

# ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

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| Date:                | <b>07 July 2015</b>  | <b>AGENDA ITEM: 07</b>                                 |
| Title:               | <b>2015-16 DSG Settlement and revised Schools Budget</b>   |  |
| Responsible officer: | David Scott, Head of Education, Strategy and Commissioning |  |
| Contact officer:     | Edmund Bradley<br>Finance Partner (Children & Schools)     | Tel: 01628 796904<br>E-mail Edmund.bradley@rbwm.gov.uk |

## 1 SUMMARY

- 1.1 This paper summarises further changes to RBWM's 2015-16 Dedicated Schools Grant (DSG) settlement announced after the last meeting of Schools Forum on 7 March 2015. It sets out how these funding changes will impact on planned expenditure in 2015-16, and the distribution of funding between the Early Years, Schools, and High Needs blocks.

## 2 RECOMMENDATIONS

- 2.1 Schools Forum is asked to note that:

- The funding available to support planned expenditure in the schools budget in 2015-16 has reduced by £118k from the previous estimate at March of £113.439m (before recoupment for academies) to the revised estimate of £113.321m.
- This reduction reflects the updated DSG settlement announced by the EFA on 26 March 2015 as well as changes in funding resulting from revised estimates of early years pupil numbers at January 2015.

- 2.2 Schools Forum is recommended to note the revised budget allocation set out at Annex A.

## 3 CHANGES IN SCHOOLS, EARLY YEARS AND HIGH NEEDS BUDGETS

### Funding changes

- 3.1 Schools Forum received a paper on 25 March 2015 setting out RBWM's 2015-16 plans for spending £113.439m, funded by Dedicated Schools Grant and EFA post 16 grant. This is summarised at Table 1.

**Table 1: 2015-16 Schools Budget**  
(Schools Forum 25 Mar 2015)<sup>1</sup>

|  | <b>Total<br/>£k</b> | <b>Schools<br/>Block<br/>£k</b> | <b>Early<br/>Years<br/>£k</b> | <b>High<br/>Needs<br/>£k</b> |
|--|---------------------|---------------------------------|-------------------------------|------------------------------|
| Delegated school and early years budgets | 98,353              | 88,037                          | 7,412                         | 2,904                        |
| Central expenditure                      | 15,086              | 1,818                           | 114                           | 13,154                       |
| <b>Expenditure A</b>                     | <b>113,439</b>      | <b>89,855</b>                   | <b>7,526</b>                  | <b>16,058</b>                |
| Dedicated Schools Grant                  | 103,939             | 81,390                          | 7,566                         | 14,984                       |
| Post 16 Grant                            | 9,500               | 9,257                           |                               | 243                          |
| <b>Funding B</b>                         | <b>113,439</b>      | <b>90,647</b>                   | <b>7,566</b>                  | <b>15,226</b>                |
| <b>Net Expenditure (A-B)</b>             | <b>0</b>            | <b>(792)</b>                    | <b>(40)</b>                   | <b>832</b>                   |

<sup>1</sup> See Schools Forum 25-03-15, Agenda item 6, Tables 2 and 4.

3.2 Funding was based on estimated post 16 grant funding<sup>2</sup>, and the EFA's December grant settlement, including estimated adjustments which were not part of the settlement such as early years pupil changes and deductions for high needs places directly funded by the EFA.

3.3 Since the March Schools Forum meeting, there have been further funding changes resulting in a reduction of £119k in our estimated DSG allocation for 2015-16. These relate to:

- A net increase of +£41k announced by the EFA on 26 March 2015 as a result of minor changes in RBWM's updated 2015-16 DSG settlement.
- A net decrease of -£159k based on anticipated adjustments to Early Years block funding, related to updated information about January 2015 early years pupil numbers. These changes are not part of the March Settlement but we do expect them to be confirmed in our finalised 2015-16 DSG allocation in July 2015 (see paras 3.5 and 3.6).

3.4 These adjustments are summarised in Table 2.

**Table 2: Expected changes in 2015-16 funding**

|  | <b>Total<br/>£k</b> | <b>Schools<br/>Block<br/>£k</b> | <b>Early<br/>Years<br/>£k</b> | <b>High<br/>Needs<br/>£k</b> |
|--|---------------------|---------------------------------|-------------------------------|------------------------------|
| Dedicated schools Grant from Table 1 <sup>3</sup>                        | <b>103,939</b>      | 81,390                          | 7,566                         | 14,984                       |
| Adjustments from March 2015 DSG Settlement:                              |                     |                                 |                               |                              |
| - Additional cash transfer for free schools                              | +15                 | +15                             |                               |                              |
| - Change from residency to location basis for post 16 high needs places  | +23                 |                                 |                               | +23                          |
| - Decrease in deduction for high needs placements directly funded by EFA | +59                 |                                 |                               | +59                          |
| - Change in recoupment for growth fund (-£56k)                           | (56)                | (56)                            |                               |                              |
| <b>Subtotal of changes in Mar 2015 DSG settlement</b>                    | <b>+41</b>          | <b>(41)</b>                     | <b>0</b>                      | <b>82</b>                    |
| Early years adjustments not in settlement:                               |                     |                                 |                               |                              |
| - Decrease in 1 FTE 3&4 year olds at Jan 2015 compared with estimate     |                     |                                 | (4)                           |                              |
| - Decrease in 50 two year olds compared with estimate                    |                     |                                 | (155)                         |                              |
| <b>Subtotal of estimated Early Years changes</b>                         | <b>(159)</b>        | <b>0</b>                        | <b>(159)</b>                  | <b>0</b>                     |
| <b>Total changes in DSG 2015-16</b>                                      | <b>(118)</b>        | <b>(41)</b>                     | <b>(159)</b>                  | <b>+82</b>                   |
| <b>Estimated finalised 2015-16 DSG allocation</b>                        | <b>103,821</b>      | <b>81,349</b>                   | <b>7,406</b>                  | <b>15,066</b>                |

3.5 2015-16 Early Years Block funding allocations for two, three and four year olds are initially based on January 2015 numbers but not formally notified until July 2015. They are then adjusted in May 2016 for pupils on the January 2016 EY census, with final allocations based on 5/12ths of the Jan 2015 census and 7/12ths of the Jan 2016 census. The requirement to set a budget by April 2015 means that we have to calculate EY block funding based on pupils estimates.

3.6 Although formal notification of the adjusted Early Years Block allocation for 2015-16 has not been received the finalised adjustment for 2014-15 funding for three and four year olds takes account of confirmed January 2015 pupil numbers.

<sup>2</sup> For the purpose of this paper, funding for post 16 pupils remains unchanged. Whilst this is unlikely to be the case, any increase or decrease in post 16 funding will be matched by a similar increase or decrease in the post 16 budget allocated to schools, with a zero effect on the overall budget allocation

<sup>3</sup> Includes an estimated £782k of Two Year Old funding based on an estimate of 250 pupils accessing the free entitlement for a full year. This funding allocation is not part of the Settlement and will be notified later in 2015-16.

- 3.7 Table 3 shows that whilst the number of 3 and 4 year olds in school nurseries and classes have remained constant, the numbers of such pupils in the private, voluntary and independent sector have reduced by 50 compared with the same time last year.

| <b>Table 3 Three and four year old pupil numbers (FTEs)</b> | <b>Jan 2014</b> | <b>Jan 2015</b> | <b>Change</b> |
|---|-----------------|-----------------|---------------|
| Maintained schools and academies                            | 444             | 442             | -2            |
| PVIs  | 1,187           | 1,137           | -50           |
| <b>Total FTEs</b>   | <b>1,631</b>    | <b>1,579*</b>   | <b>-52</b>    |

*\*Note: RBWM estimate in March was 1,578 FTEs.*

- 3.8 Based on confirmed January 2015 numbers of three and four year olds, and revised estimated numbers of two years olds at January and September 2015, our revised estimates result in:

- A reduction of 1 FTE 3 and 4 year olds compared to the original estimate of 1,580 resulting in a £4k funding reduction (based on £4,247.85 per FTE).
- A reduction of 50 fewer eligible two year olds compared with the 250 pupils originally estimated, resulting in a £156k funding reduction. The latest estimate is based on an uptake of 170 (PTEs) at Jan 2015 and a revised estimate of 222 (PTEs) in Sep 2015 (equivalent to 200 PTEs for the year at a rate of £3,129 per PTE or £5.49 per hour).

### **Changes in planned Expenditure**

- 3.9 In March Schools Forum considered the planned allocation of funding across delegated and central budgets for 2015-16 based on the best funding estimates at that time. This paper does not seek to revisit those decisions. It is limited instead to setting out how the funding changes described above will impact on planned expenditure.
- 3.10 The changes in funding in the three blocks have been reflected in corresponding increases and decreases in expenditure budgets within the relevant blocks. So, for example:
- The £41k reduction in Schools Block funding has been allocated to the central Growth Fund within the central School Block.
  - The £159k reduction in Early Years Block funding has been allocated by way of a reduction in the expenditure budgets earmarked to pay for the free entitlement for two, three and four year olds, to reflect the anticipated lower uptake.
  - The £82k increase in High Needs funding has been allocated to central high needs budgets in anticipation of potential increased demand for top-up payments, for example from Forest Bridge and Manor Green.
- 3.11 The March DSG settlement also gives notification of finalised recoupment for academies based on converters at the 1. April, totalling £33.890m. This figure takes account of the 80% discretionary rate relief that academies receive. The funding formula allocations, which include maintained and academy schools, are based on the status of schools as at January 2015. This means that for schools which convert between January and March, funding for 100% of the rates which they would have paid as maintained schools is set aside in the ISB but it is not subsequently recouped by the EFA. The effect of this is that £189k needs to be reallocated. We anticipate increased pressure on the growth fund budget as a result of more schools than originally planned qualifying for growth fund monies under the relevant criteria. We have therefore increased the growth fund by £189k, offsetting the £41k reduction described in para. 3.10, and resulting in a net increase to the original budget of £148k.
- 3.12 Other changes in expenditure budgets reflect relatively minor adjustments technical related to re-classification of existing expenditure, and do not involve transfers of funding between blocks.

### Revised 2015-16 schools budget

- 3.13 The March 2015 report to Schools Forum confirmed how estimated funding of £113.439m (before academy recoupment) would be allocated (table 1). On 30 March, RBWM returned the Section 251 2015-16 Budget Statement taking account of the March DSG settlement, which we now plan to update with a second version that reflects the latest information about Early Years funding and the other adjustments described above.
- 3.14 The updated S251 Statement shown in **Annex A** sets out how the revised overall total of £113.321m of funding estimated to be available to the Schools Budget in 2015-16, £0.118m less than previously discussed at Schools Forum, will be distributed between schools and central budgets. It is summarised in Table 4. Note that £781k of Schools Block funding (0.9%) and £29k (0.4%) of Early Years Block funding is allocated in support of High Needs budgets.

**Table 4: 2015-16 Schools Budget  
Revised S251 Budget Statement Summary**

|  | <b>Total<br/>£k</b> | Schools<br>Block<br>£k | Early<br>Years<br>£k | High<br>Needs<br>£k |
|--|---------------------|------------------------|----------------------|---------------------|
| Delegated school and early years budgets | <b>97,932</b>       | 87,876                 | 7,187                | 2,870               |
| Central expenditure                      | <b>15,389</b>       | 1,950                  | 191                  | 13,248              |
| <b>Budgeted Expenditure A</b>            | <b>113,321</b>      | <b>89,826</b>          | <b>7,378</b>         | <b>16,118</b>       |
| Dedicated Schools Grant                  | <b>103,821</b>      | 81,349                 | 7,406                | 15,065              |
| Post 16 Grant                            | <b>9,501</b>        | 9,257                  |                      | 243                 |
| <b>Funding B</b>                         | <b>113,321</b>      | <b>90,607</b>          | <b>7,406</b>         | <b>15,308</b>       |
| <b>Net Expenditure (A-B)</b>             | <b>0</b>            | <b>(781)</b>           | <b>(29)</b>          | <b>810</b>          |

## Revised 2015-16 Schools Budget – Planned Expenditure and Funding (S251 Budget Statement v2 at 16 Jun 2015)

| SCHOOLS BUDGET before Academy recoupment  | 2014-15 base- Finalised 2014-15 S251 v2 Jul 14 |                      |                     |                  | % of 2014-15 spend | Revised 2015-16 Budget          |                      |                     |                  | % of 2015-16 spend |                                 |                      |                     |                  |
|---|--|----------------------|---------------------|------------------|--------------------|---------------------------------|----------------------|---------------------|------------------|--------------------|---------------------------------|----------------------|---------------------|------------------|
|   | Total 2014-15 S251 v2 Jul 14 £m                | Early Years Block £m | High Needs Block £m | Schools Block £m |                    | 2015-16 TOTAL Schools Budget £m | Early Years Block £m | High Needs Block £m | Schools Block £m |                    | Movement compared to 2014-15 £m | Early Years Block £m | High Needs Block £m | Schools Block £m |
| <b>EXPENDITURE</b>  |  |                      |                     |                  |                    |                                 |                      |                     |                  |                    |                                 |                      |                     |                  |
| <b>Delegated budget</b>   |  |                      |                     |                  |                    |                                 |                      |                     |                  |                    |                                 |                      |                     |                  |
| 1.0.1 Individual Schools Budget - Pri & Sec Pre 16                                | 75,604   |                      |                     | 75,604           | 69.3%              | 78,623                          | 0                    | 0                   | 78,623           | 3,019              | 0                               | 0                    | 3,019               | 69.4%            |
| 1.0.1 Individual Schools Budget - Sec Post 16                                     | 8,446  |                      |                     | 8,446            | 7.7%               | 9,257                           | 0                    | 0                   | 9,257            | 811                | 0                               | 0                    | 811                 | 8.2%             |
| 1.0.1 Resource Unit Place funding Pri and Sec                                     | 320  |                      | 320                 |                  | 0.3%               | 320                             | 0                    | 320                 | 0                | 0                  | 0                               | 0                    | 0                   | 0.3%             |
| 1.0.1 Individual Schools Budget - Special Pre 16                                  | 1,850  |                      | 1,850               |                  | 1.7%               | 2,032                           | 0                    | 2,032               | 0                | 182                | 0                               | 182                  | 0                   | 1.8%             |
| 1.0.1 Individual Schools Budget - Special Post 16                                 | 299  |                      | 299                 |                  | 0.3%               | 243                             | 0                    | 243                 | 0                | (56)               | 0                               | (56)                 | 0                   | 0.2%             |
| 1.0.1 Individual Schools Budget - AP  | 240  |                      | 240                 |                  | 0.2%               | 275                             | 0                    | 275                 | 0                | 35                 | 0                               | 35                   | 0                   | 0.2%             |
| 1.0.1 Free education on 3 & 4 year olds (Schools)                                 | 2,085  | 2,085                |                     |                  | 1.9%               | 2,077                           | 2,077                | 0                   | 0                | (7)                | (7)                             | 0                    | 0                   | 1.8%             |
| 1.0.1 Free education on 3 & 4 year olds (PVLs)                                    | 4,642  | 4,642                |                     |                  | 4.3%               | 4,493                           | 4,498                | 0                   | (4)              | (149)              | (145)                           | 0                    | (4)                 | 4.0%             |
| 1.0.1 Early Years pupil premium   | 0  | 0                    |                     |                  | 0.0%               | 72                              | 72                   | 0                   | 0                | 72                 | 72                              | 0                    | 0                   | 0.1%             |
| 1.0.1 Spending on 2 year olds new   | 706  | 706                  |                     |                  | 0.6%               | 540                             | 540                  | 0                   | 0                | (166)              | (166)                           | 0                    | 0                   | 0.5%             |
| <b>De-delegated budget</b>  |  |                      |                     |                  | 0.0%               |                                 |                      |                     |                  |                    |                                 |                      |                     | 0.0%             |
| 1.1.1 Contingencies   | 80   |                      |                     | 80               | 0.1%               | 86                              | 0                    | 0                   | 86               | 7                  | 0                               | 0                    | 7                   | 0.1%             |
| 1.1.2 Behaviour support services  | 96   |                      |                     | 96               | 0.1%               | 67                              | 0                    | 0                   | 67               | (29)               | 0                               | 0                    | (29)                | 0.1%             |
| 1.1.7 Licences/subscriptions  | 20   |                      |                     | 20               | 0.0%               | 17                              | 0                    | 0                   | 17               | (3)                | 0                               | 0                    | (3)                 | 0.0%             |
| 1.1.8 Staff costs - supply cover  | 276  |                      |                     | 276              | 0.3%               | 244                             | 0                    | 0                   | 244              | (32)               | 0                               | 0                    | (32)                | 0.2%             |
| 1.1.9 Staff costs - supply cover union duties                                     | 42   |                      |                     | 42               | 0.0%               | 32                              | 0                    | 0                   | 32               | (10)               | 0                               | 0                    | (10)                | 0.0%             |
| <b>High Needs Budget</b>  |  |                      |                     |                  | 0.0%               |                                 |                      |                     |                  |                    |                                 |                      |                     | 0.0%             |
| 1.2.1 Top up funding - maintained providers                                       | 4,167  |                      | 4,167               |                  | 3.8%               | 4,792                           | 0                    | 4,792               | 0                | 625                | 0                               | 625                  | 0                   | 4.2%             |
| 1.2.2 Top up funding - academies and free schools                                 | 485  |                      | 485                 |                  | 0.4%               | 385                             | 0                    | 385                 | 0                | (99)               | 0                               | (99)                 | 0                   | 0.3%             |
| 1.2.3 Top up funding - independent providers                                      | 5,440  |                      | 5,440               |                  | 5.0%               | 5,082                           | 0                    | 5,082               | 0                | (358)              | 0                               | (358)                | 0                   | 4.5%             |
| 1.2.4 Additional high needs targeted funding for mainstream schools and academies | 150  |                      | 150                 |                  | 0.1%               | 150                             | 0                    | 150                 | 0                | 0                  | 0                               | 0                    | 0                   | 0.1%             |
| 1.2.5 SEN support services  | 955  |                      | 955                 |                  | 0.9%               | 955                             | 0                    | 955                 | 0                | (0)                | 0                               | (0)                  | 0                   | 0.8%             |
| 1.2.6 Hospital education services   | 43   |                      | 43                  |                  | 0.0%               | 43                              | 0                    | 43                  | 0                | 0                  | 0                               | 0                    | 0                   | 0.0%             |
| 1.2.7 Other alternative provision services  | 596  |                      | 596                 |                  | 0.5%               | 555                             | 0                    | 555                 | 0                | (41)               | 0                               | (41)                 | 0                   | 0.5%             |
| 1.2.8 Support for inclusion   | 1,130  |                      | 1,130               |                  | 1.0%               | 1,285                           | 0                    | 1,285               | 0                | 156                | 0                               | 156                  | 0                   | 1.1%             |
| <b>Early Years central budgets</b>  |  |                      |                     |                  | 0.0%               |                                 |                      |                     |                  |                    |                                 |                      |                     | 0.0%             |
| 1.3.1 Central expenditure on children under 5                                     | 221  | 221                  |                     |                  | 0.2%               | 114                             | 114                  | 0                   | 0                | (107)              | (107)                           | 0                    | 0                   | 0.1%             |
| 1.3.1 Central expenditure - contingency   | 0  | 0                    |                     |                  | 0.0%               | 81                              | 76                   | 0                   | 4                | 81                 | 76                              | 0                    | 4                   | 0.1%             |
| <b>Central Provision within Schools Budget</b>                                    |  |                      |                     |                  | 0.0%               |                                 |                      |                     |                  |                    |                                 |                      |                     | 0.0%             |
| 1.4.1 Contribution to combined budgets  | 268  |                      |                     | 268              | 0.2%               | 268                             | 0                    | 0                   | 268              | 0                  | 0                               | 0                    | 0                   | 0.2%             |
| 1.4.2 School admissions   | 277  |                      |                     | 277              | 0.3%               | 274                             | 0                    | 0                   | 274              | (3)                | 0                               | 0                    | (3)                 | 0.2%             |
| 1.4.3 Servicing of schools forums   | 46   |                      |                     | 46               | 0.0%               | 46                              | 0                    | 0                   | 46               | 0                  | 0                               | 0                    | 0                   | 0.0%             |
| 1.4.5 Carbon reduction commitment allowances                                      | 0  |                      |                     | 0                | 0.0%               | 0                               | 0                    | 0                   | 0                | 0                  | 0                               | 0                    | 0                   | 0.0%             |
| 1.4.6 Capital expenditure from revenue (CERA)                                     | 0  |                      |                     | 0                | 0.0%               | 0                               | 0                    | 0                   | 0                | 0                  | 0                               | 0                    | 0                   | 0.0%             |
| 1.4.8 Fees to independent schools without SEN                                     | 0  |                      |                     | 0                | 0.0%               | 110                             | 0                    | 0                   | 110              | 110                | 0                               | 0                    | 110                 | 0.1%             |
| 1.4.10 Pupil growth/ Infant class sizes   | 562  |                      |                     | 562              | 0.5%               | 628                             | 0                    | 0                   | 628              | 66                 | 0                               | 0                    | 66                  | 0.6%             |
| 1.4.12 Exceptions agreed by Sec of State  | 0  |                      |                     | 0                | 0.0%               | 0                               | 0                    | 0                   | 0                | 0                  | 0                               | 0                    | 0                   | 0.0%             |
| 1.4.13 Other Items  | 118  |                      |                     | 118              | 0.1%               | 173                             | 0                    | 0                   | 173              | 55                 | 0                               | 0                    | 55                  | 0.2%             |
| 1.6.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)                            | 109,162  | 7,654                | 15,674              | 85,834           | 100%               | 113,322                         | 7,378                | 16,118              | 89,826           | 4,160              | (276)                           | 444                  | 3,992               | 100%             |

## FUNDING

|                                       |                |              |               |               |
|---------------------------------------|----------------|--------------|---------------|---------------|
| DSG Early Years Block                 | 7,918          | 7,918        |               |               |
| DSG Early Years - Post Dec Settlement | 0              |              |               |               |
| DSG High Needs Block                  | 15,774         |              | 15,774        |               |
| DSG High Needs Block - deductions     | (1,070)        |              | (1,070)       |               |
| DSG Schools Block                     | 77,376         |              |               | 77,376        |
| DSG surplus applied                   | 418            |              |               | 418           |
| Allocation from DSG reserves          | 0              |              |               |               |
| EFA Post 16 funding - Secondary       | 8,446          |              |               | 8,446         |
| EFA Post 16 funding - Special         | 299            |              | 299           |               |
| Recoupment for academy growth         |                |              |               |               |
| <b>TOTAL FUNDING</b>                  | <b>109,162</b> | <b>7,918</b> | <b>15,004</b> | <b>86,240</b> |

|                |              |               |               |
|----------------|--------------|---------------|---------------|
| 7,783          | 7,783        |               |               |
| (376)          | (376)        |               |               |
| 16,076         |              | 16,076        |               |
| (1,011)        |              | (1,011)       |               |
| 81,349         |              |               | 81,349        |
| 0              | 0            | 0             | 0             |
| 0              | 0            | 0             | 0             |
| 9,258          | 0            | 0             | 9,257         |
| 243            | 0            | 243           | 0             |
| 0              | 0            | 0             | 0             |
| <b>113,322</b> | <b>7,406</b> | <b>15,308</b> | <b>90,607</b> |

|              |              |            |              |
|--------------|--------------|------------|--------------|
| (136)        | (136)        |            |              |
| (376)        | (376)        |            |              |
| 302          |              | 302        |              |
| 59           |              | 59         |              |
| 3,974        |              |            | 3,974        |
| (418)        | 0            | 0          | (418)        |
| 0            | 0            | 0          | 0            |
| 0            | 0            | 0          | 0            |
| 812          | 0            | 0          | 811          |
| (56)         | 0            | (56)       | 0            |
| 0            | 0            | 0          | 0            |
| <b>4,160</b> | <b>(512)</b> | <b>304</b> | <b>4,367</b> |