Waltham Forest

Meeting / Date	**SCHOOLS FORUM** **15 January 2014**	Agenda Item	**5**
Report Title	**DSG Settlement 2014-15**		
Decision/ Discussion/ Information	For Information and Decision		
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1. SUMMARY:

1.1 This report provides details of the DSG Settlement announced on 18 December 2013 for the financial year 2014-15. DSG is broken down into three funding blocks:

- Schools Block (SB)
- Early Years Block (EY)
- High Needs Block (HN)

1.2 This is an overview report which sets the financial scene for two other reports to Schools Forum at this meeting on funding decisions relating to the Schools Block and High Needs Block. A report on the Early Years Block will be presented to Schools Forum at its meeting in February 2014.

1.3 The EFA have announced an allocation of **£230.520m** for 2014-15 compared with **£227.652m** for 2013-14 – a rise of **£2.868m** for all blocks excluding 2year old funding. A sum of £5.791m has been allocated for 2 Year Old funding compared to £3.987m for 2013-14. See Table A for details.

2. RECOMMENDATIONS

2.1 **Schools Forum notes** the DSG settlement for 2014-15 including the breakdown in funding between the three funding blocks and the increase in funding to provide more free education for two year-olds.

2.2 **That Schools Forum agrees** with the proposed adjustments to the distribution between the three funding blocks for 2014-15 as set out in Table B at 4.3 in this report.

3. REASON

3.1 The LA is required to consult with Schools Forum on an annual basis regarding how DSG funding is allocated. Changing the distribution of funding between the three spending blocks has implications for the amount of money delegated to schools, provision for HNLI pupils and for early years provision.

4. BACKGROUND

4.1 The DSG Settlement for 2014-15 was announced on 18 December 2013 and is summarised in **Table A** together with a comparison against 2013-14 funding :

Table A: Final DSG Settlement for 2014-15 compared to the 2013-14 Settlement

Funding Block and additional grants	Funding rate	2013-14 DSG Pupil Numbers (FTE)	2014-15 DSG Pupil Numbers (FTE)	Change between Financial Years	2013-14 DSG	2014-15 DSG	Movement between Financial Years
					£m	**£m**	**£m**
Schools	£5,204.86	34,723	35,182	459	180.728	183.117	2.389
Early Years	£4,884.45	2,793	2,851	58	13.642	13.926	0.284
High Needs					32.867	33.752	0.885
Funding for NQTs					0.053	0.053	0.000
Transitional protection baseline 90% for 3 YOs*					0.313		-0.313
Top up funding for Non-maintained Special schools					0.049		-0.049
EFA Top slice for CRC Energy efficiency scheme						-0.328	-0.328
Increase for All Blocks Excluding 2YOs					**227.652**	**230.520**	**2.868**
Funding for 2YOs					3.987	5.791	1.804
Total Increase in DSG					**231.639**	**236.311**	**4.672**

***Transitional Funding for 3YOS ceased in 2014-15**

4.2 For 2013-14 Schools Forum agreed the transfers between the blocks. A sum of £0.313 m was transferred from the EY block into the Schools Block revising the total to £181.041m. A sum of £0.446m was transferred from the EY block to the HNB a further adjustment of £0.049m for the NMSS grant revised the HNB to £33.361m.

4.3 The LA proposes to make the following adjustments to the funding blocks for 2014-15 as set in Table B:

Table B: Proposed Adjustments to the Funding Blocks for 2014-15

Funding Block and Grant Adjustments	**EFA Funding**	**CRC top slice**	**Inter-block transfers**	**Revised Funding Available**
	£m	**£m**	**£m**	**£m**
Schools Block	183.117	-0.265		182.852
Early Years Block	13.926	-0.014	-0.446	13.466
High Needs Block	33.752	-0.049	0.446	34.149
Ring fenced Funding for 2YO provision	5.791			5.791
Induction for NQTs	0.053			0.053
Total	**236.639**	**-0.328**	**0**	**236.311**

4.4 The funding rates received from the EFA have remained cash flat at 2013-14 funding levels. For 2014-15 other sources of funding like Pupil Premium have increased. The report on Schools Block Funding for 2014-15 refers to the increase.

CRC Energy Efficiency Scheme

4.5 The EFA have deducted **£0.328m** from DSG as Waltham Forest's share of the **£50.5m** deducted nationally for the CRC Energy Efficiency Scheme. This deduction will have to be apportioned across the three funding blocks. For 2013-14, Waltham Forest had allocated **£0.280m** to CRC. This was distributed across Schools Block **(£0.226m**) Early Years Block **(£0.012m)** and High Needs Block **(£0.042m) in 2013-14.** The LA proposes that the same proportion of distribution is used to account for the top slice as set out in Table B.

Schools Block

4.6 The size of the Schools Block DSG is determined by multiplying the Guaranteed Unit of Funding (GuF) for Waltham Forest by the school population. The School Population has risen from **34,723** to **35,182** between October 2012 and October 2013 – a rise of **459** pupils. At £5,204.86 per pupil that has generated a rise in Schools Block DSG of **£2.389m** (or **1.32%)** to **£183.117m.**

4.7 The EFA will withhold further funding for National Copyright Licences. The figure has yet to be announced, so the LA has provisionally held back **£0.076m** which was the sum deducted for 2013-14.

4.8 The growth in the school population is smaller than originally forecast because the number of reception places filled on census date of 3,527 was 131 below capacity and 32 lower than for October 2012. Part of the lower uptake is due to an increase in the deferment of reception take-up to January. However, there have been further admissions after the census date but this will not attract funding until 2015-16. In addition there was a net migration out of Waltham Forest primary schools of 183 pupils in Year 1 to Year 6 which is an unexpected reversal of the recent trend. On the other hand there was a slight inward migration of 67 pupils into Waltham Forest secondary schools in the same period. **Table C** below shows the breakdown in changes in pupil numbers between October 2012 and October 2013.

Table C: Breakdown of qualifying pupils (FTE) for Schools Block calculation:

Pupils	**2013-14**	**2014-15**	**change**
Primary	22,661	23,262	601
Reception Uplift	110	79	-31
Secondary	12,077	11,996	-81
Less			
SRP pupils	-126.8	-155.3	-28.5
Total (rounded)	**34,723**	**35,182**	**459**

Early Years Block

4.9 The Early Years Block funding is based upon a GuF of £4,884.45 multiplied by the number of qualifying pupils. The breakdown is set out in **Table D** below which also shows comparable figures for 2013-14 DSG settlement:

Table D: Breakdown of qualifying pupils (FTE) for Early Years Block calculation:

Pupils	2013-14	2014-15	change
Schools	1,901.5	1,825.0	-76.5
PVIs	891.6	1,026.5	+134.9
Total(rounded)	**2,793**	**2,851**	**+ 58**

4.10 These figures are based on the January Census 2012 (for 2013-14) and January Census 2013 (for 2014-15). These are provisional allocations since the final allocation for 2013-14 will be based upon a mix of January Census 2013 (5/12ths) and January Census 2014 (7/12ths). The same process will apply for 2014-15 using January Census 2014 and January Census 2015.

4.11 The EFA informed the LA in June 2013 that the funding for 2013-14 had been increased by **£0.284m** on the basis of the higher NOR in January 2013. As explained above, this will further adjusted for the Final DSG allocation for 2013-14 when January Census data for 2014 is available.

4.12 The EFA have also confirmed the level of funding for 2 year olds in 2014-15. **Table E** below sets out the funding compared to 2013-14.

Table E: Breakdown of Two year-old funding for 2013-14 and 2014-15

	2013-14	2014-15	Change
Pupils			
20% eligible pupils	951	994	
40% eligible pupils		2,066	1,115
20% statutory funding	£2.863m	£0.998m	-£1.865m
40% funding		£4.149m	£4.149m
Trajectory funding	£1.124m	£0.644m	-£0.480m
Total	**£3.987m**	**£5.791m**	**£1.804m**

4.13 For 2014-15, the **£0.998m** covers the statutory funding for the summer term 2013 for 994 two year-olds. The **£4.149m** covers the 40% commitment for the autumn term 2013 and the spring term 2014 for 2,066 two-year olds. Finally the trajectory funding of **£0.644m** is available for non-statutory places and other activities in preparation for the extended entitlement for 40% of two year olds. Nationally, the number of qualifying pupils has risen from previous estimates used to calculate grant. Eligibility from September 2014 is based upon meeting the following criteria:

- Children meeting eligibility criteria for Free School Meals(FSM)
- Children looked after by the Local Authority
- Families receiving Working Tax Credit (WTC) and having annual gross earnings of no more than £16,190 per year
- Children receiving a current statement of SEN or an education, health and care plan
- Children attracting Disability Living Allowance
- Children leaving care through special guardianship or through an adoption or residence order

4.14 The 2YO old funding rate received from the EFA for 2014-15 remains at **£5.28** per hour for Waltham Forest (national average is **£5.09** per hour). This is **£0.72** per hour below the rate paid to providers in Waltham Forest of **£6.00** per hour. The average hourly rate paid to providers across London approximates at **£5.85** an hour. This becomes an issue for Waltham Forest in 2015-16 when funding for 2 YOs will be

based upon actual participation levels rather than target numbers. The Early Years report in February 2014 will outline options for addressing this issue.

4.15 In 2013-14 the **£0.446m** transferred to the High Needs Block covered in-year financial support to early years settings for HNLI pupils and SEN support for pupils in early years settings. The report in February will include reference to the number of HNLI pupils being supported.

4.16 In 2013-14 a total of **£1.280m** was held back for central support services (other than SEN) for early years and Early Years contribution to other central services. These services are currently being reviewed to ensure that they match changing and emerging needs and again the report in February will include proposals for retaining all the funding for these services (other than for CRC) in 2014-15 given the rising number of 2-4YOs they need to support.

High Needs Block

4.17 Funding within the High Needs Block has risen between 2013-14 and 2014-15 as shown in **Table F** below:

Table F: High Needs Block funding 2013-14 and 2014-15

Allocation	2013-14	2014-15	change
Pre-16	£31.521m	£31.521m	
Post-16	£1.345m	£2.181m	£0.836m
Non-maintained special schools grant	£0.049m	£0.049m	
Total	**£32.915m**	**£33.752m**	**£0.836m**

4.18 At face value it looks as if funding for post-16 students has been increased. However, in 2013-14 the EFA directly funded colleges and other post-16 providers (other than schools) for the transitional period April–July 2013. The additional grant has been made since LAs will now pick up the full-year costs.

4.19 In Waltham Forest, the size of the HNB funding has been enhanced by the transfer of **£0.446m** from Early Years Block and the inclusion of **£2.786m** of SEN underspends between 2010-11 and 2012-13.