

# 2016-17 Dedicated Schools Grant Budget

**Schools Forum**

**Date: 15<sup>th</sup> March 2016**

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Author:	Head of Finance – Education
Wards:	All
Locality Affected:	All
Parishes Affected:	All

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## **1. Purpose and Reasons**

- 1.1 The Schools Forum meeting on 12th January 2016 received a report on the 2016/17 Dedicated Schools Grant Settlement and Budget. This report provides members with an update on various budget issues that remained unresolved after that meeting. This report addresses:
- 1.1.1 Changes to DSG Allocation
  - 1.1.2 An update on SRP funding
  - 1.1.3 Pupil Growth & Trigger Funding Policy
  - 1.1.4 Hearing Impaired Outreach Service
  - 1.1.5 Notional SEN
  - 1.1.6 Post 16 funding
  - 1.1.7 New specialist 16 – 19 and Primary provisions
  - 1.1.8 Early Years 30 hours pilot
  - 1.1.9 Free school bids
- 1.2 These proposals contribute towards delivering the Council Vision Priority “Offer education opportunities that lead to the right skills and right jobs in the right places.”

## **2. Recommendations**

The Schools Forum is recommended to:

- 2.1 Give a view on providing an additional £45k of one off funding for Robert Le Kyng SRP. (Para. 3.13)
- 2.2 Note that officers will propose a long term solution for discussion at the October meeting. (Para. 3.14)
- 2.3 Approve the growth and trigger funding policy detailed in Para. 3.15 - 3.26.

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- 2.4 Note the continuation of the Hearing Impaired Outreach provided by Red Oaks at a cost of £77,483. (Para. 3.27)
- 2.5 Note that officers intend to review the Notional SEN policy and will present options to the July meeting for discussion. (Para. 3.28 – 3.32)
- 2.6 Note that a report will be presented to the July Schools Forum with draft Post 16 funding allocations for the 2016/17 academic year. (Para. 3.33 – 3.36)
- 2.7 Note the intention to open a new 16 - 19 form provision at Crowdys Hill. (Para. 3.37 – 3.38)
- 2.8 Give its views on the intention to open a new primary provision at Crowdys Hill. (Para. 3.39 – 3.42)
- 2.9 Note that Swindon has been selected to pilot the 30 hours of Early Years provision. (Para. 3.43 – 3.46)
- 2.10 Note that five bids have been submitted to the EFA to provide new free schools in Swindon. (Para. 3.47 – 3.56)

## **3. Detail**

### Settings

- 3.1 The Dedicated Schools Grant (DSG) is ring fenced funding provided by the DfE to meet the educational needs of early years, school age and all 0 to 25 year old high need pupils, any decisions on how the grant is utilised indirectly affects all settings.

### Decisions made by the Director of Children's Services (DCS) in setting the 2016-17 Budget

- 3.2 Forum will be aware that the LA put forward a number of options to balance the DSG budget for 2016-17 at its meeting in January. Forum will also recall that they were unable to recommend a preferred option stating that this reflected the inadequate funding provided to the LA and not the LA's methodology for balancing the budget.
- 3.3 The DCS subsequently decided that the fairest way to reduce budgets was to apply a 1.508% reduction to all mainstream funding factors. This approach was seen as the most equitable as the reduction would be in proportion to the funding factor.
- 3.4 In addition to the mainstream changes noted above the DCS also reduced the banding values for both specialist settings (special schools and SRPs) and mainstream SEN top up rates. A letter was sent to all schools to advise them of these changes, a copy of the letter can be found at Appendix 1.

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- 3.5 The Local Authority submitted the Authority Proforma Toolkit to the Education Funding Agency (EFA) on 20th January 2016 after the last Schools Forum Meeting. This toolkit calculates individual Primary and Secondary School as well as Academy budgets for 2016/17. It uses the October Schools Census information and the formula funding rates agreed at the October 2015 Schools Forum (with minor adjustments agreed in January 2016).
- 3.6 The Authority is required to provide schools with budget information by 29th February 2016 subject to ratification of the Toolkit by the EFA. The LA has received ratification from the EFA and issued schools budgets on 26th February 2016.

## Special Resource Provision Funding

- 3.7 Forum members will be aware that some SRPs are facing significant shortfalls in their funding. A working party was formed of all SRP representatives to review the funding arrangements of all SRPs, this involved each SRP submitting its income and expenditure information in a standard format to allow for comparison.
- 3.8 The review identified that for 2015/16 there was £4.301m of recurring income, which was matched with £4.271m of operating costs, leaving a surplus of £30k spread across the various settings, (one setting failed to provide any financial data). However of the thirteen settings, eight were experiencing shortfalls with the remaining seven showing surpluses. There are 2 schools who host more than one SRP and it is noted that when these SRPs are viewed together they show a small net surplus with one SRP making a loss and the other a surplus. There are a number of one off items that have been excluded from these comparisons.
- 3.9 Each setting was asked to identify leadership & administration costs separately from direct teaching staff, this enabled direct operating costs to be compared between settings. The comparison also showed that there are a number of different models for allocating overhead costs with different settings having a different approach. It should be noted that a moderation exercise on the allocation of costs has not been carried out.
- 3.10 The overall conclusion is that whilst the system overall contains sufficient funding to meet all unmoderated operational costs, the funding is not necessarily being directed to those settings that have higher operational costs. A summary of the initial comparison is included at Appendix 2
- 3.11 The income forecasts have been updated to reflect the revised banding values that have been proposed as part of the 2016/17 budget proposals. This provides for total funding of £4.421m.

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- 3.12 The September intake of secondary age SRP pupils has now been included in the updated budgets and the result of this and a number of changes to the top ups and supplements required has realised a surplus of £35k when compared to earlier indicative SRP budgets. In addition following discussions with Crowdy's Hill Special School they have confirmed that they would require £30k to cover setup costs not the £40k that was budgeted for post 16 provision.
- 3.13 Officers met with the SRP review group on the 3<sup>rd</sup> March to discuss the option of providing Robert Le Kyng with this £45k as a one off injection of funding for 2016/17. The group were asked for their views on this proposal; the majority were in favour of the one off support. There was a concern from a number of members that this could become an annual issue and any medium to long term solution needed to be constrained within existing budgets.
- 3.14 The SRP review group have formed a small working group to review the current funding mechanism to identify a sustainable long term solution to SRP funding and consultation will continue with the SRP review group with a view to bringing a long term solution to the October meeting for discussion and approval.

**Members of the Schools Forum are now asked to:**

- **Give a view on providing an additional £45k of one off funding for Robert Le Kyng SRP.**
- **Note that officers will propose a long term solution for discussion at the October meeting.**

Schools Growth Policy

- 3.15 At the July 2015 Schools Forum a recommendation was approved to request the School Admissions Forum to establish a task group to review the existing pupil growth policy, which is predominately, set up for primary schools to expand on a phased basis. The task group met in November 2015 to review alternative options for school expansion and how the policy should be adapted to manage pupil growth at special and secondary schools. A draft policy was circulated for consultation during February 2016.
- 3.16 This policy covers the following for primary, secondary and special schools.
- 3.16.1 New provision pre- opening start- up funding and
- 3.16.2 In year trigger funding for LA planned expansions.

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- 3.17 Historically new schools and expansions were provided with additional funding for purchasing furniture and equipment (F&E) of £11.5K per classroom. For future capital related schemes there will not be a separate budget for set up costs and the F&E will be included in the capital budget for the scheme rather than the DSG.

## Pre-opening start-up costs

- 3.18 The Department for Education published a new free school presumption in September 2015, which stated the requirement for Local Authorities to provide all pre-opening capital and revenue funding for a school that has been identified as required. The funding is to cover all staffing, legal, administration costs from April leading up to the school opening in September.

3.18.1 Primary school pre-opening set up costs are set at a maximum of £100K

3.18.2 Secondary school pre-opening set up costs are set at a maximum of £170K

3.18.3 Special school Pre-opening set up funding for new special schools is set at a maximum of £40K per phase (Primary with early years or Secondary with Post 16). There is no set up funding for 19 – 25 provision.

## Trigger Funding

- 3.19 The task group of the Schools Admissions forum considered the optimum approach to opening new schools and school expansions to be through a phased approach. It is considered that the funding mechanisms and impact on existing school places through alternative methods are extremely difficult to estimate accurately.
- 3.20 In 2013 Schools Forum approved a trigger funding policy for LA approved expansions that provided a degree of protection to schools where actual pupils joining expansion classes were below the planned increase.

## Primary Trigger Funding

- 3.21 The current approved policy is to fund 7/12 actual change in additional pupils in expanding classes (Years 1-6) with a protection for Reception at 21 pupils. This level of minimum funding protects the expanding school to cover the establishment of an additional class against a situation where the actual number of pupils is lower than expected.

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- 3.22 The formula is based on providing a teacher at M6 and a mid-level TA, although this does not prevent the school using the funding more flexibly.

## Secondary Trigger Funding

- 3.23 The model for secondary school expansions is set up to meet the place and curriculum requirements that are additional to the primary model. The model is based on providing teachers at M6 and mid-level TAs, as with the primary model this does not prevent the school using the funding more flexibly.
- 3.24 The minimum funding is provided at 8FE is established based on 12 teachers per year (2 English, 2 Maths, 1 Humanities, 2 Science, 2 PE, 1 MFL, 1 ICT and 4 TA's). The leadership team are assumed to cover the remaining class, and are included based on part time Assistant Head teacher and a teaching Head teacher based on the size of the year group. Total minimum funding guaranteed therefore is 12 times M6 teacher and 4 times mid-level TA, to cover all staffing costs. All of the above are funded for 7/12 of the year i.e. September to March. The full year funding in subsequent years will be based on October census data on a lagged basis plus 7/12ths of estimated September intake.
- 3.25 The expansion is based on an 8FE school and will be calculated proportionally according to the size of expansion e.g. For a 2FE expansion (minimum trigger funding guaranteed will 2/8 of the above)

## Special Schools and SRPs

- 3.26 Due to the funding mechanisms for special school and SRP places there is no requirement to develop a separate policy for providing additional SEN places. SEN places are commissioned by the Local Authority and £10K is provided for each commissioned place, including any increases. Top-up funding is provided in addition according to the individual needs of the child with an Education Health and Care Plan.

### **Members of the Schools Forum are now asked to:**

- **Approve the growth and trigger funding policy detailed above.**

## High Needs Commissioned services

- 3.27 Forum will remember that the Hearing Impaired unit at Ridgeway School was closed at the end of August 2015, with additional support being commissioned from Red Oaks to enable the provision of an outreach service to support pupils still at Ridgeway. It is proposed to continue this commission at the cost of £77,483 for the 2016-17 year. The funding for this service will come from savings on the NNDR budget £19k, the commissioned services budget £11k

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and a reduction in the high needs contingency budget of £47.4k (this will leave the high needs contingency budget at £252.4k)

## Members of the Schools Forum are now asked to:

- **Note the continuation of the Hearing Impaired Outreach provided by Red Oaks at a cost of £77,483.**

### Notional SEN Top Up Funding

- 3.28 Last year at its March meeting Forum agreed to implement a revised calculation method to assess Notional SEN top up funding. The previous method involved calculating the Notional SEN funding using October 2014 census data. The revised method was to assess the Notional SEN expenditure using both October 2014 5/12ths and October 2015 7/12ths census data with a claw back for funding over allocated in May. This method was deemed to be fairer to all schools as it reflects the characteristics of the pupils attending the school in each part of the year.
- 3.29 Forum requested that this item was brought back for review after the first year of operation. The revised mechanism has resulted in an increase in costs of £27,350 above the budget of £350,000. There was a net increase of 24.5 statemented pupils between 2014 and 2015; however the number of LPA pupils fell by 212.4 over the same period. There were twenty four schools that received an additional payment in January 2016, however seven schools needed to make a repayment as the Notional SEN paid in May was higher than that required for the whole year. (Appendix 3).
- 3.30 The LA is proposing to carry on with the current funding calculation basis; however the LA is proposing to only make one payment in January 2017 to cover all Notional SEN payments for the year. This revised approach will ensure that a school will only receive a payment if one is required and will avoid the need to reclaim funding from schools that have been overfunded.
- 3.31 As forum members will be aware the Notional SEN spend has been increasing over the last few years as demonstrated by the table below:-

Year	No of Schools receiving Notional SEN	Total cost of Notional SEN £000's
2013/14	18	256
2014/15	19	280
2015/16	26	377



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- 3.32 DfE guidance is that Notional SEN should only be payable to a minority of schools with a disproportionately high number of high needs or SEN pupils. The LA is proposing to review the Notional SEN process as with twenty six out of seventy four schools receiving Notional SEN, it would appear that the current mechanism is not working as originally intended. Officers intend to present options for a new Notional SEN mechanism to the July schools forum for discussion.

**Members of Schools Forum are now asked to:**

- **Note that officers intend to review the Notional SEN policy and will present option to the July meeting for discussion.**

Post 16 update

- 3.33 The budget agreed for the 2015/16 financial year for post 16 new responsibilities is £2,022,000 and is allocated across a range of providers to meet the needs of young people aged 16-25 with high needs.
- 3.34 The projected spend at the end of January is £1,958,358 which represents an underspend of £63,642 against the budget.
- 3.35 The total number of high needs students projected in July SF data was 390 and the actual number of students at January 2016 is 344. Of the initial projection of 390 there were 69 students identified as having high needs but where no provision had been identified. This has reduced to 26 students with unknown destinations where the pupils have been identified as being Not in Education, Employment or Training (NEET).
- 3.36 The budget for 2016/17 is set at £2,000,000 and a full report will be submitted to the July Schools Forum setting out the projected allocations based on student destinations, which are being arranged now.

**Members of the Schools Forum are now asked to:**

- **Note that a report will be presented to the July Schools Forum with draft funding allocations for the 2016/17 academic year.**

New Post 16 Provision – September 2016

- 3.37 On the 18th November 2015 a Cabinet Panel approved the expansion of Crowdy's Hill Special School from September 2016. The decision extended the age range from the current 11-16 status to include post-16 students, thereby enabling the school to offer educational provision for the full 11-19



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age range. When full, it is anticipated that the proposed sixth form will provide up to 50 places for 16-19.

- 3.38 The EFA have confirmed that they will not be funding the new sixth form provisions in 2016/17. As with the current post 16 provision, the funding from the EFA would have been recouped from the DSG at £10,000 per pupil. The LA has provided a budget to fund the new sixth form provision for 25 places from September 2016.

**Members of Schools Forum are now asked to:**

- **Note the intention to open a new 16 - 19 form provision at Crowdy's Hill Special School.**

New Special School Primary Provision

- 3.39 The Local Authority is due to commence a period of formal consultation on the proposal to lower the age range of Crowdy's Hill special school from 1 September 2016.
- 3.40 The proposal to lower the age range has been developed in the light of significant pressure across the borough to provide additional SEND primary places due to the increased number of statements and Education Health and Care Plans and the borough expanding as a whole. The additional provision will start with 16 places and eventually provide 36 places for children aged 4 to 11 with complex learning difficulties.
- 3.41 Other options have been investigated, however, given the development already being undertaken on the Crowdy's site, this has presented the opportunity to co-locate a Primary provision on site.
- 3.42 In January the proposed 16/17 budget considered by the Schools Forum allocated additional High Needs funding to meet the demand for additional primary places. In February Swindon Borough Council's Cabinet approved a capital budget for the additional places.

**Members of Schools Forum are now asked to:**

- **Give its views on the intention to open a new primary provision at Crowdy's Hill.**

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## Early Years - 30 hour pilot implications

- 3.43 In January 2016 it was confirmed that Swindon's bid to become an 'Early Implementer' for this high profile government initiative had been successful. In September 2016, Swindon will join seven other LAs sharing funding of £13m, to act as a pilot area to inform policy, ahead of the national roll-out from September 2017.
- 3.44 In addition, a further 25 authorities will join this work, acting as 'Early Innovators' looking at specific issues. All participants will share further funding of £4m to assist with this work.
- 3.45 Full details of the pilot and the full scheme are yet to be fully released, but officers attended a working group with the DfE on the 22nd February 2016 and to qualify for the 30 hours entitlement from September 2017 parents will need to be earning the equivalent of 16 hours at National Living wage. They do not need to be working 16 hours per week, therefore, if a parent only works 10 hours per week but is earning the equivalent of 16 hours at National Living Wage (this is age dependant to what rate this will be) they will qualify.
- 3.46 Each parent can earn up to £100k to qualify. Therefore, if both parents each earn £99k they can qualify. If either parent earns £100k or more they will not qualify regardless of the second parents level of income. More details will be reported to the forum in July 2016.

### **Members of Schools Forum are now asked to:**

- **Note that Swindon has been selected to pilot the 30 hours of Early Years provision.**

## Potential Free School Bids affecting Swindon

- 3.47 In September 2015 the Department for Education announced a new presumption that requires every new school to be a Free School. Swindon has had two successful bids for secondary free schools; they are the Great Western Academy opening in north Swindon for September 2018 and The Swindon Church of England Academy opening in Wichelstowe also for September 2018.
- 3.48 The Department for Education runs a process that has two application "waves" per year for sponsors wishing to set up a new free school. This process is determined by the Department for Education and is outside of Local Authority control. The current Wave (11) closed on 2nd March 2016, for schools opening in September 2017 at the earliest.

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- 3.49 Once an application from a sponsor has been submitted, it is assessed by the government on the need for places it meets. The sponsor is invited to interview and an announcement on approved new schools is expected in June/July 2016.
- 3.50 Swindon has adopted an approach to work with education providers to identify need for places and support free school applications with access to data. On the 10th November 2015, the Local Authority hosted an event at the University Technical College Swindon to advertise to potential academy and free school sponsors the characteristics of Swindon, the education strategy and our place planning pressures. The event was attended by about 40 providers and representatives from the Regional Schools Commissioners office
- 3.51 As a result of the engagement work that has been conducted there have been five free school applications submitted during the recently closed wave. Two mainstream primary schools to serve Wichelstowe and the New Eastern Villages, two special schools and an alternative provision. A further primary school application to serve north Swindon is expected in the next wave (September 2016).
- 3.52 Special free schools have different funding arrangements to mainstream schools and in both special and alternative provision free schools, funding is comprised mainly of two elements:
- 3.52.1 Base funding received directly from EFA;
- 3.52.2 Top-up funding agreed on a case by case basis with the authority (ies) or school(s) that commissions places within the provision.
- 3.53 A special free school may also receive funding for commissioned services (such as home tuition) from a local authority or school. Base funding for special free schools is £10,000 per FTE place. When a special free school is opened, the EFA will decide on the number of places to be funded each year, based on the free school's plans and the number of pupils actually attending the school. We expect that this funding will be paid by the EFA directly to the free school and not recouped from the Local Authority Dedicated Schools Grant.
- 3.54 Alternative provision free schools, usually from the third year of the free school's operation, the EFA will start to deduct an appropriate proportion of the base funding from the dedicated schools grant of the local authorities who commission, or whose schools commission places at the alternative provision free school.
- 3.55 There may be situations where the funding deducted from the dedicated schools grant of the relevant local authorities does not constitute the total
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Further information on the subject of this report can be obtained from Ian Burbidge on 01793 464384 or [iburbidge@swindon.gov.uk](mailto:iburbidge@swindon.gov.uk)

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base funding for places which the EFA determines to pay to the free school. Therefore it is important for discussion locally with schools and relevant local authorities about what the alternative provision free school intends to provide and that it is meeting the demand for alternative provision.

- 3.56 Swindon Borough Council is supporting the five applications submitted in wave 11.

### **Members of Schools Forum are now asked to:**

- **Note that five bids have been submitted to the EFA to provide new free schools in Swindon.**

### National Fair Funding Formula and F40 update

- 3.57 It is proposed that a meeting will be held with head teacher associations to discuss the contents of the National Fair Funding Consultation document when this is released. Schools Forum are asked to consider whether they wish to have an additional meeting to discuss and respond to the consultation.

## **4. Alternative Options**

- 4.1 Members of the Forum may provide alternatives in the course of the meeting.

## **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 Legal and Human rights implications have been taken into account in preparing this report. It is considered that the recommendations are compatible with Convention Rights.

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

- 5.3 No additional implications were raised in the preparation of this report.

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## Diversity Impact Assessment

- 5.4 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.

## Risk Management

- 5.5 Any specific risk management implications are highlighted in the body of the report.

## **6. Consultees**

- 6.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

- 7.1 None.

## **8. Appendices**

- 8.1 Appendix 1 – Letter to Head teachers – 29th January 2016
- 8.2 Appendix 2 – Overview of SRP Budgeted Income and Expenditure for 2015/16
- 8.3 Appendix 3 – Notional SEN funding 2015/16