



## SCHOOLS FORUM

9 FEBRUARY 2017

### 2017/18 SCHOOLS BUDGET

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings	X	Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X
<b>Actions arising from the recommendations in this report are for all Schools Forum Members</b>			

### Purpose of the Report

1. The purpose of this report is to present the 2017/18 Dedicated Schools Grant Settlement for Leicestershire and the 2017/18 Schools Budget.
2. This report builds upon a number of reports presented through the 2016/17 financial year and specifically those relating to school funding reform and for arrangements for funding schools undertaking or affected by age range changes.

## **Recommendations**

3. That Schools Forum approve the retention of budgets to meet the prescribed statutory duties of the local authority and to meet historic costs (Paragraph 18)
4. That Schools Forum approve the centrally retained early years funding of (Paragraph 18)
5. That Schools Forum notes the number and average cost of commissioned places for children and young people with High Needs (Paragraph 31)
6. That Schools Forum note the 2017/18 school funding rates (Paragraph 40)
7. That Schools Forum approve the action to be taken in respect of schools where the Special Educational Needs (SEN) notional budget is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraph 50)
8. That Schools Forum note the average per pupil funding to be taken into account for recoupment for excluded pupils (Paragraph 51)
9. That Schools Forum note the payment rates for the Early Years Funding formula (Paragraphs 59 / 60)
10. That Schools Forum note the retention of the Dedicated Schools Grant Reserve and the purposes for which it will be used (Paragraph 61)

## **Background**

11. This report builds upon those presented to Schools Forum during 2016 and sets out the local authority's Schools Budget for 2017/18 .
12. The Schools Budget is the term given overall to the services funded from Dedicated Schools Grant (DSG). Local authorities are required to set the Schools Budget at least equal to the amount of DSG received. The local authority makes no contribution to DSG, the Schools budget is therefore set at the level of grant and must contain all its spending pressures within that grant.
13. DSG is provided in three separate funding blocks;
  - Schools Block – funds school delegated budgets and other prescribed local authority areas of expenditure. For 2017/18 this block now includes funding for local authorities retained duties for all pupils previously provided through the Education Services Grant (ESG)
  - Early Years – funds the free entitlement to early education for disadvantaged 2 year olds and 3 & 4 year olds, including the extension to 30 hours of provision for eligible parents from September 2017 and the services that support the early years sector

- High Needs – funds provision for pupils with SEN, the PRU and other services for vulnerable children such as the behaviour partnerships and specialist teaching services
14. The Department for Education (DfE) published the second stage of the consultation on the implementation of the National Funding Formula (NFF) in December. The initial analysis of the proposals is set out in a further report on today's agenda.
  15. There are significant financial challenges over the medium term for both the local authority and its schools. The government's austerity measures have not affected school funding to the same extent as for local government in general, however neither have they kept pace with spending pressures. This requires very challenging decisions to be made on the allocation of funding.
  16. The 2016/17 Children and Family Services Budget was considered by the Children and Family Services Overview and Scrutiny Committee on 16 January 2017 and will be considered by the Cabinet on 9 February 2017 and the County Council on 22 February 2017 and is shown as Appendix A.

### **Role of the Schools Forum in setting the 2017/18 Schools Budget**

17. Schools Block DSG meets the cost of school delegated budgets and also some other areas of expenditure centrally retained by the local authority through provisions contained within the School and Early Years Finance (England) Regulations, these budget are subject to restrictions and some are subject to some decisions for the Schools Forum.
18. The purpose and scope of these budgets is detailed below;

<b>Item</b>	<b>Approval For</b>	<b>Action</b>
1.	De-delegation from mainstream school budgets	No decision to be taken, no budgets are subject to de-delegation.  De-delegation affects maintained primary and secondary schools only, all budgets for academies are required to be fully delegated.
2.	To create a fund for significant pupil number growth in order to support the local authority's duty for place planning and agree the criteria for maintained schools and academies to access this fund.	Schools Forum approved the policy for funding school growth at its meeting on 14 January 2016  No revenue budget is proposed for 2017/18 which will see the opening of a further year group at Fossebrook and the pre-opening costs of Hallam Fields which will be met from the DSG reserve.

3.	<p>Funding for the local authority in order to meet prescribed statutory duties placed upon it.</p> <p>This funding now includes funding for local authority statutory duties for all schools previously funded through the retained duties element of ESG</p>	<p>The budgets falling into this category are;</p> <ul style="list-style-type: none"> <li>• Servicing the Schools Forum £8,750 (2016/17 £8,750), this budget meets the cost of operating the Schools Forum. It appears on the Admin and Committees line on the budget statement</li> <li>• Admissions £318,020 (2016/17 £318,020). This meets the local authorities statutory responsibilities for admissions and is funded from both the Schools Block funded from the Schools Block (£279,615 and £38,405 from the High Needs Block. This appears on the Education Sufficiency line of the budget statement</li> <li>• Local Authority Statutory / Regulatory Duties, Asset Management and Central Support Services £2.378m. This is made up of central recharges to DSG budgets (unchanged from £922,000 in 2016-17) plus services previously funded from ESG which is now transferred to DSG (£1.456m). This appears on the Central Charges line of the budget statement</li> </ul> <p>Schools Forum are asked to approve the retention of these budgets which have not increased over the 2016/17 budget provision</p>
4.	<p>Funding for historic costs met by the local authority. Following the baselining exercise undertaken to determine the 2017/18 DSG baselines the DfE have set out their expectation that these costs should unwind over time and that funding released in 2018/19 should be recycled to school budgets. This may be the</p>	<ul style="list-style-type: none"> <li>• Premature Retirement Costs £674,900 (2016/17 £674,890), these are historic costs relating to school staff where the commitment remains with the local authority and relates to both maintained schools and academies. This appears on the Human Resources line of the budget statement</li> </ul>

	case for the element relating to schools causing concern but no funding will be released from premature retirement for significant periods of time given that the local authority remains supporting such costs arising from pre 1997	<ul style="list-style-type: none"> <li>Miscellaneous £248,000 (2016/17 £248,000). This is the commissioning budget for maintained schools causing concern, whilst the number of maintained schools has reduced overall the number of schools requiring LA support is largely unchanged. This appears on the 5-19 Learning line of the budget statement</li> </ul>
5.	Funding for central early years expenditure, which includes funding for checking eligibility of pupils for an early years place and/or free school meals in addition to the local authorities statutory responsibilities in this area. For 2017/18 this must not exceed 7% (5% in 2018/19) of the Early Years DSG	Schools Forum are asked to approve expenditure of £1,604m (2016/17 £1.649m )
6.	Authorising a reduction in the Schools Budget in order to fund a deficit arising in central expenditure that is to be carried forward from a previous funding period	This situation does not exist within the 2016/17 budget so no decision is necessary, the DSG overspend will be funded from the DSG reserve

19. Where the decision making power is vested in the Schools Forum, the local authority may seek adjudication from the Secretary of State should approval not be granted. This would be sought should Schools Forum not approve the centrally funded items, there is no other source of funding for the local authority to meet these commitments.
20. A further budget for school copyright is held centrally under provisions within the School and Early Years Finance (England) Regulations. This funds copyright licences within a nationally negotiated contract by the Secretary of State for all academies and maintained schools, as a result of this national contract individual schools no longer meet these costs directly. The 2017/18 cost for Leicestershire is expected to be £467,875.

### **Dedicated Schools Grant**

21. For 2017/18 the Dedicated Schools Grant (DSG) remains in three separate blocks, the basis for each block however is changed. The Department for Education (DfE) undertook a 'baseline' exercise early in 2016 in preparation for the expected introduction of the schools national funding formula which results

in adjusted school and high needs blocks to reflect actual expenditure rather than historic patterns of spend. The early years block reflects the introduction of the early years national funding formula in April 2017 and the extension of the Free Entitlement to Early Education (FEEE) for eligible parents from September 2017.

Funding Block	Areas Funded	Basis for Settlement
<p>Schools Block £368.28m</p>	<p>This block funds delegated budgets for all Leicestershire primary and secondary schools and academies and also the two studio schools in Leicestershire.</p> <p>The school block is now split into two areas, the first reflects delegated school budgets the second is the Central School Services Block which incorporates those budgets centrally retained by the local authority</p> <p>Some budgets e.g. school copyright licences, school related premature retirement costs are centrally retained by the local authority with the approval of the Schools Forum.</p> <p>For 2017/18 this block includes funding formerly paid through the retained duties element of Education Services Grant in respect of the local authorities statutory duties for all schools.</p> <p>Funding for academies is recouped from the settlement and paid directly to the academy by the EFA.</p>	<p>The Schools Block Unit of Funding (SBUF) is £4,156.59 and based upon the pupil numbers recorded in the October 2016 schools census.</p> <p>Leicestershire is the 3rd lowest funded for SBUF out of 151 authorities and compares to an England average of £4,618.63</p> <p>This block reflects the funding provided through school delegated budgets in 2016/17 and local authority centrally retained budgets</p>

<p>High Needs Block £63.16m</p>	<p>Funds special schools and other specialist providers for high needs pupils and students, the pupil referral unit and support services for high needs pupils including high needs students in further education provision.</p>	<p>The settlement is based upon local authorities expenditure for 2016/17</p> <p>As the settlement is not based upon pupil / student numbers there is no national comparator against which to measure relative funding. However converting the settlement to a per pupil basis using pupil data in the other elements of the DSG settlement places Leicestershire 48<sup>th</sup> lowest funded at £712.82 against an England average of £863.04</p>
<p>Early Years est £28.01m ( 3 &amp; 4 year olds)</p> <p>2 year old disadvantaged places £3.2m (est)</p>	<p>Funds the Free Entitlement to Early Education (FEEE) for 2, 3 and 4 year olds and an element of the early learning and childcare service.</p> <p>From September 2017 FEEE will increase from 15 to 30 hours for the parents of eligible children.</p> <p>The introduction of the national early years funding formula in April 2017 requires changes to the formula used to fund providers</p>	<p>The settlement is based upon January 2016 pupil numbers and will be adjusted for January 2017 and 2018 pupil data</p> <p>From April 2017 the early years national funding formula is implemented and the allocation is now based on individual pupil characteristics. Leicestershire is one of 48 local authorities receiving the lowest rate of £4.30 per hour, this however is an increase of 13.5% from the equivalent 2016/17 rate</p>
<p><b>£462.65m</b></p>	<p><b>2017/18 Estimated DSG (Included Early Years estimates)</b></p>	

### Schools Block

22. It was anticipated that the Schools Block DSG and delegated school budgets would be generated through the implementation of the National Funding Formula (NFF) from April 2017. The DfE have confirmed that the NFF has been delayed until April 2018. A consultation launched in December sets out the proposals in more detail, a response to the consultation is being formulated and Schools Forum may wish to consider responding and nominate a lead responsible for its completion or make any comment it may wish the local

authority to consider in its submission. Members should also encourage the schools they represent to submit responses.

23. Funding remains at 2016/17 levels and as such schools will not receive any increase in funding to meet inflationary pressures such as pay, national insurance and pension inflation nor for additional costs such as the Apprenticeship Levy. Both maintained schools and academies are reporting financial pressures, especially where schools are experiencing reducing numbers as a result of age range changes.
24. Details of access to financial support for apprentices through the apprenticeship levy and the Leicestershire County Council Digital Account will be confirmed as soon as they are available. It should be noted however that the levy is in effect a tax and whilst all maintained community schools will be liable for its payment it is unlikely that all schools will see their payment returned, and access to the funding will be aligned to the appointment of eligible apprentices. Voluntary Aided schools and academies will need to consider their individual liability for the levy. The levy contributes to the training costs of apprentices and not the cost of their employment
25. It has been confirmed that the Minimum Funding Guarantee (MFG) will remain at minus 1.5% per pupil for 2017/18, the NFF sets out that this rate will continue for 2018/19 and 2019/20. MFG is calculated at pupil level and provides protection from the change in the underlying data within an individual school budget but does not protect against falls in pupil numbers. School with falling rolls may see cash reductions in budgets in excess of 1.5%.
26. A Schools Funding Formula Review working group consisting of headteachers, governors and school business managers have reviewed the school funding formula within the constraints of the funding settlement and the transition to the NFF and no changes to the formula are proposed for 2017/18. IDACI bandings have been amended following national changes implemented by the Education Funding Agency (EFA)
27. It is confirmed that £2.85m (estimate £3m) of headroom is present within the school block settlement, this will be transferred to meet increased financial pressure in high needs expenditure.
28. The Schools Funding Formula Review Group also considered the allocation of the headroom to high needs. The group did not agree with the proposal to allocate the totality of the headroom to high needs and requested that the local authority use some of this to address a funding disparity at Key Stage 3 where the rates within the Leicestershire school funding formula being significantly below those used by comparator authorities.

#### High Needs Block

29. The 2017/18 DSG settlement confirms the baselining of the 2016/17 £7.15m transfer from the schools block to high needs, it is also confirmed that the further transfer of £2.85m is permissible and that the decision rests with the



local authority. The County Council's Medium Term Financial Strategy (MTFS) confirms the transfer.

30. The DfE published the high needs settlement in July at £61.88m, the final settlement in December confirmed DSG at £63.16m which includes an uplift to the grant on the basis of population growth, significant financial pressures however remain. The position has been updated for the latest available information and whilst improved from that in October remains a significant concern:

	2016/17 Forecast £,000	2017/18 Budget £,000	2018/19 Budget £,000
Placement Costs	54,015	54,950	56,646
Estimated Placement Growth		1,800	1,900
Other High Needs Expenditure	9,074	10,118	9,672
<b>Total High Needs Expenditure</b>	<b>63,089</b>	<b>66,868</b>	<b>68,218</b>
<u>Funded By:</u>			
Dedicated Schools Grant – High Needs	-52,761	-61,463	-61,463
Dedicated Schools Grant – Schools Block	-7,151	-2,850	-2,850
6 <sup>th</sup> Form Grants – Special Schools	-860	-860	-860
<u>Proposed Savings</u>			
SEN Placements		-875	-1,645
Other savings		-820	-1,400
Period 9 High Estimated High Needs Overspend	2,317	0	0
Funded from DSG Reserve	-2,317	0	0
Cost to Local Authority Budget	0	0	0

31. The number and location of specialist places commissioned for pupils with high needs is shown at Appendix B
32. The stage 2 consultation regarding the movement to a formulaic basis for high needs DSG was issued by the DfE in December and suggests that Leicestershire would receive £2.8m less under the formula when compared to the 2016/17 baseline; this includes the 2016/17 transfer of £7.15m from the schools block but not the further from 2017/18. The DfE are to undertake a further exercise to determine whether they feel that 2017/18 transfers between blocks is appropriate and should be included in the baseline for 2018/19 funding.
33. The consultation proposes that no local authority will lose funding for 4 years, the 2017/18 decision by the DfE on retaining the £2.85m in the baseline will therefore be a crucial decision. Both this and any further increase in cost and demand will need to be carefully factored into future SEND strategy and specifically the transformation project to reduce the level of SEN expenditure.
34. To respond to the need to reduce high needs expenditure a number of savings are proposed;

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b><u>Dedicated Schools Grant Savings</u></b>				
<b><u>Transformation</u></b>				
Review Specialist Teaching Services	-790	-1,350	-1,350	-1,350
Reduced Cost / Demand SEN Placements	-875	-1,645	-1,645	-1,645
	<u>-1,665</u>	<u>-2,995</u>	<u>-2,995</u>	<u>-2,995</u>
<b><u>Departmental</u></b>				
Reduce Budget Allocation - Oakfield	-30	-50	-50	-50
	<u>-30</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>
	<u><b>-1,695</b></u>	<u><b>-3,045</b></u>	<u><b>-3,045</b></u>	<u><b>-3,045</b></u>

### Specialist Teaching Services - £790,000 2017/18 rising to £1,350,000 2020/21

A review of the role and responsibility of the local authority in the provision of these services is being undertaken by external consultants. These are a complex set of services supporting children and young people with hearing and visual impairment, autism, early years inclusion and learning support. It is anticipated that the review will identify deliverable savings for implementation in September 2017/18 given that delivery is based on academic rather than financial years.

### Reduced Cost and Demand – SEN Placements - £875,000 in 2017/18 rising to £1,645,000 in 2018/19

The prime focus for the newly appointed strategic led in this area is the reduction in costs. A number of changes have already been made reflecting the change in decision and commissioning processes that have been successful in delivering cost reductions in children's social care. A programme of work is being compiled through the transformation unit which will holistically review the provision of high needs support services and the thresholds at which they are accessed. The savings target is set at a minimum, the expectation is that the planning process should set out to exceed this value to provide capacity to deal with any future issues

### Review of Budget Allocation Oakfield Pupil Referral Unit £30,000 2017/18 rising to £50,000 in 2018/19

The funding system introduced nationally in 2013 changed the manner in which Pupil Referral Units (PRU) were funded; locally provision has changed from Key Stages 1, 2 & 3 to primary provision only. The service offer has also changed and now includes support to prevent pupils being excluded rather than making provision after exclusion. Additionally the White Paper included a proposal that schools should become financially responsible for this provision. It is timely to review the funding level and methodology for determining the funding allocation from the local authority.

### Schools Causing Concern

A review of this budget was originally planned at £100,000 in 2017/18 rising to £250,000 in 2020/21, however proposed changes by the DfE to funding historic commitments in the schools block announced in December 2016 have resulted

in this saving not being achievable. Its removal is factored into the high needs position presented in this report.

### **Early Years Block**

35. From April 2017 the DfE will introduce the National Early Years Funding Formula (EYFF) which changes both the methodology used to generate local authority funding and the basis upon which nursery education providers are funded. It also establishes a new requirement for local authorities to 'passport' 95% (93% 2017/18) of funding to providers.
36. A further change to the funding mechanism for maintained nursery schools is implemented through the introduction of the EYFF and it will no longer be permissible to fund maintained nurseries at a higher rate than other providers which has reflected a higher cost base, this will result in reduced funding for the Countesthorpe Nursery which currently receives £6.80 per hour compared to £3.58 - £ 3.65 for private, voluntary and independent providers.
37. The nursery is run by the Headteacher and Governors of Greenfield Primary School, Countesthorpe, which is a large 630 place, maintained school located nearby. The Headteacher, Governing Body and staff at the Nursery are keen to relocate and operate the provision as a governor run provision rather than a maintained nursery, they are working with the County Council to implement this through the statutory process which commenced on 3 January with a public consultation on the proposed change. All parties involved see this as a positive step towards safeguarding the future of the Nursery.
38. The Free Entitlement to Early Education (FEEE) for 3 and 4 year olds will increase from 15 to 30 hours for eligible parents in September 2017. The DfE are requesting local authorities to consider whether they will be in a position to make the extended offer available from April and this is being considered. The Early Learning and Childcare Service has been, and continues, working with providers to support this expansion.

### **2017/18 School Budgets**

39. The framework for local authorities to calculate individual school budget is unchanged for 2017/18, albeit there are some national changes to the data within the national dataset issued by the EFA on which school budgets must be based. There has been no review on changes to the school funding formula for 2017/18 and it remains unchanged from 2016/17.
40. School Budgets were submitted to the EFA in accordance with the 20 January deadline, at the time of publication of this report no queries nor approval for the formula had been received. The 2017/18 school funding formula is shown at Appendix C.

41. Local authorities are required to use data provided by the EFA to construct school budgets and are largely unable to use local data. The dataset was issued in December 2016 and reflects the amended IDACI bands introduced by the DfE as set out in the School Funding Update report to Schools Forum on 5 December 2016.
42. The MFG remains nationally set at minus 1.5% per pupil. As MFG is a per-pupil reduction schools with falling rolls may see their budgets reduce by more than 1.5% overall.
43. To moderate the impact of 2013/14 school funding reform a capping factor was introduced to limit the amount of gains as a result of the changes and ensure the reform could be delivered without additional resource. The ceiling is set to meet the cost of the MFG and is set locally at +1.5% in line with MFG.
44. The formula continues to include pupil number adjustments for schools undertaking age range changes or affected by age range changes in other schools. The adjustments were issued to schools in December for comment prior to implementation. The methodology remains unchanged but the definition of 'estimate' has been clarified.
45. The 2017-18 Funding Units for deprivation (IDACI and Free School Meals) have been adjusted from the 2016/17 units so that the total allocated in 2017/18 is the same as the 2016/17 total but increased to allow for the overall growth in Primary and Secondary pupil numbers. The same principle has been applied to Prior Attainment funding, but the funding units and totals for Primary and Secondary have been kept separate, as different measures are used for the 2 phases.
46. Schools unaffected by age range change remain on the national pupil number count and are funded on pupil numbers from the October 2016 school census as required by the school finance regulations.
47. Local authorities are required to fund start-up costs for new schools and for diseconomies of scale there may be until they have a full contingent of year groups. The new Hallam Fields school in Birstall will open for a September 2017 intake and Fossebrook will open to a further year group. The lagged school funding system means that these costs must be met within the current level of DSG and for 2017/18 have been funded from the DSG reserve. Under the proposals for the NFF local authorities will remain responsible for meeting growth in the 2018/19 formula but will receive no additional funding for any increased costs.
48. No inflation is added to individual school budgets for supplies and services, pay awards nor for changes in national insurance and employers pension rates.
49. Business Rates are being reviewed nationally and the change will be implemented from April 2017. Individual Schools receive the full amount but the DSG must provide the funding for this, and this has resulted in an additional £250,000 cost to the DSG.

50. The local authority will continue to assess schools where the notional SEN budget is insufficient to meet commitments to element 2 funding through a comparison of costs and notional SEN budget in October following pupil movements at the commencement of the academic year. Where the budget is shown to be insufficient to meet commitments an additional payment will be made.

### **Excluded Pupils**

51. The arrangements for reclaiming funding from schools excluding pupils no longer solely refer to the deduction being based upon the age weighted pupil unit and refers to the average per pupil funding value for primary, Key Stage 3 and Key Stage 4. These values are detailed in the following table and will be applied as the deduction to school budgets from April 2017;

<b>School Phase</b>	<b>Annual Rate £</b>	<b>Daily Rate £</b>
Primary	3,063.18	16.12
Key Stage 3	4,063.69	21.39
Key Stage 4	4,851.47	25.53

### **Pupil Premium - Schools**

52. The DfE have not formally issued a full pupil premium settlement for 2017/18 although rates for each category of pupil have been released, these are unchanged from 2016/17. Pupil premium will be based on the January 2017 school census and schools will need to make reference to that in order to determine their grant allocation and inform the 2017/18 budget setting process.
53. The allocations are passported by the local authority to maintained schools for eligible pupils on the school roll but are retained by the local authority for children in care, academies receive funding directly from the EFA. The rates for pupil premium are;

<b>Pupil Premium Payable for;</b>	<b>2016/17 £</b>
Primary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	1,320
Secondary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	935
Children from service families	300

Looked after children	1,900
Children adopted from care, left care under a special guardianship or residence order	1,900

### **2017/18 Early Years Provider Budgets**

54. The introduction of the Early Years National Funding Formula in April 2017 for 3 & 4 year olds implements a new funding structure for providers and aligns both local authority and provider funding to the pupil characteristics. There are two new elements of funding:

Disability Access Fund – Nationally £12.5m has been made available to make an annual payment to providers for children in receipt of Disability Living Allowance (DLA) taking a place in their setting. The purpose of the fund is to aid access to free childcare places for disabled children. This is additional to the early years national funding formula

SEN Inclusion Fund – Local authorities from April 2017 are required to establish an inclusion fund funded within the overall early years block DSG to support 3 & 4 year olds to provide specialist support, this will also extend to meet the extension to 30 hours of provision for eligible families. Providers have been consulted over the value of this fund and the criteria in place to access it will be reflected in the Local Offer. The High Needs Grant currently supports this with £298,000, and for 2017/18 an additional £200,000 will be added to this from the Early Years Grant Access arrangements will be supporting children with:

- Low levels of attachment
- At risk of exclusion
- Limited communication skills
- Children with a hearing impairment
- Children with a visual impairment
- Children with a significant learning delay ( working approximately 1/3 below age related expectations)
- Distressed behaviour that involves that involves implementing specialist advice
- Ensuring their own safety and that of others

A minimum of £100,000 was required from the Early Years Grant to support SEN for the increase in hours for eligible parents. Consultation feedback was

that a majority were in favour transferring no more. The Local Authority view is that a further £100,000 transfer will give the right level of support for special needs children in the light of the extended settlement and is established at £200,000.

55. The early years national formula also removes the ability to use the OfSTED rating as an indicator of quality but offers the ability to use a supplement for providers with and early years teacher, an early years professional or a qualified teacher. This was set out within the consultation with providers together with options of the balance between the basic rate of funding and the mandatory deprivation indicator. The result of the consultation was to have no Quality top-up, and set the Deprivation top-up at 8p and 4p per hour (depending on the level of deprivation)
56. Overall the average unit rate of funding for 3 & 4 year olds generating the Leicestershire DSG settlement will increase from £3.79 per pupil to £4.30, an increase of 13.5% which will be passed to providers with the exception of 7% of the total for centrally delivered functions and the SEN Inclusion fund. The average rate for providers will be dependant upon the characteristics of the pupils within that provision.
57. Consultation has been undertaken with providers on options for the Early Years National Funding Formula, The consultation is shown at Appendix D.
58. 101 (15%) of providers responded to the consultation, analysis of the responses showed that;
  - 76% of providers agreed that no other supplements should be added
  - 59% of providers felt that they did not want any quality supplements paid but increase the base rate by 4p an hour
  - 74% agreed with the proposed deprivation funding criteria (4p and 8p)
  - 72% agreed that 5% of two year old funding could be used to support central spend
  - 51% no increase to current payment to support Additional Adult funding
  - 34% an increase to the inclusion fund by £100,000
  - 9% an increase to the inclusion fund by £200,000
  - 7% an increase to the inclusion fund by £300,000
  - 61%of providers agreed that an inclusion fund should be established for 2 year olds
  - All providers agreed with the criteria to support children who could access the inclusion fund
59. It is proposed that the 2017/18 rates within the Early Years Funding Formula for 3 and 4 year olds are set out in the following table:



	Per Hour
3 and 4 Year Base Rate	£3.97
3 and 4 Year Deprivation top-up	£0.04 - £0.08
3 and 4 Special Needs top-up	£6.99

60. Local authorities also have the ability to establish a SEN inclusion fund for 2 year olds and consultation was also undertaken on this proposal. The outcome is a fund of £17,000 with the same criteria as the 3 and 4 year old fund. 5% of the 2 year old grant will be retained to support central costs. 2 year old funding rates will be;

	Per Hour
2 Year Old Base Rate	£4.93
2 Year Old Special Needs top-up	£6.99

### **Dedicated Schools Grant Reserve**

61. The Schools Budget must be set at the level of DSG received plus / minus any carry forward from previous years. In Leicestershire the reserve is earmarked to allow the local authority to meet the cost of deficits where schools convert to sponsored academy arrangements and to fund growth arising from new schools.

	£,000	Narrative
DSG Reserve 1/4/16	5,321	Confirmed reserve at close of the 2015/16 financial year
<b><u>Reserve Utilised 2016/17</u></b>		
2016/17 Dedicated Schools Grant Budget Overspend	(2,009)	Forecast overspend recorded at Period 9, the overspend largely related to increased cost and volume of SEN placements
New School Growth	(150)	School places and start-up funding for new school growth
<b>Estimated Reserve 31/3/17</b>	<b>3,163</b>	Estimated DSG reserve
<b><u>Allocations</u></b>		
School Deficits	(1,000)	Provision for maintained school deficits on sponsorship. No significant deficits are expected in 2017/18, however the implications of coasting school legislation unclear, conversions expected in 2017 will place a call on this funding
Provision for new school growth	(150)	

<b>Available Balance</b>	<b>2,013</b>	Hold as contingency Pending; <ul style="list-style-type: none"> <li>• Confirmation of 2016/17 overspend</li> <li>• Treatment of future school growth</li> </ul>
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62. The DSG reserve has been generated by underspends within the Early Years and High Needs Blocks, only minimal contributions are received from the Schools Block which is either delegated to schools or subject to expenditure restrictions yet the reserve is providing funding for school related issues. Delegation of one off funding is not a sustainable option.

### The Local Authority Budget

63. In order to set out the full context of the financial challenges facing the department the provisions for growth and savings set out in the Children and Family Services budget for 2017/18 to 2020/21 are summarised below;

Reference		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b><u>GROWTH</u></b>					
<b>Demand &amp; cost increases</b>					
G1	Demographic growth- Social Care Placements	860	1,710	2,550	3,380
G2	Social Work pressures: case load reduction /quality assurance	510	510	510	510
<b>Total</b>		<b>1,370</b>	<b>2,220</b>	<b>3,060</b>	<b>3,890</b>
<b><u>SAVINGS</u></b>					
<b><u>Transformation</u></b>					
CF1	Eff New Departmental Operating Model	-200	-500	-500	-500
CF2	Eff Reduced cost / demand Social Care Placements	-1,000	-2,100	-3,190	-4,260
CF3	Eff/SR Admin / Business Support Review	-100	-250	-250	-250
<b><u>Early Help and Prevention (EHAP) Review</u></b>					
CF4	Eff/SR Review Children's Centre Programme - EHAP Review			-1,000	-1,000
CF5	SR Reprocurement of Contract for Careers Information, Advice & Guidance: EHAP Programme		-340	-340	-340
<b>Total</b>		<b>-1,300</b>	<b>-3,190</b>	<b>-5,280</b>	<b>-6,350</b>
<b><u>Departmental</u></b>					
CF6	Eff/SR Review contribution to LSCB	-40	-40	-40	-40
CF7	SR Review LEEP activity	-245	-245	-245	-245
CF8	Inc Education of Children in Care	-95	-95	-95	-95
CF9	Inc Charge for Academy Conversion	-70	-70	-70	-70
CF10	Eff/Inc Review the Educational Psychology Service	-75	-200	-300	-300
<b><u>Early Help and Prevention (EHAP) Review</u></b>					
CF11	SR Remodelling Early Help	-110	-110	-110	-110
CF12	SR Review of Departmental Early Help Services		-500	-500	-500
CF13	SR Reprocurement of Contract for Careers Information, Advice & Guidance: Departmental Activity		-360	-360	-360
<b>Total</b>		<b>-635</b>	<b>-1,620</b>	<b>-1,720</b>	<b>-1,720</b>
<b>TOTAL</b>		<b>-1,935</b>	<b>-4,810</b>	<b>-7,000</b>	<b>-8,070</b>

### Capital Programme

64. The draft Children and Family Services capital programme totals £37.2m over the next four years including £19.0m in 2017/18. The draft programme and funding are outlined below.

#### Draft Capital Programme 2017-21

Basic Need grant allocations are confirmed for 2017/18 and 2018/19, the programmes for the final two years of the MTFs will be developed as announcements on future years funding are made by the DfE.

	2017/18 £,000	2018/19 £,000	Total
Provision of additional primary places	4,875	17,214	22,089
Birstall – completion of new primary school	3,248		3,248
Wigston – completion of area special school	4,246		4,246
Structural changes to the pattern of education – 10+ retention	3,020		3,020
OfSTED / Safeguarding works	50		50
School access	50		50
SEND Initiatives		1,000	1,000
School condition*	2,800	TBC	2,800
School Devolved Formula Capital*	700	TBC	700
<b>Total</b>	<b>18,989</b>	<b>18,214</b>	<b>37,203</b>

\* Estimates, awaiting government announcement which was expected mid / late December 2016 but remaining unconfirmed.

65. The programme includes s106 funding of £2.195m in 2017/18, further funding will be introduced to the programme as funding become payable, the remaining financing for the programme of £35m is received through government grant from the DfE. The Basic Need Grant for 2017/18 is reduced to £4.525m and increases to £16.938m in 2019/20, an announcement on 2020/21 was expected in December, an update will be provided at the meeting should an announcement be made.
66. The draft programme has been developed on a priority basis and within that schemes are at different stages of development. For some schemes contractors' prices have been obtained for others costs are indicative and based on exemplar and / or similar schemes. In order to minimise risk where contractors prices have not yet been obtained contingency is held to mitigate against any increase in cost, as prices are confirmed schemes will be re-evaluated and re-prioritised as necessary.
67. The programme is largely focused upon the need to provide additional primary school places based on the assessed need through the annual school capacity assessment which also provides the basis for the Basic Need capital grant. The location of the additional places can only be confirmed following the confirmation of school admissions for September 2017 and 2018 primary admissions.
68. 2017/18 Capital Programme  
The programme will conclude major schemes such as the new primary school at Birstall, the area special school at Wigston and of 10+ retention in Oadby, Shepshed and Castle Donington. Overall an additional 800 primary school places and 36 special school places will be delivered.
69. 2018/19 Capital Programme

The programme remains under development and is expected to deliver c1,170 additional primary places across Leicestershire District Council areas as follows; Blaby 120, Charnwood 420, Harborough 105, Hinckley & Bosworth 390, Melton 30, North West Leicestershire 105. The programme also retains some funding for the development of initiatives to develop cost effective SEND provision.

70. The proposed programme is based on predicted future pupil numbers for each individual school and academy based on the historic pattern of pupil admissions, schemes may need to be revised should future school admission patterns and / or the expectations of housing growth change. This is particularly relevant to the proposed programme for 2018/19 onwards.
71. The capital programme has been constructed on the assumption that where additional school places will be required as a result of housing developments will be fully funded by s106 contributions. Currently build costs are generally in line with the level of contribution, however where schools are in conservation areas or have significant site restrictions contributions may be insufficient to meet costs. Discussions have commenced with District Councils to determine how such positions may be avoided.

### **Appendices**

Appendix A – 2017/18 Children and Family Services Revenue Budget

Appendix B – Summary of Commissioned High Needs Places

Appendix C – 2017/18 School Funding Rates

Appendix D – Local Authority Consultation with Early Years Providers

### **Background Papers**

Report to the Children and Families Overview and Scrutiny Committee – Medium Term Financial Strategy 2017/18 to 2020/21

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=4847&Ver=4>

Report to Schools Forum 5 December 2016 – School Funding Update

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4696&Ver=4>

Report to Schools Forum 5 October 2016 – School Funding

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4696&Ver=4>

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