

# ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	28 January 2015	AGENDA ITEM:	06
Title:	<b>Indicative 2015-16 DSG Settlement</b>		
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## 1 REPORT SUMMARY

- 1.1 This paper provides information on RBWM's 2015-16 indicative DSG settlement announced on 17 December 2014.
- 1.2 It confirms that RBWM's indicative DSG allocation for 2015-16 (including academy funding but excluding funding for 2 year olds) is £104.387m, an increase of £4.309m compared with the 2014-15. Most of this increase relates to Schools Block funding: a 3.1% increase in the Schools Block Unit of funding per pupil, an additional allocation of £1.239m for RBWM's two new free schools, and a net increase of 56 pupils aged 4-16. Most of this additional funding will be allocated directly to schools through the funding formula.
- 1.3 Other changes relate to the introduction of the Early Years pupil premium (£0.072k) and an increase of £0.279m in the High Needs Block. This increase is unlikely to be sufficient to cover the additional costs of the anticipated growth in the number of high needs places at Manor Green and the new special free school, Forest Bridge.
- 1.4 Although not yet included in the December Settlement, we anticipate a reduction of around £200k in two year old funding as a result of the move to funding based on participation and because of the ending of 'trajectory' funding for capacity building.
- 1.5 Plans for allocating funding across expenditure budgets will be brought to Schools Forum in March.

## 2 RECOMMENDATIONS

- 2.1 Schools Forum is asked to comment on the contents of the paper, and to give a view on any matters arising from it.

## 3 BACKGROUND

- 3.1 The DSG for 2015-16 comprises:
  - **Schools block** based on a school block unit of funding (SBUF) for RBWM of £4,456 per pupil announced in July 2014 plus a cash transfer to bring free schools into RBWM's overall budget calculation.
  - **Early Years Block** – covering the three and four year old entitlement based on the same per pupil rate as 2014-15 (£4,248), and a provisional allocation of the early years pupil premium <sup>1</sup>.

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<sup>1</sup> Details were announced in October 2014.

- **High Needs Block** - based on the same allocation as for 2014-15 plus increases for high needs places for academic year 2015 to 2016 resulting from the exceptions process and a share of £47million distributed across all LAs based on each LA's 2-19 population.

3.2 This paper describes how RBWM's 2015-16 block allocations have been calculated and how they compare with the 2014-15 allocations. 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. Plans for distributing funding between the blocks and allocating funding across expenditure budgets will be brought to Schools Forum in March.

3.3 On 17<sup>th</sup> December, the EFA issued the October 2014 datasets which have been used to populate the 2015-16 funding formula. The final version of the RBWM's 2015-16 school funding formula was submitted to the EFA on 20<sup>th</sup> January 2015.

## 4 SCHOOLS BLOCK

4.1 The December announcement confirmed the 2015-16 Schools Block allocation would be based on October 2014 pupil numbers (4-16) of 17,968, a net increase of 56 (0.3%) compared with October 2013 (see table 1).

**Table 1: Pupil numbers (including academies, excluding free schools)**

	Schools Block		
	2015-16	2014-15	Change
YR-6	10,664	10,392	272
Y7-11	7,338	7,502	(164)
Reception Uplift <sup>2</sup>	22	53	(31)
<b>SubTotal</b>	<b>18,024</b>	<b>17,947</b>	<b>77</b>
Less Resource units	56	35	(21)
<b>Total</b>	<b>17,968</b>	<b>17,912</b>	<b>56</b>

4.2 RBWM's SBUF of £4,456 was announced in July 2014 following the DfE's proposals for Fairer School Funding for 2015-16. This was a £131 (3.1%) per pupil increase compared with 2014-15 SBUF (£4,325).

4.3 This amount has been multiplied by the 17,968 pupil numbers from the October 2014 school census to give an allocation of £80.068m.

4.4 A cash transfer of £1.239m has also been added to RBWM's schools block for the new free schools, Holyport College and Braywick Court, based on 190 secondary and 44 primary pupils respectively. The transfer is intended to be cash neutral to RBWM, and will be largely allocated out again through the formula. The 234 free school pupils are not included in table 1.

4.5 RBWM's 2015-16 indicative Schools Block allocation is therefore confirmed as £81.307m, an increase of £3.959m (5.1%) compared with 2014-15. This increase is due to three main factors:

- £1.239m (1.6%) for the two new free schools added to the 2015-16 allocation.
- £2.352m (3.1%) for the increase in RBWM's SBUF
- £0.368m (0.4%) for the 56 increase in pupil numbers.

<sup>2</sup> To reflect deferred entry to reception and based on the increase in Year R pupils between October 2013 and January 2014.

## 5 EARLY YEARS BLOCK

5.1 The early years block comprises:

- Funding for the three and four year old entitlement to 15 hours free education;
- The early years pupil premium; and
- Participation funding for disadvantaged two year olds.

5.2 Only the first two of these form part of the December DSG announcement. Funding for two year olds will be allocated in June based on the January 2015 count.

### Three and four year olds

5.3 The 2015-16 Early Years Block per pupil unit of funding for three and four year olds will remain the same as in 2014-15, £4,247.85 per pupil. Initially, this has been multiplied by the 1,631 pupil numbers from the January 2014 early years census and school census to produce a provisional allocation of £6.928m. But the final allocation for three and four year olds for 2015 to 2016 will be based on  $5/12 \times$  January 2015 pupil numbers plus  $7/12 \times$  January 2016 pupil numbers and will be updated in July 2015 and again in July 2016.

5.4 The distribution of three and four year olds by setting is shown in table 2.

**Table 2: 3 and 4 year olds, January 2014**

	Jan 14
Maintained schools and academies	444
Private, voluntary and independent	1,187
<b>Total</b>	<b>1,631</b>

5.5 Autumn 3&4 year old numbers are typically some 20-25% below spring term numbers and are an unreliable indicator of future spring term numbers. The autumn 2014 count shows an overall 3.7% decrease on the same time in autumn 2013. If this decrease were to be replicated in the January 2015 EY count, 3&4 year old numbers would reduce by around 60 from the 1,631 in the provisional settlement.

### Early Years Pupil Premium

5.6 The DfE announced provisional allocations for the early years pupil premium (EYPP) in October 2014. RBWM's provisional 2015-16 allocation, based on the DfE's estimate of 250 eligible pupils at £0.51 per hour, is £0.072m. This will be adjusted in January 2016 following a survey in the autumn to check take-up of the EYPP. LAs have no discretion in the use of EYPP. Funding allocated for the EYPP is passported in full to relevant EY providers.

### Funding for disadvantaged two year olds

5.7 Funding for disadvantaged two year olds changes in 2015-16. Previously, funding was based on a DfE estimate of eligible pupil numbers in each LA. From April 2015, funding will be based on actual participation. This means that LAs, like RBWM, where actual uptake was less than estimated by the DfE, will see a decrease in funding for two year olds compared with previous years.

5.8 RBWM's hourly rate for disadvantaged two year olds of £5.49 was published in October 2014, but initial allocations will only be announced in June 2015. These will be based on actual uptake in January 2015. The December DSG settlement for 2015-16 does not therefore include a two year old allocation. LAs will have the opportunity to report in the autumn on any significant increase in uptake, and, like three and four year old funding, final allocations will be based on  $5/12 \times$  January 2015 pupil numbers plus  $7/12 \times$  January 2016 pupil numbers.

- 5.9 The £5.49 hourly rate is £0.19 more than £5.30 RBWM currently pays providers for eligible pupils. This leaves little over for any discretionary funding of places for pupils who do not meet the Government's eligibility criteria.
- 5.10 For the last two years LAs have received a separate 'capacity building' allocation. RBWM's allocation in 2014-15 was £108k. This funding stream also ends in 2015-16.

## **6 HIGH NEEDS BLOCK**

- 6.1 The high needs block provides funding for high needs pupils and students aged 0-24 and includes:
- Places for pre and post 16 pupils in maintained and academy mainstream schools, special schools, non maintained special schools, and alternative provision settings.
  - Top-up funding for pupils and students occupying the above places and places in further education colleges, specialist post 16 institutions, and commercial and charitable providers (CCP); and
  - funding for high needs pupils and students in independent schools, independent AP providers, hospital education (including independent providers).
- 6.2 The High Needs Block allocation is not based on pupil numbers. It is made up of:
- RBWM's total high needs block in 2014-15, plus
  - 5/12ths of the growth/deduction in pre 16 and 4/12ths of growth/deduction in post 16 high needs high needs places agreed for 2014 to 2015 academic year. This ensures there is sufficient full-year funding for growth in high needs places from September 2014.
  - changes to place funding in schools for the 2015 to 2016 academic year and resulting from the outcome of the high needs exceptions process; and
  - Each local authority's share of additional top-up funding of £47m based on each local authority's proportion of the 2-19 aged population projections for 2015.
- 6.3 In October 2014, RBWM submitted a return to the EFA as part of the 'exceptions process' making the case for an additional 53 high needs places from September 2015. This was mainly to do with expected growth of 26 places at Manor Green and 27 places at the new Forest Bridge free school. In the event, the EFA announced in December that RBWM would receive no additional funding for these places in 2015-16. The EFA have promised more feedback by 23 January 2015, but we understand that the decision was made in line with the principle that 'cases based on prediction of occupancy levels in a/y 2015/16 have not been supported' – i.e. where there is a risk that funding will be committed to institutions where pupils or students ultimately may not attend.
- 6.4 Although RBWM has received an additional allocation of £134k for 2015-16, - its share of the £72m made available to all LAs on a pupil basis, - it is unlikely that this will be anywhere near enough to meet the additional place and top-up funding costs of the increase in places likely to be commissioned by RBWM at Manor Green and Forest Bridge. This means that we will need to look at redistributing existing high needs block funding.
- 6.5 Table 3 confirms that the high needs block allocation for 2015-16, based on the allocations set out in paragraph 6.2, is £16.053m. This is an increase of £0.279m compared with 2014-15, of which £0.145m is part-year funding reflecting actual growth in September 2014.

**Table 3 Indicative High Needs Block for 2015-16 (17 Dec 2014)**

	£m	£m
Final 2014-15 HNB allocation before deductions		15.774
Last 5 months of Sep 14 growth in pre 16 places	0.130	
Last 4 months of Sep 14 growth in post 16 places	0.015	
Exceptions Process for anticipated growth in Sep 15	0.0	
RBWM share of additional £72m top-up funding	0.134	0.279
<b>2015-16 indicative HNB allocation before deduction</b>		<b>16.053</b>

- 6.6 Later adjustments will be made to this sub block to account for both pre and post 16 places which are funded outside of the DSG. These include the institutions which are funded by the EFA through direct payments - academies with resourced provision, non-maintained special schools; and post 16 places that are funded through the sixth form grant to local authorities. The adjustments are complicated. In 2014-15 £1.100m was deducted from RBWM's high needs block allocation for these places directly funded by the EFA. We expect a similar deduction for 2015-16.

## 7 OTHER ADDITIONS TO DSG

### NQT induction

- 7.1 In September 2012, the induction regulations changed so that teaching schools can act as the appropriate body to monitor and quality assure NQT induction. In order to allow schools to pay for the services of their preferred appropriate body, the funding for statutory induction of NQTs was moved into the DSG in 2013 to 2014, to allow funding to be delegated to all schools through local funding formulae. RBWM's allocation for this of £27k remains the same as in 2014-15.

### National copyright licenses

- 7.2 The DfE has agreed with the following agencies to purchase a single national licence for all state-funded schools in England. Some are new for 2015-16.
- Christian Copyright Licensing International (CCLI) (**new for 2015 to 2016**);
  - Copyright Licensing Agency (CLA);
  - Education Recording Agency (ERA);
  - Filmbank Distributors Ltd. (for the PVSL);
  - Mechanical Copyright Protection Society (MCPS) (**new for 2015 to 2016**);
  - Motion Picture Licensing Company (MPLC);
  - Newspaper Licensing Authority (NLA);
  - Performing Rights Society (PRS) (**new for 2015 to 2016**);
  - Phonographic Performance Limited (PPL) (**new for 2015 to 2016**); and
  - Schools Printed Music Licence (SPML).

- 7.3 The Department will pay the cost, including VAT, to the agencies and will pass these costs on to individual local authorities who will be able to hold this money centrally rather than include it in school budgets. This means that schools will no longer need to negotiate individual licenses nor pay separately for them. No adjustment has been made to schools' delegated budgets to reflect that they will no longer have to pay for these licences.

### Use of accumulated DSG surplus

- 7.4 In 2014-15 £418k of the DSG surplus brought forward from previous years has been added as a one-off allocation to the DSG allocation to support school funding. For 2015-16, as agreed with Schools Forum, no such additional allocation is planned. Instead, we have used part of the 2015-16 increase per pupil in the SBUF to maintain formula funding rates at 2014-15 levels without having to call on one-off reserves. This puts school funding on a sustainable footing for the future.

### Post 16 funding from the Education Funding Agency (EFA)

- 7.5 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 about post 16 allocations for 2015-16. For now, we propose to use 2014-15 post 16 funding allocations, £9.258m in total (table 4). These indicative allocations include Elements 1 and 2 funding for post 16 high needs students and discretionary bursary funding

<b>Table 4 Post 16 indicative allocations</b>	<b>2014-15 Pupils</b>	<b>2014-15 allocations £m</b>
Maintained schools	709	£3.358
Maintained special school	24	£0.243
Academies	1,167	£5.657
<b>Total</b>	<b>1,900</b>	<b>£9.258</b>

### Pupil premium

- 7.6 Pupil premium funding is outside of the DSG (except for early years pupil premium which is included as part of the DSG allocation (see para 5.6)). Confirmed pupil premium rates for 2015-16 remain the same as for 2014-15 except for the primary rate which has increased from £1,300 per eligible pupil to £1,320 (see table 5). Based on January 2014 pupils and these new rates, schools are expected to receive £3.402 million through pupil premium in addition to their formula allocations. Final allocations will be updated for January 2015 pupil numbers.

**Table 5 – Pupil Premium (excluding early years)**

<b>All schools including academies</b>	<b>2014-15 per pupil</b>	<b>2015-16 per pupil</b>	<b>Jan 2014 pupils</b>	<b>2015-16 indicative allocations £m</b>
Pupil premium – deprivation (primary)	£1,300	£1,320	1,376	£1.816
Pupil premium – deprivation (secondary)	£935	£935	1,313	£1.228
Pupil premium – children in care	£1,900	£1,900	90	£0.171
Pupil premium – Post LAC	£1,900	£1,900	53	£0.101
Pupil premium – service children	£300	£300	287	£0.086
				<b>£3.402</b>

## 8 RECOUPMENT FOR ACADEMIES

- 8.1 The figures in the DSG December settlement include funding for academies. In practice, a deduction is made from LAs' DSG allocations for academies and is adjusted in-year as more schools convert. The deduction relates to the delegated funding which academies and now free schools would receive through the funding formula if they were maintained schools. The EFA will use the RBWM funding formula, as submitted on 20 January 2015, to calculate academy budgets, and the EFA remains responsible for both calculating academy budgets and notifying them of their final allocations. The amount subject to academy recoupment is currently calculated to be £27.783m.

**Table 6: Estimated DSG reduction for Academy recoupment**

Lowbrook Academy	£958,061
Knowl Hill C of E Academy	£439,093
White Waltham C of E Academy	£773,562
St Mary's Catholic Primary School	£1,163,082
Datchet St. Mary's School	£985,946
Desborough College	£2,201,269

Charters School	£5,604,897
Furze Platt Senior School	£4,845,401
Cox Green School	£3,830,069
Altwood CofE School	£3,245,813
Braywick Court	£263,857
Holyport College	£987,597
St Peters CofE Middle School	£1,030,925
Burchetts Green CE Infant School	£387,444
St Luke's CE Primary School	£1,065,938
<b>Total</b>	<b>£27,782,954</b>

## 9 SUMMARY OF DSG FUNDING

9.1 RBWM's 2015-16 provisional allocation of £104.387 million is summarised in table 6:

**Table 6: DSG Provisional Settlement 2015-16 (including academies)**

	2015-16 £m	Schools Block £m	Early Years Block £m	High Needs Block £m	2014-15 £m	Change £m
Schools Block	<b>80.068</b>	80.068			77.349	2.719
New free schools	<b>1.239</b>	1.239			0	1.239
Early Years Block 3&4 year olds	<b>6.928</b>		6.928		6.928	0
Early Years Pupil Premium	<b>0.072</b>		0.072		0	0.072
High Needs Block	<b>16.053</b>			16.053	15.774	0.279
<b>Total before additions</b>	<b>104.360</b>	<b>81.307</b>	<b>7.000</b>	<b>16.053</b>	<b>100.051</b>	<b>4.309</b>
Additions for NQT Induction	<b>0.027</b>	0.027			0.027	0
<b>Total indicative DSG settlement (17 Dec 2014)</b>	<b>104.387</b>	<b>81.334</b>	<b>7.000</b>	<b>16.053</b>	<b>100.078</b>	<b>4.309</b>
<b>Post settlement adjustments (estimate)</b>						
2 year old free entitlement	0.782		0.782		0.882	(0.100)
2 year old capacity building	0		0		0.108	(0.108)
<b>DSG settlement &amp; 2 YO funding</b>	<b>105.169</b>	<b>81.334</b>	<b>7.782</b>	<b>16.053</b>	<b>101.068</b>	<b>4.101</b>
<b>Anticipated deductions</b>						
2015-16 academy recoupment	<b>(27.756)</b>	<b>(27.756)</b>			<b>(23.294)</b>	<b>(4.462)</b>
HNB directly funded by EFA	<b>(1.100)</b>			<b>(1.100)</b>	<b>(1.100)</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>76.313</b>	<b>53.578</b>	<b>7.782</b>	<b>14.953</b>	<b>76.674</b>	<b>(0.361)</b>