

<b>MEETING:</b>	<b>Schools forum</b>
<b>MEETING DATE:</b>	<b>15 January 2016</b>
<b>TITLE OF REPORT:</b>	<b>Dedicated schools grant 2016/17</b>
<b>REPORT BY:</b>	<b>School finance manager</b>

## Classification

Open

## Key Decision

This is not an executive decision.

## Wards Affected

County-wide.

## Purpose

To consider final budget proposals for school budgets and the high needs block for the dedicated schools grant (DSG) for 2016/17. *(The recommendations below represent the council's preferred option upon which the budget working group (BWG) were consulted on 7 January 2016. The BWG supported these recommendations. A supplementary report from the BWG will also be issued separately in the week beginning 11 January.)*

## Recommendation(s)

**THAT:**

**Schools forum recommends to the cabinet member for young people and children's wellbeing the dedicated schools grant allocation for 2016/17 as follows:**

- (i) In order to meet a forecast overspend in 2016/17 of £906k, the following savings plan for the high needs budgets be approved

	£'000
<b>Fund special school places at actual numbers</b>	<b>(28)</b>
<b>Less 50% for in-year admissions 4 places</b>	<b>23</b>
<b>Medical/VI &amp; HI £6,000 threshold charge from April 2016</b>	<b>(60)</b>
<b>Independent special school fees - reduced costs</b>	<b>(50)</b>
<b>SEN support teams – absorb cost pressures and vacancy savings</b>	<b>(50)</b>
<b>Phase out Bishop's out of catchment grant over 3 years reducing to £110k in 2016/17, £55k in 2017/18, £0 in 2018/19</b>	<b>(55)</b>

<b>Mainstream top-ups – more rigour in applications to save 10%</b>	<b>(100)</b>
<b>Primary SEN protection scheme – fund from schools block</b>	<b>(276)</b>
<b>Secondary PRU income delegation – fund from schools block</b>	<b>(150)</b>
<b>No tariff increases for special school pension costs</b>	<b><u>(195)</u></b>
<b>Total high needs budget reductions</b>	<b><u>(941)</u></b>

(ii) That the £342k additional funding received in the high needs block is allocated as follows

(a) the disproportionate impact of local government pension scheme pension cost increase on special schools is funded from the high needs block by an increase in tariff values at a cost of £98k and that high needs tariffs be increased for 2016/17 (and suitably rounded) as follows Tariff A:

£1,300+0.75% B: £3,200 +1.5% C: £5,375+2.15% D £8,400 +2.75% E  
£11,975+3.5% F: £16,100 +4.25%;

(b) the primary school SEN threshold protection (option B) is implemented at £120 cap per pupil for all primary schools at an estimated cost of £151k for 2016/17 only and is reviewed for 2017/18 following the DfE's consultation on the national fair funding formula;

(c) the secondary school additional delegation to help meet PRU charges is ceased from 1 April 2016 and replaced with increased delegation for low prior attainment from the schools block – as set out in recommendation (f);

(d) start-up development funding of £100k be approved to expand in-county provision for high needs pupils in order to reduce future expenditure on out-county placements

(e) the interim proposals for the local application of the National Funding Formula for 2016/17 as submitted to the Education funding agency as below, be approved as follows, subject to (f) below

1.	<b>Basic entitlement per primary pupil</b>	<b>£2,875</b>
2.	<b>Basic entitlement per secondary Key stage 3 pupil</b>	<b>£3,843</b>
3.	<b>Basic entitlement per secondary key stage 4 pupil</b>	<b>£4,436</b>
4.	<b>Deprivation per primary ever-6 free school meals pupil</b>	<b>£2,192</b>
5.	<b>Deprivation per secondary ever-6 free school meals pupil</b>	<b>£1,419</b>
6.	<b>Low prior attainment per primary pupil</b>	<b>£615</b>
7.	<b>Primary lump sum</b>	<b>£87,000</b>
8.	<b>Secondary lump sum</b>	<b>£143,000</b>
9.	<b>Looked after children, primary and secondary</b>	<b>£1,300</b>

10.	Primary sparsity, on a taper basis, over 2 miles and less than 105 pupils.	£42,000
11.	English as additional language per primary pupil	£505
12.	English as additional language per secondary pupil	£1,216
13.	PFI contract	£242,500
14.	Business rates	At cost

(f) the funding for low prior attainment for secondary schools be increased by £22 per pupil from the £1,099 previously submitted to the Education Funding Agency to a sum of £1,121.

*(Only school and early years members are eligible to vote on this recommendation on recommendations e and f.)*

## Alternative Options

- 1 Alternative options were considered in detail by the BWG on 7 January 2016 and the BWG's views are set out in the supplementary report. *(To follow.)*

## Reasons for Recommendations

- 2 Local authorities are required to submit the final 2016-17 school budget formula and funding values to the Education Funding Agency by 21 January 2016. The high needs savings proposals must be agreed prior to determining school budgets in order that any resultant impact on school budgets is taken account of in final decisions on school budgets.

## Key Considerations

- 3 Latest forecasts for the high needs budget have identified a potential overspend of £906k in 2016/17 unless action is taken. The high needs task and finish group has met three times since the Schools Forum meeting in October and has proposed a range of budget reductions to the budget working group.

### Dedicated schools grant and final schools budget 2016/17

- 4 Dedicated schools grant 2016/17 was announced on 17 December 2015. The recommendations in this report are based on a published increase of £342k in the high needs block.

a. Schools Block	£'000
21,617 pupils at £4,447.12	96,133
New Qualified Teachers	31
b. High Needs Block	
Protected at 2015/16 level	13,596

Additional high needs funding	342
Early years	
Provisional allocation	6,276
Less high needs places deducted at source	(2,000)
<b>Total DSG 2016/17</b>	<b>114,379</b>

### High Needs Budget

- 5 The high needs budget is forecast to be £906k overspent in 2016/17 without action. Compared with the 2015/16 high needs budget the forecast overspend is as follows

	£'000
• Mainstream school top-ups	126
• Special school top-up funding	217
• Post-16 top-up funding	105
• Primary SEN threshold protection	201
• Secondary PRU additional delegation re costs	75
• Special school places	58
• Special school LGPS pension increase	195
• Home hospital cost pressures	30
• Other savings incl contingency, managed moves	(167)
• Reported to Schools Forum October 2015	840
• Subsequent additional post-16 cost pressures	46
• Subsequent additional home hospital cost pressures	<u>20</u>
<b>Total forecast overspend 2016/17</b>	<b><u>906</u></b>

- 6 The high needs task and finish group has met three times since the 23 October Schools Forum meeting and has set out the following proposals;

	£'000
Fund special school places actual	(28)
Barrs Court – decrease by 2 to 108	
Brookfield – increase by 1 to 71	
Blackmarston - increase in 4 places to 73	
Westfield – no change 50 places	
Bishop's Bridge – no change 7 places	
Hampton Dene language centre – no change 33 places	
Retain 7 <sup>th</sup> /12 <sup>th</sup> for 4 places from September	23

Medical/VI/HI schools contribute £6,000 threshold from April 2016	(60)
Independent special school fees -savings	(50)
SEN Support teams – absorb cost pressures and vacancy savings	(50)
Reduction in Bishop’s out of catch grant phased over 3 years reducing to £110k in 2016/17, £55k in 2017/18, £0 in 2018/19	(55)
Mainstream top-ups – more rigour in applications save 10%	(100)
Primary SEN protection scheme – fund from schools block	(276)
Secondary PRU income delegation – fund from schools block	(150)
Special school tariff increase to cover LGPS pension costs	<u>(195)</u>
<b>Total</b>	<b><u>(941)</u></b>

7 Given the £342k better settlement in DSG for the high needs block it is proposed that this additional funding is used to fund a preferred option without reducing school budgets. Although Headteachers were asked for views on a number of options the additional £342k funding means that it is no longer necessary to deduct funding from school budgets in order to fund the preferred option. The responses from Headteachers were reported to the BWG on 7 January for information only, as reflected in the supplementary report.

8 The council considers that whilst some additional funding is available it is wise to invest in the development of additional in-county provision for high needs pupils in order to reduce the future cost of out-county placements and proposes that £100k is earmarked for start-up and development funding during 2016/17.

9 The BWG was consulted at their meeting on 7 January and supported the Council’s preferred option ie: without any deductions to school budgets, as follows;

- a. Allocate high needs funding of £98k to increase top-up tariffs to meet half the cost of the additional LGPS pension contributions for special schools.
- b. Reserve £100k in 2016/17 for the start-up and development cost of providing new in-county provision in order to reduce future high needs out-county costs
- c. Allocate high needs funding of £151k to fund option B of the primary schools high needs threshold protection scheme at a cap of £120 x Number on Roll for all schools for one year only and the scheme’s continuation in 2017/18 will be considered further once the DfE’s national fair funding proposals are known.
- d. Increase by £22 the low prior attainment pupil funding allocated to high schools as set out in paragraph 15 below and to be funded from the surplus funding in the schools block.

### **Schools Budget**

10 Funding the schools budget at the interim values as submitted to the Education Funding Agency in October provides for a surplus on the schools block of £47k which is equivalent to an additional £22 per low prior attainment pupil for high schools. Given the significant gap between the achievement of free school meal pupils and non-free school meal pupils in high schools, it is proposed to allocate this additional funding to high schools through a £22 increase to the low prior attainment funding.

## **Early Years**

- 11 The early years funding rates published in the DSG settlement are unchanged so no change to the early years funding formula is proposed.

## **Community Impact**

- 12 There is no significant community impact. The school funding formula must meet the national requirements of the DfE. Within these national funding guidelines the funding is targeted to support the achievement of improved outcomes for all Herefordshire pupils in accordance with a carefully considered strategy that is subject to annual consultation with schools and governors. The governing bodies of schools are responsible for decisions to commit expenditure according to pupils' individual needs.

## **Equality and Human Rights**

- 13 There are no implications for the public sector equality duty.

## **Financial Implications**

- 14 The recommendations, if agreed, are required to ensure that expenditure on school budgets does not exceed the funding available within the dedicated schools grant. The proposed funding changes will pass directly between school budgets and the high needs block so that expenditure is contained within the DSG funding available.

## **Legal Implications**

- 15 To ensure legal compliance with Schools Forum Regulations 2012, school forums generally have a consultative role. However, there are situations in which they have decision-making powers. Regulations state that the local authority must consult the schools forum annually in connection with amendments to the school funding formula, for which voting is restricted by the exclusion of non-schools members except for PVI representatives.
- 16 The decision-making powers of schools forum are limited as follows
- to decide on the central spend and criteria for growth fund and falling rolls fund for outstanding schools
  - De-delegation
  - Central spend on equal pay back-pay, early years expenditure, significant pre-16 growth
  - Central spend on admission and schools forum up to the 2013-14 level
  - Central spend on some other items up to the 2013/14 level – which is zero
- 17 In all other cases the final decision will be referred on for decision by the Cabinet Member.

## **Risk Management**

- 18 The BWG reviews proposals in detail prior to making recommendations to the schools forum. This two stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified.

## **Consultees**

- 19 All maintained schools, further education providers, academies and free schools in Herefordshire have been consulted on the final budget proposals for 2016/17.

## **Appendices**

None

(A supplementary report will be issued from the BWG.)

## **Background Papers**

- None identified.