

DSG and School Funding Reform Changes 2014/15

Committee: Schools Forum

Date: 8th October 2013

Author:	Head of Finance (Education and Innovation)
Wards Affected:	All
Locality Affected:	All
Parishes Affected:	All
Settings Affected:	As the Dedicated Schools Grant is ring-fenced funding provided by the Department for Education to meet the educational needs of early years, school age and all 0 to 25 year old high needs pupils any decisions on how the grant is utilised indirectly affects all settings.

1. Purpose and Reasons

- 1.1 The purpose of this report is primarily to advise Schools Forum Members of the latest position regarding 2014/15 DSG funding and spending requirements including the potential impact of school funding reform changes which are required arising from the Department for Education (DfE) 4th June 2013 announcement.
- 1.2 In previous years the LA was able to forecast annual DSG settlements in advance with a relatively high degree of confidence as the grant was entirely based on the January early years and school census information, both of which were predictable, and a single funding rate. Following introduction of the three block funding, whilst early years and school funding can still be predicted the basis of the high needs block is unclear and indications are that this may well be held at current year levels regardless of any demand changes.
- 1.3 At this stage the LA is therefore unable to quantify the estimated high needs block funding that will be available next year, with particular uncertainty over post 16 funding. Given that we have been required to absorb an unfunded £1m post 16 shortfall this year by fortuitously using a one-off surplus of 2 year old nursery expansion funding (which will not be available in future years) there is a real risk that all other budgets funded from DSG (retained services, early years nurseries, mainstream schools and specialist settings) could be detrimentally affected in 2014/15 if post 16 high needs spending cannot be contained within the post 16 funding available. Forum members are reminded that whilst the DSG is now made up of 3 separate funding blocks nothing is ring-fenced and it is for LAs in consultation with their Schools Forums to allocate funding to best meet the needs of their areas taking account of demographic and other pressures, albeit within the constraints of the school finance regulations which provide a degree of MFG protection to schools.
- 1.4 Despite the uncertainty over total DSG funding the LA is required during this term to complete a consultation programme via the three Headteacher Associations

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and other forums over changes that are required (or are optional) arising from the school funding reform programme. For example the LA is now able to provide sparsity funding, looked after children funding and a higher lump sum for secondary schools and must widen the scope of eligibility for low prior attainment funding. In consulting with schools on these options we must model the impact of changes on school budgets whilst the overall quantum available cannot be certain. Furthermore, in setting 2013/14 budgets Schools Forum supported the LA recommendation to temporarily enhance primary BPPE rates by using half of the DSG brought forward balance available (£0.9m) with a view to reviewing whether this was still the most pressing priority for 2014/15. The LAs modelling of formula changes will therefore need to be undertaken with and without the primary BPPE increase being repeated next year and with a general degree of uncertainty regarding overall funding levels.

- 1.5 A report setting out the various 2014/15 funding issues was included at agenda item 5 in the 9th July Schools Forum agenda papers but due to extended discussions on post 16 funding this report was not discussed. Forum Members may wish to bring this part of the report (pages 37 to 64) to this meeting as it provides background information on the areas of funding which the LA was already committed to reviewing and also those areas which we are required by DfE to review for 2014/15. Some changes must be implemented whilst others are optional and the LA has commenced its 2013 consultation programme based on the content of this report and an update on findings from the first round of discussions with SAPH, SASH and ASSSH/SRP/AP settings is included in this report for consideration by the Schools Forum.
- 1.6 The report also seeks Schools Forum support to seek Minimum Funding Guarantee (MFG) exemptions for some specific areas of funding when setting 2014/15 budgets to avoid excessive MFG costs being locked in to school budgets.

2. Recommendations

- 2.1 Under the Swindon Borough Council (SBC) scheme of delegation decisions relating to the local school funding formula are made by the Director of Children Services subject to consultation with the Schools Forum. As in previous years the LA intends to seek Schools Forum support for all such decisions.

2.1.1 Funding Available

- 2.1.1.1 *For planning purposes Schools Forum is advised to assume that the total value of 2014/15 DSG will be £146.880m. (para 3.5)*
- 2.1.1.2 *For planning purposes Schools Forum is advised to assume that only the existing brought forward DSG balance of £1.160m will be available for distribution in 2014/15. (para 3.7)*

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2.1.2 Centrally Retained Budget

- 2.1.2.1 *Schools Forum is asked to support a 2014/15 central items budget of £0.422m. (para 4.3)*
- 2.1.2.2 *Schools Forum is asked to support the allocation of set up cost funding of £11.500 per additional primary class at a cost in 2014/15 of £0.058m. (para 4.5)*
- 2.1.2.3 *Schools Forum is asked to support the allocation of infrastructure set up cost funding of £35,000 per expansion class (where the scope of works meets the policy criteria) at a cost in 2014/15 of £0.105m. (para 4.6)*
- 2.1.2.4 *Schools Forum is asked to support the current trigger funding policy and agree a 2014/15 budget of £0.512m. (para 4.9)*
- 2.1.2.5 *Schools Forum is asked to support the start-up cost policy and agree a 2014/15 budget of £0.150m. (para 4.11)*
- 2.1.2.6 *Schools Forum is asked to agree a 2014/15 Free School Meal Administration Budget of £21,600 which will be recovered via de-delegation (£10,850) and Traded Service charges (£10,750) at £4.80 per FSM pupil. (para 4.15)*
- 2.1.2.7 *Schools Forum is asked to offer views on the provisional proposed 2014/15 high needs retained budget and agree that for planning purposes it would be reasonable for the LA to assume a budget of £5.337m. (para 4.17)*
- 2.1.2.8 *Schools Forum is asked to support the 2014/15 allocation of £0.608m towards SBC overheads. (para 4.21)*

2.1.3 Early Years

- 2.1.3.1 *Schools Forum is asked to note the 2014/15 disadvantaged 2 year old position and;*
 - 2.1.3.1.1 *Agree to retain the hourly rate of £4.95*
 - 2.1.3.1.2 *Agree to continue allowing the LA to retain £0.055m towards early years staffing costs (subject to annual review)*
 - 2.1.3.1.3 *Agree to retain the £0.40p retrospective supplement subject to this being reviewed again in January as part of the overall DSG budget position (para 5.5)*
 - 2.1.3.1.4 *Agree a 2014/15 budget of allocation of £2.488m*
- 2.1.3.2 *Schools Forum is asked to note the 2014/15 3 and 4 year old funding position and;*
 - 2.1.3.2.1 *Agree to retain current hourly rates and deprivation payments*

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2.1.3.2.2 *Agree to change quality payments to £500 for providers rated outstanding and £250 for providers rated good by Ofsted*

2.1.3.2.3 *Agree a 2014/15 budget of allocation of £7.823m. (para 5.9)*

2.1.4 **Specialist Settings**

2.1.4.1 *Schools Forum is asked to note that approximately £2.103m will need to be allocated to Alternative Provision settings in 2014/15. (para 6.2)*

2.1.4.2 *Schools Forum is asked to agree to the LA seeking approval to exclude the reduction in BESD premium funding from 2014/15 MFG calculations. (para 6.5)*

2.1.4.3 *Schools Forum is asked for their views and to support the proposed 2014/15 specialist setting funding framework. (para 6.7)*

2.1.4.4 *Schools Forum is asked to agree that the LA should seek DfE exemption to the MFG protection system to allow specialist setting funding transfers to be implemented over no more than 3 years. (para 6.8)*

2.1.4.5 *Schools Forum is asked to agree that the LA should establish 2014/5 specialist setting funding within an assumed funding level of £16.0m subject to review should any additional DSG be receivable. (para 6.11)*

2.1.4.6 *Schools Forum is asked to support the principle of the LA providing funding for outreach and commissioned services which reflects best estimates of the actual direct additional costs of the provision. (para 6.15)*

2.1.5 **Mainstream Settings**

2.1.5.1 *That after providing funding to meet known unavoidable cost pressures, existing mainstream funding values are retained as far as possible unless there is an overwhelming case to make specific changes. (para 7.6)*

2.1.5.2 *Schools Forum is asked to support the increased delegation of £398,900 via a secondary BPPE enhancement of £39 per pupil to 2014/15 funding rates so that schools have sufficient funding to pay top up fees for emotionally vulnerable pupils. (para 7.9)*

2.1.5.3 *Schools Forum is asked to support the increased delegation of any funding relating to Nylands PRU, Nylands assessment class and Mountford Manor SRP via a primary BPPE enhancement to*

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2014/15 funding rates so that schools have sufficient funding to pay top up fees for pupils attending these settings. (para 7.10)

2.1.5.4 Schools Forum is asked to review/challenge the LAs benchmarking analysis and, subject to affordability, support;

2.1.5.4.1 The retention of the temporary £54.77 primary BPPE increase – enhanced if affordable

2.1.5.4.2 The review of secondary LPA funding – funded via the re-distribution of secondary BPPE funding (subject to the consensus view of SASH) and / or by a direct increase to LPA funding if this is affordable

2.1.5.4.3 The review of secondary EAL funding – subject to the views of SASH with any proposals reported back to the Schools Forum on the basis that corresponding changes are restricted to the secondary sector (para 7.14)

2.1.5.5 Schools Forum is asked to agree to the LA seeking approval to exclude the one-off £54.77 boost to primary funding from the 2014/15 MFG calculation. (para 7.17)

2.1.5.6 Schools Forum is asked to agree to the establishment of a reception uplift factor whilst calculating 2014/15 school funding allocations. (para 7.22)

2.1.5.7 Schools Forum members are asked to support the creation of a new sparsity factor which provides eligible schools with £565 per pupil below the DfE threshold of 150 (para 7.28)

2.1.5.8 Schools Forum members are asked to agree that;

2.1.5.8.1 The primary sector lump sum is retained at £106,700

2.1.5.8.2 The secondary sector lump sum is increased to £175,000 with corresponding reductions to secondary BPPE rates. (para 7.32)

2.1.5.9 Schools Forum members are asked to support the proposal to create a Looked After Children factor at a nominal value of £1 (so that it can be included in our initial EFA submission) but that a decision is deferred pending further consideration by SAPH and SASH. (para 7.35)

2.1.5.10 Schools Forum members are asked to note the issues relating to split site funding and to defer any decision until SASH and SAPH have reviewed the matter in November. (para 7.39)

2.1.5.11 Schools Forum members are asked to note the increased eligibility for secondary sector pupils, confirm the retention of Low Prior Attainment as a funding factor and note the SASH request for modelling to be undertaken. (para 7.43)

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2.1.5.12 *Schools Forum members are asked to agree that Deprivation and NNDR funding remains unchanged and that the LA will seek to centralise PFI Affordability gap funding if this is allowed. (para 7.44)*

2.1.5.13 *Schools Forum members are asked to agree that pupil mobility, temporary falling rolls and exceptional premises factors will not be used in 2014/15 but will be kept under annual review. (para 7.45)*

3. 2014/15 Funding Available

Background

- 3.1 As described in the 9th July 2013 Schools Forum report, no changes are required by DfE for early years or specialist high needs funding as basic funding arrangements are unchanged. The LA was however already committed to the implementation of a universal banding/funding system covering all high need specialist settings and commenced a consultation process in July to achieve this. An update on progress to date is included at section 6 below. The LA must agree specialist setting funding allocations at the 11th March 2014 Schools Forum meeting at the very latest and will strive to achieve this at the 21st January 2014 meeting as was the case last year to give these settings as much planning time as possible. At today's meeting Forum members will be asked for their views on the LA proposals regarding the overall funding envelope that should be assumed will be available for specialist settings in 2014/15 so that any new formula is affordable and modelling of the impact of funding on individual settings is realistic.
- 3.2 The 4th June 2013 DfE announcement identified areas of mainstream funding that must and/or could be reviewed in determining 2014/15 local formula allocations and initial consultations have taken place with SASH and SAPH to progress these matters which are summarised at section 7 below. Whilst it is not possible or necessary to set precise funding values at this time the LA must agree the framework (i.e. which factors) are to be used to allocate 2014/15 funding with indicative values only as this information must be sent to the EFA by 31st October. Final funding values must be agreed at the 21st January 2014 Forum as that is the EFA deadline for setting mainstream funding.
- 3.3 The position regarding post 16 high needs funding remains the main area of concern. A separate report on this matter is included elsewhere on today's agenda and is the main source of uncertainty affecting the LA's DSG budget planning. The fundamental issue is that, if no additional post 16 high needs funding is secured and the costs of meeting demand for placements in Further Education Colleges, Uplands Sixth form, Mainstream Sixth Forms, Out of Borough and Independent Specialist Providers exceeds the funding available, how does the LA bridge any shortfall?

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Indicative 2014/15 DSG Funding Levels

- 3.4 The 4th June announcement confirmed that per pupil funding rates for early years (£3,888.06) and schools block (£4,102.23) funding would remain unchanged in 2014/15 meaning that funding per pupil remains frozen at 2010/11 levels. As an area with a growing population our funding will increase based on the school and early years census information but in real terms the value of funding per pupil is gradually being eroded after taking account of cost inflation. The basis by which the LAs High Needs Block funding will be calculated in 2014/15 remains unclear. Given the continuing demand pressures relating to increasing high needs pupil and student numbers this is a significant risk for the DSG, particularly in respect of post 16 provision.
- 3.5 At recent consultation events the LA has presented calculations of next year's DSG compared to the current year – this is shown at **Appendix 1**. Although the grant is expected to increase in respect of early years and mainstream pupils no inflationary increases have been provided and funding levels remains unchanged since 2010/2011. At this stage the LA must assume that high needs funding will remain unchanged other than an increase in post 16 funding to recognise that the LA's new responsibilities which took effect from September 2013 will have cost implications for 3 full terms in the 2014/15 financial year. The actual value of post 16 DSG we will receive next year will depend on the number of planned places that are commissioned as this will effectively top slice our funding by £6,000 per place (Element 2 funding).

For planning purposes Schools Forum is advised to assume that the total value of 2014/15 DSG will be £146.880m.

Balance Available From Previous Years

- 3.6 The only additional funding available is the **£1.160m** balance of unspent DSG brought forward from previous years as reported to the July Forum;

<u>Table 1 - DSG Balance Available</u>	£m
Final DSG balance b fwd from 2012/13	£2.150
Less - Primary BPPE increase	£0.900
Less - EOTAS retention for science lab	£0.067
Less - Trade Union release time	£0.023
add / less retained over / underspend 2013/14	?
Balance available for 2014/14	£1.160

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- 3.7 As reported elsewhere on today's agenda the LA is currently projecting an underspend of approximately £0.373 on the current year retained budget. At this relatively early stage in the year this cannot however be relied on as being available for distribution following closure of the year end accounts.

For planning purposes Schools Forum is advised to assume that only the existing brought forward DSG balance of £1.160m will be available for distribution in 2014/15.

4. Retained Budget Proposals

- 4.1 Set out below are the various elements of the retained budget. The School Funding Reform programme requires LAs to consult on specific areas of the retained budget (which were included in recent consultation events) but in the interests of transparency, the LA has set out below a full breakdown of proposed 2014/15 funding compared to the current year, as has been the approach in recent years. In some cases budgets are indicative only but represent the LA's best estimates of costs in 2014/15 and should, in overall terms, be sufficiently accurate for DSG planning purposes. Any updates will be provided at November consultation events and at the January and March Schools Forum meetings.

Central Items

- 4.2 The table below shows the areas of spending which fall into the DfE category of "Central Items" which must be consulted on and were included in SAPH and SASH consultation events;

<u>Table 2 – Central Items</u>	Budget 2013/14	Proposal 2014/15	OK?
Admissions	£194,700	£190,300	?
Schools Forum	£2,000	£2,000	?
Termination of employment costs	£100,000	£0	?
Equal Pay – 50% match funding	£160,000	£170,000	?
School Licences	£60,000	£60,000	?
Total central items	£516,700	£422,300	?
NB – The LA is no longer allowed to centrally fund school redundancies from DSG. Schools will be expected to take all reasonable steps to reduce spending without needing to make staff redundant. Equal pay is the best estimate of the LA's match funding requirement.			

- 4.3 The above proposals were supported by both SAPH and SASH

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Schools Forum is asked to support a 2014/15 central items budget of £0.422m.

Central Schools Items – Pupil Growth

- 4.4 The tables below relate to funds that must be retained specifically to provide pupil growth funding which is expected to occur after budgets have been set. All mainstream settings must be treated the same in terms of eligibility although, in line with recent years, all planned pupil growth is anticipated to be within the primary sector during 2014/15. Under the School Funding Reform (SFR) programme LAs are required to establish a policy by which funding is allocated and the values that are payable and proposals were included in recent SAPH and SASH consultations.

Table 3 – Pupil Growth Set Up Costs			
Item	Budget 2013/14	Proposal 2014/15	Policy?
Pupil Growth – set up costs (primary only)	£34,500	£57,500	£11,500 per expanding class x 5 (Even Swindon, Orchid Vale, Town Centre @ St Joseph's site, Tadpole Lane x2) Plus £35,000 per 1FE for new schools or where extra infrastructure is needed to create extra capacity in expanding schools; - Town Centre (1FE initially) - Tadpole Lane (2FE)
Add £10k for Orchid Vale (one-off)	£10,000	£35,000	
		£70,000	
		£105,000	
	£44,500	£162,500	
NB – all settings must be treated the same in terms of eligibility for this funding and any underspends must be carried forward as “pupil growth” must be ring fenced. For 2014/15 no spend is anticipated in secondary settings			

- 4.5 With regard to the value of £11,500 per expanding class to provide furniture, equipment and ICT etc. this was acknowledged as being challenging but sufficient and was supported by both SAPH and SASH. This value may however need to be reviewed in future years when secondary expansion takes place.

Schools Forum is asked to support the allocation of set up cost funding of £11.500 per additional primary class at a cost in 2014/15 of £0.058m

- 4.6 Based on recent negotiations with Haydonleigh and Croft regarding the need for additional set up cost funding to be provided where a new school is being built or where extra infrastructure is required, the LA is proposing that one-off funding of £35,000 is provided for a one form of entry expansion or £70,000 for a two form

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of entry expansion. This was supported by both SAPH and SASH subject to criteria being established which clarified “where extra infrastructure is required” and the following policy criteria definitions are proposed;

- Infrastructure set up funding will be provided for new schools or where the additional floor space (m2) planned for an expansion exceeds 50% of the additional teaching area (m2, excluding the hall) provided.

(NB – The LA is currently preparing a 3 year capital programme covering new schemes which will commence during the period 2014/17 and if possible we will try to secure sufficient funding to enable those set up costs which can, under accounting rules be treated as capital expenditure (i.e. class room furniture and equipment) and be included within the capital programme. If achieved this would enable the DSG set up cost budget to be reduced considerably in future years so that it only provided funds for revenue items such as curriculum resources. Given the huge pressures on the overall SBC capital programme (specifically arising from school place planning and condition issues) this may not however be possible. Many LAs have top sliced the annual DSG allocation specifically to enhance the LA schools capital programme but this option is no longer available. Further information will be provided to the Forum next year following confirmation of the capital programme.

Schools Forum is asked to support the allocation of infrastructure set up cost funding of £35,000 per expansion class (where the scope of works meets the policy criteria) at a cost in 2014/15 of £0.105m.

Table 4 – Pupil Growth Trigger Funding & Start Up Costs			
Item	2013/14	2014/15	Policy?
Pupil Growth – trigger funding (primary only)	£543,100	£286,950	Additional classes only (6 schools) not general pupil increases Extra 56 pupils @ 7/12 BPPE
Provision for Croft	£77,140	£86,390	
Provision for a) Town Centre b) Tadpole Lane		£46,280 £92,560	
Total Trigger Funding	£620,240	£512,180	See Appendix 2 for full breakdown
New school – pre start up funding a) Town Centre b) Tadpole Lane		£50,000 £100,000	£50k per expanding school OK? £100k per new school OK?
Total start up Funding	£0	£150,000	

Further information on the subject of this report can be obtained from Steve Haley, Head of Finance (Education and Innovation) on 01793 465794 or at shaley@swindon.gov.uk.

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- 4.7 During last year's consultation events both SAPH and SASH agreed that trigger funding eligibility should be restricted to planned expansions only (funding had previously also been paid if general pupil numbers increased by more than 4%) and the LA has projected 2014/15 costs on this basis using the best pupil projection information available and assuming current levels of BPPE funding as shown at **Appendix 2**. Forum members are advised to note that the current policy is that whilst the LA will retain funding based on these estimates, actual payments to schools will be based on the actual net increase in total pupils between October 2013 and September 2014. As raised at the SAPH consultation, the proposed trigger funding budget is based on the LA's best estimate of pupil numbers and individual schools should contact Gareth Cheal if any are considered unrealistic.
- 4.8 Expanding schools will therefore be expected to exercise a degree of caution in incurring additional cost commitments based on the LA's estimates of trigger funding as there is a risk that this may be more/less than anticipated. Any change in policy to pay funding based on estimates rather than actuals would result in additional spending and therefore increased top slicing unless schools also agreed to not have extra funding if pupil numbers were above estimates. A potential alternative is to calculate trigger funding based on actual phased growth in the enlarging year group(s) only rather than the overall school increases to more specifically target trigger funding. This would mean the LA would exclude the impact of wider changes in pupil numbers across the whole school roll. The LA believes that funding should be pupil led wherever possible and that the current policy is reasonable. All expanding schools should be able to manage and mitigate their trigger funding risk within the totality of their annual funding and balances.
- 4.9 At the SAPH consultation the LA was asked to review whether Catherine Wayte primary school should have been included in the trigger funding estimates. As the initial expansion was in September 2007 the phased growth means that the expansion was completed by September 2013. Therefore, whilst the school is expected to receive trigger funding this year (as notified) there is no further planned growth for Catherine Wayte during 14/15. The proposed trigger funding budget for 2014/15 is therefore £512,180.

<p><i>Schools Forum is asked to support the current trigger funding policy and agree a 2014/15 budget of £0.512m</i></p>

- 4.10 With regard to pre start-up costs, 2014/15 is the first year where a policy for pupil growth funding has been needed under the SFR requirements and proposals are based on the model and level of funding applied to Croft school. Any new school is likely to open as a sponsored academy (or free school) and will not receive any EFA funding until it actually opens, typically on 1st September. LAs are therefore required to provide funding for Headteacher and other appointments to be made prior to opening and negotiations with the Croft school co-ordinating

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committee resulted in a schedule of phased appointments being agreed which cost approximately £100,000. Discussions at SAPH indicated that whilst challenging this should provide sufficient funding if appointments were carefully planned.

- 4.11 The LA is proposing therefore that up to £100,000 is provided as pre start-up funding for a new school (Tadpole Lane) which would be paid via advance instalments based on a spending plan agreed between the sponsors and the LA's Commissioner for Education. As was the case with Croft school, claims for actual costs will need to be submitted to the LA up to a value of £100,000. Where a school is expanding (as is expected to be the case with the new Town Centre primary school) the LA believes that existing staff should be able to absorb an element of the pre-opening planning work and that up to £50,000 should be provided, again subject to an agreed staffing plan and submission of actual claims. Proposed costs in 2014/15 are estimated at £150,000.

<i>Schools Forum is asked to support the start-up cost policy and agree a 2014/15 budget of £0.150m</i>
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De-delegation Items – Free School Meals Administration

- 4.12 Following agreement last year to fund Trade Union release time from one-off DSG balances up to the end of 2013/14 the only item which meets the DfE definition of de-delegation is Free School Meals Administration. The full annual cost of administering this service (which assesses and monitors eligibility by assessing approximately 4,500 claims per year against a national database and is provided by the Admissions Team) is estimated at £21,600. Under current arrangements Academies are charged in accordance with Traded Service charges whilst maintained schools directly provide de-delegated funding towards the LA service. The LA had not formulated proposals to present at the recent SAPH and SASH consultation events but expects continued buy back from Academies and Schools towards this relatively low cost valued service.
- 4.13 When Traded Service charges for Academies were first established the LA was unsure what level of service would be required, what level of take up would occur whilst costs were essentially fixed, and therefore what level of charges should be levied. Furthermore the scope of the Education Services Grant was unclear and government guidance to LAs on traded services is generally to ensure full cost recovery and to maximise income based on market conditions. Academies are currently charged £6 per FSM pupil which the LA acknowledges is above the current costs of £4.80 (£21,600 / 4,500 FSM pupils).
- 4.14 Now that service requirements and demand from academies appears settled the LA is proposing to reduce Traded Service charges to become in line with maintained schools from April 2014 and that all settings are charged £4.80 per FSM pupil as recorded on the October 2013 census. This charge will fully

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recover annual LA costs of £21,600 – approximately £10.750 will be recovered from Academies via Traded Services charges whilst £10,850 will automatically be recovered from maintained schools via de-delegation.

- 4.15 Schools Forum may request that this matter is referred back to SAPH, SASH and ASSSH for inclusion in the next round of consultation events although the values involved are relatively low.

Schools Forum is asked to agree a 2014/15 Free School Meal Administration Budget of £21,600 which will be recovered via de-delegation (£10,850) and Traded Service charges (£10,750) at £4.80 per FSM pupil
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Centrally Held Pre 16 High Needs Budgets

- 4.16 Although the LA is not required by the DfE to consult on centrally held high needs budgets the LA believes that it is very important for Schools and the Schools Forum to understand and challenge these budgets given the level of overall high needs spending and perpetual increase in demand experienced by SBC each year. A schedule of current budgets and indicative proposed 2014/15 budgets is attached at **Appendix 3** and commentaries on key issues for consideration are provided.
- 4.17 Schools Forum is advised that for some areas such as Out of Borough placements, costings are provisional at this stage as is the contingency provision which is very closely linked to the on-going Specialist Setting consultation process. Any updates to these budget proposals will be provided to SAPH, SASH and ASSSH/SRP schools during the next round of consultation events and to the January and March Schools Forums. In order to assess the level of funding available for delegation to schools the LA must at this stage make certain assumptions about the level of central funding that will need to be retained.

<i>Schools Forum is asked to offer views on the provisional proposed 2014/15 high needs retained budget and agree that for planning purposes it would be reasonable for the LA to assume a budget of £5.337m.</i>
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Corporate Overheads

- 4.18 When the DSG was introduced in 2005/06 the value of each LA's grant included funding to match the notional value of corporate overheads (primarily central staff and support costs) attributed at that time to support the delivery of early years, schools and other DSG funded services. For SBC the notional spend was £1.426m and this level of funding is still included in the annual DSG allocation.
- 4.19 Since then, as SBC staffing and other costs have reduced in line with reduced government funding, and some services have been delegated to schools, the recharge to DSG has reduced as follows:

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2010/11 - £1.426m

2011/12 - £1.220m

2012/13 - £0.860m

2013/14 - £0.660m less £0.107m for EOTAS = £0.553m plus £0.055m for disadvantaged 2 year olds = £0.608m

- 4.20 As these reductions have been phased this has effectively freed up DSG available for distribution to schools. The 2013/14 charge represents only 43% of the level provided for in Swindon's original DSG settlement. Rather than arbitrarily apportion overheads across retained DSG budgets (Tuition, EOTAS, Early Years etc.) as is required by DfE in the statutory Section 251 returns, the LA has separately identified these costs to provide full transparency to the Schools Forum.
- 4.21 For 2013/14 a number of factors affected the overhead allocations. A share of overheads totalling £107,000 was delegated to EOTAS (including property and ground maintenance) which they may choose to spend on other services. Earlier this year the LA inherited new post 16 high need student responsibilities without any additional funding and a responsibility to manage the substantial expansion of disadvantaged 2 year old provision for which Schools forum agreed that £55,000 of funding could be retained. For 2014/15 this budget will need to absorb the cost of a 1% pay award and employers pension contribution increase and no further savings have been identified. Forum members are asked to note the considerable amount of work that the LA has had to undertake to implement the school funding reform changes since 2010 without any increased funding. This work has had to be absorbed by the LAs core budget. A proposed retained budget for SBC overheads of £0.608m is required (including the continued allocation of early years funding) which represents 0.4% of the annual DSG.

Schools Forum is asked to support the 2014/15 allocation of £0.608m towards SBC overheads.

5. Early Years Funding Issues

- 5.1 There are no changes that need to be implemented arising from the school funding reform programme and the LA is not proposing to make any significant changes to the funding rates or methodology for either disadvantaged 2 year old or 3 and 4 year old free nursery entitlements in 2014/15. This may however need to be reviewed in light of the overall DSG position.

Disadvantaged 2 year Old Nursery Funding

- 5.2 As reported to recent Forum meetings this element of funding was previously paid to LAs as part of their Early Intervention Grant core funding but was transferred into the DSG from 1st April 2013. Next year's funding will be provided on the basis of meeting a 40% take up target i.e. approx. 1,100 children although

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DSG funding is based on an assumed 84% take up (approx. 924 children / 526,680 hours) and is estimated at £2.617m.

- 5.3 The LA is developing plans to achieve this target and latest projections (assuming that payments of £4.95 per hour plus a £0.40p retrospective year end supplement and the continued allocation of £55,000 towards SBC early years staffing costs) are that costs will be £2.062m.

As reported elsewhere on today's agenda take up in the current year is higher than was anticipated when the surplus 2 year old funding of £1.067m was quantified in July and allocated to meet the post 16 shortfall. Latest estimates of current year spend are that an overspend of £0.426m will occur and the overall disadvantaged 2 year old position can be summarised as follows;

Table 5 – Disadvantaged 2 year old funding 2014/15		
<u>2014/15 funding</u> <ul style="list-style-type: none">924 children @ 570 hrs @ £4.97		£2.617m
<u>2013/14 spending</u> Provision – assuming a full year average of 658 children access 570 hours) <ul style="list-style-type: none">Basic funding @ £4.95 per hourSupplementary funding @ £0.040 per hourContribution to Early Years team costs	£1.857m £0.150m £0.055m	£2.062m
2013/14 overspend to be met from 2014/15		£0.426m
Total estimated spending requirement		£2.488m
Balance available to fund other DSG costs		£0.129m

- 5.4 Based on the above early estimates it may be possible to generate a surplus of approximately £0.129m from the disadvantaged 2 year old funding allocation. whilst still funding 1,100 children across the 2014/15 year. The forecast is based on an element of part year funding. The majority of children therefore start their placement and are funded mid-term (rather than from their 2nd birthday) before moving from 2 year old funding to become eligible for the 3 & 4 year old funding entitlement. An admission process is under development to manage the phasing of applications which will enable termly updates against the forecast for places and spending. Updates will therefore be provided to the January and March School Forum meetings. Should it be necessary to reduce early years costs next year in order to manage the overall DSG, Schools Forum are asked to consider whether the £0.40p retrospective supplement is a priority as ceasing this payment would save £150,000.

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Schools Forum is asked to note the 2014/15 disadvantaged 2 year old position and –

- Agree to retain the hourly rate of £4.95***
- Agree to continue allowing the LA to retain £0.055m towards early years staffing costs (subject to annual review)***
- Agree to retain the £0.40 retrospective supplement subject to this being reviewed again in January as part of the overall DSG budget position***
- Agree a 2014/15 budget of allocation of £2.488m***

3 and 4 Year Old Nursery Provision

- 5.5 In previous years, the LA has received funding for 3 and 4 year old nursery provision based on actual take up but with an adjustment to ensure funding is received to meet at least a 90% take up by 3 year olds. SBC has benefited from this adjustment by approximately £300k per year as our actual spend has always been higher than the DSG funding provided but the 90% adjustment has been phased out and will not be received in 2014/15. Next year's 3 and 4 year old funding is estimated at 2,055 pupils multiplied by our early years funding rate of £3,888.06 = £7.989m. Actual funding will not however be finalised until after the January 2015 early years census has been validated by DfE.
- 5.6 For 2014/15 no changes to current hourly rates are proposed, although an amendment to the quality funding is proposed as shown in the table below;

Table 6 – Proposed 2014/15 Early Years (3 and 4 year old) Funding Rates

Item	2013/14 Funding Rates	2014/15 Proposed Funding Rates	Commentary
Basic hourly rate • Standard per child • Enhanced per child	£3.75 £3.91	£3.75 £3.91	Provision over 38 weeks Provision over 48 weeks
Quality paid per setting (for 2013/14 this is based on staff qualification levels; for 2014/15 it is proposed that this is based on Ofsted gradings)	£500	£500 £250	Where staff are qualified/ training For Ofsted “outstanding” grade For Ofsted “good” grade
Deprivation paid per setting	£0 to £5,000	£0 to £5,000	Based on IDACI scores which are used to share approx. £70k

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- 5.7 Latest 2014/15 cost projections are that spending will be approximately £7.823m which is above the current year budget of £7.500m as this includes assumed increases relating to expanded nursery provision and child minder take up. This means that spending is estimated to be marginally less than funding which provides a surplus of £0.166m which can be used to offset pressures across the DSG. When setting the 2013/14 budget the gap between funding (£7.947m) and spending (£7.500m) was £0.447m and this higher sum was used to offset other DSG pressures. Up until 2014/15 the LA received extra 3 and 4 year old funding to take us up to at least 90% 3 year old take up.
- 5.8 With regard to the quality supplements the current funding agreement does not sufficiently recognise or incentivise additional payments to providers offering good and outstanding provision. As recent legislation makes it clear that Ofsted (and not the LA) determine the quality of provision in EY settings, using Ofsted grading to determine quality payments is proposed as a more appropriate mechanism for making these payments. An apportionment will be applied to childminders who do not provide for funded children for the full year.

Schools Forum is asked to note the 2014/15 3 and 4 year old funding position and;

- Agree to retain current hourly rates and deprivation payments***
- Agree to change quality payments to £500 for providers rated outstanding and £250 for providers rated good by Ofsted***
- Agree a 2014/15 budget of allocation of £7.823m***

6. **Specialist Setting Funding Issues**

Background

After implementing “Place Plus” funding for all specialist settings in 2013/14 no changes are required by DfE for 2014/15. LAs must agree in advance the number of places required in in each setting (at least every 2 years) which will automatically attract £10,000 “place funding” for SEN settings and £8,000 for Alternative Provision settings. The LA must also pay appropriate top up fees in respect of actual pupil occupancy. To meet the DfE deadline the LA introduced different bandings and band values for special schools and SRP’s for 2013/14. As previously reported to the Forum the LA is however committed to the introduction of a more universal high need funding / banding system so that anomalies between Special Schools and SRP’s could be reviewed and resolved although it is important to recognise that it is not necessary for funding rates to be precisely harmonised.

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Alternative Provision

- 6.1 For Alternative Provision settings separate top up rates were established for pupils attending Riverside and Stratton and further work will be undertaken to assess whether AP pupils should also be banded/funded according to differing levels of need. This will need to be carefully modelled and any changes will be implemented from 2015/16 at the earliest. At this stage 2014/15 places and funding is expected to be broadly in line with the current year (EOTAS attracts £2.039m whilst the Nylands PRU attracts £0.064m).

Schools Forum is asked to note that approximately £2.103m will need to be allocated to Alternative Provision settings in 2014/15

Minimum Funding Guarantee Exemptions - Special School BESD Premium

- 6.2 When the LA implemented a band based funding model for special schools in 2012/13 the level of funding per pupil allocated to both Nylands and St Luke's was higher than the other special schools. During consultations with ASSSH it was agreed that this was unfair but should be phased out over three years to give these settings time to reduce their cost bases. To maintain year 1 funding levels a BESD premium, initially at 30% above the basic band values was established in 2012/13, reducing to 20% in 2013/14 and 10% in 2014/15. The introduction of "place plus" meant that the phased reductions could only be applied to the top up element and funding rates were set in 2013/14 to produce the same overall reduction in funding as was originally envisaged.
- 6.3 For 2014/15 the third and final year of BESD premium funding will apply and indicative rates, which show BESD premiums reducing by 50% next year and to be harmonised with other special schools in 2015/16, are shown in the table below;

<u>Table 7 - Current and indicative 2014/15 Special School Top Up Band Values</u>			
Banding	2013/14 Actual	2014/15 Indicative	2015/16 Indicative
Band 1 with BESD Premium	£22,021	£18,489	£14,950
Band 1	£14,950	£14,950	
Band 2 with BESD Premium	£19,072	£16,264	£13,455
Band 2	£13,455	£13,455	
Band 3 with BESD Premium	£10,223	£8,049	£5,875
Band 3	£5,875	£5,875	
Band 4 with BESD Premium	£5,797	£4,132	£2,467
Band 4	£2,467	£2,467	

Further information on the subject of this report can be obtained from Steve Haley, Head of Finance (Education and Innovation) on 01793 465794 or at shaley@swindon.gov.uk.

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- 6.4 After taking account of the fixed £10,000 place funding the impact of the indicative 2014/15 and 2015/16 top up rates will be to reduce BESD funding per pupil by 10% in each of the next two years. Clearly the above top up values may change as a new universal banding system is implemented but BESD premiums will be phased out as originally agreed. For 2014/15 in order to ensure funding is not locked into the two BESD special schools via the MFG protection scheme the LA will seek to exclude the reduction in top up value from the MFG calculation.

<p><i>Schools Forum is asked to agree to the LA seeking approval to exclude the reduction in BESD premium funding from 2014/15 MFG calculations.</i></p>

Specialist Setting Proposals 2014/15

- 6.5 In early June Gill Ilic, Commissioner for Education, wrote to all Specialist Settings inviting them to join a High Needs task and finish group which met on the 12th July (to discuss principles) and on 5th September to review the LAs initial proposals on a new draft framework for 2014/15. The report presented at the task group is attached at **Appendix 4** and the key principles, some of which were amended following discussions at the Task Group (see *text in italics*) are summarised below for Schools Forum consideration;

1. All pupils in SBC specialist SEN settings will be banded via the new 6 bands. Special Schools and SRPs will be funded at the same levels per pupil where bandings are the same. Funding per pupil will vary as follows;

Pupil Needs

2. Pupils with different prime needs will attract different levels of funding and 3 separate band values are proposed – *the LA would wish to acknowledge that there were concerns at the task group that Autistic Spectrum Complex (ASC) Funding Rates (which are proposed at levels which are broadly similar to existing SRPs) may be excessive and potentially unaffordable when applied to special schools whose highest need pupils are currently funded at £7,000 per year less than SRP's. This will therefore need to be reviewed after the implications of the new model have been costed and it may be more appropriate to establish an "ASC enhancement" of £7,000 which would only be payable in certain prescribed circumstances. Whether SRP's with ASC pupils could reduce their costs to provide education within a reduced level of funding comparable with special schools remains to be seen and will need to be reviewed by the task group.*
3. Existing Therapy supplements (which are currently payable to 2 special schools and 8 SRPs) will be absorbed into the new top up values and will not be separately shown – *this is subject to the LA and Headteachers being satisfied that this would not present difficulties for schools in fulfilling the*

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requirements of the statutory statementing process where therapy services are identified)

4. Pupils with secondary and tertiary needs will not automatically attract enhanced funding but bespoke levels of funding can be provided in certain circumstances. The new banding and funding system will cover the vast majority of pupils but bespoke values will be negotiated between the setting and commissioners where the complex needs of individual pupils are not adequately covered by the bands.

Enhancements

5. Supplementary funding over and above basic band values will be paid in respect of *all eligible pupils* as follows
 - a. Medical needs
 - b. Manual handling
 - c. Teaching requires British Sign language
 - d. *Potentially an ASC supplement may be established*

Age adjustments

6. Funding will be marginally higher for secondary age pupils in line with the long standing position on mainstream funding which provides higher funding at KS3/4 to recognise the increasing specialisation of teaching requirements arising from the national curriculum and costs associated with exams.
(Although some pupils' bandings increased as they transition from primary to secondary education this is not always the case)
 7. Funding *may* be lower than secondary levels for post 16 sixth form pupils due to lower levels of DSG funding being received and to recognise that students may not require 25 hours teaching per week – *this is subject to the LA establishing whether the statementing process actually ensures that full time provision must be made available and a full assessment on the impact on Uplands school if a fundamental change to provision is implemented).*
 8. Early years' pupil funding will be the same as primary age funding but scaled down pro rata to reflect hours in school.
- 6.6 The LA believes that it is important that any new funding system is based on sound principles before the impact of funding on individual settings is quantified.

<i>Schools Forum is asked for their views and to support the proposed 2014/15 specialist setting funding framework.</i>
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- 6.7 Clearly these principles may need to be revised after values are determined but the Task Group supported the LA proposal that any new funding system should be phased in over 3 years so that Schools / SRPs facing reduced funding have time to reduce their cost bases. This provides lower levels of protection than the

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current MFG system which ensures no setting loses more than 1.5% funding per pupil per year although this rate has yet to be determined by DfE for 2015/16 and could be less generous. If funding is allowed to be protected by MFG it could take a number of years before increased funding would be paid over to settings which should gain from the new system.

Schools Forum is asked to agree that the LA should seek DfE exemption to the MFG protection system to allow specialist setting funding transfers to be implemented over no more than 3 years.

- 6.8 As there is a considerable degree of uncertainty over the level of high needs funding that will be included in next year's DSG, discussions with the Task Group have been based on an assumption that costs of the new formula may well have to be contained within the level of existing budgets – even with an overall high need place numbers increase. For 2013/14 we were allocated an additional £228,000 specifically for high need pupil growth but there is nothing to confirm whether any such increase will apply to 2014/15. The LA is proposing therefore to aim to contain next year's specialist setting funding within an overall budget of £15.7m based on the table below;

Table 8 – Existing 2013/14 SEN Specialist Setting Funding					
	No of FTE places	Place / Fixed	Top up	PFI	Total
6 x Special Schools	470.4	£4,704,167	£5,248,791	£264,379	£10,217,337
15 x SRP's	168.0	£1,680,000	£2,354,947		£4,034,947
11 x Outreach & Commissioned services	N / A	£1,224,985			£1,224,985
HN contingency			£188,000		£188,000
Totals	638.4	£7,609,152	£7,791,738	£264,379	£15,665,269

- 6.9 It is relevant to note that existing funding reflects some increased places from September 2013 which attracted only part year (7/12) funding in 2013/14 – even without any further increases in places, an additional (5/12) cost will be incurred next year whilst the overall high need budget may need to remain unchanged. Furthermore the Schools Forum in July agreed the LA proposal to pay double top ups to provide pump priming funding to new SRPs (initially the Ridgeway ASC Unit at a full year additional cost of £95,842) and additional funding of £18,000 for the Ridgeway HI unit. The new HI BSL provision at Isambard would also benefit from double top ups in 2014/15 and 2015/16 if placements are made.

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- 6.10 All of the above cost pressures will need to be absorbed from the existing budget (i.e. by reducing top up values) unless either early years or mainstream funding is reduced (which may not be supported by the Schools Forum) or additional DSG is unexpectedly secured. Maintaining costs within the existing funding envelope will therefore be extremely challenging and the LA acknowledges that if insufficient funding is provided for in house SBC provision, the alternative costs of external placements would be even less affordable. Should any DSG high needs funding increase arise the LA would look to pro rata upwards the new funding rates in line with the funding available.

Schools Forum is asked to agree that the LA should establish 2014/5 specialist setting funding within an assumed funding level of £16.0m subject to review should any additional DSG be receivable.

Place Funding

- 6.11 The first thing to agree is the number of places that the LA will require from April 2014 and September 2014 in each Special School and SRP. The estimate for September 2013 SRP pupils was 173 whilst current pupils are only 163. This means that unless place numbers increase between October to March, funding will have been allocated of £58,333 (10 places at £10,000 for 7 months) to settings which, with hindsight, is above the level they should have received although this is due to unforeseen fluctuations in pupil numbers which are inevitable to some degree. The LA must therefore aim to agree place numbers for 2014/15 which are the minimum expected places in each setting otherwise excessive place funding will be paid out, thereby reducing funding that could otherwise be added to top up values. Schedules have been presented to the task group and latest estimates are as follows;
1. Special Schools – 492 from April remaining at 492 from September
 2. SRP's – 166 from April rising to 171 from September (168.9 FTE)
- 6.12 These place numbers will be refined over the next few weeks but indicative costs @ £10,000 per place for 660.9 FTE places are **£6.609m**. This is an increase of 22.5 FTE places over the current year at an additional annual cost of £225,000.

Outreach and Commissioned SEN Services

- 6.13 The LA will also need to agree 2014/15 funding for the 11 SEN outreach and commissioned services which currently receive £1.225m per year. The White Horse Federation has requested an annual increase of £12,698 above current levels for the behaviour support service they provide from Nylands as they feel that their funding does not fully cover leadership and central service costs. A decision on this will need to be taken as part of the task group's review. The LA's view is that the costs of providing these services should not in any way be subsidised from the Mainstream or Special School budget but that settings

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should also not in any way be double funded for leadership and central school costs, particularly given the overall difficulty in managing the 2014/15 DSG.

- 6.14 If the consensus view of the Task group is that these costs should be funded and this is supported by the Schools Forum, the LA would suggest that a % uplift should be applied on top of direct costs for all provisions but any additional costs would have to be met by reducing high need top up values. The LA would therefore suggest at this stage that costs are contained within current funding levels of **£1.225m** unless individual cases requesting additional funding are supported by the High Needs task group in which all services must be treated the same.

Schools Forum is asked to support the principle of the LA providing funding for outreach and commissioned services which reflects best estimates of the actual direct additional costs of the provision.

Contingency Requirement

- 6.1 In managing the overall high needs budget, after agreeing planned place numbers in all specialist settings both within and outside the Borough the LA will also need to establish a contingency budget to meet the costs of additional in year placements. Initial estimates are that approximately 16 additional pupils will require placements from April 2014, rising up to 40 from September 2014. Further work is being undertaken to estimate demand by type of need and probable placement type and resulting part/full year costs but latest estimates are that £1.028m will need be set aside to fund potential additional placements (see Appendix 3) of which **£0.586m** is expected would be paid over to SBC specialist settings.

Top up Values

- 6.2 An outline estimate of the amount of funding available for top ups is shown in the table below;

Table 9 – Indicative value of 2014/15 Top up Funding		
Cost Item	£m 2013/14	£m 2014/15
Special School and SRP places – 660.9 FTE @ £10,000	6.384	6.609
Outreach and commissioned services	1.225	1.225
PFI Affordability Gap contributions (unavoidable cost)	0.265	0.265
Contingency Requirement	0.188	0.586
Sub total	8.062	8.685
Balance available for top ups (3.8% reduction required)	7.604	7.315
Total Specialist Setting Funding	15.666	16.000

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- 6.3 In order to provide a new fair funding model, top up values will need to be set which broadly equate to the cost of provision but this cannot be an exact match. The funding system will need to provide an overall funding allocation which each setting will then use to set appropriate staffing levels and budgets to meet curriculum and running costs. The key requirement is to establish band values which have appropriate stepped increases as the cost of meeting needs increases. Proposed funding values for 2014/15 are attached at **Appendix 5** although it is important to recognise that these are indicative only and may need to be increased or decreased depending on final place numbers, bandings and the quantum of high needs funding available.
- 6.4 The LA has recently received a breakdown of how existing pupils have been aligned against the new 6 bands following a moderation exercise and estimates will need to be made of the likely bandings of new pupils from next April and September. This will enable the LA to quantify the 2014/15 costs of the new top ups based on the values at appendix 5. These values may need to be flexed to ensure overall affordability before the impact on individual settings can be determined. This will be reported to the next meeting of the high needs task group on 15th October.

7. **Mainstream Setting Funding Issues**

Existing Formula and Funding

- 7.1 A much more simplified mainstream funding formula was introduced from the start of 2013/14 and attached as background information are summaries which were presented at the recent Headteacher Association consultation events to provide overviews to current primary and secondary funding;
- **Appendix 6** – Existing mainstream funding rates
 - **Appendix 7** – Pie chart showing existing distribution of primary mainstream funding
 - **Appendix 8** – Pie chart showing existing distribution of secondary mainstream funding
- (For 2014/15 DfE require that at least 80% of mainstream funding is allocated via pupil led funding – SBC is currently allocating 87% of primary and 95% of secondary funding via BPPE and other pupil led factors)

Strategy for 2014/15

- 7.2 So far (after redistributing former Standards Fund grants in 2012/13 which did have significant implications for a small number of schools which benefited from previous historic allocations) we have sought to maintain stability for Swindon schools by harmonising funding factors but retaining overall sector totals. For

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example when secondary lump sum values had to be reduced the cash saving from this change was redirected to boost secondary BPPE rates. This has helped to minimise MFG costs;

- 12% of SBC primary schools are receiving MFG compared to a national average of 35%
- No SBC secondary school is receiving MFG compared to national average of 30%

7.3 The LA and Schools Forum must now consider whether we should start to move towards national/regional averages and allow sector funding to change, accepting that this may put some settings into MFG. Set out below are commentaries relating to changes that either could or in some cases must be implemented in 2014/15 and Forum Members are reminded that any increases must be funded from decreases in other areas. In formulating mainstream proposals the LA has accessed the DfE School funding data base to provide high level national and regional benchmarking information which has been compared to the local mainstream funding formula. Whilst the government has not specified when either the national DSG grant distribution system or a new national school funding allocation system will be introduced (other than this will be after the next general election) the LA feels that in principle steps towards regional averages should be taken if possible to minimise disruption when national changes are imposed.

7.4 The following DfE quotes from School Funding Reform documents have been included in recent consultation presentations and are provided for Schools Forum members to provide a flavour of the policy direction;

“Our aim is to have fairer, more consistent and transparent system so that funding intended for education reaches schools and the pupils that need it most”

“We have made it clear that we want to move towards a position where a much greater proportion of a school’s funding is allocated on a per-pupil basis, reflecting the needs of the pupils attending that school”

“We recognise that changing a historic system will inevitably create some turbulence so reforms are being introduced gradually with MFG protection”

“LAs and their Schools Forums developed new formulae for 2013/14 using simplified and consistent clearly defined factors. Most of the arrangements will remain in place but we will make a number of changes which will move us closer to a national funding formula and which will address the unintended consequences which arose as a result of the 2013/14 reforms”

“In a move towards a pupil led system there will be changes to schools’ budgets and some degree of reallocation of funds between schools”

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- 7.5 The LA has therefore tried to assess areas in the local formula where current funding is above or below regional averages to help identify potential changes. There are no shortages of areas where additional funding has been requested but no areas where current funding is considered excessive. If sufficient funding reductions cannot be identified to offset funding increases it may for example be necessary to apply a global reduction to all funding values in order to contain spending within the funding available. The LA feels therefore that it is appropriate to challenge any area of funding that is above regional/national averages.
- 7.6 It is relevant to consider whether stability is more important than making changes which, whilst aimed at improving fairness, could be reversed in future. The LA is keen to avoid being responsible for a system that repeatedly produces different annual winners and losers as the same overall funding pot is marginally redistributed. Given the inherent shortage of DSG funding, Schools Forum is asked to note that balancing the books next year is going to be extremely challenging. *Schools Forum is asked to support the following strategic approach to 2014/15*

That after providing funding to meet known unavoidable cost pressures, existing mainstream funding values are retained as far as possible unless there is an overwhelming case to make specific changes.

SAPH / SASH Consultations

- 7.7 After presenting an overview on DSG prospects the LA went through a series of issues with SASH on 18th September and with SAPH on 19th September to seek the consensus views of sector Headteachers on various issues of principle so that the structure of the 2014/15 local formula (i.e. the factors to be used) can be agreed. Over the next few weeks the LA expects to gain a greater degree of certainty over next year's DSG position as October census information and hopefully a high needs funding update will be available. This will enable the LA to model the impact of funding changes for consideration by SAPH (21st November) and SASH (7th November) prior to Schools Forum receiving firm recommendations in January.
- 7.8 Whilst the DSG funding rates per pupil will not increase next year the LA will expect to receive funding for an estimated additional 314 pupils (October 2012 to October 2013) of approximately £1.288m although this will need to be passed on to growing primary schools at an average funding rate of £3,400 per pupil and an overall cost of £1.068m. As explained in section 4 above, some funding will also need to be top sliced and centrally retained to fund planned expansions in September 2014.

Increased Secondary Delegations

- 7.9 As explained to SASH and previously to the Schools Forum, schools must commission and pay the top up fees for any provision for non excluded / non

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statemented pupils. At present schools lose pupil based funding whilst the LA pays the top ups for emotionally vulnerable pupils attending Riverside. From 2014/15 this funding of £398,900 will be delegated to secondary schools and SASH were asked how they wished funding to be distributed. The LA suggested two options – via BPPE @ £39 per pupil or via Low Prior Attainment at £159 per pupil. SASH requested BPPE.

Schools Forum is asked to support the increased delegation of £398,900 via a secondary BPPE enhancement of £39 per pupil to 2014/15 funding rates so that schools have sufficient funding to pay top up fees for emotionally vulnerable pupils.

Increased Primary Delegations

- 7.10 Unless the LA can secure EFA approval to treat provision at the Nylands PRU, Nylands Assessment class and Mountford Manor SRP's as "Commissioned SEN services" it will be necessary for the LA to delegate funding to primary schools who will then have to pay top up fees whilst their pupils attend these settings. The LA suggested two options – via BPPE or via Low Prior Attainment and SAPH requested BPPE. Until it is clear what level of funding needs to be delegated the impact on BPPE's cannot be quantified.

Schools Forum is asked to support the increased delegation of any funding relating to Nylands PRU, Nylands assessment class and Mountford Manor SRP via a primary BPPE enhancement to 2014/15 funding rates so that schools have sufficient funding to pay top up fees for pupils attending these settings.

Benchmarking

The LA can compare Swindon's current mainstream funding allocations against national and regional averages by accessing the DfE website as show in the table below;

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Table 10 – Mainstream Formula Comparisons

Factor	Swindon %	Regional %	National %
Basic Per Pupil Entitlement (BPPE)	78.0%	79.5%	75.7%
Deprivation	9.0%	6.9%	8.2%
Low Prior Attainment (LPA)	2.8%	4.5%	4.2%
English as an Additional Language (EAL)	0.9%	0.3%	0.8%
Lump Sum	6.8%	7.5%	8.6%
NNDR / PFI	2.4%	1.7%	1.7%
Mobility	-	-	0.3%
Looked After Children	-	-	0.1%
Sixth Form	-	0.1%	0.1%
London Fringe	-	-	0.1%
Split Sites / Exceptional Premises	-	0.2%	0.1%
Minimum Funding Guarantee	0.3%	1.2%	1.4%
Savings from capping	-0.3%	-1.8%	-1.0%
	100.0%	100.0%	100.0%

7.11 As there are wide discrepancies in DSG funding levels across the country (Swindon's schools block DSG funding rate of £4,102 per pupil is 9% below the national average of £4,551 per pupil) it is suggested that regional benchmarking is more appropriate as South West LAs are all generally lower funded. Based on table 8 above;

- Areas where Swindon funding is **below** regional averages are;
 - BPPE
 - LPA
 - Lump sum – although this would be expected for a largely urban area with few small primary and secondary schools
 - MFG – which depends on local circumstances and strategies
- Areas where Swindon funding is **above** regional averages are;
 - Deprivation – variances with SW region are to be expected
 - NNDR / PFI – NNDR costs are set nationally whilst PFI costs depend on the individual contracts
 - EAL – variances with SW region are to be expected

7.12 Attached at **Appendix 9** is a detailed summary of regional BPPE, Lump Sum, LPA, and EAL funding together with contextual information regarding the incidence of EAL and FSM pupils. Based on this information;

- **Primary BPPE funding** is below the regional average which supports the decision taken last year in setting 2013/14 funding to allocate a £54.77 temporary increase funded by using £0.9m of the DSG carried forward

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balance. Without this enhancement primary funding would be almost 5% below regional averages – **the LA would suggest there is a strong case for retaining this increase in 2014/15 if affordable (which was strongly supported by SAPH) although this cannot be guaranteed at this stage**

- **Secondary BPPE funding** is very much in line with regional averages and no changes would appear necessary – particularly given that lump sum funding is also very much in line with regional averages
- **Primary LPA funding** at £701.57 per pupil is reasonably close to the regional average of £863.51 and, whilst this factor should be kept under consideration, is not in need of urgent review
- **Secondary LPA funding** at £701.57 is very much lower than the regional average of £2,064.81 strongly indicating that SBC is out of line with regional norms in funding LPA in secondary schools at the same rate as primary schools – **the LA would suggest that there is a strong case for increasing this rate by reducing secondary BPPE funding if, as is likely there is no headroom within the DSG to directly fund an LPA increase (this was supported by SASH who requested modelling to be done on the impact of implementing various higher LPA rates)**
- **Primary EAL funding**, although a higher proportion of Swindon's DSG is allocated to EAL the incidence of primary eligibility (8.8%) is significantly above the regional average (2.9%) as Swindon is actually highest across the region. The majority of SW LAs recognise EAL for the maximum of 3 years and the average funding per pupil of £574 is reasonable compared to the regional average of £638 and no review is proposed
- **Secondary EAL funding**, the incidence of secondary eligibility (2.4%) is significantly above the regional average (0.8%) as Swindon is actually highest across the region. The average funding per pupil of £574 is lower than the regional average of £846 as most LAs provide higher levels of funding in the secondary sector. **The LA will invite SASH's views on whether this factor should be reviewed now (with any corresponding changes restricted to the secondary sector) or kept under consideration for 2015/16 if this remains a locally determined issue.**
- **Deprivation Funding**, although a higher proportion of Swindon's DSG is allocated to Deprivation the incidence of FSM pupils (22%) is above the regional average (18%) and supports this therefore no review is proposed.

7.13 Schools Forum members are reminded that it may be necessary to marginally review all/some funding factor rates depending on the final DSG position but, assuming this is not necessary;

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Schools Forum is asked to review/challenge the LAs benchmarking analysis and, subject to affordability, support;

- a) The retention of the temporary £54.77 primary BPPE increase – enhanced if affordable*
- b) The review of secondary LPA funding – funded via the re-distribution of secondary BPPE funding (subject to the consensus view of SASH) and / or by a direct increase to LPA funding if this is affordable*
- c) The review of secondary EAL funding – subject to the views of SASH with any proposals reported back to the Schools Forum on the basis that corresponding changes are restricted to the secondary sector*

Minimum Funding Guarantee Exemption - Primary BPPE Funding

- 7.14 It appears from the SAPH consultation that a considerable number of primary Headteachers were unaware that there was any risk that the primary BPPE increase of £54.77 per pupil would not be repeated. Whilst the LA still feels that this was a sound decision and, as described above, would wish to repeat it in 2014/15, if other cost pressures are identified which means that the primary BPPE increase cannot be afforded the loss of this one-off enhancement will be perceived as a funding cut by primary schools.
- 7.15 This is a concern to the LA that communications between the Schools Forum and SAPH may need to be revised and that LA officers should perhaps periodically attend SAPH to explain and discuss key funding issues as has previously been offered. The LA believes that Schools Forum reports have accurately described the status of this funding but accepts that letters to Headteachers sent in March 2013 with budget share allocations did not describe the temporary nature of this funding. For clarity the increase in 2013/14 was entirely funded by using approximately 50% of the DSG balance carried forward from 2012/13 and the minute of the 15th January 2013 Schools Forum states “For 2013/14 only (subject to review) the Forum agreed an increase in primary BPPE funding from £2,590 to £2,642 per pupil”. Unless our level of DSG headroom provides scope to make permanent formula changes the primary BPPE increase could not continue for more than 2 years.
- 7.16 Whether the LA and Schools Forum will be able to afford and will ultimately choose to repeat the boost to primary BPPE rates in 2014/15 remains to be seen and it is possible that other factors may need to be considered. To avoid this one off funding being locked in to the MFG calculations the LA will therefore, as a precaution, need to secure EfA approval for this to be exempted from 2014/15 primary sector MFG calculations. **SASH understood this requirement whilst SAPH members were clearly not happy and did not like the proposal. However, if the LA does not seek this precautionary exemption a substantial part of the temporary funding will become locked into the local**

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formula for some (not all) schools for a number of years, thereby reducing flexibility in managing the DSG which will require the capping of gaining schools.

<i>Schools Forum is asked to agree to the LA seeking approval to exclude the one off £54.77 boost to primary funding from the 2014/15 MFG calculation</i>

DfE Formula Review Requirements

- 7.17 After the radical changes to limit the range of funding factors that could be used by LAs in determining mainstream school funding allocations in 2013/14, the scope of the changes required by DfE in 2014/15 are relatively minor although the resulting longer term financial impact on individual settings may not be. Attached as **Appendix 10** is a summary of all the mainstream formula factors which describes whether they are optional or discretionary and includes references to various LA proposals and options which are explained below.
- a) Funding for Deferred Reception Admissions – Mainstream primary settings
- 7.18 Until 2013/14 the DSG funding allocated to LAs in each financial year was based on information arising from the preceding January school census (PLASC) date. Individual funding allocations to schools and academies from the local formula were also based on January PLASC data but under the school funding reform programme, all funding is now based on the preceding October.
- 7.19 It was recognised in the build up to the 2013/14 budget setting process that some primary settings may be detrimentally affected by this. Although children who are due to start school for the first time are offered places in the September, parents of children who are not statutory school age have the right to defer the entry of their child until the term after their 5th birthday. This must however be agreed with the school concerned in advance of their start date. This means that a school may need to reserve a place for a pupil who may not actually be in school on the October PLASC date which means that they will not qualify for any pupil based funding in the following year.
- 7.20 On a national level DfE make a minor adjustment to the DSG for those LAs which experienced deferred entries in the previous year and for 2013/14 SBC received school block DSG for 30 extra pupils. The LA recognises that schools experiencing deferred entries should not be detrimentally affected in terms of their annual funding and from 2014/15 onwards proposes to create a “reception uplift factor” which is allowable under the new school finance regulations. This would provide additional funding in 2014/15 to those settings where their January 2013 reception pupil numbers were higher than their October 2012 reception pupil numbers.

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- 7.21 An estimate of the impact on individual settings is attached at **Appendix 11** to this report and shows that this would allocate extra funding of approximately £102,000 to 18 schools. **Feedback from SASH was that they supported the principle providing that this did not detrimentally affect secondary funding. SAPH was narrowly in favour of the proposal subject to the LA establishing clear criteria. If approved, the LA will review the number of reception age pupils in all primary settings and increased BPPE funding will be delegated allocated if the actual number of pupils in the January 2014 census is higher than the October 2013 census.**

Schools Forum is asked to agree to the establishment of a reception uplift factor whilst calculating 2014/15 school funding allocations

- b) New Optional Sparsity Factor – DfE prescribed maximum eligibility with locally determined fixed or variable values
- 7.22 This is the only new factor that can be used and is aimed at supporting necessary small schools mainly in rural areas. Where a sparsity factor is used up to £100,000 per school can be allocated by effectively top slicing the DSG to provide an extra subsidy to ensure small schools remain financially sustainable. The factor can be a flat annual rate or could taper to provide individual schools with higher funding for fewer pupils in the same way as the LAs previous small schools protection scheme operated.
- 7.23 DfE will predetermine which schools are initially eligible for sparsity funding based on them meeting both of the following criteria although LAs can choose to narrow eligibility or not use this optional factor;
- A) Pupil numbers must be lower than 150 (primary) or 600 (secondary)
- Based on October 2012 pupils this would cover 4 Swindon primary settings - Bishopstone (35 pupils), Colebrook infants (136 pupils), Oliver Tomkins Infants (141 pupils) and South Marston (107 pupils)
 - A further 13 primary settings had between 151 and 200 pupils and would not qualify for any sparsity factor funding
- B) The Average distance from home post codes of pupils in school to their next nearest school must exceed 2 miles “as the crow flies” for primary schools or 3 miles for secondary schools.
- The LAs assessment is that none of the 4 primary settings with fewer than 150 pupils would automatically qualify although it is possible for the LA to seek exemptions to the “as the crow flies” measurement to use road (i.e. safe walking) distances which would allow funding to be allocated to Bishopstone and South Marston.

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- 7.24 LAs can narrow the eligibility criteria by reducing the pupil number threshold and/or increasing the distance criteria but they cannot widen the scope of eligibility above the DfE model described above other than by applying road rather than as the crow flies distances.
- 7.25 When small schools protection was withdrawn DfE's view at that time was that this should, through necessity, prompt small schools to seek opportunities to reduce/share staffing and other operating costs by amalgamating or federating with other schools. Recent experience at Bishopstone suggests that schools may be reluctant to pursue these options preferring to retain their independence even when faced with long term reductions in MFG protection.
- 7.26 To remain sustainable without reducing costs smaller schools will need to be subsidised by other schools and the LAs initial view is that a sparsity factor should be implemented, which would be tapered to provide a lesser subsidy as pupil numbers reached 150. Under the previous local scheme funding was allocated for schools within 3 bands – less than 75 pupils, 76 to 91 pupils and 91 to 140 pupils and annual values ranged from £24,000 to £105,000. Under the new DfE model this would need to be simplified and the LA proposal would be as follows;
- In 2013/14 Bishopstone school is receiving £65,000 of MFG protection funding which the LA would reinstate via a “ghost pupil calculation” which recognised that they have 115 less pupils than the 150 DfE threshold,
 - The sparsity funding for Bishopstone would equate to $\text{£}65,000 / 115 = \text{£}565$ per pupil and South Marston with 107 pupils at present would receive $43 \times \text{£}565 = \text{£}24,295$.
- 7.27 During consultations both SASH and SAPH supported the proposal.

Schools Forum members are asked to support the creation of a new sparsity factor which provides eligible schools with £565 per pupil below the DfE threshold of 150

- c) Sector Lump Sums – Optional factor with a maximum value
- 7.28 The LA can, from 2014/15, choose to have different lump sums for primary and secondary schools up to a maximum annual value of £175,000. Where two schools amalgamate the new school will receive 85% of the total lump sums of the predecessor schools for the next full year.
- 7.29 For 2013/14 Schools Forum members will recall that a lump sum value of £106,700 was determined for Swindon based on a notional estimate of the costs of a Headteacher, bursar and other fixed costs. (The DfE have still not specified the scope of what the lump sum is supposed to cover but now recognise that the fixed costs of primary and secondary schools are different).
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7.30 Under the previous local formula all secondary settings received approximately £250,000 per year whilst primary settings received between different values between £60,000 and £94,000 depending on their pupil numbers. When the single lump sum value was introduced Schools Forum agreed the LAs approach that sector funding totals would be retained i.e. the overall saving to the local formula of reducing secondary lump sum values was recycled as an increase to Basic Per Pupil Entitlement funding.

7.31 For 2014/15 the LAs view is that ;

- The existing lump sum value of £106,700 should be retained and applied to all primary settings – **this view was supported by SAPH**
- The lump sum value for secondary schools should be increased from £106,700 to the maximum £175,000 allowed but that the additional cost to the local formula of this, estimated at £683,000 is met by reducing the secondary BPPE rates accordingly by approximately 1.7% – **this view was supported by SASH as it would provide a marginally higher level of funding stability.**

Schools Forum members are asked to agree that;

a) The primary sector lump sum is retained at £106,700

b) The secondary sector lump sum is increased to £175,000 with corresponding reductions to secondary BPPE rates.

d) Looked After Children Factor – Optional factor, DfE prescribed eligibility with locally determined single value

7.32 The LA did not establish this as an optional factor in 2013/14 on the basis that the Pupil Premium already generated additional funding (currently £900) for these pupils. If such a factor were to be introduced next year, funding must be allocated for any child who was in care for at least one day during the period specified by DfE which for 2014/15 funding is as at 31st March 2013 (based on the LAs SSDA903 return mapped to schools using the January school census). Approximately 116 Swindon pupils would be eligible for this funding.

7.33 Whilst it is important to note that the number of LAC pupils is relatively small, attainment for pupils at both KS2 and 4 is well below that for non – LAC pupils. Attainment and progress has shown some improvement over 3 years at KS4 but both have declined at KS2 during the same period. To further support improving outcomes for this particularly vulnerable group of students it is the LA's view is that an optional factor for LAC should be introduced in 2014/15 at a value of £400 per pupil. Based on current eligible LAC students this would cost approximately £46,400 per year

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7.34 Whilst DfE have announced that the primary deprivation pupil premium rate will increase to £1,300 next year they have not confirmed the secondary rate or whether the Looked After Children rate will increase from its current level of £900. The LAs initial view is that an optional factor for LAC should be used in 2014/15, subject to affordability, at £400 per LAC. Feedback at consultation events was as follows;

- **SASH requested a full evaluation from the LA on the impact of the LACES team (which is being funded by the secondary sector Pupil Premium) before any local LAC funding factor could be considered as the impact/value of the current arrangement was unproven**
- **SAPH were generally supportive of this subject to receiving clarification on whether other LA pupils would be eligible. If introduced, the LA would seek to delegate funding to all LAC pupils based on the previous October PLASC in line with other school funding.**

Schools Forum members are asked to support the proposal to create a Looked After Children factor at a nominal value of £1 (so that it can be included in our initial EFA submission) but that a decision is deferred pending further consideration by SAPH and SASH.

e) Optional Split Site Factor

7.35 The LA does not intend to introduce a split site factor as this was debated and dismissed during the last consultation. If such a factor were to be introduced eligibility criteria and a funding methodology would need to be devised and the LA's view is that there are a number of differences which affect school premises costs which are not recognised in the funding formula e.g. PFI schools tend to pay higher repair costs, some schools have to rent sports facilities, some are of lesser quality build and insulation standards. Swindon Academy feels strongly that they are penalised by only qualifying for one lump sum when they actually operate over 2 separate sites.

7.36 Feedback from the consultation events was as follows;

- **The Academy presented the principles of their case to SASH which was met with a mixed response. SASH agreed the LA proposal that a costed business case should be prepared setting out what additional annual costs the Academy felt were being incurred as a direct consequence of having to operate across split sites which would be circulated for consideration by SASH. If supported by SASH this would then come to the Schools Forum for wider consideration**

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- **SAPH were advised of the situation and were unanimously unsupportive of this feeling strongly that any business case should be made to them as well as SASH given that the Academy has both primary and secondary pupils.**

- 7.37 Whilst the LA remains unconvinced that this factor should be created it may be relevant to bear in mind that unlike converter academies the majority of Swindon Academy's funding operates outside Swindon's DSG. Their primary sector funding is directly determined by the local formula and the value of their delegated budget is recouped from our DSG. The secondary sector element operates via what DfE term "replication" which means that whilst the EFA calculate funding based on our local formula the actual cash is never included in Swindon's DSG. In practise this means that if the LA created a split site funding factor of say 50% of a secondary lump sum (£87,500) this would not directly affect any Swindon school or Academy as the cost would not be met from our DSG.
- 7.38 Despite having no cost implications the LAs reluctance to agree this factor is that there are strong indications that all Academy funding, including original sponsored academies, may move to become within the LAs DSG at some time in the future, most probably when DfE introduce a national formula which could be as early as 2015/16. As well as becoming a real cost to Swindon's DSG the implications of creating a precedent of split site funding and the requirement to establish criteria need to be carefully considered. The LA would suggest therefore that if both SASH and SAPH approve the Academy's business case the LA would only seek Schools Forum agreement to implement any funding on the basis that it is annually reviewed to ensure it did not have any direct implications for Swindon schools or Converter Academies.

Schools Forum members are asked to note the issues relating to split site funding and to defer any decision until SASH and SAPH have reviewed the matter in November.
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- f) Low Prior Attainment Factor – Optional factor, DfE prescribed eligibility with locally determined single or sector values
- 7.39 The LA is using this optional factor in 2013/14 and currently allocates £701.57 per eligible pupil. LPA forms part of the notional SEN budget and whilst DfE acknowledge that there is no perfect way to identify low cost SEN prior attainment provides a reasonable proxy if used alongside other factors such as deprivation. For 2014/15, eligibility for primary age pupils in years 2 to 5 will be based on the existing EYSFP Early Years Foundation Stage Profile (i.e. those pupils achieving fewer than 78 points. Eligibility for the cohort of pupils moving into KS1 will qualify where they have not achieving the expected level of development in all 12 prime areas of learning as well as maths and literacy. The

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impact of the change in assessment will therefore be gradually phased in over the next few years.

- 7.40 Based on the benchmarking analysis the LA was not proposing to increase the primary funding rate for 2014/15. **SAPH members were very concerned that eligibility levels for LPA funding would be much higher under the new methodology and potentially have significant cost implications which the LA acknowledges may be the case over the medium term but will not present a significant cost pressure in 2014/15.**
- 7.41 The main change for 2014/15 is that for secondary age pupils, eligibility must be extended to include those pupils which at Key Stage 2 did not achieve level 4 in English or Maths whereas currently eligibility is only based on pupils who did not achieve level 4 in both subjects. DfE estimate that this will widen eligibility from 10% of pupils to 21% at a national level whilst the LA has calculated that locally the increase will be from 10% to 25%. From 2013 the DfE will not be calculating an overall level for English but outcomes for grammar, punctuation, spelling, and reading will be reported separately. Initial estimates are that an additional 1,462 pupils will become eligible for this funding at an annual additional cost at current rates (£701.57) of £1,025,695
- 7.42 The LA's view is that this factor should be retained in 2014/15 and in fact, based on regional benchmarking, there is a strong case to enhance current levels of funding up from current rates although based on the increased eligibility an LPA rate of say £1,500 would cost an additional £3m. As mentioned above SASH have asked for modelling to be undertaken on various options to increase LPA funding matched by corresponding secondary BPPE rates unless additional funding can be afforded within the overall DSG. .

<p><i>Schools Forum members are asked to note the increased eligibility for secondary sector pupils, confirm the retention of Low Prior Attainment as a funding factor and note the SASH request for modelling to be undertaken.</i></p>

g) Factors currently in use – no changes proposed for 2014/15

- 7.43 In the interests of maintaining a degree of stability the LA is not proposing to make any changes to the following existing factors and this is **supported by both SAPH and SASH**
- **Deprivation** – both IDACI and FSM to be retained – benchmarking supports existing funding levels are appropriate
 - **NNDR** – to be retained such that each setting receives funding to match their estimated annual charge subject to annual review
 - **PFI Affordability Gap Funding** – to be retained as the DSG contribution towards overall PFI affordability was committed when the contract to

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procure the 7 schools was agreed. At present a pupil based share of the affordability gap funding is delegated to the seven PFI schools to exactly match their share of costs. Based on a suggestion at SASH the LA will, if allowed by EFA, seek to simplify the arrangement by reducing delegated budgets and creating a central provision. An update on this will be presented to the next Schools Forum.

Schools Forum members are asked to agree that Deprivation and NNDR funding remains unchanged and that the LA will seek to centralise PFI Affordability gap funding if this is allowed.

h) Factors not in use and not proposed for introduction in 2014/15

7.44 In the interests of maintaining a degree of stability the LA is not proposing to introduce any of the following optional factors and this is supported by both SAPH and SASH;

- **Pupil Mobility** – this is not currently a significant issue for Swindon
- **Temporary Falling Rolls Fund** – sections 3.44 to 3.47 of the 9th July Forum report describe the prescribed circumstances and eligibility criteria that would be required in order for the LA to top slice DSG to protect certain schools via this new option. Funding can only be paid to good or outstanding schools where there is clear evidence that a schools population is most likely to increase in 2 or 3 years. These criteria would not apply for 2014/15 - ***some members of SASH were keen to have this reviewed in future years.***
- **Exceptional Premises Factors** – sections 3.51 to 3.52 of the 9th July Forum report describe the types of costs that could be recognised for exceptional premises funding and the most relevant item for Swindon is likely to be where schools do not have their own sports facilities. For 2014/15 the level of costs incurred are highly unlikely to be significant enough to meet the criteria for funding to be considered.

Schools Forum members are asked to agree that pupil mobility, temporary falling rolls and exceptional premises factors will not be used in 2014/15 but will be kept under annual review

8. Alternative Options

8.1 The LA has a statutory duty to manage and distribute the Dedicated Schools Grant (DSG) in accordance with prevailing grant conditions and the School Finance Regulations. DfE have prescribed the options available to Local Authorities, some of which are mandatory whilst some are discretionary, but in most cases funding values are to be locally determined. The options available

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are described throughout this report and will be included in consultations with all schools.

- 8.2 The LAs final proposals relating to 2014/15 will be presented to the Schools Forum in January 2014 and March 2014 and will need to be validated by the Education Funding agency to ensure they are in compliance with the new regulations.

9. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 9.1 As this is essentially a financial report the implications are explained throughout the document. At this stage the impact of any funding changes on individual early year's settings, schools, sixth forms, colleges and other providers cannot be determined although schools are protected by the Minimum Funding Guarantee which for 2014/15 prevents annual losses of more than 1.5% per pupil.
- 9.2 It is important to recognise that no setting is currently financially protected against reduced pupils or students although from 2014/15 the LA has an option to protect good and outstanding schools and academies from temporary falling rolls.

Legal and Human Rights Implications

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

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

- 9.4 Although the impact on individual settings cannot be determined at this stage the school funding reform programme is causing a degree of volatility in school finance which may have implications for schools and other providers which are detrimentally affected by the redistribution of funding, As reported elsewhere on today's agenda, cuts in post 16 high needs funding is directly affecting Further Education providers in 2013/14 and whilst schools will benefit from MFG protection in future years the actual level of protection beyond 2014/15 is subject to the national Comprehensive Spending Review and may well be lower than the current 1.5% per pupil.

Links to One Swindon, Strategic Objectives, Plans and Policies

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

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Diversity Impact Assessment

- 9.6 The DfE's school funding reform programme is aimed at simplifying fair funding and although funding changes at individual settings are inevitable the DfE believes that the MFG protection scheme for schools will be sufficient to minimise any adverse impacts. The reform programme is clearly aimed at ensuring funding is targeted at disadvantaged pupils and at pupils with low prior attainment and/or special education needs in order to narrow the attainment gap between these and other pupils. .

Risk Management

- 9.7 The key risks arising from this report are that local decisions relating to school funding could lead to an overspend on the 2014/15 DSG and/or that the EFA could deem that our funding arrangements do not comply with the school finance regulations requiring budgets to be recalculated.

10. Consultees

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

11. Background Papers

- 11.1 Various documents issued by the Department for Education on 4th June 2013 announcing the 2014/15 school funding reform changes and in particular the agenda papers provided to the 9th July Schools Forum

12. Appendices

- 12.1 The following appendices are attached:
- Appendix 1 – Estimated 2013/14 and 2014/15 DSG
 - Appendix 2 – Estimated trigger funding and pre start-up funding 2014/15
 - Appendix 3 - summary of existing and proposed 2014/15 retained high needs budgets
 - Appendix 4 – Report to the 5th September Specialist Setting High Needs Task Group
 - Appendix 5 - Indicative Specialist Setting High Need Top Up Values 2014/15
 - Appendix 6 - mainstream funding factors and values used to determine 2013/14 delegated budgets
 - Appendix 7 – Pie chart showing current distribution of primary funding
 - Appendix 8 – Pie chart showing current distribution of secondary funding
 - Appendix 9 – Mainstream Funding Benchmarking
 - Appendix 10 – Summary of Mainstream Factors Available
 - Appendix 11 - Indicative impact of funding deferred primary school admissions