

**DERBYSHIRE COUNTY COUNCIL****SCHOOLS FORUM****17<sup>th</sup> December 2013****Report of the Strategic Director for Children & Younger Adults****Schools Block DSG 2014-15 – Indicative Proposals****1. Purpose of the Report**

To outline the potential issues for Schools Forum, and ultimately the Council's Cabinet, to consider regarding the Schools Block element of the DSG for 2014-15.

**2. Information and Analysis**

At the time of writing the DfE were set to publish the formula data to be used by local authorities in their mainstream funding formula for 2014-15. The information in this report is, however, drawn from the LA's own analyses hence the final figures may vary slightly. If necessary an update will be tabled at the meeting. The data is considered sufficiently robust for the Authority to:

- (i) Estimate the amount of the Schools Block element of the DSG for 2014-15;
- (ii) Estimate the impact of the revised formula counts on schools' allocations based on existing formula multipliers; and
- (iii) Model the impact of potential changes to reflect the recent mainstream consultation and other issues affecting schools' costs

**2.1 DSG income**

The pupil count for income purposes for 2014-15 is estimated to be as follows:

	2013-14	2014-15	Change
Pupils	95,845	95,567	(278)
Reception uplift	159	133	(26)
ERS adj	(233)	(323)	(90)
Total	95,771	95,377	(394)
DSG Per pupil	£4,245.28	£4,245.28	£0.00
Gross SB DSG (£m)	£406.575m	£404.902m	(£1.673m)

The amount of Schools Block DSG is an estimate, the DfE are due to publish actual LA allocations on 18<sup>th</sup> December 2013. One further potential problem is that the DfE will adjust LAs' allocations to reflect the fact that schools and academies are being taken out of the carbon reduction framework. It is not clear how this reduction will be made, the DfE have several options including reducing the DSG

per capita pupil rates or using individual LAs' planned spending based on their Section 251 statements. For the moment it has been assumed that the loss of DSG will be greater than the current budget (£725k), a margin of £275k has been allowed which results in a revised year on year reduction in resources of £1,948k. The amount available for schools and academies' delegated budgets is therefore estimated to be:

	£m	Comment
Gross DSG	404.902	Per previous table - estimate
Less carbon reduction adj.	(1.000)	Estimate
Assumed final SB DSG	403.902	Estimate
Central spend – excl carbon reduction	(5.795)	See Appendix 1 – approved by Forum 17/10/13
Transfer to High Needs Block	(3.040)	See Appendix 2 – approved by Forum 23/1/13
Available for schools' delegated budgets	<b>395.067</b>	

## 2.2 School Block Allocations funded by DSG

Appendices 3a and 3b show the impact of the estimated new formula data. The analysis is largely based on 2013-14 multipliers with one exception, the secondary low cost high incidence additional educational need multiplier. This has been reduced as the changed count (which now uses the number of children not achieving level 4 in English or maths) is significantly (140%) higher in 2014-15 compared with 2013-14. The autumn consultation proposed that, in the event this count increased significantly, the multiplier would be pared back to retain the total allocated in line with 2013-14. This change has already been made in these appendices. Revised primary sector LCHI data, which incorporates the number of pupils transferring into Key Stage 1 and not achieving a "good level of development", is still awaited.

Schools' delegated budgets at this point amount to:

Primary	£210.377m
Secondary	£185.370m
Total	£395.747m

The total cost exceeds the estimated income available by around £0.680m.

One change which could be considered would be to pare back the increased costs in the primary sector resulting from the increased deprivation count. The Ever 6 free schools meal count has risen by 3% and increased the sum allocated by ~£472k. If the multiplier was pared back by £37.01 this would help offset the increased count and leave the deprivation quantum in line with 2013-14. At an individual school level this reduction in multiplier will be more than offset by the £400 per pupil increase in the Pupil Premium Grant. N.B. this change would

reduce the overall cost by only £227k as the reduction in some schools' deprivation funding would be offset by increased MFG protection.

Although the secondary deprivation count has also increased it is not proposed to make any changes to the multiplier as the secondary sector's increase in the Pupil Premium Grant is far lower than that of the primary sector at only £35 per pupil.

Thus the net over-commitment against the Schools Block after the primary deprivation change would be around £453k. It is proposed that this over-commitment is funded in 2014-15 by use of DSG underspend. From 2015-16 the cost would be met by savings in MFG protection.

### 2.3 Further changes to schools' funding allocations

There are several other changes which could be considered for 2014-15. It should be noted that all of these increase would be underwritten by existing DSG underspends which are one off resources.

2.3.1 Lump Sum - the recent consultation proposed to raise the secondary sector lump sum to £150,000. It is estimated that the cost of this would be around £702k, lower than the "pure" increase of £1.1m due to the impact of MFG. As secondary school budgets will be reducing due to falling rolls, it is not proposed to fund this increase by paring back other multipliers therefore this increase in lump sum would help offset the impact of falling rolls.

2.3.2 Capping – the consultation also indicated that the Authority would seek to limit the cap on gains, subject to affordability. The modelling to date has assumed a cap of 2.5% per pupil in line with 2013-14; if the cap were raised to 6% per pupil this would cost an additional £659k and remove all 5 secondary schools from the cap and reduce the number of primary schools with a capped budget from 57 to 20.

2.3.3 Other pressures (including traded services) – given the significant financial pressures facing the Authority it is likely that schools will increasingly be asked to pay for services which were previously free at the point of delivery. In addition the Authority is expected to agree to pay the Living Wage to those employees currently below this national rate (£7.65 per hour) from April 2014 and this also has the potential to increase the charges levied on schools. Schools are also expected to meet their share of the on-going costs of other developments including the new MIS system, the electronic safeguarding case management system and SAP accounts payable and support.

Schools are facing internal pressures such as the impact of falling rolls and reduced post 16 allocations in the secondary sector, and unfunded pay awards and price inflation across all schools.

To help with all of the above pressures it is proposed to increase the formula multipliers, excluding the lump sum, by 1% and to increase the primary lump sum by £2k to ensure each school receives a material increase. This is estimated to cost around £2.979m in 2014-15.

Even allowing for the specific allocations for individual items that have been discussed at Schools Forum in recent years, there is sufficient DSG underspend to underwrite the higher multipliers for the next 3 years at a maximum estimated cost of £13.473m. In the event the call on the DSG underspend over this period is likely to be lower for several reasons, including:

- Continuing increases in pupil numbers in the primary sector;
- Year on year savings in the MFG bill;
- Potential increase funding from the national funding formula?

The expectation is that the increased multipliers implied by this section would be sustainable in the medium term which is important in helping schools to plan their spending. The indicative multipliers and allocations are set out in Appendices 4a and 4b.

A summary of the potential impact on the DSG cash up to 2016-17 is given below:

	£m	£m
Accumulated underspend - 31 <sup>st</sup> March 2013	22.861	
Forecast underspend 2013-14	6.973	
Forecast accumulated underspend - 31 <sup>st</sup> March 2014		<u>29.834</u>
Commitments:		
MIS Support for one off costs	(1.100)	
Single Status in Schools	(5.000)	
Hope Valley post 16	(0.250)	
Sub total		(6.350)
Proposals in this paper		
Over commitment 2014-15 section 2.2 – (1 yr only)	(0.453)	
Lump sum – secondary (£702k for 3 years)	(2.106)	
Increase in cap to 6% (£659k for 3 years)	(1.977)	
Multipliers increase (£2.979m for 3 years)	(8.937)	
Sub total		(13.473)
Uncommitted balance		10.011

The remaining balance would be retained to help meet any further financial pressures affecting schools. Further reports would be brought to the Forum to utilise this resource when required.

### 3. Single Status in Schools

Within the DSG underspend the Authority has retained £5m to help schools meet the additional costs in the first two years of Single Status. Unlike the increases in section 2, the financial support for Single Status is finite and effectively time-limited. The Authority is working on a model to allocate this resource across all sectors to reflect the distribution and phasing of costs. The Authority will also seek

DfE approval to exclude these allocations from the MFG calculations so that all schools receive additional funding.

The limit on funding means that the increases in multipliers/top ups resulting from this work will be time limited, probably for 2014-15 and 2015-16 only; any net increase in costs beyond this period will have to be met from the indicative multipliers in Appendices 4a and 4b.

4. Concluding comments

This report deals purely with the 2014-15 Schools Block, a report setting out proposals for the Early Years and High Needs Blocks will be brought to the February meeting of the Forum.

It should be remembered that all of the above analysis is based on estimated data at this time and may therefore need to be revised in the light of actual formula data and the final 2014-15 Schools Block DSG. Further, although this paper sets out proposals for the period 2014-15 to 2016-17, the School Finance Regulations do not permit any binding decisions to be taken by the Authority in respect of 2015-16 and 2016-17 and decisions concerning those years will have to be lawful within the regulations as applicable at the time.

5. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, finance, human resources, legal & human rights, environmental, health, property and transport considerations.

6. Background Papers

Working files held in CAYA Finance.

7. Strategic Director's Recommendations

Schools Forum is asked to note the report and determine on whether or not to support:

- (i) the proposed change in the secondary LCHI multiplier;
- (ii) the proposed paring back of the primary deprivation multiplier;
- (iii) the proposed increase in the secondary lump sum;
- (iv) the proposed increase in the cap to 6%;
- (v) the proposed 1% increase in the formula multipliers;
- (vi) the proposed increase in the primary lump sum; and
- (vii) Note that a further report will be brought to the February 2014 meeting on the funding of early years and high needs.

**IAN THOMAS**  
**Strategic Director for Children & Younger Adults**



Service	£k	Description of services
Admissions	468	Provision of service to allocate places at schools and academies in accordance with national requirements
Schools Forum	28	Support for costs of Schools Forum including direct costs and officer time
Contribution to Combined Budgets	2,721	<p>This funds a variety of initiatives including support for:</p> <ul style="list-style-type: none"> <li>(i) raising standards in schools e.g. Journey to Excellence;</li> <li>(ii) vulnerable students;</li> <li>(iii) ad hoc initiatives e.g. reading recovery, elective home education;</li> <li>(iv) schools causing concern;</li> <li>(v) schools, via the MAT teams, for families and children with behaviour, attendance and other needs.</li> </ul>
Pupil Growth Fund	2,310	Additional support to infant and primary schools to assist them in meeting the Key Stage 1 class size requirements.
Licences	188	This is to fund the cost of Copyright Licensing Agency (CLA) and the Music Publishers Association (MPA) licences for all schools and academies as required by the DfE
SEN Transport	80	This is funding towards the costs of SEN placements which, although more cost effective overall, result in higher Council funded transport costs. The funding is effectively a contribution towards the extra costs incurred by the Council.
Total	5,795	

Transfer of funding from the Schools Block to the High Needs Block (HNB)Appendix 2

	2013-14	Reason for transfer
Item	£k	
Change in SENTA threshold	700	Schools were originally expected to pay for the first 10 hours of a SENTA statement to meet government's £6k threshold. 9.5 hours more accurately reflects the threshold (9.5 hours x £634.54 = £6,028.) The transfer reflects the increased liability of the HNB
Increased SENTA hours – 2012-13	600	Since April 2012 the number of stated SENTA hours has increased. This amount reflects the additional burden which the HNB will have to meet in 2013-14
Increased SENTA hours – 2013-14	600	This is a contingency to meet the additional costs of any increase in SENTA hours during 2013-14
Early Intervention & Positive Play	490	Reflects the work of these services in supporting children with High Needs
AEN contingency	300	A contingency fund to provide support for schools with clusters of pupils with AEN for which finding multiple £6k contributions is unreasonable
LDD contingency	300	From August 2013 the Authority will become responsible for all top up payments for post 16 students aged 16-24. The funding and existing commitments are to be transferred from the EFA and this contingency is to cover any shortfall
Further delegation – early years	50	To cover nursery units' share of newly delegated funds (non-pooled)
Total	3,040	



Primary- analysis of changes in data

Appendix 3a

	KS1/2 Pupils	Ever 6 Fsm	LCHI AEN	EAL	Lump sum	Split site <500m	Split site >500m	Rent/ Rates £k	MFG £k	Capped Gains £k	Total £k
2013-14 Count	55,646.00	12,432.55	6,820.24	246.35	350.00	6.00	2.00	-	-	-	-
2013-14 Multipliers/ cash allocations	£2,504.87	£1,469.13	£160.97	£350.17	£126,006	£2,447	£34,482	-	-	-	-
<b>Total budget 2013-14 (£k)</b>	<b>139,386</b>	<b>18,265</b>	<b>1,098</b>	<b>86</b>	<b>44,102</b>	<b>15</b>	<b>69</b>	<b>3,207</b>	<b>2,481</b>	<b>(1,422)</b>	<b>207,287</b>
2014-15 Count	56,470.00	12,753.84	6,924.23 <sup>*1</sup>	248.76	350.00	5.00	2.00	-	-	-	-
2014-15 Multipliers/ cash allocations	£2,504.87	£1,469.13	£160.97 <sup>*1</sup>	£350.17	£126,006	£2,447	£34,482	-	-	-	-
<b>Total budget 2014-15 (£k)</b>	<b>141,450</b>	<b>18,737</b>	<b>1,115</b>	<b>87</b>	<b>44,102</b>	<b>12</b>	<b>69</b>	<b>3,300</b>	<b>2,132</b>	<b>(627)</b>	<b>210,377</b>
<b>Change in budget (£k)</b>	<b>2,064</b>	<b>472</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>(3)</b>	<b>0</b>	<b>93</b>	<b>(349)</b>	<b>795</b>	<b>3,090</b>

<sup>\*1</sup> – the increase in count reflects the demographic change in the primary pupil count only, revised data including information on the “good level of development” is still awaited, and no change has therefore been made to the multiplier at this time.

Secondary - analysis of changes in data

Appendix 3b

	KS3 Pupils	KS4 Pupils	Ever 6 Fsm	LCHI AEN	EAL	Lump sum	Split site	Rates/ PFI £k	MFG £k	Capped Gains £k	Total £k
2013-14 Count	23,356.00	16,656.00	8,626.92	3,651.89	49.02	46.00	2.00	-	-	-	-
2013-14 Multipliers/ cash allocations	£3,547.53	£4,178.19	£1,786.76	£2,359.75	£316.75	£126,006	£107,159	-	-	-	-
<b>Total budget 2013-14 (£k)</b>	<b>82,856</b>	<b>69,592</b>	<b>15,414</b>	<b>8,618</b>	<b>16</b>	<b>5,796</b>	<b>214</b>	<b>4,755</b>	<b>2,974</b>	<b>-466</b>	<b>189,769</b>
2014-15 Count	22,504.00	16,325.00	8,963.78	8,717.41	46.74	45.70	3.00	-	-	-	-
2014-15 Multipliers/ cash allocations	£3,547.53	£4,178.19	£1,786.76	£988.55* <sup>1</sup>	£316.75	£126,006	£107,159	-	-	-	-
<b>Total budget 2014-15 (£k)</b>	<b>79,834</b>	<b>68,209</b>	<b>16,016</b>	<b>8,618</b>	<b>15</b>	<b>5,758</b>	<b>321</b>	<b>4,897</b>	<b>1,855</b>	<b>-153</b>	<b>185,370</b>
<b>Change in budget (£k)</b>	<b>(3,022)</b>	<b>(1,383)</b>	<b>602</b>	<b>0</b>	<b>(1)</b>	<b>(38)</b>	<b>107</b>	<b>142</b>	<b>(1,119)</b>	<b>313</b>	<b>(4,399)</b>

\*<sup>1</sup> The LCHI multiplier has been reduced to reflect the change in the basis of the count

Primary - Indicative multipliers/allocations 2014-15 (excluding Single Status)

Appendix 4a

	KS1/2 Pupils	Ever 6 Fsm	LCHI AEN	EAL	Lump sum	Split site <500m	Split site >500m	Rent/ Rates £k	MFG £k	Capped Gains £k	Total £k
2013-14 Count	55,646.00	12,432.55	6,820.24	246.35	350.00	6.00	2.00	-	-	-	-
2013-14 Multipliers/ cash allocations	£2,504.87	£1,469.13	£160.97	£350.17	£126,006	£2,447	£34,482	-	-	-	-
<b>Total budget 2013-14 (£k)</b>	<b>139,386</b>	<b>18,265</b>	<b>1,098</b>	<b>86</b>	<b>44,102</b>	<b>15</b>	<b>69</b>	<b>3,207</b>	<b>2,481</b>	<b>(1,422)</b>	<b>207,287</b>
2014-15 Count	56,470.00	12,753.84	6,924.23	248.76	350.00	5.00	2.00	-	-	-	-
Non multiplier changes	-	-	-	-	-	-	-	93	(349)	795	539
<b>Changes to multipliers/cash:</b>											
Deprivation adj (prim only)	-	(37.01)	-	-	-	-	-	-	165	79	244
LCI adj (sec only)	-	-	-	-	-	-	-	-	-	-	-
Lump sum incr. (sec only)	-	-	-	-	-	-	-	-	-	-	-
Change in cap to 6%	-	-	-	-	-	-	-	-	-	414	414
1% multiplier increase/ primary lump sum	25.05	14.32	1.61	3.50	2,000	24.47	344.82	-	(599)	(137)	(736)
2014-15 Multipliers	£2,592.92	£1,446.44	£162.58	£353.67	£128,006	£2,471.40	£34,827.20	-	-	-	-
<b>Total budget 2014-15 (£k)</b>	<b>142,865</b>	<b>18,448</b>	<b>1,126</b>	<b>88</b>	<b>44,802</b>	<b>12</b>	<b>70</b>	<b>3,300</b>	<b>1,698</b>	<b>(271)</b>	<b>212,138</b>
<b>Change in budget (£k)</b>	<b>3,479</b>	<b>183</b>	<b>28</b>	<b>2</b>	<b>700</b>	<b>(3)</b>	<b>1</b>	<b>93</b>	<b>(783)</b>	<b>1,151</b>	<b>4,851</b>

## Secondary Indicative multipliers/allocations 2014-15 (excluding Single Status)

## Appendix 4b

	KS3 Pupils	KS4 Pupils	Ever 6 Fsm	LCHI AEN	EAL	Lump sum	Split site	Rates/ PFI £k	MFG £k	Capped Gains £k	Total £k
2013-14 Count	23,356.00	16,656.00	8,626.92	3,651.89	49.02	46.00	2.00	-	-	-	-
2013-14 Multipliers/ cash allocations	£3,547.53	£4,178.19	£1,786.76	£2,359.75	£316.75	£126,006	£107,159	-	-	-	-
<b>Tot. budget 2013-14 (£k)</b>	<b>82,856</b>	<b>69,592</b>	<b>15,414</b>	<b>8,618</b>	<b>16</b>	<b>5,796</b>	<b>214</b>	<b>4,755</b>	<b>2,974</b>	<b>(466)</b>	<b>189,769</b>
2014-15 Count	22,504.00	16,325.00	8,963.78	8,717.41	46.74	45.70	3.00	-	-	-	-
Non multiplier adj (£k)	-	-	-	-	-	-	-	142	(1,119)	313	(664)
<b>Changes to multipliers/cash:</b>											
Deprivation adj (prim only)	-	-	-	-	-	-	-	-	-	-	-
LCHI adj (sec only)	-	-	-	(1,371.20)	-	-	-	-	inc above	inc above	-
Lump sum incr. (sec only)	-	-	-	-	-	£23,994	-	-	(302)	(92)	(394)
Change in cap to 6%	-	-	-	-	-	-	-	-	-	246	246
1% multiplier increase/ primary lump sum	£35.48	£41.78	£17.87	£9.89	£3.17	£0.00	£1,071.59		(320)	(5)	(325)
2014-15 Multipliers	£3,583.01	£4,219.97	£1,804.63	£998.43	£319.92	£150,000	£108,231	-	-	-	-
<b>Tot. budget 2014-15 (£k)</b>	<b>80,632</b>	<b>68,891</b>	<b>16,176</b>	<b>8,704</b>	<b>15</b>	<b>6,855</b>	<b>325</b>	<b>4,897</b>	<b>1,234</b>	<b>(5)</b>	<b>187,724</b>
<b>Change in budget (£k)</b>	<b>(2,224)</b>	<b>(701)</b>	<b>762</b>	<b>86</b>	<b>(1)</b>	<b>1,059</b>	<b>110</b>	<b>142</b>	<b>(1,740)</b>	<b>460</b>	<b>(2,047)</b>