

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	11 December 2013	AGENDA ITEM: 07	
Title:	Follow-up to allocation of DSG Surplus and proposals for changes to Schools Budget baseline.		
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1 SUMMARY AND PURPOSE

1.1 In previous years, schools' delegated budgets and central expenditure budgets have been funded by the annual Delegated Schools Grant allocation and boosted by an allocation from the accumulated DSG surplus. Using one-off funding to support recurring base budgets is unsustainable in the long term and relies on a guarantee of recurring underspends in future years. The first section of this paper proposes removing this additional funding from the 2014-15 baseline Schools Budget.

1.2 The second section of this papers sets out further proposals for allocating some of the remaining DSG surplus as a one-off allocation to schools and early years providers. This is a LA decision. Schools Forum members are requested to comment on the proposals.

1.3 **Schools Forum members are recommended to agree:**

- **The removal of £500k from 2014-15 base budgets as set out in paras 2.3-2.6.**
- **The allocation of £418k from the remaining £568k DSG Surplus to schools and early years providers in 2014-15 for one year only.**
- **To vote on the preferred option for delegating this one-off funding in 2014-15 (as set out in paras. 3.5 to 3.10)**

2 REMOVING ADDITIONAL FUNDING FROM THE DSG SURPLUS FROM THE BASE BUDGET

2.1 In October, Schools Forum considered proposals for the use of the Dedicated Schools Grant accumulated surplus. Of the £956k available at the start of 2013-14, Schools Forum expressed support for allocating £388k for the service proposals shown in table 1:

Table 1: Agreed proposals for use of DSG surplus

	£000	£000
DSG surplus available for allocation		956
Capacity building for 2 year old provision	88	
Support for narrowing the attainment gap of children in care	100	
School to school support for education improvement	<u>200</u>	<u>(388)</u>
Balance remaining after agreed commitments		<u>568</u>

2.2 Schools Forum did not support two other proposals in the paper:

- to allocate £291k for costs associated with changes to schools' IT network and broadband infrastructure

- to use £250k of the surplus to fund additional expenditure in the Early Years, High Needs Block and Schools Block over and above the base funding provided through the baseline DSG and post 16 allocations. In the last two years schools' delegated and central budgets have been boosted by additional funding from the accumulated DSG surplus, £316k in 2012-13, and £500k in 2013-14. The proposal to reduce this from £500k to £250k in 2014-15 was part of a two stage approach to reduce reliance on one-off surplus funding altogether by 2015-16.

2.3 In view of School Forum's disquiet with this two staged approach, we now propose to write out the full £500k additional funding from 2014-15 and remove it from the base budget. The financial impact of this will be a reduction of £500k in schools' delegated budgets and central expenditure budgets in proportion to the 2013-14 split between delegated and central budgets as shown in Table 2.

2.4 **Table 2: Proposed allocation of £500k budget reduction in 2014-15**

2013-14 Finalised DSG allocation (March S251 Budget Statement adjusted by Final DSG Settlement in July 2013)	2013-14 base budget £000	%	Reduction £500k £000	Adjusted base £000
<u>Delegated schools' budgets</u>				
Primary and secondary	85,285	78%	(390)	84,895
Special and PRU	2,236	2%	(10)	2,226
Early years	6,601	6%	(30)	6,571
<u>Central budgets including high needs</u>	14,944	14%	(70)	14,874
Total	109,066	100%	500	108,566
Funding				
DSG @ 31 July 2013	99,464			99,464
Post 16 EFA funding	9,102			9,102
DSG Surplus applied	500		(500)	0
Total	109,066		(500)	108,566

2.5 The reduction of £390k in primary and secondary schools' delegated budgets would be equivalent to a reduction in the Age Weighted Pupil Unit rate of:

Primary	£18 per pupil
KS3	£25 per pupil
KS4	£30 per pupil

2.6 The effect of the reductions shown in table 2 is to set a sustainable baseline 2014-15 budget that is funded only by recurring grant funding. The next section of this paper deals with the one-off allocation of the remaining DSG surplus.

3 ALLOCATION OF REMAINING DSG SURPLUS

3.1 The accumulated DSG surplus shown in Table 1 is the result of underspends in recent years in central DSG expenditure budgets, mainly high needs budgets. When setting the 2014-15 Schools Budget, we will try to ensure that central expenditure budgets are set at the right level to meet anticipated spending. Preliminary proposals for redistributing budgets are the subject of a separate paper on the agenda. School balances do not form part of this central DSG surplus, as schools which underspend are allowed to carry forward their surpluses. A report to Schools Forum in July 2013 confirmed that the total of maintained school surplus balances at 31 March 2013 was £4.014 million (6.1%).

3.2 Table 1 above shows that the DSG surplus remaining after agreed commitments is £568k. This figure does not include any surplus or deficit resulting from the current financial year. In October, Schools Forum discussed the option of having this funding distributed to schools as a one-off payment. It was confirmed that changes to school funding regulations mean that in-year budget allocations to schools are no longer permitted, but they can be carried forward to the next funding period (2014-15) and allocated to schools via the funding formula.

3.3 Allocating one-off funding in this way potentially commits RBWM to allocating a similar level of funding to schools in future years because of the operation of Minimum Funding Guarantee. DfE has subsequently confirmed that in cases like this it would be appropriate to seek approval to exclude one-off funding from the MFG baseline when calculating the following year's budgets for 2015-16. The effect of this would be to remove the additional allocation from the protection normally provided by MFG. There are two main risks to this approach:

- We will not know until September 2014 whether or not approval to exclude the £500k from the 2015-16 baseline will be given. If approval is not given, the reduction in schools' budgets as a result of the removal of the one-off funding in 2015-16 will continue to be protected by MFG.
- When planning how they will spend their 2014-15 budgets, schools will need to be aware that the additional allocation in their formula budget shares is for one year only and that they should not enter into expenditure commitments that are unsustainable in the longer term.

3.4 In light of Schools Forum views, we now propose:

- to retain £150k of the remaining £568k DSG surplus for allocation in 2014-15 to one-off specific service initiatives that will provide additional practical support to schools and early years providers. This figure is set at a prudent level to cover unforeseen circumstances and will be adjusted by any surplus or deficit resulting from the current 2013-14 financial year. Like this year, details of these initiatives will be brought to Schools Forum at a later date in 2014-15 for comment.
- To distribute the remaining funding to schools and early years providers in 2014-15, in proportion to 2013-14 delegated budgets shown in table 2 above. Allocations are shown in table 3:

Table 3: Proposed 2014-15 one-off allocation to schools and early years providers

	£000	£000
DSG surplus remaining after agreed commitments (See table 1)		568
Primary and secondary schools (maintained and academy)	378	
Special School	9	
PRU	1	
Early Years providers	<u>30</u>	<u>418</u>
Retained for specific service proposals		<u>150</u>

3.5 We propose two options for allocating the £378k to primary and secondary schools

- **Option 1 (recommended): £4,522 per primary school and £15,022 per secondary school**, allocated as an uplift to the lump sum rate in the 2014-15 funding formula. The differential rates have been derived by dividing the £378k in proportion to primary and secondary pre-16 pupil numbers, and dividing the resulting amounts by the number of schools in each sector. Middle schools receive an allocation in proportion to the year groups in each phase.

- **Option 2: a one-off increase in the AWPU rates of:**

Primary	£17 per pupil
KS3	£24 per pupil
KS4	£28 per pupil

3.6 For both options the additional allocation would be for the financial year 2014-15 only. Approval to exclude this amount from the 2015-16 MFG baseline will be sought from the Secretary of State in Autumn 2014 in accordance with DfE advice.

3.7 Allocating this one-off funding as a lump sum amount per school (option 1) will provide additional support to smaller schools. Schools which responded to the school funding consultation were broadly in favour of this principle. The methodology is simple and transparent and will be much clearer in 2015-16 when lump sum rates are reduced back down to the baseline amounts.

3.8 The effect of allocating the funding on a per pupil basis (option 2) will be to restore schools' budgets to just short of the amount they would have received before the baseline reduction in section 2 for 2014-15 only.

3.9 Annex A attached shows the impact of each option on individual schools before the operation of MFG.

3.10 **Primary and Secondary Schools Forum members are asked to vote on their preferred methodology for allocating £378k one-off funding in 2014-15:**

- **Option 1 (recommended): £4,522 per primary school and £15,022 per secondary school**
- **Option 2: increase in the AWPU rates shown in paragraph 3.5 above.**

Impact of allocating surplus to schools through Lump Sum or AWPU after baseline adjustments.

School Name	AWPU allocation before adjustments (Oct 12 NOR)	Reduction in base funding through (AWPU)	Option 1 Allocation of DSG Surplus - through lump sum	Option 2 Allocation of DSG Surplus - through AWPU	Option 1 Net impact	Option 2 Net impact
		a	b	c	a+b	a+c
Alexander First School	£259,158	(£1,706)	£4,522	£1,632	£2,816	(£73)
All Saints C.of E. Controlled	£624,207	(£4,108)	£4,522	£3,931	£414	(£177)
Alwyn Infant and Nursery School	£863,858	(£5,685)	£4,522	£5,441	(£1,163)	(£245)
Bisham School	£342,757	(£2,256)	£4,522	£2,159	£2,266	(£97)
Boyne Hill CE Infant School	£496,022	(£3,265)	£4,522	£3,124	£1,257	(£141)
Braywood CE First School	£390,130	(£2,568)	£4,522	£2,457	£1,954	(£111)
Burchetts Green CE Infant School	£178,345	(£1,174)	£4,522	£1,123	£3,348	(£51)
Cheapside CE Primary School	£300,957	(£1,981)	£4,522	£1,895	£2,541	(£85)
Clewer Green CE Aided First Schoo	£607,488	(£3,998)	£4,522	£3,826	£524	(£172)
Cookham Dean CE Aided Primary	£484,875	(£3,191)	£4,522	£3,054	£1,331	(£137)
Cookham Rise Primary School	£571,261	(£3,760)	£4,522	£3,598	£762	(£162)
Courthouse Junior School	£1,056,137	(£6,951)	£4,522	£6,651	(£2,429)	(£299)
Datchet St. Mary's School	£607,488	(£3,998)	£4,522	£3,826	£524	(£172)
Dedworth Green First School	£423,569	(£2,788)	£4,522	£2,668	£1,734	(£120)
Ellington Primary School	£539,215	(£3,549)	£4,522	£3,396	£973	(£153)
Eton Porny C of E First School	£387,343	(£2,549)	£4,522	£2,439	£1,973	(£110)
Eton Wick C.E. First School	£429,143	(£2,824)	£4,522	£2,703	£1,698	(£122)
Furze Platt Infant School	£730,100	(£4,805)	£4,522	£4,598	(£283)	(£207)
Furze Platt Junior School	£816,486	(£5,374)	£4,522	£5,142	(£852)	(£231)
Hilltop First School	£618,634	(£4,071)	£4,522	£3,896	£451	(£175)
Holy Trinity CE Primary School	£576,834	(£3,796)	£4,522	£3,633	£726	(£164)
Holy Trinity CE Primary School	£585,194	(£3,851)	£4,522	£3,686	£671	(£166)
Holyport CE Primary School	£975,324	(£6,419)	£4,522	£6,143	(£1,897)	(£276)
Homer First School	£593,554	(£3,906)	£4,522	£3,738	£616	(£168)
Kings Court First School	£599,128	(£3,943)	£4,522	£3,773	£579	(£170)
Knowl Hill CE Primary School	£192,278	(£1,265)	£4,522	£1,211	£3,257	(£55)
Larchfield Primary School	£496,022	(£3,265)	£4,522	£3,124	£1,257	(£141)
Lowbrook Academy	£657,647	(£4,328)	£4,522	£4,142	£194	(£186)
Oakfield First School	£693,873	(£4,567)	£4,522	£4,370	(£45)	(£197)
Oldfield Primary School	£682,727	(£4,493)	£4,522	£4,300	£29	(£194)
South Ascot Village School	£579,621	(£3,815)	£4,522	£3,650	£707	(£164)
St Edmund Catholic Prima	£1,003,190	(£6,602)	£4,522	£6,318	(£2,080)	(£284)
St Edward's Catholic First School	£618,634	(£4,071)	£4,522	£3,896	£451	(£175)
St Luke's CE Primary School	£682,727	(£4,493)	£4,522	£4,300	£29	(£194)
St Mary's Catholic Primary School	£833,205	(£5,484)	£4,522	£5,247	(£962)	(£236)
St Michael's CE Primary School	£593,554	(£3,906)	£4,522	£3,738	£616	(£168)
St. Francis Catholic Primary	£582,408	(£3,833)	£4,522	£3,668	£689	(£165)
The Queen Anne RF CE First	£387,343	(£2,549)	£4,522	£2,439	£1,973	(£110)
The Royal School	£281,451	(£1,852)	£4,522	£1,773	£2,670	(£80)
Trinity St Stephen CE First	£365,050	(£2,403)	£4,522	£2,299	£2,119	(£103)
Waltham St. Lawrence CP School	£326,037	(£2,146)	£4,522	£2,053	£2,376	(£92)
Wessex Primary School	£1,125,803	(£7,409)	£4,522	£7,090	(£2,887)	(£319)
White Waltham C of E Academy	£576,834	(£3,796)	£4,522	£3,633	£726	(£164)
Woodlands Park Primary School	£303,744	(£1,999)	£4,522	£1,913	£2,523	(£86)
Wraysbury Primary School	£916,805	(£6,034)	£4,522	£5,774	(£1,512)	(£260)
Dedworth Middle School	£1,533,212	(£10,088)	£9,772	£9,685	(£316)	(£403)
ST PETERS C.E. MIDDLE SCHOOL	£768,404	(£5,056)	£9,772	£4,854	£4,716	(£202)
St. Edward's Royal Free Ecumenical	£1,266,051	(£8,330)	£9,772	£7,998	£1,442	(£333)
Trevelyan School	£1,482,153	(£9,752)	£9,772	£9,363	£20	(£389)
ALTWOOD CE SCHOOL	£2,944,765	(£19,384)	£15,022	£18,604	(£4,362)	(£780)
CHARTERS SCHOOL	£4,980,813	(£32,787)	£15,022	£31,466	(£17,765)	(£1,322)
CHURCHMEAD C of E (VA) SCHOOL	£2,378,355	(£15,658)	£15,022	£15,020	(£636)	(£638)
Cox Green School	£3,263,872	(£21,484)	£15,022	£20,622	(£6,462)	(£862)
Desborough School	£2,095,604	(£13,798)	£15,022	£13,229	£1,224	(£568)
Furze Platt Senior School	£4,068,472	(£26,781)	£15,022	£25,704	(£11,759)	(£1,077)
Newlands Girls School	£3,844,194	(£25,305)	£15,022	£24,285	(£10,283)	(£1,021)
The Windsor Boys' School	£2,944,715	(£19,391)	£15,022	£18,579	(£4,369)	(£812)
Windsor Girls' School	£2,382,978	(£15,692)	£15,022	£15,035	(£670)	(£657)
Primary	£25,956,158	(£170,828)	£203,490	£163,469	£32,662	(£7,358)
Middle	£5,049,821	(£33,227)	£39,088	£31,900	£5,861	(£1,328)
Secondary	£28,903,769	(£190,280)	£135,198	£182,545	(£55,082)	(£7,736)
Total	£59,909,748	(£394,336)	£377,776	£377,914	(£16,560)	(£16,422)