

**Budget update**

**1. Purpose of the Report**

To consider the recent schools funding announcement and the possible impact on Lewisham and individual schools. It proposes the way the funding should be allocated which will allow the detailed funding calculations to take place. The impact of any decisions will be reported back to the Forum on 9 February 2012. The report does not commit the Forum to any of these spending decisions and they can be revised at the February meeting. It will ensure that sufficient progress is made to allow Schools to receive their budget notification towards the end of February or in the first week in March.

**2. Recommendation**

- i) The Forum note the details of the funding settlement
- ii) The Forum agree or disagree with the continuation of each of the following projects that are funded through a top-slice from the DSG.

- 1. Management support to PFI/New Schools
- 2. New Woodlands Outreach
- 3. Persistent Absence
- 4. Teenage Mothers
- 5. Tutors for Looked after Children - Year 6
- 6. Social Workers at New Woodlands / Abbey Manor College
- 7. Partnership Development
- 8. Additional tutors for Looked after Children – Key stage 3
- 9. Early years to foundation stage transition
- 10. Social Workers in special schools
- 11. Mental Health Support Services in schools.

- iii) That the shortfall on the independent special schools fees budget be funded as follows :-

	£'000
Funding from the settlement	400
Practical learning	180
Capital Expenditure from revenue	200
Meliot Road	100
Sexual Exploitation – former headroom project	15

- iv) The Forum agree, provisionally, that the funding provided through the settlement that is not deemed to be pupil related be allocated to

	£'000
Resource bases	180

Matrix	500
Bulge Classes	193

ASD school pump priming

**Special Schools**

Full year effect of pupil numbers	67
Bandings	400

v) The Forum agree the policy of allocating funding to those schools with an high incidence of statements.

vi) The Forum note the position on the special schools and will determine any further allocations to special schools at the February meeting

vii) The Forum note position on capital

### 3. Funding Settlement

3.1 The main headlines of the settlement are as follows:-

- The funding per child has been cash frozen. The amount received will stay at £6,952.
- The level of the Dedicated Schools Grant will change inline with pupil numbers.
- The FSM element of the pupil premium in 2011/12 was allocated to schools on the basis of the number of children who were entitled to a free meal. For 2012/13 this method has been revised and a pupil will attract funding if they have had an entitlement to a free meal at any point in the past six years. The rate of funding has been confirmed at £600 per child. It is expected that Lewisham will receive £8.2m next year which is up from £4.7m (after the in-year increase of £500k) in 2011/12.
- The change in the way the funding is calculated benefits secondary schools and junior schools(see Appendix A for details by school). The increased funding is obviously welcome although the rate per child is still standard across the country and London authorities do not receive the normal uplift of funding to reflect the higher level of costs in London.
- The Minimum Funding Guarantee (MFG) will stay at the current year figure of a negative 1.5%. This is based on the amount per pupil for each school. The MFG is a complex calculation and generally if a schools pupil numbers are falling the MFG fails to allocate additional funding.
- The position for each school individually will be very different, some schools do not have many pupils on free meals and these schools will find it more difficult to meet their inflationary costs. Some schools will also have falling rolls and will need to make allowances for this.

- The government will require schools to report how they have spent the pupil premium from September 2012.
- The government plan to fund the increase in post 16 numbers but continue with its re-alignment of Schools funding rates and FE rates. The FE sectors funding rates are significantly lower than Sixth Form funding rates. Sixth Form funding is outside the MFG.
- The Post 16 transitional arrangements protecting schools from large falls in funding will continue until 2015/16.
- The capital allocation for basic need and maintenance is increased from £18.1m to £18.3m
- The methodology for allocating capital funding has changed to take account of both numbers on roll and capacity data. Due to this change protection has been built into the calculation so that no local authority will receive, in 2012-13, less than 80% of the funding they would have received if the same approach had been taken in 2011-12. This has limited any change.
- This is a one year settlement only and not the normal three year budget cycle we are used to.
- At the same time as the settlement the Government published the results on the recent consultation on school funding reforms. The Government feel the responses reflect a variety of views over some of the key aspects of the system. The Department of Education is now working on developing further proposals in light of the responses.

## **4 Assessment of settlement**

### **4.1 Dedicated Schools Grant**

- 4.1.1 The Dedicated Schools Grant is based on the number of pupils within schools and private, voluntary and independent (PVI) early years settings on the count date which this year is on 20 January 2012.
- 4.1.2 The number of pupils within schools is reasonable easy to forecast as the count in the Autumn Term is a good indicator of the likely roll in January. The PVI sector is always more difficult to predict not only due to the information returns being available but also the fact that it is the first time the children attend the setting. The current economic climate also may have an impact.
- 4.1.3 This year the position is further uncertain as from September 2011, all children were given the opportunity to start school, if their parent(s)/carer(s) wished, in the September after their fourth birthday.
- 4.1.4 With these factors in mind a forecast has been calculated based on a range of pupils numbers being in schools and early years settings in order to assess the funding position.

4.1.5 Most of the increase is passed to schools through pupil related formula factors, although an element remains (c.20%), as some formula factors such as floor areas do not change with pupil numbers. While 15% is spent on central services.

4.1.6 The central spend proportion and the non pupil led funding proportion are shown in the tables below.

<b>Low, Mid-Range &amp; High Forecasts for DSG</b>						
	Pupil Increase	2011/12 £m	2012/13 £m	Increase £m	ISB £m	Central spend £m
Low	400		232.075	2.781	2.381	0.400
Mid-Range	600	229.294	233.465	4.171	3.561	0.600
High	800		234.856	5.562	4.762	0.800

The ISB is split between pupil led factors and non pupil led factors

	ISB	Pupil Led	Non Pupil Led
Low	2.381	1.952	0.429
Mid-Range	3.561	2.920	0.641
High	4.762	3.905	0.857

## 4.2 Individual schools budget 2012/13

Heading	% of DSG	£m	Inflation	£m	Comments
Teaching staff	60%	120	0.00%	0.000	Assumes schools can fund increments through turnover
Other pay	20%	40	0.00%	0.000	Estimate at current rate of inflation
Supplies and services	20%	40	5.20%	2.080	
<b>Individual Schools Budget</b>		<b>200</b>		<b>2.080</b>	
Additions					After in year increase
Pupil premium		2011/12		4.700	
		2012/13		8.200	
		Balance		<b>3.500</b>	

- 4.3 The above indicates that overall savings will have to be made to fund the inflationary pressures in schools. It could be assumed that this is offset by the increase in the pupil premium. The Government wish to see this extra funding being spent on those pupils from a deprived background and are requiring details to be published on how the pupil premium is being used.
- 4.4 It is not possible to say what the exact financial impact on individual schools will be until the Schools Forum has made the final decisions on the way the budgets are allocated.

## **5. Cost Pressures**

Within the DSG There are a number of cost pressures that have emerged and these can be broken down between the individual schools budget and the central spend.

### **5.1 Individual schools budgets**

The cost pressures that have emerged are as follows:-

- 5.1.1 It is expected that during the year there will be a need to accommodate between 600 and 700 extra pupils. As, these pupils were not in school on the count date, no funding will be received for them. They will only attract funding from 2013/14. Some schools may have the capacity to absorb some of the pupils, in other schools the LA will agree bulge reception classes the will require extra capital works, teaching staff and associated costs. The capital element will be met centrally. It is expected that 21 schools will be making additional places available in September. While the schools have been identified, negotiations are continuing with their governing bodies. At the moment there is not sufficient certainty to include the funding in the individual schools budget and the funding will be held in a contingency.
- 5.1.2 The Forum agreed last year to fund bulge classes at £55k (September to March funding), with 21.5 classes planned total cost would be £1,183k. Last year within the budget we set aside £990k. Further funding of £193k needs now to be provided for.
- 5.2 There are three resource bases that could open next year. These are at Deptford Park, Kelvin Grove and Torridon. Kelvin Grove will open in September 2012 but there is greater uncertainty regarding the other two, if all the proposed bases are open the cost would be £360k, however due to the uncertainties £180k has been provided for.
- 5.3 The funding for statements is expected to increase partly due to the increase in the pupil population and provisional funding of £500k has been set aside. This includes a sum for schools where there is an high incidence of pupils with statements. See section 7 for further information.
- 5.4 Special Schools

- 5.4.1 The full year increase of the extra pupils placed in the special schools sector last September that needs to be provided for is £67k. The special schools funding formula allocates resources based on an assessment of the needs of each child and the funding band which each pupils falls into. Over the past few years in collecting this data there has been an upward drift with more pupils in the higher cost bandings. This is not necessarily surprising as Special Schools are being required to take pupils with more complex needs. It is estimated that this cost will be £400k.
- 5.4.2 At the July meeting of the Forum the issue of single status in Special Schools was discussed as the outcome for Learning Support Assistants had just been announced. This group of staff were the last of the large staff groups going through single status.
- 5.4.3 Schools at the time were indicating budget pressures as the revised level of pay for LSA's was Scale 4, which was higher than expected. The Special Schools' needs led funding formula was set using Scale 5 for LSA's, but as the funding total required for the formula was in excess of the amount available the revised elements of the formula were scaled back by 25%.
- 5.4.4 The outcome created two types of financial pressure for the schools, firstly the agreement will be back dated to 2007, so there will be a one-off cost that will need to be met and then secondly the on-going cost. The cost could result in some of Special Schools going into deficit. Other schools however had budgeted for the potential impact and will not.
- 5.4.5 At the time the Forum considered if financial support should be offered to schools it was borne in mind that any support provided to a school has to be fair to all.

The outcome of single status result in Special Schools created a number of issues.

- Some Special Schools are already paying their LSA'S at Scale 4 and therefore are already bearing the cost.
  - Some of the Special Schools have put aside contingencies to cover some of the cost but this is not necessarily adequate to meet the full cost.
  - All primary and secondary schools have had to meet back pay and the on-going cost of single status
- 5.4.6 At the time it was agreed any cost would be charged to the individual schools budget. It was anticipated that this could leave some schools with a deficit budget. It was agreed to provide an interest free loan to these schools out of the innovation fund. Only one school has applied so far.
- 5.4.7 At the time it was agreed that when the Forum come to set next years budget that they return to this issue and decide whether further financial support is provided to the special school sector.

- 5.4.8 It would appear that given the DSG is cash frozen and the change in banding in special schools is likely to cost significant extra funding, that at this stage it is not possible to provide for extra resources. If this position alters when the final information is provided by special schools on the banding then the issue can be reconsidered.
- 5.5 Currently we provide resources to schools as they grow, this can either be to reflect that they are taking an extra year group in September but will not have any funding for them as the pupil count date for funding is the January prior to the start of the year. This is slightly different from the bulge class funding and is where a major school reorganisation is taking place, such as the opening of a new school that is growing year by year. In some cases we are providing funds to the school for the early appointment of a Headteacher in order to plan for the school opening. The only such school relevant to next years budget is Trinity, which is growing into an all through school with a planned opening of September 2013. This offset by the one-off funding for this year no longer being required. In the future all new requests for this type of funding will be brought to the Forum to aid transparency.

### Summary of ISB cost pressures

Budget Pressures	£
Resource bases	180,000
Reorganisation pump priming	-300,000
Matrix	500,000
Bulge Classes	193,000
Special Schools	
Full year effect of pupil numbers	67,000
Bandings	400,000
	847,000

### 5.6 Central spend on the Dedicated Schools Grant

As we have seen over the past few months there is a budget pressure on the independent special schools fees budget. The current estimate of the full year effect of this £930k. The estimate is based on three pupils per term entering the independent special schools, however this is offset as there are seven 19 years olds leaving the sector in 2012/13

The current work is based on trying to ensure that as few as possible placements are made in the sector to dampen the effect of this pressure.

There are no other budget monitoring pressures currently being identified.

The proposal to balance the central spend is to reduce the following budgets

Budget	£	Comment
Funding from the settlement	400	See 4.1.6 above
Practical learning	180	Budget currently under spending
Capital Expenditure budget	200	Current contingency
Meliot Road	100	See below section
Sexual Exploitation – former headroom project	15	Currently provided by another budget
	930	

There is currently an exercise underway to identify further or alternative possibilities. If they should change the assumptions above these will be reported to the February meeting.

## 6 Headroom Projects

Over the last three years the Forum have considered requests to use the Dedicated Schools Grant to fund specific high profile projects. It was always intended that they should be reviewed after 2/3 years to assess their impact and if the objectives have been met. These projects now need the agreement of the Forum to continue for next year.

<b>6.1 Approvals from 2007/08</b>	<b>£k</b>
<p><b>6.1.1 Management support for capital builds</b></p> <p>Since 2007/08 this funding has supported the additional costs to schools associated with the planning and delivery of major capital projects, beyond those that can be accommodated through the school's own budgets.</p> <p>In the large majority of schools eligible to be considered for additional funding, the core of the support has been funding for additional management time, usually a 0.5 member of the senior leadership team. This has proved invaluable in helping schools to continue to focus on their core business – learning and teaching – whilst undertaking the onerous and complex operations involved in planning and delivering a major capital project. Whilst there is a significant amount of management time given by contractors and the LA, projects cannot be delivered at the right quality without full engagement of school management..</p> <p>In addition, schools in particular that have required a site decant have incurred additional costs which could not be met from their budgets. A good example of this is the additional transport and booking costs which have been incurred by schools who have had to rearrange their sports provision. This</p>	410



funding has enabled these sorts of additional costs to be met.	
<p><b>6.1.2 New Woodlands Outreach</b></p> <p>There are 10 Outreach Teachers who cover the 72 primary schools and the 12 secondary schools, including Knights and St. Matthews. This sum has also helped fund the Family Link worker who has been instrumental in supporting students and families in the integration process. Another major benefit for the Local Authority has been the reduction in statements for BESD as a result of the success of the Outreach Intervention and the impact of the Power to Innovate license: in 2006-07 we had 20 students with statements and in 2008-09 there were only 3 with new statements.</p> <p>The original proposal envisaged that some or all of this would be traded with schools at some point. While the service is highly valued the indications are that a traded service could not be achieved in the short term.</p>	160
<b>Total</b>	<b>570</b>

<b>6.2 Approvals from 2008/09</b>	<b>£k</b>
<p><b>6.2.1 Secondary Absence</b></p> <p>Lewisham's performance in this area has seen some improvement since the headroom resources became available</p> <p>The impact of the work of the Secondary team is evident. Persistent absence reduced from 7.9% in 2007/8 to 5.9% in 2009/10.</p> <p>Overall secondary attendance also improved, to 93.88% in 09/10, compared with 92.55 per cent in 08/09. The autumn 2010 figure was 93.45% which put Lewisham in the second quartile nationally. Persistent absence was 5.8% which was in the third quartile.</p> <p>Overall attendance for the autumn 2010 and spring 2011 terms was 93% compared with 93.39% the previous year.</p> <p>Considerable challenges remain, because the performance in 2011 was unacceptably low. The LA compared unfavourably with London and statistical neighbours for both overall and persistent absence. Although some Lewisham secondary schools improved their attendance quite significantly, others declined, and the gap between Lewisham and other authorities failed to narrow.</p>	120
<p><b>6.2.2 Teenage Mothers</b></p> <p>Support for teenage mothers at Abbey Manor College consists of individualised programmes drawing on a range of resources to meet the educational needs of each young mother-to-be.</p>	30

This necessitates a considerable degree of multi-agency working in which key personnel and a stable environment are provided during an often uncertain time for the young woman in question. For many students this can be a time of crisis; a recent fourteen-year-old on a programme had been taken from her home, sex-trafficked into the UK without belongings or knowledge of English, then abandoned when she became pregnant. The intensive and targeted input from dedicated learning mentors, an on-site social worker and assigned teaching assistants provides emotional, social and academic help to such students, while flexible and reassuring working practices favour educational progress and foster security amid potentially traumatic circumstances.

Programmes over the last year have meant that each teenage mother has managed to stay and continue to achieve in educational provision both before and after the baby's birth, with as little disruption as possible.

**6.2.3 Tutors for Primary LAC**

100

This project has provided additional support for Primary aged Looked After Children (LAC) who need help to access the curriculum or may be at risk of permanent exclusion.

The role has been carried out since June 2009 by a part time co-ordinator, (17.5 hrs) who organises the provision by meeting with schools, carers, social workers and in some cases, the young person themselves.

All year 6 LAC in and out of borough are offered a tutor to help with literacy and numeracy or a package of support according to individual needs. This was offered to for 26 children in 2010/2011

There has been a reported significant improvement for individual children, in terms of progress and attainment, demonstrating the impact that tutors can make.

An example being, one child progressing 7 sub levels in writing. At the start of the tuition the child was achieving a 2B, and by the end of the tuition, the child was 5A. This has exceeded expectation, given that the general expectation is that most pupils go up one complete level (3 sub levels) every two years.

Other examples of attainment progress:

- 30.8% (four children) had an increase of 3+ sub levels in Maths;
- 76.9% (ten children) had an increase of 3+ sub levels in Reading;
- 61.5% (eight children) had an increase of 3+ sub levels in Writing.

In Key Stage 2 , the results at the end of the year show that in the cohort of twenty five children, 60% (15 children) achieved a Level 4+ in English. This is an increase of 40% compared to last year.

52% (13 children) achieved a Level 4+ Mathematics. This is an increase of 17% compared to last year.

<p>In addition, packages of individual support have been given to children who have been at risk of permanent exclusion and/or need support with their learning. Personal Educational Plans (PEP's) and professional meetings have been attended to support LAC and schools.</p>	
<p><b>6.2.4 Social Workers at New Woodlands / Abbey Manor College</b></p> <p>To place a Senior Social Worker at both Abbey Manor College and New Woodlands School. They are working with a number of families providing services to Children in Need, Looked After Children and children subject to a Child Protection Plan. The social workers and the Heads report that it is working well. The arrangement is to facilitate good links between the schools and other partners, especially the Child and Adolescent Mental Health Services (CAMHS) and Children Social Care(CSC).</p> <ul style="list-style-type: none"> <li>➤ Reports from parents have indicated they like the Social Workers being based at the schools.</li> <li>➤ Reduction of referrals to the Referral and Assessment Team in Children's Social Care.</li> <li>➤ Social worker being the first point of contact for school based staff regarding any concerns that they have regarding children attending Abbey Manor/New Woodlands.</li> <li>➤ Social worker to identify any gaps in complementary services already provided within the schools and to formulate proposals to fill those gaps in conjunction with staff and had teachers.</li> </ul>	90
<p><b>6.2.5 Partnership Development</b></p> <p>The Local Authority has developed a number of school partnerships in recent years to improve the delivery of services across the Every Child Matters Agenda. The funding has been mainly used to help schools set up Partnerships and federations by supporting some of the costs of the Executive Heads. It has also supported smaller collaborative projects between schools by funding extra senior leadership capacity.</p>	115
<p><b>Total 2008/09</b></p>	<b>455</b>

<p><b>6.3 Approvals from 2009/10</b></p>	<b>£k</b>
<p><b>6.3.1 Tutors and Support for Key Stage 3 LAC</b></p> <p>The project started in May 2008 and it provides additional support for Key Stage 3 Looked After Children who need help to access the curriculum.</p> <p>Tutors are offered to all year 9 LAC. The part –time coordinator arranges this</p>	100

<p>by having introductory meetings with carers, young people and designated teachers of young people to explain the tuition and answer any questions. Tuition is arranged at home, which helps with homework, encouraging learning out of school and independent learning in preparation for GCSEs. Regular reports are received from tutors and are distributed to social workers and schools. This ensures quality tuition. Support is given to tutors by phone and e-mail and provides them with the resources and lesson plans that they need to use. This guarantees that the children are studying what is required. For young people reaching level 5+ there was an increase of 15.2% in English, 8.6% in Maths and 21.7% in Science in 2010</p> <p>In addition, packages of individual support have been given to children who have been at risk of permanent exclusion and/or need support with their learning. PEPS and professional meeting have been attended to support LAC and schools.</p>	
<p><b>6.3.2. Social Workers - Support Services in schools</b></p> <p>The project ensures that barriers to learning for children and young people with disabilities are eased through the provision of additional social care support to those children and their families. It allows for a social worker in Greenvale and Watergate. The schools provide day to day management of the members of staff but the Children with Disabilities Team would provide professional support and supervision; this enables a more integrated service to be provided to a particularly disadvantaged group of pupils. The posts ensure that the resource units in mainstream schools can access support for their children with special needs.</p> <ul style="list-style-type: none"> <li>➤ Reports from parents have indicated they are very positive about Social Workers being based at the schools.</li> <li>➤ Reduction of referrals to the Referral and Assessment Team in Children's Social Care.</li> </ul> <p>Social workers are the first point of contact for school based staff regarding any concerns that they have regarding children attending Watergate / Greenvale. The social worker attends the weekly Senior leadership team meeting to review current children causing concern, identify any new children requiring intervention for preventative action and feedback to senior staff on progress of interventions.</p> <p>Social worker to identify any gaps in complimentary services already provided within the schools and to formulate proposals to fill those gaps in conjunction with staff and had teachers</p>	100
<p><b>6.3.3 Mental Health Support Services in schools</b></p> <p>This project allows the service to support more schools in Lewisham therefore providing an early intervention service to significantly more children, young people and their families and would provide specialist mental health support</p>	100

<p>to schools with the most challenging issues.</p> <p>It provides targeted support in schools working with children from our most vulnerable families. This development builds on an existing service and provides support to children and families on issues such as behaviour, attendance and emotional well-being.</p> <p>The model of service is evidence based and will provide 2 sessions a week across a number of schools. The mental health practitioner will build relationships with the child, family and school through a variety of informal and formal means – including individual and group work addressing emotional and behavioural issues identified by the school. The worker will also offer a range of clinical supervision and support to school staff when dealing with pupil issues.</p> <p>Outcomes</p> <ul style="list-style-type: none"> <li>➤ Improved attendance</li> <li>➤ Improved learning outcomes for pupils</li> <li>➤ Smoother transition from Primary to Secondary School</li> <li>➤ Improved emotional well-being</li> </ul>	
<b>Total</b>	<b>300</b>

## **7 The cost of having a high incidence of children with statements**

- 7.1 At the last meeting officers were asked to set up a small working group to consider the possibility of providing additional funding to schools with high levels of statemented pupils. This group met on 24 November. The group considered the extra costs a school might need and the mechanics of a possible funding formula.
- 7.2 It was agreed that the need for extra resources arose when there was a high incidence of statements in one year group and this resulted in the need to provide extra provision for small group work.
- 7.3 When considering the data available it was difficult to distinguish when this need became sufficient to support it and the impact of the need on large and small schools. It was felt that it was not possible to come up with a formula that was sufficiently robust to fund schools. Instead it was agreed to hold a fund separately the statementing budget that could be allocated to schools.
- 7.4 The policy for funding schools will be on the following basis
- Consideration of cohort and impact on curriculum delivery (rather than whole school numbers);

- Joint discussion/agreement with school, educational psychologist regarding differentiation;
- Additional support to be implemented for agreed timescale - with review on pupil progress and cohort needs.

7.5 The working group also highlighted the cost in Primary Schools of meeting the needs of children prior to them receiving a statement. It was felt that this was outside the remit of the current group but was an issue that should be highlighted. Some funding is passed out to schools via the matrix funding for this. If the Forum did have a desire to provide financial support then it would seem appropriate to pass the resources through the collaboratives. The analysis above indicates that funding will be tight next year and it is currently recommended that a decision be taken at the February meeting when there is greater clarity over the level of the Dedicated Schools Grant.

## **8. Conclusion**

The setting of the schools budget is a two stage process, this report provides a set of broad principles so that the initial calculations can be made. These calculations will be presented to the Forum in February and by then will have been updated for the pupil numbers from the census. This report does not commit the Forum to any of these spending decisions and they can be revised at the February meeting. Schools will then receive their budget notification towards the end of February or in the first week in March.

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