

# 2015-16 Dedicated Schools Grant Budget

## Schools Forum

Date: 17<sup>th</sup> March 2015

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Author:	Head of Finance – Education
Wards:	All
Locality Affected:	All
Settings Affected:	The Dedicated Schools Grant (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.

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## 1. Purpose and Reasons

1.1. The Schools Forum meeting on 20<sup>th</sup> January 2015 received a report on the 2015/16 Dedicated Schools Grant Settlement and Budget. This report provides members with an update on various budget issues that remained unresolved after that meeting. This report addresses:

- Changes to DSG Allocation
- Mainstream School Budgets
- Pupil Growth Funding – A change to the overall budget requirement
- National Copyright Licenses
- Mainstream High Needs Top Up Arrangements (SENRAP) – a consultation on a change in the funding arrangements for Mainstream Schools High Needs Pupils
- High Needs Contingency funding
- Notional SEN Top Up funding – a consultation on in year adjustments to the top ups

1.2. The report then reviews the total estimated DSG settlement for 2015/16 and the total budgeted expenditure and makes proposals for the use of surplus 2014/15 DSG funds .

## 2. Recommendations

2.1. Members of the Schools Forum are now asked to:

- 2.1.1. Agree a total 2015/16 pupil growth budget of £0.436m, as shown at Annex A.
- 2.1.2. Approve an increase in the National Copyright Licenses budget of £40,000 in recognition of the change to the arrangements for purchasing PRS, PPL, MCPS and CCLI licenses.

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Further information on the subject of this report can be obtained from Ian Burbidge on 01793 464384 or [iburbidge@swindon.gov.uk](mailto:iburbidge@swindon.gov.uk)

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- 2.1.3. Give a view on the proposal to transfer £0.235m of the High Needs Contingency budget to the SENRAP budget which is currently overspending.
  - 2.1.4. Give a view on which option is the most appropriate for the allocation of the £350,000 Notional SEN Top Up Funding budget, given that the current option is not affordable in 2015/16.
  - 2.1.5. Give a view on creating a ring-fenced budget of £30,000 to support the reintegration of permanently excluded pupils.
  - 2.1.6. Give a view on the proposal to use the unallocated DSG of £0.165m to support Mainstream Schools High Needs Top Up Funding budget which is currently overspending.

### **3. Changes to DSG Allocation**

- 3.1. Swindon has been notified of an additional £10,000 of DSG allocation to support the introduction of the Early Years Pupil Premium. Swindon intends to use this funding to appoint a support officer to work with settings and develop a process for collation of evidence linked to payments.

### **4. Mainstream School Budgets**

- 4.1. The Local Authority submitted the Authority Proforma Toolkit to the Education Funding Agency (EFA) on 20th January 2015 immediately after the last Schools Forum Meeting. This toolkit calculates individual Primary and Secondary School as well as Academy budgets for 2015/16. It uses the October Schools Census information and the formula funding rates agreed at the October 2014 Schools Forum (with minor adjustments agreed in January 2015).
- 4.2. The Authority is required to provide schools with budget information by 27th February 2015 subject to ratification of the Toolkit by the EFA. The LA has received ratification from the EFA and has issued schools budgets on 26th February 2015.

### **5. Pupil Growth Fund**

- 5.1. At its meeting on the 20th January 2015, Schools Forum agreed the criteria by which pupil growth funding will be allocated in 2015/16 along with the local policy and values payable next year. The budget identified for Pupil Growth was £0.281m. Since then the Local Authority has identified the need for additional Trigger Funding within the Growth fund as follows:
  - To support further classes at Holy Cross and Holy Rood due to basic need from September 2015 that were not included in the original calculations

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presented to January 2015 Schools Forum. Total additional requirement is £59,000.

- To fund basic need growth at academies (Drove and Holy Cross) for the period April to August 2015 as defined by regulation. Total additional requirement is £97,000. The LA has sought confirmation from the EFA that this additional growth requirement will be covered by an increase in the LA 2015/16 DSG as outlined in the APT Technical Guidance.

5.2. Trigger funding is payable on the net increase in size of an expanding school based on the primary sector average per pupil rate of £3,353 x 7/12ths. This provides a maximum of £58,680 (30 pupils) and minimum of £41,075 (21 pupils)

5.3. The adjusted Growth budget requirement for 2015/16 will be £0.436m (an increase of £155k from January 2015 Forum) and is shown at Annex A of this report. Annex B of this report provides a summary of the Local Authority's Pupil Growth Policy.

### **Members of the Schools Forum are now asked to:**

- **Agree a total 2015/16 pupil growth budget of £0.436m, as shown at Annex A**

## **6. National Copyright Licenses**

6.1. The DfE continues to purchase various national licences for all state-funded schools in England. In 2015/16 they have extended this arrangement to cover more agencies as follows:

- Christian Copyright Licensing International (CCLI) (new for 2015 to 2016);
- Copyright Licensing Agency (CLA);
- Education Recording Agency (ERA);
- Film bank Distributors Ltd. (for the PVSL);
- Mechanical Copyright Protection Society (MCPS) (new for 2015 to 2016);
- Motion Picture Licensing Company (MPLC);
- Newspaper Licensing Authority (NLA);
- Performing Rights Society (PRS) (new for 2015 to 2016);
- Phonographic Performance Limited (PPL) (new for 2015 to 2016); and
- Schools Printed Music Licence (SPML).

6.2. This means that schools will now be covered for all of the above copyright licenses, and will no longer need to negotiate and purchase any of these individually. For all of the above licences the LA will pay the DfE on behalf of all Swindon settings. In order for the LA to afford to pay for these additional licenses

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it should technically un-delegate funding that has previously been delegated to schools. The DfE has informed Swindon of the total cost of these licenses to be £135,000 which will require an increase of £40,000 over the budget approved by Forum in January. As schools budgets have now been agreed Officers propose that this increased centrally retained cost should be funded from the (as yet unallocated) DSG.

**Members of the Schools Forum are now asked to:**

- **Approve an increase in the National Copyright Licenses budget of £40,000 in recognition of the change to the arrangements for purchasing PRS, PPL, MCPS and CCLI licenses.**

## **7. Mainstream High Needs Top Up Funding.**

- 7.1. AT the January forum members were notified of an intention to review the funding arrangements surrounding the current SENRAP policy, this work is still on-going and an update will be provided to the July meeting.

## **8. High Needs Contingency**

- 8.1. Currently the DSG supports **£550,000** of High Needs Contingency funding. This funding acts as a release valve against overspends on High Needs budgets generally.
- 8.2. It is now proposed that £0.235m of High Needs Contingency budget should be reallocated against the Mainstream SENRAP budget. This virement when combined with a proposal later in the report to use the £0.165m of unallocated DSG to support Mainstream High Needs costs should ensure that the new arrangements described in paragraph 6 above can in the first instance be fully funded.
- 8.3. This would leave a residual High Needs Contingency budget available of £0.315m. This budget is retained centrally to enable the Local Authority to fund unforeseen High Needs placements either within Swindon Maintained / Academy / other Local Authority Specialist or Non-Maintained and Independent specialist provision.

**Members of Schools Forum are now asked to:**

- **Give a view on the proposal to transfer £0.235m of the High Needs Contingency budget to the SENRAP budget which is currently overspending.**

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## 9. Notional SEN Top Up Funding

9.1. Under the school funding reform programme mainstream schools are required to meet up to the first £6,000 of additional costs for their SEN pupils and the LA must ensure sufficient funding is delegated. The LA determines this by comparing notional SEN funding against notional SEN expenditure for each school as follows;

### **Notional Funding**

- 100% of Low Prior Attainment (LPA) Funding
- 40% of Deprivation funding (FSM and IDACI)

### **Notional Expenditure**

- Number of statemented pupils at a cost of £6,000 each
- Number of low prior attainment pupils (less the number of statemented pupils) at a cost of £701.57 (primary) or £1,000 (secondary) i.e. at the level of delegated funding

9.2. For the majority of Swindon schools the LA has estimated that sufficient funding is being delegated for SEN through the funding formula. However, there are a few schools, with a relatively high number of statemented pupils and / or a relatively low level of deprivation and LPA funding which means that their notional expenditure on SEN exceeds the notional SEN funding. For these schools the LA will allocate additional notional SEN funding totalling £342,054 and this is included in their budget sheets. Information on these allocations was included at Annex B of the January 2015 Schools Forum.

9.3. Notional SEN allocation in 15/16 has already allocated £342k of the £350k available budget. The calculations above are made using a count of October 2014 statemented pupil numbers and the current policy updates these calculations for October 2015 statemented pupil numbers. There are two issues with this adjustment as follows:

- The recalculation only adjusts Statemented Pupil Numbers; it does not similarly adjust for changes to the count of Low Prior Attainment pupils.
- The recalculation only allocates additional funding to those schools where there is an increased deficit position. It does not clawback from those schools that have received funding in excess of the notionally calculated deficit position.

9.4. Officers anticipate that under the current arrangements the budget (£0.350m) will be overspent at the time of the October 15 recalculation. Any overspend will form a first call on DSG Reserves or the 2016/17 DSG Settlement.

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- 9.5. The current position is described below and shows the propensity for overspend on the budget using this method.

The current position involves a part year recalculation, uses only statemented pupil numbers, and only involves upward allocations.–The method is as follows. Use the October 2014 pupil count to calculate the notional SEN funding and expenditure and therefore the value of the top up. Use the October 2015 statemented pupil numbers only to recalculate in year allocations. Only allocate if additional funding is required (no claw back if less funding is required). Payment is made in 2 instalments (May & December). If this method carried on into the 2015-16 financial year, it is likely that the 2015/16 budget will be overspent by 31<sup>st</sup> March 2016 by £80,000.

Officers are therefore proposing the following options to try and address this in advance of the overspend occurring.

Option A – Move to a once a year calculation.

Use October 2014 pupil count as now. No recalculation in 2015/16 based on changes in the October 2015 school census. Next calculation is for the 2016/17 budget based on October 2015 budget. This is the simplest option; payment would be made in May. It will contain expenditure within the 2015/16 budget

Option B – Part year recalculation, statemented pupil numbers only, but with clawback and upward allocations

Adjust allocations based on October 2015 statemented pupil counts, but also clawback funding where statemented pupil numbers decrease. This option is fairer than the current proposals and will partially limit the extent of the over spend. Payments would be made in 2 instalments (May & December) with 5/12 & 7/12 being paid respectively, claw back would be via reduction in budget share or invoice for academies.

Option C – Part year recalculation, statemented and low prior attainment pupil number adjustments, claw back and upward adjustments.

Recalculate both the statemented pupil number count and the low prior attainment count. Clawback from schools that require a smaller allocation, allocate to those that require more. This is the fairest and most transparent option and will partially limit the extent of the overspend. Payment would be by 2 instalments (May & December) with 5/12 & 7/12 being paid respectively.

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**Members of the Schools Forum are now asked to:**

- **Give a view on which option described above is the most appropriate for the allocation of the £350,000 Notional SEN Top Up Funding budget, given that the current method is not affordable in 2015/16.**

## **10. Use of Permanent Exclusion Income from schools to support Reintegration**

10.1. The January Schools Forum report (Annex A) identified the amount of funding (per pupil) that would be deducted from schools budgets if they permanently exclude. The following table shows the numbers of pupils in Swindon that have reached the point of permanent exclusion (either formal permanent exclusion or withdrawn permanent exclusion) over the last five academic years:

	2009/10	2010/11	2011/12	2012/13	2013/14
Formal Permanent Exclusions	17	10	15	13	13
Permanent Exclusions Withdrawn	28	19	23	29	31

10.2. All pupils that reach this point have to be supported within Stratton Education Centre or another Education Other than at School (EOTAS) setting within six school days of a head teacher's decision to permanently exclude. The most prevalent year groups are Y9 and Y10.

10.3. We have an established reintegration protocol that involves pupils ready for reintegration returning through our Fair Access Panel to be allocated a new school. Following a decision on which school there is a period of dual registration where the pupil is subject to an 8 week trial period with an interim and final review meeting before being taken on roll.

10.4. The numbers of pupils that have had an opportunity to be reintegrated in to mainstream schools during this period are noted in the table below;

2009/10	2010/11	2011/12	2012/13	2013/14
8	8	9	17	8

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10.5. The position reflected above means that a significant number of pupils remain away from the mainstream in full time EOTAS provision until the end of Y11. Due to this position - opportunities for EOTAS to undertake creative, flexible and proactive work with our schools in order to avoid the need for permanent exclusion are lost. The average cost of a full time place within EOTAS provision is approximately £20,000. A place in a secondary school costs approximately £4,500 for a Year 10 pupil.

10.6. Swindon Secondary Behaviour and Attendance Leaders and EOTAS leads are working in partnership with officers to try and increase the numbers of pupils that are reintegrated successfully to a mainstream school following permanent exclusion.

10.7. Attached at Annex C is a draft reintegration guidance document which has been developed between the partners above to support increased numbers of pupils returning to another mainstream school as soon as possible. As part of this model to achieve the best chance of success funding is required to support the reintegration process with the aim of ensuring as far as possible a seamless transition. The funding would be used for such purposes as;

- Uniform and equipment for the new school
- Transport costs during the period of reintegration
- Cover for a member of staff from the school receiving the pupil to develop a relationship with the pupil/family prior to them starting at the new school. This will be achieved through visits to the home and the EOTAS setting

10.8. The BPPE funding provided to mainstream schools has increased by 4.15% when compared to the 2014-15 values. This has led to an increase in the charges that EOTAS will make for excluded pupils from an average of £24.02 to £24.79. This translates to an increase in the income budget for EOTAS of £30,000.

10.9. It is now proposed to ring-fence this additional £30,000 of income expected for pupils permanently excluded in order to support an increase in the numbers of pupils that are reintegrated successfully to a new school. This funding would be held centrally within the authority. Colleagues at Stratton Education Centre would manage the financial processes in terms of reimbursement of funds to individual schools and would invoice the Local Authority at agreed intervals for the amount accrued in the period. Expenditure would be monitored to ensure that the amount of funding reimbursed to schools would not exceed £30,000.

## **Members of the Schools Forum are now asked to:**

- **Give a view on creating a ring-fenced budget of £30,000 to support the reintegration of permanently excluded pupils.**

Further information on the subject of this report can be obtained from Ian Burbidge on 01793 464384 or [iburbidge@swindon.gov.uk](mailto:iburbidge@swindon.gov.uk)



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## 11. Summary of overall DSG / EFA Settlement and Proposed Expenditure 2015/16

11.1. Based on the proposals included in this report the overall DSG position for 2015/16 can be summarised as follows:

<b>Overall DSG Funding and Expenditure 2015/16</b>		
<b>Total DSG and EFA Funding receivable</b>		<b>£161.514m</b>
Early Years Expenditure	£10.986m	
Mainstream School Expenditure	£122.520m	
Pupil Growth Expenditure (Incl. additional Holy Cross / Drove funding)	£0.437m	
Other central Expenditure (Incl. Increase for PRS / PPL Licenses and correction of overhead budget)	£0.948m	
High Needs Expenditure		
- Special Schools (Place / Top Up) (Including Therapies)	£11.178m	
- SRP (Place / Top Up) (Including Therapies)	£4.430m	
- MFG	£0.029m	
- Alternative Provision (Riverside, Stratton, CAMHS, Marlborough, Tuition and Exclusions Income)	£2.267m	
- Commissioned Services	£0.968m	
- Post 16	£2.979m	
- Mainstream SEN Top Up	£2.370m	
- External Placements Pre 16	£1.655m	
- High Needs Contingency	£0.315m	
- Other High Needs Expenditure	£0.269m	
<b>Total Expenditure</b>		<b>£161.349m</b>
<b>Unallocated DSG</b>		<b>£0.165m</b>

11.2. Officers propose to use the unallocated £0.165m of DSG in 2015/16 (along with the £0.235m identified in paragraph 7 above) to support the Mainstream High Needs Top Up Budget, which is currently estimated to overspend by £0.400m. This proposal simply places the high needs contingency budget (which was created to manage overspends in High Needs) where the overspending is occurring.

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**Members of Schools Forum are now asked to:**

- **Give a view on the proposal to use the unallocated DSG of £0.165m to support Mainstream Schools High Needs Top Up Funding budget which is currently overspending.**

## **12. Alternative Options**

12.1. There are various alternatives on how the additional DSG could be distributed as were described in the previous Schools Forum reports; however this cannot be added to mainstream school funding as these were finalised when the APT was submitted. 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.

## **13. Implications, Diversity Impact Assessment and Risk Management**

### Financial and Procurement Implications

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

### Legal and Human Rights Implications

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

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

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

### Links to One Swindon, Plans and Policies

13.4. 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".

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## Diversity Impact Assessment

13.5. The proposals within this report are designed to allocate funding 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

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

## **14. Consulters**

14.1. 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.

## **15. Background Papers**

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

## **16. List of Annexes**

- **Annex A** - Pupil Growth Funding Calculations
- **Annex B** - Primary Pupil Growth Policy
- **Annex C** - Permanent exclusion / permanent exclusion withdrawal.  
Reintegration to mainstream school