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Rotherham Metropolitan Borough Council
Where Everyone Matters
Children & Young People's Services

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Contact: Dorothy Smith
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Paul Blackwell
Chair of Rotherham School Forum
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Dear Paul

Thank you for your letter dated 8th October 2014. I have asked various colleagues from across the authority to answer the questions and issues outlined in your letter.

1. Move to a National Funding Formula (possibly 2016-17)

a) What will the amount distributed to schools be based on:
(i) Total amount in the schools block or
(ii) Total amount in the school block minus that held back for central services or
(iii) Something else.

b) What risks are posed to future schools funding by not delegating money to schools?

In relation to question 1a and 1b there are currently no details available from the DfE, therefore we are unable to identify the total amount for 2016/17 at this stage or any risks that may arise from changes that may occur. Discussions will obviously continue with Schools Forum over the coming months, especially once we receive details of the autumn statement on December 3rd.

What would your estimate be of the funding available to the 3 blocks following a reduction in Rotherham's budget to the national average?

The Schools Block is generated by an amount of £4,844 per pupil, total amount of £183.8 million – the national average in 15/16 will be £4,732 per pupil (ranging from £8,595 to £4,158) - we would receive £179.5 million.

The Early Years Block is generated by £3,870 per pupil total amount of £9.242 million – the national average is £4,314 per pupil (from £8,713 to £3,080) - we would receive £11.3 million.

The High Needs block (in 13/14) was £19.263 million – the local authority average was £32.893 million (ranging from £0.331 to £140 million).

2. *Education Services Grant*

DFE analysis of LA planned spend on ESG (8 services) in 2013-14 indicates:

- *LA received £131 per pupil (2013-14) but spent £59 (- £72).*
- *This puts Rotherham at the 10th lowest in the country with the LA spending £2.6m less on the 8 services than it receives funding for.*
- *The median planned national spend on school improvement (from ESG) for 2013-14 per pupil is £31 Rotherham spent £19.*

a) *Why is this? Why isn't all the ESG spent on the 8 education services? What is the actual spend on each area(2013-14)?*

The actual spend on each area in 2013/14 was as below:

Section 251 Heading	Net Expenditure in 2013/14 £k	Net Expenditure per pupil 3-19 (36,961 pupils) in maintained schools £
Central Support Services	557	15
Education Welfare Service	550	15
School Improvement	666	18
Asset Management-Education	60	2
Statutory Regulatory Duties - Education	487	13
Total	**2,320**	**63**

We currently have no expenditure on therapies and other health related services, premature retirement costs/redundancy costs (new provisions) and monitoring national curriculum assessment

b) *Where does the other £2.6m go?*
c) *Does the DSG support services that should/could be funded from the ESG?*

In response to Question 2b and 2c:

The Education Services Grant is a non- ring fenced grant which can be used in support of central education functions. As it is not ring fenced there is no requirement for all of the grant allocated to the Local Authority to be spent on central education services, rather it is for Local Authorities to determine how the funding is allocated to support local priorities. The Grant replaces an equal amount of Revenue Support Grant (the general grant used to support all Council revenue funded services) and this reduces each year as more academies open. Funding not used to support central education services is used to support Children and Young People's Services.

The spend value (£59) is based on the Rotherham 2013/14 Benchmarking tables of planned expenditure per pupil and relates to planned Net Revenue expenditure per pupil aged 3-19 in maintained schools only. It includes the headings within the tables which relate to those determined by the DfE as being those areas which the Education Support Grant can be used to support.

The tables require that ESG is recorded in the same way as Revenue Support Grant (RSG) i.e. it is not shown separately. The areas which DSG support in addition to ESG (and RSG) are Education Welfare Services and School Improvement as these were agreed by Schools Forum.

It should be noted that this is the value of planned (budgeted expenditure) and the actual total revenue expenditure on those areas in 2013/14 was £63 per pupil.

As more academies open the amount of ESG reducing increases the shortfall in the whole budget of the Council (N.B it is for individual authorities to determine how this is managed). In setting its budget for each

year, councilors will, in light of these reductions, take into account which services to continue to provide and how much income they are expected to make.

d) What is the budget spend on the 8 areas for 2014-15 and estimated spend 2015-16?

The forecast 2014/15 expenditure on each area as at the end of September is given below:

Section 251 Heading	**Net Expenditure in 2014/15 £k**	**Net Expenditure per pupil 3-19 (30,494 pupils) in maintained schools £**
Central Support Services	1,263	41
Education Welfare Service	614	20
School Improvement	737	24
Asset Management-Education	61	2
Statutory Regulatory Duties - Education	154	5
Total	**2,829**	**93**

Currently unable to forecast estimated spend 2015/16 as this will depend upon the national settlement and budget setting process within the local authority.

e) Did Rotherham spend £19 per pupil (ESG) on school improvement? Does this also include expenditure on academies services as well as maintained schools?

The School Effectiveness Service receives £16 per pupil from the Revenue budget. This is spent on the delivery of statutory education improvement functions for early years, academies and maintained schools.

f) *What other information/comment would you like to provide on ESG, e.g. pressures as the funding rate is reduced?*

Please see the information above.

3. <u>High Needs Block</u>

The planned overspend for the High Needs block is £1.85 million (2014-2015).

a) Please provide the exact reasons for this overspend?

b) Please state clearly the plans to reduce this overspend? Or will it increase year on year?

c) *Please state clearly where the money for this overspend will come from and the financial implications for this area.*

Undertaking a detailed analysis of high needs expenditure is the reason behind setting up a High Needs Sub Group of the Schools Forum. Donald Rae will be contacting you separately about this group which, on behalf of the Forum, will seek to better understand how the High Needs Block covers early years, schools and post 16 special.

The Government published revised School and Early Years Finance Regulations in the summer and finance staff are ensuring that Rotherham's school funding is used in line with these new regulations. Item 13 at the last Forum provided the details of the reasons for the projected overspend on the High Needs Block, summarised below:

Issue	Overspend	Underspend
Educational Equipment	£128,000	
Support Packages	£ 16,000	
Non Maintained Special School Placements	£923,000	
Speech and Language Therapy	£ 33,000	
Exceptional Needs Payments		£ 88,000
Excluded Pupils		£ 30,000
Post 16 High Needs Top Up	£ 379,000	
Residential Costs Non Maintained Special Schools	£ 491,000	
Other LA Placements		£ 89,000
Recoupment other LAs		£ 21,000
Hearing Impaired service	£ 75,000	
Visually Impaired Service	£ 13,000	
LSS and Autism Communication Team		£ 9,000
Portage Service	£ 19,000	
Home Tuition Service	£ 15,000	
	£ 2,092,000	£ 237,000
Balance		£ 1,855,000

In addition to extra costs relating to the national changes to special educational needs – especially post 16 - there is an underlying special needs demographic pressure which is reflected in this extra expenditure. For example, the number of SEN statements issued for new learners rose from 48 in 2010/11 to 110 in 13/14. Many of these have more complex needs.

The authority is committed to transforming how, with partners, the needs of children and young people with special needs are met. If radical change does not occur then the costs will continue to rise. The High Needs sub group is part of the discussion around this transformation and it is important that its work both understands the current position and how our transformation of SEND activity will impact on early years, school and college budgets.

4. *Learners First*

Given that the legality of the money from DSG going to LF has been raised:

a) *Will the money proposed by the Forum several years ago be devolved to schools for each school If yes, when will this occur?*

The funding will be devolved in line with the proposal from Schools Forum. The time line for this is currently being established.

5. *City Learner Centres*

In addition to the paper provided for the last meeting:

a) *What are the carry forward balances from the previous 3 years?*

Winterhill CLC

2013-14	Surplus at 31st March 2014	-111,837.85
2012-13	Surplus at 31st March 2013	-247,607.18
2011-12	Surplus at 31st March 2012	-239,125.57

Rawmarsh CLC

2013-14	Surplus at 31st March 2014	-460573.82
2012-13	Surplus at 31st March 2013	-182790.78
2011-12	Surplus at 31st March 2012	-237571.58

b) *How/does the CLC Management Board see the CLC's as being self-sustaining in future years?*

The Management Board is committed to sustaining the provision and are looking at various options: traded service of both CLCs; traded service of 1 CLC with outreach work in schools; traded service of 1 CLC; traded service of outreach work only.

I hope the above information provides enough information for the Schools Forum. If you require any further details please do not hesitate to contact me.

Yours sincerely

Dorothy Smith
Director of Schools and Lifelong Learning