

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	20 January 2014	AGENDA ITEM:	05
Title:	Indicative 2014-15 DSG Settlement and update on 2014-15 Schools Budget		
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1 SUMMARY AND PURPOSE

1.1 This paper presents updated proposals on the 2014-15 Schools Budget and follows on from a provisional budget paper discussed at Schools Forum on the 11 December 2013. It sets out:

- the latest estimates of funding available in 2014-15 taking account the Education Funding Settlement announced by the DfE on 18 December 2013
- RBWM's expenditure plans for 2014-15 on services within the Schools Budget
- a summary of the movements between the 2013-14 base budget and the proposed 2014-15 budget.
- The 2014-15 formula budget to be submitted to the EFA on 21 January 2014, subject to any changes agreed.
- seeks Schools Forum approval for proposed de-delegated budgets and specific central expenditure budgets as required by Schools Finance Regulations.

RECOMMENDATIONS

Schools Forum is asked :

- 1.2 **To comment on the contents of the paper, and to give a view on any matters arising from it.**
- 1.3 **To approve, by phase, the de-delegation amounts and rates set out in table 12 below as required by Regulations.** (Voting is limited to maintained primary and secondary representatives only).
- 1.4 **To approve the central budgets within the Schools Block, set out in table 13, as required by the Regulations.**
- 1.5 **To approve the central expenditure budget for under 5s set out in table 16, as required by the Regulations.**

2 BACKGROUND

2.1 The Schools Budget is made up of delegated schools' budget shares (the Individual Schools Budget or ISB), de-delegated budgets, and centrally retained budgets. It is mainly funded by the Dedicated Schools Grant (DSG), but also by other sources of funding from the EFA such as funding for post 16 pupils and pupil premium. The DSG is allocated in three notional blocks:

- **Schools Block** - based on the October 2013 pupil census;
- **Early Years Block** - based on the January 2014 early years census, and updated for the January 2015 pupil count
- **High Needs Block** - based on the 2013-14 high needs block allocation

2.2 Local authorities (LAs) can move funding between the blocks provided that they comply with requirements on the Minimum Funding Guarantee (MFG) and have the agreement of Schools Forum on relevant central expenditure levels.

2.3 The proposals in this paper reflect RBWM's updated plans for distributing funding between the blocks and the anticipated level of 'headroom'¹ based on our best estimate at this stage of the funding that is likely to be available. On 18th December, the EFA announced provisional 2014-15 DSG allocations and issued the October 2013 datasets which will be used to populate the 2014-15 funding formula. Figures in this report are based on the latest information provided by the EFA. Finalised High Needs Block funding allocations will be announced in March once the EFA have reviewed Local Authorities' High Needs places returns submitted on 23 December 2013.

2.4 **Annex A** summarises the funding changes and the proposed expenditure budget movements between the 2013-14 baseline and the indicative 2014-15 budget and shows their impact on 'headroom'.

3 FUNDING

Schools and Early Years Block

3.1 The December announcement confirmed the October 2013 pupil numbers as shown in Table 1. This reflects an overall net increase of 79 (0.4%) primary and secondary pre-16 pupils compared with October 2012. An increase of 261 primary pupils (2.8%) is offset by a reduction of 181 (-2.1%) secondary pupils.

Table 1: Pupil numbers

	Schools Block			Early Years Block		
	2014-15	2013-14	Change	2014-15	2013-14	Change
PVIs				1,102	1,102	0
Nursery				151	151	0
Primary	9,618	9,357	261	289	289	0
Secondary	8,294	8,475	(181)			
Total	17,912	17,832	80	1,542	1,542	0

3.2 The DfE has confirmed that the Schools Block per pupil unit of funding and the Early Years Block per pupil unit of funding for 2014-15 will remain the same as in 2013-14. Applying these rates to the October 2013 pupil numbers results in an initial DSG allocation for 2014-15 of £84.016 million (excluding the High Needs Block allocation and before additions and deductions), an increase of £0.346 million compared with 2013-14 (table 2).

¹ 'Headroom' is the balance of funding available for redistribution to schools or to central budgets once known commitments have been accounted for.

Table 2: Schools Block and Early Years Block allocations

	Per pupil unit of funding	Pupil Numbers Oct 2013	Pupil Numbers Oct 2012	2014-15 DSG allocation £m	2013-14 DSG allocation £m
Early Years Block	£4,247.85	1,542	1,542	£6.550	£6.550
Schools Block	£4,324.81	17,912	17,832	£77.466	£77.120
Total				£84.016	£83.670

- 3.3 The Early Years block allocation for 2014-15 will be determined by the number of three and four year olds at the January 2014 count, adjusted later in the year by January 2015 numbers. The Early Years Block settlement announced in December is an indicative allocation based on January 2013 numbers and will change.

High Needs Block

- 3.4 The High Needs Block allocation is not based on pupil numbers. It is based on the 2013-14 cash allocation which in turn reflected actual expenditure on high needs in 2012-13, adjusted for baseline changes resulting from the new funding reforms. The December settlement identified a provisional high needs allocation of £15.343 million. For 2014-2015 the high needs block has been calculated in two sub blocks: schools and post schools. This is a change from last year when it was calculated as pre and post 16, and reflects the EFA belief that it is most helpful to look at high needs funding for schools as a whole.
- 3.5 Local authorities were required to inform the DfE by 23 December 2013 the number of pre and post 16 high needs places they planned to commission for September 2014. Final High Needs Block allocations will be confirmed in March 2014, once the EFA has reviewed these place returns. The provisional 2014-15 High Needs Block allocation announced in December does not include funding for growth in places for September 2014 submitted on the December returns. The EFA has indicated there may be some funding for this growth resulting from the places review.
- 3.6 In 2013-14 a deduction of £323k was also made to the DSG for the transfer of place funding to non-maintained special schools. The high needs expenditure base budget already reflects this reduction, but the DfE has not yet reduced the grant allocation although it intends to do so in the March settlement. We currently estimate that this deduction will be at a similar level as last year. Table 3 shows the indicative high needs 2014-15 allocation as notified in the December announcement and taking account of this estimated deduction.

Table 3 High Needs Block Provisional Settlement 2014-15	2014-15	2013-14	Change
	£m	£m	£m
High needs block pre-16 funding baseline (£million)	14.299	14.671	
Post 16 high needs in schools funding	0.363		
Share of £7m grant previously paid direct to NMSS	0.074	0.074	
Adjustments		(0.008)	
2014-15 high needs block - school	14.736	14.737	(0.001)
Post school post 16 high needs funding	0.607	0.324	0.283
Growth in high needs places		0.146	(0.146)
Total 2014-15 high needs block	15.343	15.207	0.136
Place funding transferred to NMSS	(0.323)	(0.323)	
Estimated High Needs Block	15.020	14.884	0.136

Additions for NQTs and Two Year Olds

- 3.7 As anticipated, the December settlement includes 'additional' allocations for the induction of newly qualified teachers (£27k) and for two year olds (£990k). RBWM's two year old allocation has been calculated using data on the number of eligible children, and reflects the extension of the entitlement to 40% from September 2014. The split between statutory place funding and trajectory funding, intended to support capacity building towards the 40% extension, is shown in table 4. The per child funding rate used to calculate local authorities' allocations remains at the same level as 2013-14. The DfE has confirmed that from 2015-16 two year old early learning allocations will be based on the levels of participation in each local authority. This could mean a reduction in funding in 2015-16 if uptake in RBWM is less than the expected levels on which the 2014-15 allocation is based.

Table 4 Two Year Old funding	2014-15 £m	2013-14 £m	Change £m
Statutory place funding	0.882	0.635	0.247
Trajectory funding	0.108	0.249	(0.141)
Total Two Year old funding	0.990	0.884	0.106

CRC energy efficiency scheme

- 3.8 In December Schools Forum were informed that the DfE would make a deduction to DSG allocations to compensate the Exchequer for the loss of revenue resulting from the withdrawal of schools from the Carbon Reduction Commitment scheme from April. The DfE has now confirmed that the amount to be deducted from RBWM's DSG allocation in 2014-15 is £117,274, £17k more than the previous estimate of £100k.

Summary of 2014-15 DSG settlement

- 3.9 The breakdown of the RBWM's 2014-15 provisional allocation of £100.259 million is summarised in table 5:

Table 5: DSG Provisional Settlement 2014-15 (including academies)	2014-15 £m	Early Years Block £m	Schools Block £m	High Needs Block £m	2013-14 £m	Change £m
Early Years Block (from table 2)	6.550	6.550			6.550	0
Schools Block (from table 2)	77.466		77.466		77.120	0.346
High Needs Block (from table 3)	15.343			15.343	15.207	0.136
Additions and deductions						
• 2 Year Old Funding	0.990	0.990			0.884	0.106
• NQT Induction	0.027		0.027		0.027	0
• CRC deduction	(0.117)		(0.117)		0	(0.117)
Total provisional DSG settlement (Dec 2013)	100.259	7.540	77.376	15.343	99.788	0.471
• Estimated place funding transfer to non-maintained special schools	(0.323)			(0.323)	(0.323)	0.0
Estimated DSG 2014-15 (incl academies)	99.936	7.540	77.376	15.020	99.465	0.471

Expected further changes to the 2014-15 DSG settlement High Needs Block

- 3.10 The DfE has also indicated that further adjustments to the DSG allocation for the High Needs Block will be made in March:

- to deduct funding for both pre and post 16 high needs places which are funded outside of the DSG. We anticipate this deduction to be around £226k.
- baseline changes in funding for high needs places as a result of the December 2013 commissioning return to the EFA. Our return to the EFA indicated a net increase of 23 in pre and post 16 high needs places from September 2014. 16 of this increase in places relates to the expansion of school places at Manor Green. It was reported at the Schools Forum in December that the school's provisional delegated budget (based on the number of places) and the top-up budget to fund costs over £10,000 per place, have been increased to meet the additional support costs related to this school expansion (see section 5 "Changes to Other Central Budgets"). The EFA has made no firm commitment to fund growth in high needs places, but £100k additional grant is assumed for the purpose of the 2014-15 Schools Budget.

3.11 Continuing changes to the High Needs funding arrangements make it difficult to predict the finalised High Needs Block allocation for 2014-15. The final allocation in March is likely to be different from our estimate at 3.10 above. Based on these assumptions, however, our best estimate of RBWM's 2014-15 finalised DSG allocation is a total of £99.810 million.

Table 6: Estimated Finalised DSG Settlement 2014-15	2014-15 £m	Early Years Block £m	Schools Block £m	High Needs Block £m
Total provisional DSG settlement (Dec 2013) (table 5)	100.259	7.540	77.376	15.343
Estimated place funding transfer to non-maintained special schools	(0.323)			(0.323)
Estimated deduction for high needs places funded outside of DSG	(0.226)			(0.226)
Estimated increase for High Needs growth	0.100			0.100
Estimated finalised DSG 2014-15 settlement	99.810	7.540	77.376	14.894

Post 16 funding from the Education Funding Agency (EFA)

3.12 Funding for sixth form pupils will continue to be calculated by the EFA and passported directly to schools by the LA. Post 16 funding is in addition to DSG. At this time we do not have updated information on the post 16 allocation for 2014-15. For now, we propose to use the baseline figure that was used in the 2013-14 Section 251 budget statement, adjusted for the loss of £102k grant historically related to threshold teachers grant which is being phased out for 2014-15, as reported to Schools Forum in December.

Use of accumulated DSG surplus and projected outturn 2013-14

3.13 In December, Forum members agreed a proposal to reduce school base budgets and central budgets by £500k. This had previously been funded by an allocation from the DSG accumulated surplus. Forum also agreed to allocate £418k of the remaining £568k unallocated surplus brought forward from 2012-13 to schools and early years providers as a one-off allocation in 2014-15 only. As agreed, proposals for the use of the remaining £150k surplus (£568k-£418k), adjusted for any over- or underspend from the 2013-14 budget, will be brought to Forum to consider in the new financial year.

Pupil Premium

- 3.14 Pupil premium funding is outside of the DSG. School allocations are in addition to individual budget shares calculated via the schools funding formula. Confirmed pupil premium rates for 2014-15 are shown in table 7. Based on January 2013 pupils and these new rates, schools will receive £3.136 million through pupil premium in addition to their formula allocations. Final allocations will be updated for January 2014 pupil numbers.

Table 7 – Pupil Premium	2013-14 per pupil rate	2014-15 per pupil rate	Jan 2013 pupils	2014-15 indicative allocations £m
Pupil premium – deprivation (primary)	£900	£1,300	1304	£1.696
Pupil premium – deprivation (secondary)	£900	£935	1260	£1.179
Pupil premium – children in care	£900	£1,900	90	£0.171
Pupil premium – service children	£300	£300	300	£0.090
				£3.136

Source: DfE Indicative 2014-15 allocation tables published 12 Dec 2013

Summary of funding

- 3.15 The total estimated funding for 2014-15 based on the funding streams described above is £109.094m with an additional £3.136m for pupil premium (table 8):

Table 8: Funding available for 2014-15 (incl. academies)	2013-14 £m	2014-15 £m
Provisional 2014-15 DSG before Academy recoupment 2014-15 as per Dec 2014 settlement (from table 5)	99.464	100.259
Estimated further adjustments (table 6)		(0.449)
EFA Post 16 Funding 2014-15 (based on 13-14 figures less reduction in grant (para 3.12))	9.102	9.000
Allocation to schools from DSG surplus 2013-14 (para 3.13)	0.500	
Non-recurring allocation from DSG surplus (para 3.13))		0.418
Total funding available to Schools Budget	109.066	109.228
Pupil Premium (para 3.14)	2.595	3.136

4 EXPENDITURE 2014-15

- 4.1 The next section of this paper summarises the expenditure budgets supported by the funding streams described in table 8 including:

- Individual School Budget based on October 2013 pupil count and updated DfE data
- De-Delegated services
- Centrally retained expenditure in the Schools Block (including historic commitments, statutory functions, and contributions to combined budgets)
- Early Years expenditure
- Pressures and savings.

Changes to Individual Schools Budget (ISB)

- 4.2 The first draft funding formula submitted to the EFA on 31 October 2013 included the changes to the formula that schools were consulted on in the Autumn. These changes included an increase in the proportion of funding allocated through deprivation factors, and a new factor for children in care, with a corresponding decrease in pupil led funding

(AWPU) to ensure the overall impact of these changes would be cost neutral. These changes were confirmed at the December 2013 Schools Forum.

4.3 Since the December meeting, other changes have been built into the formula:

- New information from the DfE about the October 2013 School Census and other data to be included in the formula. The impact of these data changes is shown in table 9:

	Unit Rate Submitted to EFA on 31 st October 2013	Change in Count between October 2012 and October 2013	Cost of change to ISB £000
Primary Basic Per Pupil Entitlement (BPPE)	£2,786.64	297	828
KS3 BPPE	£3,865.43	-141	(545)
KS4 BPPE	£4,523.55	-84	(380)
Primary FSM Ever 6	£447.00	25	13
Secondary FSM Ever 6	£336.33	20	9
Primary IDACI	£306.30	82	25
Secondary IDACI	£358.70	-57	(21)
Primary SEN - Low Prior Attainment	£1,773.82	104	184
Secondary SEN - Low Prior Attainment	£1,504.19	-152	(229)
Primary EAL	£323.12	73	23
Secondary EAL	£987.92	-7	(7)
Children in Care	£1,900.00	11	20
Total of pupil changes to ISB			(80)

4.4 Schools Forum Members will note the increase in Primary pupil numbers in table 9 and the reduction in pre 16 secondary pupils. This reflects the demographic pressure that the Borough is experiencing in primary places. The primary low prior attainment data now includes the new dataset for year 1 pupils 'not achieving a good level of development' in the Early Years Foundation Stage Profile. Pupils in Year 2-6 reflect those with scores of less than 78 under the old profile.

4.5 Other changes include:

- A reduction of £33 per KS4 pupil to write out the loss of EFA grant (see para 3.12).
- The reduction of £500k from based budgets (£390k in the primary and secondary ISB) and the one-off allocation of £418k in 2014-15 (£378k for primary and secondary) (see para. 3.13 above). The one-off funding has been allocated partly through AWPU and partly through the lump sum.

	Primary AWPU	KS3 AWPU	KS4 AWPU	Lump sum
Unit Rate Submitted to EFA on 31-10-13	£2,787	£3,865	£4,524	£120,478
Reduction to KS4 for loss of grant			(£33)	
Share of £500k from base budgets	(£19)	(£25)	(£30)	
One-off allocation from £418k surplus	£7	£12	£14	£3,000
Revised Unit rate before allocation of headroom	£2,777	£3,852	£4,475	£123,478

- 4.6 The changes described in paragraphs 4.2 to 4.6 above result in a revised formula allocation of £75.966 million for pre 16 primary and secondary pupils before the allocation of any funding from headroom. The ratio of primary to secondary funding, (calculated as total funding divided by total pupils) is 1:28. A summary of the changes between the 2013-14 pro forma, the 2014-15 pro forma submitted on 31 October 2013, and the updated 2014-15 pro forma (before allocation of headroom), is attached at **Annex B**.

Minimum Funding Guarantee and capping of gains

- 4.7 The Minimum Funding Guarantee ensures that schools receive a minimum of 98.5% of the per pupil funding they received in the previous year. The funding required under the 2014-15 new formula to bring schools up to this minimum is £547k. This compares with £805k allocated through MFG in 2013-14. 20 schools receive MFG top-up in 2014-15, two fewer than last year. As before, the cost of MFG is funded by schools which gain under the new formula, by way of a cap on budget increases per pupil. In order to recover £547k from gaining schools, this cap is set at 2.23%. This means that schools with gains of less than 2.23% per pupil will receive the full increase. Schools with increases of 2.23% and above will have those gains capped at 2.23%. The proposal to allocate headroom to schools, discussed later in this report, has the effect of further reducing the funding allocated through MFG and of increasing the amount by which gaining schools can gain (see table 19).

De-delegated Services

- 4.8 In order to give head teachers greater choice over how to spend their budgets, LAs are required to delegate certain budgets within the schools block² that prior to April 2013 were held centrally. Where there is evidence that economies of scale can be achieved or there is an opportunity to pool risk across a larger number of schools, maintained schools can choose to return (or 'de-delegate') funding to the LA so that the LA can provide those services centrally. Although 'de-delegation' is not open to academies, they may purchase these services on a traded basis where the provider is able to offer them.
- 4.9 In 2013-14 members of the Forum agreed to de-delegate £431k for the services shown in table 11. Detailed information on these services were provided to School Forum at the December meeting. Schools Forum members were also informed of a proposal to increase this amount in 2014-15 by £88k to £519k to ensure that the total amount of pooled funding was sufficient to deliver viable services. Table 11 shows the slightly revised budget requirement of £514k using the October 2013 pupil count and taking account of new arrangements for licenses announced in December.
- 4.10 On 19th December 2013 the DfE advised LAs that from 2014-15 a single national license for the following agencies would be purchased and managed centrally by DfE on behalf of all state funded schools.
- Copyright Licensing Agency (CLA)
 - Music Publishers Association (MPA)
 - Newspaper Licensing Authority (NLA)
 - Education Recording Agency (ERA)
 - Motion Picture Licensing Company (MPLC), and
 - Filmbank Distributors Ltd. (for the PVSL)
- 4.11 This extends the current arrangement in place for Copyright Licensing Agency (CLA) and Music Publishers Association (MPA). Next year, the DfE will charge LAs centrally for

² The full list is: contingencies (including schools in financial difficulties, behaviour support services, support to underperforming ethnic groups and bilingual learners, free school meals eligibility, insurance, museum and library services, licenses/subscriptions, staff costs supply cover (e.g. long term sickness, maternity, trade union duties).

these licenses. RBWM already holds £37k centrally for MPA and CLA licenses (line 1.4.12 in Annex A). An additional £15k has been budgeted for the cost of the new licenses. Part of this additional cost is offset against the amount required for licenses under the de-delegation process resulting in a reduction to the rate of de-delegation.

Table 11 Proposed de-delegation amounts 2014-15

	Total De-delegated 2013-14 £000	Total De-delegated 2014-15 £000	Reason for change in total pooled amount
Contingency for exceptional unforeseen costs	£39	£80	Applications to Contingency Panel are unpredictable. Budget increase provides cushion for making allocations.
Behaviour Support	£95	£96	No change to existing service provision
Staff costs supply cover – maternity and union duties	£243	£318	Budget is currently predicted to overspend by £75k. Budget increase reflects this increase in 'demand'.
Licenses / subscriptions	£54	£20	Reduced funding requirement for de-delegated licenses budget reflecting new central management arrangements for payment of Copyright, Music Publishers and other licenses.
Total	£431	£514	

- 4.12 Services may only be provided centrally with the agreement of maintained schools members of the Forum (by phase). Approval must be given each year and is binding on all maintained schools in the relevant sector. The consequence of not approving de-delegation proposals is that schools which want to secure these services will need to purchase them either from external providers, or internally on a traded basis. Table 12 shows the total amount to be de-delegated and the proposed rates of de-delegation for 2014-15. Note that the amount to be de-delegated per school for licenses has reduced from £335, as notified at the December Forum meeting, to £150.

Table 12: De-delegation amounts and rates for maintained primary and secondary schools

	Primary Total De-delegated 2014-15 £000	Secondary Total De-delegated 2014-15 £000	Pri and Sec rate of de-delegation 2014-15	Pri and Sec rate of de-delegation 2013-14
Contingency for exceptional unforeseen costs	£54	£26	£6.25 per pupil	£3.00 per pupil
Behaviour Support	£57	£39	£31 per pupil in IDACI Band 1-6	£34 per pupil in IDACI Band 1-6
Staff costs supply cover – maternity and union duties	£214	£104	£25 per pupil	£1 per pupil plus £4,600 per school
Licenses / subscriptions	£15	£5	£1 per pupil plus £150 per school	£5 per pupil
Total	£340	£174		

RECOMMENDATION

- 4.13 **Forum Members representing primary and secondary maintained schools are recommended to approve, on behalf of all maintained schools in their sector:**

- that funding for each of the services detailed in table 12 above should be returned to the centre so that the LA can provide these services centrally.
- the amounts, methodology and rates for de-delegating funding for each of these services shown in table 12.

Other Centrally Retained Services

- 4.14 Local Authorities are also required to seek approval from their Schools Forum to retain central funding in the Schools Block for a number of specific services. These services fall into two categories:
1. Services which can be centrally retained before allocating to schools through the funding formula
 2. Services which can be centrally retained before allocating to schools through the funding formula but no new commitments or increases in expenditure from 2013-14 are allowed³.
- 4.15 2014-15 proposals for these budgets remained mainly unchanged from the information provided at the December Schools Forum meeting and are replicated in Table 13.

Table 13: Central services

	2013-14 £000	Proposed 2014-15 £000	Notes
Category 1 – can be retained before allocating through the funding formula			
Funding for significant pre-16 pupil growth.	£302	£562	Includes funding to meet the cost of additional classes set up part way through the financial year in response to basic need. The budget increase reflects RBWM's primary expansion plans.
Licenses managed centrally by the DfE for all schools in England.	£37	£52	Increase reflects the new license arrangements described at para 4.10.
Carbon reduction commitment	£100	£0	The reduction to £nil reflects the removal of schools from the CRC arrangements. The DfE has made a corresponding reduction to LAs' DSG allocations (para 3.8)
Total category 1	£439	£614	

Category 2 – Combined services			
Support in managing persistent absence among high needs pupils	£42	£0	Expenditure on this function is normally targeted at high needs children and will be funded from the high needs block in 2014-15.
Discretionary education psychology services	£104	£104	No change
Parent Partnership	£49	£60	The additional £11k for Parent Partnership reflects the increased responsibilities from changes in SEN legislation arising from the Children & Families Bill
Early Help and Social Care	£104	£104	Expenditure on social care support for schools.
Total combined services	£299	£268	

³ Category 2 services deal with 'contribution to combined services budgets', historic commitments, and statutory functions. Expenditure on combined services is relates to functions normally funded by the Local Authority, not Dedicated Schools Grant, where there is a clear educational benefit.

Category 2 – Historic commitments and statutory functions			
School admissions	£318	£278	£40k of this budget is earmarked for supporting hard to place pupils under the Fair Access arrangements. This budget has been reclassified under 'support for inclusion'.
Servicing of Schools Forum	£49	£39	Reduction reflects share of £500k removed from central base budgets
Capital Expenditure funded from revenue (CERA)	£96	£0	This is a change from the figures reported in December. The reduction reflects the changes in RBWM's IT support arrangements for schools. It is proposed to reallocate the budget to schools.
Total historic and statutory	£463	£317	

RECOMMENDATION

- 4.16 **In line with School Finance Regulations, Schools Forum members are recommended to approve the 2014-15 central schools block budgets shown in table 13.**

Early Years

- 4.17 Early Years budgets support:
- Funding for 3 and 4 year olds through the Early Years Single Funding Formula (in nursery schools, nursery classes and private, voluntary and independent settings)
 - expenditure to reflect the national requirement to provide free entitlement for 2 year olds.
 - centrally held funding in support of Early Years. Schools Forum approval is required for central expenditure on Under 5s.

Early Years Single Funding formula for 3 and 4 year olds

- 4.18 The provisional 2014-15 Early Years Single Funding Formula budgets are as shown in table 14 and have been based upon the existing 2013-14 expenditure levels.

Table 14: Funding for 3 and 4 Year Olds	£000
Maintained Nursery Schools	£981
Nursery Classes in Maintained Schools	£1,258
Private, Voluntary and Independent providers of Nursery Education	£4,091
Subtotal Free Education for 3 & 4 year olds	£6,330

- 4.19 Rates used in the Early Years Single Funding Formula (EYSFF) will remain the same as for 2013-14. More information on the rates and pupil numbers within the EYSFF for 3 and 4 year olds will be brought to the March Schools Forum once the January 2014 early years census has been finalised.

2 Year Olds

- 4.20 Paragraph 3.7 of this report confirmed that the provisional funding in the DSG earmarked for two years olds for 2014-15 has increased by £106k from £884k to £990k to reflect the extension to the 2 year old free entitlement. In 2013-14 £696k was allocated in the base budget to meet the costs of expected demand and central support costs. This was less than the total two year old allocation because the numbers of pupils taking up of the new free 2 year old entitlement was expected to be less than provided for in the Borough's DSG settlement.

- 4.21 The DfE's 2014-15 allocation for statutory places is based on 177 pupils from April 2014 and 334 from September 2014. Officers consider that uptake for the free entitlement in 2014-15 will be no more than the equivalent of 240 pupils for 38 weeks⁴. The budget requirement for this level of uptake is £725,000 based on the existing rate of £5.30 per hour, an increase of £109k on the base budget. The DfE allocation also includes £108k 'trajectory funding', to support the process of building capacity in the market. This funding is proposed to be allocated as an uplift to the central expenditure budget for under 5s. The proposed allocation of the 2 year old funding is shown in table 15.

Table 15: Allocation funding for the Free Entitlement for 2 Year olds	2013-14 £000	2014-15 £000	Change £000
Statutory place funding @ £5.30 per hour	£616	£725	£109
Central expenditure in support of Early Years provision	£80	£80	£0
Trajectory funding	£0	£108	£108
2 Year Old Free Entitlement Total	£696	£913	£217
DSG funding for 2 YOs (from table 4)	£884	£990	£106
Funding allocated to non 2 year old budget	£188	£77	(£111)

- 4.22 Members of Forum will note that the anticipated cost of implementing the 2 year old entitlement in 2014-15 is less than DSG allocation. In 2013-14, £188k was redistributed amongst the various DSG budget headings. In 2014-15, the £111k reduction in funding available for other budgets is a call on headroom.

Centrally Held Budgets in support of Early Years

- 4.23 Table 15 above identified a central expenditure budget of £80k in support of Early Years provision and £108k held centrally for building capacity. The Early Years block also contains a central expenditure base budget of £22k relating to services for maternity cover, licenses, contingency etc. which have been delegated in primary schools. Delegation is not available to schools funded through the EYSSF.
- 4.24 Table 16 summarises the Early Years budgets described in paragraphs 4.17 to 4.23 above:

Table 16: Early Years budgets	2013-14 £000	2014-15 £000
Free Entitlement to 3 and 4 year olds	£6,330	6,330
Statutory place funding for two year olds	£616	725
Direct provision of free entitlement	£6,946	7,055
Central expenditure on Early Years including 'capacity building' for two year olds (line 1.3.1 of Annex A)	£102	£210
Total Early Years	£7,048	£7,265

RECOMMENDATION

- 4.25 Members of the Forum are recommended to approve the central expenditure figure of £210k shown in table 16.**

⁴ Note that 240 pupils for 38 weeks equates to around 330 pupils by March 2015 assuming the new pupils enter the system at an even rate over the course of the year.

5 CHANGES TO OTHER CENTRAL BUDGETS

- 5.1 A number of budgets within the DSG have underspent in recent years. Realigning these budgets in 2014-15 will have the effect of releasing funding to meet new budget pressures that are expected for 2014-15. Table 17 summarises these expected savings and pressures. The table identifies a total of £510k that can be released from savings and underspending budgets in 2014-15 to help meet expected new pressures of £959k, leaving an unmet pressure of £449k as a call on headroom. Around £295k of this results from planned expansion of special school places at Manor Green for which only £100k of additional funding is assumed (see para 3.10).

Table 17: provisional budget pressures and savings

High Needs Block savings

Service area	Budget £000	Saving £000	How will saving be achieved
Support for Inclusion	866	(160)	Recurring underspends, vacant posts and other efficiency savings from underspending budgets
SEN Support Services	913	(50)	Income from other Local Authorities not previously budgeted for.
High Needs pupils in non maintained special schools	5,040	(300)	Budget realignment of underspending budgets based on latest projection of high needs pupils and estimated costs of placements
		(£510)	

High Needs Block pressures

Service area	Budget £000	Pressure £000	Notes
SEN Support Services	913	58	Provision of Occupational therapy as part of an SEN statement which has previously been funded from the LA Budget.
Special School / PRU ISB	2,236	160	Proposed increase of pre16 (RBWM & OLA) and RBWM post-16 places at Manor Green at £10k per place.
Top-up funding for high needs pupils in maintained providers	4,841	337	Increased top-up funding additional RBWM places at MG at average top-up rate of £16k per pupil. Increased top-up funding in PRU.
Support for Inclusion	866	144	Portage and Family Key workers to provide educational support to families of pupils with SEN. Overspending Fair Access budget.
		699	

Schools Block pressures

Pupil growth fund	302	260	Additional requirement from growth fund for allocations to expanding schools.
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Total savings	(£510)
Total Pressures	959
Net pressures	449

6 HEADROOM

- 6.1 The overall effect of the funding estimates and provisional expenditure proposals for 2014-15 described in sections three to five above is an unallocated 'headroom' balance of £150k which we now propose to allocate back to schools. A proportional uplift to the AWPU rates would result in new AWPU rates as shown in table 18.

Table 18: Uplift to AWPU rates after allocation of £150k headroom	Primary AWPU	KS3 AWPU	KS4 AWPU
Unit Rate (from table 10)	£2,777	£3,852	£4,475
Increase per pupil from headroom	£7	£10	£12
Finalised unit rate for pro forma 21-01-13	£2,784	£3,862	£4,487

- 6.2 The effect of this allocation on the ISB as a whole is shown in table 19:

Table 19: Impact of allocation of £150k headroom on ISB	Before allocation of headroom	After allocation of headroom	Change
Total Individual Schools Budget	£75.966m	£76.116m	£0.150m
MFG top-up required from top-slice of gaining schools	£0.547m	£0.510m	(£0.037)
Capping rate per pupil on gaining schools	2.23%	2.76%	0.53%
Ratio of primary to secondary funding	1:1.28	1:1.28	No change

- 6.3 Item 4 on the agenda provides a copy of the 2014-15 pro forma which takes account of the £150k allocation of headroom to schools. Subject to any changes agreed as a result of this paper, this will be the finalised pro forma to be submitted to the EFA on 21 January 2014.

7 MOVEMENT IN FUNDING BLOCKS

- 7.1 Table 20 analyses the distribution of the total funding of £109.288 million in 2014-15 between the Early Years, High Needs and Schools Blocks after the allocation of headroom to schools, and shows the change between the blocks compared with 2013-14. This movement is analysed in more detail in **Annex C**.

Table 20 – Movement in Funding Blocks	2013-14 £m	2014-15 £m	Change £m
Early Years Block	£7.160	£7.264	£0.104
High Needs Block	£15.577	£15.650	£0.073
Schools Block	£86.330	£86.314	(£0.016)
Total expenditure	£109.067	£109.228	£0.161

8 IMPACT OF ACADEMY SCHOOLS

- 8.1 If the proposals contained in this paper are agreed, then there will be a DSG reduction of £23.274 million in relation to academy schools as shown in table 21. This relates to the delegated funding which academies would receive through the funding formula if they were maintained schools and which now includes all central schools funding, such as contingency funding, funding for behaviour support, and funding for maternity / supply. The EFA will use the RBWM funding formula, as submitted on 21 January 2014, to calculate academy budgets, and the EFA remains responsible for both calculating academy budgets and notifying them of their final allocations.

School	£m
Lowbrook Academy	£0.917
White Waltham C of E Academy	£0.747
Datchet St. Mary's School	£0.846
Desborough College	£2.285
Charters School	£5.529
Furze Platt Senior School	£4.672
Cox Green School	£3.845
Altwood CE School	£3.321
St Mary's Catholic Primary School	£1.112
Total	£23.274

Budget movements between 2013-14 and Indicative 2014-15 Schools Budget

(Positive = budget increase, negative = budget decrease)

Summary of budget movements 2013-14 to 2014-15 for Schools Forum 20-01-13

SCHOOLS BUDGET before Academy recoupment	Finalised Schools Budget July 2013	DSG settlement 18-12-13 Schools Block	DSG settlement 18-12-13 High Needs Block	DSG settlement 18-12-13 Two Year Old Funding	DSG settlement 18-12-13 CRC Deduction	DSG settlement Estimated increase for High Needs growth	DSG settlement Estimated deduction for academy place funding	ISB January pro forma	New DfE arrangement for licenses	Remove CRC budget	Central schools expenditure budget changes	Budget re-classifications	Savings £000	Budget pressures £000	2014-15 indicative Schools Budget	Movement compared to 2013-14
		Table 2	Table 3	Table 4, table 15	Para 3.8	Table 6	Table 6	Para 3.12, 3.13, para 4.2-4.7, table	Para 4.11, table 13	Table 13	Table 13		Table 17	Table 17	£000	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Delegated budget																
1.0.1 Individual Schools Budget - Pri & Sec Pre 16	75,699							(246)							75,453	(246)
1.0.1 Resource Unit Place funding Pri and Sec	587						(226)								361	(226)
1.0.1 Individual Schools Budget - Sec Post 16	8,999														8,999	0
1.0.1 Individual Schools Budget - Special / AP	2,236							0					(13)	160	2,383	147
1.0.1 Individual Schools Budget - Early Years	6,601			109				0					344		7,055	453
De-delegated budget																
1.1.1 Contingencies	39							41							80	41
1.1.2 Behaviour support services	96							0							96	0
1.1.7 Licences/subscriptions	54							(34)							20	(34)
1.1.8 Staff costs - supply cover & union duties	243							75							318	75
High Needs Budget																
1.2.1 Top up funding - maintained providers	4,841											(11)		337	5,167	326
1.2.2 Top up funding - academies and free schools	617														617	0
1.2.3 Top up funding - independent providers	5,566							(60)					(300)		5,206	(360)
1.2.5 SEN support services	913												(50)	58	921	8
1.2.6 Support for inclusion	866										82	40	(160)	144	972	106
1.2.8 Hospital education services	23														23	0
Early Years central budgets																
1.3.1 Central expenditure on children under 5	486			108									(384)		210	(276)
Central Provision within Schools Budget																
1.4.1 Contribution to combined budgets	299											(31)			268	(31)
1.4.2 School admissions	318											(40)			278	(40)
1.4.3 Servicing of schools forums	49							(10)							39	(10)
1.4.5 Carbon reduction commitment allowances	100									(100)					0	(100)
1.4.6 Capital expenditure from revenue (CERA)	96											(96)			0	(96)
1.4.10 Pupil growth/ Infant class sizes new	302													260	562	260
1.4.12 Exceptions agreed by Sec of State	37								15						52	15
Headroom 2014-15	0	347	136	(111)	(117)	100		50	(15)	100	85	24	510	(959)	150	150
1.6.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)	109,066	347	136	106	(117)	100	(226)	(184)	0	0	0	0	0	0	109,228	162

Funding

DSG allocation	99,464	347	136	106	(117)	100	(226)						0		99,810	346
DSG surplus applied to baseline	500							(500)							0	(500)
One-off allocation from DSG reserves	0							418							418	418
Post 16 funding	9,102							(102)							9,000	(102)
TOTAL FUNDING	109,066	347	136	106	(117)	100	(226)	(184)	0	0	0	0	0	0	109,228	162
Pupil premium	2,595	541													3,136	541

Funding Formula Changes

Windsor and Maidenhead

		Final 2013-14				Indicative 2014-15 (Schools Forum 11 Dec 2013) Submitted to EFA 31-10-13				Indicative 2014-15 BEFORE allocation of headroom Schools Forum 20 Jan 2014			
	Agreed change for 2014-15	Amount per pupil (£)	Units	Total (£000)	(%)	Amount per pupil (£)	Units	Total (£000)	(%)	Amount per pupil (£)	Units	Total (£000)	(%)
PUPIL FUNDING													
1) Age Weighted Pupil Unit (AWPU)													
Primary (including reception)	Reduction in AWPU to fund more targeted funding for deprivation and children in care.	£2,819	10,070	£28,389	37.3%	£2,787	10,066	£28,049	36.8%	£2,777	10,363	£28,778	37.9%
Key Stage 3		£3,910	4,537	£17,742	23.3%	£3,865	4,548	£17,580	23.1%	£3,852	4,407	£16,977	22.4%
Key Stage 4		£4,576	3,161	£14,466	19.0%	£4,524	3,157	£14,281	18.8%	£4,475	3,073	£13,753	18.1%
2) Deprivation													
Primary FSM6	Increase proportion of funding allocated for deprivation by increasing FSM6 rate and IDACI flat rate	£387.62	1,301			£515.16	1,300			£515.16	1,325	£683	3.5%
Primary IDACI Score - all bands		£242.41	2,241	£2,062	2.7%	£306.30	2,239	£2,667	3.5%	£306.30	2,321	£711	3.5%
Secondary FSM6		£336.33	1,231			£447.00	1,232			£447.00	1,252	£560	
Secondary IDACI Score - all bands		£283.77	2,116			£358.70	2,118			£358.70	2,061	£739	
3) Children in care													
	New CIC factor allocating £1900 per eligible pupil	n/a		£0	0.0%	£1,900	44	£84	0.1%	£1,900	55	£104	0.1%
4) Low Cost, High Incidence SEN													
Primary LowAtt_%_PRL_78	Reduction in secondary rate to take account of wider range of pupils. Same total funding allocated.	£1,773.82	1,381	£2,450	6.7%	£1,773.82	1,380	£2,448	6.7%	£1,773.82	1,484	£2,633	6.6%
Secondary pupils not achieving (KS2 level 4 English and Maths)		£3,978.26	658	£2,619		£1,504.19	1,741	£2,619		£1,504.19	1,589	£2,391	
5) English as Additional Language													
EAL_3_PRI	No change	£323.12	1,027.63	£332	0.7%	£323.12	1,026.12	£332	0.7%	£323.13	1,099.00	£355	0.7%
EAL_3_SEC		£987.92	182.86	£181		£987.92	183.02	£181		£987.92	176.00	£174	
6) Mobility													
	No change	n/a		£0		n/a		£0		n/a		£0	0.0%
OTHER FUNDING													
7) Lump sum													
Primary	Increase in lum sum is for one year only and reflects part allocation of surplus DSG	£120,478		£5,422	7.1%	£120,478	45	£5,422	9.2%	£123,738	45	£5,568	9.5%
Secondary		£120,478		£1,566	2.1%	£120,478	13	£1,566		£123,738	13	£1,609	
8) Fringe Payments													
		n/a		£0		n/a		£0		n/a		£0	
9) Split Sites													
		n/a		£0		n/a		£0		n/a		£0	
10) Rates													
	No change			£902	1.2%			£902	1.2%			£934	1.2%
11) PFI funding													
		n/a		£0		n/a		£0		n/a		£0	
12) Sixth form													
		n/a		£0		n/a		£0		n/a		£0	
13) Exceptional circumstances													
		n/a		£0		n/a		£0		n/a		£0	
14) Minimum Funding Guarantee													
	Formula driven			£805				£549				£547	
Capping													
		2.98%		£805		2.01%		-£549		2.23%		-£547	
TOTAL FUNDING FOR SCHOOLS BLOCK FORMULA (£000)													
				£76,130	100%			£76,130	100%			£75,966	100%

Movement in Schools Block, Early Years and High Needs Block

	SCHOOLS BUDGET before Academy recoupment	2013-14 base				Indicative 2014-15 Budget				Change in blocks			
		Finalised Schools Budget July 2013 £m	Early Years Block	High Needs Block	Schools Block	2014-15 indicative Schools Budget £m	Early Years Block	High Needs Block	Schools Block	Movement compared to 2013-14 £m	Early Years Block	High Needs Block	Schools Block
Delegated budget													
1.0.1	Individual Schools Budget - Pri & Sec Pre 16	75,699			75,699	75,453			75,453	(246)			(246)
1.0.1	Resource Unit Place funding Pri and Sec	587		587		361		361		(226)		(226)	
1.0.1	Individual Schools Budget - Sec Post 16	8,999			8,999	8,999			8,999	0			0
1.0.1	Individual Schools Budget - Special / AP	2,164		2,164		2,383		2,383		219		219	
1.0.1	Individual Schools Budget - Early Years	6,673	6,673			7,055	7,055			381	381		
De-delegated budget													
1.1.1	Contingencies	39			39	80			80	41			41
1.1.2	Behaviour support services	96			96	96			96	0			0
1.1.7	Licences/subscriptions	54			54	20			20	(34)			(34)
1.1.8	Staff costs - supply cover & union duties	243			243	318			318	75			75
High Needs Budget													
1.2.1	Top up funding - maintained providers	4,841		4,841		5,167		5,167		326		326	
1.2.2	Top up funding - academies and free schools	617		617		617		617		0		0	
1.2.3	Top up funding - independent providers	5,566		5,566		5,206		5,206		(360)		(360)	
1.2.5	SEN support services	913		913		921		921		8		8	
1.2.6	Support for inclusion	866		866		972		972		106		106	
1.2.8	Hospital education services	23		23		23		23		0		0	
Early Years central budgets													
1.3.1	Central expenditure on children under 5	486	486			210	210			(276)	(276)		
Central Provision within Schools Budget													
1.4.1	Contribution to combined budgets	299			299	268			268	(31)			(31)
1.4.2	School admissions	318			318	278			278	(40)			(40)
1.4.3	Servicing of schools forums	49			49	39			39	(10)			(10)
1.4.5	Carbon reduction commitment allowances	100			100	0			0	(100)			(100)
1.4.6	Capital expenditure from revenue (CERA)	96			96	0			0	(96)			(96)
1.4.10	Pupil growth/ Infant class sizes new	302			302	562			562	260			260
1.4.12	Exceptions agreed by Sec of State	37			37	52			52	15			15
	Headroom 2014-15	0			0	150			150	150			150
1.6.1	TOTAL SCHOOLS BUDGET (before Academy recoupment)	109,066	7,160	15,577	86,330	109,228	7,265	15,650	86,314	162	105	73	(16)