

## **Schools Funding Settlement and Budget Proposals for 2015-16**

### **Purpose of report**

1. To outline the detail of the schools funding settlement for 2015-16 and to consider the implications for the Wiltshire schools budget.
2. To present budget proposals for 2015-16 for the overall schools budget including cost pressures and savings proposals.

### **Background**

3. The Department for Education (DfE) published the 2015-16 financial settlement for schools on 17<sup>th</sup> December 2014. The settlement includes details of:
  - The Dedicated Schools Grant
4. A link to the details of the DSG settlement can be found [here](#).
5. No detail has been received in relation to maintenance funding or Devolved Formula Capital.

### **Main considerations for Schools Forum**

#### ***The Pupil Premium***

6. The pupil premium is to be continued in 2015-16.
  - a. Primary pupils who are currently eligible for free school meals or have been eligible in the past 6 years (FSM 'Ever 6') will attract £1,320 and secondary FSM 'Ever 6' pupils will attract £935.
  - b. Looked-after children and eligible pupils who have been adopted from care or leaving care under a special guardianship or residence order will attract a premium of £1,900.
  - c. The service premium will be paid to schools at the rate of £300 per pupil.
7. Based on the January 2015 census data it is estimated that the total pupil premium grant allocated to Wiltshire schools will exceed £13 million in 2015-16.
8. As in previous years it is proposed that the DfE school by school figures (using January 2014 census data) will be used on the funding certificates to give a provisional allocation for each school and these allocations will be updated when the final allocation is received during the financial year. The HCSS software will be updated with estimated rates for future years.

#### ***Dedicated Schools Grant – Overview***

9. A one year settlement has been allocated for 2015-16 and so no indication of future years funding has been received. Whilst there had been an

expectation of an announcement regarding a National Funding Formula, any decision regarding this has been postponed, pending the new Comprehensive Spending review. Instead, the DfE announced changes to the schools block through its Fairer Schools Funding proposals.

10. The DSG has been allocated in three separate blocks for 2015-16, the blocks are not ringfenced. The total provisional DSG allocation for Wiltshire is £310.309 million broken down as follows:

	<b>15-16 £m</b>	<b>14-15 £m</b>
Schools Block – final allocation based on October 2014 school census	256.535	248.735
Early Years Block – provisional allocation based on January 2013 census	16.109	18.652
High Needs Block – provisional allocation based on baseline data agreed with EFA (final data still to be updated)	37.665	36.531
<b>Total</b>	<b>310.309</b>	<b>303.919</b>

11. The settlement represents a cash increase of £6.390m compared with 2014-15 however there are a number of upward and downward adjustments which will be detailed within this report.
12. The Early Years block will be updated after the start of the financial year for the January 2015 census and again after the end of the financial year for the January 2016 census.
13. The final value of the High Needs Block will be confirmed in March 2015. Values will be adjusted for placements in non-maintained special schools (NMSS) and for final numbers of post-16 placements. Additional funding has been awarded following the 'exceptions' process £0.088m and block top-up funding of £0.420m.
14. More detail is provided on each of these items outlined above later in this report.
15. A minimum funding guarantee (MFG) of -1.5% is to be applied to the delegated schools budget meaning that no school has a reduction in funding of more than -1.5% per pupil before any pupil premium is added. Schools Forum has previously agreed that the cost of the MFG will be met through limiting the gains for those schools who would receive increases in funding through the new funding model. Limits to gains are also applied on a per pupil basis.

### ***Early Years Block***

16. The Early Years block largely funds the Early Years Single Funding Formula (EYSFF) which allocates funding to early years providers, including nursery classes within maintained schools and academies, for the provision of the free entitlement for 3 and 4 year olds. The provisional allocation of funding is based on the January 2014 census and therefore includes no funding for increased take up, or demographic growth. The

DSG settlement will be adjusted once the January 2015 early years census data has been verified.

17. There are risks associated with the Early Years estimate as it is difficult to accurately project the take up of places based on the January census. It is recommended that any increase in DSG arising from the January early years census is allocated to the EYSFF budget to support increases in population and take up of places.
18. From April 2015 the funding of 2 year-old places will move to a full participation model meaning that LAs will be funded on actual take up of places.
19. In 2015-16 initial funding for the two-year-old programme will be allocated to local authorities in June 2015 using the January 2015 census data. To make sure local authorities are accurately funded as the take-up of the entitlement increases over the year, the DfE will use a mid-year second data count in the autumn term to adjust funding in-year to reflect any significant increases in take-up of the entitlement.
20. In October the DfE published funding rates for the early education entitlement for 2 year olds and the rate for Wiltshire has been confirmed as £4.97 per hour.
21. A review of the rates and the indicative financial position is detailed below, using 2014-15 data. Schools Forum will need to review the funding rates and agree the rate to take forward into 2015-16. The Early Years Reference Group have suggested a rate of £5.25 to be considered as a minimum rate, but the funding received will only be £4.97 per hour.

<b><u>Single rate for 2 Year Old Funding</u></b>			
<b>Provider</b>	<b>£5.43</b>	<b>£4.97</b>	<b>£5.25</b>
Childminder	126,009	96,349	101,777
Private	1,076,155	984,989	1,040,481
Voluntary	735,347	673,052	710,971
Independent	55,496	50,794	53,656
Maintained Class	4,520	4,138	4,371
<b>TOTAL</b>	<b>1,997,527</b>	<b>1,809,322</b>	<b>1,911,256</b>

22. The early Years Reference Group have consulted on the funding rates for 3 & 4 year olds and the associated impact which it would have upon providers. The proposed rate would see an increase for PVI providers (Private, Voluntary and Independent), a marginal decrease for maintained providers and a significant reduction in the rates for Childminders. A more detailed paper will be presented at the Schools Forum meeting covering this area.
23. It is recommended that:
  - a. Schools Forum agree an hourly rate for 2 year old places in 2015-16;
  - b. Schools Forum agree an hourly rate for 3&4 year old places in 2015-16

### **Schools Block**

24. The schools block has been set at £256.535 million which is an increase of £7.8m on the 2014-15 funding level. The increase is accounted for by two items,
- £5.7m arising from the 'Fairer Schools Funding'
  - £2.1m from the pupil growth of 505 additional pupils in Wiltshire
25. The removal of schools from the CRC scheme is intended to be cost neutral to the Exchequer. A deduction has therefore been made from the DSG for 2015-16 to compensate the Exchequer for the loss of revenue resulting from local authorities no longer needing to meet the costs of purchasing carbon credits for schools under the scheme. Wiltshire's share of this reduction is £0.448m (£0.449m in 2014-15) and the calculation is based on Wiltshire's estimated share of the national saving of £50.5 million, using pupil numbers. This has been calculated at £7.51 per Wiltshire pupil.
26. Modelling work is now being undertaken to calculate individual school budgets in order to meet the EFA deadline of 20<sup>th</sup> January 2015 and an update will be brought to the meeting. Currently the following assumptions are being made:
- a. Age Weighted Pupil Unit (AWPU) rates reflect the increases from the Fairer Schools Funding, as previously agreed with Schools Forum;
  - b. Lump sum allocations are unchanged at £85,000 for primary schools and £175,000 for secondary schools;
  - c. Total funding allocations for English as an Additional Language (EAL), Prior Attainment and Deprivation remain unchanged and funding rates are scaled accordingly;
  - d. Costs of the MFG are met through limiting the increases to schools gaining from the formulaic changes.
27. Initial modelling indicates that the schools budget is affordable with these assumptions. However the numbers of pupils eligible for free school meals, and pupils with English as an additional language, have increased and so unit rates for these pupils have reduced. The pupil numbers with low attainment have fallen so unit rates for these pupils have increased. An alternative approach would be to leave unit rates for EAL, FSM unchanged but this would need to be funded through reductions in the AWPU.
28. Further detail of the overall delegated budget will be discussed at the meeting and Schools Forum will be asked to confirm the assumptions to be applied within the calculation of the delegated budget.

### **Schools Block – Growth Fund**

29. A separate paper is being presented to Schools Forum detailing the 2014-15 position and the proposals for the fund for 2015-16.

### **Schools Block – Falling Rolls Fund**

30. Since 2014-15, the regulations allow for local authorities to topslice DSG to provide a targeted fund to support schools with falling rolls if they meet certain criteria. The requirement for any school accessing funding to be judged Good or Outstanding is mandatory but authorities may agree other criteria to allocate funding to schools within their area.
31. Schools Forum previously considered the merits of a Falling Rolls Fund in January 2014 and concluded that it would not implement a Falling Rolls Fund to support schools with a falling roll and consequently opted not to develop a Falling Rolls Policy.

### **High Needs Block**

32. The High Needs Block covers expenditure on provision for pupils and students with high needs from ages 5 to 25 and support services for pupils covering early years provision to FE college provision. The responsibility to fund provision for students in FE colleges and Independent Specialist Providers (ISPs) up to the age of 25 years is a new responsibility for local authorities and funding was transferred in to DSG for 2013-14 to support this, based on previous learner numbers. The high needs block also covers the cost of alternative provision and hospital education services.
33. The allocation of the high needs block is based on agreed planned place numbers and historical spend rather than on specific school census data. The final High Needs Block allocations will be notified in March. Wiltshire has also made a submission to the DfE in October 2014 for additional support through the high needs 'exceptional case process'. A request was made to fund additional places within the high needs block for the financial year 2015-16.
34. The request submitted through the 'exceptional cases process' was not a request for additional top-up funding but to cover a serious shortfall in the allocation of places. The table below details the outcome of the Wiltshire request.

<b>Establishment Name</b>	<b>Current Place Numbers</b>	<b>Exception Request</b>	<b>Total Places Requested</b>	<b>Total Allocated Places</b>	<b>Extra Allocation Awarded</b>
EXETER HOUSE SPECIAL SCH	107	3	110	107	0
GREENTREES PRIMARY SCH	0	14	14	14	14
KINGS PARK PRIMARY ACAD	18	2	20	19	1
LARKRISE SCHOOL	86	3	89	86	0
SPRINGFIELDS ACADEMY	90	19	109	90	0
ST NICHOLAS SCHOOL	75	3	78	75	0
WILTSHIRE COLLEGE	94	156	250	196	102
<b>TOTAL</b>	<b>470</b>	<b>200</b>	<b>670</b>	<b>587</b>	<b>117</b>

35. Of the 200 additional places requested, 14 are the result of the new resource Base at Greentrees and 102 places are in respect of the significant growth in actual pupil numbers attending Wiltshire College. The additional 28 places requested at Special Schools has not been

recognised. Specific feedback has been requested and the DfE have committed to publishing this by the 23<sup>rd</sup> January 2015.

### **Wiltshire High Needs Provision (Pre-16)**

36. In readiness for the 2014-15 year, budgets for Wiltshire's high needs provision were re-calculated to develop top up rates for each type of provision. There are no planned changes for 2015-16.

37. The agreed top up rates for Resource Bases and ELP were set for 2014-15 as follows:

Resource Base Band	1	2	3
	£10,823	£5,881	£2,920
ELP Band		ELP2	ELP1
		£5,881	£2,920

38. Work was also carried out with Wiltshire Special Schools to review top up values for day and residential places. The following rates were agreed for 2014-15.

	Day	Residential
Band 1+	£ 18,054	£ 54,508
Band 1	£ 12,361	£ 40,250
Band 2	£ 9,514	£ 33,122
Band 3	£ 6,668	£ 25,993
Band 4	£ 2,814	£ 16,342
Band 5	£ 485	£ 10,060

39. Further work is being carried out, looking at the cost pressures within the High Needs Block and proposals will be brought to the March Schools Forum.

### **Post-16 High Needs Provision**

40. The high needs block includes an allocation of £3.682 million for the additional costs of placements for post-16 learners with special educational needs post school plus £1.377m for post-16 students in schools (including non-maintained and independent schools).

41. Agreement of place numbers for post-16 students has proved complex during 2014-15 and a number of 'exceptional' changes have been submitted to the DfE for 2015-16 based on current activity. It is difficult to project likely numbers for September 2015 given the significant changes in 2014-15 and so the place number submission is a best estimate. In future years the EFA has indicated that high needs place funding is likely to be based on previous year's activity.

42. Some of the pressure in the post-16 area will be mitigated due to the increase of 102 places being funded at Wiltshire College.

43. Given the current significant overspend within the high needs block, further modelling and work is being carried out, looking at all areas of the

service. There is an underlying assumption that changes and services must be managed within the existing budget level.

### Overall Schools Budget

44. It is proposed that the overall schools budget be set at the level of the provision funding allocations £310.309 million, with further adjustments to be made once notification is received of any further adjustment to the Early Years and High Needs blocks.

### DSG Reserve

45. A reserve of £3.502 million is currently held arising from underspends in previous years. The budget monitoring report elsewhere on this agenda indicates that there are commitments in place for some of this reserve and that there is a projected budget overspend in 2014-15 which will also need to be funded from this reserve.

<b><u>DSG Reserve 2014-15</u></b>	
Balance b/f from 13-14	3.502
Commitments 14-15	(1.248)
<b>Balance after commitments</b>	<b>2.254</b>
2-year old reserve not required	0.262
Transition into Primary	0.160
<b>Balance 14-15 before overspends</b>	<b>2.676</b>
Projected overspend 14-15	(2.354)
<b>Projected DSG Reserve at 31/03/2015</b>	<b>0.322</b>

46. No assumptions have yet been made about whether this reserve should be utilised in any way to support the 2015-16 budget or to support additional, one off, developments. Balances can be used to support expenditure within the high needs or early years block.

### Proposal

47. It is proposed that:

- a. any increase in DSG arising from the January early years census is allocated to the EYSFF budget to support increases in population and take up of places
- b. Schools Forum agree an hourly rate for 2 year old place;
- c. Schools Forum agree an hourly rate for 3&4 year old places;
- d. Schools Forum agree the assumptions to be used in calculating the delegated budget;
- e. Top-up rates remain unchanged, subject to any proposals at the March Schools Forum in relation to the High Needs Block.
- f. That the overall schools budget is set at £310.309 million and that work is taken to review the High Needs budget and contain spending within the allocated High Needs Block.

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January 2015

**Background papers**

The following unpublished documents have been relied on in the preparation of this report: None

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