

<b>Date:</b> 22 March 2018	<b>Item</b> 6	<b>Type of report:</b> Decision
<b>Report title:</b>	<b>Dedicated Schools Grant - 2018-19 Schools Budget</b>	
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## 1. Executive Summary

This report provides the latest information on the schools budgets for 2018-19 year and looks at bringing the Nursery and Special schools within the Maternity Fund and Contingency Fund. It also looks at the transition process for Education, Health and Care Plans

## 2 Schools Forum Actions

### 2.1 To agree to:

i) Allow Nursery Schools, Special Schools and the Hospital schools to join the

- Maternity fund
- Contingency and falling rolls funds

ii) The charges to be made for 2018/19 as set out in the table below

	Maternity Fund	Contingency, including falling rolls
	£	£
Nursery Schools	5,000	5,000
Small Special Schools and Hospital Schools	12,000	12,000
Large Special Schools	16,000	16,000

lii) That any claims made in 2017/18 will be honoured for Nursery Schools, Special Schools and the Hospital schools despite no contribution being in place.

iv) That any schools that have had their maternity claims capped be reimbursed.

To Note:

v) that from the start of the 2018-19 financial year the SEND Inclusion and Monitoring team will lead on the process to review and financially realign these plans in partnership with schools, relevant professionals, parents and young people.

vi) the reduction in the Nursery Schools Base rate in 2018/19 to £5.95 per hour from £6.43 as previously agreed.

vii) the continuation of the methodology for allocating the Nursery supplementary funding (£1.5m) in 2018/19 will be the same as 2017/18.

### **3 Budget Approval**

- 3.1 The Education & Skills Funding Agency (ESFA) approved Southwark's submission of the 2018-19 schools budget. As part of this the transfers from the schools block to the high needs block agreed by the Schools Forum at the meeting of 18 January 2018 have also been approved.

### **4 Budget Position**

- 4.1 Schools Budgets were sent out to schools on the 28 February 2018. The overall level of the funding for Southwark schools increased by £6.8m and now totals £234.6m. This is mainly reflecting the pupil number increase, which totals 717. Of the £6.8m there is an increase of £1m in primary and £5.8m in secondary.
- 4.2 These figures mask the position for the maintained sector where Primary schools have faced a fall in pupil numbers of 217 which equates to £1.3m. There is a small increase in the numbers of the maintained secondary.
- 4.3 This coupled with the fact that over the coming few years the financial settlements for Southwark are not likely to keep pace with inflation, schools finances will be under considerably strain. If we assume that settlements will continue at the current 0.5% per pupil guarantee for the next three years, pay awards are 2% and general inflation stays at its current 3% then schools will face real term reductions of 7% over the next three years.
- 4.4 In order to manage this, schools will need not only to plan on a long term basis but plan their budget much earlier in the yearly cycle. To support schools a mixture of training and briefing sessions will be held.

### **5 High Needs Top Up Rates**

- 5.1 There are no planned changes to the top up rates for high needs children.

### **6 Process for realigning EHC plan funding for pupils with plans finalised prior to April 2017**

#### **Background**

- 6.1 The SEND Funding Review working group was set up during the 2016-17 financial year to discuss a selection of changes to SEND funding including the consideration of changing from a 2 band top-up funding system for pupils with EHC plans. Their recommendation to move to a 4 band system was duly consulted upon and approved at Schools Forum and new EHC plans finalised since April 2017 have been funded under this new system.
- 6.2 The working group also agreed that a transition process should be developed for pupils with EHC plans funded under the old 2 band system to support a fair and transparent approach to revisiting and redressing disparities in the funding. This involves around 700 pupils with band 3, band 4 or delegated plans.

**Process:**

- 6.3 The recommendation is that from the start of the next financial year the Inclusion and Monitoring team will lead on the process to review and financially realign these plans in partnership with schools, relevant professionals, parents and young people. To ensure this is done fairly and equitably the process will be carried out by the teachers who develop the new plans and who can bring their expertise in the field of outcomes development and provision planning to bear. As teachers, they are also well placed to discuss educational issues, provisions and practices with all concerned to ensure changes are appropriate.
- 6.4 The approach recommended is to review and amend EHC plans and realign funding at phase review points (KS2-3, KS3-4, KS4-5, and KS5-adulthood)

## Likely benefits:

- Timeframe for each pupil's review is known in advance supporting schools and families to be able to consider and plan for provision, staffing and budget changes.
- Amendments will be effective from the next Key Stage rather than part way through a key stage.
- Funding changes would apply at the start of the new Key Stage or phase so that the review can take place at any point during the preceding year. (please see table in 6.9)

## Likely limitations:

- It is a slow approach to redressing the inequity between pupils.

- 6.5 Ensuring that this is a partnership decision rather than something imposed upon schools and families is important so the Inclusion and Monitoring (I+M) team will liaise with schools to support the collation of reports, where necessary carry out observations, chair TAC meetings, meet with parents and young people, agree when new assessments are needed etc. They will also draft a new working document version of the plan, chair the co-production meeting, amend the plan and cost the provision agreed using the Ready Reckoner tool to support decisions around funding realignment.
- 6.6 A thorough review process such as this will enable decisions around funding to be reconsidered including allocating funding for currently delegated plans where the evidence suggests it is needed or ceasing to maintain the plan where it is no longer required.
- 6.7 The SEN Code of Practice expects all EHC plans to be developed covering a key stage or phase. Therefore Annual Reviews at the end of these stages would need to be more thorough and in-depth than those in the years in between in order to maintain the accuracy and relevance of the EHC plans. This would suggest that reviewing funding as part of the phase review process links well with DfE expectations.
- 6.8 There would be on-going training for schools and other relevant colleagues on the Annual Review process generally, on phase reviews and for any aspects related to these realigning reviews specifically.

## 6.9 Timeframe for post review funding changes;

Review held	Change effective from
Y2	Y3
Y5	Y7
Y9	Y10
Y11	Y12
Y13	Y14
Y14 (where student due to transition from setting)	Y15

## 7 Early Years

- 7.1 The 2018-19 settlement for the DSG early years block was discussed at the last meeting. The hourly funding rate paid to Southwark for 3 & 4 year old children was reduced further, while the rate for 2 year will stay the same as in 2017-18.
- 7.3 Under the proposals for 2018/19 it was noted that funding for the base rate for 3 and 4 yr olds would be £5.95 per hour across all sectors. In the current year the Maintained Nursery Schools receive a higher base rate of £6.43 per hour. This results in reduction in the overall nursery schools funding of £0.133m.
- 7.4 The funding reduction across all the five Nursery schools is £133k. Within the funding settlement an additional supplementary funding of £1.585m, this is slightly higher than the current year's allocation of £1.532. These amounts will be subject to further adjustment to align them with headcounts. It is proposed to continue the current methodology of distribution of the supplementary funding. This funding was allocated to the schools on the following basis

Element	Bases	Total Costs £
Lump Sum	£200,000	1,000,000
Pupils	£5	406,000
English as an Additional Language	£299.72	25,000
NNDR – Business Rates	Actual Costs	81000
		1,512,000

## 8 Maternity Scheme

- 8.1 It was agreed at the last meeting of the Schools Forum that the de-delegated amount for 2018/19 would be £40.15 per pupil. The pay-out rate would be capped at 70%.
- 8.2 At the time there was uncertainty of when the reduction would be implemented and for which claims. Some claims have already been capped, for clarity it is proposed that any claim made after 1 April 2018 will be capped. If a school has had a claim capped before this any reduction will be reimbursed. The cost to the fund is around £62k. The Maternity scheme's only source of funds is from schools and the fund will always need to balance. As the funding rates have been set for 2018/19, any revisions to the scheme to adjust for the above will need to be made in 2019/20.

- 8.3 Special schools and Nursery schools have been making claims on the fund and have received payment. However they do not contribute to fund. Over the past few years this has become embedded in practice. It is proposed to offer Nursery and Special schools the opportunity to join the fund from April 2018. The contribution rates for Primary and Secondary schools are based on pupil numbers. Special Schools by their nature have few pupils but large numbers of staff in comparison. It would seem unfair even generous to base their funding on the primary basis of £40.15 per pupil numbers. It is proposed that contribution rates to be in line with financial similar sized primary schools.
- 8.4 For a Nursery School this would be £5,000, for Small Special Schools and Hospital schools £12,000 and Large Special Schools £16,000
- 8.5 If a school does not buy into the fund no payments will be made out in the future (From 1 April 2018). As the practice of paying out to Nursery and special schools has been embedded it is proposed that this practice be continued to the end of this financial year (March 2018) and no claims will be reversed.

## **9. Contingency fund including the falling rolls fund.**

- 9.1 This approach will be adopted to the Contingency fund including the falling rolls fund. This was agreed by the Schools Forum in principle at the October 2017. The contingency of de-delegated amount for 2018/19 would be £41.00 per pupil, which is similar to the Maternity rates. It is proposed that the charge to the Nursery and Special schools is the same as the Maternity scheme.

## **10. Growth Fund Criteria**

- 10.1 Payments from the Growth Fund will be allocated to specific schools with temporary expansion classes which have been agreed by the Local Authority and in line with the LA's overall strategy for meeting pupil number growth within specific areas of the borough. In addition, this funding will also support the ongoing financial impact of previously agreed permanent expansions.

The arrangements for the allocation from the Growth Fund are as follows:

- Formal agreement to the expansion class by the LA as part of the overall strategy for meeting primary or secondary age pupil number growth as confirmed in writing to the school's Chair of Governors by the Southwark Director of Education, Children's and Adults Services;
- The letter will confirm the agreed number of places and value of funding that will be provided to the school;
- The funding that will be allocated to the individual school will be based on £52,000 for an expansion class of 30 places in primary schools to cover the period September to March;

- The funding allocated to an individual secondary school will be £65,000 for an additional class of 30 places to cover the period September to March.
- To support the school's cash flow, funding will be provided to the school in a one-off payment on the actual opening of the expansion class.

#### **11 Falling Rolls Criteria (agreed at Schools Forum October 2016- March 2017)**

- Judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).
- Surplus capacity exceeds 30 pupils or 20% of the published admissions number.
- Local planning data shows a requirement for at least 50% of the surplus places within the next 2 years.
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.
- The school will need to make redundancies in order to contain spending within its formula budget.
- It does not have a surplus balance in excess of 5% of its school budget share as at 31 March 2016 and 31 March 2017 (or the relevant academic years in the case of academies). Note dates to up dated to 2018-19.

Schools who meet the above criteria should prepare a Business case that, after checking by officers, will be submitted to Schools Forum for a decision taking into account the funding available in the falling pupils fund. Any agreed funding will be for a specified number of surplus places (within the planned admissions number) at 75% of the relevant AWPUP rate.

The Schools Forum are asked to comment on both the growth fund and falling rolls fund before the precise terms and calculation of amounts provided to schools are brought back to the next meeting. This will include a further analysis between the declining roles in some schools and the growth in others.