

## ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	<b>09 July 2014</b>	<b>AGENDA ITEM: 06</b>
Title:	<b>2014-15 DSG Settlement - Update</b>	
Responsible officer:	David Scott, Head of Education, Strategy and Commissioning	
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### 1 SUMMARY AND PURPOSE

- 1.1 This paper summarises the main changes to the 2014-15 Dedicated Schools Grant (DSG) settlement since it was last discussed at Schools Forum on 20<sup>th</sup> January and 25<sup>th</sup> March 2014. It presents the latest 2014-15 Schools Budget plans as recorded in the Section 251 2014-15 Budget Statement and submitted to the Education Funding Agency (EFA) on 30 March, and also gives information about further anticipated funding changes that will have an impact on the 2014-15 Schools Budget.
- 1.2 Schools Forum is asked to note the contents of this paper, specifically that:
  - 1.2.1 RBWM's DSG 2014-15 allocation announced on 31 March 2014 was £99.621 million (before recoupment of academies) (table 2 col a).
  - 1.2.2 Although this is £189k less than we estimated in January 2014, this will be covered by adjusting provision for post 16 high needs places that we had previously anticipated would need to be funded from our DSG allocation, but which we now know will be funded directly by the EFA (para 5.1 note 3).
  - 1.2.3 The finalised 2014-15 DSG settlement will be announced in July 2014 and will take account of Early Years funding adjustments resulting from the January 2014 Early Years census. We estimate this adjustment to allocate an additional £378k to the Early Years Block (£378k).

### 2 FUNDING

#### **2014-15 Dedicated Schools Grant settlement announced 18 December 2013**

- 2.1 Schools Forum received a report on 20 January setting out RBWM's DSG settlement for 2014-15 as announced by the EFA on 18 December 2013. The report summarised the indicative Schools Block, Early Years Block and High Needs Block funding allocations for 2014-15 and the proposals for distributing funding to schools and central budgets. These proposals included the delegated funding for primary and secondary schools included in the final submission of the Individual Schools Budget pro forma to the EFA on 21 January 2014.
- 2.2 RBWM's 2014-15 DSG settlement announced by the DfE on 18 December 2013 and confirmed to Schools Forum on 21 January was £100.259 million (table 1).

**Table 1: DSG Provisional Settlement 2014-15 18 Dec 2013 (before academies recoupment)**

	Pupil count	Rate	2014-15 Allocation £m	Early Years £m	Schools £m	High Needs £m
Early Years Block	1,542	£4,324.81	<b>6.550</b>	6.550		
Schools Block	17,912	£4,247.85	<b>77.466</b>		77.466	
High Needs Block			<b>15.343</b>			15.343
Additions and deductions						
• 2 Year Old trajectory funding			<b>0.108</b>	0.108		
• 2 YO statutory place funding			<b>0.882</b>	0.882		
• NQT Induction			<b>0.027</b>		0.027	
• CRC deduction			<b>(0.117)</b>		(0.117)	
<b>Total provisional DSG settlement (Dec 2013)</b>			<b>100.259</b>	<b>7.540</b>	<b>77.376</b>	<b>15.343</b>

**Updated 2014-15 Dedicated Schools Grant settlement announced 31 March 2014**

2.3 On 31 March, the DfE confirmed RBWM's revised 2014-15 DSG allocation. The Early Years and Schools Block allocations remained unchanged, but there were changes for:

- the outcome of the High Needs 2014-15 high needs place review
- deductions for high needs places that are funded directly by the EFA
- deductions for academy recoupment.

2.4 The revised settlement before deductions resulted in an increase in DSG funding of £0.432m (from £100.259 to £100.691m) (see table 2, col a). This was mainly due to more additional High Needs growth funding from the DfE following the review of high needs places that the DfE undertook in December. However, the deductions for academy recoupment and high needs places relating to institutions directly funded by the EFA were greater than we expected. Overall, this means that RBWM received £189k less funding than we estimated in January (col f), before academy recoupment.

	a	b	c	d	e	f = a-e
<b>Table 2 DSG settlement announced 31 March 2014</b>	<b>2014-15 Total allocation £m</b>	<b>Early Years £m</b>	<b>Schools £m</b>	<b>High Needs £m</b>	<b>Estimated in Jan 2014 SF</b>	<b>Difference to estimate £m</b>
<b>2014-15 DSG (Dec 2013) – from table 1</b>	<b>100.259</b>	<b>7.540</b>	<b>77.376</b>	<b>15.343</b>	100.259	0
<u>High Needs Place Review</u>						
Last 5 months of place growth for 2013/14	<b>0.104</b>			0.104	0.0	+0.104
Increase from Dec 13 HN place review 2014/15 (7/12ths)	<b>0.212</b>			0.212	0.100	+0.112
Additional HN block allocation 2014/15	<b>0.116</b>			0.116	0.0	+0.116
<b>2014-15 DSG (Mar 2014) before deductions</b>	<b>100.691</b>	<b>7.540</b>	<b>77.376</b>	<b>15.775</b>	<b>100.359</b>	<b>+0.332</b>
Deductions for 2014/15 HN places directly funded by EFA	<b>(1.070)</b>			(1.070)	(0.549)	(0.521)
<b>2014-15 DSG (Mar 2014) after deductions before recoupment</b>	<b>99.621</b>	<b>7.540</b>	<b>77.376</b>	<b>14.705</b>	<b>99.810</b>	<b>(0.189)</b>
Recoupment for academies	<b>(23.294)</b>		(23.294)		(23.274)	(0.020)
<b>2014-15 DSG (Mar 2014) after deductions and recoupment</b>	<b>76.326</b>	<b>7.540</b>	<b>54.081</b>	<b>14.705</b>	<b>76.536</b>	<b>(0.209)</b>

## Adjustments for early years January 2014 pupil numbers

- 2.5 The £6.550m Early Years Block allocation announced in December 2013 and shown in table 1 is based on the January 2013 census and is provisional. Early Years Block allocations for 3 and 4 year olds (but not two year olds) will be initially adjusted in July 2014, to take account of pupils on the January 2014 census. These allocations will then be adjusted a further time in 2015 for pupil counts taken from the January 2015 census, with final 2014-15 allocations based on 5/12ths of the Jan 2014 census and 7/12ths of the Jan 2015 census.
- 2.6 Although we have not yet received notification of the adjusted Early Years Block allocation for 2014-15, we have received the finalised adjustment for 2013-14 EY funding. This confirms the January 2014 pupil numbers and means that we can now estimate the initial 2014-15 early years block allocation for 3 and 4 year olds.
- 2.7 Overall, numbers have increased by 89 FTEs between January 2013 and January 2014 (table 3) mainly in the Private, Voluntary and Independent sector (PVI). At £4,247.85 per pupil, this increase equates to an additional £378k compared with the March 2014 settlement:

<b>Table 3– 3 and 4 year old pupil numbers and funding</b>	<b>Jan 2013</b> (from table 1)	<b>Jan 2014 pupil census</b>	<b>Change</b>
Maintained schools and academies	440	444	+4
PVIs	1,102	1,187	+85
<b>Total FTEs</b>	<b>1,542</b>	<b>1,631</b>	<b>+89</b>
Unit rate	£4,247.85		
<b>Total funding</b>	<b>£6.550m</b>	<b>£6.928m</b>	<b>+£0.378m</b>

- 2.8 As allocations under the Early Years Single Funding Formula (EYSFF) are pupil driven, based on actual take-up, this additional funding is needed to meet new funding commitments among early years providers, as determined by the EYSFF.

### Other funding streams

- 2.9 As reported in the separate agenda paper on 2013-14 Schools Budget Outturn, the DSG reserve at the end of 2013-14 was £1.458 million. Of this amount, £0.859m has been committed in 2014-15 for:
- Specific projects (£0.441m) – funding for school to school support, children in care, capacity building to enhance take up of the two year old entitlement, to be drawn down from reserves as needed
  - One-off allocation to schools and central budgets (£0.418m) to supplement the 2014-15 DSG allocation.
- 2.10 Other funding streams available to schools in 2014-15 include Pupil Premium grant and post 16 funding. Schools have already received indicative Pupil Premium allocations based on October pupil numbers. Schools will shortly receive notification of PP allocations based on January 2014 pupil numbers, totalling £3.332m (table 4):

**Table 4: Pupil Premium 2014-15 (January 2014 census)**

	Eligible pupils (incl academies)	Rate	£m
FSM6 - Primary	1,376	£1,300	£1.789
FSM6 - Secondary	1,313	£935	£1.227
Children in care (retained)	68	£1,900	£0.129
Post LAC <sup>1</sup>	53	£1,900	£0.101
Service children	287	£300	£0.086
<b>Total</b>			<b>£3.332</b>

- 2.11 Our latest estimate of post 16 funding allocations for 2014-15 (including academies) is £8.446 million. This is passed directly to the relevant schools.

### Summary of total funding

- 2.12 Table 5 summarises the total funding available to support the 2014-15 Schools Budget following the March settlement:

<b>Table 5: Summary of Funding in support of Schools Budget 2014-15</b>	<b>£m</b>	<b>£m</b>
DSG 2014-15 settlement Dec 2013 (from table 2)		100.259
<i>Plus</i> DSG adjustments from High Needs review Mar 2014 (table 2)	0.432	
<i>less</i> DSG deductions for HN directly funded by EFA (table 2)	(1.070)	(0.638)
<b>DSG 2014-15 settlement March 2014 (before academy recoupment)</b>		<b>99.621</b>
<i>Plus</i>		
DSG allocation from reserves applied in 2014-15 (para 2.9)	0.418	
EFA Post 16 Funding 2014-15 (para 2.11)	8.446	
Estimated increase for Jan 2014 three and four year olds (table 3)	0.378	9.242
<b>Total funding supporting 2014-15 Schools Budget before academy recoupment</b>		<b>108.863</b>
<i>Less</i> recoupment for academies (table 2)		(23.294)
<b>Total funding supporting 2014-15 Schools Budget after academy recoupment</b>		<b>85.569</b>
Pupil Premium (in addition to the above) (table 4)		3.332

## 3 EXPENDITURE

### 1<sup>st</sup> draft Section 251 Budget Statement

- 3.1 The January 2014 report to Schools Forum meeting confirmed how provisional funding of £109.228 million (before academy recoupment) would be allocated. This was in line with budget proposals discussed and agreed with Schools Forum. On 30 March, RBWM returned a first draft of the Section 251 2014-15 Budget Statement based on funding of £109.339 million, £0.111m more than previously discussed at Schools Forum. The S251 return had to be submitted before the 31 March DSG settlement, and was therefore based on the best funding estimate available at that time. Table 6 summarises the changes between these two amounts:

<sup>1</sup> Children who were in care immediately before being adopted on or after 30 December 2005, or were placed on a Special Guardianship or Residence Order after being looked after.

**Table 6: Summary of changes for S251 2014-15 submitted 30 March 2014**

	£m	£m
Estimated DSG after deductions for high needs notified to SF Jan 2014 (see table 2, col e)	99.810	
Allocation from reserve	0.418	
Post 16 funding estimated	9.000	
<b>Estimated 2014-15 funding notified to Schools Forum Jan 2014</b>		<b>109.228</b>
Assumption of additional resource unit place funding for academies	0.280	
Estimated Early Years adjustment for Jan 14 census	0.385	-
Revised 2014-15 post 16 allocation (from £9.0m to £8.446m)	(0.554)	
<b>Total estimated adjustments for S251 Budget Statement</b>		<b>0.111</b>
<b>Total funding 2014-15 in S251 Budget Statement (Annex A line 1.7.6)</b>		<b>109.339</b>

3.2 The net funding adjustment of £0.111m includes an assumption of:

- £0.280m funding for 28 resource unit places in academies<sup>2</sup>,
- estimated additional early years funding of £0.385m based on the increase in pupil numbers from the January 2014 census, and
- a reduction in estimated post 16 allocations based on the EFA's 2014-15 notifications for maintained schools and estimated academy allocations.

The funding adjustment of £0.111m is balanced by an expenditure budget adjustment of the same amount, allocated accordingly to the ISB, the Early Years, and post 16 budgets in the ISB respectively.

3.3 The £109.339m funding supporting the 2014-15 Schools Budget has been distributed to schools and central budgets in line with earlier discussions with Schools Forum, and is shown in **Annex A**. This is a summary of the first draft Section 251 2014-15 Budget Statement. Annex A also shows how the DSG expenditure budgets are split between the three main funding blocks; Early Years, Schools Block and High Needs. The notional DSG blocks are not ringfenced.

#### **4 Further adjustments to Schools Budget Allocation**

4.1 We now need to adjust the allocation of the Schools Budget again, this time to reflect the funding identified in the 31 March DSG Settlement. Table 5 above identified total estimated funding for 2014-15 of £108.863m following the 31 March settlement. This total is £0.476m less than the £109.339m budget allocated in the first draft Section 251 Statement (table 6). The proposed adjustments to the budget allocation are summarised in table 7. These budget adjustments, and the resulting revised distribution of the 2014-15 Schools Budget, based on funding of £108.863m, are shown in **Annex B**.

<sup>2</sup> Following clarification in the March DSG settlement, we now know that the academy resource unit funding is not recouped as with other academy allocations, but deducted from our base grant allocation.

**Table 7: Expenditure budget adjustments for version 2 S251 Budget statement**

	£m	£m
<b>Budget allocation per S251 Budget Statement v1 (table 6 and annex B)</b>		<b>109.339</b>
<i>Reduce:</i>		
Early Years central expenditure budget – Note 1 (annex B - 1.3.1)	(0.007)	
ISB resource unit budgets – Note 2 (annex B - 1.0.1)	(0.280)	
ISB Special School budget – Note 3 (annex B - 1.0.1)	(0.310)	
Early Years central expenditure budget - Note 4 (annex B - 1.3.1)	(0.144)	
<i>Increase:</i>		
Nursery schools' delegated budgets– Note 4 (annex B - 1.0.1)	0.144	
High Needs top up budgets – Note 5 (annex B - 1.2.1, 1.2.3)	0.121	(0.476)
<b>Adjusted budget allocation S251 Budget Statement v2</b>		<b>108.863</b>

The reason for the budget adjustments are summarised below:

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1. (£0.007m): overestimate of funding from Early Years Jan 2014 census adjustments (estimated increase £0.385m, actual increase £0.378m).
  2. (£0.280m): we had assumed we would need to fund planned expenditure on high needs places in resource units in academies from our DSG allocation. This budget is no longer needed as these places will be directly funded by the EFA (table 6).
  3. (£0.310m): Planned expenditure on post 16 places in Manor Green funded from DSG is no longer needed as these will be directly funded by the EFA. We had originally allocated a place budget of £2.160m, (£1.840m for pre 16 places, and £0.320m for post 16 places). Following discussions with the school and latest information on pupil numbers, the place budget to be funded from RBWM's DSG allocation for pre 16 places will be £1.850m, with a further £300k funded by the EFA for post 16 places. The adjustment of £0.310m is the difference between £2.160m and £1.850m. Additional top-up funding is allocated termly based on the number and needs of RBWM pupils.
  4. +£0.144m: This adjustment relates to lump sum allocations for nursery schools which were omitted from the first draft budget. It moves £144k from the central early years contingency budget to nursery schools' delegated budgets in line with the Early Years Single Funding Formula, and is funded from the additional funding received as part of the January 2014 census adjustment.
  5. +£0.121m: this allocates the remaining additional high needs funding, notified as part of March DSG settlement, to centrally held top-up budgets, after taking account of the above adjustments

## FIRST DRAFT SECTION 251 2014-15 BUDGET STATEMENT (SCHOOLS BUDGET) SUBMITTED 30 MARCH 2014

## LA Table: FUNDING PERIOD (2014-15)

### Department for Education Section 251 Financial Data Collection

Report produced on 20/05/2014 10:25:47

Local Authority 868 Windsor and Maidenhead

Description	Gross	Income	Net	Early Years Block	Schools Block	High Needs Block
1.0.1 Individual Schools Budget (before Academy recoupment)	94,116,144		94,116,144	7,066,614	84,649,530	2,400,000
1.1.1 Contingencies	79,530	0	79,530		79,530	
1.1.2 Behaviour support services	95,690	0	95,690		95,690	
1.1.7 Licences/subscriptions	20,075	0	20,075		20,075	
1.1.8 Staff costs supply cover	276,113	0	276,113		276,113	
1.1.9 Staff costs – supply cover for facility time	42,000	0	42,000		42,000	
1.2.1 Top up funding - maintained providers	4,916,536	0	4,916,536			4,916,536
1.2.2 Top up funding - Academies and Free Schools	484,815	0	484,815			484,815
1.2.3 Top up funding - independent providers	5,479,902	100,430	5,379,472			5,379,472
1.2.4 Additional high needs targeted funding for mainstream schools and academies	150,000	0	150,000			150,000
1.2.5 SEN support services	954,997	0	954,997			954,997
1.2.6 Hospital education services	42,700	0	42,700			42,700
1.2.7 Other alternative provision services	112,248	0	112,248			112,248
1.2.8 Support for inclusion	929,209	104,070	825,139			825,139
1.2.9 Special schools and PRUs in financial difficulty	0	0	0		0	
1.3.1 Central expenditure on children under 5	583,160	0	583,160	583,160		
1.4.1 Contribution to combined budgets	267,730	0	267,730		267,730	
1.4.2 School admissions	276,990	0	276,990		276,990	
1.4.3 Servicing of schools forums	46,440	0	46,440		46,440	
1.4.4 Termination of employment costs	0	0	0		0	
1.4.5 Falling Rolls Fund	0	0	0		0	
1.4.6 Capital expenditure from revenue (CERA)	0	0	0		0	
1.4.10 Pupil growth/ Infant class sizes	561,941	0	561,941		561,941	
1.4.11 SEN transport	0	0	0		0	
1.4.12 Exceptions agreed by Secretary of State	0	0	0		0	
1.4.13 Other Items	118,450	11,040	107,410		107,410	
<b>1.6.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)</b>	<b>109,554,670</b>	<b>215,540</b>	<b>109,339,130</b>	<b>7,649,774</b>	<b>86,423,449</b>	<b>15,265,907</b>
<b>Funded by</b>						
1.7.1 Estimated Dedicated Schools Grant for 2014-15			100,090,001			
1.7.1 Estimated DSG 2014-15 - Early Years Jan 2014 adjustment			385,129			
<b>1.7.1 Total Estimated Dedicated Schools Grant for 2014-15</b>			<b>100,475,130</b>			
1.7.2 Dedicated Schools Grant brought forward from 2013-14			418,000			
1.7.3 Dedicated Schools Grant brought to 2015-16			0			
1.7.4 EFA funding			8,446,000			
1.7.5 Local Authority additional contribution			0			
<b>1.7.6 Total funding supporting the Schools Budget (lines 1.7.1 to 1.7.5)</b>			<b>109,339,130</b>			
1.8.1 Academy: recoupment from the Dedicated Schools Grant (please show any recoupment from the DSG as a negative in the cell)			-23,294,279			

## REVISED SECTION 251 2014-15 BUDGET STATEMENT (SCHOOLS BUDGET) FOLLOWING 31 MARCH DSG SETTLEMENT

**S251 (2014-15) - Proposed adjustments****Department for Education Section 251 Financial Data**

Local Authority 868 Windsor and Maidenhead

Description	Net	Adjustments EY block	Adjustments Schools Block	Adjustments High Needs Block	EY block	Schools Block	High Needs Block	Total Net 2014-15
1.0.1 Individual Schools Budget (before Academy recoupment)	94,116,144	144,000		-590,000	7,210,614	84,649,530	1,810,000	93,670,144
1.1.1 Contingencies	79,530				0	79,530	0	79,530
1.1.2 Behaviour support services	95,690				0	95,690	0	95,690
1.1.7 Licences/subscriptions	20,075				0	20,075	0	20,075
1.1.8 Staff costs supply cover	276,113				0	276,113	0	276,113
1.1.9 Staff costs – supply cover for facility time	42,000				0	42,000	0	42,000
1.2.1 Top up funding - maintained providers	4,916,536			60,411	0	0	4,976,947	4,976,947
1.2.2 Top up funding - Academies and Free Schools	484,815				0	0	484,815	484,815
1.2.3 Top up funding - independent providers	5,379,472			60,411	0	0	5,439,883	5,439,883
1.2.4 Additional high needs targeted funding for mainstream schools and academies	150,000				0	0	150,000	150,000
1.2.5 SEN support services	954,997				0	0	954,997	954,997
1.2.6 Hospital education services	42,700				0	0	42,700	42,700
1.2.7 Other alternative provision services	112,248				0	0	112,248	112,248
1.2.8 Support for inclusion	825,139				0	0	825,139	825,139
1.2.9 Special schools and PRUs in financial difficulty	0				0	0	0	0
1.3.1 Central expenditure on children under 5	583,160				432,089	0	0	432,089
1.4.1 Contribution to combined budgets	267,730				0	267,730	0	267,730
1.4.2 School admissions	276,990				0	276,990	0	276,990
1.4.3 Servicing of schools forums	46,440				0	46,440	0	46,440
1.4.4 Termination of employment costs	0				0	0	0	0
1.4.5 Falling Rolls Fund	0				0	0	0	0
1.4.6 Capital expenditure from revenue (CERA)	0				0	0	0	0
1.4.10 Pupil growth/ Infant class sizes	561,941				0	561,941	0	561,941
1.4.11 SEN transport	0				0	0	0	0
1.4.12 Exceptions agreed by Secretary of State	0				0	0	0	0
1.4.13 Other Items	107,410				0	107,410	0	107,410
<b>1.6.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)</b>	<b>109,339,130</b>	<b>-7,071</b>	<b>0</b>	<b>-469,178</b>	<b>7,642,703</b>	<b>86,423,449</b>	<b>14,796,729</b>	<b>108,862,881</b>
<b>Funded by</b>								
1.7.1 Estimated Dedicated Schools Grant for 2014-15	100,090,001			-469,178				99,620,823
1.7.1 Estimated DSG 2014-15 - Early Years Jan 2014 adjustment	385,129	-7,071						378,058
<b>1.7.1 Total Estimated Dedicated Schools Grant for 2014-15</b>	<b>100,475,130</b>	<b>-7,071</b>	<b>0</b>	<b>-469,178</b>				<b>99,998,881</b>
1.7.2 Dedicated Schools Grant brought forward from 2013-14	418,000							418,000
1.7.3 Dedicated Schools Grant brought to 2015-16	0							0
1.7.4 EFA funding	8,446,000							8,446,000
1.7.5 Local Authority additional contribution	0							0
<b>1.7.6 Total funding supporting the Schools Budget (lines 1.7.1 to 1.7.5)</b>	<b>109,339,130</b>	<b>-7,071</b>	<b>0</b>	<b>-469,178</b>				<b>108,862,881</b>
1.8.1 Academy: recoupment from the Dedicated Schools Grant (please show any recoupment from the DSG as a negative in the cell)	-23,294,279							-23,294,279

EYSFF adjustment for nursery school lump sum (para 4.1 note 4)

Remove £280k for academy RU, and £310k for Manor Green, for places directly funded by EFA (para 4.1 note 2 and 3)

Allocation of remaining £121k of high needs funding from DSG Settlement (para 4.1 note 5)

Re-allocation of £144k to nursery schools, and overestimate of additional funding for Jan 2014 EY pupil numbers (£7k) (para 4.1 note 1 and 4)