

Wiltshire Council

SCHOOLS FORUM

18 January 2018

**SCHOOLS REVENUE FUNDING 2018-19 – 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 2018-19.
2. The report will outline the funding settlement announced on 20 December 2017 and the impact on school budgets arising from the settlement. The report will also outline the decision making process for the 2018-19 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 2018-19

Dedicated Schools Grant 2018-19

4. DfE issued the revenue funding settlement for schools on 20 December 2017. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£342.498m**. This is an increase of £11.693m compared with 2017-18. The increase reflects the impact of the increase to schools block funding for the national funding formula (NFF), the overall increase in the numbers of pupils to be funded from the schools block, and the full year effect of funding for the additional 15 hours entitlement to free child care for children of working parents.
5. The split of funding between the blocks is as follows:

	2018-19
	£
Schools Block	267,857,676
Central Schools Services Block	2,514,851
Total Schools Allocation	270,372,528
High Needs Block	45,079,033
Early Years Block	27,046,848
	342,498,409

6. The **Schools Block** has been calculated based on the NFF figures published in September 2017. The funding values published in September have been used to calculate a “primary unit of funding” and a “secondary unit of funding” for Wiltshire. These units of funding have been multiplied by the numbers of primary and secondary pupils from the October 2017 census to arrive at the schools block total for 2018-19. Formula factors funded at historic levels ie, pupil growth, rates and other premises led factors have then been added to give the final value for 2018-19.
7. The **Central Schools Services block (CSSB)** has been calculated according to the new national funding formula for the CSSB. October 2017 pupil numbers have been multiplied by a unit value of £30.96. Funding for agreed historic commitments has then been added to that total.
8. The **High Needs block** has been allocated as per the baselines notified to local authorities in September 2017. These baselines are calculated according to the national funding formula for high needs, 50% of which is allocated according to historic spend. The baseline does include the funding reallocated from schools block in to high needs for 2017-18. The basic entitlement amount which reflects the numbers of pupils in special schools has been updated to reflect the October 2017 census and the import/export adjustment will be updated after the January 2018 census. As previously reported to schools forum Wiltshire is on the funding floor for the new high needs NFF and has therefore received only the national minimum increase in funding.
9. Both the schools block and high needs block have been rebased to reflect the changes in funding for pupils in resourced provision. Schools will now receive £6,000 per planned place in resource bases and Enhanced Learning Provision (ELP) from the high needs block but pupils in resourced provision will be funded through the schools block NFF and therefore will attract pupil led funding.
10. The **Early Years block** reflects the hourly rates announced for 2018-19 and an estimate of the full year effect of the entitlement to an additional 15 hours of childcare for children of working parents which came in to effect in September 2017. Again, Wiltshire remains on the funding floor for the early years national funding formula. It should be noted that the early years block will be updated during the 2018-19 financial year to reflect the January 2018 and January 2019 early years census data. In the current year this has had a negative impact on the value of the early years block as take up of places has been lower than estimated in the initial settlement.
11. The funding regulations do still allow for limited amounts of funding to be moved between the DSG blocks in 2018-19. As previously reported to schools forum, local authorities have the flexibility to move up to 0.5% from the schools block to the high needs block with the agreement of schools forum. As in previous years all of the DSG blocks remain under pressure.

Education Services Grant

12. In 2017-18 funding for the retained duties element of Education Services Grant (ESG), to fund delivery of the local authority's responsibilities for all schools, was transferred in to DSG. The total amount of funding transferred in to DSG in 2017-18 was £1.005m. These responsibilities remain and the operational guidance indicates that the central schools services block should be used to fund these responsibilities.
13. The general duties rate of ESG ended from 31 March 2017. In 2017-18 the council received a transitional grant to cover the period April to August 2017 however no further ESG funding for general duties will be received in 2018-19. The Council will receive an allocation from the [school improvement monitoring and brokering grant](#) to allow it to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.

Budget Setting Process 2018-19

14. Local authorities are required to submit the proposed delegated budget for schools in their areas to the Education and Skills Funding Agency (ESFA) by 19th January 2018. The ESFA are required to confirm the formula is compliant with the regulations and will then confirm budgets to academies during February 2018. The LA will need to notify maintained schools of their budget shares by the end of February.
15. In 2017-18 the DfE 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 arrangements for schools forum to approve central spend:

16.

Centrally retained service	Approval required
<ul style="list-style-type: none"> • high needs block provision • central licences negotiated by the Secretary of State 	<p>Schools forum approval is not required (although they should be consulted)</p>
<ul style="list-style-type: none"> • funding to enable all schools to meet the infant class size requirement • back pay for equal pay claims • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forum • contribution to responsibilities that local authorities hold for all schools • contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only) • de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only) 	<p>Schools forum approval is required on a line-by-line basis</p>
<ul style="list-style-type: none"> • central early years block provision • any movement of funding out of the schools block • any deficit from the previous funding period that reduces the amount of the schools budget • any brought forward deficit on de-delegated services which is to be met by the overall schools budget 	<p>Schools forum approval is required</p>
<ul style="list-style-type: none"> • capital expenditure funded from revenue 	<p>Schools forum approval is required on a line-by-line basis.</p>

Centrally retained service	Approval required
<ul style="list-style-type: none"> • projects must have been planned and decided on prior to April 2013; no new projects can be charged • details of the remaining costs should be presented • contribution to combined budgets <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • costs for specific individuals must have been approved prior to April 2013; no new redundancy costs can be charged • prudential borrowing costs <ul style="list-style-type: none"> • the commitment must have been approved prior to April 2013 • details of the remaining costs should be presented 	<p>The budget cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into.</p> <p>Read establishing local authority DSG baselines for more information.</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 	<p>Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools</p>

17. 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.
18. 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

19. Schools Forum is asked to note the report.

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10 January 2018