

## Wiltshire Council

### Schools Forum Finance & SEN Working Group 29<sup>th</sup> November 2021

### Schools Forum 9<sup>th</sup> December 2021

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## **DEDICATED SCHOOLS BUDGET – EARLY YEARS, CENTRAL SCHOOL SERVICES AND HIGH NEEDS BLOCKS UPDATE 2022-23**

### **Purpose of the Report**

1. To update schools forum on issues related to the early years, central school services and high needs blocks for 2022-23 and the decisions that will need to be made as part of the budget setting process for 2022-23 financial year.

### **Main Considerations**

#### **EARLY YEARS**

2. In line with previous years, limited information for Wiltshire is available yet in relation to Early Years funding.
3. In his 2021 Spending Review, the Chancellor announced national funding increases of £160m, £180m and £170m for the next three years. Further to this, announcements have been made around
  - Disability Access Fund - an increase of £185 to £800 per annum per eligible child
  - Early Years Pupil Premium - an increase of £40 to £342 (maximum) per annum per eligible child
  - 2 year old disadvantaged funding, in Wiltshire we have traditionally protected the increases to support this group of children and so the increase will be fully passported to settings. An increase of 0.21p per hour so rates rising to £5.69 per hour per eligible child.
  - 3&4 year old universal & working parents funding - the DfE are final increase yet to be confirmed but estimated at 17p and with a minimum funding floor - until the Wiltshire allocation is received it is impossible to confirm however, I would anticipate this would be in the region of 16p per hour per eligible child so perhaps rising to £4.41 per hour per eligible child.
4. Settings have been advised not to make any planning decisions on this information until the allocations for Wiltshire have been received later this month. The DfE will announce the initial early years block allocations alongside the dedicated schools grant (DSG) allocations for 2022 to 2023 next month and final increases will be confirmed at Schools Forum in January 2022.

## **CENTRAL SCHOOLS SERVICES & HIGH NEEDS BLOCKS**

5. The following provisional allocations were released earlier this year.

	<b>High Needs</b>	<b>Central</b>
2021-22	£57,528,558	£2,448,599
2022-23	£62,353,552	£2,597,335
Uplift	£4,824,994	£148,736
% Uplift	8.39%	6.07%

## **CENTRAL SCHOOLS SERVICES**

### **Protection and Funding Changes**

6. Schools Forum will remember that the DfE have been reducing historic commitments. Wiltshire has been allocated £0.294m for historic commitments based on those commitments agreed as eligible in 2021-22 reduced by 20% of £0.073m. The DfE apply a maximum per pupil reduction in funding for ongoing responsibilities of -2.5%. Permitted gains are capped at 5.56% for 2022-23.
7. The per pupil rate has been increased by 1.65% and there are 197 additional pupils in the provisional allocation hence the net increase since 2021-22.

### **Function of the CSSB**

8. The CSSB allocates funding to the LA to carry out central functions on behalf of pupils of maintained schools and academies. Funding includes:
- funding previously allocated through the retained duties element of the Education Services Grant (ESG)
  - funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
  - residual funding for historic commitments, previously top-sliced from the schools block
  - Included in the baseline is an allocation for additional pension costs of centrally employed teachers.
9. The duties included within the CSSB are listed in Appendix 1 to this report.
10. Schools Forum approval is required on a line-by-line basis for this group of services which are funded from central schools block. The tables show each line, the 2021-22 base and the proposed 2022-23 budget.

<b>Approval required &amp; legislative narrative</b>	<b>Services covered</b>	<b>2021-22 Budget £M</b>	<b>Wiltshire Budget Proposal 2022-23 £M</b>
<b>Section A</b> <ul style="list-style-type: none"><li>• Schools forum approval is <b>not</b> required (although they should be consulted)</li></ul>	<ul style="list-style-type: none"><li>• Central Copyright Licences for 2021-22 for Wiltshire as set by the DfE.</li></ul>	£0.395m	£0.411m*

<p><b>Section B</b></p> <p>Schools forum approval is required on a <b>line-by-line</b> basis</p> <ul style="list-style-type: none"> <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>• admissions</li> <li>• servicing of schools forum</li> <li>• contribution to responsibilities that local authorities hold for all schools</li> <li>• contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)</li> </ul>	<p>The limitation on increases to centrally held spend has been removed from the budgets for admissions and servicing of schools forums. It is therefore proposed to apply salary inflation to the budget for the central teams and address the safeguarding and admission pressures. This is affordable within the overall CSSB allocation.</p> <p><b>Services previously funded by the retained rate of the ESG**:</b></p>		
	• Education Welfare Service	£0.199	£0.203
	• Asset Management	£0.186	£0.189
	• Statutory / Regulatory Duties	£0.669	£0.682
	• Admissions	£0.438	£0.447
	• Servicing of Schools Forum	£0.003	£0.003

*\*the actual amount for copyright licences is calculated by the DfE and will follow is due course.*

*\*\* Pay inflation has been added at 2.00% - this can be reviewed as national discussions continue.*

*\*\*\* An amount of £0.110 is estimated by the DfE for centrally retained teachers additional pension costs.*

### **Section C – Historic Commitments**

11. In 2017-18 the DfE provided supplementary guidance on the funding and reporting of historic commitments within central DSG. The guidance also detailed the evidence that Schools Forum required on each item in order to approve the spend:
  - a. **Minutes from the schools forum prior to 1<sup>st</sup> April 2013** – schools forum should have agreed the commitment prior to 2013
  - b. **Proof that the commitment extended at least as far as the 2018-19 financial year.** Evidence can include reports which indicated an end date in to 2018-19 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 into 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. Having considered the guidance and the available evidence, the commitments agreed by schools forum for 2018-19 and therefore funded within the CSSB allocation for 2022-23 are as per the table overleaf. The reduction has been taken from the contribution to CERA in order that vulnerable pupils funding is prioritised.
13. The overall total is within the £0.294m allocated for historic commitments.
14. Schools Forum should consider the DfE's intention to reduce the historic funding over time in this and future years' funding decisions.

Approval required & legislative narrative	Services covered	2021-22 Budget £M	Wiltshire Budget Proposal 2022-23 £M
<p><b>Section C</b></p> <p><b>Historic Commitments:</b></p> <p>Schools forum approval is required on a <b>line-by-line</b> 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"> <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>	<p><b>Funding for CiC Personal Education Plans</b> - 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 <i>and so this funding was reduced to £103,000 in 2018/19 – no change is requested by the Virtual School.</i></p>	0.103	0.103  <i>Meets definition And required evidence is available</i>
	<p><b>Child Protection in Schools Adviser</b> - Schools Forum decision January 2006 to support staff within Children's Services to provide support and advice to schools enabling them to meet their statutory responsibilities.</p>	0.056	0.058  <i>Meets definition And required evidence is available</i>
	<p><b>Prudential Borrowing</b></p> <p>Schools forum decision to support approx. £3m capital financing for 13-year period</p>	0.300	0.133  <i>Meets definition And required evidence is available</i>
<b>Total</b>		<b>0.459</b>	<b>0.294</b>
Estimated balance unallocated and available to transfer to the HNB		0.270	0.219

15. Local authorities can fund services previously funded from the general funding rate of the ESG (for maintained schools only) from maintained school budget shares, with the agreement of maintained school members of the schools forum.
16. The relevant maintained schools members of the schools forum (primary, secondary, special and pupil referral units (PRUs), should agree the amount the local authority will retain.
  - e. If the local authority and schools forum are unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.
17. Local authorities should set a single rate per 5 to 16-year-old pupil for all mainstream maintained schools, both primary and secondary; in the interests of simplicity, this should be deducted from basic entitlement funding.
18. Many schools forums have agreed a top slice of schools funding to meet this shortfall. Wiltshire's schools have benefitted from taken the decision to treat the reduction in ESG funding as part of the general austerity reductions when setting the Council's medium-term financial plan. This has allowed the Council to fund business plan objectives and local priorities. The Council has deliberately selected to offer a level of protection for our school effectiveness services and have managed to avoid seeking approval from Schools Forum to date.

### **DfE Consultation in Progress – Removal of the School Improvement Monitoring & Brokering Grant**

19. Schools Forum working group held an extraordinary meeting in October to prepare a Schools Forum response. This has been shared with chairs of WASSH and PHF and members encouraged to respond. The proposals have been the subject of much discussion and lobby groups including the f40 have submitted responses. There are concerns around the removal of this grant at this post pandemic time having a detrimental impact on attainment focus and financial recovery and being incongruous to prevention and support meaning that formal intervention powers are avoided, and pupil outcomes prioritised.
20. There are no proposals to fund services for maintained schools only contained within this report however, there is a separate report where members will consider de-delegation for these services.
21. Assuming the proposed budget is accepted by schools forum, an amount of £0.219m unallocated CSSB is estimated as available and can be used as in previous years, to transfer to fund high needs pressures or, in light of the proposed reduction and removal of the school improvement brokerage and monitoring grant, an increased allocation which is used by the local authority to support any school requiring support.

### **HIGH NEEDS BLOCK UPDATE**

22. Following the DfE consultation around the calculation of the HNB formula, Wiltshire returns to a higher proportion of historic formula funding. This is detrimental due to lower numbers of learners with statements in 2017-18 than in more recent years. This is offset by Wiltshire being below the funding floor and therefore a protection of 8% offers a level of protection.

23. In addition to the outdated funding model, it has been nationally recognised that the level of funding for the most vulnerable pupils has been historically insufficient and included in the total allocation above is an additional £4.825m announced by the government in July. Whilst this additional funding is most welcome, it does not fully address the magnitude of the cumulative pressures from previous financial years nor does it fully address the anticipated pressure for 2021-22 financial year for Wiltshire.
24. The SEN review is now promised in the first quarter of 2022. It is hoped a national resolution can be found to ensure funding levels better reflect local demands.
25. 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. Final allocations are expected later this month, taking the latest census data into account. Because of this and the interdependencies of decisions across all the funding blocks, final decisions on high needs will be presented alongside those that schools forum is required to make on all of the other blocks in January.

### ***Projected Demand on High Needs Block***

26. An early assessment of pressures on the high needs block for 2022-23 are summarised in the table below:

<b>Pressure</b>	<b>£M estimate</b>
Additional Pressure to meet current Spend levels <i>(based on October 2022 forecast overspend over and above additional HNB pupil led funding)</i>	10.144
Estimate of increase in planned places in school (to be confirmed in January)	1.000
Impact of Transitional Support Fund Learners <i>Based on 250 learners</i>	1.000
Estimated Cost increase based on planned reduced EHCP rate of increase 2022-23 <i>Demand for placements with schools, colleges and external providers is based on SEN planning demography of 8.00%.</i>	5.000
Estimated Contract Inflation 2022-24 @ 4% <i>External Provider Contract inflation is added to Independent Special School Fees and SEN alternative provision at 4%</i>	0.800
Pay Inflation for SEN teams at 2% flat rate	0.100
<b>Total Estimated Cost Pressure for 2022-23</b>	<b>18.044</b>

27. This estimate includes the following assumptions:
- Numbers of places for special schools, resource bases and enhanced learning provision (ELP) increase following the place number review.
  - That the split of funding for the early years inclusion support fund continues to be fully funded from the early years block.

### **DfE Allocation and Other Potential Funding Options**

28. It is not possible to fully fund the pressures above from within the high needs block. In order to partially fund the pressures on the high needs block, the following model could be implemented which includes a transfer from Schools Block.

	<b>£M</b>
DfE HNB Allocation for 2021-22	62.354
Transfer from Central Block (surplus)	0.219
Transfer from Schools Block 0.5%	1.580
Excess Growth Fund	£TBC
Estimated funding shortfall	£TBC

29. In balancing the budget, it is recommended that:

- a. There is a transfer from the Central Block to High Needs Block – as previous years, any unallocated CSSB is transferred to contribute to the high needs pressures.
- b. Taking into account the wishes of schools who responded to the Autumn consultation, that there is a transfer of Schools Funding to High Needs Block of 0.5% - approximately £1.580million to be transferred from Schools Block. This will be dependent on the decisions made by the forum around the schools formula.
- c. It is possible that the DfE estimated growth fund surplus to estimated growth fund requirements for 2022-23. In the January decision report suite, Schools Forum will be asked to consider the growth fund level.
- d. The recovery actions of the High Needs Block working group are as presented to Schools Forum are progressed. These assumes a level of success when working with schools on inclusion policy for children and young people.
- e. Earmarked funding as part of the FACT programme is maximised in order to facilitate changes required to achieve savings.

### **DSG Reserve**

30. The current forecast overspend on the School Funding reserve is £26.555m. This is currently being cash flowed by the local authority.
31. The DfE management plan and update from the second informal meeting will be discussed at the January meeting as the meeting with the DfE has not yet been scheduled.

### **Proposals**

32. Schools Forum is asked to note the early years information in the report. The budget for early years will be considered in full at the January 2022 meeting.
33. Schools Forum is asked to note the central services information in the report and the required decisions in relation to the central schools block budget for 2021-22. Schools Forum is asked to agree these decisions in principle in advance of setting the Schools budget in January 2021.
  - i. Section A – consult only
  - ii. Section B – approve on a line-by-line basis (*including a potential transfer to the high needs block or, pending the local consultation additional DSG funding to support school improvement.*)
  - iii. Section C – approve on a line-by-line basis



34. Any updates around the DfE consultation to remove the school improvement monitoring and brokering grant will be brought to the January 2021 meeting for update and decision.
35. Schools Forum is asked to note the pressures on the high needs block for 2022-23 and the potential options to reduce the shortfall against high needs budgets including agreeing a transfer from Schools Block to balance the high needs pressures. This will be considered in full at the January 2021 meeting alongside the recovery plan.

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