

# 2015-16 DSG Prospects and School Funding Changes

Schools Forum

Date: 8<sup>th</sup> July 2014

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Author:	Head of Finance – Education and Innovation
Wards:	All
Locality Affected:	All
Settings Affected:	As the DSG is ring fenced funding provided by the DfE to meet the educational needs of early years, school age and all 0 to 25 year old high need pupils, any decisions on how the grant is utilised indirectly affects all settings. Issues in this report will affect mainstream schools, high needs school settings and early years providers.

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## 1. Purpose and Reasons

- 1.1 To provide Schools Forum members with an update on DSG prospects for 2015/16 and potential changes to school funding which will need to be consulted on over the next few months in preparation for next year's budget setting process.

## 2. Recommendations

The Schools Forum is recommended to:

- 2.1 Note the key issues arising from recent school funding reform announcements and that Swindon is expected to benefit from an increase to its Schools' Block DSG allocation in 2015/16 of approximately £2.9m (2.5%)
- 2.2 Agree that the additional Schools Block DSG receivable in 2015/16 is allocated across factors in the local formula for mainstream schools.
- 2.3 Note the options identified by the LA on how funding could be allocated and agree that the focus of the consultation process should be on proposals to increase BPPE and lump sum funding and potentially introduce a sparsity factor.
- 2.4 Note the options identified by the LA on how funding could be allocated and agree the principles and timetable for the mainstream consultation programme.
- 2.5 Primary Sector Schools' Forum representatives are asked to give their views of the likelihood that maintained primary schools and primary academies would wish to support continued LA commissioning of the primary behaviour support service provided by the Nylands Campus Outreach Team.
- 2.6 All Schools' Forum representatives are asked to give their views of the likelihood that relevant schools and academies would wish to support continued LA commissioning of the:
  - Uplands Assistive Technology Service
  - Millbrook Specific Learning Difficulties Support Service

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

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- 2.7 Agree the proposed 2014 work plan for the High Needs Task Group in order that any required changes can be consulted on and agreed prior to 2015/16 budget setting for specialist settings
- 2.8 Note that the DfE has announced a new Early Years Pupil Premium for disadvantaged 3 and 4 year olds valued at £50m nationally which will be allocated to LAs in 2015/16
- 3. School Funding Reform Update – Extra Schools Block DSG**
- 3.1 On 13<sup>th</sup> March 2014 the DfE announced that the introduction of a national fair funding formula for schools was not going to be introduced until after the next general election but that a significant first step change was planned. Based on submissions by the F40 pressure group, DfE would be introducing a new Minimum Funding Level (MFL) for the distribution of the schools block DSG allocations in 2015/16 targeted at the least fairly funded LAs. Based on October 2013 pupil numbers and characteristics (FSM, EAL etc.) DfE had calculated whether individual LAs were receiving enough DSG to be able to provide a sufficient level of funding to their mainstream schools. Of the 151 Local Education Authorities 62 were not receiving funding up to the MFL level and would therefore be eligible for DSG increases which would total £350m.
- 3.2 Swindon was listed as one of the eligible LAs and indicative figures are that we would receive a 2.5% increase to our schools block DSG per pupil value of £4,102.23, which in cash terms would represent an extra £2.9m. (As reported elsewhere on today's agenda it is possible that this figure could change when arrangements to absorb all Swindon Academy pupils into our DSG are finalised). Although beneficial to Swindon a number of F40 and other LAs were unhappy that they were receiving either low or no increases. (Annex B shows the DfE's proposed distribution of the extra £350m across low funded LAs).
- 3.3 Also on 13<sup>th</sup> March 2014 the DfE launched another consultation titled "Fairer Funding for Schools 2015/16" with a relatively short response deadline of 30<sup>th</sup> April. The scope of the consultation was limited to two areas - feedback on the MFL proposals and views on the sparsity factor which was introduced as an optional factor for LAs to use in 2014/15. The timing of this consultation did not allow a draft response to be shared with the Schools Forum but an LA response was submitted and is attached at Annex C.
- 3.4 Whilst generally supportive of the MFL changes the LA response included comments on the following issues;
- Whilst increases to the lowest funded LAs was welcome this did not start to effect any redistribution of funding across high and low funded LAs and Swindon would now be the 7<sup>th</sup> lowest funded LA for schools block DSG.

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- The Pupil Premium was now a significant source of funding and should be factored in to any future redistribution of DSG across LAs
  - High Needs funding should also be simplified and made fairer
  - Allocating schools block DSG on a lagged funding basis was detrimental to LAs (such as Swindon) which were having to wait a year before October pupil increases are recognised in their funding. The top slicing of the DSG for pupil growth means that all schools are perpetually foregoing a share of funding for existing pupils whereas an in year DSG adjustment using some of the new £350m funding could alleviate this.
- 3.5 The only other item in the consultation response form related to the sparsity factor which Forum members will be aware is a particular area of concern for Swindon. The LA submitted a detailed response on this item which included the following;
- Questions over the scope and purpose of the sparsity factor – is it just for rural schools in rural LAs? If it is intended for any small school why was previous DfE guidance (related to the introduction of a single lump sum and cessation of small schools protection) that all small schools should look to federate and not be subsidised?
  - Questions over the methodology of applying the sparsity factor given that DfE guidance was that LAs could narrow but not extend eligibility thresholds noting that no Swindon schools qualify for this funding.
  - Questions over the validity of calculating distances to the next nearest school if indeed that school is full.
  - A suggestion that tiered lump sums values should be allowed to recognise diseconomies of scale for different sized schools
- 3.6 An extract from the consultation response relating to the sparsity issue together with a covering letter was sent to the 4 small Swindon Schools, Ward Members, Chair of SAPH and Chair of the Schools Forum on 13<sup>th</sup> May (The covering letter is attached as annex D and provides further background information on this matter). As previously stated the LA is not contemplating the closure of any small school. The issue is essentially whether it is appropriate for Swindon to seek DfE approval to top slice the DSG in order to equitably provide subsidies to some schools.
- 3.7 LA officers attended a DfE national fair funding conference on 4<sup>th</sup> June 2014 which gave feedback on the consultation responses and some indications about future changes. Key points are;
- Acknowledgement that although they felt that the reforms have been successful in moving towards a more transparent pupil led funding system DfE “did not get it all right in 2013-14”

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- 89% of funding is now targeted through pupil led factors
  - Only 53 LAs are using the new freedom to set a differentiated lump sum between primary and secondary schools
  - Only 27 LAs are using the optional sparsity factor
  - Only 26 LAs are using the optional falling rolls fund
- With regard to the MFL proposals for 2015/16
  - 90% of LAs agreed the current school funding system is unfair
  - Widespread disappointment that the introduction of a national fair funding formula was not being implemented. (Ministers felt that changes would need to be phased in over the longer term and that the right time to introduce this would be after the next spending review when multi-year public spending plans would be in place). MFG protection for schools would remain at -1.5% per pupil until at least 2016/17. A letter from the Prime Minister to the Oxfordshire Governors Association in May stated that “The allocation of £350m in 2015/16 is only the start of the transition to fairer funding and eventually a national funding formula” and that “Our current proposals are the furthest we can go in a single year with the money we have available”.
  - Concerns from growing LAs that funding for in year pupil growth was still not being addressed
  - Concerns that pressures on high needs budgets arising from a growing number of children with complex needs was not being addressed and that schools block and early years block funding was having to be diverted to meet this pressure.
- Changes to the funding of free schools are being proposed which would require LAs to set aside funding from their DSG to allocate as pupil growth funding in the second year after a free school has been established.
  - At present free schools are funded directly by the EFA without any LA involvement although funding should be based on local formulas. Crucially free school funding has no impact on DSG at present but should a free school be established in Swindon (as is expected) under the proposed changes the LA would need to top slice a share of its DSG to provide pupil growth funding from year 2 onwards until the free school was fully opened.
  - If the fundamental basis of lagged funding is accepted this would not be unreasonable where a free school is opening to meet basic need as pupil growth would need to be funded in any maintained school or academy. However if a free school opens in an area which pulls in pupils from existing schools and/or academies this

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would seem very unfair as their in year growth would be linked to pupils transferring from other schools for which funding had already been allocated. In essence these pupils would attract funding for their original school and the free school for the same period and LAs are unhappy with this proposal.

- Changes to non recoupment academies are proposed which would require all pupils to be included in LA DSG calculations and for their funding to be determined via the local formula and then recouped.
  - This would mirror arrangements that are in place for all converter academies and part recoupment academies and for Swindon would bring Croft school into the LA for funding purposes.
  - Although this would represent a further U turn on the DfE's instructions regarding the funding of Croft school it is logical and would, for the first time, require the LA and its Schools' Forum to determine funding allocations for all state funded schools in Swindon (other than the first year funding for new free schools which appears to remain with the EFA). This will bring back pupil growth pressure arising from September pupil increases at Croft but as this school was built to meet a basic need requirement this is logical.
- The Education Services Grant is to be cut by 20% in 2015/16 which has implications for the funding of LAs and Academies. LA views at the conference were that the enhanced funding available for academies has gradually reduced and with further ESG cuts planned means that there is no financial advantage to be gained. It is possible therefore that most future conversions will be as a result of forced sponsorship arrangements arising from concerns over the quality of education.
- Some indications were expressed that school funding may not be protected in the next spending review
  - High level discussions were still taking place on the effectiveness of the previous government's commitment to increased school funding given that countries like Sweden achieved better outcomes at a lower cost. Some views that adding Teaching Assistants may actually be detrimental to learning and that despite very high increased spending only a marginal improvement in outcomes has occurred.
  - Some concerns that publically funded salaries for super Headteachers were becoming excessive.

3.8 DfE were still carefully considering the consultation responses and intended to announce final 2015/16 schools block units of funding in the summer to enable LAs to start consulting with their schools before the summer holidays. At the

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same time they intend to announce the outcome of their review of the sparsity factor, announce changes to the funding of non recoupment academies and free schools, the outcome of the ESG cuts and announce 2015/16 funding rates for early years. (It was not clear how or when High Need DSG funding for 2015/16 would be determined).

***Schools Forum is asked to note the key issues arising from recent school funding reform announcements and that Swindon is expected to benefit from an increase to its Schools Block DSG allocation in 2015/16 of approximately £2.9m (2.5%)***

### Proposals on the Distribution of Additional Funding

- 3.9 Although the final details of the MFL changes have yet to be announced Swindon looks set to benefit from an approximate 2.5% increase in schools block funding in 2015/16 and it would be helpful to agree the principles on how this funding of approximately £2.9m should be allocated. Fundamentally a decision needs to be taken on whether the schools block DSG increase should be distributed to mainstream schools or, as none of the DSG blocks are ring fenced, whether consideration should be given to boosting early years or high needs funding.
- 3.10 Forum members are advised that the 3 block DSG funding system introduced in 2013/14 represented a somewhat arbitrary split by DfE of what was previously a single grant based entirely on an overall January pupil count. Historic decision on things like PFI affordability costs, the central funding of equal pay claims and SBC overheads contributions and funding set aside for pupil growth cannot be attributed to specific blocks. Since introduction of the 3 block funding the LA has continued to balance the overall DSG budget by recognising cost pressures in all areas as is expected by the DfE. A very recent example of this was the decision in 2013/14 to allocate £1m of early years 2 year old funding towards an expected post 16 high needs pressure. As an illustration, funding allocations in 2013/14 compared to the 3 funding blocks are summarised in the table below:

<b><u>Table 1 – 2013/14 Funding and Spending by DSG Block</u></b>			
DSG Blocks	Funding Received	Spending Allocations	Difference
Early Years	£10.113m	£8.418m	–£1.695m
Schools	£112.432m	£109.740m	–£2.692m
High needs	£22.901m	£25.026m	+£2.125m
Central services, pupil growth, admissions etc.	?	£1.745m	+£2.262m
Early Yrs funding earmarked to be cfwd for 2014/15 Post 16 HN costs		£0.453m	
Unallocated DSG balance		£0.064m	
Totals	£145.446m	£145.446m	£0.0m

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- 3.11 At the national conference DfE representatives were challenged as to why only the schools block DSG was being reviewed at this time and their response was that further changes were envisaged for early years and high needs. Given that the basis of our additional DSG is entirely based on MFL calculations applicable to mainstream pupils the LA's view is that the additional DSG should be distributed to mainstream pupils. This appeared to be the expectation of DfE representatives on the basis that they have very specifically chosen to boost only the schools block funding rates at this time.

**Schools Forum is asked to agree that the additional Schools Block DSG receivable in 2015/16 is allocated across factors in the local formula for mainstream schools.**

## Options to Increase Mainstream Funding

- 3.12 The table below summarises how much mainstream funding is allocated across the existing formula factors in 2014/15

<b><u>Table 2 – Summary of current mainstream funding</u></b>					
	Status	Primary £m	Secondary £m	Total £m	MFL?
Pupil Based					
• BPPE	Mandatory	47.9	40.0	87.9	Yes
• Deprivation – FSM	Mandatory	3.5	2.2	5.7	Yes
• Deprivation – IDACI		3.5	2.0	5.5	Yes
• Looked after Children	Optional	£0	£0	0.0	Yes
• Low Prior Attainment	Optional	2.6	2.6	5.2	Yes
• EAL	Optional	1.0	0.2	1.2	Yes
• Pupil Mobility	Optional	-	-	-	No
Non Pupil Based					
• Lump sum	Optional	6.5	1.9	8.4	Yes
• Rates / PFI	Optional	1.3	1.2	2.5	No
• Sparsity	Optional	-	-	-	Yes
• Split Site	Optional	-	-	-	No
• Exceptional premises	Optional	-	-	-	No
Minimum Funding Level Guarantee	Mandatory	0.2	£0	0.2	No
Totals		66.5	50.1	116.6	

- 3.13 Given the continued medium term uncertainty over school funding the LA is not keen to make changes which would cause undue turbulence to school budgets when they could well be reversed by DfE when a national formula is introduced.

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Although a national formula will not be introduced until 2016/17 at the earliest the LAs view is that stability of funding should be a major consideration which seems to have been the view of Headteacher Associations last year. Assuming Schools' Forum supports the targeting of the additional schools' block DSG within mainstream funding the LA does not therefore propose to introduce any of the optional unused factors (other than a review of sparsity funding) as this position was confirmed following last year's consultation.

- 3.14 As a result of last year's regional benchmarking exercise some steps towards regional average values were taken with increases to secondary Low Prior Attainment (LPA) and English as an Additional Language (EAL) and the secondary lump sum was increased all funded via a redistribution of secondary BPPE funding. There were no obvious areas to review in the primary sector and no changes were made in 2014/15. As recent benchmarking exercises have suggested that most funding values appeared reasonable the LA would not be therefore be keen to distribute additional funding across areas such as deprivation which is not distributed evenly, particularly given that DfE have increased Pupil Funding values over recent years, significantly so in the primary sector.
- 3.15 The DfE have emphasised that the MFL funding values they have used to indicatively allocate MFL funding are not intended to be target values that LAs should aspire to reach. They are average values used by LAs in 2013/14 on selected items (most factors remain optional) and as they may not feature in a future national formula it may not be appropriate to aim for these values. For information Annex E does however show SBC's 2014/15 rates compared to the 2013/14 MFL values used by DfE in their modelling. Actual DSG increases will be based on 2014/15 MFL values which DfE are expected to publish imminently.
- 3.16 The only other way by which additional DSG could be used within mainstream settings is by reviewing the Pupil Growth Fund and commentaries on each area are provided below
- Pre-opening start-up costs – a minor proposal to increase funding for new schools opening with nurseries is reported elsewhere on today's agenda. With this amendment the LA believes this provides reasonable levels of funding and no changes are suggested.
  - Set up costs – the current policy which now provides infrastructure as well as class based funding for expanding schools seems reasonable and no changes are suggested
  - Trigger Funding – this policy was recently changed to ensure sufficient funding is provided to at least cover costs in reception classes (break even funding for at least 21 pupils in new reception classes is now provided).



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Although no policy changes are proposed this funding is directly linked to BPPE funding and would be affected by any changes to this factor value.

- Deferred reception admissions – the LA consulted on introducing this policy last year which would provide funding for reception pupils which had delayed entry until January and would not therefore attract funding for the school which is based on the previous October census. This was not considered a priority last year and difficulties were foreseen in establishing criteria and monitoring whether January increases were as a direct result of parental choice. The value of funding foregone by an individual school was likely to be low and schools have to manage the impact of pupil fluctuations across all age groups. The LA is not proposing to introduce funding for this item
  - Temporary falling rolls fund – the scope to provide funding for temporary falling rolls in advance of a population bulge is very much prescribed and can only be allocated to good or outstanding schools. Surplus capacity must exceed a locally determined pupil number or % of published admission numbers and local planning data must demonstrate that a defined proportion of surplus places will be required within 2 or 3 years. Local policies in this area must be agreed by the EFA and the LA is not proposing to introduce funding for this item in 2015/16 although this will need to be kept under review.
- 3.17 This leaves the following factors which the LA proposes should be the focus of consideration for enhancement in 2015/16 from the additional DSG – BPPE, Lump sums and sparsity.

***Schools' Forum is asked to note the options identified by the LA about how funding could be allocated and agree that the focus of the consultation process should be on proposals to increase BPPE and lump sum funding and potentially introduce a sparsity factor.***

## Primary BPPE Rates

- Following a recent benchmarking exercise the LA identified that whilst Swindon's secondary BPPE rates were generally above regional averages the primary BPPE rates were relatively low and in 2013/14 and 2014/15 a temporary increase of £54.77 was made to this factor which is being funded from the DSG reserve. Based on latest estimates of there being approximately 18,700 primary pupils in October 2014, making this a permanent increase from 2015/16 would cost approximately **£1.025m** and could be funded on a permanent basis from the DSG increase.

## Primary Lump Sums and Sparsity

- Given the uncertainty and concerns over sparsity / small school funding, the LA could look to raise the primary lump sum value to give greater certainty of

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funding to smaller schools. For example Bishopstone is currently receiving annual funding of £287,620 made up as follows;

- 39 x BPPE and other pupil led funding (FSM etc.) £112,990
  - Lump sum £106,700
  - MFG £67,930
  - Total £287,620
- As things stand Bishopstone's MFG funding will gradually erode over a number of years and to be sustainable this school will need to reduce staffing and operating costs by approximately £65k. Whilst a revised sparsity factor may provide a full or partial solution to their funding problem a local decision now to boost primary lump sums would reduce the pressure on them to make savings. This would have to be a sector wide increase which would have a minimal effect on larger primary schools and a larger effect on smaller schools. Increasing the primary lump sum from £106,700 by say £25,000 would cost an extra £1.525m.
- To be fair to the secondary sector this change could be instigated without using any of the new DSG by shaving down the primary BPPE rates to create scope to increase primary lump sums. If for example the primary lump sum was raised by £25,000 this would require a BPPE reduction of £82.70 per pupil which would affect schools as illustrated in the table below

**Table 3 – Increased primary lump sum funded from BPPE reduction**

	Extra Lump Sum	Reduced BPPE	Net impact
Small primary (100 pupils)	+£25,000	-£8,270	+£16,730
Medium primary (210 pupils)	+£25,000	-£17,370	+£7,630
Large primary (420 pupils)	+£25,000	-£34,730	-£9,730

(Cutting the primary BPPE after benchmarking identified this as being relatively low funded would however appear to be a little illogical).

- Should revised DfE guidance on sparsity funding make it clear that this would appropriately apply to Swindon schools this will also be considered.

### Primary and Secondary Lump Sums

- Alternatively the extra DSG available could be shared between primary and secondary sectors with increases to both sector lump sums. This would have a disproportionate impact across primary schools (as pupil numbers vary from 39 (Bishopstone) to 562 (Drove) but would impact fairly evenly across secondary schools (which are all of a similar size. Assuming say £1m was shared across the sectors this would fund an approximate 12% increase;

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- Primary lump sums would increase from £106,700 to £119,400
- Secondary lump sums would increase from £175,000 to £195,850

## BPPE Inflationary Increases

- The LA could choose to simply uplift some or all current formula factors by a small percentage uplift. However based on the analysis above it is considered that the fairest method would be to enhance all BPPE rates by the same percentage (1.1%) as this would have a proportionate effect on all schools. Assuming say £1m was allocated across BPPEs the impact would be as follows
  - Primary KS 1 and 2 BPPEs would increase from £2,644 to £2,675
  - Secondary KS 3 BPPE would increase from £3,464 to £3,503
  - Secondary KS 4 BPPE would increase from £4,225 to £4,273

## Proposals on the distribution of additional DSG funding for consultation purposes

- 3.18 On balance the LA proposes to consult with schools on the following basis with a view to establishing the consensus view from each sector and then recommending firm proposals at the October 2014 Schools' Forum;
- A) That the first call on the new DSG is to make permanent the primary BPPE increase which will require approximately £1m of the new funding.
  - B) That options to increase primary and secondary lump sums are modelled using up to approximately £1m and subject to consultation alongside consideration of any new DfE guidance relating to sparsity funding.
  - C) That remaining funds after A) and potentially B) are distributed as an inflationary increase on all BPPE rates. This will also be modelled and subject to consultation.

## Consultation Process and Timescales

- 3.19 The LA has a statutory requirement to consult with the Schools' Forum over a range of issues as detailed in the Schools' Forum regulations and operational good practice guidance. Over the last few years a number of complex areas have had to be addressed and the LA has tried to assist Headteacher representatives on the Schools' Forum by making presentations at Headteacher Association meetings. Ultimately proposals and decisions on formula changes are taken by the Director of Children's Services (DCS) but LA officers have been explicitly advised by the DCS to shape proposals with a view to seeking consensus views on all issues wherever possible. Under the school funding reform programme greater powers have been given to the Schools' Forum as schools' members must now agree funding for items such as de-delegation, pupil

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growth funds and central spending although the LA previously sought agreement on these matters before the reform changes.

- 3.20 Whilst LA officers feel that attending Headteacher Association meetings has been beneficial in raising wider awareness of school funding issues this has led to a degree of confusion when “votes” have been sought at these events to determine the consensus views of SAPH and SASH. To be clear there are no requirements for the LA to consult with all schools – only the Schools’ Forum – and it is for the Forum members to ensure that their votes at Forum meetings are representative of their sectors. This point is reflected in the report on Schools’ Forum membership elsewhere on today’s agenda.
- 3.21 All Schools’ Forum reports are made available to all schools via the SBC web site and this report explains the options available for 2015/16. LA officers will be happy to arrange a one off awareness raising presentation for all Headteachers, Governors and other Forum members if this is considered helpful and a date in September is proposed. It is important to recognise that whilst feedback at this event may shape LA proposals, formal voting will not take place. In addition, LA officers will be happy to attend any Headteacher Association meetings on request between now and the end of September prior to decisions being taken at the 7<sup>th</sup> October 2014 Schools’ Forum.
- 3.22 Forum Members are advised that following feedback at today’s meeting the LA will issue indicative figures to all schools showing the impact of potential changes but that all modelling undertaken will, as required by DfE, need to be based on October 2013 pupil numbers whilst actual funding for 2015/16 will be based on October 2014 pupils. The modelling done will therefore reflect the impact of funding formula changes (which is an LA / Schools Forum decision) and not year on year pupil changes (which is an issue for individual schools). It would be difficult for the LA to model 2015/16 funding allocations based on October 2014 pupil in advance of DfE releasing verified October 2014 PLASC details in December. Subject to all factors being agreed at the October 2014 Forum the LA should be able to finalise mainstream school funding allocations for individual schools at the 20<sup>th</sup> January 2015 Schools Forum.
- 3.23 The only alternative would be to extend the consultation process by scheduling an additional Schools Forum or sub group meeting in November or December. However as the matters for discussion leading up to 2015/16 budgets concern the allocation of additional funding rather than the redistribution of existing funding this should be less contentious than in recent years. The LA would wish therefore for Schools Forum to agree all 2015/16 mainstream funding issues at the scheduled October 2014 Forum meeting.

<p><b>Schools Forum is asked to note the options identified by the LA on how funding could be allocated and agree the above principles and timetable for the mainstream consultation programme.</b></p>
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## 4. High Needs Commissioned Services and De-delegation

### Nylands Campus Outreach Team (NCOT)

- 4.1 Leading up to the 2014/15 budget setting process Forum Members may recall that the LA was advised by the EFA that it was not possible to continue funding the Primary Behaviour Support Team in 2015/16 without consulting with maintained schools to agree de-delegation. Although classified by the LA as being a service for High Need pupils, the LA accepts that these pupils are not generally statemented and may not cost £10,000 per year to educate. Under the DfE definition the £232,700 of funding used by the LA to support behaviour support is therefore deemed to be schools block DSG and usage must therefore be agreed with mainstream schools.
- 4.2 To comply with the school finance regulations the LA will therefore need to allocate £232,700 across primary schools next year via a BPPE uplift of approximately £13 per pupil. If there is a consensus view that this service represents good value for money:
- The LA can arrange de-delegation of funding back to NCOT from maintained primary schools charged at £13 per pupil – this would provide approximately £138,000
  - The LA can administer a basic traded payment service arrangement on behalf of NCOT to recover annual contributions from primary academies at £13 per pupil – this would provide approximately £94,700.
  - The LA can then continue to directly fund the existing service. (Should any primary academy choose not to subscribe to the service the charge to remaining users could be increased to maintain a similar level of funding or the service may need to be slimmed down to reflect the level of support from schools).
- 4.3 Alternatively the LA could delegate funding across the primary sector and leave the White Horse Federation to establish a school to school traded service on either a subscription or pay as you go basis. As stated in previous Schools' Forum reports the LA believes that the service is highly effective and represents good value which is an integral part of the overall BESD graduated response service. The Federation is happy to continue providing the service but clearly would not wish this to be administratively onerous. Should it prove necessary to decommission the service this would have potential redundancy implications and schools would need to seek alternative providers of behaviour support services.
- 4.4 Subject to Primary Sector Schools' Forum representatives confirming support for continuation of the existing service the LA will model the delegation of funding in the forthcoming school consultation programme.

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**Primary Sector Schools' Forum representatives are asked to give their views of the likelihood that maintained primary schools and primary academies would wish to support continued LA commissioning of the primary behaviour support service provided by the Nylands Campus Outreach Team**

## Other Centrally Commissioned Services

- 4.5 It is also possible that we will need to take similar steps to de-delegate funding in respect of other centrally commissioned services which are also targeted at mainstream pupils, as opposed to high needs pupils i.e. those where the majority of pupils which are being supported are statemented / will be subject to Education Health and Care Plans and whose education will therefore in most likelihood cost more than £10,000 per year. We are in negotiation with the EFA to understand if the guidance applies to any of our other commissioned services which are also targeted at mainstream pupils. A full schedule of the centrally commissioned services and the funding allocated to them in 2014/15 is shown below, we have indicated if the service is considered by the LA to be high needs or mainstream.

<b><u>Table 4 – Funding for High Need Outreach and Commissioned Services</u></b>		
<b>Service</b>	<b>Mainstream or High Need?</b>	<b>2014/15 Funding</b>
Nylands – Campus Outreach Team	Mainstream	£232,700
Nylands - outreach service for emotionally vulnerable pupils	High Needs	£87,410
Uplands – Visually Impaired Education Support Service	High Needs	£176,300
Uplands - Assistive Technology	Mainstream	£64,350
Even Swindon - Speech and Language	High Needs	£22,200
Ruskin Junior – Autistic Spectrum Disorder	High Needs	£87,000
Ruskin Junior - Autistic Spectrum Condition Support Service	High Needs	£135,800
Ridgeway - Education Audiologist	High Needs	£11,100
Redoaks - Hearing Impaired Support Service	High Needs	£239,700
Commonweal - Physical Impairment Advisory Service	High Needs	£77,100
Millbrook - Specific Learning Difficulties Support Service	Mainstream	£66,900
<b>Totals</b>		<b>£1,200,560</b>

- 4.6 Assuming that the EFA confirm the LA's assumptions, for all those which target mainstream pupils (Uplands Assistive Technology and Millbrook SLD) a similar process will need to be followed to the one described at paragraphs 4.1 to 4.4 above and a summary of the approximate values involved are as follows;

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



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**Table 5 – Potential Mainstream De-delegations 2014/15**

	Delegation value per pupil	Mainstream De-delegations	Academy Contributions	Total Funding
Uplands – Assistive Technology Service provided to all schools	£2.25	£26,750	£37,800	£64,550
Millbrook - SLD Support Service provided to all schools	£3.30	£39,600	£27,300	£66,900

**All Schools' Forum representatives are asked to give their views of the likelihood that relevant schools and academies would wish to support continued LA commissioning of the;**

- Uplands Assistive Technology Service**
- Millbrook Specific Learning Difficulties Support**

## 5. High Needs Task Group – 2014 Workplan

- 5.1 During 2013 LA officers consulted extensively with the high needs task group on various issues leading up to the 2014/15 budget setting process. The key outcome of the task group was to assist the LA in establishing a more universal banding and funding system which was used to allocate specialist school funding in 2014/15 (this is attached at Annex F). This brought together two very different systems previously used to determine funding for Special Schools and Special Resource Provision and although year on year funding allocations to specialist settings increased by a total of £0.498m, inevitably some settings gained additional funding and some settings experienced reduced funding either due to changes in place numbers or changes to top up values.
- 5.2 The LA is conscious that some of the changes need to be reviewed and that other issues may need to be explored in order to further improve the fairness of high needs funding. The LA is aiming to schedule further task group meetings in September, October and November and the following draft workplan is proposed;
- Review the eligibility and value of Speech and Language, Physiotherapy and Occupational Therapy Supplements
  - Consider rationalisation of the bandings, supplements and values
  - Review the financial positions of any setting which feels they are receiving insufficient place plus or commissioned service funding including the establishment of criteria for the treatment of central leadership costs and

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other overhead costs. In addition to the review of budget plans and staffing structures site visits may be undertaken to review provision.

- Review charging policies relating to high need services funded by the LA (a report elsewhere on today's agenda relating to school balances shows that Ruskin Junior School had generated a £99,000 surplus by charging for its ASC commissioned services).
- Consider whether pupils in Alternative Provision should be funded based on band values or continue to attract funding based on the average costs of provision at the Stratton and Riverside Education centres.
- Consider the application of banded funding for all high needs pupils in mainstream schools and post 16 settings
- Consider the medium term place planning requirements for high need places with a view to identifying the need to expand capacity in mainstream and specialist settings in order to reduce high cost external placements where this is in the child's best interests and represents best value for money.
- Review the capacity of commissioned services and the resource needed to meet any potential increased demand as a result of the SEND reforms
- Review the centrally retained high needs budgets pre 16 to meet any potential increased demand as a result of the SEND reforms e.g. Saltway Portage Service, Statement Pupils Equipment
- Review of level of provision delivered by the commissioned services in light of the SEND reforms

***Schools Forum is asked to agree the proposed 2014 work plan for the High Needs Task Group in order that any required changes can be consulted on and agreed prior to 2015/16 budget setting***

## 6. Early Years Pupil Premium

6.1 The DfE recently announced that funding of £50m has been set aside in national spending plans to introduce a new Early Years Pupil Premium (EYPP) for disadvantaged 3 and 4 year olds in 2015/16. Full details have yet to be announced as they are subject to a consultation process but key issues are;

- The indicative EYPP funding for Swindon is estimated at £164,619.
- In addition to the hourly rate in Swindon (£3.75 per hour) there will be a national rate of £0.53 per hour per child. This equates to £300 per annum per child accessing the full 570 hours entitlement per year

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- The eligibility of parents for EYPP will be the same as school age Pupil Premium (PP), but the allocation does not include 2 year olds as the funding is already targeted at the most disadvantaged.
- 4 year olds in reception classes will not receive EYPP as they already receive school age PP.
- Similar to the Universal Infant Free School Meals and school age PP, the providers will be responsible for collating the parental information and the LA carries out an eligibility check, and pays the national rate.

- 6.2 The consultation outcome will be published in Autumn 2014 and further updates will be provided to the Schools Forum as and when details are available.

***Schools Forum is asked to note that the DfE have announced a new Early Years Pupil Premium for disadvantaged 3 and 4 year olds which will be allocated to LAs in 2015/16***

## 7. Alternative Options

- 7.1 There are various alternatives on how the additional DSG could be distributed many of which are included throughout the report. The LA has a statutory duty to manage and distribute the DSG in accordance with prevailing grant conditions and the school finance regulations. Although under the school funding reform programme DfE are more prescriptive in terms of options and approaches in most cases funding values are locally determined.

## 8. Implications, Diversity Impact Assessment and Risk Management

### Financial and Procurement Implications

- 8.1 Various financial implications are included in this report relating to management of the retained DSG budget

### Legal and Human Rights Implications

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

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

- 8.3 This report does not make any recommendations that affect these areas.

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## Links to One Swindon, Plans and Policies

- 8.4 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

- 8.5 As there are no proposals in this report, a DIA has not been completed.

## Risk Management

- 8.6 There are no specific risk management implications not highlighted in the body of the report.

## **9. Consultees**

- 9.1 The Board Director Resources (Section 151 Officer), Director of Law and Democratic Services (Monitoring Officer) and Board Director Commissioning (Director of Children Services) are consulted in respect of all reports.

## **10. Background Papers**

- 10.1 Previous reports to the Schools Forum and documents posted on the DfE web site.

## **11. Appendices**

- Annex B – Schedule of LAs identified by the DfE as likely to receive a schools’ block DSG uplift in 2015/16
- Annex C – LA response to fairer school funding 2015-16 consultation on 30<sup>th</sup> April 2014
- Annex D – LA letter issued to small schools on 13<sup>th</sup> May 2014
- Annex E – SBC and DFE Minimum Funding Level mainstream factor values
- Annex F – Summary of 2014/15 High Need Banding and Supplement Values