

Schools Forum 16th March 2015

Agenda Item: 2014/15 Dedicated Schools Grant (DSG) Projected Position & 2015/16 High Needs Budget

1 Context

- 1.1 At the January 2015 meeting of the Schools Forum, details of the High Needs budget allocations for 2015/16 were provided, an allocation £16.179m, compared to £16.053m in 2014/15, representing a cash increase of £126,000. It was noted that “*there will be pressures on expenditure in relation to increasing numbers of pupils in some of our special schools, together with changes in provision, e.g. the transfer of post 16 provision from the Bridge to TCAT*” and that further information would be provided at the March meeting.
- 1.2 Whilst in 2015/16 there is pressure on the high needs DSG budget, in 2014/15 a substantial underspend is expected on early years DSG. As the early years underspend is likely to support the 2015/16 high needs budget position, this paper covers both aspects.

2 2014/15 Early Years DSG Position

2.1 2014/15 early years DSG is allocated as follows:

- Funding for 3 and 4 year olds is based an amount of £4,156.12 for FTE pupil, multiplied by:
 - 5/12 of the FTE 3 & 4 year olds on the January 2014 census;
 - 7/12 of the FTE 3 & 4 year olds on the January 2015 census.

DfE initial estimate for 2014/15: 1,725 FTE pupils x £4,156.12 per pupil = £7,169,307

- Funding for 2 year olds is based on the DfE’s estimated number of eligible pupils for the ‘20%’ entitlement from April 2014-August 2014 and for the ‘40%’ entitlement from September 2014-March 2015. The funding is allocated using an hourly rate, which is £4.85 per hour for T&W. The resulting 2014/15 allocation for T&W is as follows:

653 pupils x 190 hours x £4.85 per hour	= £601,740
1,118 x 380 hours x £4.85 per hour	= £2,060,474
Trajectory funding	= £319,660

Total	= £2,981,874
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- 2.2 The significant difference between the two funding methodologies is that for 3 and 4 year olds, the income and expenditure would generally be expected to move broadly in tandem, whereas for 2 year olds, if there were more pupils than estimated, the funding remains the same and vice versa.
- 2.3 It now appears that take-up of the 2 year old offer is much lower than that for 3 and 4 year olds. Nationally and locally, the take up is averaging around 70% of those entitled. The result is that there is likely to be a significant underspend against the 2 year old DSG budget. This will be carried forward to 2015/16.
- 2.4 This situation will not recur in 2015/16 and beyond as the funding system for 2 year olds is changing so that in 2015/16 the initial allocation will be based on the January 2015 census. Local Authorities will then be able to submit an Autumn Term count if take up is significantly higher than January, in order to receive an in-year adjustment.

- 2.5 In 2016/17, the funding will mirror that for 3 and 4 year olds, being based on a combination of January 2016 and January 2017 censuses.
- 2.6 There will be no further trajectory funding after 2014/15.

3 Special Schools and Pupil Referral Unit (PRU) Budgets

- 3.1 The largest part of High Needs expenditure is special schools and PRUs. The funding system for both types of institution is similar, being made up of an amount per place and a top-up per pupil. The amount per place is £10,000 for all special schools/special units in England and currently £8,000 per place for all PRUs/Alternative Provision establishments. The amount per place for PRUs has been increased by the DfE to £10,000 per place from September 2015.
- 3.2 The number of places approved by the DfE for financial year 2015/16 is as follows:

Special Schools & Units	Number of Places	Place Funding
The Bridge pre 16	171	£1,710,000
The Bridge post 16 (Note 1)	25	£83,333
Willow Tree TCAT (Note 1)	25	£166,667
Haughton	100	£1,000,000
Southall	160	£1,600,000
Mount Gilbert	48	£480,000
Queensway	36	£360,000
Lakeside	8	£80,000
Wrekin View	6	£60,000
John Fletcher of Madeley	8	£80,000
PRUs		
Kick Start (Note 2)	48	£440,000
Linden/Scott Centre (Note 2)	48	£440,000
Total		£6,500,000

Note 1: The EFA's post 16 funding year runs from August to July, so the Bridge receives 4 months of place funding for post 16 and Willow Tree 8 months

Note 2: Place funding amount for PRUs increases from £8,000 to £10,000 in September 2015, so 48 x £10,000 x 5/12 = £160,000 plus 48 x £10,000 x 7/12 = £280,000, total £440,000.

- 3.3 Top-up amounts are set by the Local Authority and for financial year 2015/16 are as follows: (overleaf)

Special Schools & Units	Estimated Number of Pupils		Top-up rate	Top-up Funding
The Bridge April - Aug	Nursery	17	£13,000	£92,083
	Band C	68	£11,000	£311,667
	Band D	109	£18,000	£817,500
The Bridge Sep - March	Nursery	17	£13,000	£128,917
	Band C	60	£11,000	£385,000
	Band D	95	£18,000	£997,500
Willow Tree TCAT		23	tbc	tbc
Haughton	Main	107	£3,720	£398,040
	The Den	6.5	£29,000	£188,500
Southall		141	£3,250	£458,250
Mount Gilbert		40	£14,000	£560,000
Queensway		40	£16,250	£650,000
PRUs				
Kick Start		40	£1,008	£40,320
Linden/Scott Centre		42	£5,267	£221,200
Total				£5,248,977

3.4 In recent years significant increases in expenditure have taken place due to the following changes in provision:

- The Bridge's post 16 provision moving to TCAT from September 2015. Although the Willow Tree budget has yet to be finalised, the opening of a new site is likely, overall, to prove more expensive, in the short-term, in part because some of the Bridge's costs, notably PFI, are fixed. Part of the strategy behind this change of provision is intended to avoid financial costs in the future, by creating space at the Bridge and thus avoid pupils having to go to out of area provision.

- The Den was opened in September 2012 to provide support for primary age pupils with very high needs;

- Since Queensway opened in August 2013, pupil numbers have increased and are expected to be over 40 by Autumn 2015.

3.5 In addition, whilst the absolute number of statements has decreased, the number of high value statements has increased in the last two years, coinciding with the change to funding only hours above 15.

3.6 The outturn position for DSG in 2014/15 has yet to be finalised, but at present it seems likely that any underspend will be mostly accounted for by the Early Years 2 year old funding as noted above. In turn this underspend is likely to be used to support the 2015/16 High Needs DSG budget, even taking into account the £300,000 that the Forum agreed to move to the High Needs budget from the schools Block in September 2014.

3.7 The implication is that there is likely to be a significant deficit on the High Needs DSG budget in 2016/17 unless measures are taken to address this.

4 **Next Steps**

4.1 The LA has set up an officer working group to review High Needs DSG with a view to reporting back to the Forum in the Autumn. The group will review the provision that is currently offered, the extent to which it meets current and future needs in the area, and whether there are alternative models of delivery that would be more effective.

Tim Davis
Finance Team Leader
March 2015