

SCHOOLS BUDGET 2016/17

Cabinet Members	Councillor Ray Puddifoot MBE Councillor David Simmonds CBE Councillor Jonathan Bianco
Cabinet Portfolios	Leader of the Council Education and Children's Services Finance, Property and Business Services
Officer Contact	Peter Malewicz, Finance
Papers with report	Minutes of the Schools Forum

1. HEADLINE INFORMATION

Summary	The purpose of this report is to seek Cabinet's approval for the size and distribution of the schools budget for 2016/17, following consultation with school Headteachers, Governors and Early Years providers having regard to the advice of the Schools Forum.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People; Our Built Environment; Financial Management</i> Schools are a key frontline service in the Borough and are the largest service providing investment in children and Young People's future life chances. The distribution of funding to schools supports the Council's strategic aims.
Financial Cost	Funding for schools and school related expenditure is provided through the Dedicated Schools Grant (DSG) and the Pupil Premium and as such has no impact on the Council's budget requirement.
Relevant Policy Overview Committee	Children, Young People and Learning Services
Ward(s) affected	All

2. RECOMMENDATION

That Cabinet:

- 1) **Agrees that the total Schools Budget for 2016/17 will be equal to the total of the Dedicated Schools Grant (as set out in paragraphs 59 to 60) provided to the Council.**
- 2) **Approve the Early Years Single Funding Formula, as set out in paragraph 11.**

- 3) **Approve the base rate of funding for the Two Year Old Free Entitlement Offer, as set out in paragraphs 12 and 13.**
- 4) **Approve the Primary and Secondary schools funding formula as agreed by schools and the Schools Forum, as set out in paragraphs 14 to 18.**

Reasons for recommendation

1. Cabinet is the decision making body for school funding issues and decisions are required on the arrangements to allow for final funding allocations to be provided to schools by no later than 29 February 2016.
2. The School and Early Years Finance (England) Regulations 2015 requires the Council to consult the Schools Forum on a range of financial matters prior to making decisions on them. Each year the Council consults with schools on the following years funding and school funding formulas. For 2016/17 budgets, this consultation ended on 16 October 2015 and was considered at the Schools Forum meeting on 22 October 2015. Additionally, Schools Forum are required to set and agree the DSG budget for 2016/17, taking into account any accumulated surplus balances, this was agreed at the Schools forum meeting on 14 January 2016. The results of both of these decisions are reflected in the recommendations of this report.

Alternative options considered / risk management

3. At its meeting on 30 September 2015 the Schools Forum Individual School Budget sub-group decided that they did not want to make any significant changes to the Primary and Secondary schools funding formula. The only proposed changes were to maintain deprivation funding at 7.87% of total funding and to implement a 1% increase to the Early Years Single Funding Formula base rate. Schools were briefed and formally consulted on these proposals in October 2015.
4. Cabinet could decide to recommend that the Schools Forum reconsider the proposed Primary and Secondary schools funding formula, the Early Years Single Funding Formula and the High Needs Funding Formula. However, such decisions are not recommended as the proposals contained in this report are the result of a significant consultation process with the Schools Forum, schools and other stakeholders and fully meet the requirements as set out in the DfE paper 'Schools Revenue Funding for 2016/17'.
5. The recommended Schools Budget 2016/17 contains a contingency to provide for the growth in nursery age children and for the diseconomies of scale funding for the three Basic Need Primary Academy schools. There are also contingencies for the placement of children with Special Educational Needs, including a provision for the cost of 16-25 placements.

Policy Overview Committee comments

6. None at this stage.

3. INFORMATION

Supporting Information

7. The new Conservative Government announced in the Autumn Statement that it would not be implementing a National Funding Formula in 2016/17. However, it was confirmed that a National Funding Formula would be in place from 2017/18 and consultation is expected on this process in February/March 2016.
8. The Government proposed no significant changes to the schools funding formula for 2016/17.
9. Schools Forum agreed to increase the Early Years Single Funding Formula base rate by 1%, in response to feedback received from the October 2015 consultation.
10. Schools continue to convert to Academy status, following the introduction of the Academies Act 2010 where the current picture in Hillingdon is that 42 schools are now academies (18 Primary, 19 secondary, 4 special and the Pupil Referral Unit). We are not currently aware of any planned conversions in 2016/17. There is also one additional university technical college planned for opening in September 2016.

Early Years (3 and 4 Year Old Provision)

11. The Early Years Single Funding Formula (EYSFF) provides funding for schools, Private, Voluntary and Independent Nursery providers and Childminders for 3 and 4 year old placements. It is proposed that the EYSFF will be amended by increasing the base rate level of funding by 1% from £4.22 per hour per pupil to £4.26 per hour per pupil for 2016/17. There are no other proposed changes to the EYSFF, which will continue to include the following factors:
 - A base rate per hour for all pupils (£4.26 per hour per pupil)
 - Deprivation funding, based on the Income Deprivation Affecting Children Index (IDACI), set at 8% of the total funds available
 - Quality funding, based on the Ofsted rating and Hillingdon Early Years Quality Framework scores, set at 4% of the total funds available
 - Lump Sum (only applies to McMillan Nursery)

Early Years (Two Year Old Free Entitlement Provision)

12. This new provision came into force on 1 September 2013 and was extended further on 1 September 2014, to cover the 40% most disadvantaged families across the country.
13. The DfE strongly recommended that all councils put in place a simple funding formula for the two year old free entitlement offer, which Hillingdon followed, having only a base rate of funding, which for 2013/14 was set at £6.00 per hour per pupil. Schools Forum agreed to maintain this formula and level of funding in 2016/17.

Primary and Secondary Schools

14. The main focus of Schools Forum has been to address the impact that a reduction in the number of children eligible for Free School Meals (FSM) will have on the funding formula.

Approximately half of schools in Hillingdon have seen a reduction in FSM numbers in 2015/16 with a number of possible reasons for this including the introduction of Universal Infant Free School Meals and changes to welfare benefits. Currently the only driver for deprivation funding within the Hillingdon funding formula is FSM and therefore any reduction will lead to a reduction in the deprivation funding pot. To address this, Schools Forum proposed to maintain the deprivation funding pot at its current percentage of total funding (7.87%) by increasing the deprivation factor rate. In October 2015, Schools Forum consulted with schools to determine whether they had any concerns with the proposed change to the deprivation factor.

15. The response from schools to the funding consultation was limited. However, the majority of responses received from schools (80%), supported the proposed change to the deprivation factor. Respondents also appeared in favour of making no further changes to the funding model for 2016/17.

Benchmarking

16. The DfE published a report, which provided local authorities with a range of benchmarking information that could be used to compare its funding formula with all other local authorities (of which there are 151). The table below provides a summary of how Hillingdon's School Funding Formula compared to the benchmarking data provided:

Factor	Benchmarking National Average Amount Per Pupil
Primary AWPU	Slightly above average
KS3 AWPU	Slightly below average
KS4 AWPU	Slightly below average
Deprivation	Slightly below average
Looked After Children	The second highest
English as an Additional Language	Above average
Low Attainment	Above average
Mobility	Slightly below average
Lump sum	Slightly above average

17. This analysis indicates that Hillingdon is at the upper end of the rankings for Looked After Children, and Low Attainment when compared to all other authorities. Most of the others are slightly above average, with only Secondary AWPU, Mobility and Deprivation factors being below the average.

School Funding Arrangements for 2016/17

18. The following sets out the arrangements that the DfE are making to the schools funding system for 2016/17:
- i) No national funding formula until 2017/18.
 - ii) Minimum funding levels have been set for AWPU, deprivation, looked after children, low prior attainment, English as an additional language and lump sum.
 - iii) Minimum Funding Guarantee (MFG) protection remains at minus 1.5% per pupil, so no school will see more than a 1.5% per pupil reduction in its 2016/17 budget.

- iv) The High Needs Block funding has been increased by £92.5m above the 2015/16 baseline. This additional funding has been distributed based on the current SEN pupil population. For Hillingdon this results in an increase of £559k.
- v) Early Years funding rates for 2 year olds and 3 & 4 year olds have been maintained at the 2015/16 levels.
- vi) Pupil Premium rates have been protected at the 2015/16 rates.
- vii) Universal Infant Free School Meals (UIFSM) rate to stay at £2.30 per meal.
- viii) A continuation of the additional funding for early years, through the early years pupil premium to provide nurseries, schools and other providers of Government funded early education with additional funding of £302.10 per eligible child for disadvantaged three and four year olds.

Dedicated Schools Grant Baseline 2016/17

19. The Education Funding Agency (EFA) released the draft DSG figures on 17 December 2015. The following table summarises the comparison between the 2015/16 baseline budget data (as at November 2015) and the 2016/17 budget as released on 17 December 2015:

Funding Block	2015/16 £000	2016/17 £000	Change £000
Two Year Old Funding	2,044	2,044	0
Early Years	16,920	16,920	0
Schools	204,190	208,895	4,705
High Needs	32,501	32,270	-231
Other adjustments	59	62	3
Total	255,714	260,191	4,477

20. The Schools Block Unit of Funding (SBUF) for the Early Years Block and the Schools Block are noted in the following table. The uplift in the SBUF is following the adjustment made in incorporating the funding for the former non-recoupment academies.

Funding Block	2015/16	2016/17	Change
2YO - Pupil Numbers	389	389	0
2YO - SBUF per pupil	£5,253.50	£5,253.50	0
Early Years - Pupil Numbers	3,395	3,395	0
Early Years - SBUF per pupil	£4,897.51	£4,897.51	0
Schools - Pupil Numbers	41,896.5	42,862	964.5
Schools - SBUF per pupil	£4,824.27	£4,872.55	£48.28

Two Year Old Funding

21. From April 2015, funding for 2 year olds, which had previously been distributed to Local Authority's on estimates, moved to funding on participation. Initial allocations for 2016/17 are provisional and have been determined using the January 2015 census count maintaining the rate per pupil at the 2015/16 level. For the purposes of setting the budget for 2016/17, it is anticipated that participation will increase as numbers have been increasing from the January 2015 census data. Therefore, based on current participation levels, it is estimated that the actual funding received for the year will be £2,244k, resulting in an increase of £200k in funding that will be received in the DSG.

Early Years Block

22. The funding for the Early Years Block in respect of 3 and 4 year olds is provisional and will be adjusted throughout the 2016/17 financial year based on the January 2016 census data and again for the January 2017 census data. However, the SBUF has been cash limited to the 2012/13 baseline figure. For the purposes of setting the budget for 2016/17, it is anticipated that participation will increase as numbers have been increasing from the January 2015 census data. Therefore, based on current participation levels, an assumption for growth has been made increasing the funding by £700k.
23. The Early Years Pupil Premium allocation for 2016/17 is provisional and based on the DfE estimate of how many children are eligible. The school census data from January 2016 will be used to determine how much Early Years Pupil Premium funding will actually be received. It is anticipated that the rate will remain the same as 2015/16 (£302.10 for each eligible child taking up the full 570 hours of state funded early education)

Schools Block

24. In the 2016/17 Schools Block there is growth of £4.7m. This relates to funded Pupil Growth of 965 pupils x £4,872.55. The following table provides an analysis of the change in the pupil population between Oct 2014 and Oct 2015, where there is continued growth in the primary (3.2%) and secondary (0.8%) sectors:

Sector	Oct-14	Oct-15	Change
Primary	26,386.5	27,234	847.5
Secondary	15,581.5	15,704	122.5
Less High Needs	-114.0	-118.0	-4.0
Plus Reception Uplift	42.5	41.0	-1.5
Total Schools	41,896.5	42,862	964.5

High Needs Block

25. This funding block has decreased by £231k, however, this primarily relates to a technical adjustment, which when excluded, indicates that the DSG has actually been increased by £559k. The table below sets out the changes that have been made to the High Needs Block;

High Needs Funding Block	£000
2015/16 High Needs block baseline	32,501
Adjustment for EFA direct NMSS place funding	-980
Additional top-up funding 2016/17	559
Exceptions process funding	40
Funding to reflect change from residency to location basis for NMSSS/post-16	150
2016/17 High Needs block baseline	32,270

26. There is a £980k reduction due to a change in the calculation of the High Needs block baseline in relation to places in non-maintained special schools. From 2016/17 place funding for pupils in non-maintained schools will be excluded from the High Needs block as the planned place funding will be provided to them directly by the EFA.
27. The DfE have made available an additional £92.5m nationally for top-up funding. Hillingdon has received an additional £559k based on the SEN population.
28. There is £40k growth to reflect the full financial year impact of the high needs exceptions process for the 2015/16 academic year.
29. There is £150k growth to reflect the full financial year impact of the change from a residency to location funding basis for the 2015/16 academic year post-16 and non-maintained special school places.

Other adjustments

30. Additional funding for NQT's of £62k has been allocated for 2016/17, which is an increase of £3k when compared to 2015/16.

Estimated DSG Budget for 2016/17

31. In determining the final distribution of the DSG funds available, it is a requirement that predicted year end balances are built into the final determination. For 2015/16, there is a planned in year deficit on the DSG, which for month 9 was estimated to be £2.5m. When added to the DSG opening surplus balance of £4.1m, which it carried forward from 2014/15, the adjusted projected year end surplus will be £1.6m.
32. The following table summarises the amount of additional funds in the DSG that have been factored into the determination of the allocation of the DSG budget for 2016/17, which Schools Forum considered at its meeting on 14 January 2016:

Funding Source	£000
Increase in DSG	4,477
Year End Cumulative DSG Surplus	1,602
Early Years Projected Growth	700
Two Year Old Projected Growth	200
Total DSG Funds Available 2016/17	6,979

Proposals for Use of DSG in 2016/17

33. The following proposals for use of the DSG in 2016/17 were discussed and agreed at Schools Forum on 14 January 2016;

Early Years Block

(a) Early Years Demographic Growth

34. The draft Early Years Single Funding Formula identifies a budget requirement of £15,701k, of this, £123k relates to an increase in the base rate of funding (noted below), resulting in a budget requirement of £15,578k, which when compared to the base budget of £14,878k results in an increase of £700k between 2015/16 and 2016/17.

35. Included within this is an increase in the Lump Sum rate, which has been increased in order to retain the current funding proportions. The lump sum payment has been increased by £48k to £279k (this funding element has not been increased for several years).

36. It is worth noting that approximately two thirds of this funding is delegated directly to schools for three and four year old provision.

(b) Increase Early Years Base Rate

37. Schools Forum have previously agreed to increase the Early Years Single Funding Formula base rate by 1% to £4.26 per hour. The financial impact of this increase is £123k.

(c) Two Year Old Provision

38. The current budget for Two Year Old provision is £2,485k, based on the actual numbers in October 2015 and allowing for some estimated growth in line with growth seen in 2015/16, the projected actual cost is £2,434k. It is therefore proposed to maintain the current base budget of £2,485k for this provision.

(d) Two Year Old Capacity Funding 2015/16

39. The DSG base budget includes an allocation of £519k for two year old capacity funding plus an earmarked balance of £337k, totalling £856k. This balance has now been allocated to projects and it is estimated that it will be draw down in full. However, a number of these projects have not yet commenced and it is estimated that the majority of this expenditure will not be incurred in this year. The total of this is estimated to be £660k, which will need to be accounted for as an earmarked reserve.

40. The Council is still in the position of identifying suitable sites and properties to ensure that the level of 2 Year Old free places meets the target set by the Government. It is therefore proposed that a provision of £1,179k is provided for in 2016/17, which would be funded from the base budget of £519k, with a further £660k being funded from the retained earmarked balance.

(e) Early Years Centres

41. In 2014/15 Schools Forum agreed to withdraw DSG funding from the Local Authority run Early Years Centres and retain the £730k funding for the placement of vulnerable children. The expectation was that these centres should breakeven through the generation of fee income alone. A major review of the three centres was undertaken, resulting in a change in the fee structure and an overall increase in the fee rates in line with the Hillingdon average rate. However, it was evident that in order to achieve a breakeven position, the required fee rate would have had to be set at a level significantly above the Hillingdon average and by doing so would have threatened the sustainability and viability of the three centres. The main reason for this relates to the current structures and qualification levels of staff, where the pay rates are above what other providers pay their staff. There is therefore a requirement of £322k DSG funding in 2016/17 in order for the centres to breakeven. This will reduce the retained fund for the placement of vulnerable children to £410k.

(f) Early Years Educational Psychologists

42. In 2014/15 Schools Forum agreed to provide funding for the provision of Early Years Educational Psychologists in order to help identify children with additional needs and needing additional support prior to school entry. This funding was agreed for three years and included in the centrally retained DSG base budget from 2015/16 and it is recommended that this budget remains in the base for 2016/17.

Schools Block

(g) Retained Balance

43. It is good practice to retain a working balance for the DSG. It is proposed that this is set at approximately 2% of the centrally retained budget, if agreed this would result in £750k being held as a reserve in 2016/17. This proposal is a £250k increase to the retained balance from previous years. The reason for the proposed increase is as a consequence of future uncertainties particularly around the provision of 30 hours childcare for 3 & 4 year olds, the funding of High Needs growth and the possibility of successful new free school applications.

(h) Growth Fund Contingency

44. A review of the Growth Fund Contingency requirement, which provides funding for expanding schools and funding for new Basic Need Academies (including diseconomies of scale funding and set up costs), estimates that the budget should be £1,738k, which when compared to the base budget of £1,862k results in a required reduction of £124k for 2016/17. This reduction is as a consequence of the completion of expansion in a number of schools and also with no new basic need academies opening in 2016/17 no requirement for set-up costs.

(i) Procurement Officer

45. In the 2015/16 budget setting process, Schools Forum agreed to provide an additional £55k of funding for a temporary second school procurement officer post. The post is now filled by an ICT procurement expert who is assisting schools through the transition away from the Hillingdon Grid for Learning. It was agreed in 2015/16 that this funding would be in place initially for a two year period and the proposal is that this funding continues for the second year in 2016/17.

(j) School Admissions

46. Hillingdon, in recent years, has experienced a significant increase in admissions workload due to the substantial increase in pupil numbers across the Borough. In addition the admissions team is facing further pressure as a consequence of an increase in exclusions and year 11 in-year admissions. The admissions process has been made more efficient in an attempt to contain this increase in costs, however, a budget increase of £137k is required to cover the full cost of the service.

(k) Support Service Costs

47. A proportion of the total support services costs for central services at the Local Authority are charged to the DSG under a locally agreed model. The increased cost of these support services, in line with the 2014/15 outturn figure, has led to an increased DSG budget requirement of £150k.

(l) Targeted Youth Support

48. Historically there has been a £40k recharge to the DSG for targeted youth support. Following a review this budget has been identified as no longer required in 2016/17.

(m) Barnhill Private Finance Initiative (PFI)

49. A review of the Barnhill PFI costs has identified a cost pressure of £165k. The reason for this increase in cost is due to the PFI grant being cash limited, whilst the contract allows for indexation year on year.

High Needs Block

(n) High Needs Demographic Growth

50. Other than the four places agreed as part of the high needs exceptions process for 2015/16, the DSG has received no increase in funding for growth in planned places. Based on the growth projections in the table below, the Council estimates that a further 17 new planned places will need to be funded in 2016/17 (assuming that approximately 60% of the pupil growth is placed in special schools), which would require additional funding of £170k. It is proposed that this additional funding is built into the base budget for 2016/17.

(o) SEN Pupil Numbers

51. The table below sets out the latest projected numbers of SEN pupils:

Difficulty	Actuals 01/09/15	Projection 31/3/16	Change	% Change
Autistic Spectrum disorder	531	543	12	2.3%
Social, Emotional and Mental Health	149	151	2	1.3%
Hearing Impairment	44	45	0	2.3%
Mild Learning Difficulty	165	168	3	1.8%
Multi-Sensory Impairment	1	1	0	0%
Other ie: (Medical/mental health)	30	31	1	3.3%
Physical Disability	81	83	2	2.5%
Profound & Multiple learning diffs	32	33	1	3.1%
Speech Language and Communication Needs	356	361	5	1.4%
Severe Learning Difficulty	157	161	4	2.5%
Specific Learning Difficulty	35	35	0	0%
Visual Impairment	32	32	0	0%
Unclassified	9	9	0	0%
Total	1,622	1,651	29	1.8%

52. The table indicates that there will be projected growth of 29 SEN pupils between the period September 2015 to March 2016, which has been translated into an annual increase of 58 places in 2016/17, the majority of whom will have an Autistic Spectrum Disorder (ASD) SEN. Assuming an average cost of £20k per place, and a standard distribution model, the estimated additional costs would be approximately £580k.

(p) Impact of Banded Funding Model on Special Schools

53. When Schools Forum agreed to the new banded funding model to take effect from 1st April 2015, it was also agreed that to ease the transition all special school pupils would be assimilated to a 'nearest fit' banding based on the existing top-up for the setting plus any other agreed costs (e.g. educational therapies). Weightings were applied to special schools in order to avoid destabilising funding during the transition process and it was agreed that these weightings would no longer apply as and when pupils are moved to their correct banding. Following a recent modelling exercise carried out by Hillingdon special schools, where revised bands which more accurately reflect the needs of the pupils were proposed, the indication is that by April 2018, when all statements should be converted to Education & Health Care Plans (EHCP), there would be an increase in top-up funding of £1.52m. Assuming that the conversions are spread evenly each term over the two year period the budget requirement for 2016/17 is approximately £460k. There will be further increases required in 2017/18 and 2018/19.

(q) Independent & Non-Maintained Special Needs and Out of Borough Placements

54. The increase in top-up funding for our in-borough special schools should be considered in conjunction with the projected decrease in spend on placements in Independent and non-maintained schools. There has been a significant reduction in the number and total spend on these placements and this reduction is forecasted to continue over the coming years. Over the next five years it is expected that there will be a further decrease of 52 placements as pupils leave and the Council continues to provide adequate places within in-borough provision. It is estimated that the financial impact of this reduction could be over £2m over the five year period. The estimated reduction in 2016/17 is £410k.

(r) Post-16 Special Educational Needs Placements

55. 2015/16 has seen significant growth nationally in the number of post-16 pupils with special educational needs requiring college placements. Currently the budget for post-16 college placements is £1,143k (split between FE Colleges and Independent Specialist Providers) and it is estimated that the full year impact on the DSG of the growth in September 2015 will be £280k. There is an assumption that there will be further growth in September 2016 and it is estimated that this will result in an additional budget requirement of £190k for 2016/17. Resulting in a total required increase of £470k in 2016/17.

(s) Hillingdon Virtual School

56. Recent changes in legislation in relation to the extension of the age range for the production of Personal Education Plans for Looked After Children (LAC) has led to a significant increase to the workload of the Hillingdon Virtual School (HVS). There is significant movement in the Hillingdon LAC population which also impacts on the workload of the HVS team. As a consequence of these changes a review has been undertaken of the HVS resulting in an agreed restructure of the team in order to meet the needs of the LAC population. The restructure requires a realignment of £100k budget to the HVS with additional costs associated with the restructure to be funded through Pupil Premium Plus grant in 2016/17.

(t) SEN Support Services

57. These specialist centrally retained SEN services support statemented and non-statemented pupils in mainstream, special schools and Special Resource Provisions (SRPs) as well as pre-school children. Included are services and specialist equipment for visual and hearing impairment, specific learning difficulties, speech language and communication, profound and severe learning difficulties and autism. In recent years there has been an underspend on SEN support services as a consequence of vacant posts within the various teams. However, there is an expectation, following the recent restructure of the All Age Disabilities service, that these posts will now be filled and therefore there is no proposed change to the budget requirement for these services.

(u) Proxy SEN Funding Threshold

58. In 2015/16 Schools Forum agreed to the implementation of a protection mechanism which ensured that schools who do not have enough Low Attainment funding (the designated factor for proxy SEN) to cover the first £6k of every statemented child's needs

(up to the 2% threshold) will receive a funding adjustment increasing their notional SEN funding to at least £6k per stated pupil. The budget requirement for this in 2015/16 was £78k and it is proposed that this mechanism remains for 2016/17.

Proposed Increase in Schools Delegated Budget 2016/17 and Proposed DSG Budget for 2016/17

Schools Delegated Budget 2016/17

59. The following table sets out the proposed increase in the Schools Delegated Budget, should all of the above proposals be agreed.

Ref	Proposal	Budget £000	Budget £000
	<u>Growth</u>		
	Growth in DSG 2016/17	4,477	
	Early Years/Two Year Olds Projected Growth	900	
	Year End Cumulative DSG Surplus	1,602	
	Total Funds Available	6,979	
	<u>Proposals and Adjustments</u>		
	<i>Reserves</i>		
d	Two Year Old Capacity Funding	660	
g	Retained Balance	750	
			1,410
	<i>Base Budget Adjustments</i>		
a	Demographic Growth Early Years	700	
b	Increase EYSFF Base Rate to £4.26	123	
c	Two Year Old Provision	0	
e	Early Years Centre Shortfall	322	
e	Retained Fund for the Placement of Vulnerable Children	-322	
h	Growth Fund Contingency	-124	
j	School Admissions	137	
k	Support Service Costs	150	
l	Targeted Youth Support	-40	
m	Barnhill PFI	165	
n	Unfunded Increase in Planned Place Numbers	170	
o	Demographic Growth SEN Pupil Numbers	580	
p	Impact of Banded Funding Model on Special Schools	460	
q	Independent & Non-maintained Special Needs Placements	-410	
r	Post-16 Special Needs Placements	470	
			2,381
	Total Proposals and Adjustments	3,791	
	Funds Available for Delegation	3,188	
	One Off Use of Surplus Balances 2015/16	-1,709	
	Growth in Delegated Budgets	1,479	

Proposed DSG Budget 2016/17

60. The following table sets out the final DSG Budget for 2016/17, ignoring academy recoupment to ensure that the baseline equates to the amount of DSG that has been noted above:

Cost Centre description	2015/16 Base Budget	Adjustments	Required Budget 2015/16
	£'000	£'000	£'000
22850 Dedicated School Grant	-255,714	-6,979	-262,693
20998 Early Years Single Funding Formula	14,879	823	15,702
Individual Schools Budget	207,469	3,358	210,827
24553 16-19 EFA Funding	-479		-479
23161 DSG Funded Business Support	65		65
24702 Schools Forum	5		5
21393 Local Leaders in Education	87		87
21500 DSG-Trf to TYST	40	-40	0
21501 DSG Trf to Procurement	110		110
22117 DSG-Barnhill PFI	209	165	374
23035 FE college provision (Alternative Provision)	222		222
23012 Admissions- DSG	162	137	299
Overheads	712	150	862
20396 DSG Growth Fund Contingency	1,862	-124	1,738
22998 Courier Service School	21		21
23114 Early Years Psychology Team	196		196
24329 Core Childcare & Early Years- DSG	220		220
24361 Nestles Ave. Early Years Centre- DSG	0	85	85
24362 Sth.Ruislip Early Years Centre- DSG	0	107	107
24363 Uxbridge Early Years Centre- DSG	0	130	130
24509 Early Years Advisory Teachers	294		294
20691 DSG 2YO Funding	2,485		2,485
20699 2 YO Free Entitlement Capacity Building	519		519
21918 DSG Looked After Children	630	100	730
21994 Non statedemented LAC placements	100	-100	0
20997 Maintained SEN primary top up funding	1,478	232	1,710
21995 Non statedemented pupils - exceptional	32		32
21997 Maintained SEN secondary top up funding	162		162
22100 Independent placement provision	6,931	-410	6,521
22991 Spec Contingency Spec Needs	1,111		1,111
26147 Tuition - SEN out of school	128		128
26150 Academy school SEN top up funding	7,883	323	8,206
26151 FE college ALS top up funding	323	470	793
26153 Special school & SRP top up funding	5,006	485	5,491
20310 Uxbridge Language Unit Erp	227		227
SEN Support Services	528		528
23109 DSG Education Psychology	394		394
23110 Sen Early Years Team/Portage	154		154
23002 Sick and Vulnerable pupils	349		349
60671 DSG LAC Education	176		176
Early Years Pupil Premium	293		293
Provision for Vulnerable Children Placements	731	-322	409
Surplus Balances - General Reserve 1.5%	0	750	750
Earmarked Balance - Two Year Old Capacity Fund	0	660	660
Total	0	0	0
Proposed Increase in Delegated Budget		3,188	

Financial Implications

This is a financial report dealing with funding issues affecting schools. The financial impact on Schools Delegated Funding, will see a reduction for the first time in many years, in school budgets, most of which will be capped at the Minimum Funding Guarantee level of minus 1.5% of per pupil funding. The majority of this relates to the inclusion of £1.7 million of surplus balances in the 2015/16 schools delegated budget, which will be the first call on the growth provided in the DSG through growth in pupil numbers. The DSG also has competing demands across the three funding blocks (Early Years, Schools and High Needs), where all three funding rates have predominantly been cash limited to 2012/13 rates (subject to minor amendments), which has not been sufficient to fund the growth in High Needs relating to the actual growth in pupil numbers experienced over the period.

The proposals contained within this report do not affect the General Fund proposals that are considered elsewhere on this agenda, as the School Budget is fully funded from the ring-fenced Dedicated Schools Grant.

4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

The approval of the recommendations as set out in this report will enable the distribution and confirmation of the funding arrangements for schools for 2016/17, including the final individual school budget shares, which have to be distributed to schools on or before 29 February 2016.

Consultation Carried Out or Required

The Council is required to consult with the Schools Forum on any changes to the school funding formula and the Early Years Single Funding Formula as prescribed in the Schools Forums (England) Regulations 2013, which are covered in this consultation paper. The Schools Forum has a limited range of decision making powers with regards to school funding. In most aspects the Schools Forum role is to advise the Council on decisions that rest with Cabinet, such as the school budget. The main role of the Schools Forum is to consult with schools on proposed changes to funding arrangements, including any changes to the school funding formula. For 2016/17, the consultation with schools revolved around changes to the deprivation factor rates within the schools funding formula and an increase to the Early Years Single Funding Formula base rate. The formal consultation ended on 16 October 2015.

5. CORPORATE IMPLICATIONS

Corporate Finance

Whilst the regulations covering the operation of school forums give more decision making powers to schools with regard to certain aspects of the schools funding it remains the responsibility of the Cabinet to agree the Schools Budget for 2016/17 as set out in this report. The Council may add to the amount of the Schools Budget from resources funded by Government grants or through Council Tax raised to fund the General Fund, but may not set the Schools Budget below the level of the DSG.

Funding proposals for the Schools Budget for 2016/17 set out in this report are fully consistent with the report on the General Fund Revenue funding and Capital Programme for 2016/17 elsewhere on the agenda.

Legal

The Borough Solicitor confirms that this budget has been set in accordance with the School and Early Years Finance (England) Regulations 2015

6. BACKGROUND PAPERS

Report to Schools Forum on Budget