3 & 4 year olds. The consultation included an announcement of additional funding to support the implementation of the additional entitlement to 30 hours free childcare for children of working parents.
5. On the basis of that consultation, proposals were drawn up for the Wiltshire Early Years Single Funding Formula (EYSFF) and agreed by the Early Years Reference Group at its meeting on 18th November 2016. In December the government published its [response](#) to the consultation and revised [operational guidance](#) for the early years national funding formula. These documents superseded the proposals made by the early years reference group. The response confirmed the government's intention to introduce a national funding formula for early years and introduced a minimum funding rate of £4.30 per hour to local authorities, which is designed to give local authorities the scope to pay providers an average funding rate of at least £4.00 per hour. Wiltshire will receive this minimum funding rate of £4.30 per hour.
6. The requirements for how local authorities need to allocate funding to providers are:
 - A minimum amount of funding to be passed through to providers – set at 93% of 3 & 4 year old funding for 2017-18 and increasing to 95% in 2018-19.
 - A local universal base rate for all types of provider – *Wiltshire already has this in place*
 - Supplementary funding for maintained nursery schools to support the move towards the universal base rate – *Wiltshire does not benefit from this funding*
 - Reforms to the mandatory and discretionary supplements that can be used. No supplement is allowable to support the increase to 30 hours for children of working parents.
 - The introduction of a disability access fund

- A requirement for local authorities to establish a special educational needs inclusion fund – *Wiltshire already has this in place.*
7. The new levels of funding and the confirmation of pass through requirements now need to be reflected in the Wiltshire EYSFF so that the formula can be agreed and rates confirmed to providers.

Early Years Single Funding Formula

8. In considering the Wiltshire EYSFF the Early Years Reference Group were concerned to maximise the funding allocated to providers through the universal base rate. The option agreed at the meeting of 18th November kept the existing supplements for deprivation and rurality but did not include any further options for supplements. The preferred option based on the data presented at the time was for rates as follows:

Hourly rate	Preferred Option
Deprivation	£0.40
Rurality	£0.52
Basic Hourly Rate	£3.85
Additional Entitlement	

9. This was based on funding for the Council at an hourly rate of £3.97 and an assumed administration top slice of £150,000 to support the administration and assessment of eligibility for the additional entitlement. The model also assumed the early years block would need to fund a proposed increase to the early years inclusion support fund of £110,000.
10. Now that the funding rate has been confirmed at £4.30 per hour and the rules on % pass through to providers have been finalised, the model has been re-worked. A number of assumptions have been applied to the new model and the live model will be available at the meeting should schools forum wish to consider other alternatives. The assumptions applied to the model are as follows:
- Formula factors have been maintained as per the existing Wiltshire EYSFF ie., universal basic hourly rate, deprivation supplement (mandatory) and rurality supplement. No new supplements have been considered.
 - Hourly rates for deprivation and rurality have been maintained at the levels recommended by the early years reference group in November. These rates are slightly higher than the rates used in 2016-17.
 - It has been assumed that the early years block will need to fund the full cost of the inclusion support fund and not just the increase as previously assumed. This is also explored in the update report on the high needs block.
 - Administrative costs have been reviewed to include relevant costs of assessment and administering the eligibility of children for the additional free entitlement, early years pupil premium and the 2 year old offer, advisory teacher support to ensure that settings can retain Good or Outstanding in order to offer places for 2 year olds, and support for settings to deliver the additional 15 hours entitlement for children of working parents.
11. Applying these assumptions gives a basic hourly rate as follows:

Option 2**Apply % Increase of funding to Supplements & Rates**

Universal 3-4 year old entitlement funding	£18,057,205
Additional 3-4 year old funding for working parents	£3,574,375
Total illustrative 3-4 year old funding to LAs	£21,631,580

Less

Increased Deprivation Supplement based on £0.56	£308,444	
Increased Rurality/ Sustainability Supplement based on £0.44	£13,109	
Administration	£422,000	2.0%
ISF Budget	£467,300	
Adjusted Universal 3-4 year old entitlement funding	£20,420,727	

Illustrative PTE Hours for universal 3-4 year old	4,199,361
Illustrative PTE for additional 15 hours for 3-4 year olds	831,231
Total illustrative PTE 3-4 year old hours	5,030,592

Hourly Basic Rate for 3-4 year old funding 2017-18	£4.06
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12. This would give a basic hourly rate for settings of £4.06 per hour for the existing free entitlement and for the additional 15 hours for children of working parents.

13. The additional administration/support costs can be described as follows:

	£	
Admin of Free Entitlement	141,004	Element related to means testing, etc. Calculation is based on analysis of staff time within the Early Years and Childcare Team
Software/licence costs	50,000	Contribution towards development of existing system to support easier administration of free entitlement for Council and providers, including new information re children with FSM, etc
Support for settings to achieve or maintain "good" or "outstanding" to enable them to deliver 2 year old offer	59,700	Equivalent of 1 advisory teacher from EY Learning and Development Team including additional work on tracking tool. Outcomes in relation to disadvantaged children in Wiltshire have improved at higher rate than national average partly as result of strategies to reduce gaps
Support for Settings in delivering additional 15 hours for children of eligible working parents	170,900	Resource within Childcare Officer team to support the expansion of early years provision so that the additional 15 hours can be effectively delivered for all families who choose to take up this offer. Includes managing the projects for delivering additional capacity through new capital allocations, bid for by local authority.
	421,604	

14.

Compliance with % Pass Through

15. The above model meets the DfE requirements for providers to be receiving an average hourly rate of greater than £4.00. A compliance calculation has been provided within the operational guidance to ensure that the requirements on % pass

through of the early years block to providers are being met. Applying this calculation to the above model shows 98% pass through of the early years block with an average hourly rate calculated as £4.22 (including supplements and inclusion support funding).

Calc	Line	Description	Amount
A	1	Anticipated budget for base rate (including funding to MNS) for 3 and 4 year olds (<i>note deprivation funding also included here as DfE worked example did not include</i>)	£20,729,171
	2	Anticipated budget for lump sums (including funding to MNS) for 3 and 4 year olds	£0
	3	Anticipated budget for supplements for 3 and 4 year olds: Quality (including funding to MNS)	£0
	4	Anticipated budget for supplements for 3 and 4 year olds: Flexibility (including funding to MNS)	£0
	5	Anticipated budget for supplements for 3 and 4 year olds: Rurality (including funding to MNS)	£13,109
	6	Anticipated budget for supplements for 3 and 4 year olds: EAL (including funding to MNS)	£0
	7	Anticipated budget for 3 and 4 year old SEN inclusion fund (top up grants element)	£467,300
	8	Anticipated budget for 3 and 4 year old contingency	£0
		Subtotal =	£21,209,580
B	9	DfE quantum allocation to local authority of MNS supplementary funding	£0
C	10	Planned total base rate hours for core 15 and additional 15 hours for 3 and 4 year olds	5,030,592
D	11	Equivalent average rate to providers for three-and four-year old entitlement hours = (A-B) / C = (lines 1+2+3+4+5+6+7+8 - 9) / (line 10)	£4.22
E	12	LA EYNFF hourly rate for three-and four-year olds (published alongside government response, or in DSG tables in future)	£4.30
F	13	Test of meeting requirement $E = (D / E) * 100\% = ((\text{line } 11) / (\text{line } 12)) * 100\%$	98.0%

2 Year Old Funding

16. The hourly rate for 2 year olds in Wiltshire has been confirmed as £5.32. As in previous years it is proposed that the full hourly rate be passed on to providers delivering provision to 2 year olds.

Disability Access Fund

17. A new Disability Access Fund has been created and funded within the early years block. 3 and 4 year olds will be eligible for the fund if they meet the following criteria:

- The child is in receipt of child disability living allowance and;
- The child receives free early education

18. 4 year olds in primary school reception classes are not eligible for DAF funding.

19. Settings of 3 and 4 year olds eligible for the DAF will be entitled to receive a one off payment of £615 per year. Children do not have to take up the full 570 hours of early education they are entitled to in order to receive DAF.

20. Early years providers are ultimately responsible for identifying eligible children and local authorities must check that DAF eligibility requirements are met.
21. The DAF is payable as a lump sum once a year per eligible child. If a child is splitting their entitlement between two or more providers then parents should be asked to nominate the main setting. If a child receiving DAF moves from one setting to another within a financial year the new setting is not eligible to receive DAF for the this child within the same financial year.

Early Years Pupil Premium

22. Funding continues to be allocated through the early years block for the early years pupil premium (EYPP). There are no funding changes for EYPP proposed for 2017-18.

Proposals

23. Schools Forum is asked to note the update on the early years block and the proposals in relation to the early years single funding formula and central early years spend.

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Wiltshire Council

**Schools Forum
12th January 2017**

Budget 2017-18 – Decision Paper

Purpose of report

1. To summarise the decisions required from schools forum in relation to the 2017-18 budget.
2. Background material to support this paper is provided in reports 10 and 11a to 11d.

Main considerations for Schools Forum

3. Appendix 1 outlines those decisions that are required in order to set the 2017-18 schools budget. The table also outlines the interdependencies between decisions and where the decision making responsibility rests in each case.
4. It should be noted that this paper is as presented to the schools funding working group and SEN working group on 4th January. In some cases further work was requested on the figures for some of the decisions and work is taking place to finalise these. The detailed figures for each decision in relation to the central budgets will be confirmed in a final version of this report to be tabled at the meeting on 12th January.

Proposals

5. That schools forum notes the attached decision matrix
 6. That schools forum confirms decisions for each of the budget lines for 2017-18 in line with the DfE operational guidance for 2017-18 and to reflect discussions and proposals raised during the meeting.
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DSG Block	Notes	Decision Required	Inter-dependencies with other decisions	Work still required	Decision Maker		
					Local Authority	Schools Forum	DfE
Overall Budget		Overall Schools Budget	individual decisions for blocks to feed in	Analysis of settlement and new regulations/operational guidance	Decides	Proposes	
		Confirm no LA Top Up			Decides		
Central Schools Block	Must be approved on a line by line basis (change from previous years)	Ongoing commitments eg Admissions, Growth Fund, Schools Forum support		calculate budget requirement	Proposes	Decides for each line	Adjudicates if Schools Forum does not agree LA proposal
	Evidence required for historic commitments and proposals must meet criteria	Central spend on historic commitments	will inform any further funding to be delegated if spend is not agreed, is not evidenced or does not meet criteria	collate evidence and confirm eligibility. Also need to be able to release cash for any additional delegation	Proposes	Decides for each line	Adjudicates if Schools Forum does not agree LA proposal
	Cannot increase compared with previous year	Central Licences negotiated by Secretary of State			Decides	None	None
		Central Spend on services previously funded by the retained rate of ESG		Work under way to cost responsibilities (will be a piece of work required for LA to determine how to reflect in accounts)	Proposes	Decides for each line	Adjudicates if Schools Forum does not agree LA proposal
		Central spend on general duties for maintained schools - services previously funded by ESG general duties rate	would be a top slice for maintained school budgets - impacts on delegated budget decision	Work under way to identify costs for these duties and whether already traded or delegated	Proposes	Decided by maintained school members	Adjudicates if Schools Forum does not agree LA proposal
Schools block - Delegated Budget	Not proposing any changes to formula for 2017-18 with possible exception of top slice for maintained schools for ESG responsibilities or School Improvement	Values of pupil led formula factors - Deprivation, EAL, Prior Attainment, etc	Decision on Historic commitments will inform any additional funding to be delegated	Review quantum and affordability of current formula factors	Proposes and decides	must be consulted	Ensures formula is compliant with regulations
			decision on any top slice for maintained schools (for School Improvement or ESG) will inform formula factor values				
			any decision to move funding between DSG blocks				
			De-delegation - most decisions made, still need to confirm Maternity		Proposes	Primary and Secondary school reps decide	Adjudicates if Schools Forum does not agree LA proposal
			Funding for Additional School Improvement	new guidance allows for funding for "additional" school improvement to be de-delegated from maintained schools	would need to identify what the additional services are and level of funding proposed to de-delegate	Proposes	Primary and Secondary school reps decide
High Needs Block	Note - HNB under pressure in 16-17 and likely to continue to be so	Central spend on High Needs provision			Decides	none	none
		Inclusion of Therapies spend in central high needs budget - moved from ESG	additional pressure on HNB - may require movement from other blocks		Decides	none	none
		Funding of Early Years Inclusion Support Fund - fund from HNB or EY Block?	Impacts on decisions on Early Years Single Funding Formula - hourly rate and & pass through		Unclear - think decision maker is LA because high needs block but decision making powers for EY Block are less clear		
		Top Up values for NPAs, ELP, Resource Bases and Special Schools			Decides	none - but would consult Schools Forum	none
		Funding levels for Alternative Provision			Decides	none - but would consult Schools Forum	none
		Additional Pressures within high needs block to be funded			Decides	none - but would consult Schools Forum	none
		Savings proposals to meet shortfall in high needs block			Decides	none - but would consult Schools Forum	none
Early Years Block	New national funding formula now confirmed by DfE and minimum hourly rate for settings set at £4.00	Agree Wiltshire formula - including supplements to be applied		new formula modelled and compliance calculation required to ensure pass through requirements met	Proposes and decides	must be consulted	
	new rules on % of EY block that must be passed to providers	Level of Inclusion Support Fund and how funded	High Needs Block options				
		% Pass Through to settings	impacts on potential top slice for schools		Proposes	Decides for each line	Adjudicates if Schools Forum does not agree LA proposal
		Hourly Base rate					

Principles that have guided Schools Forum decisions in previous years:

- 1 Money should follow the pupil
- 2 Decisions should maximise the funding allocated to all pupils where possible
- 3 Support local specialist provision
- 4 Maintain relativities between phases (Primary/Secondary) in formula factors
- 5 Minimise the numbers of Schools on Minimum Funding Guarantee (MFG)

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