

2016-17 Dedicated Schools Grant Budget and Forward Look

Schools Forum

Date: 12th July 2016

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

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:

- Early Years 30 hours pilot
- Pupil Growth & Trigger Funding Policy
- Additional Trigger & Growth Funding for 2016/17
- Potential Future Growth Places & Costs
- Notional SEN
- Tuition Service Review
- New Special School Primary Provision
- Early Years - 30 hour pilot implications
- Potential Free School Bids affecting Swindon
- Apprenticeship Levy
- Review of Financial Regulations

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 Note the current arrangement for the 30 hours pilot detailed in Para. 3.2 – 3.9.
- 2.2 Approve the growth and trigger funding policy detailed in Para. 3.10 – 3.24.
- 2.3 Note that the Trigger funding budget will overspend by £115k as result of the need for additional reception places in North Swindon as detailed in Para. 3.25 – 3.26.

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- 2.4 Note the forecasts of required pupil growth funding that will need to be considered as part of future budget setting processes as detailed in Para. 3.27 – 3.30.
 - 2.5 Note that officers have reviewed Notional SEN funding in other local authorities as detailed in Para. 3.31 – 3.37.
 - 2.6 Officers will recommend that subject to modelling results all mainstream High Needs funded pupils will be included in future calculations and some element of AWPU funding will be taken into account when calculating the Notional SEN budget as detailed in Para. 3.31 – 3.37.
 - 2.7 Note the current state of the Tuition Service review as detailed in Para. 3.38.
 - 2.8 Note that the LA intends to open a new specialist primary provision at Crowdy's Hill Special School from September 2016 as detailed in Para. 3.39 – 3.41.
 - 2.9 Note that Swindon has been selected to pilot the 30 hours of Early Years provision as detailed in Para. 3.42 – 3.45.
 - 2.10 Note the current status of the bids that have been submitted to the EFA to provide new free schools in Swindon as detailed in Para. 3.46 – 3.48.
 - 2.11 Note the potential impact of the apprenticeship levy on schools in Swindon as detailed in Para. 3.49 – 3.53.
 - 2.12 Note that the LA will commence a review of the Financial Regulations applicable to maintained schools as detailed in Para. 3.54.

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.

Early Years 30 hours pilot update

- 3.2 Swindon has been chosen to be one of eight local authorities to pilot the new 30 hour childcare offer for 3 and 4 year old's from September 2016. Places are limited to 415 and the LA is required to set its own eligibility criteria in addition to the criteria set by the Department based on working families.

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- 3.3 The LA were chosen as a pilot based on our innovative ideas around flexibility and is working with providers to establish new flexible models to trial during the pilot, which will benefit those families who don't work traditional 'Monday-Friday, 9am-5pm' hours.
- 3.4 To trial this in a controlled way, the LA has chosen to identify the Great Western Hospital as opportunities exist for parents, particularly given the recruitment issues currently being faced. By offering free, flexible childcare it is anticipated staff will be able to increase their hours, return to work sooner or it may encourage new staff to join the trust.
- 3.5 Following a period of negotiation with the Department, the LA will receive an interim funding rate of £4.41 across the whole 30 hours. The Department have made it clear this is not a reflection of the final funding rate providers will receive to deliver the 30 hour offer during full roll out from September 2017.
- 3.6 The rate applies only to funding for children accessing the universal and additional hour (funding for children accessing only the universal entitlement of 15 hours remains at its current rate until April 2017). In addition, the LA has received a one off grant of £150,000 to be used to cover costs of implementation.
- 3.7 The LA has discretion in how to distribute the funding available for early implementation; however, the Department's expectation is that 100% of the funding will be passed to providers.
- 3.8 The Department will fund the LA in arrears on a participation basis. We will be required to submit a claim form to the Department at the end of each term (December 16, March 17 and August 17) in order to receive funding for the number of places and hours delivered, however the expectation would be that we pay providers as part of their usual payment schedule.
- 3.9 Consideration needs to be made as to the impact on SENRAP funding, which may be required if eligible children extend their funded hours in an early years setting. The number of children who will be entitled to SENRAP funding is not yet known, as it is dependent on individual children meeting the eligibility criteria for the pilot.

Members of the Schools Forum are now asked to:

- **Note the current arrangement for the 30 hours pilot**

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Schools Growth Policy

- 3.10 At the March 2016 meeting of the Schools Forum the growth and trigger funding policy was not agreed in its current form and the forum requested the details to be reviewed and presented to the July Schools Forum meeting for approval.
- 3.11 Subsequently, officers took the recommendation of the forum to the working party set up to establish the pupil growth policy. The working group looked specifically at 2 areas of the policy:
- Set up funding for new Special Educational Needs provision
 - Clarification of the circumstances when trigger funding is appropriate.
- 3.12 The working party after consideration decided to maintain the level of set up funding for new Special Education Needs Provision at £40K to cover April to September pre-opening costs. The new primary and post 16 provision opening at Crowdys Hill for September 2016 will be funded at this rate, but will be reviewed in October 2016 to see if this level remains appropriate.
- 3.13 The proposed pupil growth funding policy currently states that any allocation of funding will be as a result of Local Authority planned growth. The working party considered that this would cover eventualities where Academies and Free Schools increase pupil numbers outside of the Local Authority's requirements. It is clear that pupil growth funding is not applicable in these circumstances.
- 3.14 This policy covers the following for primary, secondary and special schools.
- New provision pre-opening start-up funding and
 - In year trigger funding for LA planned growth.
- 3.15 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

- 3.16 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

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identified as required. The funding is to cover all staffing, legal, administration costs from April leading up to the school opening in September.

- Primary school pre-opening set up costs are set at a maximum of £100K
- Secondary school pre-opening set up costs are set at a maximum of £170K
- Special school pre-opening set up funding for new special schools is set at a maximum of £40K per phase. There is no set up funding for 19 – 25 provision.

Trigger Funding

- 3.17 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.
- 3.18 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

- 3.19 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.
- 3.20 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

- 3.21 The model for secondary school expansions / new provision 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.
- 3.22 The minimum funding is provided at 8FE (30 pupils per FE) is established based on 12 teachers per year (2 English, 2 Maths, 1 Humanities, 2 Science,

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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.

- 3.23 The expansion / new provision is based on an 8FE school and will be calculated proportionally according to the size of expansion / new provision e.g. For a 2FE expansion (minimum trigger funding guaranteed will be 2/8 of the above)

Special Schools and SRPs

- 3.24 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.**

Additional Trigger & Growth Funding for 2016/17

- 3.25 During the primary school allocation process it became apparent that the LA did not have enough reception places available in the North Swindon area to meet the needs of pupils for September 2016. At the normal closing date for applications 15th January 2016 the LA had received 2,945 applications for reception places, all of the available North Swindon places were filled with on-time applications. Subsequent to the closing date the LA received a further 140 applications for places, a number of which are in the North Swindon area.
- 3.26 The LA has agreed with Abbey Meads, Ferndale and St Marys schools that between them they will provide 70 additional reception places. This will cost an extra £115k in growth funding; this will be reflected in the June budget monitoring report. The alternative to providing these places would have meant that pupils would have had to travel as far as Covingham

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Members of the Schools Forum are now asked to:

- **Note that the Trigger funding budget will overspend by £115k as result of the need for additional reception places in North Swindon.**

Potential Future Growth Places & Costs

- 3.27 The school place planning team took a report to cabinet on the 10th February 2016 that outlined the projected number of school places required up to 2026. This was subject to a 6 week consultation that ran until 1st April 2016. The full cabinet report is attached at **Appendix 1**
- 3.28 As an extension to the mainstream growth the team are also looking at the need for new High Needs and Alternative Provision places, this has been forecast as a percentage of the total school population, after taking into account new provision that is already under construction or is being planned as part of the free schools process. A summary of all the additional places currently anticipated is given below at Table 1.

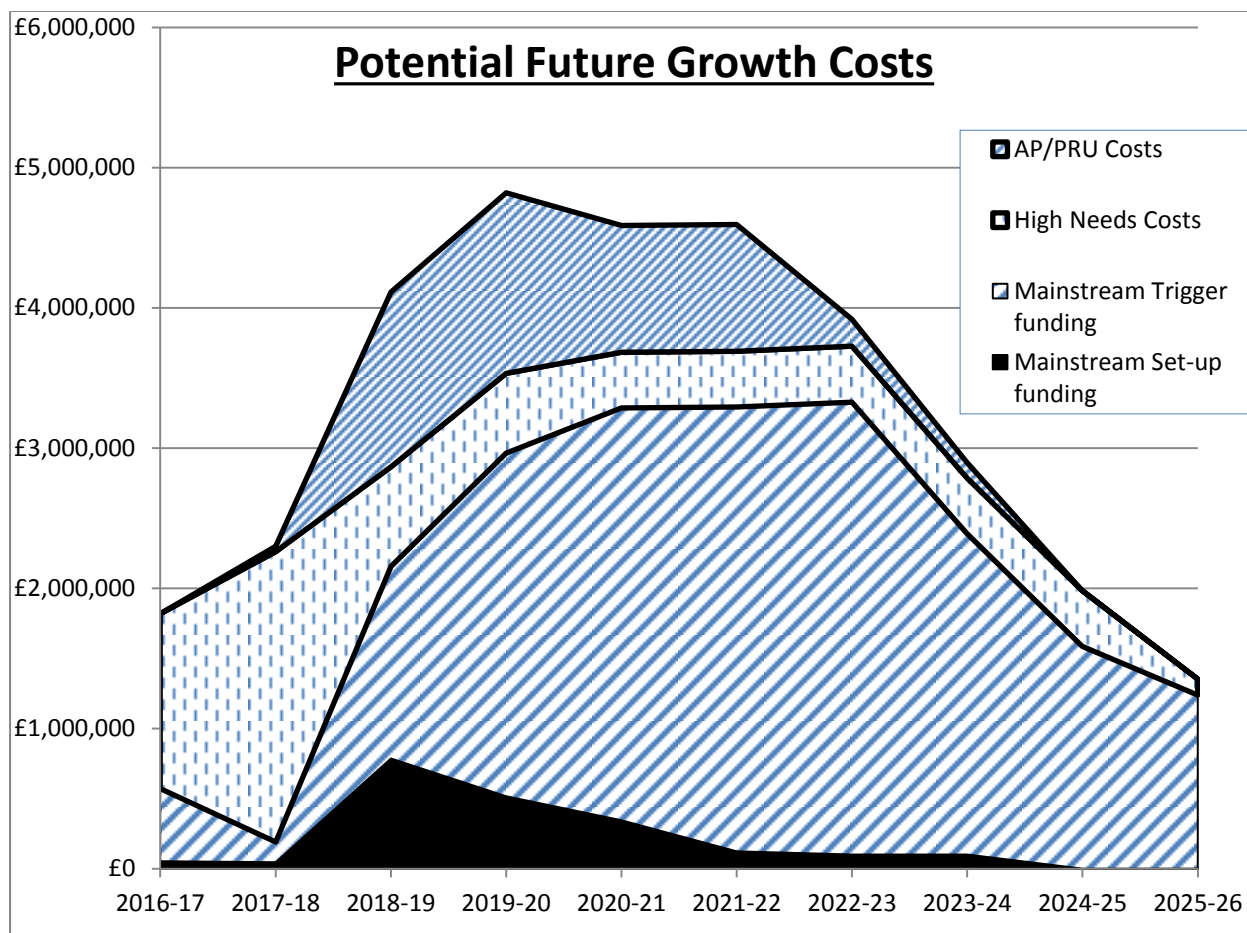
Table 1 - Additional school places										
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Mainstream	391	135	675	1,155	1,395	1,455	1,485	1,110	825	645
High Needs	41	70	25	20	14	14	14	14	14	4
Alternative Provision	0	0	44	47	33	33	7	4	0	0

- 3.29 The funding for all new provision currently is the responsibility of the LA, this includes both set-up and trigger funding, and in the case of High Needs this includes the place and top up funding. The schools block meets the cost of mainstream growth and the High Needs block funding the remainder. Using the funding rates that are applicable for 2016-17, this would produce a funding requirement of £2.300m in 2017-18 rising to £4.819m in 2019-20. The graph below shows the potential cost of meeting this additional demand, should all of these schools be delivered in line with current expectations.

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3.30 When the budget is being set for 2017-18 the future demands for funding will need to be considered to ensure that there is sufficient scope in future years to meet these cost pressures as they occur.

Members of the Schools Forum are now asked to:

- **Note the forecasts of required pupil growth funding that will need to be considered as part of future budget setting processes.**

Notional SEN Top-up Funding

3.31 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

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

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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.

- 3.32 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 C).
- 3.33 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.
- 3.34 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

- 3.35 The LA has carried out a review of Notional SEN funding in neighbouring local authorities, to assess whether these would be appropriate options for Swindon. This has revealed that although each Council has a different approach to determining what funding is considered as part of the Notional SEN funding budget, there is still an incentive to have more pupils that require top-up funding and therefore receive additional Notional SEN funding to help meet the first £6,000 of costs that are borne by the school.
- 3.36 The main funding differences noted from other LA's are as follows:-
- Include an element of AWPU and lump sum in the notional SEN calculation
 - Notional SEN top-up not provided to secondary schools

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- Pupils considered as part of the assessment of the school's ability to fund the first £6,000 include both those with a statement / EHCP and those where the LA has agreed funding without an EHCP.
- Schools that are smaller than 1 FE get £6,000 funding for all of their mainstream pupils that the LA has agreed to fund.

3.37 The review has also looked at how other LA's assess what top-up funding the school requires to meet the base £6,000 requirement. These included calculations similar to those already undertaken by SBC but also included the following:-

- The LA determines the "expected" percentage of pupils that the school should be able to fund before the LA provides additional funding. The percentage is an arbitrary number that is linked to the funding available from the LA's High Needs budget, these ranged between 1.33% and 3.5%.

E.g. a school of 210 pupils might be expected to fund the £6,000 for the first 2.5% of pupils, so in this instance 5.25 pupils. Therefore if the school have 5 pupils there will be no top-up, but if they have 6 the LA would top-up:- $(6 - 5.25) \times £6,000 = £4,500$.

- The LA determines an amount per pupil that the school should be able to fund before the LA provides additional funding. Again the amount is an arbitrary number that is linked to the funding available from the LA's High Needs budget, these ranged between £50 and £90.

E.g. a school has 210 pupils it would be expected to set aside £90 per pupil ($£90 \times 210 = £18,900$) to meet the required £6,000 funding per child. For this school that would be 3.15 pupils. Therefore in the example given above the LA would provide funding for 2.85 pupils or £17,100 ($2.85 \times £6,000$).

Members of Schools Forum are now asked to:

- **Note that officers have reviewed Notional SEN funding in other local authorities.**
- **Officers will recommend that subject to modelling results all mainstream High Needs funded pupils will be included in future calculations and some element of AWPU funding will be taken into account when calculating the Notional SEN budget.**

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Tuition Service review

- 3.38 A verbal update will be provided at the meeting by the Head of Education

Members of Schools Forum are now asked to:

- **Note the current state of the Tuition Service review.**

New Special School Primary Provision

- 3.39 Following agreement from the Cabinet Member for Children's Services to the contents of a Cabinet Member Briefing Note dated 7th September 2015, concerning the intention to commence consultation on proposals to lower the age range at Crowdys. A consultation was carried out from the 8th March 2016 – 29th April 2016.
- 3.40 We have received 10 comments from resident's staff and parents of the school. 7 of these comments fully supported the proposal.
- 3.41 A Cabinet Panel was set up to consider the proposal and approved the decision on the 16th June 2016.

Members of Schools Forum are now asked to:

- **Note that the LA intends to open a new specialist primary provision at Crowdy's Hill Special School from September 2016.**

Early Years - 30 hour pilot implications

- 3.42 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.
- 3.43 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.
- 3.44 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

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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.

- 3.45 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

- 3.46 Wave 11 – Free School applications were submitted in March 2016 from DBAT, Uplands School and Schools Company. The LA has received notification from the EFA that the Schools Company application will not be taken forward to the next stage of the process, but that the Uplands School application will. No notification has been provided regarding the status of the DBAT application to date. The EFA have indicated that approximately 250 applications were received during wave 11.
- 3.47 Wave 12 – As previously indicated an application is expected from New College Swindon for a new primary school located on land adjacent to the approved secondary school on Tadpole Farm. In addition the LA has been marketing primary schools to academy sponsors at Commonhead, Abbey Farm and the Eastern housing development.
- 3.48 It is expected that an applicant will be sought to provide the secondary school

Members of Schools Forum are now asked to:

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

in the Eastern housing development during wave 13 (March 2017).

Apprenticeship Levy

- 3.49 The government published plans to introduce an apprenticeship levy from April 2017 to create a fund to offer more apprenticeships across the country.

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This could have an impact on schools in the Swindon area, outline details of the scheme are provided in the following paragraphs.

- 3.50 **Who is affected** - All employers with a pay bill over £3 million will be expected to pay a levy of 0.5% on their total pay bill. Where schools are part of a group e.g. a federation, multi academy trust or are local authority maintained the total pay bill of the group will be what triggers whether the payment is due or not.
- 3.51 Each school or group will have an annual allowance of £15,000; this will need to be split between each school in the group.

Example 1: an employer who would pay the levy

An employer with an annual pay bill of £5,000,000:

- levy sum: $0.5\% \times £5,000,000 = £25,000$
- subtracting levy allowance: $£25,000 - £15,000 = £10,000$ annual levy payment

Example 2: an employer who would not have to pay the levy

An employer with an annual pay bill of £2,000,000:

- levy sum: $0.5\% \times £2,000,000 = £10,000$
- subtracting levy allowance: $£10,000 - £15,000 = £0$ annual levy payment

- 3.52 **Are there any benefits** – When you have paid the levy you will be able to access funding for apprenticeships at your organisation, this can contribute to training and assessment of apprentices.
- 3.53 **Further information** – The following website contains more information about the scheme and how it will operate:-

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

More information will be provided as it become available.

Members of Schools Forum are now asked to:

- **Note the potential impact of the apprenticeship levy on schools in Swindon.**

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Review of Financial Regulations

- 3.54 The LA is intending to start a review of the Financial Regulations that are applicable to LA maintained schools. The LA may need assistance with this review from maintained school staff, to ensure that any proposed changes meet the financial duties of the LA and the operational needs of schools. Once the review is complete the regulations will be brought to the members of this forum to approve.

Members of Schools Forum are now asked to:

- **Note that the LA will commence a review of the Financial Regulations applicable to maintained schools.**

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.

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.

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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 – School Place Planning Update 2016 – 10th February 2016.