

School Funding Reform 2013-14

Schools Forum

9th October 2012

Author: Head of Finance – Education and Innovation

Parish / Wards Affected: All

Purpose

- To advise and seek Schools Forum Members' approval to the Local Authority's (LA's) proposals regarding a range of 2013/14 pre 16 formula and funding issues following the September 2012 consultations
- To advise Schools Forum on the indicative impact on the formula changes on individual settings including proposals on how to manage the costs of meeting the Minimum Funding Guarantee (MFG) payments

Recommendations

The Schools Forum is requested to:

- Note the outcomes of the consultations relating to 2013/14 pre 16 funding and agree LA proposals with regard to
 - **Centrally retained funding** (section 3)
 - Central Items - £502,000 (Table 2)
 - Central Schools Items - £574,000 (Table 3)
 - De-delegation items - £210,800 (Table 4)
 - Drove Black & Minority Ethnic (BME Project) - £0 (paragraphs 3.10 to 3.12)
 - High Needs spend affecting Swindon Schools - £3,081,000 (Table 5)
 - High Needs out of Borough spend - £3,242,000 (paragraph 3.17)
 - Corporate overheads - £660,000 (paragraphs 3.18 to 3.19)
 - The allocation of general savings from reductions to the 2013/14 retained budget - £1,634,000 to supplement 2013/14 delegated budgets (paragraphs 3.20 to 3.23 and Annex C)
 - The allocation of £650,000 carried forward from 2012/13 to supplement 2013/14 and 2014/15 delegated budgets (paragraph 3.22 & separate report)
 - **Early Years funding rates** (Section 4 Table 6) and provisional budget.
 - **Mainstream funding** (Section 5)
 - Agree formula factors and provisional funding rates (Section 5 Table 8)
 - Note the indicative impact of formula changes on individual settings (Annex D)
 - Agree that MFG costs are to be funded by capping gaining school budget increases by a % per pupil, provisionally estimated at 1.31% (paragraphs 5.7 to 5.10)
 - **High Need Pupils - Special Schools** (Section 6)
 - Agree the provisional place numbers (Table 10)
 - Agree the provisional top up fees (Table 11)
 - Note the indicative impact of the new place plus funding on individual Special Schools which will require additional funding of approximately £340,000 (Table 12).
 - **High Need - Special Resource Provision** (Section 6)
 - Agree the provisional place numbers (Table 13)
 - Agree the provisional top up fees (Annex E)

Further information on the subject of this report can be obtained from Steve Haley on 01793 465794 or Email shaley@swindon.gov.uk. ¹

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- Note the indicative impact of the new place plus funding on individual Special Resource Provision settings which will require additional funding of approximately £400,000 (Annex F).
- **High Needs - Outreach and Support Services** (Section 6)
 - Agree the proposed 2013/14 delegated funding to relevant settings for Borough wide SEN outreach and support services at an additional cost of £46,700 (Table 14)
 - Consider and support the LA developing proposals to enhance the Autistic Spectrum Complex outreach support service at an additional annual cost of £75,000 (paragraph 6.11 and 6.12)
- **High Need - Alternative Provision** (Section 6)
 - Agree the provisional place numbers (table 15)
 - Agree the provisional top up fees (table 16)
 - Note the indicative impact of the new place plus funding on individual Alternative Provision settings which will require additional funding of approximately £56,600 (table 17).
- Note the LA's conclusions and concerns regarding some of the changes (section 7)

1. Background

1.1 At the last meeting of 3rd July 2012, Schools Forum members were presented with a detailed report setting out the significant implications of the "School Funding Reform : next steps towards a fairer system" issued by DfE on 26th March 2012. This report set out the changes that all LAs must make to manage the Dedicated Schools Grant (DSG) and calculate delegated 2013/14 funding allocations in accordance with new grant conditions and revised School Finance Regulations.

1.2 Although the DfE have been much more prescriptive in setting out the scope of the simplified funding arrangements required for 2013/14, there are a number of options for local determination for mainstream settings including whether to retain optional factors, in some cases the methodology of calculating funding allocations and in all cases the per pupil funding values for factors in the new local formula. Since the last Forum meeting an extensive consultation process has taken place and the proposals for 2013/14 have been shaped by feedback at the consultation events. This report is structured as follows;

- Section 2 – Consultation programme summary
- Section 3 -- Centrally retained funding proposals
- Section 4 – Early Years funding proposals
- Section 5 – Mainstream funding proposals
- Section 6 -- High Needs and Alternative Provision funding proposals
- Section 7 – Conclusions and concerns

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2. Consultation Programme Summary

- 2.1 At the 3rd July 2012 Schools Forum members were advised of the timeline leading up to the finalisation and notification of 2013/14 funding allocations by 15th March 2013 which included various briefings and consultation events which have taken place as follows;

Table 1 – Consultation and Awareness Raising Events	
	Date
Headteacher and Governor Presentations at STEAM	16 th July @ 14.00
Headteacher and Governor Presentations at STEAM	19 th July @ 17.00
Special School consultation paper issued 31 st August for special ASSSH meeting	27 th Sept @ 08.30
Special Resource Provision consultation paper issued 3 rd September for special meeting	24 th Sept @ 16.00
Mainstream school funding consultation papers issued 4 th September followed by indicative summary of financial impact on individual settings issued on 14 th September for special SAPH and SASH meetings	26 th Sept @ 09.30 (SASH) 27 th Sept @ 13.00 (SAPH)
Alternative Provision consultation paper tabled at EOTAS Management Committee	2nd October @ 15.00
Alternative Provision consultation paper specifically relating to primary issued to White Horse Federation	3 rd October @ 9.00
Early Years Providers have recently been sent details of 2013/14 funding proposals by letter on 5 th October	5 th October

- 2.2 At all the consultation events the LA has specifically requested the consensus views on all issues which are reflected throughout the proposals in sections 3 to 6 below. The majority of consultation items related to mainstream settings and a summary of Swindon Association of Primary Headteachers (SAPH) and Swindon Association of Secondary Headteachers (SASH) feedback is attached at Annexes A and B. Feedback from relevant settings on high needs issues is included in section 6. All documents issued prior to and at the consultation events have been made available on the “Schools Online” pages on the SBC Internet.

3. Centrally Retained Funding Proposals

- 3.1 In recent years the LA has discussed all aspects of the retained budget with the Schools Forum and/or its Sub Group prior to budget setting. Under the new DfE requirements there is a requirement to formally consult on both the policies for distribution and proposed values on some items and to consult with Schools Forum sector representatives on specific items subject to de-delegation. Proposals for 2013/14 are set out below in the categories set by DfE together with feedback received at the various consultation events.

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Central Items

- 3.2 The LA proposals for items which fall into the category of central items are as follows;

<u>Table 2 – Central Items</u>				
Service	Amount 2012/13	Proposed 2013/14	SAPH feedback	SASH feedback
Co-ordination of Admissions (statutory)	£200,300	£200,000	Agreed	Agreed
Schools Forum Administration (statutory)	£2,000	£2,000	Agreed	Agreed
Termination of employment costs	£100,000	£100,000	Agreed	Agreed
Equal pay – 50% match funding	£224,000	£200,000	Agreed	Mixed views
Totals	£526,300	£502,000		

- 3.3 Commentaries on issues raised at the consultation events are as follows;

- With regard to **termination of employment costs** School Forum members will be aware that the LA delegated funding for this last year and established revised criteria for accessing central funding which has reduced demand. The LA is proposing to retain £100,000 as a contingency to recognise the overall turbulence in school funding arising from the mainstream and special school formula changes as explained in sections 5 and 6. If not required any underspend will be carried forward for redistribution across the formula in future years.
- With regard to **equal pay match funding** SASH members were reminded of the terms of the agreement made by Schools Forum in 2010 which are;
 - That the LA will settle all claims and pay relevant national insurance, tax and pension contributions
 - That the LA will charge 50% of the annualised cost of settled claims to individual schools via loan agreements and fund 50% of each schools claims from the retained DSG budget.
 - When schools convert to Academy status existing loan arrangements and LA match funding continues and this arrangement applies to any unsettled claims which were logged prior to conversion

As some schools have chosen to repay their liabilities in lump sums to reduce their loan commitments the LA has matched this to similarly reduce the loan commitments against the retained DSG – this has allowed the retained budget to reduce in 2013/14 although there are still a number of unsettled claims outstanding. The central budget must therefore be retained but this will gradually reduce over the next 20 years in line with school loan repayments.

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Schools Forum is asked to support the proposed 2013/14 budgets for central items totalling £502,000.

Central Schools Items – Pupil Growth

- 3.4 Any funding set aside for items which fall into the category of central schools items must be allocated equally to all settings. Proposals for 2013/14 are as follows;

Table 3 – Central Schools Items				
Service	Amount 2012/13	Proposed 2013/14	SAPH Feedback	SASH feedback
Primary Pupil Growth – set up costs at £11,500 per class	£555,000	£46,000	Agreed	N / A
Primary Pupil Growth – trigger funding for LA planned expansion classes only	£844,000	£528,000	Agreed	N / A
Primary Pupil Growth – new Croft school pre-opening costs	£185,000	0	-	-
Infant class sizes – funded at £4,500 per year at up to 6 settings. Budget deleted following SAPH consultation	£0	£27,000	Not Agreed	N / A
Totals	£1,399,000	£574,000		

- 3.5 Feedback from consultation events was as follows;

- As all pupil growth is currently in the primary sector, SASH were not asked for their views but with regard to set up costs the LA agreed to review whether a higher level of funding would need to be identified for an additional secondary class as this will be relevant in future years.
- Discussions at SAPH confirmed that the proposed level of **set up** funding is achievable but challenging. Since the consultation event the LA has discussed the issue of set up costs and has had a constructive dialogue with a school which is experiencing planned expansion. The LA acknowledges that in some cases there are additional infrastructure costs over and above the costs of resourcing a classroom. Further work is required on this matter and final proposals regarding set up costs will be presented to the January 2013 Schools forum. In the longer term the LA will look to review how much set up costs are met from capital funding, recognising that any change would reduce the number of school capital schemes the LA could undertake

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- With regard to **trigger funding** SAPH supported the LA proposal to only fund planned expansion (i.e. where, following consultation with the LAs school place planning team, a setting has agreed to open additional classes). At present the LA also funds general expansion above 4% which would require an estimated additional £62,000 spend in 2013/14
- With regard to **infant class sizes** SAPH felt that the settings experiencing this pressure should provide any necessary funding themselves which the LA is happy to agree

Schools Forum is asked to support the proposed 2013/14 budgets for central schools items totalling £574,000.

De-delegation Items

- 3.6 Any funding allocated to services subject to de-delegation must be initially allocated (i.e. delegated) to all settings. Academies will continue to receive their per pupil share of funding (as this is included in existing LACSEG arrangements) which they may then choose to use to buy back LA services whereas maintained settings can collectively agree for their funding to be de-delegated back to the LA without the need for traded services arrangements. Over recent years the LA has taken steps to delegate funding for most of the items which DfE are now stating can be de-delegated (maternity, licenses etc.) and proposals for the remaining items which fall into this category are as follows;

<u>Table 4 – De-delegation Items</u>				
Service	Amount 2012/13	Proposed 2013/14	SAPH feedback	SASH feedback
Free School Meals Eligibility Assessment – delegated at £0.38 per pupil	£4,300 (net)	£10,800 (gross)	Agreed	Agreed
Trade Union Duties release funding – proposed £22,100 budget deleted following consultations	£9,900 (net)	£22,100 (gross)	Not agreed	Not agreed
Schools and Learning Interventions (formerly Every Child Programme Standards Fund)	£185,000	£0	N / A	N / A
Schools in Challenging Circumstances (SICC) financial – budget reduced following consultations delegated at £7.12 per pupil	£322,000	£322,000 £200,000	- Agreed	Agreed -
Totals	£711,300	£210,800		

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3.7 Feedback from consultation events was as follows;

- With regard to release time for **Trade Union duties** neither SAPH nor SASH supported the continuation of any central funding with strong views that this should be met by the Trade Unions themselves from subscriptions. The LA is therefore withdrawing this proposal and funding will transfer to the new Basic Per Pupil Entitlement (BPPE) factor.
- With regard to **SICC (financial)** discussions at SAPH resulted in a revised proposal to retain £200,000 (rather than £322,000) on the basis that the element of funding for maintained settings (43%) will equate to approximately £86,000. SAPH support the de-delegation of this value on the understanding that this will be used by the LA to make up the loss of funding by the two smallest primary schools which are detrimentally affected by the single lump sum. Initial modelling indicates that Bishopstone will lose approximately £31,000 and South Marston will lose approximately £21,000 leaving the LA with approximately £34,000 to allocate to other schools which, when pupil number and other funding changes are assessed, may require financial support to avoid moving into a long term deficit position. The LA will report any proposed allocations from the 2013/14 SICC (financial) budget with the Schools Forum prior to commitments being made. Under the DfE regulations the LA is not allowed to retain DSG funding for school improvements. The reduction in retained SICC spend of £122,000 will transfer to BPPE values.

3.8 By forcing delegation of these services to all settings the current practice of setting aside DSG for LACSEG clawback relating to Academy conversions will not be required. All funding for the services previously within the scope of Schools Budget LACSEG will be delegated from the outset and the LA will therefore be able to reduce the current budget set aside for LACSEG recoupment from £666,000 to £0 in 2013/14.

3.9 Any additional de-delegated funding will be excluded from the MFG calculation to ensure settings are not disadvantaged by having this funding notionally replacing losses arising from other formula changes as per DfE guidance.

<i>Schools Forum is asked to support the proposed 2013/14 budgets for de-delegation items totalling £210,800.</i>
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Delegated Mainstream Funding – Drove EMAS

3.10 The LA currently commissions Drove School to provide a Borough wide Black and Minority Ethnic Achievement Support service at a cost to the DSG of £124,000. The continuation of this service was included in consultation papers and both SAPH and SASH have requested that the central funding

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should cease and that schools should receive this funding directly which they may then choose to use to buy support from the Drove service.

- 3.11 The LA has been monitoring this provision and had intended providing a full evaluation report to the January 2013 Schools Forum. A summary of the position from the LA's Commissioner for Education is provided below

In the academic year 2011-12 EMASS supported a number of schools through their outreach service, Continuous Professional Development (CPD) training or school support. From September 2011 to May 2012 42 schools have accessed school support for teaching and non-teaching staff and 35 schools have used the bilingual outreach service.

EMASS re-established the network meetings for EAL Coordinators and hosted termly sessions. These were originally established to support primary school coordinators but were extended to include secondary schools. Training has been delivered to 28 schools, covering 536 staff and 10 courses ran at Drove Children's Centre for some 150 teaching and non-teaching staff. Workshops for parents have also taken place and 12 schools have accessed resources. The use of the EMASS website has increased significantly; there were 983 hits last academic year compared to 348 for the previous year. The service has also produced a small number of resource packs for use by schools.

Overall, the feedback to the LA customer satisfaction survey between September and July has been very positive with many schools reporting that they would use the service again, but for some this may depend on future charges. It was also noted that whilst some head teachers from the Catholic schools had used the service and, judged the quality of what they had received to be good, a representative from the Catholic schools in the Borough reported they felt strongly that the centrally retained Dedicated Schools Grant funding for the service should cease and be devolved to schools.

From September 2012 the services which will incur no additional charges will be: telephone advice and consultancy, termly EAL Coordinators meetings, access to the resource library and a monthly newsletter. Charges will be levied for all other services. Should EMASS continue to receive funding from the DSG they will operate a reduced level of service within the financial constraints of what is available and focus on what is the key priority for school support. Based on feedback this is likely to be support for newly arrived bilingual pupils. Other services would be purchased by schools.

- 3.12 In summary the LA view is that the those schools which currently access the service are very satisfied but acknowledge that some schools with BME pupils choose not to access the service. The LA will therefore assume that funding should be delegated by enhancing EAL rates by approximately £80

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per pupil on the basis that schools which value the Drove service will buy into this on a traded service basis. Clearly if insufficient funding is secured the service may not be viable and it is possible that redundancy costs will be incurred. Schools Forum may wish to make a final decision on this in light of the January 2013 report.

Schools Forum is asked to note the views of SAPH and SASH and support the LA proposal to cease central funding of this project but to delegate the current funding of £124,000 as an £80 per pupil EAL enhancement in 2013/14.

Centrally funded High Needs Block Items affecting Swindon Schools

- 3.13 There are no specific consultation requirements relating to retained funding within the high needs block but the LA has shared proposals at the recent consultation events to provide continued transparency on the full use of the DSG. Proposals for 2013/14 are as follows;

<u>Table 5 – High Needs Block Items affecting Swindon Schools</u>				
Service	Amount 2012/13	Proposed 2013/14	SAPH feedback	SASH Feedback
Saltway Portage Service	£148,000	£148,000	OK	OK
Education Support Services Monitoring	£10,000	£10,000	OK	OK
Statemented Pupils Equipment	£130,000	£130,000	OK	OK
Speech, Language and Occupational Therapy – reduced central funding as funds relating to high needs settings (Special Schools and SRP's) have been included in proposed top up fees	£164,000	£100,000	OK	OK
Travellers Children Support	£77,000	£77,000	OK subject to report	OK
SENRAP top up fees for £10k plus support	£1,369,000	£1,200,000 £1,800,000	- Supported	- Supported
The Oakfield Project	£46,000	£46,000	N / A	N / A
Tuition Service	£770,000	£770,000	N / A	N / A
Totals	£2,714,000	£3,081,000		

- 3.14 Feedback from consultation events was generally supportive of the proposed high needs spending. Both SASH and SAPH agreed that LA funding of

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additional SENRAP support above £10k per year at £12 per hour as opposed to the continuation of existing arrangements which are at £8 per hour. This would have required a £600,000 increase to the retained budget which may require a minor reduction (approximately 0.7%) to BPPE rates which was acceptable to both sectors. The LA can however accommodate some of this increase (£169,000) from the existing SENRAP budget

- 3.15 With regard to other high need areas, support for continued funding of the Travellers Children Support Service was agreed in principle subject to the LA providing details of this provision. The LA proposes to continue central funding of the Oakfield Project premises at a cost of £46,000 which is at a similar level to the current year. The provisional Tuition Service budget of £770,000 includes £120,000 of placement fees which are commissioned by the Tuition Service and which have previously been included in the Out of Borough Budget. The LA had anticipated that the Oakfield Project and Tuition Service would need to be subject to place plus funding along with the PRU but it now appears possible that they can continue to operate as retained budgets.

Schools Forum is asked to support the proposed 2013/14 budgets for retained high needs items totalling £3,081,000.

Centrally funded High Needs Block Items - Out of Borough Provision

- 3.16 Despite a policy of aiming to meet all SBC pupils' educational needs within the Borough, the LA must still make some Special Needs placements in other Local Authority and independent schools. From 2013/14 the LA will not be directly involved in inter LA recoupment arrangements. Host LA's will be required to allocate funding at £10,000 per place for all Special Schools and Special Resource Provision places in their areas and to allocate funding of £8,000 per place for all Alternative Provision places (see section 6). Each LA will then directly pay top up fees to the providers of education for their pupils. DSG funding for each LA is being adjusted to reflect these changes and at this stage it is assumed that the existing recoupment budget of £182,000 will be sufficient. As all LA's are currently establishing new top up fees for their special schools there is a degree of uncertainty over placement costs at this stage which is over and above the usual difficulty in determining in advance an appropriate budget for placement costs.
- 3.17 Although the LA will cease to collect income from other LAs (this will become the responsibility of the providers) it will need to commission all out of Borough placements in Independent and non maintained specialist provision and initial forecasts are that the annual budget will need to increase from £2,868,000 to £3,060,000. As explained at paragraph 3.15 the cost of placements commissioned by the Tuition Service have been removed from the Out of Borough budget from 2013/14 and the net increase in costs is

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estimated at £312,000. This estimate is based on the estimated continuing costs of all current placements with a 3% inflationary price increase plus a contingency provision for up to 6 new placements. If it is possible to meet the needs of any new pupils in local special settings this will be the preferred option but there may be capacity constraints depending on the needs of pupils and for social care reasons some pupils may need to be placed in areas which do not have Maintained or Academy specialist provision. .

Schools Forum is asked to note that for planning purposes the LA is currently forecasting a 2013/14 OLA placement budget of £182,000 and an Out of Borough placement budget of £3,060,000 = £3,242,000.

Corporate Overheads

- 3.18 Over recent years the LA has been reducing the level of corporate overheads charged to DSG services to reflect staffing reductions and other cuts made as a result of Local Government funding cuts and to recognise reduced SBC spend arising from the transfer of services to Schools and Academies. This has eased pressure on the retained budget and further reductions are planned in 2013/14 as follows;

- 2010/11 £1,426,000
- 2011/12 £1,220,000
- 2012/13 £860,000
- 2013/14 £660,000

- 3.19 The proposed £200,000 reduction in 2013/14 is subject to Swindon Borough Council (SBC) budget and Council tax setting but will be used for DSG planning purposes. The LA is required to allocate these overheads across retained services on the Section 251 budget return and at this stage £167,200 has been allocated against the Stratton PRU (this is explained at section 6 of the report) and the balance of the reduced charge has been prorated across the new DSG categories as shown at Annex C .

Overall Retained Budget Position 2013/14

- 3.20 The construction of the new DSG funding blocks will require the retained budget to be realigned and in order for Schools Forum members to track the overall changes a summary is provided at **Annex C** to this report. The 2012/13 budget has had to be restated to show gross spend at £19.136m whereas the budget of £18.376m agreed by Schools Forum was net of Academy buy back income and, more significantly the £600,000 post 16 SEN Block grant funding which DfE are transferring into DSG next year. As the Drove BME funding was originally an LA central service this has also been reflected in the retained base budget.

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- 3.21 Precise year on year comparisons are difficult but overall retained spend is planned to reduce next year from £19.135m to £17.601 – a net reduction of £1.535m. All of this sum can potentially be released to increase delegated budgets in 2013/14 – some specifically relate to transfers to High Needs settings (Speech and Language Therapy) and some specifically relate to mainstream settings (Special Education Needs Resource and Allocation Panel (SENRAP), SICC, Trade Union Funding and Drove BME funding). These adjustments will need to feed through to relevant delegated budgets.
- 3.22 At this stage Annex C illustrates that there is approximately £1.634m of retained DSG funding that can be added to overall delegated budgets in 2013/14. In addition, as explained elsewhere on today's agenda, a further one-off addition of approximately £1.3m is available from current and previous year underspends on the retained budget which the LA is proposing to feed into school budgets over the next two financial years at £0.650m per year. The LA will firstly however need to ensure all identified budget pressures can be met including various central items mentioned above and demand related increasing costs in Special Schools, Special Resource Provision and Alternative Provision which are explained in section 6 of this report. The LA is also keen to increase delegated SEN prior attainment funding to help ensure relevant mainstream settings have sufficient delegated funds to meet the first £10,000 of costs for each of their high needs pupils as is required by DfE. This was supported at the SAPH and SASG consultations
- 3.23 After the costs pressures above have been quantified and met, it is envisaged that the remaining balance of DSG funding can be allocated as an inflationary increase across all or selected areas in the local formula where it will reduce MFG costs (see section 5 for details). Further work will therefore be undertaken regarding this matter which will be reported to the January 2013 Schools Forum.

Schools Forum is asked to note that approximately £1,634,000 from general reductions to the 2013/14 retained budget plus a further £650,000 carried forward from 2012/13 will be available to meet high need pupil cost pressures and potentially inflationary increases in the local formula – final proposals will be presented to the January 2013 Schools Forum.

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4. Early Years Funding Proposals

Three and Four Year Olds

- 4.1 There are very few issues requiring amendment as a consequence of the DfE funding reforms relating to the Early Years Single Funding Formula other than a requirement to ensure deprivation funding is allocated based on pupil level information. The LA has therefore derived IDACI scores for each early years setting which will be used to calculate annual payments. The current formula allocates only a modest amount of funding for deprivation and the LA is proposing an increase in this area.
- 4.2 The proposed formula factors for 2013/14 have been included in consultation letters and are as follows;

Table 6 – Proposed 2013/14 Early Years (3 & 4 year old) Funding Rates

Item	2012/13 Funding Rates	2013/14 Proposed Funding Rates	Commentary
Basic hourly rate			
• Standard per child	£3.75	£3.75	- Where provision is offered over 38 weeks
• Enhanced per child	£3.91	£3.91	- Where provision is offered over 48 weeks
Quality payment per setting	£500	£500	Where staff are qualified or training
Deprivation payment per setting	£1,000	£0 to £5,000	To achieve consistency on how deprivation funding is allocated across Swindon schools we are proposing to use IDACI scores to allocate this funding across early years settings in 2013/14 in line with DfE requirements
Flexibility payment per setting	£250	£0	It is proposed to remove this enhancement as all settings are now delivering flexibility

Schools Forum is asked to agree the proposed 2013/14 early years funding rates subject to the LA receiving support from the consultation.

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- 4.3 The current and proposed 2013/14 budgets for early years provision for 3 and 4 year olds is summarised below. It is important to recognise that unlike all other areas of DSG (where the annual amount of funding is determined by a single census) the Early Years block will in future be revised on a termly basis based on actual take up. Any cost changes should therefore be directly matched by funding changes without affecting other DSG funded services. The 2013/14 estimates below are provided for information and are based on the LAs assumptions at this stage that overall spend will be in line with 2012/13;

Table 7 – Provisional 2013/14 Early Years Budget (3 & 4 year olds)			
Item	2012/13 Budget	2013/14 Provisional Budget	Commentary
Basic hourly rate per child	£6,910,500	£7,711,500	Forecasting the 2013/14 proposed budget will be revised following the reconciliation of spring take up
Contingency for increased take up	£853,000		
Quality payment	£28,500	£38,500	The criteria have changed to align with 2 year old funding.
Deprivation payment	£18,000	£70,000	Proposed funding increase and introduction of IDACI
Flexibility payment	£10,000	£0	Removing enhancement
Total Early Years Budget	£7,820,000	£7,820,000	

Disadvantaged 2 Year Olds

- 4.4 As previously announced by DfE and reported to the Schools Forum the funding currently allocated to LAs via the Early Intervention Grant to fund nursery provision for disadvantaged 2 year olds is moving to the DSG from 2013/14. The current year budget is £428,100 and this provides funding for 131 children to access up to 15 hours of provision at a cost of £4.85 per hour. Details have yet to be provided on the amount of funding for 2013/14 but there are government targets to enhance this provision so that take up rises to 600 in September 2013 and to 1,100 by September 2014. The LA is taking steps to build capacity via a local "Grow2gether" initiative which offers match funding of up to £5,000 per setting where providers commit to extend capacity.

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- 4.5 The LA is assuming that funding of approximately £1.6m will be required and provided within the DSG in 2013/14 to achieve the required expansion at a cost of £5.35 per hour which is in line with other South West Local Authorities. Further details will be reported to the Schools Forum in January 2013.

5. Mainstream Funding Proposals

New Formula Factors

- 5.1 As the Schools Forum has previously been advised the range of factors that can be used to allocate mainstream funding in the new formula are being intentionally constrained by the DfE to simplify allocation methods by reducing them from a maximum of 37 under the existing School Finance Regulations to 12. In recognition that the changes required will only apply to 2013/14 and 2014/15 pending introduction of a national school funding formula the LA established the following guiding principles which were supported by both SAPH and SASH;
- Methods of allocation for each factor would be harmonised across sectors
 - Funding rates for each factor would also be harmonised across sectors (apart from Basic Per Pupil Entitlement (BPPE) rates)
 - Existing sector funding totals would be maintained by increasing or decreasing BPPE values as necessary in each sector
- 5.2 The LA has consulted with SAPH and SASH on the above principles and on a number of specific items and a summary of responses is attached at Annexes A and B. The table below summarises the provisional 2013/14 funding rates for all mainstream funding factors

<u>Table 8 – Proposed 2013/14 Mainstream Formula Factors</u>		
Factor – per pupil unless otherwise stated	Primary £	Secondary £
BPPE KS1-2	2,594.18	
BPPE KS3		3,652.18
BPPE KS4 (this value will be KS3 x 1.22)		4,455.65
Lump sum values - per school	106,700.00	106,700.00
EAL (1,2 & 3yrs)	493.96	493.96
Plus redistribution of Drove BME £124k	80.15	80.15
Total EAL per pupil	574.11	574.11
IDACI Band 1	434.00	434.00
IDACI Band 2	529.00	529.00
IDACI Band 3	608.00	608.00

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IDACI Band 4	781.00	781.00
IDACI Band 5	955.00	955.00
IDACI Band 6	1,215.00	1,215.00
FSM Ever 6	865.86	865.86
Low Cost High Need SEN (lower prior attainment)	359.58	359.58
NNDR (Business Rates)	Actual cost	Actual Cost
PFI Affordability Gap funding	Actual cost	Actual Cost

- 5.3 The BPPE rates shown above will need to be increased to reflect reduced central spending on SICC (£122,000), Drove BME funding (£124,000) and Trade Union release time (£22,100) but also reduced by £431,000 to increase central SENRAP funding for high needs pupil costs above £10,000.
- 5.4 With regard to primary SEN funding the LA erroneously omitted to seek consensus views from SAPH at the consultation event on whether to allocate funding based on Early Years Foundation Stage Profile results below 73 or 78 points. The LA proposal was that this should be paid at fewer than 78 points to provide £359 per pupil and following an email request for contrary views this proposal is confirmed.
- 5.5 The LA will continue to allocate funds to cover actual Business Rate and PFI affordability costs as this is still allowed by DfE. The LA will not be retaining a split site funding factor (which currently affects only Swindon Academy) and will not be introducing any of the allowable optional factors which are not currently used (Looked After Children & Pupil Mobility).
- 5.6 The LA will need to present its proposed 2013/14 local formula factors and indicative values on a standard proforma document which will need to be approved by the Education Funding Agency by 31st October 2012. We expect feedback from the EFA by December that the structure of our new formula is in line with the new School Finance Regulations. The LA will then re-submit by 18th January 2013 a final proforma reflecting the October 2012 census data and final factor values. The Schools Forum meeting on 15th January 2013 will focus on confirming the final factor values.

Schools Forum is asked to agree the proposed 2013/14 mainstream funding rates subject to final amendments to values being agreed at the January 2013 Schools Forum.

Indicative Impact on Individual Settings

- 5.7 Clearly, despite the new DfE constraints, there are still a range of options on how mainstream funding can be allocated in 2013/14 which will have implications for individual settings. MFG arrangements will minimise funding losses to no more than 1.5% per pupil per year and it is relevant to note that it is highly likely that further nationally imposed changes will be implemented

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from 2015/16. Those settings which gain from local changes implemented over the next 2 years may lose out in future and vice versa.

- 5.8 Prior to the SAPH and SASH consultation events, on 14th September, the LA issued statements showing the indicative impact on individual settings arising from the LA's preferred options. Despite the steps taken by the LA to minimise funding changes it is inevitable that any redistribution will result in some schools gaining and other schools losing. This is expected by DfE and the Minimum Funding Guarantee provides a degree of support for those schools which lose out from formula changes but not pupil reductions. A summary of the indicative position based on October 2011 pupil numbers and characteristics is as follows;

<u>Table 9 – Summary of gains and losses</u>			
	Primary	Secondary	Total
Number of Gaining Schools	31	4	35
Number of Losing Schools	30	6	36
Average Gain	£30,100	£52,833	
Average Loss	-£31,103	-£35,222	
Maximum Gain	£87,422	£84,114	
Maximum Loss	-£82,348	-£121,099	
Total formula gains - Gaining Schools	£933,088	£211,332	£1,144,421
Total formula losses - Losing Schools	-£933,088	-£211,332	-£1,144,421
MFG protection payable	£534,278	£51,448	£585,726

- 5.9 It is important to recognise that the position on individual schools will be determined by the October 2012 PLASC details but the LA must agree the methodology by which MFG, currently estimated at £585,726, will be funded. There are two options available;

- A) To reduce the overall cash increase in all gaining schools by a fixed %age - this was calculated at 51% and remains accurate
- B) To limit the % increase per pupil in all gaining schools – this was incorrectly calculated at 0.8% per pupil in the consultation presentation and has been recalculated at 1.3% thereby allowing greater increases to be allowed to gaining schools

- 5.10 The error at item B was caused by incorrect pupil numbers being used in the 4 gaining schools which have SRP's and a corrected version is attached at **Annex D**. Letters have been sent to the 4 schools explaining and apologising for the error as their recalculated gains under option B are less than was published at SAPH. There is however a knock on effect which improves the position for most gaining schools and no schools are adversely affected by the correction other than the 4 schools with SRP's. At both

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SASH and SAPH, option B was preferred which is in line with the LA's view that restricting per pupil gains is much more equitable and proportionate than reducing overall budget increases.

Schools Forum is asked to agree that option B is to be used to cap gains as a % per pupil, provisionally estimated at 1.31%, to release funding to cover MFG costs.

6. High Needs Funding Proposals

- 6.1 The LA is required to introduce "place plus" funding for Special Schools, Special Resource Provisions and Alternative Provision settings and has consulted with relevant Schools and Academies as summarised below

Special Schools

- 6.2 Schools Forum members will recall that the LA consulted with ASSSH leading up to 2012/13 budget setting in order to implement a new place and banding based funding scheme which was agreed by the Forum in March 2012. The move from the current scheme to "Place Plus" has been relatively straight forward. The LA is currently finalising place numbers which are shown below. All financial modelling was based on the original figures – the figures in brackets reflect updates at the consultation event.

Table 10 - Current and Planned Special School Places - Provisional				
Setting	2012/13 Funded Places		2013/14 Funded Places	
	Apr-12	Sep-12	Apr-13	Sep-13
St Lukes	68	68	68	68
Brimble Hill	70	70	70 (65)	70 (65)
The Chalet	45	48	48	48
Crowdy's Hill	128	128	128	128
Uplands	103	113	113	121 (126)
Nylands	36	36	36	36
Total Special Schools	450	463	463 (458)	471

(NB – all place numbers are subject to final agreement and where a setting takes on additional pupils above the number of funded places the LA must provide both part year place funding at £833 per month plus the relevant top up fee).

Schools Forum is asked to agree the proposed 2013/14 special school place numbers subject to final amendments being agreed at the January 2013 Schools Forum.

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- 6.3 The LA has attempted to set top up fees to maintain stability as far as possible but also to ensure additional funds are provided for planned expansion. The modelling done for the consultation papers was based on assumed bandings prior to the recent moderation exercise. The table below shows the proposed 2013/14 top up fees for pupils attending Swindon special schools;

Table 11 - Current and Proposed Banding Values				
Existing Band Values	Banding	Proposed 2013/14 Funding		
		Place	Top-Up	Total
N /A	Band 1 plus = 35% uplift re 1-2-1 bespoke support packages	£10,000	£20,183	£30,183
£27,244	Band 1 BESD = with % uplift	£10,000	£22,021	£32,021
£22,703	Band 1	£10,000	£14,950	£24,950
£24,518	Band 2 BESD = with % uplift	£10,000	£19,072	£29,072
£20,432	Band 2	£10,000	£13,455	£23,455
£16,346	Band 3 BESD = with % uplift	£10,000	£10,223	£20,223
£13,622	Band 3	£10,000	£5,875	£15,875
£12,259	Band 4 BESD = with % uplift	£10,000	£5,797	£15,797
£10,216	Band 4	£10,000	£2,467	£12,467

Therapy top ups are added to the above as follows to transfer existing central contributions to Uplands @ £220 per pupil and Brimble Hill @ £200 per pupil

Schools Forum is asked to agree the proposed 2013/14 special school top up fees subject to final amendments to values being agreed at the January 2013 Schools Forum if this is necessary as a result of the moderation exercise.

- 6.4 The table below shows the indicative position for each setting as issued at the consultation event. These are based on the provisional place numbers in table 10 and the assumed top up values in table 11. Actual 2013/14 funding allocations will be based on final agreed place numbers and the Band values relating to individual pupils.

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Table 12 - Projected 2013/14 Special School Funding

2012/13 Total Funding	Setting	2013/14 Indicative Funding				
		Place @ £10,000	Top Up @ Band Values	PFI @ Actual Cost	Total before MFG	Notes
£1,663,914	St Lukes	£680,000	£938,498		£1,618,498	1
£1,629,931	Brimble Hill	£700,000	£830,255	£100,548	£1,630,803	
£892,289	The Chalet	£480,000	£472,061		£952,061	2
£2,287,121	Crowdy's Hill	£1,280,000	£1,081,184		£2,361,184	
£2,485,489	Uplands	£1,176,500	£1,444,219	£152,302	£2,773,021	3
£892,893	Nylands	£360,000	£497,800		£857,800	1
£9,851,637	Totals	£4,676,500	£5,264,017	£252,850	£10,193,367	4

Notes

1. St Lukes and Nylands reductions relate to the reduced BESD premium values which were agreed in March 2012 and estimated at £85,000. The LA is seeking DfE approval to excluding the phased BESD premium reductions from the MFG calculation.
2. Chalet funding will increase next year to reflect the full year additional cost of 3 extra September 2012 places
3. Uplands funding will increase next year to reflect the full year additional funding of 3 extra bespoke placements and 7 extra September 2012 places plus part year funding for an anticipated further 8 places in September 2013
4. These figures are indicative only and will vary if pupil bandings change and if the LA is able to afford inflationary increases by reducing retained spending. The projections above indicate that special school funding will need to increase by approximately £340,000 next year.

Schools Forum is asked to note the indicative 2013/14 funding allocations for special schools subject to final amendments to place numbers and band values being agreed at the January 2013 Schools Forum and that approximately £340,000 additional funding will be required.

Special Resource Provision

- 6.5 The move to "Place Plus" has been more difficult than for special schools as current levels of funding are based on historic assessments of the cost of provision. Furthermore SRP funding is currently based on the additional not full cost of provision as schools have retained AWPUP and other funding estimated at £2,850 per pupil. This has therefore required the harmonisation of per pupil funding across similar settings. The LA met with representatives

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of settings with SRPs on 24th September and feedback at this event is that some of the additional places required by the LA cannot be accommodated by the envisaged settings. Although parental preferences have not been submitted as yet, the expectation is that the number of pupils on the Autistic Spectrum Complex (ASC) pathway requiring an SRP placement will far exceed the places available at the SRPs at Lydiard Park Academy and Kingsdown Academy. In addition it is expected that there will be additional pressure for places from secondary aged pupils in Years 8 and 9.

- 6.6 Both Lydiard Park and Kingsdown have confirmed they will not be able to expand their SRP numbers to meet the estimated demand for an additional 6 to 8 ASC places. The LA has therefore begun to explore other options in order to provide education within Swindon including discussions to create a new SRP at Ridgeway School. In addition to place and top up fees the LA will need to identify funding from either LA capital or the High Needs DSG block to set up the new SRP. It is possible that some High Needs pupils will need to be placed out of Borough.
- 6.7 For Schools Forum information the LA's current and estimated SRP places as issued at the SRP consultation event are shown below although the numbers in some settings will need to vary.

Table 13 - Current and Planned Special Resource Provision Places - Provisional				
Setting	2012/13 Funded Places		2013/14 Funded Places	
	Apr-12	Sep-12	Apr-13	Sep-13
Redoaks - HI BSL	12	13	13	13
Ridgeway - HI	6	6	5 (4)	5 (4)
Redoaks – LDD	6	6	6	6
Lydiard Academy – ASC	9	12	12	18 (15)
Ruskin Junior - ASC	6	9	9 (10)	9
Kingsdown – ASC	15	15	15	18 (15)
Robert Le Kyng – PD	10	10	10	10
Westlea – PD	10	10	10	10
Commonweal – PD	15	19	19	20
Eldene – CLD	8	9	8	8
Millbrook – CLD	8	8	8	8
Even Swindon - SSL	14	14	14 (15)	14 (15)
Commonweal – SPLD	24	29	29	29
Mountford Manor – BESD	6	6	6	6
New ASC provision - TBC				0 (6)
Totals	149	166	164 (165)	174 (174)

(NB – all place numbers are subject to final agreement and where a setting takes on additional pupils above the number of funded places the LA must

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provide both part year place funding at £833 per month plus the relevant top up fee. Figures in brackets reflect changes noted at or after the consultation event).

Schools Forum is asked to agree the proposed 2013/14 special resource provision place numbers subject to final amendments being agreed at the January 2013 Schools Forum.

- 6.8 The LA has attempted to set top up fees to maintain stability as far as possible but also to ensure additional funds are provided for planned expansion. The modelling done for the consultation papers was based on assumed places and bandings prior to the recent moderation exercise. **Annex E** shows the proposed 2013/14 top up fees for pupils attending Swindon Special Resource Provision.

Schools Forum is asked to agree the proposed 2013/14 Special Resource Provision top up fees subject to final amendments to values being agreed at the January 2013 Schools Forum if this is necessary as a result of the moderation exercise.

- 6.9 **Annex F** shows the indicative position for each setting as issued at the consultation event. These are based on the provisional place numbers in table 13 and the assumed top up values in **Annex E** to produce an indicative additional cost in 2013/14 of £400,000. Actual 2013/14 funding allocations will be based on final agreed place numbers and the Band values relating to individual pupils.

Schools Forum is asked to note the indicative 2013/14 funding allocations for Special Resource Provision subject to final amendments to place numbers and band values being agreed at the January 2013 Schools and that approximately £400,000 additional funding will be required.

Outreach and Education Support Services

- 6.10 In addition to the requirement to fund high needs settings via the “place plus” methodology the LA can continue to commission Borough wide SEN outreach and Support Services and intends to do so in 2013/14. Set out below is a summary of current and proposed spending on these services which all include a 5% uplift to recognise that where services transferred from the LA only funding for direct costs was provided. This increase will help these settings to absorb salary progression costs and proposed 2013/14 is as follows;

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Table 14 – Proposed 2013/14 SEN Outreach and Support Services

Service	Amount 2012/13	Proposed 2013/14
Nylands Primary Behaviour Support Service	£209,873	£220,400
Uplands Education Support Service	£214,416	£225,100
Even Swindon - Speech and Language	£21,170	£22,200
Ruskin Junior - ASD	£82,852	£87,000
Ridgeway - Education Audiologist	£10,580	£11,100
Redoaks HI Support Service	£214,684	£225,400
Commonweal PD Support Service	£61,020	£64,100
Millbrook SLD Support Service	£63,739	£66,900
Ruskin ASD Support Service	£57,943	£60,800
Totals	£936,277	£983,000

Schools Forum is asked to support the continued funding of the above services at an additional cost in 2013/14 of £46,700.

- 6.11 The LA is currently reviewing its provision to support learners with Autistic Spectrum Complex (ASC) and one potential solution would be to extend the Advisory Outreach Service currently based at Ruskin Junior School. This service is currently over stretched to meet a growing need. For example, the caseload for the current advisory team has risen from 600 referrals in 2008/9 to 1,062 referrals in the year 2011/12. A significant number of new referrals have been in EY or KS1. This demand is likely to keep increasing e.g. in March 2011 294 learners were diagnosed with ASC (213 with statements), by September 2012 this had risen to 434 (303) with statements).
- 6.12 The indicative costs of extending the Outreach Service is estimated at £75,000 which would fund the employment of an additional full time advisory teacher and specialist teaching assistant support from April 2013. This would however represent an additional charge on the High Needs DSG funding block but could assist in reducing the number of Out of Borough placements which would be of longer term financial benefit to all Swindon Schools and Academies.

Schools Forum is asked to support this outline proposal at an outline cost of £75,000 subject to the development of a fully costed proposal being submitted to the 15th January 2013 Schools Forum.

Alternative Provision – Pupil Referral Units

- 6.14 The LA has consulted with the EOTAS Management Committee and the White Horse Federation regarding Alternative Provision which must be funded via place plus at £8,000 per place plus locally determined top up fees. Places have been agreed as follows;

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Table 15 - Current and Planned Alternative Provision Places					
Setting	2012/13 Funded Places		2013/14 Funded Places		
	Apr-12	Sep-12	Apr-13	Sep-13	FTE
Stratton PRU	46	46	46	50	
Riverside	42	42	42	42	
Marlborough House CAMHS	12	12	12	12	
Sub Total	100	100	100	104	102.33
Nyland PRU	8	8	8	8	
Nyland CAMHS	8	8	8	8	
Sub Total	16	16	16	16	16.0
Total AP Settings	116	116	116	120	118.33

Schools Forum is asked to agree the proposed 2013/14 alternative provision place numbers subject to final amendments being agreed at the January 2013 Schools Forum.

6.15 For each of the above places DfE require place funding to be allocated at £8,000. In line with interim arrangements in most other LA's initial Top Up Fees are being implemented using standard averages for primary and secondary settings and SBC's proposals are as follows;

- Primary AP pupils £3,000
- Secondary AP pupils £8,400

Schools Forum is asked to agree the proposed 2013/14 Alternative Provision top up fees subject to final amendments to values being agreed at the January 2013 Schools Forum.

6.16 The impact on individual settings, based on the place numbers in table 15 and the proposed top up fees will impact on individual settings as follows;

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Table 16 - Projected 2013/14 Alternative Provision Funding

2012/13 Funding	Setting	2013/14 Indicative Funding		
		Place @ £8,000	Top Up @ Band Values £8,400 & £3,000	Total Funding
£1,640,200	Stratton PRU (retained) – 102.3 places	£818,640	£859,572	£1,678,212
£157,404	Nylands PRU (delegated) – 16 places	£128,000	£48,000	£176,000
£1,797,604	Totals for 118.33 places	£946,640	£907,572	£1,854,212

- 6.17 The 2012/13 funding figure for Stratton PRU includes an allocated share of current overhead costs totalling £167,200 which will need to be included in their delegated budget from 2013/14. Top up fees have been set to fund these costs at current levels (this includes funding for all central support, insurance and property maintenance costs which the service will need to buy back from the LA or other providers). Additional funding for the Stratton PRU of £38,000 reflects the planned increase in places from September 2013. The additional funding at Nylands of £18,600 recognises that when the service transferred from the LA only funding for direct costs was passed over.

Schools Forum is asked to note the indicative 2013/14 funding allocations for Alternative Provision settings subject to final amendments to place numbers and band values being agreed at the January 2013 Schools and that approximately £56,600 additional funding will be required.

7. Conclusions and LA Concerns

Overall Financial Position

- 7.1 Although the LA has yet to finalise all aspects of the proposed 2013/14 retained budget the reductions identified so far (plus the underspend to be carried forward from 2012/13) should enable all identified cost pressures to be met and also fund a minor inflationary increase across some or all formula factors. The LA has never previously had to produce estimates so far in advance of the financial year which has been a considerable challenge and final proposals will be presented to the 15th January 2013 Schools Forum.

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- 7.2 The LA has modelled the indicative impact of the funding changes for each Swindon setting based on the October 2011 information provided by DfE and acknowledges that it has not been possible to avoid the redistribution of funding. Based on this modelling a number of schools will attract MFG funding in 2013/14 at -1.5% per pupil and DfE have announced that this will continue for at least 2014/15 prior to the introduction of a national school funding formula in 2015/16. It is also relevant to note that the modelling so far has been undertaken solely to assess the impact of formula changes and all settings will gain or lose funding if their pupil numbers (or pupil characteristics) increase or decrease.
- 7.3 So far the LA has focussed on pre 16 funding issues but work has also commenced to assess the implications of the transfer to DSG of post 16 funding which the LA will report on at the January 2013 Schools Forum.

LA Concerns

- 7.4 As a result of the new arrangements DfE's view is that funding will follow pupils more closely and those with additional needs will more clearly attract additional funding. The LA remains concerned at the local implications of some aspects of the reform programme and in particular the impact of the market driven approach together with freedoms for Academies over admissions and changes to the School Admission Code may have on the following;
- If unpopular schools are driven towards enforced conversion to Academy status or closure and the school has a financial deficit this has to be absorbed by the DSG, thereby affecting funding across all Swindon settings
 - Sustainability of small rural schools although the LA has set aside SICC (Financial) funding which may alleviate this at least in the short term
 - Sustainability of all high needs settings will largely be determined by occupancy levels in an increasingly competitive market. Occupancy may however be pushed above planned capacity if Schools and Academies exclude more pupils – which may be financially advantageous for them.
 - The lack of LA funding for school improvement which is limited to existing LA officers
 - School place planning and achieving value for money on the schools' capital programme will become more difficult to manage. Additional infrastructure capacity may need to be provided at short notice in an expanding setting where there is surplus capacity in neighbouring schools.
 - Home to School transport provision may become more volatile and therefore costly

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- The LA's Admissions Team is currently able to meet very high levels of first preferences which may prove more difficult to achieve in future Years.

Alternative Options

The LA is required to implement the changes detailed in this report from 2013/14 and any scope for local discretion has been highlighted throughout the report.

Risk Management

Financial and Procurement Implications

- These are set out through the report and in the Annexes attached. .

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 One Swindon Priorities)

- Scheme for Financing Swindon Schools and the local fair funding formula

Diversity Impact Assessments

- The DfE School funding reform is aimed at simplifying fair funding and although funding changes at individual settings are inevitable the DfE believes that the Minimum Funding Protection scheme will be sufficient.

Background Papers and Annexes

Annex A – Summary of SAPH consultation feedback

Annex B – Summary of SASH consultation feedback

Annex C – Summary of Retained Budget items 2012/13 to 2013/14

Annex D – Indicative impact on mainstream settings of formula changes – primary and secondary settings

Annex E – Summary of proposed SRP Top Up Fees

Annex F – Indicative impact on SRP's of proposed top up fees