

Schools Forum

7th March 2013

Dedicated Schools Grant Allocation for 2013-14

This report relates to both maintained and academy schools

Recommendation

The Schools Forum is recommended to:

- Agree the allocations to services as outlined in the report, including the reallocation of funding across the three Blocks.
- Agree to a report regarding future options for alternative provision for primary aged children at the next meeting.
- Suggest any areas of scrutiny that the Forum would like more information

1.0 Introduction

1.1 The Department for Education have announced that the DSG for Warwickshire for 2013/14 will be £354.525m. This is an increase of £9.080m compared to the total allocation received in 2012/13. This is broken down as follows:

Funding Stream	2012/13	2013/14	Movement
	£m	£m	£m
Schools Block		184.084	
High Needs Block		50.668	
Early Years Block		22.625	
Total	270.030	258.257	-11.773
Add Academy Recoupment	75.414	96.267	20.853
Total Warwickshire DSG Allocation	345.444	354.524	9.080

Table 1: Warwickshire Allocation of Dedicated Schools Grant

1.2 The increase in the DSG for 2013/14 is as follows:

Reason for variance in DSG - 2012/13 to 2013/14	£m
Increased pupil numbers	2.504
New disadvantaged 2 year olds	3.616
New post 16 SEN	2.638
New NQT Induction funding	0.105
Inter LA Out of County pupils (previously recouped)	0.271
4 months SEN grant for post 16	0.701
Less Hospital Tuition Funding	-0.577
Less retained non maintained special schools adjustment	-0.178
TOTAL	9.08

Table 2: Explanation of changes to the 2013/14 DSG

1.3 This is not, however, the final DSG position. Other expected changes include:

- The Early Years Block will be adjusted in June 2013 and April 2014 to reflect the Early Years census in January 2013 and January 2014 pupil numbers.

1.4 While the blocks of funding are not formally ringfenced, the school forum is asked to support any reallocation that is recommended between these groupings. A full analysis of this is included below.

2.0 The Proposed DSG Allocation for 2013/14

2.1 Appendix A shows the proposed allocation of the DSG for 2013/14 compared to that in 2012/13. The headings are those used in the section 251 return to the DfE and include both core service budgets and the contribution that the DSG makes to Local Authority overheads relevant to these services.

2.2 Some core assumptions and parameters have been applied in preparing this allocation, namely:

- Because core funding is cash flat, no increases are expected against services delivered by the Local Authority.

- We are committed to maintaining previous year budget levels for the coming year where possible. Prioritisation may be required if there is insufficient funding available.
- We will be mindful of regulations not allowing any funding increases in certain services. As required we have used the 2012/13 S251 return, endorsed through the School Forum, as the baseline for budgets.
- Where funding has been reduced, this is because of prior agreements or as a result of national policy.
- We will comply will all rules as stated in financial regulations issued by the Department for Education.

2.3 As it stands we have achieved a balanced budget within the overall DSG allocation, although this has not been achieved within the individual blocks of funding. One main reason for this is as a result of the changes to SEN funding and how funding is allocated.

2.4 Historically, in Warwickshire, SEN and statement funding has been managed and accounted for by the Local Authority rather than within schools. As we are aware, the formula changes resulted in a delegation of some of this funding to schools as part of the main schools funding formula, being then included in the notional SEN budget. Because the funding blocks have been calculated using prior years allocations, this delegated element was included within High Needs rather than Schools. This amounted to a movement of £5.576m from the 2012/13 position.

2.5 Included as Appendix B, is a more detailed allocation for 2013/14. Based on this breakdown, the variances between budget allocations and block funding are summarised as follows:

Funding Block	Funding £m	Planned Expenditure £m	Variance £m
High Needs	-50.668	46.233	-4.435
Schools Block	-184.084	189.399	5.315
Early Years	-23.505	22.625	-0.880
Total	-258.257	258.257	0.000

Table 3: Variance of Planned Expenditure against funding allocation

2.6 It should be noted that there are some known cost pressures across centrally managed services, which will require action during 2013/14 to mitigate the risk of overspend. These are detailed below.

3.0 The Schools Block

3.1 This allocation is based on the pro forma submitted to the Education Funding Agency (EFA) in January 2013, following School Forum agreement of the formula factors and unit funding values. It initially includes both maintained and academy schools but is then adjusted to reflect the recoupment expected from the EFA in relation to academies. As at 1 April 2013, this level of recoupment is expected to be £96.267m.

3.2 The base per pupil rate of funding for Warwickshire, within the schools block is £4,078.80 per pupil.

3.3 The Forum will be aware that certain funding previously held centrally has been delegated from within the Schools Block directly to schools. These include Behaviour Support, FSM Eligibility, Ethnic Minority Groups and School Improvement. The Forum will recall that agreement was reached to support the de-delegation of funding for these services to continue to be delivered by the Local Authority for maintained schools. Under new DfE guidance, budgets associated with these delegated services along with other services (listed below), are not permitted to increase, with the baseline having been agreed at the October Forum as part of the de-delegation discussion. In fact, the expectation is that these budgets, along with others across the Schools Block will reduce over time through savings or delegation to schools.

3.4 These budget that are not expected to increase from the 2012/13 position are as follows::

- Combined Budgets
- Admissions
- Termination Costs
- School Forums
- CERA
- Prudential Borrowing

3.5 A further area of change to the schools funding formula is around licensing costs to the Copyright Licensing Agency. This was previously provided on a traded basis through the Local Authority, but has now been procured nationally through the DfE, thereby realising efficiency savings. As such, guidelines have been adjusted to reflect the need for each Local Authority to have a centrally managed budget from which to fund the DfE costs. An adjustment has been made on a per pupil basis against Individual Schools Budgets.

3.6 Known Budget Pressures in the Schools Block

3.7 The main area affecting these budgets during 2013/14 will be any services that are predicated on maintained schools i.e. those services subject to forced delegation. Under regulations, where schools convert to academy status throughout the year, the de-delegated budgets will be reduced and the school budget will be increased. This will only happen in September for any in year conversions but it will

mean that, in effect, a budget reduction in year is likely. In some instances a traded service may be offered, in other areas a reduction in total service to remaining maintained schools may be the only option. In all instances, academies will receive the relevant portion of budgets relative to these budgets.

4.0 The High Needs Block

4.1 Under the new funding arrangements, the High Needs Block (HNB) includes funding for the new responsibility that the Local Authority now has in relation to post 16 SEN. Previously the LA funded post 16 special schools and some mainstream schools statement students. From September 2013, the LA will take over the responsibility from the EFA to allocate high needs top up funding to post 16 SEN students in Further Education Colleges and Non Maintained Special Schools. This means additional administrative responsibilities on the LA, the development of top up funding matrices and agreements with providers and the risk of any over spends being passed to the LA.

4.2 Contrary to how funding was allocated to services in previous years, the budget allocation methodology is now calculated in two phases:

1. Per place funding at £10,000 per place
2. Top-up funding. For 2013/14 this is broadly based on the historic budget and costs associated with known places. It is anticipated that as the new funding regime becomes fully embedded more emphasis will be made around the individual negotiation of place costs from the many providers. This approach is supported through the development of the Local Offer of SEN and the commissioning strategy around out of county placements.

4.3 This methodology is the basis of calculation for all places within maintained special schools and external provision.

4.4 Known Budget Pressures in the High Needs Block

4.5 Included elsewhere on the agenda is an update regarding Out of County expenditure and the commissioning strategy supporting improvements in this area. Unfortunately, there continues to be significant financial pressure against this budget with a forecast overspend in 2012/13. As such, and where able, some additional provision has been allowed in setting the DSG budget for 2013/14.

4.6 There are new post 16 SEN responsibilities including a new administrative role, possibly a new assessment role for FE college SEN students, increased inter local authority working and no room for flexibility on overspends (unlike the EFA who were the previous holders of these budgets). The transfer of this responsibility to the LA and the development on new top up arrangements brings a degree of uncertainty and risk regarding this funding.

4.7 Alternative provision budgets are also included in the HNB. In March 2012, the report brought to the Schools Forum noted that a 2 year pilot was being

undertaken within the primary sector. The initial funding for this is to end in the autumn of 2013. A report will be brought to the May Schools Forum regarding the conclusions of this pilot but it is expected that, in recognition of the importance of early intervention and the positive impact that such a scheme has on these vulnerable primary pupils, the LA will recommend that this funding should continue. As such, the DSG allocation included within this report assumes that a full year budget allocation will still be required.

5.0 The Early Years Block

5.1 This block essentially allocates Warwickshire Early Years Single Funding Formula (EYSFF) which, as noted elsewhere on this agenda, will now also include funding of a free 15 hour entitlement for disadvantaged 2 year olds. This relates to maintained nursery schools, maintained nursery classes and the Private, Voluntary and Independent (PVI) sector.

5.2 A budget of £11.86m PVI is based on the current years forecast but will vary depending on the take up of places throughout the year. The disadvantaged 2 year old budget is included at the funding level.

5.3 Budget Pressures in the Early Years Block

5.4 There is a degree of uncertainty regarding the disadvantaged 2 year old funding as this is a new initiative and the take up is based on broad assumptions. However, in 2013/14, with the inclusion of trajectory funding, there is scope to fund any pressures above those expected.

5.5 In line with the move towards greater delegation of schools funding, recent government announcements indicate that this may be the case in the future for some of the funding held centrally for EY provision. This position will be monitored by the LA.

6.0 Conclusion

6.1 Using appropriate parameters and assumptions, a balanced budget for allocating the Dedicated Schools Grant has been achieved for 2013/14. This allocation meets all criteria outlined in the new financial regulations. However, this has not been achieved within the funding blocks on which the DSG is now allocated.

6.2 As included in this report, there are pressures against the delivery of some of these budgets, but it is expected that these can be managed accordingly. The Local Authority remains committed to reviewing services across the Schools Block and the High Needs Block to ensure they remain fit for purpose and offer value for money. The outcomes and options of these reviews will be brought to the School Forum for consultation, as outlined in the regulations. However, the Forum are asked to note where further information and/or update regarding any areas in particular are required for further scrutiny throughout the coming year.

6.3 The Schools Forum is asked to support the use of the funding blocks as

outlined in the attached appendices and to the overall DSG budget allocation for 2013/14.

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