

Dedicated Schools Grant and School Funding 2011-15

Schools Forum

6th March 2012

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Parish / Wards Affected: All

Purpose

- To advise Forum members of the latest estimated Dedicated Schools Grant (DSG) and Pupil Premium (PP) position, the indicative centrally retained budget requirement and various issues relating to school funding in 2012/13.
- To seek Forum approval to proposed changes in the local fair funding formula relating to Special Resource Provision, small school protection and transitional support.
- To advise Forum Members of the timetable for 2012/13 individual school budget shares (ISB's) to be allocated and on indicative future funding levels.

Recommendations

The Schools Forum is requested to:

- Note and agree the LAs estimate of Swindon's 2012/13 DSG (£139.838m – Table 1) and PP (£3.829m – Table 2) settlements compared to the current year.
- Note and agree the LA's proposals on how the Looked after Children Pupil Premium is to be utilised during 2012/13 (paragraph 2.8)
- Note and agree the LAs proposed centrally retained budget requirement for 2012/13 (£18.015m – Annex A).
- Agree changes in provision and funding of Special Resource Provision in mainstream settings in 2012/13 which will result in additional costs of £325,000 (Annex C).
- Note that local formula changes have been developed in consultation with the Schools Forum Sub Group and Swindon Headteacher Associations (see separate report) which are summarised at section 5.
- Agree to the use of retained underspends from 2011/12 to provide one off transitional support funding of £590,000 to limit individual school funding reductions arising from formula changes in 2012/13 to no more than 2.5% (paragraph 5.3)
- Note that the LA estimates that £125.552m will be available for distribution via the local formula to Schools and Academies in 2012/13 (Table 8);
- Note the conclusions and guidance relating to school funding beyond 2012/13

1. Reasons

- 1.1 The LA is required to manage the local fair funding formula in accordance with the School Finance Regulations and to issue Individual School Budget shares by no later than 31st March each year. Although the overall value of DSG cannot be confirmed until DfE have verified the January 2012 census data in June the LA has made estimates of the likely grant based on information available at this time.

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- 1.2 In December 2010 the DfE announced various immediate changes to school revenue funding including the removal of all ring fencing and the transfer of former Standards Fund grants into the DSG. DfE also announced the reduction in Minimum Funding Guarantee (MFG) protection for individual schools from +2.1% to -1.5% per pupil.
- 1.3 This report provides Forum members with the following information relating to 2012/13:
- Section 2 - Swindon's provisional estimated DSG and PP settlements
 - Section 3 - The estimated centrally retained budget requirement
 - Section 4 - Changes to Special Resource Provision funding
 - Section 5 – Summary of local formula issues
 - Section 6 – The value of funding available in 2012/13 for distribution to Schools and Academies
 - Section 7 – Conclusions and indicative Funding beyond 2012/13

2. Funding Available 2012/13

DSG

- 2.1 The 13th December 2010 school funding announcement advised that 2011/12 Guaranteed Unit of Funding (GUF) rates would be frozen at 2010/11 levels. The 13th December 2011 announcement confirmed this which means that for 2012/13 both the LA and Schools/Academies will have to absorb the impact of inflation and other cost pressures. Swindon's GUF rate of £4,696.48 per pupil remains the 25th lowest of 151 Authorities and £386.08 per pupil (8.2%) lower than the national average.
- 2.2 The DSG will continue to be based on January PLASC data and additional funding will be provided for pupil growth identified in January 2012. As in previous years funding for September 2012 increases will not be funded by DfE until 2013/14 and both trigger funding and pre-opening funding for the new Croft school (see section 3) will need to be earmarked by the LA within the retained budget. Set out in the table below is a summary of Swindon's latest estimated 2012/13 DSG settlement compared to the current year:

<u>Table 1 – Pupil and DSG Projections 2012/13</u>	2011/12 Actuals	2012/13 Latest Estimate	Annual Change
School and Alternative Provision pupil census	27,303	27,690	+387
Early Years	2,002	2,085	+83
Total DSG eligible pupils	29,305	29,457	+470
Guaranteed Unit of Funding	£4,696.48	£4,696.48	-
Total DSG settlement	£137.630m	£139.838m	+£2.208m

- 2.3 School Forum Members are advised that the latest estimate of £139.838m is higher than the provisional estimate of £138.344m reported to the January 2012 Forum which was based on the October 2011 census and discussions with the School Place Planning and Performance and Information teams. This means that Swindon can expect additional funding which will help fund pupil growth pressures arising in Early years, SEN, SRP's, Trigger Funding and new school set up costs. As in previous years, the final DSG grant value will not be confirmed by DfE until June.
- 2.4 The LA has not previously included Elective Home Educated pupils on its census as this is optional. Such pupils can be included but only where the LA is providing a significant contribution towards the education of these pupils. There is a risk that this could add pressure to the DSG if subsequent costs of provision exceed the value of grant received. There are currently 67 such pupils in Swindon which would attract additional DSG of approximately £315k. The LA has not unfortunately been able to fully assess likely future costs compared to funding and will undertake this during 2012. Given Swindon's low level of funding the LA does not want to risk putting additional pressure on school funding to cover potential shortfalls in home elective education costs. .
- 2.5 The updated calculation of the 2012/13 DSG funding settlement is estimated at **£139.838m** which equates to a year on year increase of **1.6%** and relates entirely to pupil growth.

Schools Forum is asked to note that the LA is estimating the 2012/13 DSG settlement at £139.838m.

- 2.6 Forum members are reminded that a proportion of Swindon's DSG equal to the amount determined by the local formula plus a proportion of centrally retained DSG (and core) funding is recouped by DfE in respect of Academies at the start of the year. In addition the LA has made provision within the retained budget for the estimated further loss of DSG arising from in year Academy conversions which are likely to take place after 1st April 2012.

Pupil Premium

- 2.7 The Pupil Premium was introduced in 2011/12 and, based on national funding announcements, the overall value is planned to increase from £625m to £2.5bn by 2014/15. This should therefore represent significant additional funding for those schools which have eligible pupils. DfE announced that the scope of funding for disadvantaged pupils is increasing and from 2012/13 onwards, any pupil who, as at January is identified as being eligible or was previously eligible for Free School Meals (FSM) at any point during the previous 6 years will attract the premium.

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2.8 DfE have provided FSM ever eligibility information relating to every School and Academy which will enable funds to be included in delegated school budgets from the start of the year. As previously notified the 2012/13 PP values which will be as follows:

- **Disadvantaged pupils** – £600 per pupil eligible for FSM over the last 6 years will be delegated to relevant schools. The current year figure was initially £430 but was subsequently increased to £488. The increase to £600 represents a 23% year on year increase.
- **Service Children** – £250 per Service pupil on roll as at January 2012 will be delegated to relevant schools, a £50 (20%) increase over the current year rate.
- **Looked After Children** – the LA received £488 for every pupil who was in care for the first six months of 2011/12 which equates to an annual cash allocation of £74000. For 2012/13 the value per child is increasing to £600 which, based on our estimate of 165 eligible pupils will generate annual funding of **£99,000**. For 2012/13 the LA proposes to continue with the current practise and that funds are utilised as follows;
 - **Primary sector** – The majority of funding will be delegated to relevant schools at £175 in both May and October with a balancing payment in January when totals are confirmed. Payments will total approximately **£30,000** by year end and will be used to fund any additional supports identified in the young person's Personal Education Plan, with a view to creating parity with all other children.
 - **Secondary sector** – As discussed with Secondary Headteachers last year, the LA will retain the majority of this funding to retain two Secondary Behaviour Support staff at a cost of **£39,000**, who will provide bespoke support to Looked After Children in Swindon secondary schools. This scheme has been a success and has both helped to maintain children in school and improve their ability to benefit from the curriculum.
 - **Out of Borough placements** - Termly payments estimated at **£20,000** will be paid to OOB settings in line with a regional protocol
 - **Contingency** – From the start of the year a contingency sum of **£10,000** will be retained until the grant value has been confirmed and to allow for any in year changes in demand.

Schools Forum is asked to confirm the above arrangements for the use of the LAC Pupil Premium during 2012/13.

2.9 Although the PP is not ring fenced, from September 2012, DfE require schools to publish on-line information on how they have used their

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funding. New measures will be included in performance tables that will capture the attainment of pupils covered by the PP. DfE have confirmed their longer term intention for the Premium to be mainstreamed within the DSG although timescales are unknown at this stage.

- 2.10 The table below provides estimates of the Pupil Premium funding Swindon will receive in 2012/13 as calculated by DfE and the LA compared to the 2011/12 settlement. These figures include funding for Academies which will be paid direct by YPLA/EFC. As with DSG these estimates will not be confirmed by DfE until June.

<u>Table 2 – PP Projections</u> <u>2012/13</u>	2011/12 Actuals Excluding Academies	2012/13 Provisional Estimate (DfE)	2012/13 Latest Estimate (LA)
Deprivation (FSM) @ £430 / £600	£1,631,420 (3,794 pupils)	£3,815,100 (6,359 pupils)	£3,684,600 (6,141 pupils)
Service Children @ £200 / £250	£27,800 (139 pupils)	£35,250 (141 pupils)	£45,250 (181 pupils)
LAC @ £430 / £600	£73,530 (171 pupils)	£99,000 (165 pupils)	£99,000 (165 pupils)
Total Pupil Premium	£1,732,750	£3,949,000	£3,828,850
Add in year increases	£229,970		
Total 2011/12 PP funding	£1,962,720		

Forum Members are asked to note the LA's 2012/13 Pupil Premium estimate of £3.829m.

Post 16 Funding

- 2.11 Funding for sixth forms has in the past been paid to the LA by the Young Peoples Learning Agency (YPLA) and directly passed over to relevant settings in delegated budgets. From April the YPLA is being replaced/renamed as the Education Funding Agency and the LA will not be involved in the funding of sixth form provision in any Academy.
- 2.12 The YPLA also provides the LA with a contribution towards post 16 SEN provision via the SEN Block Grant which, in the current year, totalled £662,000. This funding is not based on identified needs but indirectly meets post 16 placement costs at Uplands special schools relating to students with SEN statements. The allocation of this grant is on a historic basis and is adjusted each year based on Swindon's 16-18 learner numbers. YPLA cannot confirm the level of this grant, which is shown as income in the retained budget, until April. The LA is provisionally estimating this at **£600,000**.

3. Centrally Retained Budget Position 2012/13

- 3.1 After quantifying the estimated DSG settlement the LA has also undertaken work to prepare the 2012/13 retained budget. Forum Members will be aware that the LA has experienced significant pressure on its retained budget over recent years, primarily as a result of demands arising from continued pupil growth. Despite these pressures the LA has managed the retained budget effectively and this has enabled additional one off funds to be allocated to meet 2012/13 costs as summarised below;

2010/11

- 3.2 The LA was able to contain spending within the retained budget agreed by the Forum during 2010/11 when a **£49,422** underspend was achieved as reported to the 11th October 2011 Forum meeting. In addition the LA also reported that an underspend of **£234,944** had also been achieved on the Standards Fund grant which ceased on 31st March 2011. A total of £284,436 is therefore available from 2010/11 for distribution during 2012/13.

2011/12

- 3.3 At the 17th January 2012 Forum meeting the LA presented a report which showed all the projected variances against the retained budget. This showed that a net underspend of £248,000 was anticipated and the position has improved since that time to **£300,000**. Latest projections are as follows;

<u>Table 3 – 2011/12 Retained Budget Position</u>	Projections as at 17 th January 2012 Forum	Latest Outturn Projections
Underspends;		
Out of Borough placements	£121,000	£134,000
Early Years Single Funding Formula	£142,000	£142,000
Academies LACSEG recoupment	£106,000	£106,000
Schools in challenging circumstances	£51,000	£100,000
Minor net underspends	<u>£19,000</u>	£39,000
	£439,000	£521,000
Overspends:		
Set up costs and trigger funding	£51,000	£73,000
Redundancy costs	£65,000	£81,000
Maternity costs	<u>£75,000</u>	£67,000
	£191,000	£221,000
Net 2011/12 underspend	£248,000	£300,000

- 3.4 In addition the LA has received various updates regarding the 2010/11 Standards Fund grant since the last Forum meeting. On 26th January 2012 we unexpectedly received a letter from DfE which said that LA's would be receiving the final 5% instalment of Standards Fund grant due in 2010/11 which for SBC equated to £516,000. On 2nd February 2012 a further letter was received stating that because we had not fully spent the grant we would be losing £278,000 of the £516,000.
- 3.5 The LA is attempting to reinstate the full grant by identifying payments from the Schools in Challenging Circumstances budget which could and would have been made from the Standards Fund grant had we known it would have been receivable. Although this cannot be confirmed at this stage we should at least have an extra **£238,000** (£516,000 less £278,000) which could be used to fund one off costs in 2012/13 and the table below summarises all the funding the LA can make available from previous years towards 2012/13;

<u>Table 4 – Summary of one off funding available in 2012/13</u>	Probability	Value
2010/11 retained budget underspend	Certain	£49,422
2010/11 unspent Standards Funds	Probable	£234,944
2011/12 retained budget projected underspend	Probable	£300,000
2010/11 additional Standards fund Grant	Questionable	£238,000
Total Potential one-off funding available in 2012/13		£822,366
Less provision to mitigate against the risk of uncertainties @ 28.3%		(£232,366)
Estimate of total funding carried forward from 2011/12		£590,000

(NB – Later in this report Forum Members will be asked to support the LA proposal that this funding is used to provide transitional protection funding to eligible schools in 2012/13).

2012/13

- 3.6 In order to maximise the likelihood of the LA continuing to manage the retained budget effectively it is vital that a realistic budget is set for 2012/13. The LA had hoped to share details of the planning assumptions supporting the budget proposals with Sub Group Members but this did not prove possible as meetings during November to February were focussed on formulas distribution issues.
- 3.7 Forum members will be aware that a substantial amount of funding retained by the LA is actually spent on the provision of services by other agencies or is temporarily retained pending in year allocation to Swindon

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schools. Attached at Annex A to this report is a schedule showing the 2012/13 estimates for each element of the retained budget compared to the current year. Key issues to bring to Forum members attention at this time are summarised below:

A) Out of Borough School Fees

- The LA seeks to avoid Out of Borough placements wherever possible but a number of pupils, predominantly those with acute SEN needs, cannot be accommodated within Swindon schools.
- Latest projections are based on expected costs of known placements throughout 2012/13 which total £2.768m plus a contingency of £0.100m to cover potential new in year placements.
- The total Out of Borough budget for 2012/13 is therefore provisionally estimated a **£2.868m** which is a considerable reduction over the current year budget of £3.273m. This partially reflects increased placements of SEN pupils with more complex needs in Swindon special schools. .
- The key to minimising out of borough costs is to accommodate a greater number of pupils within Swindon schools although this is limited due to capacity constraints. Significant capital investment would be required in Special Schools and SRP's to alleviate this.

B) Recoupment

- As in recent years Swindon is anticipating being a net exporter of pupils to other LA's as our Special schools and SRP's are expected to be largely full throughout the year.
- Due to pupils finalising their secondary education and leaving the school system the financial position is however expected to improve in 2012/13 and a detailed schedule of anticipated income and expenditure relating to individual pupils will be presented to the Sub Group. Projections of next year's costs and income are as follows:

• Costs paid to Other Local Authorities (OLAs)	£0.454m
• Contingency for new placements	£0.050m
• Less costs recovered from OLA's	- <u>£0.350m</u>
• Net cost to the DSG	£0.183m

C) School Set up Costs

- This is funding retained by the LA but allocated during the year to specific schools that are providing additional places. This includes funding for both new schools that are opening in all year groups or on a phased basis, and covers items such as furniture, loose equipment, ICT, books and teaching materials. Costs in 2012/13 are estimated at **£0.370m** of which £300k relates to Croft school.

Further information on the subject of this report can be obtained from Steve Haley 8
on 01793 465794 or Email shaley@swindon.gov.uk.

- As a sponsored Academy, the LA will not receive DSG for any Croft pupils and will not be responsible for funding any on-going provision at this setting. We are however required to fund pre start-up staffing and other costs which have been estimated by the White Horse Federation at **£0.185m**. (See Annex B)

D) Trigger Funding

- Although centrally retained, this funding is allocated in year to those schools which have significant pupil growth. The scheme covers both **planned** (i.e. LA funds all additional pupils in September at new schools which are opening in phases or at schools which have agreed to increase admission numbers following LA requests) and **unplanned** increases (i.e. LA funds pupil increases at any school which experiences above 4% pupil growth in September/January).
- Latest forecasts are that funding of **£0.844m** will be required in 2012/13 and individual schools will be advised of the LA estimates when their 2012/13 funding allocation is issued. In line with DfE guidance no funding is earmarked for Croft school.
- In terms of easing pressure on this budget the LA could limit the scope of future payments to only include planned expansions and not fund general rises in pupil numbers. This would mean that schools in the latter category would not attract additional funding until the following financial year which mirrors the national DSG funding system.
- The 2012/13 budget assumes £0.620m is allocated for planned pupil growth and that a further £0.224m will be allocated for unplanned growth. The Schools Forum may, for future years, wish to consider changing this policy as it will become increasingly difficult to manage the DSG in future years and all options need to be considered.

E) Early Years Single Funding Formula (EYSFF)

- Forum members will be aware that Swindon has been receiving additional DSG in recent years to fund increased early years free nursery entitlement for a rising population of 3 and 4 year olds from 12.5 to 15 hours per week.
- As reported at Table 1 above the LA is anticipating receiving additional DSG next year of which £390,000 (83 pupils) relates to early years. The LA is conscious that in parts of the Borough demand for places substantially exceeds available provision and is currently formulating an expansion plan which may require one off costs to be incurred to expand or create new settings.
- For 2012/13 the Forum has agreed minor modifications to the Early Years' single funding formula which should minimise cost pressures and a budget of **£7.153m** is required. In addition the LA is proposing to hold a contingency provision of **£0.390m** based on the additional value of DSG received to fund early year's expansion during the year.

F) Education other Than At School (EOTAS)

- In estimating the costs of EOTAS provision savings of £59k have been identified relating to the vacation of facilities at Hillside which provided services to pregnant teenage mothers. A proportion of this saving is being used to develop an alternative service linked to the Family Nurse partnership. The overall EOTAS budget requirement for 2012/13 is estimated at **£1.473m**.

G) Tuition Service

- Forum Members may be aware that, with effect from September 2011, DfE introduced a statutory requirement for all pupils to access alternative education of 25 hours per week unless medical conditions prevent this. Previously there was no defined minimum.
- The LA is taking steps to increase provision in the most cost effective way and will be going out to tender in the new year to add a service providing broader curriculum activities to small groups of pupils to enable the LA to meet the 25 hour requirement.
- The Tuition Service will continue to integrate pupils as fast as possible but, partly due to new exclusions guidance and current data, demand is likely to increase. In addition management arrangements for this service are under review as part of the Council's Stronger Together programme which may affect future service costs.
- Costings have been developed over recent few weeks and a 2012/13 budget of **£650k** is proposed.

H) Increased Delegations

- As reported to the 11th October 2011 Forum and 17th January 2012 Schools Forum meeting the LA reported that increased delegations would be made in 2012/13 as follows;
 - **Schools in Challenging Circumstances** - The planned budget reduction is confirmed and is reflected in the 2012/13 proposed budget of **£322k** in Annex A
 - **Redundancies and Early Retirement Funding** – Although a £175k budget reduction had been estimated in January the LA feels that, in view of local formula changes, it would be prudent to retain a higher level of funding than was originally envisaged. A 2012/13 budget of **£100k** is proposed which releases £100k for inclusion in delegated School/Academy budgets.
 - **Education Support Service (ESS)** – Full year funding for these schools will be included in their delegated ISB's in 2012/13 and the LA will retain only **£10k** to fulfil the statutory monitoring and a co-ordinating role.

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- **Secondary Behaviour Support Team** – The LA service was decommissioned last year which, as planned, releases funding of £74k which was retained in 2011/12 to pay part year salary costs.
- **Primary and Secondary Strategy Support** – The LA service was decommissioned last year which, as planned, releases funding of £123k which was retained in 2011/12 to pay part year salary costs.
- **Maternity Costs** – The LA will not be funding any maternity claims from schools during 2012/13 which, as planned, will release £87k.
- **Youth Engagement Project (YEP) / The Oakfield Project (TOP)** – Due to the practise of secondary schools effectively paying termly in advance, the LA was unable to fully release retained funding for the YEP service which ceased on 31st March 2011. From 1st April 2011 the LA has, in collaboration with Secondary Headteachers operated the TOP service from the Oakfield Campus. This service is predominantly funded by school contributions but the LA agreed to fund premise costs from the retained budget and provision has been made for **£46k**.
- As agreed at previous Forum meetings, funding released by the LA from reducing the retained budget will not be separately allocated as increased delegations to schools in 2012/13. All reductions to the retained budget effectively enhance the overall funding available for distribution via the local formula by allowing inflationary uplifts to be applied.

I) Convertor Academy Recoupment (LACSEG)

- Forum members will be aware that, as and when schools convert to Academy status, in addition to the value of their delegated budget, they also receive LACSEG (Local Authority Equivalent Central Services Grant) which is a pupil based share of elements of both the retained DSG budget and the LAs core budget.
- The implications for SBC's core funding will be addressed in the Local Government finance settlement. With regard to the retained DSG for 2012/13 the LA is proposing that a similar approach is taken to 2011/12 and estimates have been made of the loss based on the current recoupment formula and the number of schools which have already or are likely to convert during 2012/13. This is cautiously estimated at **£666,000**.

J) Corporate Overheads Charged to DSG

- Schools Forum members have been advised that the LA historically charged approximately £1.5m of corporate and departmental overheads to the DSG. This covers services such as the Director of Children Services (and his management team's) statutory responsibilities and corporate costs which support the delivery of DSG funded services including Human Resources, Payroll, Legal,

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Democratic, Finance, Audit, Insurance, Property, Procurement, ICT and Office Accommodation costs etc. which are apportioned across all Council departments. For Children's Services, charges are then split between Core and DSG funded services.

- In setting the Budgets for 2011/12 and 2012/13, recognising LACSEG and the Council's overall savings strategy, the Council has reduced its corporate charge to the retained DSG by an incremental £0.2m per annum which will bring the total charge down by £400k over the two years to **£976,000**.
- Pending a review of these allocations, all corporate overheads have been stripped out of service budgets and are included in Annex A as a separate budget line. This means that the cost of each individual service reflects actual pay and direct running costs.
- To simplify accounting arrangements a number of inter budget recharges have been deleted with effect from 2012/13 and although some budgets have increased (e.g. Portage) this is offset by reductions in other budgets and deletion of the £116k charge for children services overheads .

- 3.8 The LA's proposed retained budget for 2012/13 is therefore **£18.015m** and is significantly lower than the 2011/12 budget agreed by the Schools Forum of £19.323m. Some budgets have increased since the provisional estimate reported to the Forum in January (Redundancies, Early Years) as shown in Annex A. The year on year reduction hopefully gives the Schools Forum and the wider education community assurance of the LAs continuing commitment to maximising the proportion of DSG available for distribution to Schools and Academies.

Forum Members are asked to note and approve a 2012/13 retained budget of £18.015m.

4. Special Resource Provision (SRP) Funding

- 4.1 During the 2011/12 budget setting process Forum members agreed that in view of the national review of SEN, overall funding in the local formula should remain broadly in line with the January 2008 Audit and only relatively minor changes were agreed to reflect increasing provision in specific settings. This mirrored the approach taken with mainstream schools where stability was considered by both the LA and Schools Forum as being the overriding priority for 2011/12 funding.
- 4.2 In consultation with the Association of Swindon Special School Headteachers (ASSSH) the LA has undertaken a full review of provision and details of a new funding scheme is reported elsewhere on today's agenda. In addition to special schools, Forum members will be aware that a network of SRP's are operated across the Borough (in both mainstream Schools and Academies) which are commissioned by the LA to meet SEN

demand. Attached at Annex C is a schedule showing the number and types of places across the Borough including the need for additional places with effect from September 2012.

- 4.3 Following the introduction of a more responsive funding approach to Special Schools the LA intends developing a similar approach for SRP's in consultation with Headteachers which can be introduced in 2013/14. For 2012/13 some funding changes are however required based on the current funding methodology which will result in additional costs to the local Formula of **£325,356**.

Forum Members are asked to note that additional SRP funding of £325,356 will need to be allocated in 2012/13.

5. Summary of Local Formula issues

- 5.1 As discussed at recent Forum meetings the LA has been keen to introduce formula changes in line with the removal of ring fencing and mainstreaming of school funding into the DSG. In addition DfE consultation documents have been critical that LA formulas are overly complex and should be simplified.
- 5.2 Since the 17th January Forum meeting the Sub Group has met on three separate occasions to assist the LA in developing proposals for the redistribution of funding which is both in line with current DfE guidance and is in the best interests of Swindon pupils. In addition the LA has discussed formula changes with all three Swindon Headteachers Associations and elsewhere on today's agenda are reports on the following items;
- Special School Funding changes which, in order to meet demand in 2012/13 will require additional funding of £531,000
 - Mainstream Funding changes which redistribute existing funding but require;
 - Increased small school protection funding of £120,000
 - Temporary (i.e. one off) Transitional protection funding of £590,000 needed to limit funding losses arising from the formula re-distribution in 12 primary and 3 secondary settings to no more than 2.5% in 2012/13.
- 5.3 In order to ease pressure on the local formula the LA proposes to fund the transitional protection funding of £590,000 from the 2011/12 retained underspend and Standards fund grant carry forward estimated at Table 4.

Forum Members are asked to confirm support for;

- ***The funding of £590,000 2012/13 transitional support payments from the funds available from 2011/12.***

- 5.4 The LA has not been able to progress the Gorse Hill request for discretionary funding arising from the amalgamation. This matter is being dealt with by the Group Director – Children and any payment to Gorse Hill will need to be funded from a top slice in funding from all other Swindon Schools / Academies.

6. Indicative School Funding Available 2012/13

- 6.1 As described in section 2 the overall value of the 2012/13 DSG is estimated at **£139.838m** and after retention of **£18.015m** for the retained budget (see section 3) this leaves **£121.823m** for distribution across schools via the local formula – excluding the Pupil Premium. The overall estimated value of funding available next year to fund 5 to 16 year old pupils compared to 2011/12 is summarised in the table below:

Table 7 – Indicative School Funding	2011/12	2012/13
Delegated ISB's to Schools and Academies	£118.348m	£121.823m
Indicative year on year £ change		+ £3.475m
Indicative year on year % change		+2.9%

- 6.2 As shown at Table 1 Swindon's DSG settlement is only expected to increase by approximately 1.6% in 2012/13 to meet extra pupil needs as no inflationary increases are being paid by DfE. The steps taken by the LA to increase delegation and reduce other areas of spending will however allow overall funding to schools to increase next year by approximately **2.9%** although it is acknowledged that substantial additional funding needs to be allocated to Special Schools, SRP's and small school protection. A verbal update will be provided at the Forum meeting on the level of inflationary increases that are affordable and will be applied to AWPU and all other 2012/13 funding rates
- 6.3 The table below provides a summary of the overall funding position across Swindon schools for age 5 to 16 pupils. It is important to recognise that the position for individual schools will be primarily determined by their January 2012 pupil numbers and whether they have gained or lost funding arising from the formula rationalisation described at section 5 above.

Table 8 – 2011/12 to 2012/13 Indicative School Funding				
	2011/12 £m	2012/13 £m	Change £m	Change %
DSG	118.348	121.823	+3.475	+2.9%
PP (exc LAC)	1.889	3.729	+1.840	+97.4%
Totals	120.237	125.552	+5.315	+4.4%

Forum Members are asked to note that the estimated amount of 2012/13 funding available for distribution to Schools and Academies for 5 to 16 year pupils (including Academy Pupil Premium) in 2012/13 is £125.552m.

- 6.4 Subject to Schools Forum confirmation of the various issues affecting 2012/13 school funding the LA will aim to issue individual school funding allocations as soon as possible after today's Forum meeting. Given the extent of changes required the LA will however require time to thoroughly check that allocations are in line with expectations but will ensure information is issued by Monday 12th March at the latest. .

7. Conclusions and Indicative Funding Guidance beyond 2012/13

- 7.1 Despite the cash freeze in 2012/13 DSG per pupil funding rates and the loss of funding due to Academy conversions, the steps taken by the LA to effectively manage the retained budget in 2010/11 and 2011/12 and to further reduce the value of the retained budget in 2012/13, has enabled delegated DSG funding to increase by approximately 2.9% next year. In the current public sector funding climate this is considered a very reasonable settlement by the LA.
- 7.2 The LA acknowledges however that the settlements for individual schools will vary depending on formula redistributions and changes in their pupil numbers and other characteristics. The 15 schools which will be receiving one off transitional support funding during 2012/13 will need to very carefully consider their financial sustainability over the next few months
- 7.3 The recent DfE consultation on school funding reform makes it clear that local formulas will need to be simplified at some stage in the future and the LA is introducing a number of changes which are in line with this principle.
- 7.4 It is clear that those schools which do not attract high pupil premium funding will find it increasingly difficult to sustain current levels of staffing/spending. Despite this uncertainty it is more important than ever for schools to prepare medium term revenue plans covering the next 3 to 5 years and preliminary guidance is provided below

Funding Beyond 2012/13

- 7.5 At this stage the LA has focussed on assessing the 2012/13 financial position including formula redistribution issues. Although DfE have announced that overall DSG funding will be frozen throughout the CSR period, there remains a possibility that individual LA funding rates may vary. The LA eagerly awaits the outcome of the DfE consultation and hopes to see an improvement in Swindon's DSG funding over the next few

years. The LA continues to collaborate with F40 authorities to lobby for early changes to the DSG distribution formula.

7.6 The LA is not aware how the Pupil Premium funding is to be increased in future years but in overall cash terms this should increase by 50% above 2012/13 levels in 2013/14. Despite this uncertainty the LA will provide indicative funding allocation statements for Schools and Academies for the years 2013/14 and 2015/15 as early in the new financial year as is possible. For those schools which are keen to make an early start on their 3 year financial plans the LA would suggest the following;

- AWPUP funding rates will be at 2012/13 levels for the following two years
- All other formula funding rates will also remain unchanged other than the withdrawal of transitional funding identified elsewhere on today's agenda
- Pupil Premium values will be 50% above 2012/13 levels

7.7 The LA will issue provisional 2013/15 allocations as soon as possible in the New Year and will be pleased to provide consultancy support to improve financial planning in any Swindon school.

Alternative Options

There are various options presented throughout this report.

Risk Management

Financial and Procurement Implications

- Various financial issues are included throughout this report. Key risks are:
 - Over estimating the overall DSG, Pupil Premium or Post 16 SEN grant settlements would result in the LA issuing Individual School Budget shares above the value of available funding.
 - Under estimating the value of the retained budget (including provision for Academy conversion recoupments) could result in the LA overspending during 2012/13 and having to carry forward a deficit to 2013/14.
 - Individual schools with reduced funding allocations in 2012/13 will need to take steps to reduce their spending to ensure deficits do not occur.

Legal / Human Rights Implications

- There are no direct legal or human rights implications arising from this report.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Scheme for Financing Swindon Schools and local fair funding formula

Diversity Impact Assessments

- As there are no specific proposals in this report, DIA's have not been completed.

Dedicated Schools Grant and School Funding 2011-15
Schools Forum **6th March 2012**

Consultees

The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers and Appendices

Annex A – Summary of Proposed 2012/13 Retained Budget

Annex B – Schedule of Proposed Croft School pre start-up costs

To follow

Annex C – Schedule of Proposed 2012/13 SRP Funding allocations