

Schools Forum Agenda

Tuesday 5 March 2019 at 2.00 pm
The Lilla Huset Professional Centre, 191 Talgarth Road, W6 8BJ

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Agenda Item 2

London Borough of Hammersmith & Fulham

Schools Forum Minutes



Tuesday 15 January 2019

PRESENT

Forum Members

Gary Kynaston (Hammersmith Academy) (Chair)
Michele Barrett (Vanessa Nursery and Randolph Beresford EYC)
Jessica Mair (John Betts Primary School)
Clare Wagner (West London Free School)
Krishna Purbhoo (The Bridge AP Academy)
Peter Haylock (Fulham College Boys' School)
Giles Finnemore (Brackenbury Primary School)
Tim Scott (Fulham College Boys School)
Wayne Leeming (Melcombe Primary School)
Robert Jones (The London Oratory School)
Peter Smith (Jack Tizard School)
Ruth Browne (The Bridge AP Academy)
Mike Platten (Ark, Regional Finance Director)
Kathleen Williams (Holy Cross R.C. Primary)
Claire Fletcher (St Paul's CE Primary School)
Denise Watts

Officers

Jill Lecznar (Head of Finance, LBHF)
Tony Burton (Head of Finance, LBHF)
Caroline Baxter (Strategic Finance Manager, LBHF)
Mandy Lawson (Assistant Director of SEND, LBHF)
Kevin Morris (Secondary Adviser and 14-19 Development Lead, LBHF)
Steve Miley (Director of Children's Services, LBHF)
Jan Parnell (Assistant Director of Education, LBHF)
Kevin Gordon (Head of Assets, Operations and Planning, LBHF)
David Abbott (Scrutiny Manager, LBHF)

1. WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting. A list of attendees is provided above.

2. MINUTES OF THE LAST MEETING

Matters Arising - Budget Workshops

Tony Burton noted that a workshop had been held on 8 January. 45 people attended and there had been a lot of helpful discussion and feedback on both

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.

the proposed schools budget allocation and early years budget. Feedback from headteachers was very positive. The Chair said he would like there to be further opportunities for schools to attend these types of workshops throughout the year.

RESOLVED

The minutes of the meeting held on 20 November 2018 were approved as a correct record.

3. SCHOOLS BLOCK DEDICATED SCHOOLS GRANT BUDGET 2019/20 (SCHOOLS BUDGET SHARE MODEL)

The Chair introduced the item by thanking H&F's finance team for working on the budget papers over the Christmas break.

Tony Burton (Head of Finance, LBHF) and Caroline Baxter (Strategic Finance Manager, LBHF) presented the report that detailed the final 2019/20 schools block allocation and the funding to schools through the schools funding formula.

Tony Burton noted that the funding allocations presented in the report were the outputs from a model prescribed by the ESFA, using October 2018 census data. The Local Authority was constrained in the factors that it could use. Though there was still some discretion on local factors up to 2020/21. In 2021/22 the funding would be entirely allocated through the national funding formula, with no local discretion over factors.

Tony noted that the final model needed to be submitted to the ESFA by the end of Monday, the 21st of January. There may be changes due to NNDR rates but they would be minor. The report also recommended transfer of 1 percent of funding from the schools block to the high needs block – this dis-application request, if agreed by Schools Forum, needed to be submitted to the ESFA today.

Tony noted that, since the report presented at the previous meeting, the allocation had increased by 0.37% and the majority of schools would be getting slight improvements on the previous modelling. This increase fulfilled the Government's promise to increase funding by one percent over two years – but it was recognised that this increase was significantly below the increased cost pressures schools were articulating.

A member asked why Earl's Court Primary and West London Free School were being treated in the formula as two separate schools (receiving two lump sums) despite sharing the same site. Caroline Baxter explained that the schools were registered as two separate schools and had unique DfE numbers. Sharing the same site was a temporary arrangement pending the redevelopment of Earl's Court.

A member asked if the Secondary School allocations, including the Minimum Funding Guarantee plus top-up, for Academies were final. Tony Burton responded that the allocations for Free Schools and Academies would be

subject to further adjustment by the ESFA after submission. Officers have asked the ESFA for transparency over any adjustments they make.

Officers noted that Phoenix Academy don't currently qualify for falling rolls protection because, as a new schools, they don't have an Ofsted rating. The Council is recommending payment if they get a good or outstanding inspection result.

Flora Gardens Primary School made an application for falling rolls protection but they didn't meet the 5 percent threshold. They have also received some transitional protection in the current year's budget. Fulham College Boys submitted a detailed plan to turn around a decrease of 8 percent and officers recommended approving their request.

A member commented that it was counter-productive to support the growth of 7 schools while also having to protect schools that had falling rolls. And over-capacity of places was projected to grow over the next five years (if no mitigating action was taken).

Steve Miley (Director of Children's Services) addressed the forum and explained that this situation was based on historical decisions. The current administration has inherited a number of growing schools up to 2022 – but after that the Council will have more control. Officers have explored what can be done in the meantime but the Council was bound by legislation to support these growing schools up to 2022. Steve added that while we couldn't change the number of school places in the borough – schools and the Council can work together to influence parents choosing where to send their children.

A member raised a query that some schools could potentially be paying twice for SIMs licenses – both centrally through the DSG and as individual schools. Officers noted they were trying to resolve this and would follow it up after the meeting.

ACTION: Tony Burton

A member asked how schools were held to account for how they used the transition funding. The Chair asked that schools receiving falling rolls protection should demonstrate how they are using the funding to impact their roll.

ACTION: Tony Burton / Jan Parnell

Members asked if there were many schools close to the 5 percent threshold for falling roll protection. Officers said there were. Members said they would like to consider the threshold in future. The Chair said a final decision on Phoenix Academy's request would be made at the next meeting, pending the outcome of an Ofsted inspection.

ACTION: Schools Forum

A member asked how EAL (English as an additional language) was defined in this context. Officers responded that it was any child with English as a non-first language – but additional funding was only available for three years.

Tony Burton asked the forum for a steer on how develop the allocation for 2020-21 – the last year of local discretion. The Chair proposed officers put a paper to the forum with some predictions on funding levels and some thinking about the potential pitfalls.

ACTION: Tony Burton

RESOLVED

1. That Schools Forum agreed that the ESFA will be notified that the local authority wish to proceed with the dis-application request to transfer up to £1m from the schools block to the high needs block.
2. That Schools Forum agreed that the NFF transitional factors as set out in Appendix 1 column A of the report are used as the basis for calculating the 2019/20 schools funding formula.
3. That Schools Forum agreed the approach and distribution of falling rolls funding as set out in section 7 and tables 8 and 9 of the report.
4. That Schools Forum agreed in principle the request to consider an application from Phoenix Academy for falling rolls funding subject to their Ofsted rating being Good or Outstanding.
5. That Schools Forum considered its role in setting the strategic direction of the schools block budget allocations for 2020/21 which is scheduled to be the final year of local formula discretion prior to the implementation of the full National Funding Formula for Schools in 2021/22.
6. That Schools Forum consider its role in the strategy for managing the schools economy with constrained funding term and significant cost pressures over the medium term.
7. That Schools Forum considered its role of oversight of the high needs block budget and the government requirement to articulate in the summer term 2019, how the block will be balanced within a three-year timescale.

4. EARLY YEARS BUDGET DEDICATED SCHOOLS GRANT 2019/20

Jill Lecznar (Head of Finance, LBHF) presented the report that detailed the initial allocation of Early Years Block funding for 2019-20 and outlined the impact of this on the implementation of the participation model for all providers. The focus of the paper is on the funding of the 3 and 4 Year old offer. She noted that officers were recommending a universal rate of £6.20 and a maximum deprivation factor of £1.30.

The Chair asked officers to summarise what the impact of these changes were. Jill said it was difficult to model impacts on providers due to the changes in the delivery models from April. Officers had provided modelling for different options – e.g. a participation model - at previous meetings. Tony Burton added that previous modelling showed a worst case scenario on income – but the feedback from schools was that it's very differential as it depended on the service and many other factors. The workshop on Tuesday

evening showed a mixed picture – with some providers seeing this as an opportunity and others facing income risks.

Officers noted that, compared with the draft paper presented at the workshop, there had been changes – both the base rate and deprivation rate had been reduced by 10p to increase the CP/CiN fund to the level required and to create a contingency budget of £168k to deal with the risks of transition.

A member asked if the reduction of 10p on the deprivation rate was the minimum it could be reduced by – or if there was more room for manoeuvre. Officers said they thought this was the minimum – but it was an estimate.

The Chair noted that the issues with 30 hours was well known. The difficulty was that the funding change was coming mid-year. Schools should have transitioned models years ago. Members also noted that it was hard to consult with families when you don't know who will choose your school. Concerns were raised about the families who needed the most support.

Officers noted they were working closely with the schools most affected. Michele Barrett (Vanessa Nursery and Randolph Beresford EYC) said the issue for her provision was they dealt with younger children who required more intensive supervision – and more vulnerable children who needed a high quality staffing model.

Dave McNamara (Governor at Randolph Beresford) said he felt the proposals, particularly the removal of the nursery supplement, were coming too soon. The shortfall for Randolph Beresford, around £300k, was too great given the timeframe. He asked that mitigations were considered by the forum – and suggested some contingency funding to allow them to move to another model.

After discussions, the Chair proposed a compromise – a further reduction of 5p on the deprivation rate for 19/20 to provide additional contingency funding for one year. Officers would model this proposal to determine its viability.

RESOLVED

That Schools Forum agreed to proceed with the budget model for 2019/20 as outlined in this paper and per key points below:

- Base rate funding on participation basis at £6.20 per hour for both the universal and targeted childcare offer, an increase in the basic rate of £0.10 per hour on 2018/19 funding rates.
- Supplementary deprivation payments on a sliding IDACI scale and subject to cap of 10%. Estimated average cost of £0.69 per hour based on historic cohort data.
- Officers to model the impact of reducing the deprivation rate by £0.15 per hour versus the 2018/19 level.
- Establishment of £300k SEN Inclusion budget for Early Years to promote inclusion and facilitate transition.
- Establishment of a £600k budget to provide additional childcare to the most vulnerable children in Hammersmith and Fulham following an

assessment of need arising from Child Protection or Children in Need. Further to this, the provision for £1.50 per hour additional supplement for CP/CiN.

- Establishment of a £168k contingency fund to cover transition to the participation funding model and to manage associated risks of change.
- Continued application of Early Years DSG to fund central functions up to the 5% cap set by the regulations (estimated at £666k in 2019/20).

5. HIGH NEEDS BLOCK RECOVERY - VERBAL UPDATE FROM PRESSURES BOARD

Steve Miley (Director of Children's Services, LBHF) gave a verbal update on the high needs block recovery. He highlighted that this was the most significant issue within the education system. Officers have held a number of meetings with schools and there had been a number of really thoughtful contributions. He noted that the biggest issue for the Council was the huge jumps in cost as young people moved up the levels of support. From lowest to highest these stages were maintained > resource unit > special school > independent maintained. The central question was how can we support mainstream schools to support children with higher levels of need.

Another key issue was that 'AP' (Alternative Provision) has become separate. We have now started talking about an 'AP continuum' - from having special school staff coming into mainstream schools to train people up to having a resource unit in the school. We needed to find ways to free up SENCOs so they were doing less admin and able to devote more time to working directly with young people.

The Chair asked what actions the Council needed from schools. Steve Miley said he wanted the helpful dialogue to continue to allow the Council to turn their ideas into actions. He wanted schools to be working closely with the Council to help shape these new ideas. He also asked that schools made sure it was on the agenda as other groups and meetings.

The Chair asked if the backlog of EHCPs (Education Health and Care Plans – formerly 'statements') had now been cleared. Steve Miley said all children with statements had been transferred to EHCPs – but some were rushed to meet Government imposed timescales so the Council was reviewing a number of them.

The Chair asked if there was an increase in the number of EHCPs in the year the Council left the Tri-borough. Officers said there had been an increase every year in recent years.

Jan Parnell (Assistant Director of Education, LBHF) noted that primary heads had committed to a rota for EHCP panels. And her team was also sitting on panels now. She asked that as many heads as possible contribute to the panels – schools shouldn't just be sending their SENCOs.

6. SCHOOL ORGANISATIONAL STRATEGY - VERBAL UPDATE

Kevin Gordon (Head of Assets, Operations and Planning, LBHF) presented an update on the school organisation strategy. The strategy takes a broad view of the coming demographic changes, the number of school places, and the state of the school estate.

Headlines from the strategy:

- The primary surplus is significant going into 2023 at around 25 percent.
- The borough loses more children from the south – mainly to the independent sector.
- The borough is a net importer - more children come into the borough's schools than go out.
- At secondary the surplus of places is above the 10 percent recommended by DfE – but it's not nearly as significant as primary. If school place projections are correct then place-planning is a lot easier than at primary. This is expected to come in line over next three to four years.

Recommendations:

- Assist schools with the greatest over-provision to reduce their PAN.
- Support secondary schools to develop their offer and attractiveness.
- Support primary schools to engage in marketing activity to increase appeal to parents.
- Agree framework and policies to support schools through federation and collaboration.
- Use the school organisation strategy as the base to resist expansion programmes.
- Use CIL to address schools stock condition backlog.
- Councils and schools to consider ways of regenerating the school estate.

A member asked if officers can better understand what socioeconomic groups are going out and coming in to the borough. Officers said they would try to get this information (but noted it wasn't straightforward).

ACTION: Kevin Gordon

The Chair said sustainability was the key question. We need to understand the demographics and then remodel our provision based on that data. Members also noted that recruitment was also key – schools needed stability in teaching to continue to be competitive. Jan Parnell noted that heads were having in-depth workshops on recruitment and retention.

7. DRAFT WORK PROGRAMME

Tony Burton presented the draft work programme.

RESOLVED

The draft work programme was agreed.

8. ANY OTHER BUSINESS

The Chair asked for an update on the BACs payments issue. Tony Burton said this should be resolved by the financial year end.

ACTION: Tony Burton

A member raised the issue of an arrangement Fulham College Boys had with the Tri-borough that students coming late to the authority with EAL difficulties would be directed to the school for specialist support. The Tri-borough was supporting this arrangement financially outside of schools budgets. The Council has said this was no longer possible. The indication was that this would have to be done in cooperation with other secondary schools. It will be raised (with a briefing paper) at the next secondary heads meeting.

ACTION: Jan Parnell

Meeting started: 2:00pm
Meeting ended: 5:20pm

Chair

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Agenda Item 3

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| <p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>4 MARCH 2019</p> |  |
| <p>COMMUNITY SCHOOLS PROGRAMME – APPROVAL OF SCHOOL RENEWAL STRATEGY AND PROCUREMENT OF INCLUSIVE DESIGN TEAM</p> | |
| <p>Report of the Cabinet Member for Economy and the Arts – Councillor Andrew Jones and Cabinet Member for Children and Education - Councillor Larry Culhane</p> | |
| <p>Open report with exempt appendix</p> <p>Appendix A is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> | |
| <p>Classification - For Decision</p> <p>Key Decision: Yes</p> | |
| <p>Consultation</p> <p>The development of this report has been informed by consultation with governing bodies and headteachers across the school community in Hammersmith and Fulham</p> | |
| <p>Wards Affected: Ravenscourt Park, Avonmore and Brook Green</p> | |
| <p>Accountable Directors: Jo Rowlands, Strategic Director of Growth and Place, and Steve Miley, Director of Children’s Services</p> | |
| <p>Report Author: David Burns, Assistant Director (Growth)</p> | <p>Contact Details: Tel: 02087531203 E-mail: david.burns@lbhf.gov.uk</p> |

1. EXECUTIVE SUMMARY

1.1. This report sets out the rationale for a self-funding programme to renew the borough’s primary school estate, creating fit for purpose 21st century schools that:

- help to improve educational outcomes,

- support thriving neighbourhoods, and
 - help to meet the funding challenge facing our school community.
- 1.2. Since the Building School for the Future programme was halted in 2010, capital for investment in the Community School estate has been minimal, with no significant central government investment to rebuild or refurbish Community Schools. This means that many of our children are being taught in buildings that are beyond their anticipated life span. In the absence of a national programme, the Council, in collaboration with headteachers and governing bodies across the borough has identified the potential to renew a number of the borough's primary schools. The funding to rebuild and provide modern and fit for purpose school buildings would be generated from a better utilisation of existing school sites, including, developing a mix of genuinely affordable housing and private housing
 - 1.3. The leadership of Flora Gardens Primary School in Ravenscourt Park ward and Avonmore Primary School in Avonmore and Brook Green ward have been in discussion with the Council over how best to renew their estate to improve outcomes for their pupils. Initial feasibility work suggests potentially viable schemes which would enable us to build new schools, using contemporary design, that supports richer curriculum delivery, improving educational outcomes and experience for the borough's children.
 - 1.4. The housing built to fund the school development would be mixed-use development, 50% of which would be genuinely affordable.
 - 1.5. This report provides authority and budget provision to appoint a design team to develop briefs and progress to planning stage.
 - 1.6. Further schools across the borough will also have potential for renewal. Work is ongoing to develop proposals with headteachers and governing bodies. The report also outlines the potential from the wider programme and sets out work to progress this.

2. RECOMMENDATIONS

- 2.1. That Cabinet approves the strategic case for a school renewal programme which has three core aims:
 - to re-provide modern, fit for purpose schools to support the borough's ambition to give children the best start in life;
 - to support the funding of education in Hammersmith and Fulham including the future repair and planned maintenance requirements across the school community; and
 - to fund school development through the creation of badly needed affordable housing which will help maintain the borough's vibrant social mix.
- 2.2. That Cabinet approves Flora Gardens Primary School and Avonmore Primary Schools being the first projects within this programme and that further work be

undertaken to produce a business case and proceed to planning application stage as appropriate.

- 2.3. That Cabinet approve the procurement strategy to appoint a design team, client design advisor, and cost consultant for the re-provision of Flora Gardens Primary School and Avonmore Primary School as set out in the exempt Appendix A, and delegate the decision as to which of the two recommended frameworks to use to the Strategic Director for Growth and Place.
- 2.4. That Cabinet approves associated budget of up to £2,534,757 required for the initial business case, design and survey costs.
- 2.5. That Cabinet approves the design and survey costs of up to £2,534,757 will be funded from grants, developer contributions and reserves and delegates identification and approval of funding to the Strategic Director of Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.
- 2.6. That Cabinet approves the initial allocation of £506,000 of the total £2,534,757, from unallocated capital grant balances to fund design and survey costs to RIBA stage 1 (outline scheme plan).
- 2.7. That Cabinet delegates the decision to commit expenditure to progress from RIBA stage 1 (outline scheme plan) to RIBA stage 3 (developed design) to the Strategic Director for Growth and Place, in consultation with the Strategic Director for Finance and Governance and the Strategic Director for Children's Services.
- 2.8. To delegate the award of the contract for design services to the Strategic Director for Growth and Place in consultation with the Cabinet Member for the Economy and the Arts.
- 2.9. That Cabinet notes the recommended approach to stakeholder and resident engagement in the design process.

3. REASONS FOR DECISION

- 3.1. Enables the Council to renew school buildings and help improve Children's educational outcomes in the absence of any coherent and funded central government approach to the school estate.
- 3.2. The decisions establish the strategic rationale for the wider school renewal programme, providing a policy framework that anchors future collaboration between the Council and the wider school community in a set of common objectives.
- 3.3. The decisions are required to allow the Council to tender the appointment of a multi-disciplinary design team for professional consultants to move forward a detailed design for the two schools to allow the Council to submit a planning application and determine final business cases for each scheme.

4. PROPOSAL AND ISSUES

4.1. The 2018-2022 Business Plan sets out clear priorities around improving and supporting schools in the face of ongoing funding reductions. This requires creative approaches to bridge the gap. The Industrial Strategy aims to promote a model of inclusive growth which recognises the key role of schools in equipping residents with the skills and capability to benefit from the dynamism of our local economy. Learning spaces that facilitate the borough's children acquiring the skills necessary to compete successfully in the future knowledge economy will be critical.

4.2. Hammersmith and Fulham has high performing and popular schools, with results at primary stage the fourth best in the country. To maintain and further accelerate standards for education in the borough, improvement in our school estate will be necessary. Much of the current estate is not fit for purpose, with post-war prefabricated buildings that do not match our ambition for excellence in teaching, learning and pupil wellbeing. As well as reducing future maintenance burdens, improving the physical environment benefits children's education by:

- Providing environments that contribute to improving children's self-esteem and self-worth
- Improving the flexibility of classroom space to meet new expectations around an agile curriculum, in line with the emerging OFSTED framework
- More creative use of play space to support healthy school outcomes
- Aiding teacher recruitment and retention, by providing modern fit for purpose working environments
- Improving inclusion, by designing sufficient space and facilities for learners requiring extra support

4.3. There are a range of factors which go into making a successful school, from strong leadership, to the quality of teaching and learning, but there is strong evidence on the link between capital investment, well-designed school estates, and educational outcomes. Research, summarised by the Chartered Institute of Building Engineers (CABE) shows that:

- 'well-designed' school buildings are associated with an uplift of 11% in test scores;
- modernised buildings have a strong influence on staff morale, pupil motivation, and effective learning time;
- ageing school buildings in a poor state of repair cannot meet modern teaching and learning methods effectively; and
- 9 in 10 teachers believe school design is important, and 1 in 5 teachers have considered quitting because of the condition of school buildings.

4.4. Building new school premises provides an opportunity to improve overall community usage, designing in features that allow greater and more varied occupancy for all residents. This includes making use of the schools as

community assets, ensuring they are accessible outside of the school day and in holidays.

- 4.5. Badly needed affordable housing can also support our approach to attracting and retaining the best teachers, with some units earmarked for key worker housing.
- 4.6. There are also opportunities to redesign back-office spaces to support efficiencies and improvement to how school support services are organised.

The revenue and capital challenge for our school community

The future outlook for capital investment in Hammersmith and Fulham schools is poor. Government spending on school building fell by 60% between 2010 and 2016, with the cancellation of over 700 Building Schools for the Future (BSF) projects, and the entire £7 billion Primary Capital Programme. A replacement Priority School Building Programme (PSBP) was established in 2011, aimed at improving school buildings in the very worst conditions, but is heavily oversubscribed and there is no realistic prospect of accessing this fund in the near future. At the same time, Hammersmith's stock condition surveys show a funding gap for school maintenance of circa £17m, after assumed investment of £13.9m from existing balances and anticipated school capital allocation. Government investment is not matching pupil need or local ambition to provide the very best education for our children.

The strategic opportunity from a school renewal programme

- 4.7. Elsewhere in London, local authorities and school leaders have responded to the absence of capital funding from central government by leveraging local land values for investment in school estates. Broadly, this has involved the intensification of the use of the school estate where high land values mean that construction of housing can fund a renewal or refurbishment of school buildings. Equally, innovative local authorities have sought to use land and property holdings to address revenue challenges, capturing the income or capital receipt from development by developing assets directly or through wholly owned companies and benefiting from the resulting revenue streams and capital this has created. This has required local authorities, through company vehicles, to take on some risk and consequent reward from private sale and to utilise their borrowing capacity.
- 4.8. In Hammersmith and Fulham, the primary school estate comprises two broad categories of school, Victorian London Board Schools which are compact, often listed or of architectural interest, and expensive to maintain with little potential to re-develop; and, secondly, post-war builds which use land poorly, carry substantial maintenance liabilities, are not well configured for teaching and learning. The latter have major redevelopment potential.
- 4.9. The programme strongly supports the strategic objectives set out in the School Organisation Plan to make our schools the first choice for parents by enhancing the education environment. The potential benefits to the borough and to the

Council presented by renewal of the estate, funded by development of homes is substantial. The core drivers for the programme compromise a mixture of strategic and financial drivers. These are summarised below:

Strategic drivers

- The potential to renew key community assets so that they are modern, fit-for-purpose schools which can support improved teaching and learning outcomes; and
- Leveraging Council land to increase the supply of affordable homes, contributing to London Plan targets and the administration's commitment to delivery 1,500 new genuinely affordable homes.

Financial drivers

- Lower life-cycle maintenance costs of re-provided schools to reduce costs;
- Avoidance of major planned maintenance;
- The potential for cash receipts to invest across the wider school estate, subject to viability and business case; and
- The potential for future income to help support a level of education funding which matches our ambition for young people by retaining new assets for private and intermediate rent.

4.10. To achieve these rewards, the Council will need to establish its appetite towards private sales risk and to the utilisation of its capacity to borrow. Any company vehicle established, or re-purposed from existing vehicles, will need robust underpinnings with strong governance and financial controls. The Council will also need to ensure it has sufficient capacity and capability in its development function, and that support functions such as finance, legal and procurement are able to provide support and analysis to enable effective decision making with a clear are sufficiently mature in their understanding of risk, reward, and process.

4.11. These strategic issues are being considered as part of the development of a wider Asset and Growth Strategy. This is in the early stages of development, reviewing opportunities from General Fund and HRA land to bring forward additional housing and income-generating assets. The Strategy will report to Cabinet in the summer of 2019.

Flora Gardens Primary School

4.12. Flora Garden's Primary School is a one form entry school located by Ravenscourt Park station. The existing school was built in 1960 after the original building was damaged by a bomb during the war. There is a children's centre within the south-eastern centre of the site which was built in 2008. The wider site abuts the Flora Gardens Estate, including a former laundry building which is now in use as a Tenant and Resident Association (TRA) hall (though not currently accessible or Disability Discrimination Act compliant).

4.13. Following dialogue with the school, the Council has commissioned feasibility work from architects in order to establish the potential financial viability of a

scheme. In accordance with the Council's development gateway process, this initial work does not establish financial viability or detailed design parameters for a scheme, or whether there are legal issues around the title to the land which could affect future use proposals. It does however give sufficient confidence about a future financial and strategic business case to enable the Council to commit funds to a process which will enable a viable scheme, meeting the requirements of the Council and the Governing Body, to be submitted for approval.

- 4.14. Engagement with the Governing Body has established an initial set of priorities for the school. The development of a detailed design brief incorporating some or all of these requirements will require a process of collaboration to further define the school's vision, working with pupils, staff and other local stakeholders to understand the relationship between the building's design, teaching and learning aims, and the school's ethos. It will also establish what is financially feasible, and the inherent trade-offs between space for educational use, and the housing component which will provide the funding for the re-provision of the school.
- 4.15. The Council is strongly committed to the principles of inclusive design and recognises the need for strong support to the school to support it to further define its requirements. Subject to further scoping, the Council and the schools will consider the appointment of an individual lead consultant who can act as a Client Design Advisor (CDA), providing independent advice to the school and the Council. The lead consultant will be jointly chosen with the leadership of Flora Gardens and will have experience with complex school building projects and the ability to work with staff, governors, pupils and the local community to define their needs and aspirations, and to ensure they are fully achievable. This model of advice has been evidenced to support excellence in design and maximise educational outcomes.
- 4.16. The engagement process will also include discussion with Tenants and Residents Association (TRA) for the Flora Gardens estate on the basis that the existing tenants' hall may be able to be re-provided as part of the wider scheme. A nearby Children's Services facility, the Haven on Dalling Road, will also be considered and relevant stakeholders consulted so that the maximum benefit can be achieved by looking at all local community assets.

Avonmore Primary School

- 4.17. Avonmore Primary School is a one form entry school located in the east of the borough. The existing school site comprises a post war single storey flat roof school building, with single aspect classrooms and remains unaltered from its original design. The wider site includes a two storey Victorian school keeper's cottage, a single storey early years block, and a single storey portacabin overflow classroom.
- 4.18. Following discussions between the school and the Council, the Council has commissioned feasibility work to establish if there is a potentially viable scheme which would help further the objectives of the school. As with Flora Gardens,

initial modelling demonstrates there is sufficient land value to make a scheme potentially viable, and to give the Council confidence to commit funds to enable the school and the local authority to work together to develop development of a planning brief. These will incorporate the same principles of inclusive design and co-production described above in relation to Flora Gardens.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. There are options with regard to progressing the schemes in principle and the wider programme, and in relation to the way in which design services are procured. The options in relation to procurement are set out in the exempt appendix A. The options about proceeding in principle with the initial schemes and the wider programme are considered below.

Option 1 – do nothing

- 5.2. This option is not preferred. Our school estate features a number of prefabricated buildings, built after the second world war. These buildings are past their intended life span and make it harder for our schools to deliver an excellent education. Without the Community Schools Programme another generation of Hammersmith and Fulham children will miss the opportunity to be educated in modern, fit-for-purpose schools. Schools will also experience greater financial pressures with money diverted from teaching resources into maintaining and repairing buildings.
- 5.3. It would also mean that the Council and the wider school community would not benefit from income generated through market rent of homes built, and an opportunity to provide badly needed additional affordable homes in the borough would not be taken. Conversely, the Council would avoid the potentially abortive costs of design work which may not result in a viable scheme reaching planning or construction stage.

Option 2 – progress in principle with the schemes, subject to a gateway process to manage financial risk

- 5.4. This is the preferred option. There is a clear need for re-provision of the schools, with governors and the local authority clear about the potential educational benefits of modernised schools as well as the financial benefits of avoiding investment in existing planned maintenance and reductions in future running costs.
- 5.5. Management of financial and development risk will be through a gateway process which enables the Council and schools to review feasibility and the financial case before committing additional investment. This is set out briefly below, with stages 1-3 requiring Cabinet decisions:

| | | |
|-----------|---------------------------------|-------------------------------------------------------------------------|
| Gateway 0 | Feasibility Stage | Identification of the Opportunity |
| Gateway 1 | Strategic Outline Business Case | Approval to procure and appoint consultant team |
| Gateway 2 | Outline Business case | Approval to submit planning application |
| Gateway 3 | Final Business Case | Approval to enter into contract |
| Gateway 4 | Completion | Review at both completion and final account, to include lessons learned |

- 5.6. There is sufficient evidence to proceed to gateway 1 and approve initial budgets to progress towards a planning application. Any future costs and risk would be managed through additional approvals, in line with the Council's Constitution and Financial Regulations.
- 5.7. In order to manage the risk of potentially abortive costs, the Council will determine the viability of progressing to RIBA stage 3 (a comprehensive design enabling submission of a planning application) when an outline design has been developed (outline design is RIBA stage 1). This decision will be taken by the Director of Growth and Place in consultation with the Strategic Director for Finance and Governance and the Strategic Director for Children's Services.
- 5.8. Indicative planning would suggest a planning application and outline business case could be submitted to the Council for each individual scheme in September 2020.

6. CONSULTATION

- 6.1. Representatives from the Council and the borough's school have discussed the potential for a school renewal programme at a number of School Partnership meetings at the end of 2018 and in January 2019. Leadership teams and governing bodies have been consulted on the opportunity on specific sites.
- 6.2. A Client Design Advisor (CDA) role will ensure the final plans meet their needs and are agreeable to the school, and achieve the project objectives of improving educational outcomes for children.
- 6.3. Requirements for further formal consultation under the Education Acts will also need to be complied with.
- 6.4. Statutory consultation of residents effected by the proposed schemes is built into the planning process, but the Council envisages an inclusive design process which actively involves all interested parties at the earliest possible stage. This can form part of the required consultation under the Housing Act 1985, S.105, which requires the Council to consult with secure tenants who are likely to be substantially affected by matters of housing management

(defined to include the provision of amenities - such as the communal hall at Flora Gardens Estate and any proposal to expand the estate).

7. EQUALITY IMPLICATIONS

- 7.1. It is not anticipated that this strategic approach to renewing the borough's school estate, or the procurement strategy for design works, will have any direct negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010.
- 7.2. *Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.*

8. LEGAL IMPLICATIONS

- 8.1. This report is seeking approval for a new programme of school renewal which will also see provision of housing and aims to provide the Council with a revenue stream or capital receipt. The report describes steps taken to establish initial feasibility at two schools and seeks approval for this work to be taken further as part of the programme.
- 8.2. The service department are recommended to commission Legal Services as soon as possible to investigate title to the land at the two schools, to check ownership, the existence of any restrictive covenants and the purpose for which the land is held.
- 8.3. There are also statutory consultation requirements under both the Education Acts and section 105 of the Housing Act 1985, in addition to planning application consultation.
- 8.4. The report also seeks approval for the Procurement Strategy in the exempt Appendix A. It is a requirement of Contract Standing Order 8.12 that Cabinet approves the Procurement Strategy and Business Case for all procurements exceeding £100,000 in value.
- 8.5. The proposed procurement exceeds the EU threshold for services so will need to be procured in accordance with the EU rules. Here it is proposed to use one of two frameworks – as the decision as to which will be more appropriate has not yet been taken, it is proposed to delegate the choice of this to the Strategic Director.
- 8.6. Legal Services will also need to review both frameworks to ascertain if there are any issues around their use, for example to ensure that they were established in compliance with the EU rules and that the proposed use is not outside the scope of services for which the framework was established.
- 8.7. Assuming that the proposed call-off from the selected framework and award of contract happens before any Brexit date, then the call-off will be unaffected. If however this does not happen before Brexit, and there is no withdrawal agreement setting up a transition period, then the Cabinet Office has indicated

that there will be UK regulations to explain how to deal with procurements that have started before Brexit but not completed. However, where use is made of an existing framework, the impact is expected to be minimal.

- 8.8. The Cabinet Member is able to approve the award of contracts up to £5m in value pursuant to Contract Standing Order 17.3, provided that the price of the recommended tenderer is not more than 10% above or below the estimated value set out in the Procurement Strategy.
- 8.9. *Implications completed by Deborah Down, Senior Associate, tel. 020 7405 4600.*

9. FINANCIAL IMPLICATIONS

- 9.1. Pump Priming investment of £506,000 is available from remaining uncommitted and non ring-fenced Children's Services capital balances. It is expected that this capital funding would be repaid upon the realisation of benefits of this regeneration scheme to be made available for future children's or education capital investments.
- 9.2. The initial investment funding available would fund activity up to RIBA stage 1, which is approximately 20% of total proposed budget. This report approves expenditure up to the £506,000 available funding across both schemes within scope.
- 9.3. Expenditure or commitments above the £506,000 level would require a decision report of the Strategic Director of Growth and Place in consultation with the Strategic Director of Finance and Governance and the Director of Children Services and following a gateway review before RIBA stage 2 and subject to evidence of a continuing business case. The procurement process and appointment will need to reflect the ability to terminate the contracts should the schemes not progress through the gateway process.
- 9.4. Financing of further expenditure would need to be identified as part of subsequent gateway and decision processes, but would be expected to come from existing council resources, grant funding, developer contributions, reserves or borrowing.
- 9.5. The initial investment of £506,000 represents an opportunity cost in the medium term as other potential capital initiatives foregone. In the case that RIBA stage 1 costs are abortive, the capital funding would not be available for future investment. This risk is balanced against the significant opportunity set out in this report.
- 9.6. It should be noted that the regeneration proposals, should they proceed, will result in significant cost avoidance in terms of planned and reactive maintenance, health and safety and other capital works at both schools sites

9.7. *Financial Implications reviewed by Tony Burton, Head of Finance Children's and Education, tel. 020 8753 5405. Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.*

10. IMPLICATIONS FOR BUSINESS

- 10.1. It is proposed that established relevant frameworks and DPS arrangements are utilised to select design services to ensure high quality and to proceed at pace. Opportunities for local SMEs are likely to be created in future phases.
- 10.2. *Implications completed by Albena Karameros, Economic Development, tel. 020 8753 8583.*

11. COMMERCIAL IMPLICATIONS

- 11.1. The value of the procurement is over the statutory threshold for services. Therefore, full procurement regulations apply. However, the preferred options propose calling off from an established Dynamic Purchasing System and an established framework agreement, both having met the criteria of being OJEU compliant.
- 11.2. The recommendations are also compliant with the Council's Contracts Standing Orders (CSOs).
- 11.3. The procurement and legal teams will need to confirm the terms and conditions before the call off process, to ensure compliance with Council's terms and conditions.
- 11.4. Social value will be evaluated as part of the awarding criteria and will constitute 10% of the Quality Assessment (70%).
- 11.5. A Privacy Impact Assessment (PIA) must be conducted and signed by the relevant officers before starting the procurement exercises, to ensure compliance with GDPR policies.
- 11.6. The call off and the evaluation process shall be conducted on the Council's e-tendering portal.
- 11.7. A Directors Decision report must be approved for awarding the contract following the procurement exercise, in accordance with recommendation 2.5.
- 11.8. *Implications completed by Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.*

12. IT IMPLICATIONS

- 12.1. There are no apparent IT implications resulting from the proposal in this report
- 12.2. *Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel. 0208 753 3481.*

13. RISK MANAGEMENT

13.1. *Strategic* risks are addressed in sections 4 of the report that also identify issues with the condition of the properties and significant revenue challenges with funding the Council's ambition for the education of young people in Hammersmith and Fulham. The opportunity here is to realise the potential education benefits of a modernised school as well as the financial benefits of avoided investment in planned maintenance and reduced running costs that may result in potential health and safety issues.

13.2. There are a number of programme risks associated as follows:

- Risk that architect will not be appointed
- Risk of challenge by consultants not on the DPS
- Risk of tender price being unaffordable
- Risk of delay
- Wider risks within the programme which will be the subject of discussion and decision at later stages e.g. sales risk, rental risk etc.

13.3. *Implications verified by: Michael Sloniowski, Risk Manager, tel. 0208 753 2587*


14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES:

Exempt Appendix A - Procurement Strategy for Design Team for Flora Gardens Primary School and Avonmore Primary School

Agenda Item 5

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>Tuesday, 5th March 2019</p> |
| <p>DEDICATED SCHOOLS GRANT BUDGET 2019/20 UPDATE</p> | |
| <p>Open</p> | |
| <p>Wards Affected: (All Wards); All</p> | |
| <p>Accountable Director: Steve Miley, Director of Children Services</p> | |
| <p>Report Authors:</p> <p>Tony Burton</p> | <p>Contact Details:</p> <p>Tel: 07909 004 710</p> <p>E-mail: tony.burton@lbhf.gov.uk</p> |
| <p>Purpose of the report</p> <p>This report updates Schools Forum on the 2019/20 Schools Budget process since Schools Forum in January 2019.</p> | |

1. Introduction

- 1.1. Table 1 below, aims to set out the change in the allocation of the Dedicated Schools Grant from 2017/18 to 2019/20.

Table 1 – DSG 2017/18 to 2019/20

| DEDICATED SCHOOLS GRANT | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|-----------------------------------------|-----------------------|-----------------------|-----------------------|
| Annual gross DSG allocation | 140.27 | 143.15 | **145.26 |
| SCHOOLS BLOCK | 104.50 | 101.37 | 102.88 |
| Academy recoupment | 62.22 | 62.78 | 63.95 |
| Mainstream schools budget share | 36.87 | 36.79 | 37.21 |
| Mainstream schools de-delegated budgets | 0.71 | 0.70 | 0.70 |
| Central services | 4.50 | n/a | n/a |
| Falling rolls fund | 0.00 | 0.59 | 0.00 |
| Growth fund | 0.20 | 0.00 | 0.00 |
| Transfer to High Needs block | 0.00 | 0.51 | 1.00 |
| CENTRAL SCHOOLS SERVICES BLOCK | n/a | 4.43 | 4.42 |
| Retained for Central Block Services | n/a | 4.43 | 4.07 |
| Transfer to High Needs block | n/a | 0.00 | 0.35 |

| DEDICATED SCHOOLS GRANT | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|
| | | | |
| EARLY YEARS BLOCK | 15.69 | 15.77 | **15.72 |
| Provisional allocation | 17.80 | 19.52 | 15.72 |
| DfE Adjustment 30-hour codes | -2.11 | -3.75 | 0.00 |
| | | | |
| HIGH NEEDS BLOCK | 20.07 | 21.58 | **22.25 |
| Places funded directly by the ESFA | 3.71 | 3.32 | 2.74 |
| Additional allocation in year | 0.00 | 0.36 | 0.36 |
| LA initial HNB DSG allocation | 16.37 | 17.90 | 19.15 |
| Additional funding transferred in: | | | |
| Transfer from school's block disapplication | 0.00 | 0.51 | 1.00 |
| Transfer from Central Schools Services | 0.00 | 0.00 | 0.35 |
| LA adjusted HNB DSG allocation | 16.37 | 18.41 | 20.5 |
| | | | |

****Provisional allocations for EY and HNB 2019/20 will be updated in March 19 and again in June 19.**

2. Schools Block 2019/20

- 2.1. The Authority Proforma Tool (APT) was completed with the final 2019/20 school funding formula calculations and submitted to the Education and Standards Funding Agency (ESFA) on the 21st January 2019. This was in line with the required ESFA submission deadline.
- 2.2. The Leader of the Council ratified the proposed schools budget shares on the 4th February 2019. This ensured that the council met the ESFA requirement that the schools block budget received timely political approval.
- 2.3. The APT was submitted based on the assumption that the dis-application request to transfer £1 million from the schools block to the high need block would be approved. The DfE formally approved the request on the 7th February 2019 ensuring that no changes were required to the APT.
- 2.4. The final formula calculations were amended since the January schools forum to reflect the final confirmed NNDR figures and to adjust the figure for growing schools as one school had been incorrectly included.
- 2.5. The ESFA had general queries on the APT submission primarily requiring the local authority to provide more detailed narrative on various aspects of the APT submission. The ESFA finally approved the APT submission on the 13th February 2019.
- 2.6. All maintained schools were informed of their final 2019/20 budget share on the 25th February 2019.
- 2.7. The ESFA, as part of their query process, required more detailed information on the split sites factor. There are two schools currently in receipt of this factor.

The ESFA require this factor to be calculated on a formulaic basis in advance of the introduction of the full national funding formula in financial year 2021/22.

- 2.8. The local authority proposes to review this factor in detail, in advance of the calculation of the 2020/21 schools funding formula. This review will be in conjunction with the school's forum and be subject to consultation with the schools currently in receipt of this factor.

3. Early Years National Funding Formula 2019/20

- 3.1. The November Schools Forum meeting approved the provisional approved proposed £6.30 Base Rate and Deprivation Rates based on IDACI banding 1 to 9 (£1.40 to £0.30 per hour). These were the rates consulted on in November and December 2018.
- 3.2. Feedback received prior the Budget Workshop on 8th January 2019 supported the proposals. However, schools raised concerns over the risks involved in moving from a fixed budget share to participation so a contingency of £168k was included in the January proposals to Schools Forum. Also, further work on the costs associated with CP/CIN provision indicated that a further £168k was required to cover existing provision. This represented a £0.20p overall reduction in the combined base and deprivation rates versus those proposed in November 2018. Effectively this would have meant rates remained the same to providers year on year between 2018/19 and 2019/20.
- 3.3. Schools Forum on 15th January 2019 recommended that a further 5p reduction in the deprivation hourly rates based on IDACI bands 1 to 9 (£1.25 to £0.15) be modelled in order to further increase the contingency by £84k in 2019/20.
- 3.4. Table 2 below shows:
- Option A – the modelling as presented to Schools Forum on 15th January 2019
 - Option B – the modelling including the further 5 pence reduction in Deprivation hourly rates requested by Schools Forum at the meeting on 15th January 2019.
- 3.5. Option B represents an overall combined rate reduction of 5 pence per hour, year on year between 2018/19 and 2019/20 financial years.
- 3.6. Both options represent an overall combined rate reduction versus the original budget model consulted on in November and December 2018 as follows:
- Option A – 20 pence combined hourly rate reduction versus the November model
 - Option B – 25 pence combined hourly rate reduction versus the November model

Table 2 – Comparative model for further reduction in rate.

| | Option A | Option B |
|------------------------------------------------------|-----------------|-----------------|
| | £000 | £000 |
| Participation based on estimated hours - base rate | 10,432 | 10,432 |
| Participation based on estimated hours - deprivation | 1,160 | 1,076 |
| Central services expenditure - 5% maximum allowed | 666 | 666 |
| SEN Inclusion Fund | 300 | 300 |
| CP/CIN provision | 600 | 600 |
| Contingency | 168 | 252 |
| TOTAL SPEND | 13,326 | 13,326 |
| DSG EY funding | -13,326 | -13,326 |
| NET POSITION | nil | nil |

- 3.7. An illustration of the effect on funding to providers comparing Option B to Option A for 30 children with the average deprivation hourly rate accessing the 15 hour universal offer is shown below:
- Option A - £122.9k per annum
 - Option B - £122.1k per annum
- Option B shows a reduction in funding for an illustrative 30 part time places of £800 per annum.
- 3.8. Both models are within regulations, and the Council is minded to take School Forums recommendation on the final budget model for 2019/20. **Schools Forum is asked to consider Options A and B and to make a recommendation on how to proceed.**
- 3.9. It is intended that all providers will be paid using a common payment profile which is an estimate at the beginning of term with an adjustment for the previous terms actual. For the Summer Term estimated payment for schools will be based on their historic termly budget share adjusted for any known changes in provision.
- 3.10. Work continues with the maintained nursery schools to understand the cost of the different types of provision offered along with the current take up of places and how this can be funded through the Early Years block. This is a challenging piece of work which requires input from Social Care and SEND colleagues.
- 3.11. There is still work required to put in place the agreed criteria for the allocation of the SEN Inclusion fund to providers and also the process for agreeing CP/CIN commissioning going forward.

4. Central Services Block 2019/20

- 4.1. In prior years, Schools Forum has been provided with budgets for central expenditure funded by the Dedicated Schools Grant (DSG) in line with the

regulations of grant and Forum has been asked to review the proposed allocation.

4.2. In 2019/20 there is no change to the arrangements for Central Schools Services Block (CSSB) of the DSG. The CSSB allocation for 2019/20 provides funding for:

- The retained duties element of the Education Services Grant (ESG) for all schools)
- Ongoing central statutory functions – for example Admissions - for maintained schools
- Ongoing historic commitments for all schools

4.3. The proposed budget for 2019/20 looks to reduce expenditure on the CSSB by £350,000 and to earmark this CSSB allocation to support High Needs Block expenditure. The CSSB transfer to High Needs block is expected to increase to £500,000 from 2020/21 financial year with further efficiencies sought as part of the 2020/21 CSSB budget setting process.

4.4. The application of CSSB in 2019/20 is detailed in table 3 below:

Table 3 – CSSB Budget 2018/19 and 2019/20

| Area of Expenditure | 2018/19 £m | 2019/20 £m | Change £m | Comments |
|--------------------------------------------------------------------------------------------|-----------------------|-----------------------|----------------------|------------------------------------------------------|
| Copyright Licensing | 0.097 | 0.097 | 0.0 | No change |
| Asset Management, Place Planning and Strategic Operations | 0.816 | 0.604 | -0.212 | Contract efficiency and sovereign in-house provision |
| Asset Management – capital expenditure on the school’s estate including windows repayments | 1.435 | 1.435 | 0.0 | No change |
| Management, Support & Finance | 1.087 | 0.931 | -0.156 | Efficiencies of move to sovereign service |
| Virtual School | 0.276 | 0.282 | 0.006 | 2% inflation uplift |
| Lilla Huset Professional Development Centre | 0.200 | 0.200 | 0.0 | No change |
| Admissions and ACE | 0.519 | 0.516 | -0.003 | Reduction in cost through rebaseline |
| Transfer to High Needs | 0 | 0.350 | 0.350 | Transfer from CSSB to support High Needs |
| Total | 4.430 | 4.415 | -0.015 | |

4.5. **Action – Schools Forum to review and feedback on planned use of Central Services DSG**

5. High Needs Block 2019/20

- 5.1. The 2018/19 shortfall against the High Needs block is forecast to be £6.9m, increasing the brought forward deficit to £14m.
- 5.2. The cumulative DSG deficit at the end of 2018/19, represents 9.6% of our gross DSG allocation. In July 2018, the ESFA announced that any local authority that finds itself with a cumulative DSG deficit of over 1% of its gross DSG will have to submit a recovery plan to the ESFA by 30 June 2019. The recovery plan must set out clearly how the local authority plans to bring the overall DSG account into balance, within a maximum of three years. The recovery plan should be discussed and, if possible, agreed with the school's forum, and will require CFO sign off prior to submission to the Department for Education. We are currently awaiting further guidance on the process and format for submitting the recovery plan.
- 5.3. The ESFA published the 2019/20 provisional high needs allocation in December 2018, which will be updated later in the year to reflect January 2019 published and school census data, which informs the import/export allocation to the borough for non-resident pupils in our schools. The provisional allocation, before transfer of £1m of funding from the Schools Block of the DSG, is £22.251m. This is an increase of just under £0.5m, which is made up of an additional allocation of £0.358m from the ESFA and an increase of £0.14m for increased numbers on roll at our special schools. The final HNB allocation for 2019/20, should be confirmed by end of March 2019.
- 5.4. The local authority is expecting after transfer of £1m of funding from the School's block, and academy recoupment by the ESFA, to have at least £19.5m HNB income available in 2019/20. Current estimates on spend, includes a year on year assumption of growth in EHCP's of at least 15% and part delivery of the Phase 1 proposals that have previously been reported to school's forum. We are expecting a deficit outturn position of at least £5.7m against the HNB by the end of 1920, before any additional mitigations have been delivered through the High Needs block change programme. Table 4 on the next page provides a summary of the forecast 2019/20 HNB income and expenditure and outturn position.


Table 4 – Planned High Needs spend 2019/20

| HNB outturn | 2018/19 £m | 2019/20 £m | Change £m | Comments |
|--------------------------------------------------------------------------------|-----------------------|-----------------------|----------------------|-------------------------------------------------------------|
| Place funding | 4.37 | 4.37 | 0.00 | |
| Top-up funding and placement costs | 15.5 | 16.5 | 1.00 | Growth assumptions on placements in LBHF mainstream schools |
| Alternative provision education, home tuition, hospital education and outreach | 3.00 | 3.00 | 0.00 | No change |
| SALT and OT contracts | 0.77 | 0.91 | 0.20 | Increased SALT contract value |
| HNB Central services | 1.90 | 1.90 | 0.00 | |
| Total expenditure | 25.7 | 26.6 | 1.20 | |
| HNB (net) allocation | -17.9 | -19.15 | -1.25 | |
| In-year allocation | -0.36 | -0.36 | -0.00 | |
| Transfer from SB | -0.51 | -1.00 | -0.49 | |
| Transfer from CSSB | 0.00 | -0.35 | -0.35 | |
| Total income | -18.76 | -20.86 | -2.09 | |
| FORECAST OUTTURN (overspend) | 6.94 | 5.74 | -1.20 | |

Report ends

Agenda Item 6

Agenda Item 6

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
|  | London Borough of Hammersmith & Fulham SCHOOLS FORUM Tuesday, 5th March 2019 |
| DEDICATED SCHOOLS GRANT MONITORING QUARTER 3 2018/19 | |
| Open | |
| Wards Affected: (All Wards); All | |
| Accountable Director: Steve Miley, Director of Children Services | |
| Report Authors: Tony Burton | Contact Details: Tel: 07909 004 710 E-mail: tony.burton@lbhf.gov.uk |
| Purpose of the report This report updates forum on the 2018/19 quarter 3 budget monitoring position after updates to the allocation received in December 2018 from the Education and Skills Funding Agency (ESFA). It also includes the forecast accumulated Dedicated Schools Grant (DSG) carry forward position to 2018/19. | |

1. Introduction

- 1.1. This paper sets out the forecast variances in each of the blocks of the Dedicated Schools Grant in 2018/19.

2. Schools Block

- 2.1. Projected underspends in the 2018/19 schools Block are indicated in Table 1 below. Underspends on the Schools Block will be carried forward to 2019/20 as schools funds per the conditions of grant.

Table 1 - Schools Block Forecast 2018/19

| | £m | £m | £m |
|------------------------------------------------------------------|----------------|------------------|------------------|
| Schools Block 2018/19 | 2018/19 Budget | 2018/19 Forecast | 2018/19 Variance |
| Schools Block delegated (after academy recoupment) | 36.79 | 36.79 | 0 |
| Falling Rolls Protection Fund | 0.59 | 0.36 | (0.23) |
| Maintained schools de-delegated Budget | 0.70 | 0.55 | (0.15) |
| Transfer to High Needs Block | 0.51 | 0.51 | 0 |
| Total Schools Block received by LBHF. (underspend to c/f) | 38.59 | 38.24 | (0.40) |

- 2.2. Schools Forum agreed in January 2019 to allocate the balance of the 2018/19 falling rolls fund to Schools in 2019/20. Of the £0.225m carry forward to 2019/20, Schools Forum have allocated £0.095m to schools most impacted by falling rolls between October 2017 and October 2018 census. The remaining falling roles fund of £0.13m in 2019/20 is yet to be allocated by Schools Forum.
- 2.3. The maintained schools de-delegated budget is forecast to outturn with a underspend with respect to payments from the 'schools in financial difficulty and contingency' budget in 2018/19. Any underspend will be carried forward to 2019/20 to support requests from maintained schools in the future.
- 2.4. The Local Authority has received a number of requests from maintained mainstream schools for financial support via the Schools in Financial Difficulty/Contingency budget in 2018/19. Requests will be reported to Schools Forum with payments over £25,000 requiring authorisation by a decision report of the Cabinet Member for Children and Education following an Officer recommendation. Before recommending any such payments Officers undertake due diligence with the school to:
- Understand the reason for the request and if support is required to avoid a potential deficit position
 - Verify the accuracy of budget monitoring in the school
 - Confirm that the schools budget forecasts and plans reasonably ensure a sustainable financial position over the medium term.
- 2.5. Table 2 summarises the requests received and provisional estimates for financial support/contingency payments

Table 2 – Requests for Schools in Financial difficulty/contingency

| School | Reason for request | Year of request | Est £ |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------|
| Miles Coverdale | Financial/budgetary impact of recovery of High Needs place funding error 2018/19 for specialist unit. £56,000 recovery will result in deficit at 31/03/19. | 2018/19 | 38,000 |
| St Stephens | Adjustment required to 2018/19 opening reserves balance as a result of assumed 2017/18 place funding outstanding. The school were incorrectly advised. The correction will result in deficit at 31/03/19. | 2018/19 | 32,000 |
| Flora Gardens | Request support for restructure costs associated with setting a balanced budget for 2019/20 to 2020/21 (£38,000) | 2019/20 | 31,000 |
| Old Oak | Request support for restructure costs associated with setting a balanced budget for 2019/20 (£58,000) | 2019/20 | 58,000 |

- 2.6. **Schools Forum is asked to consider and confirm agreement with the two recommended payments for 2018/19 financial year and totalling £70,000.** These payments will ensure that the two schools concerned close

the financial year 2018/19 with estimated surplus retained balances of £5,000 respectively.

- 2.7. **Schools Forum is asked to consider and indicate support for the two requests received for support with restructure costs in 2019/20** and subject to further development of proposals and due diligence by Officers in the new year. These payments will ensure that the schools concerned close the financial year 2019/20 with estimated surplus retained balances of £5,000 respectively.

3. Early Years Block

- 3.1. The early years block is forecast to overspend by £0.15m in 2018/19 as per Table 3 below:

Table 3 – Early Years Block Forecast 2018/19

| | £m | £m | £m |
|----------------------------------------------|----------------|------------------|------------------|
| | 2018/19 Budget | 2018/19 Forecast | 2018/19 Variance |
| Early Years 2018/19 | 15.774 | 15.924 | 0.15 |
| Total Early Years Received in 2018/19 | 15.774 | 15.774 | 0.00 |

- 3.2. There is an opportunity of increased Early Years Block funding as a result of an increased take up of the governments extended 30 hour offer in Spring term 2019. Early indications on the January 2019 Early Years census suggest this is the case.

4. Central Services Schools block

- 4.1. The CSSB block is forecast to outturn to budget as set out in Table 4 below:

Table 4 – Central Services Schools Block Forecast 2018/19

| | £m | £m | £m |
|--------------------------------------------------------------------------------------------|----------------|------------------|------------------|
| | 2018/19 Budget | 2018/19 Forecast | 2018/19 Variance |
| CSSB 2018/19 | 4.430 | 4.430 | 0.00 |
| Copyright Licensing | 0.097 | 0.097 | 0.00 |
| Asset Management, Place Planning and Strategic Operations | 0.816 | 0.816 | 0.00 |
| Asset Management – capital expenditure on the school's estate including windows repayments | 1.435 | 1.435 | 0.00 |
| Management, Support & Finance | 1.087 | 1.087 | 0.00 |
| Virtual School | 0.276 | 0.276 | 0.00 |
| Lilla Huset Professional Development Centre | 0.200 | 0.200 | 0.00 |
| Admissions and ACE | 0.519 | 0.519 | 0.00 |
| Total CSSB Received in 2018/19 | 4.430 | 4.430 | 0.00 |

5. High Needs block

- 1.1. The High Needs block is forecast to outturn over spend by £6.94m, as set out in Table 5 below. This would result in a cumulative deficit on the High Needs Block of £14m at 31st March 2019.

Table 5 – High Needs Block Forecast 2018/19

| | £m | £m | £m |
|-----------------------------------------------------------------------------------|-------------------|---------------------|---------------------|
| | 2018/19 Budget | 2018/19 Forecast | 2018/19 Variance |
| High Needs block 2018/19 | 18.76 | 25.70 | 6.94 |
| Place funding | 4.53 | 4.53 | 0.00 |
| Top-up funding and placement costs | 9.85 | 15.5 | 5.65 |
| Alternative provision education, home tuition, hospital education and outreach | 2.20 | 3.00 | 0.80 |
| SALT and OT contracts | 0.32 | 0.77 | 0.45 |
| HNB Central services | 1.86 | 1.90 | 0.04 |
| Total expenditure | 18.76 | 25.7 | 6.94 |
| Total HNB Received in 2018/19 | 18.26 | 18.26 | 0.00 |
| Transfer from SB received in 2018/19 | 0.51 | 0.51 | 0.00 |

Report ends

Agenda Item 8

Schools Forum – Draft Work Programme 2019

Note: Dates and items to be confirmed

Tuesday 5th March 2019 2pm, Lilla Huset

- Dedicated Schools Grant Budget 2019/20 Update
 - Dedicated Schools Grant Monitoring Update 2018/19
 - High Needs Block Budget Update
 - Scheme for Financing Schools – Confirmation of Revisions agreed at Forum 20/11/18
-

Tuesday 14th May 2019 2pm, Lilla Huset

- High Needs Block Update – 3 year High Needs Block Plan for ESFA
 - Schools Organisation Strategy (TBC)
-

Tuesday 2nd July 2019 2pm, Lilla Huset

- Dedicated Schools Grant Outturn 2018/19
 - School Funding Review 2019/20
 - School Funding Arrangements 2020/21
-

Tuesday 8th October 2019 2pm

Items TBC

Tuesday 10th December 2019 2pm

Items TBC