

## LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	<b>SCHOOLS FORUM</b> <b>14 January 2015</b>	Agenda Item	<b>3</b>
Report Title	<b>DSG Funding Blocks 2015-16</b>		
Decision/ Discussion/ Information	For Information		
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### 1. SUMMARY

- 1.1 The DfE announced the DSG funding allocations for 2015-16 for each local authority on 17 December 2014. This report summarises the information on the funding allocations for each of the three DSG funding blocks – Schools Block, Early Years Block and High Needs Block and any local adjustments between these three blocks previously agreed by Schools Forum.
- 1.2 This financial information forms the basis of detailed analysis in each of the separate reports to this meeting on the proposed allocation of funding within these three funding blocks for 2015-16.

### 2. RECOMMENDATIONS

- 2.1.1 Schools Forum is asked to note
  - (a) the Dedicated Schools Block [DSG] funding for each of the three funding blocks for 2015-16 as announced by the DfE on 17 December 2014; and
  - (b) Adjustments between the three funding blocks as previously agreed by Schools Forum in November 2014.

### 3. REASON

- 3.1 The Local Authority is required to inform Schools Forum about the annual allocation of DSG and consult on how the Local Authority proposes to spend these monies.

## 4. BACKGROUND INFORMATION

- 4.1 Table 1 below summarises the DSG funding for Waltham Forest for 2015-16, showing the equivalent funding for 2014-15.

**Table 1: DSG funding for 2015-16 compared with 2014-15**

Funding Block	2015-16	2014-15	Difference
Schools	£192.351m	£182.821m	+ £9.530m
Early Years	£14.836m	£14.507m	+ £0.329m
High Needs	£34.233m	£34.041m	+£0.192m
<b>Total Funding</b>	<b>£241.420m</b>	<b>£231.369m</b>	<b>+£10.051m</b>

Notes:

1. Totals do not include £0.053m for newly qualified teachers in both 2014-15 and 2015-16.
2. The schools block is shown net of CRC deduction in both years.

### **Schools Block:**

- 4.2 For the Schools Block, funding is determined by the actual number of pupils in maintained and recoupment academies in the 2 October 2014 School Census count. The school population is multiplied by the Schools Block Unit of Funding (SBUF) to determine the total grant.
- 4.3 In the report to Schools Forum in November 2014, it was estimated that the Schools Block funding was expected to be **£192.337m**. The actual funding has been affected by three factors that almost cancel each other out. These are explained below.

#### *(a) Carbon Reduction Commitment (CRC):*

- 4.4 Last year, the EFA deducted £0.328m from the Schools Block to cover the cost of CRC. This year, a different mechanism has been used by reducing our SBUF from £5,204.86 to £5,197.35 – a loss of £7.51 per pupil. Given a school population of 35,669 that represents a loss of £0.268m for 2015-16.

#### *(b) Number on Roll (NOR):*

- 4.5 The forecast school population was **35,834**, based on May 2014 census data and projected NOR in reception and year 7 in October 2014. However, actual NOR in October 2014 was **35,669** - some 165 fewer pupils. This is mainly due to lower actual numbers in reception and some outward net migration in other primary age cohorts. This represents a loss of **£0.858m** but is mostly offset by reductions in school budget shares at those schools where actual NOR is below that expected.

*(c) Cash Transfer for Non-Recoupment Academies (NRAs):*

- 4.6 In November it was reported that Waltham Forest would receive a cash transfer of **£5.826m** to fund Emmanuel Primary and Walthamstow Academy. This cash transfer has been enhanced to **£6.966m** – an extra **£1.140m**. This increase covers an increase in rolls between October 2013 and 2014 and the additional responsibility for Eden Girls which opened in September 2014. These schools are now funded in the same way as other recoupment academies. The EFA recoups from Waltham Forest the amount we would have allocated to these three schools had they been funded through the local funding formula. The EFA anticipate that this level of additional funding means that the net effect is cost neutral to Waltham Forest and its existing schools and academies.
- 4.7 The report on the Schools Block explains the impact of these changes and in particular the funding set aside for the Growth Fund and changes to the Local Funding Formula as agreed at the November 2014 meeting.

**Early Years Block:**

- 4.8 As reported in November 2014, the Early Years funding for 2015-16 is based upon the January 2014 early years census which showed 2970 fte pupils. However, this figure will be adjusted by the early years census for January 2015 and January 2016. Final funding is pro-rated at 5/12ths January 2015 pupil numbers (for period April 2015- August 2015) and 7/12ths January 2016 pupil numbers (for period September 2015 to March 2016).
- 4.9 The increase of **£0.329m** is for implementing the extension of the Pupil Premium to 3-4 year olds from April 2015. The allocation for Waltham Forest is based on headcount eligibility of 1,142 pupils and proxy FSM PTE of 1,089 making it roughly equivalent to **£300** per qualifying pupil.
- 4.10 Funding for 2 year olds moves to being based on participation from 2015. Allocations will not be announced until June 2015 and will be based upon the January 2015 early years census. For Waltham Forest and for a number of other LAs, the grant announced in June 2015 is expected to be significantly less than the current grant which for Waltham Forest is **£5.791m (£5.148m** place and **£0.644m** trajectory funding). This is because at present funding by the EFA is based upon target numbers set for each local authority which relate to an estimate by the DfE on the number of eligible children in each LA.
- 4.11 For most LAs this figure of eligible children has proven to be much higher than the actual number of 2 year olds receiving free education. In the case of Waltham Forest, the 40% eligibility criteria was only introduced in September 2014 when it became statutory. There has been a significant increase in numbers between September and December (approx. 400) we expect to have reach approximately **1,000** in January 2015. This is well below the number for which Waltham Forest is currently funded but numbers are increasing month on month. For example, 1,000 2 year olds receiving free education in January 2015 would generate funding of just **£3.01m** (based on £5.28p per hour for 570 hours per child).
- 4.12 The final participation funding for disadvantaged two year olds will be based upon the formula of 5/12ths January 2015 participation numbers and 7/12ths January 2016 participation numbers. By this time, the expectation is that

actual numbers of participating two year olds will be considerably higher than at present

- 4.13 However, the EFA has stated that it will offer LAs the opportunity in the autumn term 2015 to complete a voluntary census if there is a significant increase in participation since January 2015. Allocations will be adjusted in January 2016 to reflect these increases. This should be beneficial to Waltham Forest since there is a major drive on at the moment to raise participation rates in 2015.
- 4.14 The separate report on the Early Years Block highlights these participation issues for two year olds and also raises whether or not the funding rates for providers of 2, 3, and 4 year old free education should be changed from April 2015.

### **High Needs Block:**

- 4.15 The report on the High Needs Block in November 2014 explained that the Local Authority was seeking additional place-led funding to cover the growth in the number of places required for specialist SEN provision, reflecting the growth in our school population. Our submission has only been partially successful in that we have been allocated funding for 20 post-16 places at Belmont Park.
- 4.16 As this corrects a previous reduction in places at Belmont Park, this now means that any increase in specialist provision for 2015-16 will have to be met from existing funding. Potential cost pressures were explained in the November report and are set out again in the report to this meeting on the High Needs Block.
- 4.17 Our High Needs Block increase of just **£0.192m** or **0.56%** is the net effect of:
  - (a) the loss of **£0.195m** for deductions in pre-and post16 places agreed for the 2014-15 academic year (as part of this falls in 2015-16 financial year).
  - (b) an extra **£0.133m** for the extra 20 post-16 places funded at Belmont Park for period September 2015 to March 2016).
  - (c) an extra **£0.252m** as our share of the £47m national top up grant for High Needs based on our 2-19 aged population projection for 2015.
- 4.18 The increase of **£0.192m** falls well short of the identified cost pressures for 2015-16 as reported to Schools Forum in November 2014. A separate report on the High Needs Block outlines the strategy which the LA proposes to implement to stay within High Needs Block funding for 2015-16

### **Transfer of funding between the three funding blocks**

- 4.19 At its meeting in November 2014 Schools Forum agreed certain transfers of funding between the three funding blocks for 2015-16 these are set out in Table 2 below:

**Table 2: Transfer of funding between the funding blocks for 2015-16**

<b>From</b>	<b>To</b>	<b>Reason</b>	<b>£m</b>
Early Years	High Needs	SEN Support for HNLI pupils in early years settings	0.500
Schools	High Needs	Contribution to increase in AP place led funding increase from £8,000 to £10,000 from September 2015	0.125
Early Years	Schools	Adjustment for rates for early years provision in schools being met from the schools block rather than charged to Early Years	0.125

## **5. CONSULTATION**

- 5.1 The LA is informing Schools Forum on Schools revenue Funding Settlement for 2015-16 and the implications that this has for Waltham Forest. Recommendations for action are set out in the individual reports for each funding block.