

Schools Forum 19 March 2013

Report of the Director of Children's Services

Dedicated Schools Grant Planning Process 2013/14 - Update

Purpose of Report

1. To provide Schools Forum with a further update in respect of the Dedicated Schools Grant budget planning process for 2013/14 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 –13 March 2013.

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. For Schools Forum to note the updated information in respect of the DSG, approve the movement of funds between the three blocks for 2013/14 and the information in respect of annual consultation on financial issues for the 2013/14 financial year.

Attachments to Report

7. Dudley's Banded Framework 2013/14 – Appendix A.

Karen Cocker
Children's Services Finance Manager
4 March 2013

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Purpose of Report

1. To provide Schools Forum with a further update in respect of the Dedicated Schools Grant budget planning process for 2013/14 and to carry out the annual consultation on financial issues, as required by the Schools Forums (England) Regulations 2012.

Background Consultation

2. At the February Schools Forum meeting the report outlined that 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 (PVIs) 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 presentation of the DSG for 2013/14 will now show three, un-ring fenced funding blocks for the local authority:
 1. Schools Block;
 2. Early Years Block; and
 3. High Needs Block
5. For 2013/14 there will be a series of central expenditure limits rather than a single one and Authorities are free to move funding between the blocks provided that they comply with requirements of the Minimum Funding Guarantee (MFG) and central expenditure. Forum members at the February meeting approved the central expenditure items detailed for 2013/14 in respect of those with a restricted cash value and those without a restricted value and the Minimum Funding Guarantee has been funded in Dudley mainstream schools at a cost of £1.459m.
6. Mainstream school budgets have now been issued for 2013/14. There is a requirement to issue special schools and PRUs with a budget by 15 March and Early Years providers by 31 March.

DSG Budget Update for 2013/14

7. There have been no further DfE adjustments to the 2013/14 Dedicated Schools Grant since the February report to Forum. The two funding adjustments still expected are detailed below:
- i. Early Years Block will be amended in the Summer of 2013 and Spring 2014 for updated pupil count data.
 - ii. Post 16 SEN and 19-24 Learning Difficulties and Disabilities (LDD) budget of £1.272m is still under discussion with EFA; the new responsibility is effective from August 2013.
8. In preparation for the 2013/14 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 2013/14 and any further proposals to move funds between blocks will be outlined to Schools Forum for approval.

Table 1 -Dudley Dedicated Schools Grant 2013/14 at 6 March 2013

	Pupil Data	Unit of Funding	Schools Block £m	Early Years Block £m	High Needs Block £m
Total Funding Pupil Led	43,014	£4,459.29	191.812		
Total Funding Pupil Led	2,782	£3,650.97		10.157	
Newly Qualified Teachers			0.066		
2 Year Olds Early Education				2.843	
Baseline Funding					27.748
April – July Post 16 SEN Funding					0.238
Aug – March 2014 Post 16 SEN and 19 -25 LDD					1.272
Growth for planned places in the High Needs Block					0.155
Virement			1.350	-0.263	-1.087
Provisional 2013/14 DSG Budget			£193.228	£12.737	£28.326
Provisional Total			£234.291m		

9. A number of final budget adjustments (virements) have been necessary as part of the construction of the budget covering the Schools Block, Early Years Block and High Needs Block for 2013/14. For example these cover:
- Return of closed schools premises costs to the Schools Block from the High Needs Block for Pensnett School;
 - Switch of funding to the Schools Block from the High Needs Block in respect of extra district SEN mainstream pupils;
 - Movement of funds to the Schools Block from the High Needs Block in respect of statemented pupils for Academy Schools;

- Movement of funds from the Early Years Block to the High Needs Block in respect of SEN high needs funding.

These are summarised in Table 1 and Schools Forum is invited to approve these changes. The movement of funds within the three DSG blocks is permissible, see paragraph 5.

10. The budget shown in Table 1 will now be used for the purposes of the 2013/14 DSG and Section 251 budget statement. Further in year updates in respect of the Early Year's Census and the Post 16 FE/LDD will be reported to Schools Forum at that time. It is expected therefore that the final DSG at 2013/14 year end will be different to that disclosed in Table 1, for this reason.

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, with further information to be provided orally at the meeting 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 are a number of changes both nationally and locally impacting on the arrangements for pupils with SEN.
14. The immediate changes arising from the DfE School Funding Reforms will fund all high needs SEN pupils differently 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 will apply.
 - For a mainstream pupil with high needs SEN, they will receive additional funding on a top up basis, which will be in excess of the delegated budget funding.

This new funding methodology will be based on a real time funding approach and Dudley's banded framework, which is attached at Appendix A. The uncertainty of the top up funding required, due to the real time funding approach, could mean that the High Needs Block budget is placed under financial pressure during 2013/14. The Director will closely monitor this position.

15. The Government published the Children and Families Bill on 5 February 2013. The Bill contains provisions for the biggest overhaul of the SEN system in thirty years and will introduce:
- Joint co-operation and commissioning duties to underpin new Education, Health and Care Plans (EHCPs), which will replace education statements of Special Educational Need (SEN) ;
 - Extension of the SEN law to cover academies and free schools;
 - Extension of the system to cover young people in further education up to the age of 25.
16. There are no changes proposed to the SEN central services for:
- Counselling Service
 - Visually Impaired Service
 - Hearing Impaired Outreach Service
 - Physical and Sensory Service
 - Learning Support Service
 - Autism Outreach Service
 - Specialist Early Years Service
 - Enhanced Nursery Provision

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

Pupil Referral Units

17. PRU provision is at The Mere KS1/2, Sycamore Centre KS3, Abberley Centre KS4 and Cherry Trees Learning Centre for home and hospital tuition.
18. There are a number of significant funding changes to affect PRUs from April 2013 as part of the national School Funding Reforms. This will essentially give PRUs similar autonomy over budget and staffing decisions to maintained schools and access to freedoms offered under Academy status.
19. The management committees of PRUs will have delegated budgets together with responsibility for all other financial decisions necessary to manage and spend budgets effectively, such as signing contracts and ensuring accurate accounts are maintained. They will have the power to carry forward deficit or surplus budget balances at the year end. The School and Early Years Finance (England) Regulations 2012 (and relevant guidance) refer.
20. PRUs will have primary responsibility for all decisions about the recruitment and management of staff (including appointing, appraising, suspending or dismissing members of staff) and this responsibility will sit with the management committee of a PRU, rather than the local authority. As with community schools, however, the local authority as the employer will carry out the actual appointments of staff, based on the Management Committee's decisions and the local authority will remain the employer of staff in PRUs and will continue to be responsible for agreeing pay and conditions.
21. All direct state-funded AP institutions (including PRUs) will receive base funding of £8,000 per planned place, topped up by funding from the commissioning LA or

school for each pupil admitted to the PRU.

22. The PRU Management Committee will be required to meet the requirements of the Consistent Financial Reporting (England) Regulations 2012 and will be responsible to meet the Schools Financial Value Standard (SFVS).
23. In respect of Dudley's PRUs there is a structure and accommodation review underway to ensure that the provision is fit for purpose both in terms of the new funding arrangements, which potentially provide less funding than current, and also to provide for the changing behavioural needs of the pupils.
24. The DfE accept that it may take a longer time than April 2013 to bring PRUs in line with the revised funding arrangements and will allow LAs to provide additional financial support to PRUs on a contingency basis over and above the place plus top up funding approach. Proposals for Dudley are now being drafted and will be presented to School Forum in the Summer term.
25. The planned places agreed with the DfE for 2013/14 financial year are detailed below:

Pupil Referral Unit Provision	Planned Places 2013/14
The Mere KS1/2	12
Sycamore Centre KS3	20
Abberley Centre KS4	20
Cherry Tree Learning Centre Home and Hospital	76

Alternative Provision

26. 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 2013/14 these are:

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

Arrangements for Early Years Provision

27. 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

28. 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

29. The Pupil Premium is the most significant grant to be 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. The grant is calculated using the DfE free school meals ever six data and the estimate of grant for Dudley maintained schools for 2013/14 is £9.7m.
30. Year 7 catch up grant funding. This is a new grant from 2012/13 until 2015 and Schools will 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. For 2013/14 the estimated grant for Dudley maintained schools is £292k.
31. Education Funding Agency – Post 16 Mainstream funding. The grant for 2012/13 was £2.5m in respect of 3 maintained schools. The EFA will advise Dudley of the 2013/14 allocation for Dudley schools soon.

Capital Grants

32. Devolved Formula Capital grant. Schools will continue to receive DFC for 2013/14. Dudley is responsible for the payment of DFC for all maintained schools excluding Voluntary Aided 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 2013/14 Dudley will allocate DFC grant to schools of £820k.

Finance

33. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2012.
34. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.

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

Law

36. 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

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

Recommendation

38. Schools Forum to :

- Note the contents of the report;
- Approve the movement of the 2013/14 Dedicated Schools Grant between the three funding blocks as detailed in Table 1 and paragraph 9;
- Note that a further update will be provided at the Summer term meetings in respect of the Pupil Referral Unit review and the additional financial support required;
- Give a view 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.



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