

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 15/07/2024

**Subject:** Queensmill School transitional funding

**Report of:** Councillor Alex Sanderson, Cabinet Member for Children and Education  
Councillor Rowan Ree, Cabinet Member for Finance and Reform

**Report author:** Daryle Mathurin, Head of Assets and Resources

**Responsible Director:** Jacqui McShannon, Executive Director of People  
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### SUMMARY

Queensmill School is a core member of the Hammersmith & Fulham family of special schools, which delivers high quality education to children and young people in the borough and the wider region.

The Department for Education is the responsible body for Queensmill School and have agreed the voluntary transfer of the school to a new Academy Trust. Ormiston Academy Trust (OAT) has been identified by the Department as the new academy sponsor for Queensmill School.

This report seeks approval for a jointly crafted approach with Queensmill School, Ormiston Academy Trust, the Department for Education, and its Education Skills Funding Agency to develop a transitional funding approach in support of a transformation programme for a sustainable delivery model.

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### RECOMMENDATIONS

1. Approval of £595,044 interim funding per annum (up to a maximum of £935,837) in transitional funding to Ormiston Academy Trust for a 19-month period from September 2024 to March 2026 to match the resources currently allocated to support a small cohort of Hammersmith & Fulham high needs learners requiring provision above and beyond that would normally be expected from the Queensmill School current model.
2. To note the ongoing discussions and associated risk for additional funding from Hammersmith & Fulham from the outcome of negotiations with the Department for Education and its Education Funding Skills agency for a package of up to £1.361m in transitional funding for a 19-month period September 2024 to March 2026 to support the redesign of the Queensmill delivery model.

3. To delegate authority to the Director of Education and SEND, in consultation with the Executive Director of People and the Cabinet Member for Children and Education to agree a 19-month transformation programme with Ormiston Academy Trust for Queensmill School.
4. To delegate authority to the Director of Education and SEND, in consultation with the Executive Director of People and the Cabinet Member for Children and Education to agree inflationary uplifts to proposed funding levels following the outcome of 2024/25 teachers and non-teachers national pay awards consistent with transformation programme to be agreed.

**Wards Affected:** All

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	Continue the delivery of special education for Hammersmith & Fulham children and young people with a diagnosis of autism.
Creating a compassionate council	Support the sustainability of Queensmill School to continue the delivery of special education support Hammersmith & Fulham children and young people.
Doing things with local residents, not to them	The transformation approach was co-produced with Queensmill School and key delivery partners.
Being ruthlessly financially efficient	Continue the delivery of a robust specialist and complex autism offer to meet the special educational needs of Hammersmith & Fulham children and young people locally.
Taking pride in H&F	Continue the delivery of a robust specialist autism education pathway for Hammersmith & Fulham children and young people. Queensmill School plays an important role in supporting Hammersmith & Fulham children and young people to play and active part in their local community, achieving paid employment, independent living, good health, and relationships.
Rising to the challenge of the climate and ecological emergency	Improving the Queensmill School built environment will form a key part of the transformation programme. Investment in remedial works to support the handover of the school in good condition to the academy trust and reduce the eco footprint.

## Financial Impact

### Recommendation 1

Recommendation 1 concerns interim transitional funding with respect to complex needs among Hammersmith and Fulham resident learners at Queensmill School for which LBHF is the funding authority. This transitional funding is based on an estimate based on the Strategic Resource Management Review undertaken with respect to current resources currently deployed by Queensmill Trust for this cohort.

Transitional funding pending Business Transformation at Queensmill School would be at an annual cost of £591,055 per annum and a maximum of £935,857 for a 19 month period (5 academic Terms from September 2024 to March 2026).

This represents the maximum expected transitional cost pending professional review of resource delivery required to effectively meet the needs of this cohort with complex needs.

It is expected that Ormiston Academy Trust as the proposed new trust provider will be able to identify a target model for meeting the needs of this cohort earlier than 31<sup>st</sup> March 2026 and will be subject to the transformation plan to be agreed in Recommendation 3.

When a target operating model is identified and agreed post transformation, LBHF will be in a position to agree a new evidenced baseline top-up for the provision at Queensmill School including this complex cohort. This will be subject to a separate decision in due course and will represent a permanent funding model for the provision at Queensmill School.

The financial impact of the transitional funding will be met from Hammersmith and Fulham High Needs Block, The impact of the maximum transitional funding by April to March financial years is per Table 2.

Table 2 – Maximum impact of Proposed Transitional funding per Annum

Financial Year	£
2024/25	344,782
2025/26	591,055
<b>Total</b>	<b>935,837</b>

Within the High Needs Safety Valve plan there is headroom for placement number growth of £1.1m each financial year between April 2024 and March 2026. Constrained funding growth in the High Needs Block of the Dedicated Schools Grant against a context of cost of living increases in the last 24 months has resulted in increased risk with respect to containing High Needs expenditure within funding levels. Close financial monitoring will be required over the coming months to review commitments against available funding.

Recommendation 2 to 4

LBHF understand there are significant opportunities and costs to make efficiencies versus the current operating model at Queensmill Trust. Following Transformation activity, LBHF will be in a position to set appropriate evidenced based top-up increases. It is proposed that EFSA be asked to provide transitional funding whilst efficiencies and economies of scales are identified and implemented.

Transitional funding from LBHF and the ESFA should cease as soon as an evidenced based top-up for a value for money delivery model has been achieved and LBHF can agree permanent top-up funding arrangements with the Trust Provider and other placing local authorities who bear responsibility for top-up funding for non-H&F resident pupils.

*Financial Implication prepared by Tony Burton, Head of Finance for Children's Services and Education, 4<sup>th</sup> June 2024*

*Verified by James Newman. AD Finance, 5 June 2024*

## **Legal Implications**

The Council has a statutory duty under the Children and Families Act 2014 to meet the needs of pupils and young people up to the age of 25 with special educational needs.

The approval of the package of transitional funding to OAT to support the programme of Queensmill School transformation contributes to the fulfilment by the Council of these obligations.

*Jade Monroe, Chief Solicitor, 3 June 2024*

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## **Background Papers Used in Preparing This Report**

N/A

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## **DETAILED ANALYSIS**

### **Background**

1. Queensmill is a special school for children and young people with a diagnosis of autism from 3 to 19 years. The school was formerly maintained by Hammersmith & Fulham and converted to academy status in June 2021. Since conversion, the school has been managed by The Queensmill Trust ("TQT"). TQT is a multi-academy trust which is also responsible for another (smaller) school specialising in children with a diagnosis of autism, Kensington Queensmill, "KQ" (which opened in September 2021).
2. Queensmill School recorded healthy reserve balances as a Hammersmith & Fulham maintained school. Prior to completion of the academy conversion

process, colleagues in the Children's Service Finance Team worked with the school to support a shared understanding of its financial position and at the time indicated the following:

- Queensmill reported a retained revenue deficit of £196,717 at 31<sup>st</sup> March 2021 in April 2021, following a forecast surplus of circa £100,000.
  - The 2021/22 budget plan from the school was pending and it was expected that Queensmill would need to find efficiencies to manage within the increased funding envelope proposed whilst subsuming the SALT costs.
3. This review resulted in a decision to regularise the school's place funding arrangements in May 2021, providing an additional £500,000 from April 2021. Along with the additional place funding, the school agreed to undertake a programme of efficiencies to support a sustainable delivery model and balanced budget.
4. In addition to the decision to regularise place funding, additional funding has been passported to the school since it became an academy, in keeping with the High Needs grant conditions, including:
- £72,000 supplementary grant for one year from April 2022.
  - £133,087 Teachers Pay Additional Grant per annum from September 2023.
  - £235,000 additional High Needs Grant per annum from April 2023, representing a funding increase of 3.4% of the total core school funding.
  - £192,000 estimated funding from placing authorities, equivalent to a 3% increase in total funding. This implements the Government's Special School Minimum Funding Guarantee from April 2023.
  - £219,000 further increase made up of a top-up increase from placing authorities of £1,184 per pupil. This is the equivalent of a 6.58% increase from April 2023.
  - £34,000 estimated funding from placing authorities, equivalent to a 0.5% increase in total funding. This implements the Government's Special School Minimum Funding Guarantee from April 2024.
5. TQT has made subsequent unevidenced requests for a top-up increase despite extensive efforts to constructively engage with TQT to support a shared understanding of its use of existing resources and opportunities to develop a more sustainable delivery model.
6. The Education and Skills Funding Agency (ESFA) issued TQT with a Notice to Improve letter in March 2023, arising from its non-compliance with its funding agreement. The ESFA continues to provide significant funding to TQT and has made this support contingent upon the voluntary transfer of Queensmill School and KQ to a new Academy Trust.
7. Ormiston Academy Trust (OAT) has been identified as a new academy sponsor for Queensmill School and KQ. Both the OAT and TQT boards have agreed the voluntary transfer, with this now requiring Department for Education approval.

8. Hammersmith & Fulham Officers continue to work with the Department for Education, TQT and OAT for an orderly transition for Queensmill pupils and the wider school community.

## **School Resource Management Review**

9. In discussion with Queensmill, the Department for Education and latterly OAT, the Council commissioned a school SEND funding expert to undertake a Resource Management Review of TQT. This review was intended to support a shared understanding of TQT's use of its resources and opportunities for improvement, and to identify any funding uplifts that may be needed.
10. The review has now been completed and for the first time provides an insight into the systemic issues surrounding resource management at TQT. There is however limited assurance on the quality of the data provided by TQT to support the review. Owing to the quality of the data, further detailed analysis will be required by OAT, TQT and the Council in developing a plan to implement the recommendations.
11. The review concluded that for 2023/24 TQT is forecasting an in-year deficit of £1.034m. A programme of efficiencies has identified likely cost savings of £1.217m by April 2026 across Queensmill Trust with further opportunities possible to improve this picture. A significant proportion of these opportunities would be expected to impact the resources required to meet need at Queensmill School and H&F satellite units.
12. The review also surfaced a small cohort of high needs learners currently receiving a higher level of support that is beyond the current Queensmill delivery model.
13. The review provided several costed and uncosted recommendations that together form a systemic programme of change to support a sustainable delivery model. Chief among these is the need for capital investment to reconfigure the Queensmill School estate in aid of the systemic changes needed for a more sustainable delivery model.

## **Queensmill programme of transformation**

14. It may help for readers of the report to refer to points one to eight above which provides the background and extensive efforts of Council Officers to engage with TQT, the DfE and its ESFA to better understand and resolve the funding challenges of Queensmill School.
15. Along with providing a clear understanding of the systemic issues affecting TQT's resource management, the review provides a clear insight into the protracted and prolonged period of discussion to get to this point. It paints a picture of an organisation at the early stages of financial and resource management awareness.

16. It is therefore timely that the DfE have facilitated and TQT have agreed for the voluntary transfer of Queensmill School and KQ to OAT. The inclusion of OAT in the picture provides the addition of a credible partner to own and oversee the transformation agenda that is needed for a sustainable Queensmill School.
17. Together with DfE colleagues, a 19-month transformation programme has been proposed. Negotiations are ongoing with the ESFA and OAT for transformation funding of up to £1.361m to support the programme of change. It is hoped that this will be concluded after the pre-election period but the failure to resolve this remains a risk for both the Council and OAT.
18. For its part, the Council will agree to provide £0.591 per annum for a period up to 19 months of additional funding to provide the resources currently allocated to a small cohort of learners with special educational needs above the Queensmill School current delivery model. This will ensure the school has the interim resources in place to provide the support that it currently delivered and thereby providing interim relief to this recently identified challenge. The transformation programme will support an understanding of the needs of this cohort and the actual resources required moving forward.

### **Reasons for Decision**

19. This decision is required in dispensation of the Council's Children and Families Act 2014 duties to secure the provision specified in Education, Health, and Care Plan. It also supports the DfE's current process to transfer Queensmill School to a new Multi-Academy Trust.

### **Equality Implications**

20. There are no direct negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of the package of transitional funding to OAT to support the programme of Queensmill School transformation. This decision provides certainty and the development of a sustainable delivery model to support pupils with a diagnosis of autism.

### **Risk Management Implications**

21. Despite the transition model described in this document, there remains a severe financial risk that Queensmill School may not be considered to be a viable concern, leading to potential social and reputational risks. To mitigate this risk the transition plan must be closely monitored by LBH&F with reports, updates, and continuous financial tracking.
22. There is a programme risk that there is a new focus at the Department of Education following the result of the general election of 2024 leading to a change in funding or review focus. To mitigate this LBH&F should prepare a response strategy.

23. Queensmill recent Ofsted inspection rated the quality of provision as Good. LBH&F Officers will need to work with Queensmill, OAT, the DfE and other relevant partners to minimise any unintended disruption of the transformation programme on the school community.

*Jules Binney, Risk and Assurance Manager, 3<sup>rd</sup> June 2024*

### **Climate and Ecological Emergency Implications**

24. The recommendation is to provide transitional funding to support a programme of transformation at Queensmill school. This includes capital investment from the Department for Education to improve the built environment.

25. The H&F Education Service and Climate Emergency Unit are jointly crafting a schools decarbonisation plan for engagement with the H&F school community. While this plan focusses primarily on scope 1 and 2 assets (those within H&F operational control), Council staff are also considering what can be done to encourage decarbonisation of scope 3 schools including Academies. This process will include OAT as a local academy sponsor.

*Verified by Tim Pryce, Energy Lead 04/06/2024*

### **LIST OF APPENDICES**

N/A