

# Schools Forum Agenda

Tuesday 20 November 2018 at 2.00 pm  
The Lilla Huset Professional Centre, 191 Talgarth Road, W6 8BJ

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Date Issued: 14 November 2018

# Agenda Item 2

London Borough of Hammersmith & Fulham

## Schools Forum Minutes



Tuesday 18 September 2018

### PRESENT

#### **Primary School Representatives**

Giles Finnemore, Brackenbury Primary School  
Wayne Leeming, Melcombe Primary School  
Jessica Mair, John Betts Primary School  
Sharon Robinson, John Betts Primary School

#### **Secondary School Representatives**

Gary Kyneston, Hammersmith Academy (Chair)  
Tim Scott, Fulham College Trust  
Robert Jones, The London Oratory School

#### **Special School Representatives**

Alan Campbell, Cambridge School  
Aidan Smith, Jack Tizard

#### **Alternative Provision**

Nathan Crawley-Jones, TBAP

#### **Nursey School Representatives**

Michelle Barratt, Vanessa/Randolph Beresford Early Years Centre School  
Patricia Logan, Bayonne & James Lee

#### **Officer Representatives**

Steve Miley, Director of Children's Services  
Tony Burton, Head of Finance (Children's Services)  
Kevin Gordon, Head of Assets and Strategy (Children's Services)  
Dave Rogers, Deputy Head of HR  
Jan Parnell, Assistant Director of Education  
Mandy Lawson, Assistant Director of SEND  
Lize Ferreira, Strategic Finance Manager (Children's Services)  
Caroline Baxter, Strategic Finance Manager (Children's Services)  
David Abbott, Scrutiny Manager (Governance)  
Kevin Morris, Secondary Adviser & 14-19 Development Lead

#### **PVI Sector Representatives**

Bridget Simons  
Ruth Gibson

## **1. INTRODUCTIONS**

The Chair, Gary Kyneston, led a round of introductions. Attendees are listed above.

## **2. MINUTES OF THE LAST MEETING**

### **Information on budget surpluses**

Tony Burton noted that the requested information on Academy Schools' budget surpluses (point 3) was still pending. Officers had received some but many were still outstanding.

### **School's debt and BACS payments**

Giles Finnemore asked if there was any update on helping schools with bad debt and BACS payments. Tony Burton said officers had an 'in principle' agreement from the Council's Corporate Finance team. A formal change to the school financial procedures was hoped to be signed-off this by half-term. A paper on this would come to the November School's Forum meeting for final approval.

The Chair noted that this issue mostly affected Primary and Special Schools and asked if it could be addressed at the next Primaries Heads meeting. Tony Burton said at the next meeting for school business managers there would be more information available and a representative from the bank would be in attendance to talk through the detail.

Tony Burton noted that follow-up work was still required on school meals debt. He had spoken to the Council's ethical debt recovery team and they were looking in to it. A clearer update would be provided in November. Steve Miley added that schools still needed to consider this a risk area.

### **Meeting dates**

Tony Burton informed the group that the Forum meeting on the 4<sup>th</sup> of December would be replaced with the 20<sup>th</sup> of November. This was to accommodate the final disapplication request for the high needs block transfer. There would then be a further meeting on the 15<sup>th</sup> of January to approve the final schools block budget and allocation model. Officers were also proposing bringing the final early years budget agreement. The Chair said both meetings would be provisionally extended by an hour (2pm to 5pm). There may also need to be an additional budget workshop in early January.

### **RESOLVED**

The minutes of the meeting held on 12 June 2018 were agreed as an accurate record.

## **3. GOVERNANCE AND VOTING RIGHTS**

Jan Parnell, Assistant Director for Education, introduced the item – noting that she would be sending out the Schools Forum structure along with briefing papers on voting rights. She stated her ambition to reconstitute the forum,

giving the relevant sectors the opportunity to vote in their own representatives. She noted the three current vacancies and asked the Forum if they wanted to fill those gaps now or have a complete refresh – voting in a new cohort of members. She added that the Council's Governance team would carry out the nomination process on behalf of the Forum.

The current vacancies were:

- Secondary Academy School Headteacher
- Primary Academy Headteacher
- 14-19 representative

The group suggested asking members if they wanted to step down then voting in a new cohort to fill the gaps – leading to a mix of continuity members and new faces. It was also suggested that there should be more than one PVI representative given the size of the sector. Jan Parnell also noted that the Forum would welcome Trade Union representation. The membership agreed that the Forum would be reconstituted post-April 2019.

### **RESOLVED**

Schools Forum to be reconstituted after April 2019. Existing members to be asked if they wanted to continue after April 2019 and any vacancies to be filled through a formal nomination process.

#### **4. EARLY YEARS FUNDING**

Jan Parnell, Assistant Director for Education, introduced the item – noting that at the last meeting members had requested more detail on early years funding. The challenge stemmed from upcoming changes to the National Early Years Funding Formula which would affect the financial sustainability of maintained nursery schools in H&F. Most affected by the changes are Randolph Beresford, Vanessa, James Lee, and Bayonne.

Jan informed the group that the Council had been working on an Early Years Strategy since April 1. Unfortunately, there was still a lack of clarity from Government and no updates expected until December. The Council had taken the following action:

- Modelled the impact of the full participation formula
- Lobbied Government to change the formula
- Looked at federation opportunities for the most affected schools
- Set up financial workshops on the schools block and early years changes (details to be circulated)

Michelle Barratt said the formula would have a huge adverse impact on her schools – as it only took into account 3 and 4-year olds while she was working with ages 1 to 5, often from very deprived backgrounds, with around 30 percent requiring SEND support. At Randolph there were just 5 children who qualified for the funding. Nursery schools didn't receive SEND funding in advance – it had to be applied for retrospectively so staffing was a major issue.

The Chair asked what the next steps were and the timescales. Tony Burton said officers had been working with maintained nursery schools for a while now and information on Randolph Beresford and Vanessa would be available in the next few weeks. That information would be presented at workshops in October with Primary Schools so they could consider their budget planning. Schools Forum in November would also provide more detail on budget planning.

The Chair asked if any decisions had been made about closing nurseries and the redistribution of those pupils. Were we being proactive engaging with schools facing the biggest challenges? Tony Burton said officers were focussing resources on maintained nursery schools at this stage. The workshops in October were the best time to engage the wider group and it should leave enough time to enable them to budget plan for 18-19 and beyond. Steve Miley asked anyone considering closing nursery schools to speak to the Council (Jan or Steve) before taking any action. The Council was committed to having the best possible provision within this challenging envelope.

A member asked if a charging policy had been considered. Steve Miley said it was up to the provider – all options should be considered to ensure provision can continue. Jan Parnell noted that there were links in the paper to information about the commercialisation of nursery provision – including business feasibility, staffing costs etc.

## **5. HIGH NEEDS BLOCK OVERSPEND**

Kevin Gordon, Head of Assets and Strategy, presented the briefing paper that provided an update on key findings since the previous meeting, a summary of progress made, and options to address the overspend. He took the group through the paper and talked through the options for reducing the overspend in Section 4 – these included:

- Schools Block Dis-application (redeployment)
- Central Schools Services Block (redeployment)
- Outreach (whole system review)
- Home Tuition (whole system review)
- Non-Resident Admin Fee (cost recovery)
- Non-Resident 'Wrap-Around' Provision (cost recovery)
- Academy Recoupment from 2019/20 (high needs block allocation)

Steve Miley summarised the issue – the Council received £20m for the high needs block and was currently overspending by £6m each year. The Council has committed to tackling the accumulated deficit but the annual overspend will need to be reduced to zero over the next 4 to 5 years. Provision has to be sustainable and a re-calibration of expectations would be required.

Mandy Lawson, Assistant Director for SEND, said we would have to do things differently - capture children earlier, have more effective outreach, tackle the speech and language therapy issue. There would be a whole system review working closely with schools and partners. Officers proposed setting up a sub-group to lead on this work.

**ACTION: Sub-group to be set-up**

Mandy also said she would like to bring proposals to the upcoming SEND thematic meeting scheduled for 13th November.

**ACTION: Proposals to go to SEND thematic meeting on 13<sup>th</sup> November**

Kevin Gordon highlighted the options in Section 4 and talked through the dis-application from the schools block to the high needs block. He noted that to do this the Council would have to apply to the ESFA with a business case. Officers were proposing a one percent transfer.

Members said they would like to know the impact on schools funding. They also asked if there was a proposal around early years SEND funding too. Tony Burton said he would provide that information at the next meeting.

**ACTION: Tony Burton**

The Chair asked the group if they agreed the proposal for the dis-application. The group unanimously agreed the proposal.

The Chair asked members to take the other proposals to their schools for discussion.

**RESOLVED**

1. That the Forum agreed the proposal for the dis-application of one percent from the schools block to the high needs block.
2. That Forum members would take away the six other proposals in Section 4 of the report for consideration with their colleagues.

**6. SCHOOLS BUDGET SHARE AND BUDGET PLANNING**

Tony Burton, Head of Finance, presented the paper which provided an update on the changes being made by the Education and Skills Funding Agency (ESFA) for the 2019/20 schools national funding formula – and the impact of the first indicative budgets based on modelling the local funding formula.

Steve Miley drew the Forum's attention to the stark findings at the top of page 10. Applying the full implementation of the National Funding Formula (NFF), without the minimum funding guarantee, took £8m out of a £99m budget – a reduction of 8 percent across the board.

The Forum said this was very worrying for all schools. They suggested the Council picked some case studies to look at the real-world implications of the post-NFF landscape and what that means for the model of education in the borough. What would a primary school look like with these reductions, how many teachers would there be, how many sports staff? Officers noted that they were planning to do this through the workshops.

**ACTION: Schools to put themselves forward for case studies**

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Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

Tony Burton highlighted the different models in paragraph 5.3 of the report and noted that the outcomes were broadly similar. The Chair asked for the Forum's views on the different models (i.e. go straight to the full NFF implementation or transition over three years). Some members suggested keeping as much money out of the MFG as long possible to aide transition. Some felt going to the formula quickly would mean a sharper impact. Tony explained that the options had the same total pot, the NFF just changed how it was allocated between schools. The NFF shifted the weighting given to certain factors – e.g. it moved money away from deprivation factors and towards

English as a second language. Steve Miley felt, given the given the complexity of the formula changes, we needed to look at individual school populations and flag which schools were likely to be affected the most.

The Chair asked schools to take this paper away and discuss with their colleagues to formulate a position on whether to go with the full implementation or transition into it.

**ACTION: All schools**

Tony Burton highlighted the section on the falling rolls fund (5.11 of the report) and noted that the Forum would need to consider how to support that. The Chair requested a paper for the next meeting about the implications of falling rolls.

**ACTION: Tony Burton**

Some members raised concerns about the impact of the loss of bulge classes – particularly on associated costs such as buildings and maintenance. Tony said he would ask schools for information on this in the October workshops.

## **7. ADMISSION AND THE IMPACT ON FUNDING**

Kevin Gordon presented the item – noting that a detailed paper would be presented at a future meeting. He gave the headline figures – the Council was forecasting for 2022 a 27 percent surplus in primary places (compared with 18 percent today) and a 7 to 11 percent surplus in secondary places (compared with 12 percent today).

Officers were working on the School Organisation Strategy now and this was expected to be completed by the end of October.

## **8. SALARY SETTLEMENT - HR INPUT**

Dave Rogers, Deputy Head of HR, presented the item and noted that the consultation had ended on 3 September and was published on 14 September along with additional guidance. Further information would be circulated to all schools, including the trade union position, the LGS position, the spinal points, and the available options.

The Chair asked if there was clear modelling for governors about how the grant worked. Dave Rogers said there were models for primary, secondary, and special schools.

The Chair highlighted the potential issue of schools committing to increases before fully understanding the long-term funding implications. There was no guarantee of funding beyond March 2020. The Chair asked officers to model this out and recommended that schools waited to see the modelling before committing to anything.

**ACTION: Tony Burton to provide modelling data**

**9. FORWARD PLAN / DATES**

The forward plan was noted.

**10. ANY OTHER BUSINESS**

One of the members noted that, in their capacity as governor of a primary school, they heard that 12 pupils didn't receive an offer of a place at secondary school. The group requested a summary of secondary transfer data for review.

**ACTION: Officers to provide high-level summary of secondary transfer data**


Meeting started: 2.00pm  
Meeting ended: 4.00pm

Chair .....

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## Agenda Item 3

	<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>SCHOOLS FORUM</b></p> <p><b>Tuesday, 20<sup>th</sup> November 2018</b></p>
<p><b>EARLY YEARS FUNDING</b></p>	
<p><b>Open</b></p>	
<p><b>Wards Affected: (All Wards); All</b></p>	
<p><b>Accountable Director:</b> Steve Miley, Director of Children Services</p>	
<p><b>Report Authors:</b></p> <p>Jill Lecznar Tony Burton</p>	<p><b>Contact Details:</b></p> <p><b>Tel:</b></p> <p><b>E-mail:</b> jill.lecznar@lbhf.gov.uk tony.burton@lbhf.gov.uk</p>
<p><b>Purpose of the report</b></p> <p>This report updates forum on the initial modelling of the full implementation of a hard formula for Early Years funding in 2019-20 and the 2018-19 forecasts for 3 &amp; 4 year olds.</p>	

### 1. Early Years Funding

- 1.1. There are six funding streams in the early years block of the DSG, as set out below. The focus of this paper, is the early years entitlement for 3 & 4 year olds (YO), which constitutes the bulk of the funding and which is also subject to pass through and other requirements, since the introduction of the Early Years National Funding Formula (EYNFF) on 01 April 2017.
- 1.2. Summary explanations including funding rates applicable in 2018/19.
  - Universal entitlement for 3 & 4 YO – 15 hours free childcare for all 3 and 4 YO available from the term after their 3<sup>rd</sup> birthday for a maximum of 38 weeks per year. Funding is received by LBHF at £7.92 per hour.
  - Additional entitlement working parents 3&4 YO – additional 15 hours free childcare for eligible 3 and 4 YO from the term after their 3<sup>rd</sup> birthday for a maximum of 38 weeks. Parents are required to obtain a 30-hour code. Funding received is £7.92 per hour.
  - Disadvantaged 2 YO – 15 hours free childcare for eligible 2 YO from the term after their 2<sup>nd</sup> birthday for a maximum of 38 weeks per year. Funding received is £6.50 per hour and this is passed on at the same

rate to providers. There are some CP/CIN 2YO who are entitled to this funding and this is passed to providers in the normal way.

- Early Years (EY) Pupil Premium – additional funding for disadvantaged 3 and 4 YO paid as a top up of £0.53p per hour up to a maximum of £302.10 per year. Eligibility relates to benefits received by the family and must be confirmed by the provider and recorded on the termly head count.
- MNS supplementary Funding – additional funding for maintained nurseries to reflect the higher running costs of a nursery outside a primary school setting. This has been calculated by the ESFA based on 2016/17 baseline data provided by the Local Authority (LA)/LBHF and is estimated to be £868k in both 2018/19 and 2019/20 financial years. This is also based on headcount data from the January census.
- Disability Access Fund – additional per pupil funding for those receiving DLA to access the 3 and 4 YO offer. This is currently £650 per eligible pupil.

## 2. 3 & 4 YO offer 2018/19 forecast

### 2.1. 3 & 4 YO Offer forecast position 2018/19

The assumptions on which this forecast is based are listed below:

Headcount:

- PVI and Childminders: summer and autumn terms actual, spring term estimate
- Schools: summer term actual, autumn, and spring term estimate

DFE funding for EY is based on the Spring term headcount i.e. January 2018 and January 2019. The likely outturn position for 2018/19 can be confirmed once the January 2019 headcount data is received.

The 18/19 reported forecast position at P5 (August) is summarised below:

	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Participation based on estimated hours	11,076	11,420	344
Lump sums for schools	1,875	1,875	0
Central services (EY advisors, Children's Centres, EY curriculum support etc),	682	755	73
SEN inclusion fund	300	250	-50
Contingency	50	50	0
<b>TOTAL SPEND</b>	<b>13,983</b>	<b>14,350</b>	<b>367</b>
DSG EY funding	-13,983	-13,550	433
<b>NET DEFICIT</b>	<b>nil</b>	<b>800</b>	<b>800</b>

The £800k overspend forecast is being reviewed fully in conjunction with the Autumn headcount data and any changes will be reported in due course.

### 3. **3 & 4 YO Offer 2019/20 initial budget model**

- 3.1. The initial 2019/20 DFE allocation will be based on January 2018 headcounts and this will be revised in July 2019 to reflect the January 2019 data. The funding assumed in the modelling for 2019/20 is based on January 2019 estimated headcount numbers. The indications based on trends from 2017/18 are that 2 headcounts will be very similar.

The 19/20 initial budget model is summarised below:

	<b>19/20 Budget</b>	<b>18/19 Budget</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Participation based on estimated hours - base rate	10,903	10,437	466
Participation based on estimated hours - deprivation	1,363	639	724
Protection for schools against 2016/17 baseline		1,875	-1,875
Central services expenditure - 5% maximum allowed	686	682	4
SEN Inclusion Fund	300	300	0
Balance – to cover contingency and CP/CIN	481	50	431
<b>TOTAL SPEND</b>	<b>13,733</b>	<b>13,983</b>	<b>-250</b>
DSG EY funding	-13,733	-13,983	250
<b>NET POSITION</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>

The breakdown of the hourly funding rate of £7.92 is shown in the table below

**Table: Factors and Hourly Rates Applied**

<b>Factors</b>	<b>Rate per Hour £</b>	<b>Rate per Hour %</b>
A. Basic hourly rate per child	£6.30	80%
B. Deprivation hourly rate (av)	£0.70	9%
C. SEN Inclusion Fund	£0.17	2%
D. Contingency & CP/CIN	£0.35	4%
E. Central Support	£0.40	5%
<b>Total</b>	<b>£7.92</b>	<b>100%</b>

- 3.2. Elements of the model

- All providers (schools, PVI's and childminders) to be funded according to the DFE regulations through a universal base rate and a supplement for deprivation based on IDACI bandings for individual children. Deprivation is a mandatory supplement. The value of supplements must not exceed 10% of the total amount of the payments made.

A. Universal base rate

The suggested base rate is £6.30 per hour – this is an increase of 20p over the 2018/19 rate equivalent to 3% to cover inflationary increases in running costs especially staffing.

B. Deprivation

The suggested deprivation rate ranges from £0.30 for Band 9 to £1.40 for Band 1. Analysis of the May 2018 cohorts shows that the average rate for schools is £1.09 and for PVIs and Childminders £0.58. these average rates have been used in the 2019/20 budget model above. The average rate across all providers is £0.70 per hour.

C. SEN Inclusion Fund

The LA is required to use some of the funding received as part of the 3 & 4 YO funding to operate an SEN Inclusion Fund.

This fund is intended to support local authorities to work with providers to address needs of individual children with SEN. The majority of the fund should be passed on to providers in the form of top up grants on a case by case basis

LBHF needs to establish a local offer after consultation with providers, parents, and SEN specialists.

The model assumes an indicative figure of £300k but a detailed budget will be produced in due course that funds the agreed local offer. This equates to £0.17 per hour. See C above.

Note: 2 YO SEN inclusion must be funded from the High Needs Block.

D. CP/CIN & Contingency

The model above shows CP/CIN and contingency on a separate line. The guidance received from ESFA indicates that expenditure on CP/CIN that falls outside the participation model e.g. additional hours for 3 and 4 YO, expenditure on under 3s is required to be included within Central services spend. This will require a disapplication request to the DFE to increase the percentage of funding retained for central services over the allowed maximum of 5%. Initial indications are that up to a further 5% (£686k) would be required.

The disapplication request must contain detailed information explaining why the authority is unable to contain central services expenditure to within the 5% allowed. This proposal would be subject to the draft budget consultation and will be updated once the EYNFF Guidance is received in December 2018.

E. Central services

The model assumes a budget for central services of £686k which is the maximum amount allowed (5% of total 3 and 4 YO funding) under regulations.

Further work is required on the detail for this budget but in the current year the services funded include the Early Years Advisors and Children's Centres in Family Support, Early Help, and Early Years Curriculum Advisors.

The 18/19 forecast for Central Services is £755k so efficiencies are required to keep this spend within 5% cap.


**4. NEXT STEPS**

- Schools Forum to agree the initial budget model outlined above as the basis for wider consultation
  - Principle of uplift of £0.20 basic hourly rate per child for 2019/20
  - Further work for Early Years National Funding Formula disapplication request for CP/CIN place funding for 1,2,3 and 4 year olds.
- Final budget recommendations for 2019/20 will be prepared after guidance and allocations are received in December 2018.
- Schools Forum to agree the budget on the 15<sup>th</sup> January 2019
- LBHF prepare to submit CP/CIN disapplication request circa 18<sup>th</sup> January 2019 – disapplication deadline to be confirmed in the ESFA December update.
- LBHF to continue its offer to support then ongoing work to support maintained nurseries and primary schools with nurseries in developing sustainable offers from April 2019.

**Report ends**

# Agenda Item 4

## Agenda Item 4

	<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>SCHOOLS FORUM</b></p> <p><b>Tuesday, 20 November 2018</b></p>
<p><b>Schools Block Update - 2019/20 National Funding Formula update</b></p>	
<p><b>Report of the Cabinet Member for Education and Children's Services</b></p> <p><b>Councillor Larry Culhane</b></p>	
<p><b>Open</b></p>	
<p><b>Classification - For Scrutiny Review &amp; Comment</b></p> <p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: (All Wards); All</b></p>	
<p><b>Accountable Director:</b> Steve Miley, Director of Children's Services</p>	
<p><b>Report Author:</b> Caroline Baxter</p>	<p>Contact Details:</p> <p><b>Tel:</b> 020 8753 4233</p> <p><b>E-mail:</b> caroline.baxter@lbhf.gov.uk</p>
<p><b>Purpose of the report</b></p> <p>The report provides an update on the indicative budget allocations through the 2019/20 schools funding formula.</p> <p>The report highlights information specifically relating to growth funding, a falling rolls fund, an ESFA dis-application request and a proposed move from the Central Services block to the High needs block. Schools Forum are recommended to review this information and agree the recommendations made within the report.</p> <p>This report also contains an update on the 2018/19 position versus budget.</p>	

## **The national funding formula – Modelling the schools block 2019/20**

### **1. Introduction**

- 1.1. This report provides an update to schools forum on the 2019/20 schools national funding formula and is a follow on to the report, *2019/20 National Funding Formula update, indicative Schools Block allocations*, presented at the September 2018 schools forum.

### **2. Schools Forum re-cap**

- 2.1. The schools forum report presented at the last Schools Forum provided members with a steer towards considering the 2019/20 school budget plans and to work towards producing a three-year budget plan.
- 2.2. School funding workshops were run for all maintained and academy schools during a week in October. Schools were given indicative 2019/20 budgetary information which was discussed in detail with a steer towards producing the three-year plan.
- 2.3. Schools forum were previously presented with indicative formula allocations based on the 2019/20 formula being allocated on existing factors, a transitional factor moving towards full implementation of the NFF or by using the ESFA proposed full NFF factors.
- 2.4. Schools forum agreed that the 2019/20 schools budget share should be allocated using the NFF transitional rates. These factors are calculated by adjusting the existing factors by one third to move the factor values equally towards the full NFF rates.
- 2.5. The allocation of the formula using the NFF transitional rates has a minimal impact on the total school budget share. However, the transitional rates distribute a higher level of funding through the pupil led factors rather than the minimum funding guarantee (MFG).
- 2.6. The indicative school budget allocations based on NFF transitional factors are shown at Appendix 1. For comparative purposes the NFF transitional figures are shown compared to the allocation based on the full NFF factors and the current existing factors. The existing factor's AWPU rate has been scaled down to ensure comparability of the models and to distribute the same overall budget envelope.

## **Assumptions in calculating the indicative school budget share allocations**

### **Pupil Census**

- 2.7. The indicative 2019/20 figures calculated using the ESFA draft Authority Proforma Tool (APT) contain the October 2017 pupil census dataset for numbers on roll, deprivation, low prior attainment and English as an additional language. The October 2018 pupil census data will be embedded in the final APT issued to the authority in December and will be used to calculate the final 2019/20 school budget share.

### **Growing and expanding schools**

- 2.8. The school funding regulations require that local authorities should estimate the pupil numbers expected to join the school in September 2019 and fund proportionately. The expected new intake numbers are scaled down by using 7/12 as a multiplier to ensure that these pupils are included in the 2019/20 school budget share allocation for September 2019 to March 2020. For the indicative allocation the numbers shown in Table 1 have been used.

Table 1 – increase in NOR for growing and expanding schools

<b>School Name</b>	<b>Expected increase in numbers at September 2019</b>	<b>Number applied in funding formula (7/12)</b>
Earl's Court Free School	30	17.5
West London Free School	60	35
The Fulham Boys School	40	23.33
Ark Burlington Danes	56	32.66
St John XXIII Catholic Primary School	20	11.66
St Stephens CofE Primary School	30	17.5
Sacred Heart High School	20	11.66

## **3. 2019/20 Schools Funding Formula – indicative allocations**

- 3.1. The ESFA have provided illustrative 2019/20 schools block funding figures to enable local authorities to model an indicative 2019/20 school budget share. These figures are shown at Table 2.



Table 2 – 2019/20 illustrative schools block allocation

Pupil numbers	16,663
<b>Factor type</b>	<b>£</b>
Pupil led/School led	99,106,130
Premises/mobility	1,338,371
Growth funding – see para. 3.2	1,251,953
Provisional 2019/20 school block funding	101,696,454

### **Growth allocation**

- 3.2. In 2019/20 the ESFA are introducing a formulaic approach to allocating growth funding within the schools block allocations to ensure that it's distributed fairly and consistently. The funding will be based on actual growth that local authorities experience rather than historic spend.
- 3.3. The ESFA have provided local authorities with a tool to estimate what the level of 2019/20 growth funding could be. Predicted pupil numbers have been used to inform this calculation. This results in a growth allocation of **£791,271** which is **£460,000** lower than the predicted growth allocated in the 2019/20 illustrative schools block allocation.
- 3.4. The ESFA have stressed that the revised figure is only an illustration of growth funding. The actual growth allocation will be based on October 2018 census data and will be subject to additional checks and analysis.
- 3.5. Local authorities are not expected to allocate growth funding to schools using the ESFA methodology. It is purely a mechanism for allocating funding at local authority level and not at individual school level.

## **4. Falling Rolls**

- 4.1. ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good schools with falling rolls where local planning data shows that surplus places will be needed within the next three financial years. The criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Schools Forum should agree both the value of the falling rolls fund and the criteria for allocation.

- 4.2. Initial indications are that it is not possible to allocate funding from the 2019/20 schools block to fund falling rolls. This is primarily because of the expected lower funding allocation for growth (highlighted in paragraph 3) and because of the dis-application request to transfer one percent of schools block funding to the high needs block.
- 4.3. A falling rolls fund was created in 2018/19 of £590,500. Allocations totalling £365,501 have been allocated in 2018/19. The unallocated balance could be made available to form a 2019/20 falling rolls fund. The breakdown is shown in Table 3.

Table 3 – 2018/19 falling roll allocations

<b>School</b>	<b>Falling Rolls allocations</b>
	<b>£</b>
Sullivan Primary School	80,265
Flora Gardens Primary School	83,014
St Thomas of Canterbury Catholic Primary School	88,910
Addison Primary School	100,005
Pope John Primary School	13,307
<b>Total allocated</b>	<b>£365,501</b>
<b>Total unallocated</b>	<b>£224,999</b>

- 4.4. Schools will be asked to apply on an individual basis for consideration of 2019/20 funding where falling rolls are expected. One application has been received.
- 4.5. It is recommended that Schools Forum approve the carry forward of £224,999 from 2018/19 to establish a falling rolls provision in 2019/20 and subject to agreement of allocations which will be presented at the next forum in January 2019.
- 4.6. We are proposing to review the criteria for falling rolls primarily for schools where the percentage fall is greater than 5% year on year and that schools can demonstrate a clear plan to reverse their falling rolls. The LA will recommend successful bids to Schools Forum.
- 4.7. The LA are proposing to allocate the falling rolls fund for maintained schools and academies pro-rata to places above the 5% threshold. This is subject to the school's bid submission meeting the criteria. The funding will be allocated based on the appropriate Age Weighted Pupil Unit (AWPU) and if necessary will be scaled down to

ensure that the funding is contained within the falling rolls allocation of £224,999, subject to Schools Forum approval.

## 5. Dis-application requests

- 5.1. Local authorities are required to submit a formal request to apply to the Secretary of State for Education to disapply the School and Early Years Finance (England) Regulations or to vary conditions in the Dedicated Schools Grant.
- 5.2. Schools forum are asked to consider the following dis-application request summarised in Table 4. This is in addition to the dis-application request to move 1% funding from the Schools Block to the High Needs block previously approved at September 2018 Schools Forum.

Table 4 – Proposed dis-application request

School	Type of request	Impact
		£
ARK Burlington Danes Academy (BDA)	MFG Factor	-70,000

### **MFG Factor**

- 5.3. BDA have been expanding its primary phase since 2015 when it admitted reception pupils. The primary phase is still growing but the secondary phase has numbers in all age groups.
- 5.4. The MFG factor is designed to ensure that schools are protected on a per pupil basis. The current ESFA Authority Proforma Tool cannot differentiate between the primary and secondary phase pupils within BDA. Therefore, the MFG baseline is automatically weighted towards the higher MFG per pupil in the Secondary phase for all pupils including those in the Primary phase, creating an incorrect higher school budget share.
- 5.5. The workings to calculate the adjusting figure of -£70,000 is attached at Appendix 2. This template is provided by the ESFA.
- 5.6. It is standard practice to rectify this for 'all-through' schools via this dis-application process. The LA intend to make this request annually from 2019/20 subject to Schools Forum approval.
- 5.7. BDA have been consulted with, regarding the dis-application request.

## 6. Schools Block and Central Block 2018/19 Variance and Draft 2019/20 Budget

- 6.1. The table below shows 2018/19 budget and variances together with proposed Central Services block movement to High Needs Block from 2019/20. A more detailed breakdown of these budgets is shown in Appendix 3

Table 5 School Block and Central Services Block

<b>School Block and Central Services Block - 18/19 Midyear Forecast</b>			
	<b>18/19 Budget</b>	<b>18/19 Variance</b>	<b>Note</b>
	£000s	£000s	
Schools Block Delegated	99,563.4	-	Nil variance
Schools Block Dedelegated	709.4	- 129.9	Propose c/f dedelegated contingency to 19/20
Schools Block Falling Rolls Fund (for mainstream schools)	590.5	- 225.0	Propose c/f Falling Rolls Fund to 19/20
Schools Block to High Needs Transfer	505.0	-	Transfer made
Central Services Block	4,429.8	-	Nil variance
	<b>105,798.1</b>	<b>- 354.9</b>	
<b>School Block and Central Services Block - 19/20 Draft Budget</b>			
	<b>19/20 Draft Budget</b>	<b>Note</b>	
	£000s		
Schools Block Delegated	99,674.3	Indicative Allocations July 2018 & Draft APT Rates	
Schools Block Dedelegated	658.0	Indicative Allocations July 2018 & Draft APT Rates	
Schools Block Falling Rolls Fund (for mainstream schools)	225.0	Proposed c/f balance from 2018/19	
Schools Block to High Needs Transfer	1,000.0	Transfer agreed by Schools Forum Sept 2018	
Central Services Block	4,402.3	Provisional allocation	
	<b>105,959.7</b>		

## 7. Next Steps and Timeline

### Consultation

- 7.1. The authority is required to consult with all schools on the 2019/20 schools funding formula proposals. We are proposing to issue a consultation document setting out the 2019/20 schools budget proposals. The proposed deadline for schools to respond to the consultation is Friday 14<sup>th</sup> December 2018.
- 7.2. The results of this consultation will be shared with Schools Forum at the January 2019 meeting together with recommendations on the 2019/20 final budget share.
- 7.3. Schools Forum also requested a workshop for all interested schools prior to the January 2019 meeting. This briefing is scheduled for the 7<sup>th</sup> January 2019 and will give detail on the funding formula methodology, the consultation and decisions and assumptions made in calculating the 2019/20 schools budget.

### Key dates

Date	Activity
20 November 2018	Deadline for submitting dis-application requests
Mid to late December 2018	Final APT issued to local authorities containing 2018 pupil census data Publication of 2019 to 2020 DSG schools block, central school services block and revised high needs block allocations.
7 January 2019	Pre- Schools Forum 2019/20 School budget share workshop.
8 January 2019	Schools Forum papers despatched
15 January 2019	Schools Forum – approval required for final 2019 to 2020 funding formula from Schools Forum and the Council.
21 January 2019	Deadline for submission of final 2019 to 2020 APT to ESFA.
28 February 2019	Deadline for confirmation of schools budget shares to mainstream maintained schools.

### 8. Recommendations/Decisions

- 8.1. Schools Forum to reconfirm agreement for submission of disapplication to ESFA for the 1% Schools Block to High Needs Block transfer of up to £1m as agreed by September Schools Forum decision (All voting members).
- 8.2. Schools Forum to note the proposed Central Services budget for 2019/20 and agree the proposal to move £0.75m from Central Services budget to High Needs Budget from 2019/20 (All voting members).
- 8.3. Schools Forum to agree the submission of the formal disapplication to ESFA with respect to the AWPU rate for the primary phase and MFG at Burlington Danes Academy from 2019/20. (All voting members).
- 8.4. Schools Forum to agree the approach to Falling Rolls protection set out in this document and for LBHF to undertake consultation with schools on this basis (All voting members).
- 8.5. Schools Forum to note the 18/19 monitoring position at the mid-point of the financial year.

### Report ends

Appendix 1 - 2019/20 School budget share model comparisons

School Name	MODEL	Values											19-20 MFG Adjustment	19-20 Post MFG Budget	19-20 Post MFG per pupil Budget
		Basic Entitlement (Primary)	Basic Entitlement (KS3)	Basic Entitlement (KS4)	Deprivation	EAL	LAC	Low attainment	Mobility	Premises factors					
School 1	Existing Factors	1,130,312	0	0	271,456	56,093	0	74,041	625	184,393	0	1,716,919	5,283		
	NFF full factors	1,054,950	0	0	206,572	79,444	0	127,773	0	183,790	64,115	1,716,644	5,282		
	NFF transitional factors	1,120,600	0	0	249,788	63,920	0	91,916	418	184,192	5,816	1,716,650	5,282		
School 2	Existing Factors	646,886	0	0	136,452	32,740	0	46,440	350	157,490	61	1,020,419	5,486		
	NFF full factors	603,756	0	0	100,327	46,369	0	80,142	0	156,887	32,929	1,020,410	5,486		
	NFF transitional factors	641,328	0	0	124,385	37,309	0	57,652	234	157,289	2,220	1,020,416	5,486		
School 3	Existing Factors	1,443,321	0	0	288,504	47,324	1,526	101,430	0	185,445	782	2,068,333	4,984		
	NFF full factors	1,347,090	0	0	215,099	67,024	0	175,040	0	184,842	79,230	2,068,324	4,984		
	NFF transitional factors	1,430,920	0	0	264,013	53,927	1,017	125,918	0	185,244	7,291	2,068,330	4,984		
School 4	Existing Factors	737,311	0	0	180,084	26,992	782	38,422	1,200	156,896	25,455	1,167,141	5,505		
	NFF full factors	688,152	0	0	136,523	38,228	0	66,306	0	156,293	81,631	1,167,132	5,505		
	NFF transitional factors	730,976	0	0	165,560	30,758	521	47,698	802	156,695	34,128	1,167,138	5,505		
School 5	Existing Factors	643,408	0	0	187,844	31,044	0	21,051	2,375	156,510	0	1,042,233	5,634		
	NFF full factors	600,510	0	0	146,343	43,967	0	36,328	0	155,907	58,816	1,041,871	5,632		
	NFF transitional factors	637,880	0	0	173,988	35,376	0	26,134	1,586	156,309	10,605	1,041,878	5,632		
School 6	Existing Factors	688,621	0	0	173,702	23,265	0	42,218	0	150,988	0	1,078,794	5,448		
	NFF full factors	642,708	0	0	122,735	32,950	0	72,856	0	150,385	57,076	1,078,710	5,448		
	NFF transitional factors	682,704	0	0	156,707	26,511	0	52,410	0	150,787	9,597	1,078,716	5,448		
School 7	Existing Factors	1,206,825	0	0	295,276	56,016	791	63,543	5,825	162,930	30,516	1,821,721	5,250		
	NFF full factors	1,126,362	0	0	223,730	79,334	0	109,657	0	162,327	120,302	1,821,712	5,250		
	NFF transitional factors	1,196,456	0	0	271,394	63,832	527	78,884	3,891	162,729	44,006	1,821,718	5,250		
School 8	Existing Factors	1,116,400	0	0	322,052	43,482	795	103,033	4,725	177,457	0	1,767,943	5,508		
	NFF full factors	1,041,966	0	0	257,803	61,583	0	177,805	0	176,854	50,508	1,766,519	5,503		
	NFF transitional factors	1,106,808	0	0	300,642	49,549	530	127,908	3,156	177,256	676	1,766,525	5,503		
School 9	Existing Factors	1,029,453	0	0	299,958	30,066	0	60,148	1,850	183,718	0	1,605,193	5,423		
	NFF full factors	960,816	0	0	227,577	42,582	0	103,798	0	183,115	86,668	1,604,556	5,421		
	NFF transitional factors	1,020,608	0	0	275,801	34,261	0	74,669	1,236	183,517	14,469	1,604,562	5,421		
School 10	Existing Factors	1,304,206	0	0	294,904	31,538	0	71,560	1,375	164,933	44,413	1,912,929	5,101		
	NFF full factors	1,217,250	0	0	217,309	44,666	0	123,492	0	164,330	145,872	1,912,920	5,101		
	NFF transitional factors	1,293,000	0	0	269,040	35,938	0	88,837	919	164,732	60,460	1,912,926	5,101		
School 11	Existing Factors	1,387,675	0	0	426,167	61,627	810	117,151	5,525	185,483	0	2,184,438	5,475		
	NFF full factors	1,295,154	0	0	333,647	87,281	0	202,169	0	184,880	80,659	2,183,790	5,473		
	NFF transitional factors	1,375,752	0	0	395,306	70,226	540	145,435	3,691	185,282	7,564	2,183,796	5,473		
School 12	Existing Factors	712,966	0	0	31,636	14,104	0	37,322	0	132,764	2,392	931,184	4,542		
	NFF full factors	665,430	0	0	22,501	19,975	0	64,407	0	132,161	26,701	931,175	4,542		
	NFF transitional factors	706,840	0	0	28,585	16,072	0	46,332	0	132,563	788	931,181	4,542		
School 13	Existing Factors	1,958,048	0	0	235,552	81,041	0	108,009	6,729	337,972	6,383	2,733,734	4,856		
	NFF full factors	1,827,498	0	0	168,236	114,776	0	186,392	0	337,369	99,452	2,733,724	4,856		
	NFF transitional factors	1,941,224	0	0	213,108	92,349	0	134,085	4,495	337,771	10,698	2,733,730	4,856		
School 14	Existing Factors	824,258	0	0	94,155	11,044	0	45,726	0	132,367	1,942	1,109,492	4,681		
	NFF full factors	769,302	0	0	65,969	15,642	0	78,910	0	131,764	47,896	1,109,483	4,681		
	NFF transitional factors	817,176	0	0	84,741	12,586	0	56,765	0	132,166	6,055	1,109,489	4,681		
School 15	Existing Factors	730,355	0	0	130,729	23,077	0	38,107	0	132,263	848	1,055,379	5,026		
	NFF full factors	681,660	0	0	96,928	32,683	0	65,762	0	131,660	46,676	1,055,370	5,026		
	NFF transitional factors	724,080	0	0	119,453	26,297	0	47,308	0	132,062	6,177	1,055,376	5,026		
School 16	Existing Factors	1,241,604	0	0	174,808	23,812	0	97,067	0	139,510	1,899	1,678,700	4,702		
	NFF full factors	1,158,822	0	0	126,686	33,724	0	167,510	0	138,907	53,042	1,678,691	4,702		
	NFF transitional factors	1,230,936	0	0	158,755	27,134	0	120,502	0	139,309	2,061	1,678,697	4,702		
School 17	Existing Factors	692,099	0	0	144,651	20,655	0	46,636	0	132,537	352	1,036,930	5,211		
	NFF full factors	645,954	0	0	107,746	29,253	0	80,481	0	131,934	41,553	1,036,921	5,211		
	NFF transitional factors	686,152	0	0	132,325	23,537	0	57,896	0	132,336	4,682	1,036,927	5,211		
School 18	Existing Factors	716,444	0	0	170,358	22,520	0	48,014	1,100	132,670	25	1,091,131	5,297		
	NFF full factors	668,676	0	0	131,025	31,895	0	82,858	0	132,067	44,601	1,091,122	5,297		
	NFF transitional factors	710,288	0	0	157,213	25,663	0	59,606	735	132,469	5,155	1,091,128	5,297		
School 19	Existing Factors	719,922	0	0	106,260	18,607	3,924	40,949	0	149,478	867	1,040,007	5,024		
	NFF full factors	671,922	0	0	72,049	26,352	0	70,667	0	148,875	50,133	1,039,998	5,024		

School Name	MODEL	Basic Entitlement	Basic Entitlement	Basic Entitlement	Deprivation	EAL	LAC	Low attainment	Mobility	Premises factors	19-20 MFG	19-20 Post MFG	19-20 Post
		(Primary)	(KS3)	(KS4)							Adjustment	Budget	MFG per pupil
School 20	NFF transitional factors	713,736	0	0	94,832	21,203	2,614	50,836	0	149,277	7,506	1,040,004	5,024
	Existing Factors	1,417,237	0	0	231,861	33,877	0	79,226	0	132,601	1,215	1,896,017	4,653
	NFF full factors	1,322,745	0	0	154,552	47,979	0	136,721	0	131,998	102,060	1,896,055	4,653
School 21	NFF transitional factors	1,405,060	0	0	206,075	38,604	0	98,353	0	132,400	15,538	1,896,030	4,653
	Existing Factors	782,524	0	0	132,432	12,598	0	30,282	0	134,131	1,363	1,093,330	4,859
	NFF full factors	730,350	0	0	92,993	17,842	0	52,259	0	133,528	66,349	1,093,321	4,859
School 22	NFF transitional factors	775,800	0	0	119,283	14,355	0	37,594	0	133,930	12,365	1,093,327	4,859
	Existing Factors	1,017,872	0	0	287,240	39,365	0	78,059	0	132,500	0	1,555,036	5,313
	NFF full factors	950,007	0	0	226,588	55,752	0	134,708	0	131,897	54,111	1,553,062	5,307
School 23	NFF transitional factors	1,009,126	0	0	267,014	44,858	0	96,905	0	132,299	2,849	1,553,051	5,306
	Existing Factors	959,896	0	0	209,139	34,380	0	33,898	0	132,508	6,969	1,376,789	4,988
	NFF full factors	895,896	0	0	156,983	48,691	0	58,498	0	131,905	84,807	1,376,780	4,988
School 24	NFF transitional factors	951,648	0	0	191,751	39,177	0	42,082	0	132,307	19,821	1,376,786	4,988
	Existing Factors	1,443,321	0	0	147,328	55,640	0	68,959	0	143,930	3,285	1,862,463	4,488
	NFF full factors	1,347,090	0	0	100,381	78,802	0	119,003	0	143,327	73,851	1,862,454	4,488
School 25	NFF transitional factors	1,430,920	0	0	131,654	63,404	0	85,607	0	143,729	7,146	1,862,460	4,488
	Existing Factors	566,895	0	0	155,863	30,407	0	40,795	0	164,966	377,409	1,336,334	8,198
	NFF full factors	529,098	0	0	122,607	43,064	0	70,400	0	164,363	406,793	1,336,325	8,198
School 26	NFF transitional factors	562,024	0	0	144,766	34,649	0	50,644	0	164,765	379,483	1,336,331	8,198
	Existing Factors	716,444	0	0	167,792	11,510	0	18,712	0	139,929	685	1,055,072	5,122
	NFF full factors	668,676	0	0	126,869	16,302	0	32,292	0	139,326	71,553	1,055,018	5,121
School 27	NFF transitional factors	710,288	0	0	154,164	13,116	0	23,230	0	139,728	14,528	1,055,054	5,122
	Existing Factors	1,370,286	0	0	123,729	45,885	1,313	48,964	0	187,535	13,339	1,791,051	4,546
	NFF full factors	1,278,924	0	0	87,111	64,985	0	84,499	0	186,932	88,696	1,791,147	4,546
School 28	NFF transitional factors	1,358,512	0	0	111,506	52,287	875	60,786	0	187,334	19,783	1,791,083	4,546
	Existing Factors	966,851	0	0	289,650	36,151	767	67,505	5,550	139,761	52,266	1,558,502	5,606
	NFF full factors	902,388	0	0	238,652	51,200	0	116,495	0	139,158	110,600	1,558,493	5,606
School 29	NFF transitional factors	958,544	0	0	272,639	41,196	511	83,803	3,707	139,560	58,539	1,558,499	5,606
	Existing Factors	575,590	0	0	60,100	38,745	0	27,916	0	130,592	1,035	833,978	5,039
	NFF full factors	543,705	0	0	42,465	55,537	0	48,757	0	129,989	22,145	842,599	5,030
School 30	NFF transitional factors	577,540	0	0	54,699	44,685	0	35,074	0	130,391	129	842,519	5,030
	Existing Factors	566,895	0	0	154,182	18,524	1,600	42,544	20,425	136,105	0	940,274	5,769
	NFF full factors	529,098	0	0	114,981	26,235	0	73,418	0	135,502	60,364	939,598	5,764
School 31	NFF transitional factors	562,024	0	0	141,108	21,109	1,066	52,815	13,644	135,904	11,935	939,604	5,764
	Existing Factors	646,886	0	0	195,999	14,355	0	44,213	1,850	134,603	11,885	1,049,792	5,644
	NFF full factors	603,756	0	0	157,118	20,331	0	76,300	0	134,000	58,278	1,049,783	5,644
School 32	NFF transitional factors	641,328	0	0	183,045	16,358	0	54,888	1,236	134,402	18,532	1,049,789	5,644
	Existing Factors	980,763	0	0	253,636	42,565	0	65,876	1,200	136,445	0	1,480,485	5,250
	NFF full factors	915,372	0	0	192,035	60,284	0	113,683	0	135,842	62,815	1,480,031	5,248
School 33	NFF transitional factors	972,336	0	0	233,086	48,504	0	81,780	802	136,244	7,284	1,480,037	5,248
	Existing Factors	608,629	0	0	115,047	27,456	0	50,176	0	134,592	215	936,116	5,349
	NFF full factors	568,050	0	0	87,716	38,885	0	86,590	0	133,989	20,876	936,107	5,349
School 34	NFF transitional factors	603,400	0	0	105,927	31,287	0	62,290	0	134,391	0	937,296	5,356
	Existing Factors	472,992	0	0	115,521	19,314	721	35,348	1,350	135,090	0	780,336	5,738
	NFF full factors	441,456	0	0	89,224	27,355	0	61,001	0	134,487	26,634	780,157	5,736
School 35	NFF transitional factors	468,928	0	0	106,737	22,010	480	43,882	902	134,889	2,336	780,163	5,736
	Existing Factors	709,488	0	0	106,094	21,432	804	58,653	1,400	134,922	794	1,033,587	5,067
	NFF full factors	662,184	0	0	78,974	30,353	0	101,218	0	134,319	26,529	1,033,577	5,067
School 36	NFF transitional factors	703,392	0	0	97,031	24,422	536	72,813	935	134,721	0	1,033,851	5,068
	Existing Factors	799,913	0	0	175,642	28,946	727	55,016	250	135,675	2,525	1,198,695	5,212
	NFF full factors	746,580	0	0	133,874	40,996	0	94,942	0	135,072	47,221	1,198,686	5,212
School 37	NFF transitional factors	793,040	0	0	161,735	32,985	485	68,299	167	135,474	6,507	1,198,692	5,212
	Existing Factors	667,753	0	0	150,818	2,026	0	37,678	1,200	134,618	531	994,624	5,180
	NFF full factors	623,232	0	0	107,234	2,869	0	65,021	0	134,015	62,243	994,615	5,180
School 38	NFF transitional factors	662,016	0	0	136,272	2,309	0	46,774	802	134,417	12,032	994,621	5,180
	Existing Factors	0	1,962,448	1,257,979	619,102	4,056	5,983	128,539	0	171,119	16,615	4,165,842	6,509
	NFF full factors	0	1,780,350	1,295,750	435,398	4,919	0	142,717	0	170,516	336,183	4,165,833	6,509
	NFF transitional factors	0	1,928,550	1,287,750	557,731	4,345	3,986	133,291	0	170,918	79,267	4,165,839	6,509

School Name	MODEL	Basic Entitlement (Primary)	Basic Entitlement (KS3)	Basic Entitlement (KS4)	Deprivation	EAL	LAC	Low attainment	Mobility	Premises factors	19-20 MFG	19-20 Post MFG	19-20 Post
											Adjustment	Budget	MFG per pupil Budget
School 39	Existing Factors	0	1,687,353	1,192,565	619,988	10,441	0	126,708	516	130,592	18,517	3,786,680	6,616
	NFF full factors	0	1,530,781	1,228,371	439,947	12,661	0	140,685	0	129,989	304,305	3,786,738	6,616
	NFF transitional factors	0	1,658,207	1,220,787	559,808	11,184	0	131,393	344	130,391	74,586	3,786,699	6,616
School 40	Existing Factors	0	1,247,916	810,139	561,956	128,250	3,576	160,939	29,025	148,547	0	3,090,347	7,556
	NFF full factors	0	1,132,120	834,463	405,637	155,515	0	178,691	0	147,944	233,212	3,087,583	7,549
	NFF transitional factors	0	1,226,360	829,311	509,690	137,370	2,382	166,889	19,389	148,346	47,851	3,087,589	7,549
School 41	Existing Factors	0	1,363,650	1,157,341	839,308	109,350	0	218,026	0	171,119	231,255	4,090,049	8,164
	NFF full factors	0	1,237,115	1,192,090	621,537	132,597	0	242,075	0	170,516	494,109	4,090,040	8,164
	NFF transitional factors	0	1,340,095	1,184,730	766,487	117,126	0	226,086	0	170,918	284,604	4,090,046	8,164
School 42	Existing Factors	0	910,777	850,394	489,479	88,254	1,509	116,934	11,000	152,035	0	2,620,384	7,487
	NFF full factors	0	826,265	875,927	348,637	107,017	0	129,833	0	151,432	179,642	2,618,753	7,482
	NFF transitional factors	0	895,045	870,519	442,405	94,530	1,006	121,257	7,348	151,834	34,814	2,618,759	7,482
School 43	Existing Factors	0	1,942,320	1,242,884	954,398	55,350	2,470	188,399	0	149,470	47,597	4,582,888	7,240
	NFF full factors	0	1,762,090	1,280,201	691,193	67,117	0	209,179	0	148,867	424,231	4,582,879	7,240
	NFF transitional factors	0	1,908,770	1,272,297	866,404	59,286	1,646	195,364	0	149,269	129,850	4,582,885	7,240
School 44	Existing Factors	0	2,913,480	1,719,239	597,240	28,120	1,733	102,151	0	154,318	14,904	5,531,185	6,008
	NFF full factors	0	2,643,135	1,770,858	425,614	34,098	0	113,419	0	153,715	390,349	5,531,188	6,008
	NFF transitional factors	0	2,863,155	1,759,925	539,877	30,120	1,155	105,927	0	154,117	76,910	5,531,186	6,008
School 45	Existing Factors	0	1,811,490	1,046,639	368,507	26,489	2,404	74,177	0	144,187	7,509	3,481,402	6,129
	NFF full factors	0	1,643,400	1,078,064	256,571	32,121	0	82,359	0	143,584	245,294	3,481,393	6,129
	NFF transitional factors	0	1,780,200	1,071,408	331,094	28,373	1,602	76,919	0	143,986	47,818	3,481,399	6,129
School 46	Existing Factors	274,753	2,757,491	1,771,235	442,506	33,630	797	116,842	0	199,847	15,601	5,612,701	5,733
	NFF full factors	256,434	2,501,620	1,824,416	305,033	41,305	0	134,046	0	199,244	350,595	5,612,692	5,733
	NFF transitional factors	272,392	2,709,860	1,813,152	396,587	36,198	531	122,595	0	199,646	61,738	5,612,698	5,733
School 47	Existing Factors	0	2,022,831	1,182,501	929,031	29,700	1,636	145,213	0	207,542	52,382	4,570,836	7,176
	NFF full factors	0	1,835,130	1,218,005	671,399	36,014	0	161,231	0	206,939	442,109	4,570,827	7,176
	NFF transitional factors	0	1,987,890	1,210,485	842,924	31,812	1,090	150,582	0	207,341	138,709	4,570,833	7,176
School 48	Existing Factors	795,287	2,666,916	1,761,171	1,643,103	69,650	3,669	312,469	0	200,360	513,258	7,965,883	7,185
	NFF full factors	742,263	2,419,450	1,814,050	1,239,123	91,658	0	361,655	0	199,757	1,097,959	7,965,914	7,185
	NFF transitional factors	788,454	2,620,850	1,802,850	1,508,042	77,021	2,444	328,911	0	200,159	637,161	7,965,894	7,185



**Section 1 - Inputs**

School Name	Please enter 2018-19 NOR			Please enter 2019-20 NOR		
	Primary	KS3	KS4	Primary	KS3	KS4
Ark Burlington Danes	168.5	535	335	228.67	530	350

<b>2018/19 AWPU Rates</b>				3448	4945	5151
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**Section 2 - calculating the reprofiled 2017-18 pupils**

School Name	2019-20 proportions			Reprofiled 2018-19 NOR		
	Primary	KS3	KS4	Primary	KS3	KS4
Ark Burlington Danes	20.6256%	47.8050%	31.5694%	214.197	496.455	327.848

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This section calculates the profile of pupils for 2019-20 and applies that profile back to the 2018-19 numbers on roll.

**Section 3 - calculating the difference in funding**


School Name	2019-20 AWPU applied to reprofiled 2018-19 NOR					2019-20 AWPU applied to actual 2018-19 NOR					Adjustment Per Pupil	Baseline Adjustment
	Primary	KS3	KS4	Total	Per Pupil	Primary	KS3	KS4	Total	Per Pupil		
Ark Burlington Danes	738,551	2,454,971	1,688,744	4,882,266	4,701.27	580,988	2,645,575	1,725,585	4,952,148	4,768.56	-67.29	-69,881.78

This section uses the current AWPU rates and applies them to the reprofiled 2018-19 NOR and the actual 2018-19 NOR. It converts this to an amount per pupil and the difference between the two becomes the adjustment per pupil. Multiplying this adjustment provides the baseline adjustment to be used.

## Appendix 4 - School Block and Central Services Block - 18/19 Midyear Forecast and 19/20 Draft Budget

DSG Block	Area of Spend	2018/19	2018/19	2018/19	2019/20	2019/20
		Budget	Forecast	Forecast Note	Draft Budget	Budget Note
		£000s	£000s		£000s	
<b>Schools Block Delegated</b>						
	Schools Budget Share	99,563.4	-	Confirmed Final Allocations July 2018	99,674.3	Indicative Allocations July 2018 & Draft APT Rates
	Less: Academy Recoupment	- 62,779.9	-	Confirmed Final Allocations July 2018	- 65,888.7	Indicative Allocations July 2018 & Draft APT Rates
	Mainstream Schools Budget Share	36,783.5	-	Confirmed Final Allocations July 2018	33,785.6	Indicative Allocations July 2018 & Draft APT Rates
<b>Schools Block Dedelegated</b>						
	Schools in financial difficulty	100.0	-	1 request received 18/19 & pending decision	100.0	Unchanged
	Trade Union	145.0	-		145.0	TBC
	Contingency	107.7	- 100.0	No commitments	85.2	Reduced to budget envelope of £658k per APT.
	Licenses/subscriptions	35.4	1.6	SIMS licence payment	37.5	SIMS licence
	Schools Central - Maternity	138.8	-	Assume fully allocated	138.8	TBC - Maintained only
	Behavioural Support (SEND)	25.8	-		26.3	Add 2% pay inflation
	FSM eligibility	31.5	- 31.5	No longer required (UIFSM Grant)	-	No longer required
	Underperforming Ethnic Groups	125.2	-		125.2	Unchanged
	<b>Subtotal Dedelegated Maintained Budget</b>	<b>709.4</b>	<b>- 129.9</b>	<b>Underspend on dedelegated proposed c/f to 19/20</b>	<b>658.0</b>	<b>New Baseline Dedelegated budget from APT</b>
<b>Schools Block Other</b>						
	Falling Rolls	590.5	- 225.0	Bal on 18/19 falling rolls proposed c/f to 19/20	225.0	Funded from c/f 18/19 falling rolls fund
	Schools Block to High Needs Transfer	505.0	-	0.5% agreed by Schools Forum Feb 2018	1,000.0	1% Agreed Schools Forum Sept 2018
	<b>Total Schools Block</b>	<b>101,368.3</b>	<b>- 354.9</b>	<b>Underspend to Carry Forward</b>	<b>101,557.4</b>	Provisional 19/20 Schools block budget overallocated by £96k versus the indicative allocation after growth adjustment
<b>Central Services Block</b>						
	Copyright Licences	97.2	-	DfE DSG topslice	98.2	Assumed 1% uplift
	Asset Management	1,435.0	7.5		1,435.0	Unchanged
	Education/Schools Central Management	402.1	192.0	HNB Project Capacity	408.9	18/19 plus 2% Pay inflation
	Other Central Management	944.8	- 315.8	Efficiency to deliver HNB transfer from 19/20	98.2	Efficiency HNB
	Virtual School	276.0	-		281.5	18/19 plus 2% Pay inflation
	Attendance, Child Employment and Admissions	518.9	- 13.2	Pension cost saving	529.3	18/19 plus 2% Pay inflation
	Education Finance Team	320.8	50.0	Early Years finance advice and support	327.2	18/19 plus 2% Pay inflation
	School Meals Contract Support	180.0	123.0	Prior yr payments outstanding	180.0	TBC subject to contract arrangements
	Lila Huset Development Centre	200.0	- 78.5	In year unspend	204.0	18/19 plus 2% Pay inflation
	Clothing Grant	55.0	35.0	Clothing grant exceeds spend	90.0	
	Transfer to High Needs Block	-	-		750.0	Central Services Budget to High Needs Block
	<b>Total Central Services Block</b>	<b>4,429.8</b>	<b>-</b>		<b>4,402.3</b>	Provisional Indicative Allocations July 2018

## Agenda Item 5

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>SCHOOLS FORUM</b></p> <p align="center"><b>Tuesday, 20 November 2018</b></p>	
<p><b>High Needs Block Update</b></p>		
<p><b>Report of the Cabinet Member for Education and Children’s Services</b></p> <p><b>Councillor Larry Culhane</b></p>		
<p><b>Open</b></p>		
<p><b>Classification - For Scrutiny Review &amp; Comment</b></p> <p><b>Key Decision: No</b></p>		
<p><b>Wards Affected: (All Wards); All</b></p>		
<p><b>Accountable Director:</b> Steve Miley, Director of Children’s Services</p>		
<p><b>Report Author:</b> Mandy Lawson, Assistant Director SEND</p>	<p><b>Contact Details:</b></p> <p><b>Tel:</b></p> <p><b>E-mail:</b></p>	
<p><b>Purpose of the report</b></p> <p>To provide a regular update on the financial position of the DSG High Needs Block and the local response to identified funding pressures.</p>		

## Schools Forum 20<sup>th</sup> November 2018

### HIGH NEEDS BLOCK (HNB) UPDATE

#### 1. High Needs Block Position 2018/19

High Needs Block Position Period 05 (August) 2018/19	
	£000s
High Needs Block brought forward retained deficit	7,032
Forecast Overspend HNB 2018/19	6,400
Estimated High Needs Block carried forward deficit to 2019/20	13,432

2. **HNB Meeting with Dfe:** council officers met with representatives from the ESFA and Dfe in October to set out our concerns over the level of HNB allocation relative to the growth in local need (see Table 1. below), and to understand their plans (if any) to alter formulas and/or make exceptional funding available.

**Table 1. Relative Growth in EHCP Maintained and HNB Allocation**

	15/16	16/17	17/18	18/19	19/20	% Growth
<b>HNB Allocation £ ,000</b>	16,447	16,173	16,368	17,901	18,986	15%
<b>EHCP Maintained</b>	725	783	776	906	1148	58%
<b>Requests for EHCP</b>	93	142	187	234		151%

#### Headline Feedback

- The planned national spending review is unlikely to start before summer 2019 and won't report until late autumn 2019.
- In the meantime, no supplementary HNB funding to local authorities available: Kingston was a special case (negative General Reserves) and was on basis of a repayable advance of grant.
- Dfe recognition that HNB formula may need tuning: this could include 'unwinding' the weighting toward historical allocation (that adversely affects LBHF) – so possibility that our allocation might improve over time, but likely to be marginal.
- Dfe noted the use of HNB to continue the Tri-borough policy of additional (non-statutory) funding to primary schools for children with an EHCP, and questioned whether this was incentivising requests for an EHCP/working against inclusion. Work is underway with schools to gain a better understanding of how this money is currently being used. Findings will be used to inform 2019/20 schools budget consultation proposals expected to go out to schools late November.
- In short, the main message coming back is that we cannot rely on government funding increases, and will need to be pro-active in working together with education providers to make sure we are making the most cost-effective use of all resources

3. **Addressing the HNB Overspend - 'Phase 1' Progress:** a paper was taken to and agreed by September 2018 Schools Forum, setting out proposals for addressing the LA High Needs Block overspend through a range of cost recovery, service efficiency and funding re-deployment initiatives:
- **Dis-application from Schools Block in 2019/20:** a detailed submission will be made to the ESFA in November for transfer of funding to the HNB under the terms agreed at School Forum, i.e. up to £1m subject to final allocation and within constraints of the minimum funding guarantee.
  - **Cost Recovery for Non-Resident Children:** letters have gone out to all Local Authorities that place children with an Education, Health and Care Plan in LBHF-maintained schools, informing them our intention from September 2018 to recover costs incurred in the delivery of wrap-around provision and place administration for non-resident children.
  - **Targeted Primary Funding:** a sample audit of maintained primary schools is underway, with the intention of gaining a better understanding of how schools are using the funding provided from the HNB for children with an EHCP (in addition to agreed top-up). Findings and analysis will be used to inform discussions in phase 2 of how resources can be effectively deployed across the whole-system, particularly with regard to earlier intervention/inclusion.
4. **Addressing the HNB Overspend - 'Phase 2' Whole System Approach:** The HNB Update to the September 2018 Schools Forum set out a proposal for working jointly with schools to undertake a 'whole system' review encompassing mainstream, targeted and specialist settings and provision. With the intention of reviewing the role that each play in identifying and meeting special educational needs, and identifying how all available resources can be used most effectively.

A letter has now gone out to schools requesting named Head Teacher involvement in joint governance and workgroups. Starting with the first meeting of a new time-limited, Funding Pressures Overview Board starting in January 2019, with a remit to:

- Provide leadership in a comprehensive 'whole system' strategy for responding to financial pressures across all DSG Blocks and relevant General Fund spend
- Define and develop viable options for mitigating financial pressures through improved cost-control and opportunities for income generation
- Promote the wider engagement of schools and other stakeholders and mobilise involvement in specific areas of work where needed (e.g. input of SENCO's to developing inclusive education)

5. **Revised Dfe Guidance for Reporting DSG Deficits:** Dfe have recently issued a consultation document on proposed new arrangements for Local Authorities to report on and address cumulative DSG deficits. Proposals include:

- a report will now be required from all local authorities that have an overall *cumulative* DSG deficit of 1% (previously 2%), outlining their recovery plans
- recovery plans to detail the steps LA plan to take to provide statutory services within the annual funding envelope – to be “discussed with, and if possible, agreed with, the local Schools Forum”
- where a local authority has a cumulative overspend, producing a deficit on its DSG reserve, its recovery plan should look to **bring the overall DSG account into balance within a maximum of three years** – exceptions possible.
- In all cases, recovery plans to demonstrate how they will **bring in-year spending in line with in-year resources within three years at most**
- a submission deadline of June 2019 in respect of deficits at the end of 2018 to 19.

The deadline for LA responses on the consultation document is 7<sup>th</sup> December 2018. A copy of the consultation paper has been included with Schools Forum papers. **If you would like to contribute please send your response to [Lize.Ferreira@lbhf.gov.uk](mailto:Lize.Ferreira@lbhf.gov.uk)**

**2019/20 Schools Budget Consultation**

**Funding Arrangements for the  
Education of 2 – 15 Year Olds (2019/20)**

**22<sup>nd</sup> November 2018**

## Contents

- 1. Introduction and Context**
- 2. Schools Budget** - An Overview
- 3. Schools Block** - Proposed LBHF Funding Formula for Mainstream Schools
- 4. Early Years Funding** - Funding for Free Nursery Education for Three & Four Year Olds<sup>6</sup>
- 5. High Needs Block** - Funding Pupils with a High Level of SEND in Mainstream Settings
- 6. Appendices**
- 7. Full List of Consultation Questions**



## 1. Introduction and Context

- 1.1. This consultation document sets out proposals for the funding of maintained schools, academies, free schools and early years providers from April 2019 following discussion and consultation at LBHF Schools Forums held on 18th September and 20<sup>th</sup> November 2018.
- 1.2. All references to schools relate to all maintained schools, academies and free schools, unless otherwise indicated.
- 1.3. Copies of the document are available on the LBHF Council Website, publicised on Schools Zone and emailed directly to Schools Business Managers, Headteachers, and Chairs of Governors of all LA Maintained Schools, Academies, Trade Unions, Diocesan Boards, Early Years Providers (Maintained Nursery Schools, PVI Nurseries and Child Minders) and the Family Support Service.
- 1.4. All financial information and modelling contained in this document is with respect to provisional budgets notified to LBHF by the Department for Education and The Education Skills Funding Agency and is subject to further change.
- 1.5. Financial illustrations are based on October 2017 pupil data and are therefore indicative only and may not be entirely representative of future calculations following census data in the Autumn and Spring terms of the 2018/19 academic year.
- 1.6. You are invited to comment and feedback on the proposals by completing the attached response form in Section 7. This should be emailed no later than Friday 14<sup>th</sup> December 2018 to Tony Burton, Head of Children's and Education Finance at [tony.burton@lbhf.gov.uk](mailto:tony.burton@lbhf.gov.uk)  
**Please only one response per school or provider**
- 1.7. Consultation responses will be collated and reported to LBHF Schools Forum on Tuesday 15<sup>th</sup> January 2019 where final 2019/20 budget proposals will be agreed.
- 1.8. After the consultation closes on 14<sup>th</sup> December 2018, LBHF expect to receive the following updates from DfE/ESFA:
  - Final Schools Block allocations 2019/20
  - Updated Early Years National Funding Formula Guidance and regulationsThe Budget models will be reworked during the Christmas/New Year break and final proposals prepared for Schools Forum on 15<sup>th</sup> January 2019.
- 1.9. Following the School Break LBHF will be running an open workshop for schools on 8<sup>th</sup> January 2019, 15:30 to 18:30 at the Lilla Huset PDC. The focus of this workshop will be the final schools budget share model. Schools colleagues can book onto the course using the link below.

<https://www.theillahuset.com/events/1920-final-budgets-proposed-workshops/>

## **2. Schools Budget - An Overview**

- 2.1.** The Government implemented the first phase of their School Funding Reforms in 2013/14 aimed at providing a fairer, more consistent and transparent national funding system.
- 2.2.** The Dedicated Schools Grant (DSG) was frozen at the level received by individual local authorities (LAs) in 2012/13. The DSG was then notionally separated into three blocks:
- Schools Block – pupils aged 5 to 15 - restricted local proxy factors used in formula
  - Early Years Block – subject to eligibility, free nursery education for ages 2 to 4
  - High Needs Block – for pupils aged 0-25 with an Education Health Care Plan to meet additional need above the level schools and institutions are expected to provide from their funding under the Schools and Early Years Blocks.
- 2.3.** The Government confirmed the intention to continue with the implementation of the National Funding Formula (NFF) in 2017. Changes for 2018/19 were:
- New Central Services Block of the Dedicated Schools Grant
  - Earliest year that the full National Funding Formula for the Schools Block would be implemented would be 2020/21 (subsequently revised to 2021/22 in Summer 2018 NFF update).
- 2.4.** Funding is allocated to Local Authorities based on NFF rates with Local Authorities together with Schools Forum deciding on a Local Funding Formula for 2019/20 and 2020/21. Changes for 2019/20 include:
- Schools Block - In addition to the 0.5% minimum per pupil funding increase based on 2017/18 per pupil funding rates in 2018/19, local authorities would receive a further 0.5% minimum per pupil funding increase for 2019/20.
  - Early Years Block – Funding is allocated as per the Early Years National Funding Formula (EYNFF) implemented through the transitional period in 2017/18 and 2018/19. For 2019/20 LBHF are expected to follow the national guidelines and regulations for EYNFF.
  - High Needs Block – Allocations to Local Authorities will be based on 50% on proxy indicators and 50% on planned spend reported for 2017/18 as the baseline, plus 0.5%. It is important to note that LBHF receive

significantly less than current High Needs Block expenditure and therefore the council hold a significant retained High Needs Block deficit.

- Central Services Block – National Funding Formula allocation for statutory duties for all schools and central services previously funded from the Schools Block on the actual planned spend in 2017/18. The DfE have indicated that the historic allocation for Central Services will be reduced over time from 2020/21 as part of the NFF and to ensure fairness in funding levels across all Local Authorities.

**2.5.** Changes in Dedicated Schools Grant Budget by block are shown in the table 1 below.

Table 1 – Summary of Breakdown in Dedicated Schools Grant (DSG) since 2017/18 (2019/20 indicative) before academy recoupment

	2017/18 Allocation £m	2018/19 Allocation £m	2019/20 Allocation £m	Change 18/19 to 19/20 £m
Schools Block*	104.5	101.4	101.7	+0.3
High Needs Block*	20.0	21.2	21.7	+0.5
Early Years Block *	15.7	15.8	15.8	0
Central Services Block		4.4	4.4	0
Total	140.2	142.8	143.6	+0.8

\* Note that Schools Block allocation included the Central Block allocation in 17/18

\*LBHF is a significant net importer of pupils with EHCP's from other local authorities. The new funding formula introduced in 1819, includes an adjustment for this and explains the increase in funding received in 2018/19.

\* Early Years allocations for 2018/19 and 2019/20 will be updated following the January 2019 census

### **3. Schools Block - Proposed LBHF Funding Formula for Mainstream Schools**

#### **3.1. Context and 2018/19 Local Formula**

- 3.1.1.** The Schools Block is the main source of funding for mainstream schools (from reception to year 11). Mainstream Schools may receive other funding from the High Needs and Early Years Blocks and other sources of funding outside of the Dedicated Schools Grant such as Pupil Premium and Post 16 Grants.
- 3.1.2.** Schools Block funding is allocated by the Local Authority to schools using a funding formula. There is local discretion with respect to factor rates until 2020/21.
- 3.1.3.** The 2018/19 LBHF funding formula continued the key elements of the 2017/18 local funding formula. There was no move towards National Funding Formula rates.

#### **3.2. Proposals for 2019/20 following Schools Forum September 2018**

- 3.2.1** School funding workshops took place for mainstream maintained and academy schools over 5 days during a week in October. Schools were given indicative 2019/20 budgetary information which was discussed in detail with a steer towards producing three-year budget plans.
- 3.2.2** Schools forum were previously presented with indicative formula allocations based on the 2019/20 formula being allocated on existing factors, a transitional factor moving towards full implementation of the National Funding Formula (NFF) or by using the ESFA proposed full NFF factors.
- 3.2.3** Schools forum agreed that the 2019/20 schools budget share should be allocated using the NFF transitional rates. These factors are calculated by adjusting the 2018/19 local funding formula factors by one third to move the factor values equally towards the full NFF rates over three years. These factors can be seen in Appendix 2.
- 3.2.4** The allocation of the formula using the NFF transitional rates has a minimal impact on the total school budget share. However, the transitional rates distribute a higher level of funding through the pupil led factors rather than the minimum funding guarantee (MFG). Moving towards the NFF factor value rates over the remaining transition period to 2020/21 therefore allows schools to better anticipate how funding will be allocated under the NFF full implementation.
- 3.2.5** The MFG assumed in the 2019/20 draft budget model is minus 1.5%. The indicative school budget allocations based on NFF transitional factors on this

basis are shown at Appendix 1. For comparative purposes the NFF transitional figures are shown compared to the allocation based on the full NFF factors and the current existing factors. The existing factor's AWPU rate has been scaled down to ensure comparability of the models and to distribute the same overall budget envelope. The factor rates are shown in Appendix 2.

### 3.3. Assumptions in calculating the indicative school budget share allocations

- 3.3.1.** Pupil Census - The indicative 2019/20 figures calculated using the ESFA draft Authority Proforma Tool (APT) contain the **October 2017** pupil census dataset for numbers on roll, deprivation, low prior attainment and English as an additional language. The October 2018 pupil census data will be embedded in the final APT issued to the authority in late December and will be used to calculate the final 2019/20 school budget shares.
- 3.3.2.** Growing and expanding schools - The school funding regulations require that local authorities should estimate the pupil numbers expected to join the school in September 2019 and fund proportionately. The expected new intake numbers are scaled down by using 7/12 as a multiplier to ensure that these pupils are included in the 2019/20 school budget share allocation for September 2019 to March 2020. For the indicative allocation the numbers shown in Table 2 have been used.

Table 2 – increase in NOR for growing and expanding schools

School Name	Expected increase in numbers at September 2019	Number applied in funding formula (7/12)
Earl's Court Free School	30	17.5
West London Free School	60	35
The Fulham Boys School	40	23.33
Ark Burlington Danes	56	32.66
St John XXIII Catholic Primary School	20	11.66
St Stephens CofE Primary School	30	17.5
Sacred Heart High School	20	11.66

- 3.3.3.** The ESFA have provided illustrative 2019/20 schools block funding figures to enable local authorities to model an indicative 2019/20 school budget share. These figures are shown at Table 3.

Table 3 – 2019/20 illustrative schools block allocation

Pupil numbers	16,663
<b>Factor type</b>	£

Pupil led/School led	99,106,130
Premises/mobility	1,338,371
Growth funding	1,251,953
<b>Provisional 2019/20 school block funding</b>	<b>101,696,454</b>

- 3.3.4.** In 2019/20 the ESFA are introducing a formulaic approach to allocating growth funding within the schools block allocations to ensure that it's distributed fairly and consistently. The funding will be based on actual growth that local authorities experience rather than historic spend.
- 3.3.5.** The ESFA have provided local authorities with a tool to estimate what the level of 2019/20 growth funding could be. Predicted pupil numbers have been used to inform this calculation. This results in a growth allocation of £791,271 which is **£460,000 lower** than the predicted growth allocated in the 2019/20 illustrative schools block allocation.
- 3.3.6.** The ESFA have stressed that the revised figure is only an illustration of growth funding. The actual growth allocation will be based on October 2018 census data and will be subject to additional checks and analysis.
- 3.3.7.** Local authorities are not expected to allocate growth funding to schools using the ESFA methodology. It is purely a mechanism for allocating funding at local authority level and not at individual school level.

### **3.4. Falling Rolls**

- 3.4.1** ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support **good and outstanding schools only** with falling rolls where local planning data shows that surplus places will be needed within the next three financial years. The criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Schools Forum should agree both the value of the falling rolls fund and the criteria for allocation.
- 3.4.2** Initial indications are that it is not possible to allocate funding from the 2019/20 schools block to fund falling rolls. This is primarily because of the expected lower funding allocation for growth (highlighted in paragraph 3.3.5) and because of the dis-application request to transfer one percent of schools block funding to the high needs block (see paragraph 3.5.5)
- 3.4.3** A falling rolls fund was created in 2018/19 of £590,500. Allocations totalling £365,501 have been made in 2018/19 as agreed by Schools Forum in February 2018. There is therefore a fund available in 2019/20 of £225k to provide falling rolls protection.

- 3.4.4 Schools will be asked to apply on an individual basis for consideration of 2019/20 funding where falling rolls are expected. Schools should use question **SB3** of the Survey Response in Section 7 outlining their reasons for consideration by Schools Forum.
- 3.4.5 The criteria agreed with Schools Forum for consideration of access to the falling rolls fund is:
- Schools where the percentage fall is greater than 5% year on year (October 2017 to October 2018)
  - Where schools can demonstrate a clear plan to reverse their falling rolls. The LA will recommend successful bids to Schools Forum.
  - Good and Outstanding Schools only per ESFA regulations
- 3.4.6. It is proposed to allocate the falling rolls fund for maintained schools and academies pro-rata to places above the 5% threshold. This is subject to the school's bid submission meeting the criteria. The funding will be allocated based on the appropriate Age Weighted Pupil Unit (AWPU) and if necessary will be scaled down to ensure that the funding is contained within the falling rolls allocation of £224,999, subject to Schools Forum approval.

### 3.5. Dis-application requests for 2019/20

- 3.5.1. Local authorities are required to submit a formal request to apply to the Secretary of State for Education to disapply the School and Early Years Finance (England) Regulations or to vary conditions in the Dedicated Schools Grant.
- 3.5.2. Schools forum have agreed the following dis-application request summarised in Table 4.

Table 4 – Proposed dis-application request

<b>Disapplication Request</b>	<b>Type of request</b>	<b>Impact on DSG Block</b>
Adjustment to MFG factor for through schools to ensure appropriate AWPU rates are applied for each key stage (Movement within Schools block)	MFG Factor	£70,000 more distributed across remaining schools within block

Schools Block to High Needs Block Funding Transfer (2019/20)	Transfer between blocks	£1,000,000 movement
Proposed Central Services to High Needs Block Funding Transfer (2019/20)	Transfer between blocks	£750,000 movement

- 3.5.3. The MFG factor is designed to ensure that schools are protected on a per pupil basis. The current ESFA Authority Proforma Tool cannot differentiate between the primary and secondary phase pupils at one school in LBHF. Therefore, the MFG baseline is automatically weighted towards the higher MFG per pupil in the Secondary phase for all pupils including those in the Primary phase, creating an incorrect higher school budget share.
- 3.5.4. It is standard practice to rectify this for 'all-through' schools via this dis-application process. The LA intend to make this request annually from 2019/20 subject to Schools Forum approval. The School concerned has been consulted with on this issue separately.
- 3.5.5. A transfer of Schools Block to High Needs Block of up to £1m (circa 0.98% of the Schools Block provisional allocation for 2019/20) has been proposed and provisionally agreed with Schools Forum pending final budget decision in January 2019. This is to support current projected levels of expenditure in 2019/20 on Hammersmith and Fulham pupils with High Needs.
- 3.5.6. In addition to the transfer indicated in paragraph 3.5.5, it is proposed that the Local Authority target a £0.75m efficiency saving from central services (17% of the provisional allocation) currently funded from the Central Block and use this to further support anticipated expenditure on High needs pupils from 2019/20.

### 3.6. Consultation Feedback on Schools Block Proposals

- 3.6.1. The following areas for feedback are included in Section 7 – Consultation Feedback Survey

**SB1** – Do you have any comments or feedback on the proposal to move towards NFF factor rates with a 1/3 step move to NFF rates (NFF transitional factor rates) - as opposed to moving faster to full implementation or retaining current local factor rates. (Section 3.2 and Appendix 2)

**SB2** – Do you have any comments or feedback on the proposal to establish a limited falling rolls fund (Section 3.4) in 2019/20 and to target falling roles protection to:

- a) Good and outstanding schools most adversely impacted by falling rolls - greater than 5% reduction in the year to October 2018 and



- b) schools that can demonstrate a plan to reverse the falling rolls over the medium term

Schools should state the basis for application against this funding in 2019/20 with their consultation response by the deadline of **14<sup>th</sup> December 2018** (subject to Schools Forum Decision in January 2019) – see paragraph 1.6.

**SB3** - Do you have any comments or feedback on the proposal to transfer up to £1m of Schools Block funding, and £0.75m of efficiency from Local Authority Central Services to support expenditure for LBHF children with High Needs in 2019/20? (Paragraph 3.5.5)

**SB4** – Any other comments or feedback on the proposed LBHF Schools Block Funding Formula or other ways to reduce costs through innovation, further collaboration or cost sharing arrangements? (section 3)

#### 4. **Early Years Funding - Funding for Free Nursery Education for Two, Three & Four Year Olds**

##### 4.1. **Early Years Funding Overview**

4.1.1 There are six funding streams in the early years block of the DSG, as set out below. The focus of this paper, is the early years entitlement for 3 & 4 year olds (YO), which constitutes the bulk of the funding and which is also subject to pass through and other requirements, since the introduction of the Early Years National Funding Formula (EYNFF) on 01 April 2017.

4.1.2 Summary explanations including funding rates applicable in 2018/19 are provided below:

- Universal entitlement for 3 & 4 YO – 15 hours free childcare for all 3 and 4 YO available from the term after their 3<sup>rd</sup> birthday for a maximum of 38 weeks per year. Funding is received by LBHF at £7.92 per hour.
- Additional entitlement working parents 3&4 YO – additional 15 hours free childcare for eligible 3 and 4 YO from the term after their 3<sup>rd</sup> birthday for a maximum of 38 weeks. Parents are required to obtain a 30-hour code. Funding received is £7.92 per hour.
- Disadvantaged 2 YO – 15 hours free childcare for eligible 2 YO from the term after their 2<sup>nd</sup> birthday for a maximum of 38 weeks per year. Funding received is £6.50 per hour and this is passed on at the same rate to providers. There are some CP/CIN 2YO who are entitled to this funding and this is passed to providers in the normal way.
- Early Years (EY) Pupil Premium – additional funding for disadvantaged 3 and 4 YO paid as a top up of £0.53p per hour up to a maximum of £302.10 per year. Eligibility relates to benefits received by the family and must be confirmed by the provider and recorded on the termly head count.
- MNS supplementary Funding – additional funding for maintained nurseries to reflect the higher running costs of a nursery outside a primary school setting. This has been calculated by the ESFA based on 2016/17 baseline data provided by the Local Authority (LA)/LBHF and is estimated to be £868k in both 2018/19 and 2019/20 financial years. This is also based on headcount data from the January census.
- Disability Access Fund – additional per pupil funding for those receiving DLA to access the 3 and 4 YO offer. This is currently £650 per eligible pupil.

##### 4.2. **3 & 4 YO Offer 2019/20 Initial Draft Budget Model**

4.2.1. The initial 2019/20 DFE allocation will be based on January 2018 headcount and this will be revised in July 2019 to reflect the January 2019 data. The

funding assumed in the modelling for 2019/20 is based on January 2019 estimated headcount numbers. The indications based on trends from 2017/18 are that 2 headcounts will be very similar.

4.2.2. The 19/20 initial budget model is summarised below in table 5:

Table 5 – Draft 19/20 Budget Model 2019/20

	<b>19/20 Budget</b>	<b>18/19 Budget</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Participation based on estimated hours - base rate	10,903	10,437	466
Participation based on estimated hours - deprivation	1,363	639	724
Protection for schools against 2016/17 baseline		1,875	-1,875
Central services expenditure - 5% maximum allowed	686	682	4
SEN Inclusion Fund	300	300	0
Balance – to cover contingency and CP/CIN	481	50	431
<b>TOTAL SPEND</b>	<b>13,733</b>	<b>13,983</b>	<b>-250</b>
DSG EY funding	-13,733	-13,983	250
<b>NET POSITION</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>

4.2.3. The breakdown of the hourly funding rate of £7.92 is shown in the table 6 below

Table 6: 2019/20 Breakdown of Factors and Hourly Rates Applied

<b>Factors</b>	<b>Rate per Hour £</b>	<b>Rate per Hour %</b>
A. Basic hourly rate per child	£6.30	80%
B. Deprivation hourly rate (av)	£0.70	9%
C. SEN Inclusion Fund	£0.17	2%
D. Contingency & CP/CIN	£0.35	4%
E. Central Support	£0.40	5%
<b>Total</b>	<b>£7.92</b>	<b>100%</b>

4.2.4. The proposed elements of the 2019/20 model per table 6 are outlined below:

4.2.5. All providers (schools, PVI's and childminders) to be funded according to the DFE regulations through a universal base rate and a supplement for deprivation based on IDACI bandings for individual children. Deprivation is a mandatory supplement. The value of supplements must not exceed 10% of the total amount of the payments made.

A. Universal base rate

The suggested base rate is £6.30 per hour – this is an increase of 20p over the 2018/19 rate equivalent to 3% to cover inflationary increases in running costs especially staffing.

B. Deprivation

The suggested deprivation rate ranges from £0.30 for Band 9 to £1.40 for Band 1. Analysis of the May 2018 cohorts shows that the average rate for schools is £1.09 and for PVI's and Childminders £0.58. These average rates have been used in the 2019/20 budget model above. The average rate across all providers is £0.70 per hour.

C. SEN Inclusion Fund

The LA is required to use some of the funding received as part of the 3 & 4 YO funding to operate an SEN Inclusion Fund.

This fund is intended to support local authorities to work with providers to address needs of individual children with SEN. The majority of the fund should be passed on to providers in the form of top up grants on a case by case basis

LBHF needs to establish a local offer after consultation with providers, parents, and SEN specialists.

The model assumes an indicative figure of £300k but a detailed budget will be produced in due course that funds the agreed local offer. This equates to £0.17 per hour. See C above.

Note: 2 YO SEN inclusion must be funded from the High Needs Block.

D. CP/CIN & Contingency

The model above shows CP/CIN and contingency on a separate line. This budget provision is intended to ensure childcare for the most vulnerable children in the borough.

This will require a disapplication request to the DFE to increase the percentage of funding retained for central services over the allowed maximum of 5%.

E. Central services

The model assumes a budget for central services of £686k which is the maximum amount allowed (5% of total 3 and 4 YO funding) under regulations.

Further work is required on the detail for this budget but in the current year the services funded include the Early Years Advisors and Children's Centres in Family Support, Early Help, and Early Years Curriculum Advisors.

The 18/19 forecast for Central Services is £755k so efficiencies are required to keep this spend within 5% cap.

#### **4.3. Consultation Feedback on Early Years Block Proposals (3 and 4 year old element funding element)**

4.3.1. The following areas for feedback are included in Section 7 – Consultation Feedback Survey

**EY1** – Do you have any comments or feedback on the draft Early Years 3&4 year old budget proposals and the proposed universal base rate of £6.30 per hour in 2019/20?

**EY2** – Do you have any comments and feedback on the proposals for the SEN Inclusion Fund?

**EY3** – Do you have any comments and feedback on the proposals for the CP/CiN and contingency?

**EY4** – Do you have any comments and feedback on the current payment process of one payment per term which includes an adjustment for the previous term and an estimate for the next term?

## **5. High Needs Block (HNB) - Funding Pupils with Special Educational Needs**

### **5.1. National Funding Formula for High Needs**

- 5.1.1. No further changes to the High Needs Block National Funding Formula have been notified by DfE.
- 5.1.2. Increases in funding for HNB are limited by a gains cap of 3% for underfunded Local Authorities.
- 5.1.3. The increase in the LBHF provisional HNB allocation for 19/20 is welcome but it does not address the significant growth in SEN Support and Education Health and Care Plans over recent years.
- 5.1.4. **Notional SEN Budget** – This budget is an identified amount of money within a School's overall budget that is to contribute to the special education provision of children with SEN or disabilities. It is allocated to Schools from within the Schools Block of the Dedicated Schools Grant.

### **5.2. Financial Position and Approach**

- 5.2.1. The forecast overspend on the High Needs Block for 2019/20 is £6.4m leading to a cumulative deficit forecast of £13.4m by the end of this financial year.
- 5.2.2. Schools and the Council intent will engage in a comprehensive full system strategy to develop options to mitigate the financial pressures and ensure all High Needs block expenditure is needs led and deployed effectively to ensure the best possible outcomes for children.

### **5.3. Consultation Feedback on High Needs**

**HN1** – Please give us your views on Headteacher and Schools involvement in joint governance and workshops to provide leadership and to a whole systems approach indicated in paragraph 5.2.2.

**HNB2** - Do you have further suggestions on how we can improve services in this area within the budget envelop available?

## **6. Appendices - Schools Block (Mainstream Schools Only)**

Appendix 1 - Indicative school budget allocations based on NFF transitional factors compared with adjusted local factors and full NFF factors (also versus 2018/19 final allocations)

Appendix 2 - List of draft factor rates for 2019/20 Schools Block Authority Proforma Tool

## 7. Consultation Questions for Feedback

Please send responses and requests for consideration of falling rolls protection to [tony.burton@lbhf.gov.uk](mailto:tony.burton@lbhf.gov.uk) no later than Friday 15<sup>th</sup> December 2018.

### Schools Block

**SB1** – Do you have any comments or feedback on the proposal to move towards NFF factor rates with a 1/3 step move to NFF rates (NFF transitional factor rates) - as opposed to moving faster to full implementation or retaining current local factor rates. (Section 3.2 and Appendix 2)

**SB2** – Do you have any comments or feedback on the proposal to establish a limited falling rolls fund (Section 3.4) in 2019/20 and to target falling roles protection to:

- c) Good and outstanding schools most adversely impacted by falling rolls - greater than 5% reduction in the year to October 2018  
and
- d) schools that can demonstrate a plan to reverse the falling rolls over the medium term

Schools should state the basis for application against this funding in 2019/20 with their consultation response by the deadline of **14<sup>th</sup> December 2018** (subject to Schools Forum Decision in January 2019) – see paragraph 1.6.

**SB3** - Do you have any comments or feedback on the proposal to transfer up to £1m of Schools Block funding, and £0.75m of efficiency from Local Authority Central Services to support expenditure for LBHF children with High Needs in 2019/20? (Paragraph 3.5.5)

**SB4** – Any other comments or feedback on the proposed LBHF Schools Block Funding Formula or other ways to reduce costs through innovation, further collaboration or cost sharing arrangements? (section 3)

### Early Years Block

**EY1** – Do you have any comments or feedback on the draft Early Years 3&4 year old budget proposals and the proposed universal base rate of £6.30 per hour in 2019/20?

**EY2** – Do you have any comments and feedback on the proposals for the SEN Inclusion Fund?

**EY3** – Do you have any comments and feedback on the proposals for the CP/CiN and contingency?

**EY4** – Do you have any comments and feedback on the current payment process of one payment per term which includes an adjustment for the previous term and an estimate for the next term?



**High Needs Block**

**HN1** – Please give us your views on Headteacher and Schools involvement in joint governance and workshops to provide leadership and to a whole systems approach indicated in paragraph 5.2.2.

**HNB2** - Do you have further suggestions on how we can improve services in this area within the budget envelop available.

End of report, appendices follow










School Name	MODEL	Basic Entitlement (Primary)	Basic Entitlement (KS3)	Basic Entitlement (KS4)	Deprivation	EAL	LAC	Low attainment	Mobility	Premises factors	19-20 MFG Adjustment	19-20 Post MFG Budget	19-20 Post MFG per pupil Budget
School 47	2018/19 Final budget	1,188,868	0	0	105,201	39,014	1,117	49,959	0	187,535	0	1,571,693	4,692
	Existing Factors	1,370,286	0	0	123,729	45,885	1,313	48,964	0	187,535	13,339	1,791,051	4,546
	NFF transitional factors	1,358,512	0	0	111,506	52,287	875	60,786	0	187,334	19,783	1,791,083	4,546
	NFF full factors	1,278,924	0	0	87,111	64,985	0	84,499	0	186,932	88,696	1,791,147	4,546
School 48	2018/19 Final budget	1,415,995	0	0	426,167	61,627	810	117,151	5,525	185,483	0	2,212,758	5,549
	Existing Factors	1,387,675	0	0	426,167	61,627	810	117,151	5,525	185,483	0	2,184,438	5,475
	NFF transitional factors	1,375,752	0	0	395,306	70,226	540	145,435	3,691	185,282	7,564	2,183,796	5,473
	NFF full factors	1,295,154	0	0	333,647	87,281	0	202,169	0	184,880	80,659	2,183,790	5,473

## Appendix 2 - Funding formula factor values

<b>Funding Factors</b>	<b>A NFF unit values (incl. ACA) £</b>	<b>B LBHF local Factors £</b>	<b>C 2019/20 NFF transitional factors £</b>
<b><u>Basic per-pupil funding</u></b>			
AWPU Primary	3246	3478	3448
AWPU Secondary – KS3	4565	5032	4945
AWPU Secondary – KS4	5183	5032	5151
<b><u>Deprivation</u></b>			
FSM top up – Primary	520	0	173
FSM top up – Secondary	520	0	173
FSM6 – Primary	638	796	743
FSM6 - Secondary	928	1350	1209
Idaci band F – Primary	236	550	445
Idaci band F - Secondary	343	750	614
Idaci band E – Primary	284	550	461
Idaci band E - Secondary	461	750	654
Idaci band D – Primary	425	600	542
Idaci band D - Secondary	609	800	736
Idaci band C – Primary	461	600	554
Idaci band C - Secondary	662	850	787
Idaci band B – Primary	496	650	599
Idaci band B - Secondary	709	900	836
Idaci band A – Primary	679	700	693
Idaci band A - Secondary	957	950	952
<b><u>Low prior attainment (LPA)</u></b>			
LPA – Primary	1208	700	869
LPA - Secondary	1832	1650	1711
<b><u>English as an additional language (EAL)</u></b>			
EAL – Primary	609	430	490
EAL – Secondary	1637	1350	1446
<b><u>Mobility</u></b>			
Mobility	0	250	167
<b><u>Looked after Children</u></b>			
Looked after Children	0	800	533
<b><u>Lump Sum</u></b>			
Lump sum – Primary	129,989	130,592	130,391
Lump sum – Secondary	129,989	130,592	130,391
<b><u>Sparsity</u></b>			
Sparsity – Primary	25,000	0	0
Sparsity - Secondary	65,000	0	0

# Agenda Item 7

## Agenda Item 7

	<b>London Borough of Hammersmith &amp; Fulham</b> <b>SCHOOLS FORUM</b> <b>Tuesday, 20 November 2018</b>
<b>High Needs Block Update</b>	
<b>PROPOSED AMENDMENTS TO THE SCHOOLS FINANCING SCHEME – November 2018</b>	
<b>Report of the Cabinet Member for Education and Children’s Services</b> <b>Councillor Larry Culhane</b>	
<b>Open</b>	
<b>Classification - For Scrutiny Review &amp; Comment</b> <b>Key Decision: No</b>	
<b>Wards Affected: (All Wards); All</b>	
<b>Accountable Director:</b> Steve Miley, Director of Children’s Services	
<b>Report Author:</b> Tony Burton, Head of Finance	<b>Contact Details:</b> <b>Tel:</b> 020 8753 5405 <b>E-mail:</b> tony.burton@lbhf.gov.uk

### **Purpose of the report**

To incorporate all amendments arising from the DfE’s issue 9 of the statutory guidance on schemes for financial schools relating to Section 48 of the School Standards and Framework Act 1998.

To make further proposals in order to reflect the changes in the Finance Education structure and its line of accountability. Local authority proposals aim at clarifying the extent of the LA’s capacity for liability towards redundancy costs incurred by schools as well as the expectations the Local Authority has in terms of financial planning from schools.



## 1. Introduction

- 1.1. Issue 9 of the statutory guidance from the Department for Education for local authorities on schemes for financing schools, was published in March 2018.
- 1.2. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools' forum.
- 1.3. Issue 9 includes both directed revisions from Issue 8, as well as other updates made by the ESFA from the prior version.

## 2. Directed revision from Issue 8

- 2.1. The Secretary of State has directed, following consultation with Local authorities, that from 22 March 2018, the specific text should be included in the Scheme for Financing on loans to schools. The prior scheme wording is as below:

**Section 4.10 Loan schemes**

There is no loan scheme in place for schools within the Authority.

### Proposed New Wording

“The secretary of state has clarified that loans should only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under para.13(4) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

There is no loan scheme in place for schools within LBHF for either revenue or capital loans”

## 3. Other ESFA updates from Issue 8

- 3.1. Updates have been made to the guidance, to mirror changes in the Schools and Early Years Finance (England) Regulations 2018, in particular:
  - changes on balances of closing schools
  - removal of wording to reflect that the regulations no longer allow local authorities to issue budget shares for a multi-year period
  - removal of references to the Audit Commission, as this has been abolished
  - replacing references to ‘statement of SEN’ with ‘Education Health and Care Plan (EHCP) where appropriate
  - the responsibility for redundancy and early retirement costs

- 3.2. Changes on balances of closing schools to include maintained schools and academy converters.  
The prior scheme wording is as below:

**Section 4.8 Balances of closing and replacement schools**

When a school closes any balance (whether surplus or deficit) reverts to the Authority. It cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus will transfer to an academy where a school converts to academy status under Section 4(1)(a) of the Academies Act 2010.

Proposed New Wording

“Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, the local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

- 3.3. Changes to reflect that the regulations no longer allow local authorities to issue budget shares for a multi-year period. This is not applicable to the LBHF scheme, as no such wording currently included.

- 3.4. Changes to remove references to the Audit Commission and replacing references to ‘statement of SEN’ with ‘Education Health and Care Plan (EHCP) where appropriate. Previous wording:

**Section 2 – Parag 2.6 Audit: General – page 17-18**

All schools are subject to the audit regime determined by the Authority. This will include the Authority’s internal audit and external audit regime as determined by the Audit Commission.

Proposed New Wording

“All schools are subject to the audit regime determined by the Authority as regard internal audit, and the authority’s external audit regime as determined by the Local Audit and Accountability Act 2014”

**6.2 Circumstances in which charges may be made**

(o) Costs incurred by the Authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low-cost high incidence SEN and/or specific funding for a pupil with High Needs

Proposed New Wording

“Costs incurred by the Authority in securing provision specified in a Education and Health Care Plan (EHCP), where the governing body of a school fails to secure such provision despite the

delegation of funds in respect of low-cost high incidence SEN and/or specific funding for a pupil with High Needs”

#### **4. ESFA changes to the responsibility for redundancy and early retirement costs**

4.1. Section 37 of the 2002 Education Act, clarifies the default position on responsibilities for redundancy and early retirement costs.

4.2. Premature retirement costs must be charged to the school’s delegated budget, while redundancy costs must be charged to the local authority’s budget. In the case of premature retirement costs, the local authority has to agree otherwise, for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be funded centrally. This section goes on to set out a non-exhaustive list of situations in which exceptions to the default position might be taken by the Local Authority. These are already outlined clearly in our current Scheme for Financing Schools.

4.3. The revision to Annex B in Issue 9 of the guidance clarifies that the local authority can no longer fund premature retirement costs (where there is agreement to fund this centrally rather than from school’s delegated budgets) nor new redundancy costs, from centrally held DSG budgets.

4.4. The only exception is where these costs are part of a historic commitment and where the expenditure is incurred as a result of decisions made before 1st April 2013. In this instance, costs may not exceed the amount budgeted in the previous financial year.

4.5. The guidance and changes set out in the Finance and Early Years regulations 2018, does make allowance for the LA to create/retain a central budget through an additional deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the school’s forum agree.

4.6. A de-delegated contingency is also allowed and is already held by the local authority, with forum agreement, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share"

#### **5. Local authority proposal to the responsibility for redundancy and early retirement costs**

5.1. Although not currently being used, the LA would like to propose that the option to create/retain a central budget through an additional deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the school’s forum agree, to be included in the scheme, with similar contributions required from maintained Special Schools, who do not receive a budget share from the schools block of the DSG.

5.2. The LA would like to make adjustments to the process and conditions around use of contingency funding for schools in financial difficulty, which is already de-delegated to:

- recognise the limited central contingency budget for maintained schools (no local authority provision for Academies and Free Schools)

- amend the £200k reserve threshold given that remaining maintained schools are from the primary phase only. The maximum recommended reserves level of 8% of annual budget share (for most primaries £200k would represent 10-20% of budget share)
- ensure schools identify and manage redundancy and restructuring costs within their 3-year budget plan
- ensure that limited de-delegated resource available for maintained schools is targeted at those schools most in need

### 5.3. Proposed wording for the new scheme:

“Maintained schools can elect to create a central budget through an additional deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the school’s forum agree.

A similar contribution may be required from maintained Special Schools or nursery schools, who do not receive a budget share from the school’s block of the DSG, in order for them to benefit from financial support in relation to redundancy costs.

Maintained Schools have elected to de-delegate budget to the Local Authority to assist schools in financial difficulty. This contingency funding may be used to contribute to the costs schools incur in restructuring in line with their 3-year budget planning, to ensure future financial sustainability.

Decisions to meet part or all of premature retirement or redundancy costs, will be taken on behalf of maintained schools, by the Director of Children’s Services, upon reviewing a proposal submitted by a school’s Headteacher in writing. In consultation with the Head of Finance for Children’s Services, the Director of Children’s Services shall give due consideration to current demand for financial support and to the level of funds available within the Schools in Financial Difficulty de-delegated budget at the time.

Any submission to the Local Authority of a Head Teacher’s request for financial support with regard to redundancy payments must satisfy the following criteria:

- That the Director of Children’s Services has confirmed in writing to the governing body that the school is in financial difficulty or has a licensed deficit budget which requires staffing reductions as part of the recovery plan; this confirmation must be sought before the start of any organisational change process.
- A documented statement from the school’s Headteacher to the Director of Children’s Services detailing the extent to which the school can contain costs within a 3-year budget plan”

## **6. Changes to reflect changes to LBHF Management Structure following Tri-b**

6.1. All decisions previously attributed to the Director of Children’s Services Finance to be re-attributed to the DCS after consultation with relevant officers to be stipulated (e.g. S151, Head of Finance)

6.2. Where decisions are solely of a technical and financial accounting nature which are for the Head of Finance Children’s Services to make.

### 6.3. Changes made to all sections

## 7. The 3-year budget plan format

7.1. To reiterate the importance of 3-year budget planning to schools in times of financial constraint and given the uncertainty regarding income over the medium term as National Government implements the transition to the National Funding Formula. Previous scheme wording:

**Scheme for Financing Schools Section 2.3 Submission of budget plan – Format - page 16**

The budget plan shall be in a format determined by the Director of Finance for Children’s Services and will outline the intentions for income and expenditure in the current financial year and the following two financial years (a three-year budget plan) and the assumptions underpinning the budget plan (i.e. inflationary increases in salary costs).

### Proposed New Wording

“The format of the budget plan shall be determined by the Head of Finance for Children’s Services. It will provide the following data:

- A forecast for income and expenditure over the coming 3 years (not including the current year)
- A statement of assumptions underpinning the budget plan for each year (e.g. inflation, other fluctuations in salary costs, mitigation plans for forecasted deficits and any other material item)”

All other aspects of the paragraph remain unchanged

## 8. Reporting deadlines – parag. 2.1.2 page 11 & 12

8.1. This proposal is aimed at fulfilling audit requirements as per the indications we have had from our newly commissioned auditors Grant Thornton. Previous Scheme:

**Scheme for Financing Schools – Section 2 parag 2.1.2 Provision of Financial Information and Reports – Good Practice & Reporting deadlines page 11-12**

**Reporting deadlines**

Schools are required to provide the Authority with their monthly and quarterly reports (as outlined below) on the 5th working day of the given month.

**Monthly throughout the financial year**

- i) VAT submittal report
- ii) Full VAT report

**Scheme for Financing Schools – Section 2 parag 2.1.2 Provision of Financial Information and Reports – Good Practice & Reporting deadlines page 11-12**

**Quarterly**

- i) A copy of the termly governor’s budget report.
- ii) Bank reconciliation statement
- iii) Bank reconciliation (unreconciled items)
- iv) Bank statement (final page only)
- v) 7-page income and expenditure report
- vi) Monthly CFR upload (trial balance)

**Good practice**

The Local Authority considers it good practice for schools to produce a monthly return in the excel spreadsheet template format provided to them by the Authority for internal monitoring purposes. This should be completed in line with the reporting deadline stated above. This template will include:

- i) Bank reconciliation statement
- ii) Bank reconciliation (unreconciled items)
- iii) Bank statement (final page only)
- iv) 7-page income and expenditure report
- v) Monthly CFR upload (trial balance)

Proposed Scheme

**“Monthly throughout the financial year – 7<sup>th</sup> working day**

- 1- VAT Submittal report by the 7<sup>th</sup> working day of the month
- 2- Full VAT report (is there a difference?) – 7<sup>th</sup> working day of the following month
- 3- Payroll reports for external audit scrutiny including:
  - a. Staff numbers report listing all employees on the payroll in the current month with details of their full-time equivalent working hours; details of starters and leavers with relevant dates and names
  - b. The monthly payroll report must detail total gross pay including NI and pension contributions

- c. Details of pay over £50k for the Senior Officers note in the Statement of Accounts

**Quarterly – 15<sup>th</sup> working day**

- 1- Copy of the termly governor's budget report
- 2- Bank reconciliation including unreconciled items and last page of bank statement
- 3- I&E balance report plus I&E transactions for external audit sampling
- 4- Monthly CFR upload – trial balance

**Year End - Corporate Closing Deadlines advised annually**

- 1- Bank reconciliation including unreconciled items and last page of bank statement
- 2- I&E balance report plus I&E transactions for external audit sampling
- 3- Monthly CFR upload – trial balance”

END OF REPORT