


Agenda Item 5

	<p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>Tuesday, 5th March 2019</p>
DEDICATED SCHOOLS GRANT BUDGET 2019/20 UPDATE	
Open	
Wards Affected: (All Wards); All	
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Purpose of the report This report updates Schools Forum on the 2019/20 Schools Budget process since Schools Forum in January 2019.	

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