

2014/15 DSG Budget Setting and Consultation Responses

Committee: Schools Forum

Date: 21st January 2014

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 specific 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 to update Schools Forum Members on the latest position regarding 2014/15 DSG and other funding available to schools, secure support for the outstanding elements of the proposed 2014/15 centrally retained budget and to finalise the factors and values that will be used to determine 2014/15 mainstream funding allocations relating to schools and academies. During Consultation events with SAPH and SASH the LA has sought views on various mainstream factor / factor value changes that could be implemented in 2014/15 and the proposals made in this report have been shaped by this feedback. Most issues relating to Early Years can also be finalised at today's meeting.
- 1.2 As explained in previous reports to the Schools Forum the introduction by DfE of a three funding block approach to the allocation of DSG has made it harder for the LA to forecast next year's DSG. Early Years and Schools Block funding is still formula based and can be estimated with a relatively high degree of confidence whereas the basis by which DfE calculate the High Needs Block remains uncertain. Although DfE announced 2014/15 DSG funding blocks in December both the Early Years and High Needs are only indicative values.
- 1.3 Forum members are reminded that whilst the DSG is now made up of 3 separate funding blocks, these values are somewhat arbitrary and nothing is ring-fenced, other than the overall total. It is for LAs, in consultation with their Schools Forums, to determine the level of centrally retained expenditure and to allocate funding to best meet the needs of their areas taking account of demographic and other pressures, albeit within the constraints of the early years and school finance regulations which provide a degree of MFG protection to schools.
- 1.4 In order to finalise mainstream school funding by the DfE deadline (21st January 2014) the LA has had to adopt a strategy (supported at the October 2013 Schools Forum) which assumes that any increases to high needs spending will not be funded at the expense of mainstream schools or other DSG funded

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

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services. Given that Swindon is already one of the lowest DSG funded LAs in England it was not considered appropriate to consider reducing early year or school budgets in anticipation of a potential high need funding shortfall. Regional benchmarking strongly indicated that current mainstream funding levels are below (primary sector) or in line (secondary sector) with South West regional averages. It was clear from the SAPH and SASH consultation events that, whilst there was an acknowledgement that high need funding was under pressure, the implications of reducing mainstream funding to compensate for this would be extremely damaging and could not be supported. This view is shared by the Director of Children Services. Funding rates paid to early years providers are also competitive and there is little scope to achieve cost reductions in these areas.

- 1.5 The LA has therefore consulted with post 16 High Need providers (in the presence of the EFA) and with pre 16 High need providers (via the High Needs Task group) on the basis that any increases in 2014/15 will have to be contained within whatever level of additional high needs DSG funding is made available by DfE. As this element of the DSG remains uncertain it is not possible to agree any high need funding allocations at today's Forum although updates on both pre and post 16 are included in this report. Indicative 2014/15 funding allocations for all High Need settings will need to be determined over the next few weeks and the LA will continue to consult with Providers leading up to the 11th March 2014 Schools Forum.
- 1.6 The report includes an overview to 2015/16 funding including the potential implications of the DfE introducing a new national fair funding formula for schools.

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 2014/15 Funding Available

2.1.1.1 For planning purposes Schools Forum is advised to note that;

2.1.1.1.1 The total value of 2014/15 DSG is provisionally estimated at **£148.666m**

2.1.1.1.2 The value of the DSG balance carried forward to 2014/15 is estimated at **£1.681m**

2.1.1.2 Schools Forum is asked to support the continued payment of a £54.77 per pupil enhancement to the primary BPPE rate in 2014/15

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at a cost of **£0.970m**, funded from the DSG balance, to leave an unallocated total of **£0.711m**

- 2.1.1.3 Schools Forum is asked to note the changes to the scope of Swindon's DSG
- 2.1.1.4 Schools Forum is asked to note the new Pupil Premium rates and the indicative value of funding in 2014/15
- 2.1.1.5 Schools Forum is asked to note that DfE will be providing capital and revenue funding to meet the costs of providing free school meals for all reception and years 1 and 2 pupils from September 2014 and that further details will be provided to schools in due course.
- 2.1.1.6 Schools Forum is asked to note that Sport England will be providing funding to create more sports spaces in primary schools and further details will be provided in due course.

2.1.2 Centrally Retained Budget

- 2.1.2.1 Schools Forum is asked to support the allocation of infrastructure set up cost funding of £35,000 per expansion class (in schools that are expanding at the request of the LA) and to note that additional costs of £70,000 will be payable.
- 2.1.2.2 Schools Forum is asked to support the payment of set up costs to Even Swindon (£92,500) and Orchid Vale (£81,000) in the current year funded from the existing DSG balance leaving a 2014/15 budget requirement of **£139,500**.
- 2.1.2.3 Schools Forum is asked to
 - Support the payment of trigger funding, effective from 2013/14, which is based on actual pupils in each expansion class but with break-even funding provided where the number of reception age pupils is lower than 21 (Option 2A).
 - Note that current year trigger funding costs can, under the revised policy, be contained within the existing budget
 - Agree to the central retention of a 2014/15 trigger funding budget based on meeting the costs of option 2A of **£0.515m** as set out in Appendix 1.
- 2.1.2.4 Schools Forum is asked to agree the overall 2014/15 centrally retained pre 16 high needs budgets totalling **£5.207m** as set out in Appendix 2.

2.1.3 Early Years

- 2.1.3.1 Schools Forum is asked to note the 2014/15 disadvantaged 2 year old position and agree a budget of **£2.628m** subject to a potential

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reduction or redirection of £0.176m pending consideration of the affordability and priority of the £0.40 per hour supplement in March.

- 2.1.3.2 Schools Forum is asked to note the 2014/15 3 and 4 year old funding position agree a 2014/15 budget of allocation of £7.823m

2.1.4 **High Needs Specialist Settings – Pre 16**

- 2.1.4.1 Schools Forum is asked to note that the LA is seeking to establish 2014/15 pre 16 specialist setting funding within an assumed envelope of £18.1m subject to a review of the overall DSG high need budget position at the March 2014 Schools Forum.
- 2.1.4.2 Schools Forum is asked to approve 2014/15 top up rates for Riverside at £7,500 and Stratton £10,700.
- 2.1.4.3 Schools Forum is asked to consider the LAs proposals regarding high needs top up funding and
- Support the principle of providing higher supplements for SRP's
 - Support the review of higher funded settings by the task group during 2014 to ensure value for money is being provided
- 2.1.4.4 Schools Forum is asked to note the 2014/15 funding position relating to pre 16 specialist setting funding and to challenge/support the LAs approach.

2.1.5 **High Needs Specialist Settings – Post 16**

- 2.1.5.1 Schools Forum is asked to note that
- 2.1.5.1.1 - Provisional estimates of 2014/15 academic year post 16 costs are £5.923m including a contingency of £0.723m
- 2.1.5.1.2 - An update on the post 16 position will be reported in March when the High Need Block DSG position is clarified

2.1.6 **Mainstream Settings**

- 2.1.6.1 Schools Forum is asked to note
- 2.1.6.1.1 The increased delegation of £337,500 via a secondary BPPE enhancement of £32 per pupil to 2014/15 so that schools have sufficient funding to pay top up fees for emotionally vulnerable pupils
- 2.1.6.2 Schools Forum is asked to support
- 2.1.6.2.1 An increased secondary Low Prior Attainment (LPA) rate in 2014/15 of £1,000 to be funded by reducing secondary BPPE funding by approximately 3.8%.

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2.1.6.2.2 An increased secondary English as an Additional Language (EAL) funding rate of £700 in 2014/15 funded by reducing secondary BPPE rates by approximately 0.08%.

2.1.6.3 Schools Forum is asked to note that

2.1.6.3.1 The LA is unable to centralise PFI Affordability Gap funding in 2014/15 but will attempt to do so in 2015/16.

2.1.6.3.2 The LA will not be establishment a reception uplift factor whilst calculating 2014/15 school funding allocations but will keep the matter under review.

2.1.6.3.3 The LA will not be establishing a sparsity factor whilst calculating 2014/15 school funding allocations but will keep the matter under review.

2.1.6.3.4 The estimated mainstream funding position summary for 2014/15 subject to DfE verification.

2.1.7 DSG and School Funding Prospects 2015/16

2.1.7.1 Schools Forum is asked to note the potential implications for school funding in 2015/16.

3. 2014/15 Funding Available

Indicative 2014/15 DSG Funding Levels – Early Years Block (3 and 4 Year Olds)

3.1 Earlier in the year DfE confirmed that Swindon's funding rate for early years 3 and 4 year olds would remain unchanged in 2014/15 @ £3,888.06 meaning that funding per pupil remains frozen at 2010/11 levels. For this element of funding the value of 2014/15 DSG will, for the first time, be entirely linked to participation as measured by two early year's census dates. In previous years Swindon benefited from a degree of extra early years funding based on a formula which provided an extra £580,000 in 2012/13 and £290,000 in 2013/14. This "surplus" funding effectively flowed through to school and other budgets but for 2014/15 the DSG calculation for 3 and 4 year old nursery funding is as follows;

<u>Table 1 – Estimated 3 and 4 Year Old Nursery Funding 2014/15</u>		
	Estimated census	Estimated DSG
January 2014 census x 5/12 x £3,888.06	2,108 (5/12)	£3,415,013
January 2015 census x 7/12 x £3,888.06	2,227 (7/12)	£5,050,914
Totals	2,177 (FTE)	£8,465,927
<i>(NB – the DfE provisional estimate announced on 18th December was based on the January 2013 census which had only 2,017 early year pupils producing a grant value of £7.842m. This does not reflect Swindon's demographics and the LA is therefore forecasting a substantially higher level of grant)</i>		

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- 3.2 This estimate reflects a projected increase in participation and is above the October Schools Forum estimate of £7.989m. It is relevant to note that whilst the DfE approach to funding is linked to participation the level of grant will be determined by just two censuses which may not be representative of the full years take up. Funding could exceed annual costs if take up on census dates is higher than average but conversely annual costs could exceed funding if take up on census dates is lower than average. For Swindon take up is usually lower in the Spring and Autumn terms before peaking in the Summer term (before school entry) which the two census collections may not take into account. Due to the potential pressure on funding arising from the January census the LA will write to all providers informing them that their funding is subject to providing pupil information by the relevant collection date and failure to do so may result in the relevant allocation being withheld.

Indicative 2014/15 DSG Funding Levels – Early Years Block (2 Year Olds)

- 3.3 Funding for disadvantaged 2 year old children to access free nursery provision moved into the DSG from the start of 2013/14 – this was previously included in LA core funding via the un-ringfenced Early Intervention Grant. Early Learning for 2 year olds is a coalition government priority with an objective of achieving take up by 20% of the most disadvantaged children by September 2013 rising to 40% by September 2014 and LAs have a statutory duty to secure provision. 2014/15 funding was announced on 18th December 2013 and Swindon's current funding rate of £4.98 per hour (below the DfE national average of £5.13 due to an area cost adjustment) remains frozen whilst the DfE's estimate of our number of disadvantaged 2 year old children has marginally changed to provide the following fixed funding settlement;

Table 2 – Estimated Disadvantaged 2 Year Old Nursery Funding 2014/15	
Estimated funding @ £4.98 per hour	Estimated DSG
Term 1 – 20% take up by approx. 568 children @ 190 hrs	£537,193
Term 2 – 40% take up by approx. 957 children @ 190 hrs	£905,095
Term 3 – 40% take up by approx. 957 children @ 190 hrs	£905,095
Total Take up funding	£2,347,383
Trajectory Building Funding	£280,831
Totals	£2,628,214
<i>(NB – this is the DfE funding announcement and is fixed)</i>	

- 3.4 It is relevant to note that whereas in the current year DfE provided funding based on a 20% statutory places take up level throughout the year (£1.425m) plus trajectory building funding to allow LAs to fund growing provision towards a 40% take up (£0.560m) funding for 2014/15 is, as expected, less generous. The LAs

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previous estimate reported to the October Schools Forum was that 2014/15 funding would be provided based on a 40% take up throughout the year (£2.618m) although the final settlement is still in line with the October estimate as DfE have allocated some trajectory building funding in 2014/15.

- 3.5 Although it is disappointing that no capital funding is being allocated for early years a significant change for 2014/15 is that LAs can submit requests to the DfE to convert DSG revenue funding to capital. The LA would wish to consider this option as it could enable existing provision to expand or new provision to be established. Furthermore DfE have confirmed that from 2015/16 this element of DSG will be provided based entirely on participation (in line with 3 and 4 year old funding) and higher take up will therefore attract higher funding. Given that this government policy is aimed at providing targeted early intervention funding to improve attainment and life chances for the most disadvantaged vulnerable children and support parents return to work or training, the LA must strive to maximise take up throughout 2014/15. This is reflected in the proposed spending plan at section 4 and, unlike the current year, there is therefore no scope to use surplus 2 year old funding in other areas of provision funded by the DSG.
- 3.6 The LA is taking steps to ensure maximum participation from eligible families. Extensive marketing was undertaken to ensure the entitlement is widely recognised and easily accessible. Joint multi-agency working with a range of professionals on this project has made this viable and ensures the best possible outcomes for families and their children. The eligibility criteria have recently been widened and are now in line with the DfE guidance. Work is scheduled to take place throughout 2014 and 2015 to ensure the entitlement is widely advertised throughout the Borough and processes and systems are streamlined to ensure that participation is maximised.

Indicative 2014/15 DSG Funding Levels – Schools Block

- 3.7 DfE also confirmed that schools block funding would be frozen at 2010/11 levels meaning that Swindon will receive £4,102.23 per mainstream pupil as recorded on the October 2013 school census. Although the 2014/15 grant will not be confirmed by DfE until July 2014 the LA's calculation is that 27,769 eligible pupils will generate a total schools block DSG of £113,914,825 and this should be reasonably accurate. (The previous estimate presented to the October Schools Forum was slightly lower at £113.722m.) Neither estimate includes non-recoupment Swindon Academy pupils although they will, in line with new DfE guidance, fall within our DSG as explained at **para 3.23** below. The LA is assuming at this stage that additional costs payable to the Academy will be at least matched by additional DSG.)
- 3.8 DfE have also announced that schools will be excluded from the LA Carbon Reduction Credits (CRC) energy efficiency scheme from April 2014 and a formula based adjustment has been made to reduce our DSG by **££0.209m** to

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reflect this. The LA will not therefore be charging schools for their share of CRC charges next year although the loss of DSG funding calculated by DfE (£0.209m) exceeds the value currently recovered by the LA from Swindon schools (£0.145m). It should be possible to absorb this without reducing school funding factor values but our estimate of Schools Block DSG needs to be reduced to **£113,705,825**.

- 3.9 It is important to bear in mind that the level of 2014/15 schools block DSG is entirely calculated on a lagged basis which uses the October 2013 census. The LA has made arrangements with schools to provide a number of additional primary expansion classes from October 2014 for which no DSG funding is being provided by DfE. This in year cost pressure is reflected in the centrally retained pupil growth budgets (see section 4) which have to be funded by top slicing the DSG.

Indicative 2014/15 DSG Funding Levels – High needs Block

- 3.10 As explained in previous Forum reports the LA remains concerned at the low value and uncertainty arising from the new DSG High Need block which provides funding for all high needs pupils/students aged 0 to 25. DfE have announced our provisional 2014/15 High Needs Block (subject to their review of Hospital Education funding and high need places in January/February) which can be compared to current year funding as follows;

<u>Table 3 – Provisional 2014/15 High Needs DSG</u>		
	2013/14 Actual	2014/15 Provisional
Pre 16 HN baseline	£21.465m	£21.465m
New post 16 HN responsibilities (2 terms in 2013/14)	£1.044m (7/12)	£1.789m (12/12)
New post 16 additional HN funding following appeal	£0.350m	-
Sub total	£22.859	£23.254m
Post 16 HN in schools (currently outside DSG 2 terms in 2013/14)	£0.357m (7/12)	£0.612m (12/12)
Total year on year comparisons	£23.216m	£23.866m

- 3.11 The LA is seeking clarification on some aspects of the provisional settlement but main points to note are;
- Funding per High need pupil/place has been frozen
 - As expected we are not receiving any funding in 2014/15 in relation to the one off additional grant of £0.350m. (Earlier this year the LA submitted a request for additional post 16 funding to meet a shortfall estimated at £1m which resulted in an additional £0.350m (one-off) grant allocation)

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

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- Although the overall DSG is increasing year on year, the only additional funding we have been allocated so far, reflects the fact that we have three terms of expenditure in 2014/15 relating to new post 16 responsibilities compared to two terms in 2013/14
- 3.12 The provisional 2014/15 settlement would therefore appear to be worse than the current year for our new post 16 responsibilities whilst neither pre nor post 16 recognises any increases in demand. There is however a possibility of additional funding being received by those LAs which can demonstrate increased demand and Forum members will be aware that Swindon has an increasing school age population and therefore an increasing number of SEN pupils and students.
- 3.13 Forum Members will recall that Swindon was detrimentally affected by the introduction of the national post 16 funding formula which coincided with the transfer of responsibility (from the EFA to LAs) to fund post 16 provision for high need students in Further Education Colleges and Independent Specialist Providers from September 2013. As explained elsewhere on today's agenda current year post 16 costs are now estimated to be much lower than the £1.1m overspend originally estimated but are still substantially higher (£0.534m) than the funding provided. It was therefore extremely fortunate that the LA was, supported by Schools Forum, able to absorb this estimated pressure from a £1m surplus of disadvantaged 2 year old nursery funding this year.
- 3.14 All LAs were required to submit a high needs return to DfE by 23rd December 2013 after discussions with providers with the aim of capturing the right number of places to meet 2014/15 demand. For schools the high need place numbers agreed for 2013/14 should be the default place numbers for 2014/15 adjusted only where actual pupil/student numbers indicate a change is needed or there are significant changes that LAs know will happen. For post school provision, actual high needs students attending institutions in 2013/14 should be the default numbers for 2014/15, adjusted only where there are significant changes that LAs know will happen. The LA was also invited to submit a request for additional funding in respect of hospital education which is provided as part of the EOTAS service.
- 3.15 Swindon's return reflected the following year on year changes;

Table 4 – High Needs Places 2013/14 to 2014/15 (academic year)			
Type of Provision	2013/14 Funded FTE Places	2014/15 Estimated FTE Places	Year on Year change
Pre 16			
• Special Schools	426.4	442.0	+15.6
• Special Resource Provision	168.0	172.0	+4.0
• External Placements independent & non maintained	34.0	21.0	-13.0

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• External Placements special and mainstream	42.0	39.0	-3.0
Alternative Provision			
• Riverside	42.0	45.0	+3.0
• Stratton PRU	48.3	45.0	-3.3
• Nyland PRU	8.0	8.0	0
• Nyland CAMHs	8.0	8.0	0
• Tuition Service	80.0	82.0	+2.0
Total Pre 16	856.7	862.0	+5.3
Post 16			
• FE Colleges	162.0	209.0	+47.0
• Independent Specialist Providers (Colleges & UET)	42.0	41.0	-1.0
• Mainstream sixth forms (SBC)	4.0	4.0	0.0
• Special school sixth forms (SBC)	43.0	45.0	+2.0
• External placements (independent & non maintained & other LA special schools and sixth forms)	26.0	26.0	0.0
Total Post 16	277.0	325.0	+48.0
Total High Needs (all pupils)	1,133.7	1,187.0	+53.3
Less – Learners that had to be excluded from the return	-49.7	-77.0	-27.3
Total High Needs (as reported on the DfE HN return)	1,084.0	1,110.0	+26.0

3.16 Main changes to note are;

- A query has been lodged with the EFA regarding the reporting of pupil numbers (both pre and post 16) at independent special schools as 20 post 16 places and 57 pre 16 places at Independent special schools and other LA mainstream and special schools could not be included as they were outside the scope of the High Needs return. The DSG will however need to meet the cost of an increasing number of these pupils and students and whereas we are expecting year on year growth of 53.3 places the High Needs return will only be showing 26.
- As a result of the increase in the number of pupils with severe and complex SEN, which may include social, communication and interaction difficulties, although not severe learning difficulties, the LA has had to increase specific provision for ASC. The historic increase in the number of children recorded by schools with a statement with ASC as a primary need in Swindon has resulted in the expansion of a specialist primary school (The Chalet), a significant increase in the number places required at a secondary special

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school (Uplands) and the opening of a new ASC secondary specialist resource provision (The Ridgeway).

- Places at Uplands School (including the 6th form) have increased due to demand since 2009. The increase, particularly at post 16, has seen the school grow from an initial capacity of 75 pupils to 138 in September 2013; and is currently 136 but due to increase to 138 early in 2014. The increase has been predominantly down to a higher cohort survival rate for pupils transferring from Brimble Hill primary special school, additional post 16 pupils staying at Uplands or transferring from Crowdys Hill special school in preference of the College provision and, the increase in pupils with ASC and complex needs.
 - Historically there was very little educational provision available within Swindon for young people aged 19-25 with complex needs including ASC. Some pupils were accessing placements at Independent Specialist Colleges outside of the Borough and for some, we were not able to meet their education needs in Swindon and were only accessing social care provision. In response to this, a local provider (UET) has developed a core offer for this cohort. The UET has 10 Students attending and this is planned to increase further next year.
 - Hospital Education – Annual costs of provision at the Great Western Hospital and Marlborough House have been recalculated from £191,000 (2013/14) to £201,500 (2014/15) and £276,300 (2013/14) to £271,000 (2014/15) respectively. These services (which are both based on medical referrals) are subject to cash rather than place funding by DfE and should result in a net increase of £5,200 to our 2014/15 High needs Block
- 3.17 Unfortunately the extent to which the LA's return will affect 2014/15 DSG levels is unclear and at this stage the LA must assume that high needs funding will remain unchanged other than the announced 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. DfE have advised that the initial high needs block grant values should be viewed as worse case scenarios as there is some funding available nationally for growth in places which will be allocated based on the results of the places review. DfE have also announced that no LA will receive less than £4,200 per student in their post school allocation. Although it is not clear how this compares to current funding levels this does not sound particularly generous even if it relates only to element 3 top up values (i.e. to meet all costs above £10,000 place funding). .
- 3.18 The actual value of pre and post 16 High Needs DSG will not be confirmed until 16th March 2014 although revised estimates should be available in February after individual institutions have been given an opportunity to challenge LA planned student numbers. As an added complication for most post 16 providers (other than maintained schools) element 2 funding will be paid directly by the EFA

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based on the number of planned places that are commissioned which will effectively top slice our DSG funding by £6,000 per place. With a degree of caution the LA is estimating at this stage that the 2014/15 High Needs Block DSG will be approximately **£23.866m** in line with DfE's provisional announcement – but hopefully the final grant value will be higher.

For planning purposes Schools Forum is advised to assume that the total value of 2014/15 DSG is estimated at £148.666m made up by;

- ***Early Years Block (3 and 4 year olds) - £8.466m***
- ***Early Years Block (Disadvantaged 2 year olds) - £2.628m***
- ***Schools Block - £113.706m***
- ***High Needs Block - £23.866m***

DSG Balance Available From Previous Years

- 3.19 Forum Members will recall that additional funding of **£1.160m** has been built up from previous years underspends on the centrally retained budget and was carried forward to 2013/14 in accordance with DSG grant conditions. This sum, together with any surpluses generated in the current year, can be distributed in 2014/15 or future years to ease identified pressures although, as this is one-off funding, it cannot be guaranteed on a permanent basis. As is the case with the primary BPPE increase, care needs to be taken to ensure funding is not locked in via the MFG protection system. The table below shows the latest position;

<u>Table 5 - DSG Balance Available</u>	
	£m
Final DSG balance b fwd from 2012/13	£2.150
Less - Primary BPPE increase of £54.77	-£0.900
Less - EOTAS agreed retention for science lab development	-£0.067
Less - Trade Union release time	-£0.023
Balance currently available	£1.160
Add – surplus 2 year old funding set aside to meet estimated term 3 post 16 overspend in 2013/14 academic year (see separate 2013/14 report on today's agenda)	+0.453
Add – projected year end surplus on the 2013/14 retained budget (see separate 2013/14 report on today's agenda)	+0.242
Less – proposed planned payment of pupil growth funding to Orchid Vale and even Swindon (see section 4.4)	-0.174

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Projected total balance available for 2014/15	£1.681
Less - planned spending to repeat primary £54.77 BPPE increase (see section 3.20 below)	-0.970
Unallocated balance available to temporarily fund cost pressures	£0.711

- 3.20 As reported to the October 2013 Schools Forum a detailed benchmarking exercise covering 2013/14 mainstream school formula funding across all South West LAs showed that Swindon's BPPE funding rates compared as follows;

<u>Pupils</u>	<u>SBC</u>	<u>SW Average</u>	<u>SBC % of SW</u>
KS 1	£2,644.65	£2,720.03	97.2%
KS 1	£2,589.88 (exc £54.77)	£2,720.03	95.2%
KS 3	£3,661.97	£3,709.86	98.7%
KS 4	£4,467.08	£4,362.01	102.4%

- 3.21 The Swindon KS1 rate of £2,644.65 includes the additional £54.77 (2%) that was added in 2013/14 by using £0.9m of the DSG balance (although due to pupil increases the actual cost was actually £0.941m). Without this increase Swindon would be allocating all primary sector pupil funding at 95.2% of the SW regional average. This benchmarking exercise supports the previous decision to provide the enhancement and the LA would therefore wish to maintain this in 2014/15 although schools are advised to acknowledge that this is unlikely to be repeatable in 2015/16 unless the introduction of a national formula makes this affordable. Taking account of increased primary pupil numbers the cost of repeating the £54.77 supplement in 2014/15 is estimated at **£0.970m**.

- 3.22 At this stage the LA is not proposing to use any of the unallocated balance which is estimated at **£0.711m**. This includes £0.453m of surplus 2 year old funding set aside in the current year to cover the original estimated post 16 academic year term 3 overspend (approved at the July 2013 Forum meeting) but is no longer likely to be required as annual costs are now considerably lower than originally envisaged. This will however need to be reviewed at the March Schools Forum meeting in light of the overall high needs position. There are also risks attached to the inclusion of Swindon Academy within the local formula if costs exceed additional DSG. Forum members are reminded that this one-off funding is ring fenced and will be automatically carried forward.

Schools Forum is asked to;

- Note that approximately £1.681m will be carried forward from 2013/14

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- Support the continued payment of a £54.77 per pupil enhancement to the primary BPPE rate in 2014/15 at a cost of £0.970m to leave an estimated uncommitted DSG balance of £0.711m

Changes to the Scope of Swindon's DSG

- 3.23 DfE are making some changes to the scope of Swindon's DSG relating to Academies. Firstly they are removing all "part recoupment" academy arrangements which means that from 2014/15, SBC will, for the first time, determine all funding for Swindon Academy. At present only the former Penhill primary school funding falls within Swindon's DSG whilst their other primary sector funding and all their secondary sector funding is calculated by EFA on what they refer to as the replication method. This means that funding should be based on the LAs formula and funding factors but the LA is not involved in these calculations. This change is welcome as it will bring Swindon Academy into line with all other "Converter Academy" budgets which are directly determined by the local formula.
- 3.24 Providing that Swindon receives additional DSG to at least match the additional costs to the local formula this should be a positive change as the existing "part recoupment" arrangements cause problems for both SBC and the Academy. The Academy should not benefit nor be disadvantaged by the new arrangements although the LA is concerned that the overall DSG position for Swindon could worsen if additional funding receivable is transferred based only on our schools block funding rate of £4,102.23 per pupil as average per pupil funding paid from the local formula for a secondary school is approximately £4,300 to £5,200 per pupil depending on the level of deprivation.
- 3.25 DfE have recently advised that Croft Academy will not be treated as a basic need academy and will be entirely funded outside Swindon's DSG as was originally stated. This means that centrally retained funding for pupil growth (trigger funding) set aside in the current year of £77,140 and projected in the 2014/15 budget of £86,392 (and future years) will not be needed. Given that the new school was constructed to meet basic need this appears to be a strange decision but the reduced pressure on our DSG is welcome. The Academy is aware of this change and should not be detrimentally affected.

Schools Forum is asked to note the changes to the scope of Swindon's DSG

Other Funding Available – Pupil Premium

- 3.26 The DfE have recently announced an in year increase to the primary FSM element of the Pupil Premium raising the 2013/14 rate from £900 to £953 per pupil whilst all other current year rates are unchanged. DfE have also

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announced the 2014/15 Pupil Premium rates which are shown in the table below compared to current year funding. Key points to note are that;

- The government is very significantly increasing funding for Looked After Children and also increasing eligibility to include any child who has been in the care of the LA for 1 day or more. Children who have been adopted, or been the subject of a special guardianship or residence order will also attract funding.
- For the first time, DfE is providing higher levels of deprivation funding for primary age children compared to secondary age children emphasising that this will allow greater early intervention by primary schools to raise attainment so that every child is ready to move to secondary school.

3.27 The Service children and Disadvantaged children element of the Pupil Premium for 2014/15 will be allocated by DfE based on the January 2014 PLASC whereas all DSG funding is based on the October 2013 PLASC. As in previous years the LA will, when 2014/15 funding allocations are issued, provide Pupil Premium estimates for each school and academy although the EFA will actually pay the Premium over to Academies. Schools will be able to refine their own Pupil Premium funding estimates in light of their January 2014 PLASC returns.

3.28 The Pupil Premium has become a significant source of funding since its introduction in 2011/12 and schools are required to publish details on how they are using this funding to narrow attainment gaps for pupils covered by the Premium. A summary of Pupil Premium funding rates and overall grant values for Swindon are shown in the table below;

<u>Table 6 – Pupil Premium Funding</u>				
Element	2013/14		2014/15	
	Value per Pupil	Value Across Swindon	Value per Pupil	Value across Swindon
Service Children	£300	£0.082m	£300	£0.082m
Looked After Children	£900	£0.145m	£1,900	£0.306m
Disadvantaged (FSM6) children;				
• Primary – (£53 in year increase)	£953	£3.843m	£1,300	£4.823m
• Secondary	£900	£2.554m	£935	£2.807m
Totals	-	£6.624m	-	£8.018m

3.29 The Looked after Children element of the Premium is paid to the LAs Looked After Children Education Service (LACES) team who pass on the premium to primary schools via termly instalments. In accordance with the agreement with SASH, approximately £400 per secondary LAC pupil is retained by the LA to fund the two members of staff in the LACES team whilst the balance is paid to secondary schools via termly instalments. A presentation and submission of

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

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performance data was made to SASH in November and they have agreed to support the continued central retention of £400 per secondary student for 2014/15 but have requested that additional information, on the progress made by individual students in English and Maths, is provided after the GCSE results are published in 2014 so that they can make an informed decision for 2015/16.

- 3.30 Forum members are advised to note that the LA is concerned at the level of FSM under registration which, based on information provided by Her Majesty's Revenues and Customs matched against the School Census is significant with approximately 1,200 out of 5,400 eligible Swindon pupils not registering their entitlement in January 2013. This represents a loss of pupil premium funding across Swindon of approximately £1.2m. The LA is reviewing its admission documentation to emphasise how important this issue is for school funding and a letter will be sent to all Headteachers and Chairs of Governors which includes a suggested message to parents regarding this issue.

<p><i>Schools Forum is asked to note the new Pupil Premium rates and the indicative value of funding in 2014/15</i></p>
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Other Funding Available – Universal Primary School Meals

- 3.31 On 17th September 2013 the Deputy Prime Minister announced that from September 2014 every child in reception, year 1 and year 2 in a state funded school would receive a free school lunch. Disadvantaged young people attending School Sixth Forms and Further Education Colleges will also be eligible. This follows the DfE's Independent School Food plan recommendation that free school meal entitlement should be extended, particularly for primary school children, in order to increase attainment, improve social skills, save families money and improve children's diets. DfE research concluded that 4 in 10 children living in poverty were not eligible for free school meals and that the average family spends £437 on school lunches per child.
- 3.32 Funding of £600m is being made available nationally of which £450m will be to cover the cost of meals with £150m earmarked for capital set up costs. Swindon has been notified that its capital allocations are £360,965 for maintained schools and £28,226 for voluntary controlled schools and it is assumed that Academies will have access to EFA capital for their needs. How the revenue funding is to be distributed remains to be seen – this may be included in DSG or could be allocated within LA core funding as its purpose is not entirely educational.
- 3.33 In addition to the actual additional revenue cost to schools of providing free school meals that are currently being paid by parents, the LA is concerned that, based on pilot projects in two London Boroughs, there may be significant capital implications arising from kitchen and dining room extensions, extra furniture (chairs and tables) and equipment (cookers, fridges, dishwashers, cutlery) if take up of school meals increases significantly. How the LA will utilise this funding

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and whether the LAs capital funding allocation will be sufficient to fully meet needs will need to be considered in due course.

- 3.34 Take up in reception classes in the pilot LAs was 95% and there may be significant logistical challenges for schools in accommodating children into the lunch space and time available. It is acknowledged that not all schools provide their own in house / on site catering and that this could have implications for their contractors/providers. The pilot LAs also had to develop registration systems to ensure pupils from low income families and therefore already eligible for FSM (and the Pupil premium) continued to be identified.
- 3.35 It is likely that, after establishing a price per meal, the LA will pay schools on a termly basis for the number of meals served less the cost of meals taken by pupils which are entitled to FSM on low income grounds for which deprivation funding is already allocated in the local formula. Further information will be passed on to schools as and when the DfE release details of how funding is being provided and the LA will need to consider how best to resource this project.

Schools Forum is asked to note that DfE will be providing capital and revenue funding to meet the costs of providing free school meals for all reception and years 1 and 2 pupils and for disadvantaged students in colleges from September 2014 and that further details will be provided to schools in due course.

Other Funding Available – Primary School Sports Facility Fund

- 3.36 Just before Christmas Sport England announced that funding would be made available to help more schools to create sports spaces. Schools are expected to receive on average £30,000 to spend on a range of specially created packages which can be tailored to meet their needs. The Fund will help provide outdoor multi-sport areas which can be used both within the curriculum and out of school hours. As well as helping provide sports facilities, staff and volunteers at the school will receive information on how best to use the new facilities and equipment to help children get active.
- 3.37 Whilst Sport England will want to help as many schools as possible, priority will be given to those primary schools which are able to show they have little or no outdoor space which can currently be used for P.E. and sports sessions, but that there is capacity for improvement. For example, a school may have a concrete playground that could be turned in to a multi-sport area. Schools will need to demonstrate a commitment to P.E. and sport and between February and March 2014 schools which think they meet the criteria will be invited to submit an expression of interest via a very simple application form. The LAs role in relation

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to this initiative remains to be seen and further information will be provided in due course.

Schools Forum is asked to note that Sport England will be providing funding to create more sports spaces in primary schools and further details will be provided in due course.

4. Retained Budget Proposals 2014/15

- 4.1 Forum Members approved a number of centrally retained budget lines in October (subject to review if requested by the LA) and updates have been included in recent school consultation events. Proposals regarding all outstanding items are included below.

Central Schools Items – Pupil Growth (Set Up Costs)

- 4.2 The table below relate to funds that must be centrally retained specifically to provide pupil growth funding which is expected to occur after annual school funding allocations 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 policies by which funding is allocated and values that are payable. Proposals were included in recent SAPH and SASH consultations following earlier discussions at the October 2013 Schools Forum.

<u>Table 7 – Pupil Growth Set Up Costs</u>		
Item	Proposal 2014/15	Policy and Eligibility
Pupil Growth – set up costs per expansion class	£57,500	£11,500 per expanding primary class x 5 (Even Swindon, Orchid Vale, Town Centre @ St Joseph's site, Tadpole Lane x2) Plus £35,000 per 1FE for extra infrastructure needed to create extra capacity in new or expanding schools - - Town Centre (1FE initially), Tadpole Lane (2FE), Even Swindon (1FE) Orchid Vale (1FE)
Pupil Growth – infrastructure set up costs per expanding school	£175,000	
	£232,500	

- 4.3 Schools Forum agreed the £11,500 per classroom set up costs policy and funding in October but required further consultation to be undertaken with regard to eligibility for the £35,000 per school infrastructure set up cost funding following queries from SAPH. The LA consulted in November on the basis that there

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should be no eligibility criteria and that all schools which were expanding in consultation with the LA to meet basic need for places would receive this funding. This was supported by SASH and SAPH and will result in payments being made to Even Swindon and Orchid Vale which were not previously envisaged. .

Schools Forum is asked to support the allocation of infrastructure set up cost funding of £35,000 per expanding class in schools that are expanding at the request of the LA and to note that additional costs of £70,000 will be payable.

- 4.4 During the November consultations the LA provided projections of annual set up cost funding over the next 9 years which showed that future charges against the DSG arising from planned primary expansions totalled £635,500. In order to ease this pressure, thereby releasing future DSG for distribution to schools and other providers, the LA is proposing to pay all set up cost funding due to established existing schools (Even Swindon - £92,500 and Orchid Vale - £81,000) in the current year from the existing DSG balance (see table 5). There is a minimal risk that the planned pupil increases at these schools will not arise and both schools are happy to receive their funding in advance as was the case recently with Croft and Haydonleigh. These one off costs can be met from the DSG balance (see table 5) and would reduce future charges to the DSG by £173,500. This would reduce the 2014/15 set up budget requirement to £139,500 made up of £46,500 for the new Town Centre primary school and £93,000 for Tadpole Farm.

Schools Forum is asked to support the payment of set up costs to Even Swindon (£92,500) and Orchid Vale (£81,000) in the current year funded from the existing DSG balance leaving a 2014/15 budget requirement of £139,500 for school set up costs.

Central Schools Items – Pupil Growth (Trigger Funding)

- 4.5 At the October Schools Forum meeting concerns were raised that the existing trigger funding policy may need revising to provide a degree of protection to schools where additional pupils joining expansion classes were significantly below LA forecasts. The current policy pays part year (7/12) BPPE funding based on the actual number of pupils joining the expansion classes and, if numbers were low, this could provide insufficient funding to cover the staffing and related costs of providing an additional class. This is particularly important for reception classes where schools must comply with DfE infant class size regulations. The LA was therefore asked to look into whether some sort of “breakeven funding” could be put in place.
- 4.6 The LA consulted with SAPH and SASH on the basis that, based on recent school estimates, part year staffing costs (Teacher plus Teaching Assistant) were approximately £29,145 per class and that pupil numbers would therefore need to

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be at least 21 to provide sufficient funding to cover these costs. 21 primary BPPE's would, at current rates (£2,645) generate part year funding of £33.400 thereby fully covering additional costs and making a contribution to curriculum resources. This model was supported by SAPH and SASH.

- 4.7 During the course of the LA review into break even funding the question of whether protection should be provided for all expanding year groups or just reception cases arose and the LA sought views from SAPH and SASH on a number of options. Given the potential cost implications consideration also needed to be given as to whether a school which opens for all year groups (such as East Wichel) should be provided with the same level of protection when low numbers across the school may well provide viable options to operate mixed classes without the need for additional funding. The main options identified for Trigger funding were as follows;
- **Option 1** – provide part year funding for reception class only based on actual pupil numbers (without any break even protection and less generous than the existing policy)
 - **Option 2** – provide part year funding based on actual additional pupils in all expansion classes (without any break even protection i.e. the current policy)
 - **Option 2A** – as option 2 but with break-even protection funding to ensure expanding schools receive funding for at least 21 pupils in reception classes
 - **Option 2B** - as option 2 but with breakeven protection funding to ensure expanding schools receive funding for at least 21 pupils in all their expanding classes
- 4.8 SASH was supportive of the principle of break-even protection being provided but were conscious that the costs to the overall DSG could be very significant if the policy became too generous. The consensus view from SAPH is that option 2A would be their preference. Projected costs of each option in 2013/14 and 2014/15 are attached at **Appendix 1**. Key points to note are;

2013/14

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- The current year trigger funding budget is £620,240
- Costs of the current policy (without any protection) are estimated at £610,143
- Costs of option 2A would be marginally higher at £622,484 but would be in line with the existing budget
- Costs of option 2B would be significantly higher at £789,097 and would result in an in year overspend

2014/15

- Under the current trigger funding policy (without any protection) based on the LAs estimates of pupil changes a budget of £515,266 will be required
- As the LA is not anticipating that any new reception class will have less than 21 pupils the estimated cost of option 2A would not require an additional budget (should protection funding be required this would therefore cost less than £515,266)
- The estimated cost of option 2B would require a higher budget of £580,060 as some non reception classes may well have less than 21 pupils

- 4.8 Having considered the need to provide a sufficient degree of protection to expanding schools, balanced against the overall DSG position, the LA is agreeable to option 2A as this gives a degree of protection (for reception age pupils) but not full protection for all age groups and avoids having to consider separate criteria for schools which open for all year groups. The LA recommends that the following policy should be applied to both 2013/14 and 2014/15 payments subject to EFA confirmation that this is within the scope of the school finance regulations and principles of the school funding reform programme.

Schools Forum is asked to

- ***support the payment of trigger funding, effective from 2013/14, which is based on actual pupils in each expansion class but with break-even funding provided where the number of reception age pupils is lower than 21 (option 2A).***
- ***note that current year costs under the revised policy can be contained within the existing budget***
- ***agree to the central retention of a 2014/15 trigger funding budget based on meeting the costs of option 2A of £515,270***

Centrally Held Pre 16 High Needs Budgets

- 4.9 Although the LA is not required by the DfE to formally 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 the perpetual increase in demand experienced by SBC each year. A schedule of provisional proposed 2014/15 budgets totalling £5.337m was approved at the October Forum and an update is provided

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at **Appendix 2**. Most budgets remain unchanged but Schools Forum are asked to note and support the following significant changes;

- **SENRAP (Early Years)** – An increased 2014/15 budget of **£188,000** is proposed compared to the October estimate of £150,000. This is partly due to increased spending identified in the current year of £7,000 and partly due to the incorrect charging of approximately £31,000 of costs to the LAs core budget. In recent years the LA core budget has supported additional payments for disadvantaged two year olds with SEN. Under the Schools Finance Regulations the responsibility to fund disadvantaged two year olds transferred to the DSG. The average additional cost, over the last 2 years, to support a funded two year old with SEN was £1,721. A total of 12 children were supported in 2012/13 and in 2013/14, 10 children have been supported to date. As the total number of supported children for 2014/15 likely to rise above these number a total of approximately £31,000 is required.
- **SENRAP (Mainstream)** – based on the latest current year projections a 2014/15 budget of **£1,467,000** is proposed which is £95,000 above the October estimate.
- **External placements** – an anonymised schedule of pre placements is attached at **Appendix 3** which is based on known / planned placements continuing throughout 2014/15. Projected costs are £1,257,900 (Independent) and £292,100 (other LA) totalling **£1,560,000** and are £100,000 higher than the October estimate.
- **High Needs Contingency Budget** – In October Schools Forum were advised that an overall contingency budget of £1.028m would be required based on providing appropriate educational provision for an additional 56 pupils. It is very difficult to accurately predict the increase in SEN demand, where pupils will be placed or what the costs associated with meeting this demand will be. In order to free up funding for 2014/15 (which can then be allocated to Specialist settings via top ups) the LA is proposing to reduce the contingency budget by approximately 1/3 down to **£700,000**. This does represent a risk that the budget may be overspent but Forum members are reminded that there is a DSG balance available of £0.711m (table 5) which could help to absorb an in year overspend and that underspends across other areas of the retained DSG may also arise. Even if this was not possible any year end overspend in 2014/15 would be carried forward to 2015/16. This strategy is not ideal but the LA is reluctant to impose restrictions to the top up rate values that can be paid in 2014/15 to meet the needs of pupils that are already attending specialist settings in order to set funding aside for pupils which have yet to join Swindon.
- **Notional SEN Additional Allocations** – In October Schools Forum were advised that a 2014/15 budget of approximately £256,750 would be required in line with the current year budget. This budget provides

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additional funding to those schools which have a relatively high proportion of statemented pupils compared to their deprivation funding so that all settings have enough cash to fund the first £6,000 of additional educational needs. As reported elsewhere on today's agenda the LA has recently reviewed the October 2013 PLASC details and due to increasing numbers of statemented pupils further payments totalling £66,750 are being allocated to 11 schools. Given the year on year increase in statemented pupils the LAs estimate for 2014/15 is now that a budget of **£350,000** will be required, 5% above current year costs.

- **Tuition Service** – Although Schools Forum agreed a 2014/15 budget of £909,800 in October, in light of the overall high needs funding position, a further review has been undertaken which will enable a lower budget of **£889,800** to be set.
- **Schools Exclusions Funding Recovery** - In October Schools Forum were advised that estimated pupil based funding totalling £163,000 would be recovered from schools arising from exclusions. In light of the current year position this estimate has increased to **£200,000**
- **Dual Registered Funding Recovery** - The October estimate was £73,500 but in light of the current year position this estimate has increased to **£150,000**.

- 4.10 Although these estimates will continue to be refined it is unlikely that further material changes will be required and an overall 2014/15 budget of **£5.207m** is proposed although an update will be provided at the March Schools Forum.

Schools Forum is asked to agree the overall 2014/15 centrally retained pre 16 high needs budgets totalling £5.207m as set out in Appendix 2.

5. Early Years Proposed Budgets 2014/15

- 5.1 Although centrally retained from the start of each year, the vast majority of early years funding is paid over to providers on a termly basis based on actual participation in line with DfE expectations. DfE do not require any changes to be made to any areas of early year's provision for next year and provisional 2014/15 proposed budgets were presented and supported at the October Schools Forum. Updated spending forecasts are shown below.

Disadvantaged 2 year Old Nursery Funding

- 5.2 Retaining a basic funding rate of £4.95 per hour was agreed at the last Schools Forum but a decision on whether to continue to pay the £0.40 year end retrospective supplement was deferred pending an assessment of the overall DSG position. As requested at the October Forum the LA wrote to all providers on the 8th November 2013 advising them that there is a high risk that the supplement will not be affordable. DfE guidance states that "LAs are strongly

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encouraged to fund providers using a single hourly base rate for 2 year old places with no additional supplements to avoid local formula complexity”.

- 5.3 DfE expects LAs to fund places in all settings that are rated “good” or “outstanding” by Ofsted and we can also fund places in “satisfactory/requires improvement” settings by placing funding conditions to address concerns raised by Ofsted. Set out below is the latest proposed 2014/15 budget;

Table 8 – Disadvantaged 2 year old funding 2014/15		
2014/15 funding <ul style="list-style-type: none">• See table 2		£2.628m
2014/15 spending Provision – assuming a full year average of 773 children access 570 hours <ul style="list-style-type: none">• Basic funding @ £4.95 per hour• Supplementary funding @ £0.040 per hour (TBC)• Provision of training• Contribution to Early Years team costs• Potential contribution to capital to maximise increased provision	<ul style="list-style-type: none">£2.180m£0.176m£0.008m£0.055m£0.209m	£2.628m

- 5.4 Based on the above estimates the LA will have achieved a 75% of the DfE target by 1st September 2014 (718 children) rising to 100% of the target by 31st March 2015 (957 children). Should it be necessary to reduce early years costs next year in order to manage the overall DSG the proposed budget can be reduced by £176,000 by ceasing the £0.40 supplement and a decision will need to be taken on this in March when high need funding is determined. DfE emphasised in the early years grant announcement letters that LAs should set hourly rates in 2014/15 which can be sustained in 2015/16 to give providers the confidence to offer new two year old places. It is important for the Forum to acknowledge that the LA would not be able to sustain the £0.40p supplement beyond 2014/15 without reducing school funding.
- 5.5 The LA is pleased that a notional amount of trajectory building funding has been allocated and also welcomes the scope to convert revenue to capital as explained in section 3. In the funding announcement LAs have been advised to ensure spaces are used more efficiently and that parents are signposted to places with childminders, schools and private nurseries. DfE acknowledge that school nurseries are a major provider of nursery places but state that many often

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sit empty for parts of the day. LAs are encouraged to stimulate the market and in particular;

- Support school nurseries to offer full time education and childcare from 8am to 6pm rather than the current 9am to 3pm that most provide
- Match fund private sector and voluntary providers to expand
- Increase the use of childminders

5.6 Given the importance of maximising 2 year old provision before full participation funding is introduced in 2015/16, the LAs view is that the estimated balance available of £0.209m plus potentially the £0.176m currently earmarked for the £0.40p supplement should be targeted for trajectory building and not used to offset other DSG cost pressures. DfE will not be providing any further trajectory building funding after 2014/15 and, after having to divert funding to post 16 in the current year, this is the last opportunity for Swindon to incentivise local market expansion. As shown at section 3.22 (Table 5) the DSG unallocated balance includes a considerable amount of 2 year old funding that was set aside in the current year to fund post 16 cost pressures which are no longer expected. This could also be used to increase provision.

5.7 Schools Forum members are however reminded that none of the individual DSG allocations are ring fenced and it is important that a realistic 2 year old spending plan is established and delivered. Although any unspent 2 year old funding at the end of 2014/15 will not be clawed back (it would be carried forward to 2015/16) this would represent funding that could have been allocated to schools or other providers from the start of 2014/15.

Schools Forum is asked to note the 2014/15 disadvantaged 2 year old position and agree a budget of £2.628m subject to a potential reduction or redirection of £0.176m pending consideration of the affordability and priority of the £0.40 per hour supplement in March.

3 and 4 Year Old Nursery Provision

5.8 Hourly rates and other funding factors were agreed at the October 2013 Forum meeting as was a provisional 2014/15 budget of £7.823m which remains unchanged as summarised below;

Table 9 – Early Years 3 and 4 year old Nursery funding 2014/15		
<u>2014/15 funding</u>		
• See table 1		£8.466m
<u>2014/15 spending</u>		
Provision – assuming a full year average of 3,311		

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

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children access 570 hours)		
• Basic funding @ £3.75 / £3.91 per hour	£7.380m	
• Quality Funding @ £250 / £500 per setting	£0.042m	
• Deprivation Funding @ £0 to £5,000 (IDACI)	£0.070m	£7.823m
• Estimated costs of new Provision	£0.331m	
Balance available to fund other DSG costs		£0.643m

- 5.9 Based on the above, which reflects planned increases in provision costing £0.331m total spending will be approximately £7.823m which is in line with the October proposal. This means that, as in previous years, spending is estimated to be less than funding which provides a surplus of £0.643m which can continue to be used to offset central costs and pressures across the DSG.

Schools Forum is asked to note the 2014/15 3 and 4 year old funding position and agree a 2014/15 budget of allocation of £7.823m

6. High Need Specialist Setting Funding Issues – Pre 16

Background

- 6.1 Despite uncertainty over the level of high need pupil funding that will be available in 2014/15 the LA must still plan how DSG will be allocated to individual providers although final decisions on high needs funding cannot and do not need to be taken at this meeting. Forum Members will be aware that pre 16 settings (Alternative Provision, Special schools and Special Resource Provision) must be funded via “place plus” whereby pre-planned places will attract fixed funding at levels set by DfE with the LA (or in some cases other commissioners) then making top up payments for individual pupils based on locally determined banding and funding rates. The level of top up funding receivable is variable in that it is only paid based on actual occupancy and will vary depending on the banding/funding of pupils in each school. The LA is also able to centrally commission certain types of services provided to high needs pupils.

Principles of a Universal Banding and Funding System

- 6.2 Forum members will be aware that LA has been consulting with the high needs task and finish group since July on the introduction of a universal banding and funding system to replace the rather complex range of top up funding that is currently in place. At the October Forum meeting members supported the principles and framework for a new system which had been developed by the task group. Key components are as follows;

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- Pupils will be assessed according to their prime SEN need against a range of 6 locally defined bandings
- Different funding values will be attached to recognise the different costs of meeting the needs of differing SEN prime needs although the LA was aiming to restrict this as far as possible
- A range of supplementary enhancements will be identified which will attract funding over and above band values
- Age adjustments will apply
 - Early Years pupils will attract lower pro rata funding based on the primary rate reflecting hours spent in school (typically an early years pupil will receive 15 hours education = 0.6FTE)
 - Secondary pupils will attract marginally higher funding than primary pupils in line with the long standing principle of different mainstream sector funding levels
 - Post 16 pupils in schools may attract pro rata funding based on the secondary rate to recognise that students may not require 25 hours teaching per week.
- Funding changes will be phased in over no more than 3 years.

6.3 The LA is continuing to refine proposed top up funding rates in light of the overall high needs funding envelope available. The main aim is to implement this system for Schools and SRP's for 2014/15 but the LA would also need to consider whether the banding system could/should also be applied to post 16 students in FE colleges. The LA will also need to consider whether pupils attending EOTAS should be funded via a banding system from 2015/16 onwards.

Place Funding

6.4 The first thing to agree is the number of places that will be required from April 2014 and September 2014 in each Special School, SRP and AP setting. In order to ensure place funding is not allocated excessively the LA has aimed to agree place numbers which are the minimum expected places in each setting. Latest estimates which have been agreed with providers are as follows;

Table 10 – Pre 16 High Need Place Funding Forecast 2014/15				
2013/14 FTE Places	Type of provision and funding per place	April 2014 Places	September 2014 Places	2014/15 Funding
470.4	Special schools @ £10,000 (note 1)	492	492	£4,920,000
168.0	Special Resource Provision @ £10,000	169	172	£1,707,500
638.4	Sub totals – SEN provision	661	664	£6,627,500
		662.7TE		

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

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48.3	Alternative Provision – Stratton (Excluded pupils) @ £8,000	45	45	£360,000
42	Alternative Provision – Riverside (Anxious & vulnerable pupils) @ £8,000	45	45	£360,000.
8	Alternative Provision – Nylands Campus Pathway @ £8,000	8	8	£64,000
98.3	Sub totals – Alternative Provision	98	98	£784,000
736.7	Total places / Funding	759	762	£7,411,500
		760.7 FTE		
Note 1 – This includes post 16 pupil numbers at Uplands School				

- 6.5 These place numbers will continue to be refined over the next few weeks but indicative costs are estimated at **£7.412m**. This is an increase of 24.3 FTE places (3.6%) in SEN provision with a minor 0.3 FTE reduction in AP places compared to the current year - an additional overall annual cost of £241,100.

Outreach and Commissioned SEN Services

- 6.6 The LA will need to agree 2014/15 funding for the 11 SEN outreach and commissioned services which currently receive a total of £1.225m per year. The level of funding allocated to these services is largely historic and some requests for increased funding to meet potential service developments have been received and are being considered by Commissioners. The LA has issued proformas to capture details of all current provision and costs plus any service development requests which will be shared and reviewed by the high needs task group in January. Given that high need funding will need to be contained within the available funding envelope the task group acknowledges that any increases to commissioned services will need to be offset by reducing top up rates.
- 6.7 A decision on funding for these services will need to be taken as part of the task group's review and will be reported to the March Schools Forum but for planning purposes the task group is assuming that overall 2014/15 costs will be no higher than the current year i.e. **£1.225m**. As noted, providers are being asked to consider the development needs of their service and provide detailed information for the task group. Some of this information has already been provided and is included in the following notes. Current and indicative 2014/15 funding allocations together with brief notes on current issues are summarised below ;

Table 11 – Current funding for High Need Outreach and Commissioned Services		
Service	2013/14 Actual	2014/15 Indicative
Nylands - Primary Behaviour Support Team (note 1 and 2)	£220,400	£232,700
Uplands – Visually Impaired Education Support Service (note 3)	£225,100	£225,100

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Even Swindon - Speech and Language	£22,200	£22,200
Ruskin Junior – Autistic Spectrum Disorder	£87,000	£87,000
Ridgeway - Education Audiologist	£11,100	£11,100
Redoaks Hearing Impaired Support Service (note 4)	£239,700	£239,700
Commonweal Physical Impairment Advisory Service (note 5)	£64,100	£64,100
Millbrook Specific Learning Difficulties Support Service	£66,900	£66,900
Ruskin Junior Autistic Spectrum Condition Support Service	£135,800	£135,800
Issambard BSL Provision (Note 6)	£50,000	£0
Nylands outreach service for emotionally vulnerable pupils (note 1)	£102,685	£87,410
Balance available for commissioned service or top up increases		£52,990
Totals	£1,224,985	£1,225,000

Notes

- 1) The LA is pleased to report that negotiations with the White Horse Federation have been concluded and amicably resolved. Revised levels of funding for individual services have been agreed (including the Nylands PRU and Mountford manor SRP) but without any overall additional funding needing to be allocated.
- 2) DfE have advised that funding for behavioural support should be included in delegated school and academy budgets and then de-delegated from maintained schools if agreed by them. The LA could then continue to commission this service from the Federation but Academies would need to individually subscribe via a traded services agreement. This was not anticipated and as the LA has not consulted on this change we have secured DfE approval to maintain existing arrangements with a view to consulting prior to 2015/16.
- 3) The Visually Impaired service has requested an increase to the Mobility Teaching resource from current 17.5 hours a week to 28 hours a week £11.8k and increase of Teaching Assistant hours by 6 hours a week £3.8k. Giving a total cost of £15.6k per annum. The reason for the request is two-fold in that case load for the team has increased for 100 to 150 over the last six years and we are also in an unprecedented situation with two totally blind pupils in Swindon. One pupil is in reception year at Lethbridge and the other is in Y4 at Gorse Hill. Each of these pupils needs full time TA support. This service has requested additional funding as two blind children have moved into the Borough and require full time specialist support in their mainstream settings.
- 4) There is continued growth in the number of children supported by the Hearing Impaired Support Team including adults in post 19 education. Linked to this is the work in progress to develop provision for secondary aged pupils at Isambard School. Whilst there is no anticipated financial pressure for the 2014/15 financial year, a business case will be proposed involving the HI

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provision at Isambard being a satellite of the Red Oaks SRP until it has adequate numbers to 'stand-alone'. This will need to be considered in terms of finance for 2015/16. As part of this whole development consultation has taken place with the Principal of The Ridgeway Academy and the Head of the HI SRP team acknowledging that this provision may need to close due to a lack of projected numbers and the viability of such a small SRP although the base would hopefully remain. The pupils remaining at Ridgeway would continue to be supported, but on an outreach basis. A plan is being developed that could involve colleagues from The Ridgeway SRP becoming part of the HI Outreach Team.

- 5) The Physical Impairment service has requested additional resource for a part time outreach worker to work alongside Advisory Teacher for 15 hours a week. Cost for 2014/15 is calculated to be £2.2k set up costs and £10.8k for staffing = £13k. Following years would therefore generate a cost of £10.8k per annum based on current costs. The reason for the request is the actual rise in caseload figures from 124 in 2009 to 152 in 2012/13 and a further increase in to 2013/14.
- 6) Isambard BSL provision - current year funding of £50,000 was allocated to cover staffing and training costs incurred between September 2013 to March 2014 prior to place plus funding commencing in September 2014 when the first pupils were expected to join the new SRP. Following the annual review process, a decision is expected to secure an external placement for the year 6 pupil which was anticipated to join the SRP as this will best meet their emotional needs. No funding will therefore need to be allocated to the Isambard SRP in 2014/15.
- 7) Advisory support services anticipate an increase in demand due to: the Raising of the Participation Age, including the 6th form development in the town and provision for students with SEND from 0-25 to meet the requirements of the SEND reforms

Contingency Requirement

- 6.8 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 have been shared with the task group and were presented to the October Forum meeting. These estimates remain largely unchanged and across the year approximately 20.63 FTE placements may be required. It is difficult to estimate where these pupils will need to be placed and therefore what level of funding needs to be set aside. The best estimate at this stage is that approximately **£0.507m** (based on current Band values) will need to be paid to Special Schools and SRP's to meet the anticipated increase in pupils needing support. Some specialist provision will be able to take additional placements but we may need to support pupils in mainstream schools with

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bespoke packages. In line with the strategy outlined in section 4.9 the LA is proposing to set a contingency budget based on 2/3 of the estimate which will result in a provision for specialist settings of **£0.350m**. It is important to recognise that this is not an attempt to artificially curtail spending – the LA will still need to make all necessary placements and to fund them appropriately, but may need to draw on the unallocated DSG balance of £0.711m (Table 5).

Strategy for 2014/15 Funding

- 6.9 Given the uncertainty over the level of high needs funding that will be available next year (see section 3 above) the LA needs to plan 2014/15 funding based on containing costs broadly within the level of current spending across all specialist settings (including Alternative Provision) as summarised in the table below.

Table 12 – Indicative value of 2014/15 High Needs Setting Funding		
Cost Item	£m 2013/14	£m 2014/15
Special School and SRP places @ £10,000	£6.384	£6.628
Outreach and commissioned services	£1.225	£1.225
PFI Affordability Gap contributions (unavoidable cost)	£0.265	£0.274
Contingency Requirement (SEN places)	£0.188	£0.350
Sub total	£8.062	£8.477
Balance available for top ups (1.1% reduction required 2014/15)	£7.604	£7.523
Subtotal – SEN (overall increase of 2.1%)	£15.666	£16.000
Nylands Campus Pathway places @ £8,000	£0.064	£0.064
Nylands Campus Pathway Top ups (TBC as part of top up review)	-	£0.005
Su total – Nylands Pathway (overall increase of 7.8%)	£0.064	£0.069
EOTAS Alternative Provision places @ £8,000 – Stratton & Riverside	£0.722	£0.720
EOTAS Great Western Hospital (cash funded to cover costs)	£0.191	£0.202
EOTAS Marlborough House Provision (cash funded to cover costs)	£0.276	£0.271
EOTAS Riverside Top ups - funding to be delegated to secondary schools in 2014/15 (see section 8.7)	£0.399	£0.338
EOTAS Stratton Top ups	£0.470	£0.480
Subtotal – EOTAS (overall decrease of 2.6%)	£2.059	£2.011
Total High Needs Settings	£17.796	£18.080

- 6.10 Maintaining 2014/15 costs within the existing funding envelope will 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. As some areas of spend are relatively fixed (place funding is fixed by DfE whilst PFI funding is a contractual commitment) unless commissioned services or the contingency are reduced, the only way to contain

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costs is by restricting top up rates. The LA has revised the contingency provision downwards which should allow overall top up funding to be reduced by 1.1% which is below the 3.8% reduction originally estimated.

- 6.11 As explained in section 3 the LA may receive additional high needs funding but this cannot be quantified until DfE have finalised the results of the review of places. Should any additional funding be secured this will be added to the funding rates and will be reported to the March 2014 Schools Forum.

Schools Forum is asked to note that the LA is seeking to establish 2014/15 specialist setting funding within an assumed envelope of £18.1m subject to a review of the overall DSG high need budget position at the March 2014 Schools Forum

EOTAS Top Up Rates 2014/15

- 6.12 In anticipation that 2014/15 high need funding would need to be restricted the EOTAS Management Committee have considered how costs can be reduced and their provisional 2014/15 budget plan (which reflects an overall decrease in funding of 2.6%) can be balanced based on the following top up rates;

- Riverside - £337,500 / 45 FTE places = £7,500
- Stratton - £480,000 / 45 FTE places = £10,700

- 6.13 Should these rates prove unaffordable the EOTAS budget would need to be very carefully reviewed as further savings may be detrimental to service delivery. Funding for Riverside needs to be agreed today as this will need to be delegated to mainstream settings in 2014/15 as explained at section 8.8. During the EOTAS budget setting process separate spending plans have been established for the 4 centres to produce average costs per place. From 2015/16 the LA will be considering whether to introduce a banding system for EOTAS which recognises that their pupils have different levels of needs although this would add a further degree of uncertainty to both the LA and the EOTAS budget setting process.

Schools Forum is asked to approve 2014/15 top up rates for Riverside at £7,500 and Stratton £10,700

Special School and SRP 2014/15 Top up Values

- 6.14 In order to provide a new fair funding model, top up values will need to be set which broadly equate to the current cost of provision but this cannot be an exact

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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.

- 6.15 Current top up rates vary between Special Schools and SRP's and for some types of need (particularly Autistic Spectrum Complex) the difference is considerable. The highest banded pupils in special schools currently attract £14,950 per pupil whereas an ASC pupil in a primary SRP can attract up to £22,200 and in a secondary SRP up to £21,250. Whilst the LA would ideally wish to raise funding per pupil to the higher levels currently paid this is simply not affordable.
- 6.16 The LA has undertaken extensive modelling which has been shared with the high needs task group but even after establishing an ASC supplement that would be paid to all SRP pupils, but only to Band 1 Special School pupils, the impact would be to increase special school funding and cut SRP funding. Whilst it is mathematically possible to provide a set of top up and enhancement rates that would be affordable within the funding envelop available, the impact on some SRP's would render them unsustainable. It is important to bear in mind that whilst the cost per place may be relatively high in SRP's they were set up at the LAs request and with a level of funding that recognised certain staffing levels and was set to cover costs.
- 6.17 Preliminary reviews by the LA indicate that there is little scope for current SRP costs to reduce significantly and the LA cannot seek to impose funding cuts (even if phased in over three years) which will lead to closures. Not only would this be detrimental to pupils and existing staff but the overall cost to the DSG would most likely increase as alternative external placements would need to be secured.
- 6.18 During task group meeting discussions the issue of whether Special Schools can operate with lower levels of funding than SRP's due to inherent economies of scale has been discussed and the LA has concluded that this is the case. Attached at **Appendix 4** is a commentary on this matter which concludes that whilst basic band values will be universally applied there will need to be;
- An access to mainstream supplement where it is expected that an SRP pupil will be supported to spend the majority of their time accessing mainstream provision (This would be payable to most but not all SRP's and in some cases to special schools).
 - An ASC supplement that would be payable to all settings but with a higher value payable to pupils in SRP's
- 6.19 This issue will be discussed at the January 2014 task group at which the LA will present proposed funding values for further consideration. The LA is committed to ensuring value for money is achieved in all specialist settings and will be

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suggesting that representatives of the task group assist the LA in visiting all settings which require relatively high levels of funding with a view to identifying efficiency savings that can be incorporated into 2015/16 top up rates.

Schools Forum is asked to consider the LAs proposals regarding high needs top up funding and

- ***support the principle of providing higher supplements for SRP's***
- ***support the review of higher funded settings by the task group during 2014 to ensure value for money is being provided***

6.20 As an added cost pressure at the July 2013 Schools Forum members 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 2015/16 if placements are made. These costs will also need to be absorbed, possibly from the unallocated DSG balance.

6.21 Clearly a substantial increase to our High Need DSG block funding in 2014/15 would be most welcome as this would very significantly ease the implementation of a new universal banding and funding system but the LA must at this stage plan to contain costs within the existing budget. Further work will be undertaken over the next few weeks in consultation with the task group and final proposals will be reported to the March 2014 Schools Forum. In the meantime the LA will establish a range of top up and supplementary enhancements which fits within the available funding envelope with a view to implementing increases should additional DSG be available.

Schools Forum is asked to note the 2014/15 funding position relating to pre 16 specialist setting funding and to challenge/support the LAs approach.

7. High Need Specialist Setting Funding Issues – Post 16

Background

7.1 Although the methodology of funding post 16 providers is similar to the place plus system applicable to special schools and SRP's some of the terminology is different as is the responsibility for actually making some of the payments to providers. For funding purposes a high needs student is defined by DfE as a young person aged 16-18 who requires additional support costing over £6,000 and any young person aged 19 to 24 subject to a Learning Difficulty Assessment (LDA) or in future an Education Health and Care (EHC) Plan who requires additional support costing over £6,000. Funding for these students consists of place funding (Elements 1 and 2) and Top Up funding (Element 3). For students

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which require additional support costing less than £6,000, no element 2 and 3 funding is provided and LAs do not therefore commission places or provide specific additional funding for such students. There is a slight difference between element 1 and 2 funding for special school sixth forms (which is provided at £10,000 per student) and FE Providers (which must be assumed by LAs is based on the national averages paid by EFA of £4,977 (element 1) and £6,000 (element 2)). In practise this means that the element 3 top up values need to be £977 higher in school sixth forms than FE Colleges as lower levels of place funding is provided.

- 7.2 The Schools Forum received a report on the position regarding post 16 high needs funding in October which advised members that a strategy for dealing with the potential 2014/15 shortfall would be developed following a meeting with the EFA and Providers on 24th October 2013. Based on the position in 2013/14 members will recall that the LA had received significantly lower levels of funding per pupil to meet demand in Swindon than had previously been directly allocated by the EFA to Swindon providers. Pressure on Swindon's DSG also arose due to the DfE's capping of learner numbers in their funding calculations. These issues presented a funding shortfall which required the LA to divert £1m of funding which had been allocated by DfE to grow nursery provision for disadvantaged 2 year olds into post 16 budgets.
- 7.3 Even after this increased allocation this still left providers, particularly Swindon College, with much lower funding per pupil than they would have received under the old funding system. Furthermore a number of students did not meet the LAs criteria of attracting high needs funding. The issue of funding reductions and their impact on Swindon providers were discussed with EFA at the October meeting which was also attended by the chair of the Schools Forum.
- 7.4 LA officers summarised the 2013/14 position highlighting that whilst a temporary solution to the post 16 funding shortfall was achieved this year by using surplus 2 year old nursery funding, this option would not be available in 2014/15. The practicalities of having to determine 2014/15 mainstream school budgets by mid-January (in order to meet DfE deadlines) whilst there remained considerable uncertainty over the level of high need funding that would be available was also explained. If the LA envisaged that there will be a shortfall in 2014/15 post 16 funding could/should school budgets be reduced to alleviate this given the LAs role in managing the un-ringfenced DSG?
- 7.5 Whilst sympathetic to the LAs position the EFA were unable to provide any firm indications as to what level of post 16 funding would be available in 2014/15 and the Chair of the Schools Forum stated that it would be unacceptable for school budgets to be cut to meet any post 16 shortfall. The LA agrees with this position and elsewhere in today's report (section 8) proposals are made which protects 2014/15 mainstream funding at current rates.

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

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Current Year Update

- 7.6 Elsewhere on today's agenda is a report which shows that the LAs projected spend on post 16 high needs students is less than originally envisaged although spending on new responsibilities is still expected to be above the level of additional funding received in a full academic year. Forum members will recall that a 21% transitional uplift was applied to raise the level of FE funding in 2013/14 and also that in response to a submission for £1m additional funding in the current year the LA received an extra £350,000 which EFA advised would not be repeated in future years. Latest projections are that spending will exceed funding in a full year by **£0.526m** although this is significantly lower than the July Schools Forum estimate of £1.113m.

2014/15 Position

- 7.7 As FE colleges operate on an academic year basis **final decisions on post 16 2014/15 high needs funding cannot and do not need to be taken at this meeting** although the LA would wish to be able to provide firm indications to all providers as early as possible. LAs must issue each provider with a contract confirming the support that is to be provided, the funding rates and payment schedules in line with the following recommended timescales;
- Decisions on placements by 31st May 2014
 - Contracts signed with institutions by 30th June 2014
 - Students starts by 30th September 2014
 - First payment by 31st October 2014 and monthly thereafter unless alternative payment on account arrangements have been agreed.
- 7.8 As with pre 16 funding the LA was required to include planned 2014/15 place / learner numbers in a DfE return by 23rd December (see section 3) but the implications of learner numbers on actual funding will not be confirmed until 16^h March. The EFA had announced that a series of regional briefing events would take place during December but these were cancelled/postponed at the end of November pending final DfE funding policy decisions.
- 7.9 One of the key considerations for the LA is whether to base post 16 high need learner funding on the 6 universal banding descriptors recently established for special schools and SRP's or whether to assess bids from providers for the funding they identify is needed to meet the additional costs of providing education to their learners. This second option was applied in 2013/14 and is similar to current arrangements for mainstream top up funds which are considered by the LAs SEN Resource Allocation Panel.
- 7.10 Under either option the LA must base top up funding for Colleges on meeting student costs above £10,977. The LA feels that in principle, where learners are transitioning to Further Education from school provision, funding based on

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banded needs should continue. Should a banding system be used the LA would however need to determine post 16 funding values which recognised that courses may be full time or part time and possibly that the cost of meeting needs may vary for different providers. Feedback from SBC's Consultation process (6th to 19th November) regarding the process for identification of High Needs Pupils and the allocation of funding indicated concern regarding the use of a Banding system and how this would work in practice as well as general concerns regarding the funding situation. With one response noting that the notion of a Banding System is not in line with the ethos of the Children and Families Bill and the SEN Reforms that each learner should be treated as an individual. The next stage is to work with providers further regarding the principles of a Universal Banding System. When funding levels are confirmed by the EFA the value of each banding can be confirmed and the application worked through.

- 7.11 One significant clarification provided by DfE is that for continuing learners, the LA must honour existing financial commitments and not seek to renegotiate or significantly change funding levels other than in exceptional circumstances (e.g. where expected outcomes and progress are not being achieved). This effectively means that the 21% uplift applied in 2013/14 will need to remain in 2014/15 for continuing learners. For planning purposes the LAs provisional estimates for 2014/15 academic year post 16 high need provision are as follows;

Table 12 – Estimated 2013/14 and Provisional 2014/15 Post 16 High Need Costs				
	2013/14 Academic Yr		2014/15 Academic Yr	
	Places Current	Projected spend	Places Sept 14	Provisional Annual Spend
<u>New Responsibilities</u>				
Cirencester College	7	£52,020	14	£98,000
Excess Element 2 @ Cirencester	(7)	£31,980		
New College	33	£261,236	40	£422,463
Excess Element 2 @ New College	(44)	£176,764		
Swindon College	94	£1,107,630	125	£1,320,197
Other Providers (e.g. Wilts College)	10	£99,980	0	
Uplands post 19 (UET	10	£121,500	20	£253,170
ISP's	32	£1,412,522	21	£1,090,807
Income from Social Care and Health	(10)	-£292,398	(6)	-£169,521
Contingency (ISP, FE & External Placements)	18	£112,658	30	£722,681
sub totals new responsibilities	204	£3,083,893	250	£3,737,798

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Existing Responsibilities (Financial Year)				
Uplands sixth form	43	£968,691	45	£993,947
Mainstream SBC sixth forms	4	£10,320	4	£30,070
NMSS & Independent sixth forms	20	£734,411	20	£1,006,200
OLA sixth forms	6	£73,505	6	£55,113
sub totals existing responsibilities	73	£1,786,927	75	£2,085,330
Total full year predicted costs	277	£4,870,820	325	£5,823,128

(NB Approximately 1/3 of the 2013/14 costs and 2/3 of the 2014/15 academic year costs will fall in the 2014/15 financial year. The charge to DSG in 2014/15 is estimated at £5.492m.)

- 7.12 The total number of HNS identified for the 2014/15 academic year is 325, which reflects an increase of 48 from the 277 supported students in 2013/14. The increase is due to an overall increase population, the increasing proportion of pupils with Statement of SEN and LDA, the raising participation age and increased provision offering progression for young people with complex needs aged 19-25.
- 7.13 305 places were commissioned on the EFA return as 20 placements at Independent schools were not able to be included within the remit of the EFA guidance. A query has been logged regarding where these pupils can be reported to ensure they are recognised for DSG funding purposes. Although we have estimated 30 pupils in a contingency fund, we do anticipate that these pupils will require a place but are unable to confirm at this time where these pupils will be allocated. On the EFA return they were allocated within the FE Sector to ensure maximum Element 2 funding is made available to providers.
- 7.14 For 2013/14 the LA was required to agree commissioned place numbers with limited information and timescales without appreciating the financial consequences of lower places ultimately being agreed. This had the effect of locking in element 2 funding of £6,000 per planned learner.
- 7.15 Assumptions made in 2014/15 estimates
- The Uplands 6th Form figure is based on the current years cost and is used for guidance only. Banding values have not yet been confirmed so this value cannot be confirmed at this stage.
 - Estimated allocations per provider have been made based on continuing costs of existing providers plus estimates for new learners numbers at an average allocation per pupil (£10,585 / £15,750).

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- 7.17 The academic year Post 16 contingency budget proposed has been based on 30 fte placements at average costs. This is made up of 21fte places at an average cost of £10,729 per pupil. In addition 5 fte ISP placements at an average of £56,617 and 4 fte external placements at an average cost of £59,821 per annum (pro rata for 2/3). Further work will need to be done to revise the above allocations and contingency budget and an update will be provided to the March Schools Forum.

Schools Forum is asked to note that
- provisional estimates of 2014/15 academic year post 16 costs are £5.823m including a contingency of £0.723m
- an update on the post 16 position will be reported in March when the High Need Block DSG position is clarified.

8. Mainstream Setting Funding Issues

Formula and Funding Changes 2014/15

- 8.1 At the October Forum meeting the LA sought agreement to the framework (i.e. which factors) are to be used to allocate 2014/15 funding with indicative values only as this information had to be sent to the EFA by 31st October 2013. Final mainstream funding values must be agreed at today's Forum as this is the EFA deadline for setting mainstream funding.
- 8.2 In October Schools Forum was also asked to 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. At that time the government had not specified when either the national DSG grant distribution system or a new national school funding allocation system would be introduced but the LA felt that in principle steps towards regional averages should be considered to minimise disruption when national changes are imposed.
- 8.3 It was however relevant to consider whether stability is more important than making changes which, whilst aimed at improving fairness, could need to be reversed in future. The LA remains 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. Schools Forum supported 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."***
- 8.4 As reported in October the LAs benchmarking exercise indicated that Swindon's local formula compared reasonably well with South West regional averages in most areas and, as agreed by SAPH and SASH, only a small number of factors

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were in need of review for 2014/15. The following changes were agreed at the October Forum;

- The secondary sector lump sum would be increased from £106,700 to the new DfE maximum of £175,000 with increased costs funded from corresponding reductions to secondary BPPE rates. (Primary lump sums will be unchanged).
- A new optional Sparsity factor would be introduced (see update at paragraph 8.17).

8.5 No new factors would be introduced (mobility, split site, exceptional premises, looked after children, temporary falling rolls were considered) and the following existing factors would remain unchanged;

- Primary Deprivation
- Primary LPA funding
- Primary EAL funding
- Primary Lump sum funding
- NNDR funding

8.6 The following local factors would be reviewed and updates from the November 2013 SAPH and SASH consultations are provided below

- Primary BPPE funding – temporary increase to be repeated if possible/affordable
- Secondary BPPE funding – reductions to be considered in respect of LPA and EAL increases
- Secondary Deprivation – reductions to be considered alongside LPA increases
- Secondary LPA funding – increases to be considered
- Secondary EAL funding – increases to be considered
- PFI Affordability Gap funding – to be centralised if allowed by EFA

8.7 In addition to reviewing local formula factors the LA is also required to determine whether any increased delegations are required in order to comply with the school funding reform programme and revised school finance regulations.

Increased Secondary Delegations – Pupils Attending Riverside

8.8 The EOTAS service provides 12 places for emotionally vulnerable pupils attending Riverside and, as these are not excluded pupils, the schools which make placements, as opposed to the LA, must pay the top up fees. At present schools lose pupil based funding whilst the LA pays the top ups but this is not in line with the school funding reform requirements. Based on 2013/14 costs and place numbers the value of top up funding for Riverside pupils totalled £398,900

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and it was envisaged that this level of funding would be delegated to secondary schools via a £39 per pupil BPPE increase as supported by SASH.

- 8.9 The EOTAS Management Committee have recently approved a detailed report regarding 2014/15 costs and draft budgets were prepared for the 4 centres (Stratton, Riverside, Marlborough House and Great Western Hospital) with an expectation that high needs funding would be severely limited next year. As part of the budget setting process work has been undertaken to more accurately assess the costs of operating the different centres and the position for Riverside compared to the current year is summarised below;

Table 14 – Riverside budget and top up fees 2014/15		
	2013/14 Budget	2014/15 Budget
Planned Places	42	45
Budgeted annual costs	£709,230	£711,200
Less – Pupil premium and other income	-£16,050	-£18,490
Net operating costs	£693,180	£692,710
Less – place funding @ £8,000	-£336,000	-£360,000
Less – top up funding	-£398,900	-£337,500
Total place plus funding	£734,900	£697,500
Projected surplus	+£41,720	+£4,790
Top up rate per pupil	£9,500	£7,500

- 8.10 For 2014/15, whilst net operating costs for the Riverside centre are broadly in line with 2013/14 the number of planned places is increasing from 42 to 45 which has the effect of increasing place funding payable by the LA whilst reducing top up rates payable by schools. Furthermore whilst 2013/14 top up rates were set to produce a surplus (if full occupancy was achieved) there is now greater certainty over this and a more modest surplus has been assumed for 2014/15 which helps keep top up costs down for schools. The Riverside centre will therefore need to operate at full occupancy throughout 2014/15 but unless secondary schools start to use alternative providers demand for Riverside places is expected to remain high.
- 8.11 As previously reported to the Forum for 2014/15 the LA will cease to recover any pupil based funding from schools when they place pupils at Riverside and will delegate a total of £337,500 additional funding across secondary schools (including Swindon academy) via a £32 per pupil increase to the secondary BPPE rate. The principle of delegating funds via this method was the preferred choice of SASH and has already been endorsed by the Forum but the value to be delegated is now lower than originally expected in line with the reduced top up fees that will be payable next year.

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

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Schools Forum is asked to note the increased delegation of £337,500 via a secondary BPPE enhancement of £32 per pupil to 2014/15 so that schools have sufficient funding to pay top up fees for emotionally vulnerable pupils.

Mainstream Funding Factors Under Review

8.12 At the last Forum meeting it was agreed that further work would be done in consultation with SAPH and SASH on the following items;

- **Primary BPPE funding** – this funding is below the regional average and has been addressed in section 3 of the report i.e. the £54.77 per pupil increase applied in 2013/14 is to be repeated in 2014/15 funded from the DSG reserve at a cost of £0.940m (see table 5)
- **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. Furthermore DfE have changed the eligibility criteria for 2014/15 which will result in a significant increase in the number of pupils that will attract LPA funding from 1,041 to 2,570. This would appear to strongly signify that DfE believe that increased funding should be targeted at LPA pupils.
- As requested by SASH the LA modelled 8 options on how this rate could be retained at £702 or increased up to £1,000, £1,500 or £2,000 by reducing **BPPE funding** (Table 15) or a combination of **BPPE and deprivation funding** (Table 16). The indicative results are summarised below;

Table 15 - Impact of Increasing LPA funding by reducing secondary BPPE funding

School	Option 1 - LPA @ £702	Option 2 - LPA @ £1,000	Option 3 - LPA @ £1,500	Option 4 - LPA @ £2,000
Churchfields Academy	£2,762	£7,127	£23,697	£40,267
Dorcan Academy	£10,961	£25,666	£50,303	£74,939
The Lydiard Park Academy	£13,751	£26,618	£48,177	£69,735
Highworth Warneford School	£1,762	£10,922	£26,268	£41,615
Isambard Community School	£119	£12,333	£33,195	£54,057
Kingsdown School	£7,738	£20,604	£42,160	£63,716
Nova Hreod	£6,990	£15,574	£29,957	£44,340
St Joseph's Catholic College	£3,714	£11,653	£24,955	£38,257
The Commonweal School	£4,444	£6,449	£9,809	£13,169
The Ridgeway School	£14,037	£28,235	£52,023	£75,811
Net change – roundings	£7,747	£7,747	£7,747	£7,747

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Table 16 - Impact of Increasing LPA funding by reducing secondary BPPE (50%) and FSM (50%) funding

School	Option 1 - LPA @ £702	Option 2 - LPA @ £1,000	Option 3 - LPA @ £1,500	Option 4 - LPA @ £2,000
Churchfields Academy	-£40,176	-£58,372	-£88,858	-£119,344
Dorcan Academy	-£14,233	-£18,238	-£24,947	-£31,656
The Lydiard Park Academy	£2,510	£7,322	£15,383	£23,444
Highworth Warneford School	£12,898	£15,510	£19,886	£24,263
Isambard Community School	£18,791	£21,324	£25,568	£29,812
Kingsdown School	£22,517	£47,422	£89,150	£130,877
Nova Hreod	-£22,100	-£41,619	-£74,321	-£107,023
St Joseph's Catholic College	£10,617	£14,291	£20,448	£26,604
The Commonweal School	£12,063	£20,547	£34,761	£48,975
The Ridgeway School	-£3,210	-£8,512	-£17,395	-£26,277
Net change - roundings	-£325	-£325	-£325	-£325

- Feedback from SASH was that stability should be retained as far as possible which would point to Table 15 option 1 as being their preference. The LA supports the principle that increases to LPA funding should be met by reducing BPPE rates (rather than BPPE and deprivation funding) but feels that the SASH preference would not begin to address the anomaly between SBC and the South West regional average.
- Although an optional factor, LPA is used by nearly all LAs in England and acts as a proxy for low level high incidence special educational needs. The LA believes that, in line with the strategy agreed, there is an overwhelming reason to make a change and that a move to at least £1,000 for LPA funding is required in 2014/15 which would require an approximate 3.8% reduction to secondary KS 3 and KS 4 BPPE rates.

Schools Forum is asked to support an increased secondary LPA rate in 2014/15 of £1,000 to be funded by reducing secondary BPPE funding by approximately 3.8%.

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- **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.
- As requested by SASH the LA modelled 2 options on how the EAL rate could be increased to £700 or £850 with corresponding secondary BPPE reductions as summarised in the table below.

Table 17 - Impact of Increasing EAL Funding		
School	Option 1 - EAL @ £700	Option 2 - EAL @ £850
Churchfields Academy	£10,396	£22,784
Dorcan Academy	-£682	-£1,495
The Lydiard Park Academy	-£66	-£145
Highworth Warneford School	-£2,355	-£5,161
Isambard Community School	-£2,066	-£4,527
Kingsdown School	-£3,098	-£6,789
Nova Hreod	-£1,461	-£3,201
St Joseph's Catholic College	£2,338	£5,124
The Commonweal School	-£1,639	-£3,592
The Ridgeway School	-£1,368	-£2,998
Totals / Roundings	£0	£0

- Feedback from SASH was that no changes were required but, as with LPA funding, the LA believes that there is an overwhelming reason to make a change and that an increase to £700 is appropriate to move towards the regional average. This would require an approximate 0.08% reduction to secondary KS 3 and KS 4 BPPE rates.

Schools Forum is asked to support an increased secondary EAL funding rate of £700 in 2014/15 funded by reducing secondary BPPE rates by approximately 0.08%.

- **PFI Affordability Gap funding** – When PFI funding was agreed back in 2006/07, in line with DfE guidance, the DSG began making annual contributions towards the overall PFI Affordability gap. Each of the seven PFI schools receive a pupil based share of DSG funding in their delegated budgets which matches the contribution that is subsequently charged to them. These schools must meet the full costs of all services provided by the PFI contractor (catering, cleaning etc.) and the PFI funding they receive has no real impact on their budgets – extra affordability gap funding is offset by extra affordability gap costs. To simplify arrangements the LA contacted EFA with

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a request for the affordability gap funding to be centralised by taking it out of school budgets and included in the centrally retained budget. This is not however allowed although the LA will try again next year.

Schools Forum is asked to note that the LA is unable to centralise PFI Affordability Gap funding in 2014/15 but will attempt to do so in 2015/16.

DfE Formula Review Requirements

- 8.13 After the radical changes made by DfE 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 in 2014/15 are relatively minor. The items which were agreed to be reviewed at the October 2013 Forum meeting are summarised below together with commentaries on feedback from SAPH and SASH.
- a) Funding for Deferred Reception Admissions – Mainstream primary settings
- 8.14 Details on the rationale for introducing this optional factor were explained in the October Forum report but a decision was deferred pending greater clarification of the overall 2014/15 DSG position. The LA could choose to introduce deferred reception uplift funding to provide BPPE and other pupil led funding for primary schools where reception numbers in January are higher than the previous October. As the October census dictates the following year's annual funding this would provide additional support but only for reception classes. For 2013/14 there was an increase in reception age pupils between October 2012 and January 2013 of 33 across 20 schools which equates to approximately £112,200 of BPPE and other pupil based funding although the number of pupils and therefore the value in individual schools is not significant.
- 8.15 SASH initially supported the principle providing that this did not detrimentally affect secondary funding. (This could be achieved if only primary funding was top sliced to create the funding). At the September consultation event SAPH was narrowly in favour of the proposal subject to the LA establishing clear criteria which only provided funding where a January start was as a direct result of parental choice to defer entry and not for any other reasons - this would be possible but would be difficult to manage and monitor.
- 8.16 During the November consultations in light of pressures on the overall DSG the view from both SAPH and SASH was that on balance this optional factor should not be introduced. The value of funding foregone by any individual school is unlikely to be significant and as schools currently have to manage the impact of pupil fluctuations across all age groups it would not seem to be a priority to introduce funding protection just for reception age classes.

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Schools Forum is asked to note that the LA will not be establishment a reception uplift factor whilst calculating 2014/15 school funding allocations but will keep the matter under review.

- b) New Optional Sparsity Factor – DfE prescribed maximum eligibility with locally determined fixed or variable values
- 8.17 As reported in October “Sparsity” is the only new factor that can be used and is aimed at supporting necessary small schools in rural areas. Where a sparsity factor is used up to £100,000 per school can be allocated over and above the lump sum 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.
- 8.18 DfE 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 at all;
- A) Pupil numbers must be lower than 150 (primary excluding nursery pupils) or 600 (secondary excluding sixth form pupils)
- Based on October 2013 pupils this would cover 3 Swindon primary settings - Bishopstone (39 pupils), Colebrook infants (132 pupils), and South Marston (107 pupils)
 - A further 12 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 3 primary settings with fewer than 150 pupils would automatically qualify although it may be possible for the LA to seek exemptions to the “as the crow flies” measurement to use safe walking distances which would allow funding to be allocated to Bishopstone and South Marston. DfE have refused to allow standard road distances to be used.
- 8.19 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 seeking to apply safe walking rather than as the crow flies distances.
- 8.20 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

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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.

- 8.21 To remain sustainable without reducing costs, smaller schools would need to be subsidised by other schools and the LAs initial view was that a sparsity factor should be implemented, which would be tapered to provide a lesser subsidy as pupil numbers reached 150. Under the new DfE model this would need to be as follows;
- In 2013/14 Bishopstone school is receiving £65,000 of MFG protection funding which the LA could reinstate via a “ghost pupil calculation” which recognised that they have 115 less pupils than the 150 DfE threshold – this would equate to £565 per ghost pupil.
 - The October 2013 census indicates Bishopstone has 39 pupils and the medium projections are that pupils will increase to 44 in September and will stay around that level for the following two years
 - For 2014/15 the sparsity funding for Bishopstone would equate to $111 \times £565$ per “ghost” pupil = £62,715 whilst South Marston with 107 pupils would receive $43 \times £565 = £24,295$.
 - South Marston is predicted to remain full with a minimum of 105 pupils and in the longer term is expected to expand to help provide sufficient school places for the Eastern Villages development.
- 8.22 During the September consultations both SASH and SAPH supported the proposal and Schools Forum agreed in October that this factor should be created. However, in the light of a review of wording used by the schools minister and more widely by DfE to describe the purpose of allowing a sparsity factor, SASH have revised their position and do not feel that this is aimed at predominantly urban areas such as Swindon.
- 8.23 In light of the revised SASH view and the fact that the initial view of SAPH in September was not unanimous (2 to 1) with low turnout, the LA raised the matter of sparsity again at the November SAPH consultation and extracts of DfE wording were provided as follows;

Extract from 4th June 2013 letter from David Laws MP

“The most significant change I will be introducing is a new optional sparsity factor for 2014. The review has demonstrated strong support for this from **rural authorities** as it will enable authorities to target additional funding to small **rural schools**. We will be providing local areas with a number of flexibilities in how they use the sparsity factor so that it can best meet local circumstances.”

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Extract from minutes of 29th October meeting between F40 Authorities and David Laws MP

“MJ asked if the DfE thought sparsity and rurality were the same or different things. DL suggested that sparsity is intended to protect schools when closure would require pupils to travel long, unreasonable distances. Just being **rural** in itself doesn’t signify sparsity. Many rural schools can demonstrate that they are successful year after year without relying on sparsity funding. TL said that sparsity is a form of “compensation for schools that cannot otherwise achieve economies of scale”.

- 8.24 Given the sensitivity of this matter SAPH asked the LA to quantify the approximate level of funding that other schools would be foregoing to allow the sparsity factor to be introduced (which is approximately £2.91 per pupil) and advised that a secret vote would be considered. Subsequent feedback from SAPH is that as their consensus view had already been provided in September they did not see a need to vote again on this matter.
- 8.25 It is important to recognise that the issue under consideration is not whether Bishopstone, South Marston or any small school should close - just whether or not it is appropriate for them to be subsidised by other schools. DfE are not envisaging any school closures as they have stated that they do not expect LA home to school transport demands to change as a consequence of the school funding reform programme. The DfE wording relating to sparsity funding is open to interpretation and after categorically stopping all LAs from operating any sort of small school protection in 2013/14 (on value for money grounds) it would seem clear that, in subsequently introducing a sparsity factor, DfE are not anticipating that this will be implemented by LAs simply to recreate small schools protection. Furthermore it would not seem appropriate for schools that may be unpopular to be protected against low or falling rolls.
- 8.26 The LA will therefore need to consider whether low pupil numbers in Swindon schools are inherently due to sparsity or whether these schools could, as proposed by DfE, reduce their operating costs by restructuring/federating so that they can operate within their allocation of lump sum (£106,700) and pupil based funding (approximately £3,400 per pupil) without relying on subsidies from other schools.
- 8.27 It is relevant to note that DfE are aware that the existing sparsity factor option requires clarity and a number of LAs (including the F40 pressure group) have questioned the rationale of the current policy including how this is linked to lump sum funding. The majority of F40 LAs have indicated that they are not intending to introduce a sparsity factor for 2014/15 for the following reasons
- Some LAs do not have schools in sparsely populated areas
 - The available model does not target funding effectively

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

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- It would be prudent to await the DfE's intentions for the national fair finding formula
- 8.28 It seems highly likely that the DfE will be announcing further changes on this matter for 2015/16. The LA's view is that Swindon schools should not be required to subsidise other schools and that a sparsity factor should not be introduced in 2014/15 although this will be reconsidered in light of whatever revised guidance is issued. This leaves both Bishopstone and South Marston in the position they would have been expecting following the allocation of 2013/14 funding i.e. that they have lost out on small schools protection but will be in receipt of MFG protection. The value of MFG will gradually reduce over future years in line with whatever rate of protection is set by DfE, currently this restricts any school from losing more than 1.5% per pupil per year and is calculated before any Pupil Premium funding is added.
- 8.29 The LA will keep this matter under review and will assess how other LAs are implementing this factor. As explained at section 9 of this report DfE are committed to implementing a new national fair funding formula in 2015/16 which may have a compulsory or at least more prescribed sparsity factor which may or may not apply to Swindon. In the meantime the LA will work with both Bishopstone and South Marston to ensure contingency plans are in place to assess pupil forecasts and accommodate the impact of reducing MFG.

Schools Forum is asked to note that the LA will not be establishing a sparsity factor whilst calculating 2014/15 school funding allocations but will keep the matter under review.

- 8.30 Based on the proposals above the LA will be able to finalise 2014/15 mainstream funding allocations for schools and academies. Details will be issued to schools as soon as possible after the EFA have confirmed that our proposals are in accordance with the finance regulations – probably in early February. Academies will receive formal notification of their funding from the EFA in due course but this should be closely aligned to the LAs figures. Mainstream funding for 2014/15 will therefore be based on the factor values attached at **Appendix 5** applied against each schools October 2013 census information. This census reflected the continued trend of increasing primary pupils and reducing secondary pupils as summarised below;

Table 18 – Mainstream Pupils October 2012 and October 2013			
	October 2012 Pupils (2013/14 budgets)	October 2013 Pupils (2014/15 budgets)	Year on Year Change
Primary	17,178	17,713	+ 535
Secondary	10,211	10,024	- 187
Total	27,389	27,737	+ 348

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

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- 8.32 An indication of the impact across mainstream schools and academies will be tabled at the Forum meeting

Schools Forum is asked to note the estimated mainstream funding summary position for 2014/15 subject to DfE verification.

9. DSG and School Funding Prospects 2015/16

- 9.1 Attached at Appendix 6 are notes of a recent DfE conference at which indications of future DSG levels and other school funding prospects were discussed. The note also provides an overview to the approaches being considered for the introduction of a national fair funding formula in 2015/16 and steps being taken by DfE to promote efficiency in schools.

Schools Forum members are asked to note the potential implications for school funding in 2015/16 and are invited to ask any questions.

10. Alternative Options

- 10.1 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 locally determined. The options available are described throughout this report and have been included in consultations with schools.
- 10.2 The LAs final proposals relating to 2014/15 high need providers will be presented to the Schools Forum in March 2014.

11. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 11.1 As this is essentially a financial report the implications are explained throughout the document. At this stage the precise impact of any funding changes on individual early year's settings, high need specialist schools, colleges and other providers cannot be determined. Schools are protected by the Minimum Funding Guarantee which for 2014/15 prevents annual losses of more than 1.5% per pupil before taking account of any Pupil Premium funding. It is important to recognise that no setting is financially protected against reduced pupils or student numbers.

Legal and Human Rights Implications

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

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

- 11.3 The school funding reform programme is causing a degree of volatility in the distribution of DSG funding which may have implications for schools and other providers which are detrimentally affected by this.

Links to One Swindon, Strategic Objectives, Plans and Policies

- 11.4 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

- 11.5 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

- 11.6 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. All schools and other education providers need to prepare and maintain annual budgets and medium term financial plans which assess their sustainability.

12. Consultees

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

13. Background Papers

- 13.1 Various documents issued by the Department for Education since 4th June 2013 announcing the 2014/15 school funding reform changes and in particular the agenda papers provided to the 9th July and 11th October Schools Forums.

14. Appendices

- 14.1 The following appendices are attached
- Appendix 1 –Trigger Funding Option Costings

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- Appendix 2 – Centrally retained 2014/15 pre 16 High Needs Budgets
- Appendix 3A and 3B – Anonymous schedule of pre 16 and post 16 external placements
- Appendix 4 - Statement on Special Resource Provision
- Appendix 5 – Summary of mainstream funding factors 2014/15 (To follow)
- Appendix 6 - Notes from the 6th November 2013 National Fair Funding Conference