

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

Authors: Head of Finance (Education)

Wards Affected: All

Locality Affected: All

Settings Affected: As the Dedicated Schools Grant is ring-fenced funding provided by the Department for Education to meet the educational needs of early years; school age and all 0 to 25 year old high needs pupils any decisions on how the grant is utilised indirectly affects all settings.

1. Purpose and Reasons

- 1.1 The purpose of this report is to provide Schools Forum with the results of the Special Resource Provision (SRP) funding review and enable them to assess the impact on the level of funding available to SRPs for the 2016/17 financial year.

2. Recommendations

- 2.1 Members of the Schools Forum are now asked to:

- Discuss the outcomes of the SRP review
- Advise the LA on their preferred option to address the funding pressures being experienced by certain types of SRPs.

3. Funding arrangements for SRPs

Current Issues

- 3.1 Currently all SRPs are funded via a combination of place funding per pupil, top-up bandings and specific allowances. The place funding is fixed at £10,000 per place per year. The bandings are on a sliding scale from band 1 (£12,662) to band 6 (£1,899), the majority of pupils are in band 3 or higher. There is a provision that in exceptional circumstances a band 1+ can be agreed which will bring a bespoke funding package for an individual pupil. The allowances cover medical needs, speech & language, physiotherapy, occupational therapy and British sign language teaching. In addition there is a specific allowance for pupils with ASD conditions who are managed via an SRP and an allowance for access to mainstream education.
- 3.2 Currently there are 14 SRP settings in Swindon, each setting was asked to submit their 2015/16 budget in a standard template to enable a bench marking exercise to be undertaken, 13 settings supplied their budget information.
- 3.3 Of the returns supplied it was noted that the SRP settings who deal with Physical Disabilities (PD) are all experiencing in year operational deficits, 2 of the 4 Autistic Spectrum Disorder (ASD) settings are in deficit and 3 of the remaining 6 settings
-

Further information on the subject of this report can be obtained from Ian Burbidge on 01793 464384 (iburbidge@swindon.gov.uk)

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

are also showing a deficit. It should also be noted that one school with two SRPs reported a small overall surplus but the first SRP has a significant surplus, managed within the school to offset a significant deficit from the second SRP setting. A summary of the bench marking exercise is attached at **Appendix 1**.

- 3.4 Where a setting was in receipt of one off income or one off expenditure, the values have been excluded when assessing the long term financial position for the setting.
- 3.5 The benchmarking exercise highlighted that there were significant variances between the operating costs in the various SRPs.
- Some SRPs occupy separate buildings within the school grounds whilst others are an integral part of the school buildings and this is reflected in the variance in premises costs.
 - Leadership / administration costs attributable to the SRP vary from setting to setting as the staffing structure for each SRP is set by individual schools.
 - Schools also allocate the supplies & services costs that are attributable to their SRP and there can be differences in the categorisation and allocation of costs.
- 3.6 The benchmarking exercise did show however that, even allowing for the issues outlined above, across all settings there is a net operating surplus of £30k. This would indicate that the amount of funding in the system is appropriate to the needs of the pupils but the distribution of the funding needs to be reviewed.
- 3.7 All head teachers of SRP settings were invited to participate in the review process to ensure that there was a common understanding of the issues; there was a discussion on the approach taken by schools on the integration of SRP pupils into the mainstream school. There was a conversation about how leadership costs could be standardised across the SRP settings as the leadership structure and management of the SRP and also the approach to shared costs is decided by individual schools.
- 3.8 The group identified a number of different scenarios that could potentially readdress the issues. The scenarios and their results are detailed below.
- 3.9 The group have a number of ideals that they wished to be achieved by the modelling exercise; (i) to identify a methodology for creating a contingency fund to assist the SRPs that were facing a deficit. (ii) identify an allowance that could be applied to the settings with a deficit, to enable the schools to set SRP budgets with certainty of funding.

The Baseline

- 3.10 The baseline uses the information supplied by the SRP settings.

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

- 3.11 As noted above, the benchmarking exercise highlighted areas where there is a requirement to ensure that the budget for each SRP is produced in line with an agreed set of principles. This will ensure that the appropriate level of leadership, building and supplies & services costs are included so that the template can be used to reduce anomalies and redistribute additional resources to settings equably.
- 3.12 The scenario modelling uses the figures provided by the settings to form a baseline that includes the inherent issues identified above. For the purpose of the modelling exercise all one off income or expenditure that has been budgeted has been excluded. For all options the details of the school by school impact can be found at **Appendix 2**.

Option 1 - Lower SPLD bandings down one band and increase PD bandings up one band

- 3.13 Under this option all SPLD pupil bandings were lowered by one band (i.e. a band 2 became a band 3) and all PD bandings were raised by one band (i.e. a band 2 became a band 1). Pupils already in either the lowest or highest band were not adjusted.

Results

- 3.14 This option requires additional funding of £20,645 and whilst it did enable the budget at Westlea to be balanced, it only partly resolved the issue at Robert Le Kyng reducing the deficit to £29,662. In addition the net position at Commonweal moved from a net surplus of £2,058 to a net deficit of £18,198.
- 3.15 Therefore this option would not solve the issue for PD settings.

Option 2 - Provide Contingency from mainstream funding

- 3.16 Under this option all mainstream settings would see their AWPU (BPPE) funding reduced to provide extra funding for SRP units. Three options were explored
- (i) provide funding to cover all SRP deficits
 - (ii) provide funding to cover net SRP deficits i.e. where a school has two SRPs only a net deficit is funded or
 - (iii) provide funding to cover PD deficits only and funding the net deficit where there are two SRPs.
- 3.17 This option must be considered in conjunction with cost pressures that are being faced by the whole DSG; early budget indications for 2016/17 indicate that approximately £1.1m will need to be saved from mainstream school budgets, equivalent to a £36.83 reduction in AWPU per pupil. (this figure is subject to change as work is still being undertaken on budget requirements for 2016/17)

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

Results

3.18 Reduction in AWPUP (BPPE) per pupil that will be required: (i) £8.34, (ii) £3.35, (iii) £1.82. Option (i) results in twelve additional schools requiring Minimum Funding Guarantee protection. Option (ii) results in two additional school requiring MFG funding, and option (iii) does not increase the number of schools requiring MFG protection.

Option 3a - Provide contingency from SRP units by reducing bandings

3.19 Under this option all SRP settings would see a reduction in the funding they receive via a reduction in the value of the bandings. This would then be used to create a contingency pot that could be used to support the SRPs that are in deficit. The same three options outlined at option 2 above were investigated to understand what reductions to bandings would be required to deal with the deficits. Reducing the banding levels will affect all SRP settings and will increase the level of deficits and therefore may require a higher level of contingency funding to assist the SRP settings in deficit.

Results

3.20 To provide a sufficiently large contingency pot to meet the deficits that occur in each of the three scenarios the banding reductions would be as follows: (i) 65.4%, (ii) 39.8%, (iii) 5.75%.

Fund all SRP deficits by reducing SRP banding amounts	Fund all SRP deficits from mainstream schools	Offset surplus and deficit within schools with more than 1 SRP	Only Fund PD settings losses, but still retain offset within schools
Amount required	£903,493.35	£549,214	£79,451
Reduction in banding values	65.40%	39.80%	5.75%

3.21 The first two scenarios would increase the number of SRPs in a deficit position by four.

Option 3b - Provide contingency from SRP units by reducing access to mainstream fees by 25%

3.22 Under this option the "access to mainstream" allowance would be reduced by 25%, from £2,000 to £1,500 per annum. The unallocated funding generated by this reduction would be available to redistribute to the SRP PD units to reduce their deficit to nil.

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

Results

3.23 The reduction in the “access to mainstream” allowance would generate £88,125 of unallocated funding that can be used to support the PD SRP units. This level of funding would put both primary PD SRPs into a balanced position and would put the two Commonweal SRPs into a slight net surplus position. There would be an adverse effect on all other SRPs with the largest impact being felt by the secondary ASD SRP settings.

Option 3c - Provide contingency from SRP units by reducing ASD fees by 15%

3.24 Under this option the “ASD in an SRP” allowance would be reduced by 15%, from £6,000 to £5,100 per annum. The unallocated funding generated by this reduction would be available to redistribute to the SRP PD units to reduce their deficit to nil.

Results

3.25 The reduction in the “ASD in an SRP” allowance would generate £55,650 of unallocated funding that can be used to support the PD SRP units. This level of funding would put both primary PD SRP's into a balanced position and would put the two Commonweal SRPs into a slight net surplus position. There would be an adverse effect on the 4 ASD SRPs and the 3 CLD SRPs.

Option 3d - Provide contingency from SRP units by reducing all allowances by x%

3.26 Under this option all allowances and bandings, with the exception of the place fee of £10,000, would be reduced by x% per annum. The unallocated funding generated by this reduction would be available to redistribute to all SRPs to reduce their deficits to nil, with the proviso that where two SRPs are at the same school only the net deficit will be funded.

Results

3.27 The reduction in the allowance would generate £23,190, for each 1% reduction, of unallocated funding that can be used to support all SRP units. For this option to be effective all bandings and allowances would need to be reduced by 22% to generate a large enough contingency to meet all of the deficits that will occur due to the reduced level of funding. All settings bar two will be in a deficit position and will therefore require funding from the contingency pot to balance their budget.

Error in consultation

3.28 Option 3d of the consultation contained an error in the way that the allowances were applied in that whilst a reduction of 1% was taken against all bandings and allowances, the “ASD in an SRP” allowance was inadvertently reduced to £0.

Option 4 – Provide contingency from SRP units by reducing all allowances by removing the “ASD in an SRP” supplement (**not consulted upon**)

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

3.29 Under this option the "ASD in an SRP" allowance would be removed completely, The unallocated funding generated by this reduction would be available to redistribute to all SRPs to reduce their deficits to nil, with the proviso that where two SRPs are at the same school only the net deficit will be funded.

Results

3.30 The removal of the allowance would generate £371,000 of unallocated funding that can be used to support all SRP units. This level of funding would leave all SRPs with a balanced budget, with only one SRP generating a surplus of £20,638.

Other issues

3.31 As noted above at Para. 3.9 there was a desire for a contingency pot to be created, with a standardised allowance that could be allocated to settings to assist with their deficit. This solution would ensure that each setting could set a budget with surety of funding and there would not be a requirement for a data collection exercise and cost moderation process each year.

3.32 Having reviewed all of the results of the scenario modelling it is not possible to have one allowance that can deal with all of the deficits at the various settings. The deficit per pupil varies from £152 per pupil to £7,276 per pupil. Therefore deficits will need to be funded on a case by case basis from a contingency pot.

3.33 Given that the deficit will need to be funded from a contingency pot, there will need to be an agreement on the level of leadership, buildings and supplies & services costs allocated to the SRP. It will also be necessary to benchmark costs across the SRPs to ensure that all settings are consistent so any allocation of funding is equitable. This exercise would require a peer review to be carried out where outlier costs can be challenged, the LA would facilitate the data collection and analysis for this review.

3.34 In the event that the amount available for redistribution is less than the deficit then it would be allocated on a proportional basis such that no setting is significantly adversely affected. If however, there is more funding available than is required, the surplus can either:

- (a) Be retained to support future years or
- (b) Redistributed to all settings that were affected by the reduction.

Of the two options outlined above the LA would recommend option (a)

3.35 The SRP review group were asked to comment on the results of the scenarios noted above and rank the options in order; the summary of these responses is attached at **Appendix 3**.

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

Members of the Schools Forum are now asked to:

- **Discuss the outcomes of the SRP review**
- **Advise the LA on their preferred option to address the funding pressures being experienced by certain types of SRP's.**

4. Alternative Options

The LA has a statutory duty to manage and distribute the Dedicated Schools Grant (DSG) in accordance with prevailing grant conditions and School Finance Regulations. DfE have prescribed the options available to Local Authorities, some of which are mandatory whilst some are discretionary, but in most cases funding values are to be locally determined. The proposals in this report are aimed at containing costs within the level of funding provided by EFA to meet the LAs new responsibilities. As no elements of the DSG are ring fenced it is for individual LAs to decide how best to manage this funding via consultation with Schools Forum's.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 Various financial implications are included in this report relating to management of the retained DSG budget.

Legal and Human Rights Implications

- 5.2 There are no legal and human rights implications arising from this report.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 This report does not make any recommendations that affect these areas.

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Utilisation of the DSG has a direct link to two of the Council's five priorities – "Right skills, right jobs in the right place" and "Make the best use of Swindon's resources inside and outside the Council".

Diversity Impact Assessment

- 5.5 The proposals within this report are designed to allocate funding targeted at disadvantaged pupils and at pupils with low prior attainment and / or special education needs in order to narrow the attainment gap between these and other pupils.

Special Resource Provision Funding Review

Schools' Forum

Date: 1st December 2015

Risk Management

- 5.6 There are no specific risk management implications not highlighted in the body of the report.

6. **Consultees**

- 6.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer), Board Director, Commissioning (Director of Children Services) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. **Background Papers**

- 7.1 Various documents issued by the Department for Education which were summarised in previous reports to the Schools Forum
- 7.2 Appendix 1 – Results of Bench Marking Exercise
- 7.3 Appendix 2 – Results of Scenario Modelling
- 7.4 Appendix 3 – Summary of responses from SRPs