
Schools Forum 18 March 2014

Report of the Interim Director of Children's Services

Dedicated Schools Grant Planning Process 2014/15 – Final Update

Purpose of Report

1. To provide Schools Forum with a further update in respect of the Dedicated Schools Grant budget planning process for 2014/15 and to carry out the annual consultation on financial issues, as required by the Schools Forums (England) Regulations 2012.

Discussed at HTCF – BWG

2. Yes –14 March 2014.

Schools Forum Role and Responsibilities

3. From 1 April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. The Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process
5. The Schools Forum Regulations 2012 include the consultation on financial issues. Where the authority must consult the Schools Forum annually in respect of the authority's functions relating to the schools budget, in connection with the following—
 - arrangements for the education of pupils with special educational needs;
 - arrangements for the use of pupil referral units and the education of children otherwise than at school;
 - arrangements for early years provision;
 - administrative arrangements for the allocation of central government grants paid to schools via the authority.

The authority may consult the forum on such other matters concerning the funding of schools as they see fit.

Actions for Schools Forum

6. To note the updated information in respect of the DSG to include the movement of funds between the three blocks for 2014/15 and the information in respect of annual consultation on financial issues for the 2014/15 financial year.

Attachments to Report

7. None.

Karen Cocker
Children's Services Finance Manager
4 March 2014

Schools Forum 18 March 2014

Report of the Interim Director of Children's Services

Dedicated Schools Grant Planning Process 2014/15 - Final Update

Purpose of Report

1. To provide Schools Forum with a further update in respect of the Dedicated Schools Grant budget planning process for 2014/15 and to carry out the annual consultation on financial issues, as required by the Schools Forums (England) Regulations 2012.

Background Consultation

2. The DSG can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations.
3. The Schools Budget consists of delegated budgets allocated to individual schools, Pupil Referral Units (PRUs) and Early Years Provision in Private, Voluntary and Independent (PVI) providers, a budget for other provision for pupils which local authorities fund centrally, which now includes the major element of high needs provision, including post-school provision up to age 25, together with centrally retained expenditure in respect of special education needs and early years services.
4. The DfE present the DSG is in three un-ring fenced funding blocks for the local authority:
 - Schools Block;
 - Early Years Block; and
 - High Needs Block
5. For 2014/15 the central expenditure controls remain a requirement for Schools Forum to approve. Local Authorities are free to move funding between the blocks provided that they comply with requirements of the Minimum Funding Guarantee (MFG) and central expenditure limits /regulations.
6. Mainstream school budgets have now been issued for 2014/15. There is a requirement to issue special schools, PRUs and Early Years providers with a budget by 31 March 2014.

DSG Budget Update for 2014/15

7. At the time of preparing the report, there have been no further DfE adjustments to the 2014/15 Dedicated Schools Grant since the January report to Forum although

the high needs block adjustment is expected before 31 March and a further update in respect of Table 1 will be issued at the meeting on 18 March. The two funding adjustments outstanding are detailed below:

- i. Early Years Block will be amended in the Summer of 2014 and Spring 2015 for updated pupil census data.
 - ii. Post 16 SEN and 19-24 Learning Difficulties and Disabilities (LDD) budget of £1.352m is still awaiting final confirmation together with any funding adjustments resulting from the planned place return submitted to the DfE in December 2013.
8. In preparation for the 2014/15 financial year and the budget allocation within the three funding blocks, Table 1 details the estimated funding required in each block. This will be reviewed during 2014/15 and any further proposals to move funds between blocks will be outlined to Schools Forum.

Table 1 -Dudley Dedicated Schools Grant 2014/15 at 4 March 2014

	Pupil Data	Unit of Funding	Schools Block £m	Early Years Block £m	High Needs Block £m
Total Funding Pupil Led	42,822	£4,459.29	190.956		
Total Funding Pupil Led	2,788	£3,650.97		10.179	
Newly Qualified Teachers			0.065		
Carbon Reduction Commitment Tax DfE budget adjustment			-0.507	-0.015	
2 Year Olds Early Education Provider funding				4.144	
2 Year Olds Early Education Trajectory funding				0.506	
Baseline Funding					27.913
Post 16 Schools SEN Funding					0.690
Provisional Post 16 SEN and 19-25 LDD non school					1.352
Growth for planned places in the High Needs Block					
Virement Agreed 2013/14			1.350	-0.263	-1.087
Virement 2014/15			0.014	0.226	-0.240
Provisional 2014/15 DSG Budget			£191.878	£14.777	£28.628
Provisional Total 2014/15			£235.283m		

9. The virements for 2014/15 summarised in Table 1 relate to:

- Schools Block – Funding additional placements in independent schools for non-SEN pupils.
- Early Years Block – Increasing the 3 and 4 year old nursery education provider rates requires an additional £250k , which is offset by the

- High Need Block – Funding the Schools Block and Early Years Block additional budget requirements detail above.

10. The provisional budget shown in Table 1 will be updated for the meeting on the 18 March 2014, assuming the DfE have made their final DSG announcements for 2014/15 by that date.

Annual Consultation Process

11. The Schools Forums (England) Regulations 2012 state that the Local Authority must consult with the Schools Forum annually in respect of the following financial issues in order that Schools Forum can give a view:

- Arrangements for pupils with special educational needs;
- Arrangements for use of pupil referral units and the education of children otherwise than at school;
- Arrangements for early years provision;
- Administration arrangements for the allocation of central government grants.

12. A summary of each of the key areas is outlined below in order that Forum Members can give a view, as required under the 2012 Regulations.

Arrangements for Pupils with Special Educational Needs (SEN)

13. There have been and still remain a number of changes both nationally and locally impacting on the arrangements for pupils with SEN.

14. The immediate impact arising from the DfE School Funding Reforms changed the funding for all high needs SEN pupils from April 2013.

- For educational establishments with a planned place arrangement, such as special schools, Pupil Referral Units, SEN Resource Units, Post 16 FE and LDD, then a place- plus top up funding basis is used.
- For a mainstream pupil with high needs SEN, the school receive additional funding on a top up basis, which is in addition to the delegated budget.

15. The new funding methodology is based on a real time funding approach using Dudley's banded framework which has been inflated by 1.2% for 2014/15.

16. Due to the real time funding approach this could mean that the High Needs Block budget is placed under financial pressure during the financial year. Dudley's experience for 2013/14 is that with careful planning and tight monitoring processes this has not been an issue, although other local authorities are experiencing an overspend in this area particularly in respect of post 16 SEN for further education. The Interim Director will continue to closely monitor this position.

17. The Government published the Children and Families Bill on 5 February 2013 which has now completed its Parliamentary process and is awaiting Royal Assent before it becomes law. This is expected to be mid-March when commencement dates for implementing the various provisions of the new legislation will be confirmed.

The Bill contains provisions for the biggest overhaul of the SEN system in thirty years and will introduce:

- integrated education, health and care plans for children and young people with the most complex special educational needs;
- extend rights and protections to 16 to 25-year-olds in further education and training; and
- introduce a new local offer to ensure that parents, children, young people and those who work with them can see the support that should be available to them.

18. The reforms place a number of new duties on councils which need to be fully costed and funded as new burdens. This means funding both implementation in 2014/15 (for which a £350k SEN reform grant has been allocated to Dudley) and supporting ongoing running costs. The LGA is calling for the Department for Education to make sure that there is sufficient funding to deliver the reforms. It is expected that these costs will be funded through the DSG.

19. Ofsted has also been asked to explore how local areas are preparing for the reforms and a small scale study involving 30 local authorities is taking place over the next two terms.

20. Since April 2013, pathfinder champions have provided support and advice to every area in every region, including workshops and tailored 1-1 support. The pathfinder champion programme has been extended until March 2015 to provide support and is available for all local areas during the critical period running up to September 2014, and beyond. Further information about the extended programme is expected to be announced before the end of next month.

Further details will be provided to Forum during 2014/15.

21. There are no changes proposed to Dudley's mechanism for funding SEN central services for:

- Counselling Service
- Visually Impaired Outreach Service
- Hearing Impaired Outreach Service
- Physical and Sensory Service
- Learning Support Service
- Autism Outreach Service
- Specialist Early Years Service
- Enhanced Nursery Provision

For the secondary Hearing Impaired Unit at Crestwood School, Forum were advised at the January 2014 meeting that the reduction in the number of

prescribed DfE places at the unit will not result in a reduction in funding to the Unit but it is part of an inclusion strategy for this sector of pupils.

Arrangements for use of Pupil Referral Units and the Education of Children Otherwise than at School

Pupil Referral Units

22. PRU provision is at The Mere KS1/2, Sycamore Centre KS3, Abberley Centre KS4 and Cherry Tree Learning Centre for home and hospital tuition.

23. As part of the DfE School Funding Reforms from 2013/14, there was a requirement for Dudley to review the structure of the Behavioural Pupil Referral Unit provision. A series of reports have been issued to Forum on this matter, with the latest update in December 2013.

Behavioural Pupil Referral Units

24. The Dudley behavioural PRU provision of 52 places is currently located across 3 sites. The Sycamore site and Abberley Street site provide provision for secondary aged pupils with the Mere site provision for primary aged pupils.

25. Since September 2013, the provision now has a single DfE registration (Sycamore Short Stay School) with an interim leadership and management structure in place that covers provision across the three sites. As part of the Dudley Town Accommodation strategy the Abberley Street site is due to close at the end of the spring term 2014 and to locate all secondary provision on the Sycamore site.

26. As part of the ongoing restructuring of the service it is anticipated that by September 2014 the primary provision will also be located on the Sycamore site. The move to locating all behaviour provision onto a single site is a key factor in ensuring a more cost effective service that incorporates a more flexible and targeted staffing resource.

27. Discussions have taken place with both Primary and Secondary colleagues to consider potential future working models of provision for permanently excluded pupils (centre based) and also outreach work. At secondary phase this discussion is still ongoing but Primary Heads have agreed to de- delegate the equivalent of a single primary pupil basic led funding amount of £3,124 per school in order to maintain the Mere outreach support for 2014/15. This will commence from the start of the financial year April 2014.

28. Given the new PRU funding model where only planned place Centre based work receives funding, it was extremely important that the Mere outreach work, which accounts for around 50% of the primary staffing and has been a contributing factor in preventing permanent exclusions across Dudley primary schools over the last three years, was retained.

Emotional and Medical Pupil Referral Units

29. There are no further DfE changes proposed for 2014/15 in the funding arrangements for Emotional and Medical PRUs. Therefore Cherry Tree Learning Centre will continue to be funded on a historical basis in respect of the 76 places until such time that the DfE review the funding arrangements for this provision.
30. New Management Committees have been established for both Cherry Tree Learning Centre and The Sycamore Short Stay School in line with new Governance requirements. The membership consists of school, community, Local Authority, staff and parent members. In line with DfE requirements they have fully delegated powers although in the case of the Sycamore Short Stay School the Local Authority has retained an overview given the budget deficit.
31. The DfE accepted that it may take longer than April 2013 to bring PRUs in line with the revised funding arrangements and allow LAs to provide additional financial support to PRUs on a contingency basis over and above the place plus top up funding approach. For 2014/15, it is estimated that financial support to the Behavioral PRU will be £105,198 which is a reduction from £271,300 in 2013/14, with a reduction to nil by 2015/16.

Alternative Provision

32. Dudley currently has a number of service level agreements for placements with external alternative providers which make provision for KS4 excluded pupils, where a pupil is not able to be educated within the maintained PRU provision. For 2014/15 these are due to increase:

Table 2

Alternative Provider	Places 2013/14	Places 2014/15
Dudley College	20 places	25 places
Newhall	10 places	10 places
St Thomas's Network	12 places	12 places
Stourbridge College	10 places	12 places
Wheels	17 places	25 places

Arrangements for Early Years Provision

33. The mental health and well being of early year's children is becoming a growing concern both nationally and locally and therefore educational advice and strategies for early intervention are being reviewed and developed within the Directorate in order to further support the early year's sector.

Administration Arrangements for the Allocation of Central Government Grants

34. All grants allocated to schools via the Local Authority from Central Government are based on the Government's set criteria. Schools are advised of the value of the grant for budget purposes in March with the actual cash being paid to the school when this has been received by the Local Authority.

Revenue Grants

Pupil Premium

35. The Pupil Premium is the most significant grant distributed to schools. This is a DfE grant provided to schools as additional support for looked after children and those from low income families. Schools are free to spend the money they are allocated as they see fit, however the DfE are clear that schools will be held accountable for how this additional funding to support pupils from low-income families and from service families is used. It was worth £625m nationally in 2011/12 rising to £2.5bn by 2014/15

For 2014/15, schools will receive £1,300 per primary pupil who is currently eligible for free schools meals (FSM) or has been eligible for FSM in the past 6 years (FSM 'Ever 6') and the allocation for secondary sector will be £935 for FSM 'Ever 6' pupils.

The current rates for 2013/14 are £953 for primary pupils and £900 for secondary pupils.

The grant is calculated using the DfE free school meals ever six data and the estimate of grant for Dudley maintained schools for 2014/15 is £11.8m.

Pupil Premium will also be allocated for children looked after for at least one day as recorded in the March 2013 Children Looked After Data Return (SSDA903) and aged 4 to 15 at 31 August 2012. This allocation will be updated and finalised in October 2014 based on the number of children looked after for at least one day as recorded in the March 2014 Return. The estimate of grant for Dudley maintained schools for 2014/15 is £1.034m

The Pupil Premium for 2014/15 will now include those pupils recorded on the January 2014 School Census who were looked after immediately before being adopted on or after 30 December 2005, or were placed on a Special Guardianship or Residence Order immediately after being looked after (known as post-LAC). Confirmation of funding for 2014/15 is still awaited from the DfE.

The grant for Looked After Children (LAC) and Post LAC will be payable at £1,900 per pupil.

Year 7 Catch Up

36. Year 7 catch up grant funding - this was a new grant from 2012/13 until 2015 and Schools receive an additional premium of £500 for each Year 7 pupil who has not achieved at least level 4 in reading and/or maths (maximum £500 per pupil) at

Key Stage 2. The premium will be available to all state-funded schools with a Year 7 cohort, including PRUs and special schools. The grant for Dudley maintained schools is £0.242m in 2013/14. The allocation for 2014/15 will be confirmed by the DfE in February 2015.

PE And Sports

37. The PE and Sports Grant is available for three academic years 2013/14, 2014/15, and 2015/16. All schools with 17 or more eligible primary school pupils will receive £8,000 for the academic year 2013/14, plus a top-up of £5 per eligible pupil. Schools with 16 or fewer eligible pupils receive £500 per eligible pupil. For 2013/14 the grant for Dudley maintained schools is £0.752m. Further details are still awaited from the DfE in respect of funding for 2014/15 and 2015/16.

Post 16 Mainstream

38. Education Funding Agency – Post 16 Mainstream funding. The grant for 2013/14 was £2.4m in respect of three maintained schools. The EFA will advise Dudley of the 2014/15 allocation for Dudley schools by 31st March 2014.

Universal Free School Meal Grant for Infants

39. The Government has announced a strategy for funding free school meals for all children in Reception, Year 1 and Year 2 in state primary schools from September 2014.

Revenue funding arrangements were confirmed by the DfE as being at a flat rate of £2.30 per meal taken, based on actual take-up by newly eligible infant pupils which will be measured in the Schools Census from 2014.

Funding currently provided through Dudley's deprivation formula factor within the schools' local funding formula in relation to those pupils in receipt of free school meals in Reception, Year 1 and Year 2, will continue and the universal free school meals grant from the DfE will relate only to those pupils who are not currently eligible for a free school meal.

Capital Grants

Devolved Formula Capital grant

40. Schools will continue to receive DFC for 2014/15. Dudley is responsible for the payment of DFC for all maintained schools excluding Voluntary Aided (VA) schools. As VA school premises are not within the ownership of a local authority then the DfE pay the grant directly to the VA school Governors. For 2014/15 Dudley will allocate DFC grant to schools of £784k based on rates shown in Table 3.

Table 3 –Devolved Formula Capital 2014/15

Type of school	Lump Sum	Per Pupil
£	£	£
Nursery and Primary	£4,000	£11.25
Secondary	£4,000	£16.88
Special schools and Pupil Referral Units.	£4,000	£33.75

Universal Free School Meal Grant for Infants

41. Dudley will receive a capital allocation of £855k (including £81k in respect of VA schools) to spend on improving kitchen and dining facilities in maintained schools.

Finance

42. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2013.

43. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.

44. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

45. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

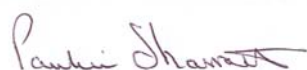
Equality Impact

46. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

47. Schools Forum to :

- Note the contents of the report and the movement of the 2014/15 Dedicated Schools Grant between the three funding blocks as detailed in Table 1 and paragraph 9;
- Give a view to the Interim Director of Children's Services in respect of the financial issues for:
 - Arrangements for pupils with special educational needs;
 - Arrangements for use of pupil referral units and the education of children otherwise than at school;
 - Arrangements for early years provision;
 - Administration arrangements for the allocation of central government grants.



Pauline Sharratt
Interim Director of Children's Services

Contact Officer: Karen Cocker, Children's Services Finance Manager
Karen.cocker@dudley.gov.uk Tel: 01384 815382