

## **Schools Funding Settlement 2011/12**

Please note the calculations in the below report and attached appendices may be revised, as updated figures are obtained. Any differences will be circulated as amended reports/appendices at the meeting.

### **Purpose of report**

1. To outline the detail of the schools funding settlement for 2011/12 and to consider the implications for the Wiltshire schools budget.

### **Background**

2. The Department for Education (DfE) published the 2011/12 financial settlement for schools on 13th December. The settlement includes details on:
  - The Pupil Premium
  - The Dedicated Schools Grant
  - Academies Funding
  - Capital Funding

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

3. The funding settlement for 2011/12 contains significant changes from previous years including a new Pupil Premium grant and the mainstreaming of a number of former standards funds in to the Dedicated Schools Grant (DSG). This increases the complexity of the DSG calculation and the setting of the schools budget. Schools Forum are asked to consider a number of issues prior to the final budget setting.

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

4. A pupil premium to support pupils from deprived areas will be introduced from April 2011. The premium will be paid to Local Authorities (LAs) as a specific grant based on the number of pupils eligible for Free School Meals in the January Census in years from Reception to Year 11.
5. The value of the pupil premium in 2011/12 is £430 per pupil – no figure has been announced for future years however the national total spend on the pupil premium is set to increase from £625 million in 2011/12 to 2.5 billion in 2014/15. Pupils in non-mainstream settings, including special schools, independent special schools, pupil referral units and children not in school will attract the pupil premium.

6. Children who have been looked after for more than 6 months will attract the pupil premium at the value of £430.
7. Children from service families will attract a pupil premium of £200 for 2011/12.
8. For pupils in mainstream schools the pupil premium will need to be paid directly to the school. The premium is not ringfenced at school level however schools will be held accountable for how they use it. This will be through new measures in the performance tables that capture the achievement of pupils covered by the premium, and through schools publishing how they have used the premium – this will be available on line.
9. For pupils in non-mainstream settings the premium will be paid to the authority on whose census return the pupils appear. The LA will retain the responsibility for allocating the premium for these pupils and what provision should be made for them, this could include passing the premium to the setting. Schools Forum will need to consider whether the premium should be allocated to Wiltshire's special schools and the Young People's Support Service (YPSS).
10. For looked after children (LAC) the premium will be allocated to children who have been looked after for more than 6 months (defined on the LA return SSDA903) so it would appear there could be some lag in funding depending on when the return is completed. The premium will be allocated to the authority who looks after the child.
11. In cases where a LAC is educated in a mainstream school the LA will be required to pass the premium to the school. For LAC in non-mainstream settings the LA will retain the funding and the responsibility for managing the provision for such pupils. It is estimated that the pupil premium for LAC in Wiltshire will be approximately £122,000.
12. For service children the service child indicator in the school census will be used to drive the allocation of the funding. The LA will be required to pass on the premium to those schools where the children are being educated.
13. Based on January 2010 pupil numbers it has been possible to model the possible levels of pupil premium by school (Appendix 1) for both free school meals and service children.

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

14. The government has only issued a one year financial settlement for the schools budget confirming that the current methodology for allocation of DSG will be continued. DSG is allocated on the basis of a guaranteed unit of funding (GUF) multiplied by the numbers of pupils as calculated by the January schools and Early Years census, and the Alternative Provision census. As in previous years we will need to estimate the expected level of DSG for 2011/12 based on the October pupil count adjusted for any expected movement between October and January, the final grant will then be confirmed after the start of the financial year (usually June/July).
15. A number of former standards funds and other grants have been mainstreamed in to DSG. These are listed below:
  - Schools Standards Grant (SSG and SSG(P))

- School Development Grant
  - School Lunch Grant
  - Ethnic minority Achievement Grant
  - 1:1 Tuition
  - Extended Schools – Sustainability
  - Extended Schools – Subsidy
  - Targeted Support for the Primary National Strategy allocated to schools
  - Targeted Support for the Secondary National Strategy allocated to schools
  - Diploma formula grant
  - London Pay Addition Grant (not received in Wiltshire)
16. The data received from the DfE indicates that £36.595 million grants from 2010/11 have been rolled in to the Wiltshire baseline for DSG. The total of £36.595 million has then been divided by the 2010/11 funded pupil numbers to arrive at a unit of funding per pupil for these grants.
17. The unit of funding per pupil for the grants has been added to the guaranteed unit of funding (GUF) for DSG in 2010/11 to arrive at a total GUF for 2011/12 – there has been no inflationary increase applied to DSG for 2011/12. The GUF for Wiltshire in 2011/12 is £4,592.87.
18. A minimum funding guarantee (MFG) of -1.5% has been applied to the delegated schools budget meaning that no school has a cut in its budget of more than 1.5% before any pupil premium is added.
19. A cash floor arrangement has been implemented in 2011/12 to ensure that authorities with falling pupil numbers will not receive a reduction of more than 2% compared with the 2010/11 baseline.
20. The government has decided not to continue to double fund pupils who have dual subsidiary registrations at PRUs. The impact of this for Wiltshire could be approximately £0.4 million compared with previous years.
- Dedicated Schools Grant – Estimate for 2011/12***
21. An estimate of DSG for Wiltshire has been calculated based on the October pupil count for schools and early years settings. Adjustments have been made, based on previous trends and other known changes, to arrive at an estimate of pupil numbers for January 2011. The pupil count includes pupils at Academies so that the recoupment for academies can then be calculated.
22. Pupil numbers are estimated at 63,881 for the 2011/12 DSG estimate, an increase of 618 pupils, or 0.98%, from the current year. The increase is in Early Years and arises partly as a result of the extension of the free entitlement for 3 & 4 year olds from 12.5 to 15 hours which causes an increase in the number of full time equivalent pupils compared with last year.
23. This gives an estimated DSG for 2011.12 of £293.397 million (see Appendix 2), or £273.117 million after adjusting for Academies. This is an increase of 1.2% compared with the baseline for 2010/11. The increase is

entirely due to the increased pupil numbers as there has been no inflationary increase.

24. Appendix 3 shows an estimate of the requirement for DSG in 2011/12. The estimate takes in to account savings already achieved in central budgets through the Council's management review. Also taken in to account are the additional costs of the cessation of ICT Harnessing Technology grant, requiring the schools budget to pick up the cost of broadband connectivity, and the additional cost of the extension to the free entitlement for 3 and 4 year olds. The latter cost pressure is based on the current levels of standards funds but more detailed modelling will be carried out to estimate levels of take up. The DSG requirement for 2011/12, prior to any investment priorities being met, is £273.708 million. This is a shortfall against the estimated grant of £0.591 million.
25. A list of potential investment areas is also included and these will need to be prioritised by Schools Forum. Additional savings will need to be identified to address the shortfall and any investment. An updated version of Appendix 3 will be tabled at the Schools Forum meeting as further work is being done to quantify cost pressures and potential savings.

#### ***Allocation of Former Standards Funds***

26. Allocation methods need to be agreed for the standards funds grants that have now been rolled in to DSG.
27. The Ethnic Minority Achievement Grant is currently allocated to the Ethnic Minority Achievement Service (EMAS) and forms part of the core funding for that team. The draft finance regulations for 2011 allow LAs to continue to hold this grant centrally and it is proposed that Schools Forum agree that this element of DSG be retained centrally to continue to fund the EMAS Team.
28. The remaining standards funds that have been rolled in to DSG are allocated to schools by a variety of different formulae or through a bidding process, depending on the grant. At the previous Schools Forum meeting it was agreed that we should model replicating the current distribution methods for the larger grants ie., Schools Standards Grant (SSG) and SSG(P), and Schools Development Grant (SDG), and allocating the remaining grants on a per pupil basis. This model, and a number of other options, were considered by the Schools Funding Working Group on 7<sup>th</sup> January. It was agreed at that meeting that further work needed to be carried out and a further meeting of that group was arranged for 14<sup>th</sup> January to look at different options. Proposals will be brought to the Schools Forum meeting on 17<sup>th</sup> January and can be considered in detail at the briefing session as this is a complex area.

#### ***Capital***

29. Devolved formula capital levels are significantly reduced in 2011/12 compared with the current year. Rates are as follows:

<b>Devolved Formula Capital</b>	<b>LA School</b>	<b>VA School</b>
Per School sum	£ 4,000.00	£ 4,320.00
Per Primary Pupil	£ 11.25	£ 12.15
Per Secondary Pupil	£ 16.875	£ 18.23
Per SEN pupil	£ 33.75	£ 36.45

## **Proposal**

30. It is proposed that

- a. Schools Forum decide whether Special Schools and the YPSS should receive the pupil premium directly or whether it should be held centrally for the LA to agree an expenditure plan.
- b. Schools Forum comment on the estimated cost pressures and potential areas for savings to address the shortfall in DSG (Appendix 3).
- c. Schools Forum agree that the former EMAG grant be retained centrally to continue to fund the EMAS team
- d. Schools Forum agree a methodology for allocation of all other former standards funds that are now part of DSG based on the proposals recommended by the Schools Funding Working Group (to be tabled at the meeting).

**Carolyn Godfrey**  
**Director, Children & Education**

Report Author  
Liz Williams, Head of Finance (DCE)  
(01225) 713675, [elizabetha.williams@wiltshire.gov.uk](mailto:elizabetha.williams@wiltshire.gov.uk)

7<sup>th</sup> January 2011

## **Background papers**

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

## **Appendices**

Appendix 1 – Estimate of Pupil Premium based on Autumn 2010 FSM eligibility and January 2010 service child numbers

Appendix 2 – Estimate of DSG 2011/12

Appendix 3 – Estimated DSG requirement 2011/12