

## **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.

| <b>Funding</b>                    | <b>2017-18</b><br><b>(as per EFA figures)</b> |               | <b>2016-17</b><br><b>(as per S.251<br/>Return)</b> |
|-----------------------------------|---|---------------|--|
|                                   | <b>£m</b>                                     | <b>£m</b>     | <b>£m</b>  |
| 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  |               |  |
| <b>Total Schools Block</b>        | <b>256.11</b>                                 | <b>256.11</b> | <b>255.11</b>                                      |
| 3&4 Year Old Funding              | 16.14   |               | 16.14  |
| 2 Year Old Funding                | 2.88  |               | 2.88   |
| <b>Early Years Block</b>          | <b>19.02</b>                                  | <b>19.02</b>  | <b>19.02</b>                                       |
| High Needs Block (Baseline)       | 43.27   |               | 43.27  |
| Post-16 High Needs Transfer       | 1.18  |               |  |
| <b>Total High Needs Block</b>     | <b>44.45</b>                                  | <b>44.45</b>  | <b>43.27</b>                                       |
| <b>TOTAL DSG BASELINE</b>         |   | <b>319.58</b> | <b>317.40</b>                                      |

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.

| <b>Approval required</b>  | <b>Services covered (and funding block)</b>   |
|---|---|
| Schools forum approval is not required (although they should be consulted)  | <ul style="list-style-type: none"> <li>- high needs block provision</li> <li>- central licences negotiated by the Secretary of State</li> </ul>   |
| Schools forum approval is required on a line-by-line basis  | <ul style="list-style-type: none"> <li>- early years block provision</li> <li>- funding to enable all schools to meet the infant class size requirement</li> <li>- back-pay for equal pay claims</li> <li>- remission of boarding fees at maintained schools and academies</li> <li>- places in independent schools for non-SEN pupils</li> <li>- services previously funded by the retained rate of the ESG</li> </ul>   |
| 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"> <li>- admissions</li> <li>- servicing of schools forum</li> </ul>  |
| <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 <a href="#">establishing local authority DSG baselines</a> for more information</p> | <ul style="list-style-type: none"> <li>- capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged</li> <li>- 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</li> <li>- 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)</li> <li>- prudential borrowing costs – the commitment must have been approved prior to April 2013</li> </ul> |
| 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"> <li>- funding for significant pre-16 <a href="#">pupil growth</a>, including new schools set up to meet basic need, whether maintained or academy</li> <li>- funding for good or outstanding schools</li> </ul>  |

|  |  |
|--|--|
|  | with <b>falling rolls</b> where growth in pupil numbers is expected within three years |
|--|--|

## 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.

---

Report Author: Grant Davis, Schools Strategic Financial Support Manager  
Tel: 01225 718587, e-mail: [grant.davis@wiltshire.gov.uk](mailto:grant.davis@wiltshire.gov.uk)

---



---

**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.