

Wiltshire Council

Schools Forum
16th January 2014

Schools Funding Settlement and Budget Proposals for 2014-15

Purpose of report

1. To outline the detail of the schools funding settlement for 2014-15 and to consider the implications for the Wiltshire schools budget.
2. To present budget proposals for 2014-15 for the overall schools budget including cost pressures and savings proposals.

Background

3. The Department for Education (DfE) published the 2014-15 financial settlement for schools on 18th December 2013. The settlement includes details of:
 - The Pupil Premium
 - The Dedicated Schools Grant
4. A link to the details of the DSG settlement can be found [here](#).
5. An announcement has been made in relation to capital funding for Basic Need and in relation to Universal Infant Free School Meals, but as yet 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 2014-15.
 - 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 £1,300 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 2013 census data it is estimated that the total pupil premium grant allocated to Wiltshire schools will exceed £13.3 million in 2014-15 (see [link](#) to DfE illustrative tables).
8. As in previous years it is proposed that the DfE school by school figures (using January 2013 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.

9. Pupil Premium Grant for looked after children is currently held centrally by the Looked After Children Education Service and allocated as part of the overall cost of a child's Personal Education Plan (PEP). This has been highlighted by Ofsted as an example of good practice however there are a number of cases where the PPG is not required as part of the PEP but is not paid out to schools until the year end. This was discussed at School Funding Working Group and it was requested that this be reviewed to establish whether payments to schools can be made earlier in the year if the PPG is not required to support the cost of a PEP. Any revisions to the process will be reported at the next meeting.

Dedicated Schools Grant – Overview

10. A one year settlement has been allocated for 2014-15 and so no indication of future years funding has been received. DSG has been allocated in three separate blocks for 2014-15, the blocks are not ringfenced. The total provisional DSG allocation for Wiltshire is £303.919 million broken down as follows:

	£m
Schools Block – final allocation based on October 2013 school census	248.735
Early Years Block – provisional allocation based on January 2012 census	18.652
High Needs Block – provisional allocation based on baseline data agreed with EFA (final data still to be updated)	36.531
Total	303.919

11. The settlement represents a cash increase of £0.805m compared with 2013-14 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 2014 census and again after the end of the financial year for the January 2015 census.
13. The final value of the High Needs Block will be confirmed in March 2014. Values will be adjusted for placements in non-maintained special schools (NMSS) and for final numbers of post-16 placements.
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 2013 census and therefore includes no funding for increased take up, or demographic growth. The DSG settlement will be adjusted once the January 2014 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. No changes to funding values are proposed to the EYSFF for 3 & 4 year olds.
19. The early years block also includes additional funding to support the implementation of the free entitlement for the most vulnerable 2 year olds. Wiltshire has received an allocation of £3,707,500 which can be broken down as follows:

	Pupils	£
Term 1 (April to August) – continuation of eligibility for 20% of 2 year olds	726	749,044
Funding for 2 terms from commencement of extended entitlement	1,354	2,561,126
Trajectory funding to support development of places		397,330
		3,707,500

20. This is an increase in funding to the Early Years block of £0.841m
21. The DfE has made it clear that it is for LAs to agree an hourly rate with providers. In 2013-14 Wiltshire has funded 2 year old places at an hourly rate of £5.43 plus a 25p set up allowance. The rate was set at a level higher than the funding allocation on the basis that there would be approximately 92% take up of places. It was agreed that any underspend in 2013-14 against two year old places would be rolled forward to support the continuation of the hourly rate of £5.43 and that the additional supplement of 25p per hour would need to be reviewed to establish whether it would be affordable in to 2014-15.
22. The projected underspend against places for 2 year olds in 2013-14 is £0.169m. If this is added to the available place funding for 2014-15 of £3.310m this gives total funding available for places of £3.479m.
23. Looking at the expected take up of places, making the same broad assumption of 92% take up across the year, it is estimated that costs of places in 2014-15 will be approximately £3.657m if the hourly rate of £5.43 plus 25p set up allowance is continued. This would not be affordable against the available funding for 2014-15. If the 25p allowance is ceased then the total projected cost is £3.496m which is more in line with the level of funding.

24. From April 2015 the funding of places will move to a full participation model meaning that LAs will be funded on actual take up of places. When more detail received Schools Forum will need to review the funding rate for 2015-16.

25. A review of 2013-14 hourly rates in other SW authorities shows the following:

	2 year olds (1)			Average basic rate £/hour
	Total budget £000s	Number of hours	Average rate £/hour	
SOUTH WEST	30,099	5,720,196	5.26	5.04
Bath and North East Somerset	986	197,220	5.00	5.00
Bournemouth	1,286	265,087	4.85	4.85
Bristol, City of	3,973	789,921	5.03	5.03
Cornwall	3,507	723,030	4.85	4.85
Devon	3,180	580,645	5.48	4.96
Dorset	2,138	315,080	6.79	5.00
Gloucestershire	3,179	609,000	5.22	5.22
Isles of Scilly	21	4,185	5.09	5.09
North Somerset	1,198	215,460	5.56	5.56
Plymouth	2,130	418,410	5.09	5.09
Poole	831	170,370	4.88	4.88
Somerset	2,498	515,066	4.85	4.85
South Gloucestershire	1,688	273,750	6.17	4.95
Swindon	1,107	223,606	4.95	4.95
Torbay	0	0	.	.
Wiltshire	2,377	419,366	5.67	5.47

Source: Section 251 budget

26. It is recommended that:

- a. Schools Forum agree an hourly rate of £5.43 for 2 year old places in 2014-15;
- b. The set up allowance of 25p per hour ceases to apply to places for 2 year olds from April 2014.
- c. That the hourly rates for 3 & 4 year olds remain unchanged as there has been no inflationary increase to the funding.

Schools Block

27. The schools block has been set at £248.735 million which is a reduction of £0.533m on the 2013-14 funding level. The reduction is accounted for by two items, £0.084m arising from the census with 20 fewer pupils being funded overall, and £0.449m saving arising from the removal of the requirement for schools to be included in the Local Authority Carbon Reduction (CRC) scheme.

28. 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 2014-15 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 £0.449m and the calculation is based on Wiltshire's estimated share of the national saving of £50.5 million, using pupil numbers.

29. Modelling work is now being undertaken to calculate individual school budgets in order to meet the EFA deadline of 21st January and an update

will be brought to the meeting. Currently the following assumptions are being made:

- a. Age Weighted Pupil Unit (AWPU) rates remain unchanged from the 2013-14 rates as adjusted by the changes to the lump sum;
 - b. Lump sum allocations are revised to £85,000 for primary schools and £175,000 for secondary schools as agreed following consultation with 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.
30. Initial modelling indicates that the schools budget is affordable with these assumptions however the numbers of pupils eligible for free school meals, and with English as an additional language, have increased and so unit rates for these pupils have reduced. 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.
31. 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

32. At the December 2012 meeting Schools Forum confirmed the criteria for the Pupil Growth Fund which is held centrally from April 2013. When the proposed formula for Wiltshire in 2014-15 was submitted to the EFA in October 2013 the EFA requested that the growth fund criteria are reviewed as they were not considered to be compliant with the current regulations. In particular the EFA have raised concerns regarding the criteria for funding in year pupil growth which must focus on growth related to basic need.
33. The criteria for the Growth Fund are currently being reviewed and a separate report will be circulated proposing revised criteria and outlining the estimated costs for 2014-15.

Schools Block – Falling Rolls Fund

34. The regulations for 2014-15 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.
35. Schools Forum has previously indicated that this is something that should be considered within Wiltshire.
36. The EFA has published guidance which gives examples of the type of criteria that authorities might want to use in the distribution of a falling rolls fund and these might include
- Schools have a level of surplus capacity

- Local planning data indicates that the surplus places will be required within x years
- Schools would need to make redundancies in order to contain spending before numbers increase
- Etc

37. Work is currently ongoing to consider the criteria that could be used within Wiltshire and what the potential costs of operating such a fund would be and this will be detailed in a separate report.

High Needs Block

38. 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.

39. The allocation of the high needs block is based on agreed planned place numbers and historical spend rather than on specific school census data. Local Authorities have submitted planned place data for pre and post-16 places to the EFA in December and the final High Needs Block allocations will be notified in March. Wiltshire has also made a submission with the planned place data to enable funding released through any reduction in planned places, for example in Resource Bases, to be retained in order to fund the review of top up values.

Wiltshire High Needs Provision (Pre-16)

40. The key challenge within the high needs block for 2013-14 was to implement the new funding mechanism for special schools, resource bases and enhanced learning provision (ELP). Budgets for Wiltshire's high needs provision were re-calculated to develop top up rates for each type of provision so that settings can be funded at £10,000 per planned place with an agreed top up for each pupil who is placed.

41. During the current financial year a review has taken place of top up values across Wiltshire high needs provision. As a result of this review increases were applied in year to top up rates for special schools.

42. In October 2013 Schools Forum agreed a revised matrix of banding descriptors for Resource Bases to be implemented for 2014-15. To support the new descriptors a revised banding system for top ups is proposed with three bands to be applied across all types of resource base provision.

43. It was also agreed at the October meetings that Enhanced Learning Provision (ELP) top up rates should be brought in to line with top up rates for Resource Bases in order to maintain parity of funding for similar levels of need.

44. It is recommended that top up rates for Resource Bases and ELP be 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

45. Projections based on current numbers and proposed planned places for 2014-15 indicate that these rates will be affordable within current budget levels.
46. Work is being carried out with Wiltshire Special Schools to review top up values for day and residential places. The outcome of this work, with proposed top up values, will be reported to the next meeting. Modelling work is being carried out with the assumption that changes must be managed within the existing budget level.

Post-16 High Needs Provision

47. The high needs block includes an allocation of £3.680 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).
48. Agreement of place numbers for post-16 students has proved complex during 2013-14 and a number of changes have been submitted for 2014-15 based on current activity however it is difficult to project likely numbers for September 2014 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.
49. As in 2013-14 it is proposed that the post-16 top up budget be set at the level allocated within the funding settlement.

Overall Schools Budget

50. It is proposed that the overall schools budget be set at the level of the provision funding allocations £303.919 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

51. A reserve of £2.178 million is currently held arising from underspends in previous years. The budget monitoring report elsewhere on this agenda indicates that, once the underspend against 2 year old places is taken into account there could be a further contribution of up to £1.2 million to this reserve at the end of 2013-14.
52. No assumptions have yet been made about whether this reserve should be utilised in any way to support the 2014-15 budget or to support additional, one off, developments. Balances can be used to support expenditure within the high needs or early years block.
53. The SEN Working Group is considering a report in relation to cost pressure for alternative provision and hard to place pupils. The recommendation of the group will be reported to the meeting and it may

be that Schools Forum would want to consider some use of the DSG reserve to support this pressure.

54. A further potential use of the reserve could be to support the implementation of a falling rolls fund. This will be the subject of a separate report on this agenda.

Universal Infant Free School Meals

55. The government has announced that from September there will be a requirement to provide free school meals to pupils in Reception and Years 1 & 2.
56. On 18th December it was announced that £150m capital funding would be made available to support the implementation of this policy. The allocation for Wiltshire's maintained schools for 2014-15 is £1.066 million and each local authority will be responsible for determining how best to target its share of the £150 million for expanding and improving facilities at individual schools in order to deliver the universal entitlement.
57. To date there has been no announcement in relation to any revenue funding for the delivery of the entitlement.

Proposal

58. 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 places of £5.43;
- c. That any underspend against the funding allocation for 2 year old places is rolled forward to support the continuation of the hourly rate in future years.
- d. That there should be no change to the hourly rate for 3 & 4 year olds;
- e. Schools Forum agree the assumptions to be used in calculating the delegated budget;
- f. Top-up rates for resource bases and ELP are agreed as recommended in paragraph 43;
- g. The work being carried out to finalise top up rates for special schools is noted and final rates will be agreed at the March meeting;
- h. Schools Forum consider proposals for utilisation of the DSG reserve
- i. That the overall schools budget is set at £303.919 million with possible adjustment for any utilisation of the DSG reserve

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Background papers

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