

Schools Forum

Agenda

Tuesday 10 December 2019 at 2.00 pm
The Lilla Huset Professional Centre

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Agenda Item 1

London Borough of Hammersmith & Fulham

Schools Forum Minutes



Tuesday 12 November 2019

PRESENT

Schools Forum Members: Jo Chapman, Alex Parker, Tim Scott, Krishna Purbhoo, Gary Kynaston (Chair), Claire Fletcher, Jane Gleasure, Michelle Barrett, and Kathleen Williams

Officers: Jacqui McShannon (Director of Children's Services), Tony Burton (Head of Finance), Kevin Morris (Secondary Adviser and 14-19 Development), Kevin Gordon (Assistant Director of Assets, Programmes & Operations), and David Abbott (Clerk)

1. INTRODUCTIONS, APOLOGIES, AND MINUTES OF THE PREVIOUS MEETING

The Chair welcomed Jacqui McShannon, Hammersmith and Fulham's new Director of Children's Services, to the meeting.

Minutes - matters arising

Forum members asked for an update on the funding of trade union facilities. Tony Burton advised that it would be covered later in the agenda.

RESOLVED

The minutes of the previous meeting were approved as an accurate record.

2. LENA GARDENS ALLOCATION OF RETURNED FUNDING

Tony Burton introduced the report that proposed a methodology for the allocation of funding to Lena Gardens following the school's closure at the end of the 2018/19 academic year. The Department for Education (DfE) had confirmed that £308,027 will be returned in November 2019 to be allocated to schools that took Lena Gardens pupils.

The table in appendix 1 showed where the Lena Gardens pupils had moved to and what proportion of the money they would receive.

The recommendations were unanimously agreed.

RESOLVED

1. Appendix 1 shows the proposed allocation of funding to all the schools who took Lena Gardens pupils. Information received from colleagues in school admissions and schools themselves indicated that 71 pupils had been relocated to other LBHF schools. This proposal seeks to allocate all the returned funding to schools. The funding is broken down into 3 main elements:
 - Funding for 2 remaining terms of the 2019-20 financial year based on 2/3 of the AWPU rate of £3,565.92 and 2/3 of the pupil led factors.
 - Funding for pupils who transferred during the 2018-19 academic year based on the term they transferred giving a proportion of the AWPU rate.
 - Funding for pupils with EHCPs who transferred in September 2019 based on 2/3 of the £6,000 basic funding plus an allowance for 2.5 hours per week additional LSA hours until 31st March 2020.
2. That the money received from the ESFA is fully allocated to Hammersmith and Fulham Schools who received Lena Gardens pupils and there is no draw on maintained schools contingency reserve as previously agreed at 21st May 2019 Schools Forum.

3. **DEDICATED SCHOOLS GRANT MONITORING - QUARTER 2 2019/20**

Tony Burton introduced the report that set out the following:

- Carry forward balances at 1st April 2019
- Forecast variances in each of the blocks of the Dedicated Schools Grant in 2019/20
- Projected closing balances at 31st March 2020
- Changes in 2019/20 dedicated schools grant allocations advised by Education and Skills Funding Agency (ESFA) in 2019/20
- Proposed use of maintained schools contingency funding in 2019/20 to support schools restructuring costs

Tony Burton highlighted the following elements of the report:

Schools block – a £550k surplus in the schools block will be used for falling rolls protection and support for mainstream schools in financial difficulty and contingency funding.

High needs block – the high needs block was forecast to overspend by £5.85m in 2019/20 and the deficit was forecast to reach £19.81m by 31/03/20. There was a live DfE consultation around how to present this deficit on the balance sheet.

The Chair asked for an update at the next meeting on the work of the pressures group and plans to rebalance the high needs block budget. Tony Burton noted that a recovery plan came to the forum earlier in the year which the ESFA had now considered and officers were anticipating a visit from them in the near future.

Central services block – the central services block was forecast to have a balanced budget (including the proposed transfer to the high needs block).

Early years block – the early years block had a retained deficit from last year as a result of the historic budget model. The 2019-20 budget should bring that back into balance.

Jane Gleasure (PVI sector) noted that inclusion funding for Early Years providers was very low and accessing funding in Early Years settings was challenging. The local authority only had one liaison officer for 71 settings, including maintained settings. She asked that officers removed barriers to funding for providers. Tony Burton said the SEND service were looking into that area.

Falling rolls and funding for schools in financial difficulty

The Chair asked if officers were satisfied that the schools in question had produced workable recovery plans. Tony Burton said they had – officers visited all of the schools and ensured their restructuring plans resulted in balanced budgets.

A forum member asked if the officers analysis looked at any contingency within the schools. Tony Burton said the schools in question had relatively little in the way of contingency funding and were relying on ‘dwindling’ reserves. The process required that schools dealt with their structural budget issues and were sustainable within the current funding formula.

Tony Burton drew the forum’s attention to paragraph 4.3 of the report that detailed some clawback of funding from a census error. The number of two year olds was overstated on the census so the ESFA had requested the funding be returned, however there was a similar underclaim on the same census that the ESFA would not correct – leaving the Council down around £335k. Officers had written to the ESFA requesting that they were even-handed on these issues. The Chair requested that Jacqui McShannon drafted a letter from the forum to the ESFA on the matter.

ACTION: Jacqui McShannon

The recommendations were unanimously agreed.

RESOLVED

1. Agree falling rolls protection of £25,000 from the falling rolls protection fund to Phoenix Academy following their successful Ofsted and to assist with expenditure undertaken by the school to successfully impact their roll.
2. Agree maintained primary school contingency to three schools totalling £185,000 per Table 3 to assist with restructure costs as part of setting a balanced forward budget and to mitigate retained deficit forecast at 31/03/20 as a result of those costs.

4. SCHOOL FUNDING ARRANGEMENTS 2020-23

Tony Burton presented the report that gave an overview of funding arrangements from 2020 to 2023 in light of the Government's Spending Review announcement of a 3-year deal on Schools' Funding. The DfE was the only department to have benefitted from the assurance of funds beyond one year but this applies to the Schools' Block only. Tony Burton noted that there was due to be a national schools block funding increase of £2.6bn in 2020-21 but Hammersmith & Fulham would receive a relatively low amount – an increase of around 0.6 percent.

The Chair commented that this meant a continued squeeze on H&F school budgets – teachers would be getting a 2.75 percent pay rise but the Government was only funding 0.75 percent of that. And other costs were increasing too. Schools, PVI's and other providers would be getting a real-terms cut in their budget.

A forum member commented that on-costs were the real challenge – increases in pensions etc. had a big impact on budgets. Tony Burton recommended that members looked on Schools Zone for information from the Government on how to apply to have the increases fully funded. The ESFA has said this should be done by schools and not coordinated by the local authority but officers were looking at how they could help schools in this area.

The Chair asked for figures on the real terms impact of the budget increase against the cost increases for schools. The forum could then use those figures to form a response to the ESFA / Government.

Tony Burton informed the group that they had been told the central services block would be reducing by £550k from April next year. That change means it won't be able to make further transfers to the high needs block. Officers were drafting a response to the DfE making the case that H&F shouldn't be losing funding when there was still a significant high needs block deficit.

Tony Burton added that there would be an increase of around £2.9m for the high needs block, which was welcome but didn't make a significant impact on the deficit. Early years would also receive around a 1 percent increase. The finance team were working up a draft budget for December and would be holding workshops for the relevant maintained nurseries and PVI settings.

RESOLVED

That the forum noted the report.

5. 2020/21 PROVISIONAL SCHOOLS BLOCK BUDGET SHARE OPTIONS

Tony Burton presented the report on the initial modelling undertaken on the 2020/21 provisional Schools Block allocation of the Dedicated Schools Grant, following the receipt of provisional funding allocations in October 2019. He

noted that the modelling suggested a 0.614 percent year-on-year increase from the 2019-20 allocation.

Tony Burton explained that the initial modelling used the ESFA's Authority Proforma Tool and operational guidance to model two allocation methods for 2020/21. Model 1 used 2019/20 Local factor rates and applied them to 2020/21. Model 2 used area cost adjusted national Schools Block NFF rates and applied them to 2020/21.

A forum member asked what the consequences would be (for the high needs block, schools and the council) if Schools Forum did not agree the proposed transfer of £1.035m to the high needs block.

Tony Burton said the consequences for the high needs block would be a £1m increase in the deficit each year and it would delay rebalancing the high needs block in year. He added that the high needs block's retained deficit of £19m this year represented almost an entire year of high needs block funding and the school system needed to everything it could to try and rebalance the budget.

Tony Burton noted that the DfE had informed the council that the high needs block deficit needed to be held by the school system, not the Council. It was previously recorded as a council deficit, offset by reserves.

A forum member commented that some schools had a high volume of SEND pupils whereas others had none. They had been told that some services were signposting to schools with high numbers of SEND pupils as they were seen as more inclusive – which was compounding the divide. Another forum member said that at their school there was a £250k gap between the funding they received for SEND and what they spent just to meet the statutory need.

A forum member asked if the £1m transfer was just a 'sticking plaster' – given the size of the deficit would Schools Forum be making these transfers forever or were they making a difference.

Forum members discussed the financial consequences of further transfers – as school budgets were being continually squeezed. Members felt that they needed more information on the consequences of transfers to the high needs block and the plans to tackle the deficit.

Tony Burton said the high needs block overspend peaked at £7m but has since reduced and would continue to reduce. He added that the money from Government was based around population factors which might indicate a better funding settlement from Government in future. He restated that the schools block transfer was an important element of rebalancing the high needs block budget in the short to medium term.

The Chair noted that the forum had to make a decision on this issue in January. He asked officers to produce a briefing on the high level consequences of £0.5m and £1m transfers. Forum members asked for this

briefing as soon as possible (at least 10 days before the meeting) so they could discuss within their schools.

Schools Forum members identified a need for further discussions around the High Needs Block, including current allocations, the overspend and the recovery plan.

ACTION: Tony Burton

Tony Burton noted that a decision was needed at the meeting to agree the transfer in principle because the ESFA required an early request for disapplication. A decision on the final transfer would be made in January. This was agreed.

Schools Forum members identified a need for further understanding and discussions around the make-up of other elements of the DSG.

ACTION: Tony Burton

RESOLVED

1. Schools Forum agreed a proposal to continue to transfer 1% of the total Schools Block to the High Needs Block in 2020/21 in principle – with the final decision being made in January.
2. Schools Forum approved the request to adjust the amount funded through the Minimum Funding Guarantee (MFG) for Ark Burlington Danes Academy (BDA). This adjustment is required as BDA has converted to an all-through school resulting in the MFG being weighted towards the higher per pupil value for secondary phase pupils. This £44,734 adjustment requires the local authority to submit a disapplication request to the ESFA.

6. 2020/21 DRAFT SCHOOLS BLOCK BUDGET CONSULTATION

Tony Burton tabled the draft consultation – noting that it was the same information as presented in Item 5 but in a more accessible format for schools.

7. DRAFT WORK PROGRAMME UPDATE (FOR INFORMATION)


The draft work programme was noted.

8. ANY OTHER BUSINESS

There was no other business.

Meeting started: 2.00 pm
Meeting ended: 4.07 pm

Agenda Item 2

	<p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>Tuesday, 10 December 2019</p>
<p>2020/21 Schools Budget Update and Feedback from Schools Budget Consultation</p>	
<p>Open</p>	
<p>Classification - For Scrutiny Review & Comment</p> <p>Key Decision: No</p>	

Agenda Item 2

Wards Affected: (All Wards); All	
Accountable Director: Jacqui McShannon, Director of Children's Services	
Report Authors: Tony Burton Head of Finance for Children's Services and Education	
Purpose of the report The report provides an update to the report provided to Schools Forum on 12 November. It summarises changes and corrections to the budget share calculations. It also summarises responses to the budget consultation circulated after the Schools Forum meeting in November.	

1. Introduction

- 1.1. Since the report on budget share calculations was presented to the Schools Forum in November further work has been undertaken to ensure DfE regulations are being met. Advice has been sought from DfE on how to treat a number of technical issues and a summary of changes, corrections and issues are included below for information
- 1.2. The budget consultation based on the reports submitted to November Schools Forum was circulated after the meeting to all maintained and academy primary schools, and all academy secondary schools in the borough. The consultation period closed on the 26th November and to date we have received 5 responses. Details of the responses are included in Appendix 1.

2. 2020/21 changes made to Initial Modelling

- 2.1. The modelling used the ESFA's Authority Proforma Tool (APT) and operational guidance to model two allocation methods for 2020/21. These are:

Model 1 – Uses 2019/20 Local factor rates and applies them to 2020/21 APT

Model 2 – Uses area cost adjusted national Schools Block NFF rates and applies these to the 2020/21 APT.

- 2.2. Further work identified the following issues which required changes to the values input for each model.

- Growing and expanding Schools - Addition of funding for St John XXIII primary School originally not included – 30 pupils from September 2020
- Growing and expanding Schools - Correction of pupil numbers for Burlington Danes Primary Academy to reduce funding for expansion as number of classes has reduced from 2 to 1 from September 2019. DfE has advised that a change to the 2019/20 baseline figure that feeds into the 2020/21 budget is required in order to remove any protection from the MFG (Minimum Funding Guarantee). It is not possible to retrospectively change the budget allocation in 2019/20 for this school.

These changes do not have a significant effect the position previously reported for all other schools.

2.3. Split Sites factor has been identified as a potential problem following a detailed review of the factors included in the allocations.

- Split sites is a local factor which is discretionary and seeks to recompense schools for additional costs associated with operating on more than one site. Currently 2 schools received this factor in 2019/20 and the 2020/21 modelling so far has included amounts for these schools
- DfE is very clear in the operational guidance that any amounts paid must be justified. Currently we are writing to the 2 schools to provide evidence of the additional costs incurred so that a proposal for this factor can be put to Schools Forum for approval

2.4. The adjustments detailed in paragraph 2.2 have reduced the amount of funding available for falling rolls as quoted in the previous Schools Forum report from £0.254m to £0.131m.

3. Consultation responses Summary

3.1. The consultation period closed on the 26th November and to date we have received 5 responses including 4 maintained primary schools and one academy trust. The responses are summarised below with a more detail provided in Appendix 1.

3.2. Question 1 – Provisional modelling Preference

Response	No preference	Model 1	Model 2
Number of Responses	4	1	0

3.3. Question 2 – Falling Roll Provision – Agree a fund should be established

Response	Yes	No
Number of Responses	3	2

3.4. Question 3 – Falling Roll Funding request

Response	Yes	No
Number of Responses	3	2

3.5. Question 4 - Transfer 1% Schools Block to High Needs Block

Response	Yes	No Comment
Number of Responses	3	2

3.6. Question 5 – Proposed De-delegation and education function budgets

Response	Supportive	No Objection	No Comment
Number of Responses	2	1	2

3.7. Question 6 – Any other comments or feedback

Response	None	Falling Roles
Number of Responses	4	1

4. Key dates

4.1. Table 1 – key dates and next steps

Date	Activity
10 th December 2019	Schools Forum consider consultation feedback
December 2019	APT with October 2019 census data and final allocation released by ESFA
Week Commencing 6 th January 2020	School Budget Briefing's at Lilla Huset on final proposed model
14 th January 2020	Final Schools Forum decision on the 2020/21 schools budget allocations
January 2020	Deadline for submission of the final 2019 to 2020 APT to

	the ESFA.
January 2020	Leaders urgency decision for Council's approval of the 2020/21 Schools budget.
28 February 2020	Deadline for confirmation of school budget shares to mainstream maintained schools.


Appendix 1 - Summary of Consultation responses

		A	B	C	D	E
Q1	Provisional Modelling Views/Preference -	No	No preference, the overall impact on the budget is nearly the same and whatever the model the situation is challenging	No, the difference between the 2 models is minimal	Yes, Model 2 because the funding level is slightly higher	No Comment
Q2	Falling Roll Provision Comment/Feedback -	See Question 4	Falling rolls request around costs of restructuring	Agreed that such a fund should be established as per the ESFA guidelines	No	Yes
Q3	Falling Roll Funding Request	Yes. Details of roll fall provided	Yes. OFSTED = GOOD	Not planning to submit a Falling Roll application	No	Yes
Q4	Transfer of 1% SB to HNB	No objection but concern that this might be insufficient	The school support this. SEND children at the School including those with EHCPs represent 17%. Additional funding is needed above that of the EHCPs.	Agreed transfer as per the proposal	No comment	No Comment
Q5	Proposed De-delegated & Education Functions budget	No objection	The school support the principle of this	Proposal of De-delegated and Education Functions agreed	No comment	No Comment
Q6	Any other comments or feedback	None	The school hope that their application for Falling Roll funding will get a positive response		None	None

Report ends

Agenda Item 3

Agenda Item 3

	London Borough of Hammersmith & Fulham SCHOOLS FORUM Tuesday, 12th December 2019	
EARLY YEARS FUNDING		
Open		
Wards Affected: (All Wards); All		
Accountable Director: Jacqui Mc Shannon, Director of Children Services		
Report Authors: Jill Lecznar Tony Burton		Contact Details: Tel: E-mail: jill.lecznar@lbhf.gov.uk tony.burton@lbhf.gov.uk
Purpose of the report This report updates forum on the initial allocation of Early Years Block funding for 2020-21 based on January 2019 census and explains the impact of this on the participation model for all providers. The focus is on the funding for the 3 and 4 Year Old offer and the steps to setting 2020/21 Early Years budget.		

1. Early Years Funding 2020-21 Initial Allocation

- 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 and 4 year olds (YO), which constitutes the bulk of the funding and which is also subject to pass through and other requirements.
- 1.2. Since its introduction in April 2017 the EYNFF (Early Years National Funding Formula) has set the hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for 3 and 4 YO. There is a separate established formula that sets hourly funding rates for 2 YO.
Key points for 2020/21 - Local Authorities are required to;
 - Set a single funding rate (including the same base rate and supplements) for both entitlements for 3 and 4 YO
 - Must pass at least 95% of funding received to providers
 - Must use a universal base rate for all types of providers including maintained nursery schools

- Must use a deprivation supplement in their local 3 and 4 YO formula
- Must not channel more than 10% of funding to providers as supplements
- Must provide an SEN Inclusion Fund for 3 and 4 YO
- Compliance will be monitored through the S251 Budget and Outturn reporting process

1.3. Summary explanations including funding rates applicable in 2020/21

- Universal entitlement for 3 & 4 YO – 15 hours free childcare for all 3 and 4 YO available from the term after their 3rd birthday for a maximum of 38 weeks per year. Funding will be received by LBHF at £8.00 per hour. (2019/20 £7.92)
- Additional entitlement working parents 3&4 YO – additional 15 hours free childcare for eligible 3 and 4 YO from the term after their 3rd birthday for a maximum of 38 weeks. Parents are required to obtain a 30-hour code. Funding is received by LBHF at £8.00 per hour (2019/20 £7.92)
- Disadvantaged 2 YO – 15 hours free childcare for eligible 2 YO from the term after their 2nd birthday for a maximum of 38 weeks per year. Funding received is £6.58 per hour (£6.50 in 2019/20) and in 2019/20 this was passed on at the same rate to providers. The rate to be paid in 2010/21 will need to be agreed by Schools Forum. 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.
- Disability Access Fund – additional per pupil funding for those receiving DLA to access the 3 and 4 YO offer. This is currently £615 per eligible pupil per annum.
- Maintained Nursery School 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 £820k in 2020/21. This is also based on headcount data from the January census

1.4. Table 1 below shows the provisional Early Years allocations for the 2020/21 Financial Year. DFE funding for EY is based on Spring term headcount i.e. January. The initial allocation uses the January 2019 headcount. This will be

revised in July 2020 to take account of the January 2020 census and again in July 2021 to take account of the January 2021 census.

Table 1: Breakdown of Provisional Early Years Funding Allocations 2020/21

Element	Amount £m
3 and 4 YO universal offer	11.939
3 and 4 YO extended offer	1.922
Sub-total 3 and 4 Year Old Offer	13.861
2 YO Disadvantaged offer	1.145
EY Pupil Premium	0.106
Disability Access Fund	0.037
MNS supplementary funding	0.820
TOTAL	15.969

2. 3 & 4 YO Offer 2020/21 DRAFT budget model

- 2.1. The 2020/21 draft budget model is based on the initial allocation detailed above and summarised below for the first two elements of funding in table 1 (Universal 15 hours childcare and targeted additional 15 hours extended hours Childcare for 3 and 4 YO). This model assumes the same base rate and deprivation rates paid in 2019/20.

Table 2: DRAFT 2020/21 Early Years Budget – 3 & 4 YO Universal and Extended Offer

	20/21 Budget	19/20 Budget	Variance
	£000	£000	£000
Participation based on estimated hours - base rate	10,742	10,432	310

Participation based on estimated hours - deprivation	1,224	1,076	148
Central services expenditure - 5% maximum allowed	693	666	27
SEN Inclusion Fund	300	300	0
Child Protection and Child in Need provision	600	600	0
Contingency	302	252	50
TOTAL SPEND	13,861	13,326	535
DSG EY funding	-13,861	-13,326	-535
NET POSITION	nil	nil	nil

2.2. The breakdown of the hourly funding rate of £8.00 is shown in the table 3 below.

Table 3: Factors and Hourly Rates Applied (see paragraph 3.1 for full detail)

Factors	Rate per hour £	Rate per hour %
A. Basic hourly rate per child	£6.20	77.5%
B. Deprivation hourly rate (average)	£0.71	8.7%
C. SEN Inclusion Fund	£0.17	2.2%
D. Child Protection and Child in Need	£0.34	4.5%
E. Contingency	£0.18	1.3%
F. Central Support Expenditure	£0.40	5.0%
Total	£8.00	100.0%

3. Key Elements of the DRAFT Budget Model 2020/21

- 3.1. All providers, both schools, private & voluntary nursery providers 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.
- 3.2. Factor A - Universal base rate. The base rate used is £6.20 per hour which is the same as 2019/20 (£6.10 in 2018/19.)
- 3.3. Factor B – Deprivation. The deprivation supplement was reduced in 2019/20 to ensure this element keeps within the 10% limit set by the grant regulations an also to ensure that the overall budget fits the funding envelop for 2020/21. Current deprivation rates paid are shown in Appendix 1 of this report.

- 3.4. Factor C - SEN Inclusion Fund. All providers at some stage may require additional funding to help them support the needs of individual children with lower level or emerging SEN in their settings.

The Early Years Inclusion Fund is to support 2, 3 & 4 year olds who get early education funding, and have a low level or emerging SEN. The funding is for use in the setting and is allocated to the provider. *(Note that Early Years Inclusion Funding for two year olds will be from the High Needs Block rather than Early Years Block of the DSG in line with the regulations of grant).*

- 3.5. Factor D – Childcare for Assessed Child Protection and Child in Need (CP/CiN). The model above shows funded childcare for Child Protection and Child in Need (CP/CiN) on a separate line for the first time. Previously CP/CiN was included in the school's budget allocation.

In 2019/20 a £600k budget was included to support additional childcare for the most vulnerable Children in the borough.

- 3.6. Factor E – contingency funding. This has been increased by £50,000 in 2020/21 draft budget pending the ESFA's operational guidance due in December 2019.
- 3.7. Factor F - Central services Expenditure. The model assumes a budget for central services of £693k which is the maximum amount allowed (5% of total 3 and 4 YO funding) under regulations. The proposed allocation of the central items is detailed in table 4 below.

4. Details of Provisional Early Years Central Budget

Table 4: Proposed Central Services Budget 2020/21

Item of Central Expenditure		Budget 2020/21 £000s	Budget 2019/20 £000s
i.	Early Years Strategy, Advice and Curriculum Support	119	200
ii.	Family Support Services	424	466
iii.	CP/CiN spot purchases non MNS	70	
iv.	Finance Team	80	
Total Central Spend from Early Years DSG		693	666

- 4.1. Note that:

- item ii. in table 4 is provided through the Family Support Services. Commissioning arrangements of Family Support Services for 2020/21 will be reviewed by the Local Authority. Officers will be able to report back on outcomes achieved and value for money for this allocation at a later Schools Forum

- item iii. This provides allowance within the central budget for CP/CiN provision outside of the maintained nursery sector in order to comply with grant funding regulations and per current levels of expenditure.
- Item iv. relates to existing finance expenditure previously met by central services dedicated schools grant. Appropriately funding early years finance functions from the Early Years block of the DSG, a corresponding amount of CSSB can be released.

5. Recommendations and next steps

- 5.1. Detailed budget estimate work with Maintained Nursery Schools for 2020/21 financial/academic year to ensure financial sustainability. Note that this will impact on proposals modelled in sections 3 & 4 of this report.
- 5.2. Updated Operational Guidance from the ESFA for Early Years Block DSG expected December 2019. Note that this will impact on proposals modelled in sections 3 & 4 of this report.
- 5.3. Following receipt of the updated operational guidance in December 2019 and conclusion of steps outlined in paragraph 5.1 and 5.2, a revised budget and proposed hourly rates will be presented to Schools Forum for consideration on 14th January 2020.
- 5.4. Budget consultation to Maintained Nursery Schools, primary schools, PVI providers and childminders in late January 2020 and early February 2020.
- 5.5. Final budget proposals to Schools Forum in March 2020.

Report ends

Appendix 1 – IDACI Sliding Scale of Rates 2019/20 – Proposed Early Years Deprivation Participation Rate

IDACI Bandings used for Deprivation Supplement to universal hourly rate


IDACI banding	Hourly rate 2018/19	Hourly rate 2019/20
1	£1.40	£1.25
2	£1.30	£1.15
3	£1.20	£1.05
4	£1.00	£0.85
5	£0.65	£0.50
6	£0.55	£0.40
7	£0.45	£0.30
8	£0.40	£0.25
9	£0.30	£0.15
10	£0.00	£0.00

DFE Regulations state that the total amount paid as a supplement to the universal hourly rate must not exceed 10% of the total payable.

In the current model this equates to £1.2m of the £13.9m budget.

Based on historic data the hourly rates payable equate to an average of £0.69p per hour. Changes to the level of deprivation in the borough would require further modelling to ensure that the 10% maximum still applied. It may be necessary at some point in the future to scale back the hourly rates for deprivation should overall deprivation attributable to the 3 and 4 YO attending settings within the borough increase significantly.

Agenda Item 4

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">SCHOOLS FORUM</p> <p align="center">Tuesday, 12th December 2019</p>
<p align="center">High Needs Block Update</p>	
<p>Open</p>	
<p>Wards Affected: (All Wards); All</p>	
<p>Accountable Director: Jacqui Mc Shannon, Director of Children Services</p>	
<p>Report Authors:</p> <p>Tony Burton</p>	<p>Contact Details:</p> <p>Tel:</p> <p>E-mail: tony.burton@lbhf.gov.uk</p>
<p>Purpose of the report</p> <p>To provide an update to Schools Forum on the High Needs block position and the medium-term position with respect to funding and expenditure.</p>	

1. 2019 to 20 High Needs Block (HNB) ESFA funding allocation

1.1 The latest HNB allocations were confirmed by the Education and Standards Funding Agency in November 2019 and are shown in Table 1.

1.2 Table 1 – 2019 to 20 HNB allocations

2019-20 high needs NFF allocation	2019-20 import/export adjustment	Additional funding for Special Free Schools	2019-20 additional high needs funding	2019-20 high needs block	2019-20 direct funding of places by ESFA	2019-20 high needs block final LA allocation from ESFA
£m	£m	£m	£m	£m	£m	£m
19.835	1.476	0.036	0.358	21.705	-2.335	19.37

1.3 The figure for the 2019 to 20 import export adjustment is lower than originally notified due to an error in a data submission by a Further Education provider. We

are working with the ESFA and other local authorities to rectify this and anticipate that we will receive some additional import/export adjustment in 2019 to 20.

- 1.4 In addition to the allocation of £19.37m, transfers were made to the HNB from the Schools Block, based on an approved dis-application request to the Department for Education, and a transfer from the Central Services Schools Block which is permissible under the School Funding regulations.

Table 2 – 2019 to 20 final adjusted HNB

	£m
Final confirmed HNB allocation from ESFA	19.37
Transfer from Schools Block	1.02
Transfer from CSSB	0.35
Adjusted 2019 to 20 HNB budget	20.74

- 1.5 Table 3 shows the 2019/20 forecast overspend of £5.8m against the high needs block budget of £21.269m. This budget includes a higher import/adjustment figure based on an earlier funding notification from the ESFA. The shortfall is currently reflected in the forecast but will change once clarification is received from the ESFA.

Table 3 – 2019/20 High Needs block budget, forecast and variance

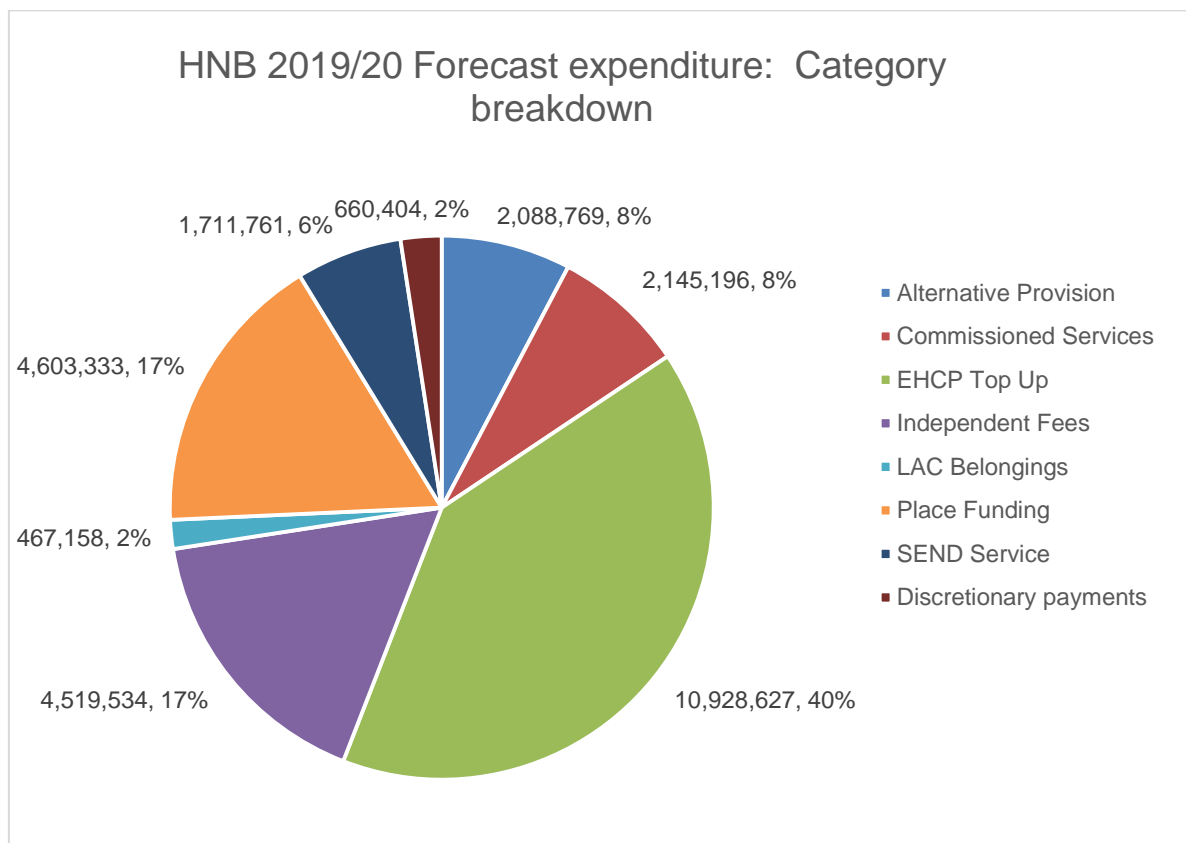
Expenditure category	Forecast Outturn £
Alternative Provision	2,088,769
Commissioned Services e.g SALT, OT etc	2,145,196
EHCP Top up	10,928,627
Independent Fees	4,519,534
LAC Belongings	467,158
Place Funding	4,603,333
SEND Service including SEN Outreach, Core EP Offer	1,711,761
Discretionary payments	660,404
Sub-total – LBHF direct spend	27,124,782
Recoupment for academy and free school places funded by the ESFA direct	2,335,000
Total LBHF high needs funding and expenditure	29,459,000
Total Funding Available (Incl. Import/Export Adj)	23,604,000
Overspend forecast	5,855,000

- 1.6 The expenditure categories generally include the following type of expenditure:
- Alternative Provision – AP commissioned places including 6 day plus services and outreach services.
 - Commissioned Services – Occupational therapy, hospital services, home tuition, speech and language therapy.
 - EHCP top up – top up funding for pupils with an EHCP in maintained schools, academies and free schools and for Hammersmith residents placed out of the borough.
 - Independent Fees – fees for Hammersmith residents placed at non-maintained independent provision.

- LAC belongings – expenditure relating to the education costs of a looked after child with an EHCP.
- Place funding – special schools place funding.
- SEND service –staffing expenditure including for the direct provision of sensory services core educational psychology services and SEND front door for early education intervention at the Stephen Wiltshire Centre.
- Discretionary payments – this includes high needs targeted primary funding for the AY 2018/19 summer term which has ceased from AY 2019/20 and ongoing SEN contingency funds. Equipment costs are also included under this category.

1.7 The pie chart again shows the breakdown of the forecast 2019 to 20 expenditure of £27.125m. The EHCP top up funding (green segment) has a forecast spend of £10.928m. Approximately 28% of this expenditure is spent on top up funding for mainstream schools within the borough.

Pie chart – 2019 to 20 HNB forecast expenditure – breakdown of latest forecast spend £27.125m



1.8 The council continues to review the DSG deficit recovery plan which was submitted to the ESFA in the spring/summer of 2019. Included in the plan is a table showing savings that are being worked towards achieving over years 1 to 3.

1.9 Table 4 – Savings figures included in the DSG Deficit Recovery Plan

Type of provision	Year 1 2019/20 saving £	Year 2 2020/21 saving £	Year 3 2021/22 saving £
Regional commissioner fee	200,000	206,500	211,663
Wrap around provision OT	95,000	95,000	95,000
Reconciliation of high needs	233,333	400,000	400,000
Home tuition	100,000	100,000	100,000
Alternative Provision	342,500	475,833	475,833
Wrap around provision SALT		325,000	325,000
Central SEND service		100,000	100,000
EY Overspend 2018/19	205,000		
Cessation of discretionary payments	155,000	528,000	528,000
Total savings	1,330,833	2,230,333	2,235,496

- 1.10 The council are expecting to receive an additional £2.9m additional high needs block funding in 2020/21 as part of the additional funding being provided nationally. Table 5 shows the projected impact of this on the forecast outturn position in 2020/21 with an in-year overspend projected of £3.066m.
- 1.11 Due to the ESFA's requirement for the authority to submit a dis-application request to move 1% of the 2020 to 21 schools block, we have not included this in our high needs block forecast but if approved the forecast overspend will further improve.
- 1.12 For 2021/22 we have not assumed any additional high needs block funding as the government can not indicate yet if there will be funding available.
- 1.13 Table 5 shows the current forecast outturn and cumulative outturn for the year 1 to year 3 of the DSG deficit recovery plan.

Table 5 – future years forecast and cumulative DSG balance

	Year 1 2019/20 £	Year 2 2020/21 £	Year 3 2021/22 £
High Needs Block change – additional funding	358,000	2,900,000	
Approved transfer of school block to HNB	1,002,000		
Forecast outturn variance	5,870,353	3,066,009	6,100,755
Cumulative retained DSG deficit balance	19,830,353	22,896,362	28,997,117
	Deficit	Deficit	Deficit

2. Alternative Provision Commissioning

- 2.1. The recommendations from a recent review of Alternative Provision (1) in June 2019 highlighted several improvements to how the Council commission's this resource, two key areas were;
 - LBHF must have a central role and build capacity to have oversight of all commissioning and quality assure AP across the borough. This will include visits by head teachers to AP providers serving former and current pupils to monitor quality.
 - The per-pupil allocations need to be financially remodelled against the new priorities, in order to make an earlier impact and reduce numbers in AP over the medium and long term
- 2.2. Negotiations have taken place with the TBAP to develop a new service level agreement to deliver the aims of the review and shift activity and funding from places to outreach and direct support to pupils in mainstream schools. This will take a period of adjustment for TBAP as their delivery model reshapes, the SLA is structured over a three year period to achieve this.
- 2.3. Transitioning to the new approach is not without risk. The urgency of stabilising the HNB overspend means there is limited change or investment funds to pump prime or to run new services in parallel with the existing AP places that are occupied by pupils. Therefore, the SLA has been designed to incentivise TBAP to shift funding and resources incrementally into outreach as the number of places in AP reduces.

3. High Needs Block – Next Steps

- 3.1. The Local Authority has worked with schools and key stakeholders to develop a SEND Transformation Programme, early stages of which have delivered efficiencies, regularised spend and are addressing historic impacts of LBHF being a regional commissioner of specialist provision.
- 3.2. The Local Authority is entering the next stage of this programme, scoping out with schools and key stakeholders a programme which aims to both improve outcomes for children and young people with SEND and produce financial efficiencies for the Local Authority by intervening earlier before needs escalate into more specialist and expensive interventions, as well as creating more effective models and commissioned structures of delivery. However, given the considerable gap between expenditure and budget and a locally held view that LBHF is underfunded (on the basis of a funding formula which places reliance on historic spend), the ability for the Local Authority to bring the overspend back within budget will remain a concern

4. Recommendation

- 4.1. Following Schools Forum on the 12th November 2019, a disapplication for a movement between blocks of the Dedicated Schools Grant in 2020/21 was submitted to the Department for Education.

- 4.2. This movement of 1% or circa £1.03m of the schools block provisional allocation for 2020/21 requires minister of state approval pending a final agreement of the Schools Forum to proceed with the block transfer.
- 4.3. This report recommends the continued block movement of 1% in 2020/21 financial year as a key element of the strategy to close the gap over the medium term.

Report Ends

Schools Forum 10th December 2019 – Draft Work Programme 2020

Note: Dates and items to be confirmed

Tuesday 14th January 2020 2pm (TBC)

- Schools Budget 2020/21 Update
- Schools Block Budget 2020/21 – Final Authority Proforma Tool
- Early Years Budget Update 2020/21 & Consultation
- **Annual Audit Update**
- **Scheme for Financing Schools Revisions**

Tuesday 17th March 2pm (TBC)

- Schools Budget 2019/20 Qtr3 Monitoring
- Schools Budget 2020/21 Update
- Early Years Budget 2020/21 Final

Tuesday 16th June 2pm (TBC)

Tuesday 13th October 2pm (TBC)

Tuesday 8th December 2pm