

Post 16 High Needs funding position 2013/15

Committee: Schools Forum

Date: 8th October 2013

Author:	Head of Finance (Education and Innovation) / Commissioner – Routes to Employment
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 paper is to update the Schools Forum on the progress made with regard to 2013/14 Post 16 High Needs Student funding since the 9th July 2013 Schools Forum meeting and to outline the indicative position for 2014/15.

2. Recommendations

- 2.1 Schools Forum is asked to

- Note that latest projected full academic year costs are estimated at **£4.989m** which is £0.468m lower than was reported to the July Schools Forum
- Note that in light of the reduced estimated spending, the full balance of surplus 2 year old funding should not be required in the current year
- Note that the 2014/15 position remains unclear and there is still a £1m structural deficit between post 16 costs and funding which will need to be addressed as part of the 2014/15 DSG budget setting process
- Agree that the LA will develop a strategy for dealing with the 2014/15 post 16 shortfall after a meeting with the EFA on 24th October which will be agreed with the Chair of the Schools Forum and reported to the November school consultation events and January Schools Forum meeting.

3. Update on 2013/14 High Need Student Funding Position

Funding Available

- 3.1 At the July meeting Schools Forum Members were advised that the overall level of funding allocated by the DfE to cover the cost of Swindon's post 16 high need students was £3.639m for the 2013/14 financial year which equated to £4.345m

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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for the 2013/14 academic year. This included one off additional funding of £0.350m which the LA had secured following a request for an additional £1m to cover the projected shortfall at that time between the annual costs of our new responsibilities and the funding that had been allocated.

- 3.2 Members were advised that the reason for the shortfall were basically due to our learner numbers being capped for funding purposes at 270 (when demand was estimated at 314 students) and the introduction of a national funding formula which provides us with funding based on a national average, whilst Swindon providers, in particular Swindon College, has historically received much higher levels of funding. To bridge the gap Forum members agreed that the LA could enhance post 16 funding by the £1m surplus DSG received in respect of disadvantaged 2 year old funding, noting that this would not be possible in future years.
- 3.3 A further complication is that not all post 16 high needs funding was included in our DSG as element 2 funding at £6,000 per student, based on initial estimates from each FE provider, is payable directly by the EFA with only the residual balance to cover element 3 top up costs included in our DSG allocation. This means that some providers will be overfunded if student placement numbers are lower than planned as there is no process by which element 2 funding can be clawed back.

Latest Post 16 Cost Estimates

- 3.4 In acknowledgement of the difficult funding position, Schools Forum supported the LA proposal to provide a 21% one-off enhancement to the funding allocated to New College and Swindon College although this still left them with lower funding per student than they had received in previous years. Furthermore both these and Cirencester college are not receiving any funding for students which the LA has determined do not meet the new eligibility criteria.
- 3.5 Attached at Appendix 1 are statements showing the latest position regarding each provider although final placement details will be confirmed during September and October as enrolment continues. The table below summarises the overall position which will provide placements for approximately 306 students – 36 more than we received funding for.

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Table 1 – Original and Latest Post 16 costings	<u>Full year position reported to the July SF</u>	<u>Updated position reported to the Oct SF</u>	<u>Change July to October</u>
<u>New</u>			
Cirencester College	£84,000	£84,000	£0
New College	£438,000	£438,000	£0
Swindon College	£790,855	£790,855	£0
Swindon College - late applicants	£656,500	£305,960	–£350,540
o/s applicants		£350,540	£350,540
Uplands post 19	£187,000	£116,500	–£70,500
ISP's	£1,356,800	£1,021,931	–£334,869
Sub total new responsibilities	£3,513,155	£3,107,786	–£405,369
<u>Existing</u>			
Uplands sixth form	£993,947	£993,947	£0
Mainstream SBC sixth forms	£28,800	£28,800	£0
NMSS & Independent sixth forms	£802,200	£692,376	–£109,824
OLA sixth forms	£119,820	£166,238	£46,418
Sub total existing responsibilities	£1,944,767	£1,881,361	–£63,406
Total full year costs	£5,457,922	£4,989,147	–£468,775
Total ACYR Funding Available	£4,345,178	£4,345,178	£0
Shortfall between costs and funding	£1,112,744	£643,969	–£468,775

Shortfall

- 3.6 The estimated full year shortfall reported in the July 2013 Schools Forum report was estimated at £1.113m and, whilst some placement costs have yet to be finalised, the position has improved considerably. Explanations of all significant changes are included at Appendix 1. This means that for 2013/14 it is now likely that only £0.644m of 2 year old funding will be required whereas £1.067m was earmarked for this purpose. This position could improve further depending on the final cost of late applicants.
- 3.7 The reduction in shortfall is mainly due to reductions in spending at Independent Specialist Providers through negotiated reductions in fees and increased contributions from Social Care.

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- 3.8 It is however important to recognise that although the 2013/14 shortfall is now estimated at £0.643m the expected loss of £0.350m one off DSG funding in 2014/15 could still mean that we have a full year structural deficit of approximately £1m.

Reviewing the Process and confirming the Process for 2014/15

- 3.8 The LA is currently reviewing the process for the allocation of High Needs Funding at a range of settings with our partners. We will be building on the successful commissioning of placements during the process this year, and learning from and addressing some of the issues that have been apparent in the process.
- 3.9 In the 2014/15 financial year the pressure on the budget remains significant, with an increasing number of High Need Students being identified and no additional resource from the EFA to meet the growing demand.
- 3.10 Key decisions to be made by the LA include:
- The number of Element 2 places at individual providers to be agreed early in the year. This year, a number of 'pre booked' places were not used and the funding could not be redistributed.
 - The LA will need to confirm the approach and mechanism to allocate funding across the range of Post 16 Providers for 2014/15 to ensure further equity within the system and to ensure synergy with the processes in place to allocate funding for pre 16 High Needs learners.

4. Indicative position re Post 16 High Needs Student Funding 2014/15

- 4.1 The position for 2014/15 Post 16 High Needs funding remains unclear as DfE have yet to announce any details on whether / how additional places will be funded. This matter is of concern to the Local Government Association (LGA) which is coordinating information for the Association of Directors of Children Services (ADCS) aimed at ensuring that the number of places and level of funding allocated to Council's broadly matches demand and updates will be provided to the November Headteacher consultations and to the January Schools Forum.
- 4.2 For planning purposes the LA is currently projecting that there continues to be a pressure to the 2014/15 post 16 budget of approximately £1 million as reported in the July 2013 Schools Forum Report. This should be a worst case scenario and a meeting with the Education Funding Agency and all Further Education College providers has been scheduled for 24th October to discuss this. Following this meeting the LA will develop a strategy to deal with the shortfall which will be agreed with the chair of the Schools Forum and reported to the November school consultation events and January Schools Forum.

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5. Alternative Options

- 5.1 The LA has a statutory duty to manage and distribute the Dedicated Schools Grant (DSG) in accordance with prevailing grant conditions and 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 for the 2014/15 Post 16 High Needs budget will be presented to Schools Forum in January and will be included in consultations with all Schools and FE Colleges.
- 5.2 The LA's 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.

6. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 6.1 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.
- 6.2 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

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

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

- 6.4 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 this position is not likely to improve in 2014/15.

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Links to One Swindon, Strategic Objectives, Plans and Policies

- 6.5 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”.

Diversity Impact Assessment

- 6.6 The DfE's funding reform programme is aimed at simplifying fair funding and although funding changes at individual settings is inevitable. 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

- 6.7 The key risks arising from this report are that local decisions relating to Post 16 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.

7. Consultees

- 7.1 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.

8. Background Papers

- 8.1 Various documents issued by the Department for Education which were summarised in reports to the 9th July Schools Forum

9. Appendices

- 9.1 The following appendices are attached

Appendix 1 – summary of original and latest position regarding post 16 high need student costs 2013/14