

## Schools Forum Report: January 19<sup>th</sup> 2015

### Introduction:

This report updates the Forum on the current position with Dedicated Schools Grant and asks for Forum Decisions to support the submission of LBHF's School Block Calculation for 2015/15. This report also identifies the financial pressures being placed on the school and High Needs block which although these can be funded by the provisions previously made for the next few years, this ongoing pressure will not be sustainable.

The Dedicated Schools Block Funding nationally for 2015/16 was announced in December 2015 and comprises of the following:

- Schools Block Funding – This is £101.557m and is set out in Table 1. It is assessed by the Education Funding Agency (EFA), based on the set amount of £6240.96<sup>1</sup> per pupil in our schools, multiplied by the numbers of pupils from the October 2014 School census. From 2015, the EFA have transferred funding responsibility for academies that were previously outside the recoupment process and Free Schools. This is shown within the table as £15.775m. Unfortunately, the EFA have not responded positively to the requests from Local Authorities, to the challenges of the growth in school place numbers in these schools (which were previously a national responsibility) and therefore the financial burden is transferring to the LBHF Schools Block.
- Early Years Block – The Early Years block comprises of funding for three and four year old entitlement to 15 hours free education. The amount per pupil for the early year's free entitlement is the same for 2015 as it was for 2014. Initially, this has been multiplied by pupil numbers from the January 2014 early years census and school census to produce a provisional allocation. The final allocation for three and four year olds will be based on  $5/12^{\text{th}} * \text{January 2015 pupil numbers}$  plus  $7/12^{\text{th}} * \text{January 2016 pupil numbers}$ . This block also contains the Early Years Pupil Premium and participation funding for disadvantaged two year olds (to be allocated in June 2015). The current indicative funding for 2015/16 is £11.576m
- The High Needs block £18.622m is a single block for Local Authorities high needs pupils / students aged 0 – 24. This funding area is of particular risk both now and going forward, where the volume of children with Special Needs continues to increase and the additional stay on ages plus the extension to 24 years will add significant financial challenge, where currently the necessary resources are not materialising. This block includes places for pre and post 16 pupils in maintained schools' maintained special school, Pupil Referral Units (PRU), academies, special academies, non-maintained special schools, alternative provision academies (AP) and AP free schools opened before September 2014

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<sup>1</sup> This rate is fixed based on the characteristics of the 2012/13 pupil datasets

Table 1 below provides the Indicative DSG for 2015/16 for each block

**Indicative Budget for 2015/16**

<b>Table 1 2015/16 DSG Funding</b>			
School Block Funding (Final)			
	Rate	Pupil Numbers	
Main	6,240.96	13,745.00	85,781,995
Non Recoupment Academies			15,775,000
			<b>101,556,995</b>
Early Years Block (Provisional)			
Main	6,287.50	1,798.49	11,308,006
Early Year's Pupil Premium			268,000
			<b>11,576,006</b>
High Needs Block (Provisional)			
Allocation does not reflect the recent application for an addition 98 (15% increase) in provision to reflect Service Needs to meet both pre 16 (43 places and Post 16 55 places)			<b>18,622,000</b>
NQT			<b>21,000</b>
<b>Total DSG</b>			<b>131,776,001</b>

## Schools Delegated Budgets 2015/16

Local Authorities are required to submit the final Authority Pro-forma Tool (APT) to the Education Funding Agency (EFA) by the 20<sup>th</sup> January. This tool shows details of the Notional School Block Funding Rates. There are no planned changes to the rates used in 2014/15 as shown in the table below.

<b>Table 2 Summary of 2015/16 Notional School Block Funding Rates</b>				
		Number	Rate	Funding
Basic Entitlement	Primary	9586	£3,564.11	34,165,558
Basic Entitlement	Secondary	6335	£5,163.86	32,713,053
FSM6	Primary	4192	£1,010.55	4,236,226
FSM6	Secondary	2887.13	£1,709.62	4,935,895
IDACI Band 1	Primary	456.65	£600.00	273,990
IDACI Band 2	Primary	627.14	£650.00	407,641
IDACI Band 3	Primary	1400.7	£700.00	980,490
IDACI Band 4	Primary	1584.17	£750.00	1,188,128
IDACI Band 5	Primary	1477.28	£800.00	1,181,824
IDACI Band 6	Primary	2145.49	£850.00	1,823,667
IDACI Band 1	Secondary	289.5	£850.00	246,075
IDACI Band 2	Secondary	417.72	£900.00	375,948
IDACI Band 3	Secondary	937.51	£950.00	890,635
IDACI Band 4	Secondary	967.47	£1,000.00	967,470
IDACI Band 5	Secondary	905.43	£1,100.00	995,973
IDACI Band 6	Secondary	1143.57	£1,150.00	1,315,106
Looked After Children	All	46.01	£800.00	36,808
English as An Additional Language (EAL3)	Primary	2653.12	£290.83	771,607
English as An Additional Language (EAL3)	Secondary	351.91	£707.10	248,836
Mobility	Primary	95.39	£250.00	23,848
Mobility	Secondary	24.1	£250.00	6,025
Prior Attainment	Primary	2717.87	£593.15	1,612,105
Prior Attainment	Secondary	1109.92	£686.16	761,583
Lump Sum	All	46	£100,000.00	4,600,000
Split Sites/Rates				790,001
Historical Sixth Form Funding				706,610
MFG				671,706
<b>Total Delegated Funding</b>				<b>96,926,805</b>

Nationally school funding is in a period of flux, with General Elections during 2015/16, lack of clarity about next steps on a move to a national funding formula, the changes at post 16 and the cost shunt from the previously EFA funded growth in Free Schools and Academies, it would seem a sensible option to maintain existing funding arrangements and levels to enable consistency in comparisons of impacts of these changes.

**DECISION:**

**Does forum agree to maintaining the 2014/15 individual funding rates into 2015/16?**

Key Issue

Table 3 below sets out the summary of the total school block funding, without the changes required following National Funding Decisions. The key impact of these on LBHF will be the transfer of financial burden to Local Authorities and LA's respective School Block of the previously non recoupment / Free School institutions. The growth in these schools and the lack of physical monies being passported through to the School Block create real challenges. As part of the Non Recoupment and Free School financial settlement added to the Schools Block, LBHF received £211,695 above the current funding levels of the respective schools.

Clearly these schools are part of our local offer and providing to local families, however, the lack of financial resource means that the plans that the Local Authority had previously made are no longer balancing. Previously the financial burden on the Schools Block for 2015/16 for planned growth would have focused on the 3 classes that were planned and provision had been identified as part of the respective schools growth strategies.

<b>Table 3 - 5 Year Planned LBHF School Block funded Growth from 2015/16</b>						
		<b>Planned Growth Numbers</b>				
		2015/16	2016/17	2017/18	2018/19	2019/20
Holy Cross		30	30	30	30	0
Holy Cross	Bi-lingual	28	28	28	0	0
St Stephens		30	30	30	30	30
<b>Total Planned Growth</b>		<b>88</b>	<b>88</b>	<b>88</b>	<b>60</b>	<b>30</b>
<b>Funding Required</b>		<b>£120,296</b>	<b>£120,296</b>	<b>£120,296</b>	<b>£82,020</b>	<b>£41,010</b>

**DECISION:**

**This is consistent with our approach for the last few years, can forum confirm they support this growth fund for 2015/16?**

This would have resulted in the following indicative Schools Block

<b>Table 4 School Block Funding Summary previous funding approach</b>		
<b>Total Funding</b>		<b>101,556,995</b>
To Schools, Recoupment and Non Recoupment Academies	96,926,806	
De-delegation	-1,033,791	
		95,893,015
<b>Available for Centrally Retained, De-delegated and General Fund DSG</b>		<b>5,663,980</b>
Planned Growth		120,296
Central and General Fund Spend		5,131,100
<b>Funding included in settlement for Non Recoupment/Free School Growth (removed out)</b>		<b>211,695</b>
<b>Old methodology provision left for discretionary decisions.</b>		<b>200,889</b>

However, the real growth planned in the Free School and Non Recoupment Academies for 2015/16 is significantly higher than the 212k made available as part of the settlement:

<b>Table 5 - Unplanned Growth Number and Costs for Non Recoupment Academies</b>					
	2015/16	2016/17	2017/18	2018/19	2019/20
Fulham Boys College	120	120	120	120	0
West London Free School Secondary	120	0	0	0	0
West London Free School Primary	60	60	60	60	60
Earls Court Primary	30	30	30	30	30
Burlington Danes Academy Primary	60	60	60	60	60
<b>Total Unplanned Growth</b>	<b>390</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>150</b>
<b>£1367/£2,118<sup>2</sup></b>					
<b>Funding Required</b>	<b>£713,370</b>	<b>£459,210</b>	<b>£459,210</b>	<b>£459,210</b>	<b>£205,050</b>

<sup>2</sup> Applying the approach and rates that work within LBHF (41k per prim and 64k er sec full year equivalent)

This would require a further £0.5m of funding to be identified in 2015/16 unless the EFA agree to further supplementing the funding for LBHF to reflect this issue.

**DECISION:**

**Do forum agree that officers should challenge the EFA assessment of growth funding and request additional funding?**

**High Needs Budget 2015/16 provisional**

There is still work being done to finalise the High Needs Block funding numbers for 2015/16, the authority has submitted an exceptional need business case to the EFA for 2015/15 which identifies an increase of 43 places in pre 16 provision and 55 places in post 16. That would in effect be a 15% increase in broad place numbers. However, at this stage the funding for 2015/16 has increased only by 0.86% so far. Comparing the 2014/15 expenditure levels to the 2015/16 indicative funding that has been allocated shows a significant gap. We had previously held as part of our carried forward balances provision to support the High Needs block while the various changes were working through the system, however subject to further discussion with the EFA it is clear that there are significant pressures in this area.

<b>Table 7 High Needs Block 2015/16 provisional</b>		
Provisional Funding		18,622,000
General Fund		1,401,000
Available for Schools		17,221,000
2014/15 Projected Spend		17,989,521
Additional Funding Required for 30 statements in mainstream schools, 10 extra LBHF pupils educated out of borough and 20 extra pupils educated in Independent Settings		700,000
Transfer of Old Recoupment Special Income to fund New Year Pressures		<b>-1,000,000</b>
<b>Shortfall</b>		<b>-468,521</b>

Decisions are required about the top up levels to enable the Authority to submit the schools budgets in March and it is recommended to set the top up levels on the basis of last year, again to enable much clearer comparisons to be made and also reflecting that these are the minimum funding levels that the Special Schools/AP can work with to continue to provide the high quality support that is needed.

**DECISION:**

**Does the forum approve maintaining the top-up rates for 2015/16 at the 2014/15 level?**

<b>Table 8 - Proposed Top up Rates for 2015/16</b>	<b>2015/16 Top Up Rates (No Change) Actual funded Numbers to be confirmed in March</b>
Cambridge School	£13,923
Jack Tizard	£24,481
Queensmill	£17,189
Woodlane	£7,796
Miles Coverdale Unit	£4,256
Queens Manor Unit	£10,985
Queensmill Fulham Primary Queensmill Unit	£12,500
Queensmill Fulham Q4 Unit	£14,292
Bridge Academy	£9,523
TBAP Langford Courtyard	£20,138
TBAP Primary PRU AP	£26,313

### **Early Years Funding**

Table 9 shows the Deployment of the proposed Early Years block, there is no proposed change in the funding rates for this block and so details of the school allocation will be provided at the March forum when the January 2015 census is completed. It is worth mentioning that the Hammersmith and Fulham Early Year funding to schools is based on this census data only and is not usually adjusted termly due to very little changes from the January census which means that there is no risk to schools by using this methodology, however we continue to review the process and will change to termly adjustments when if there are significant difference in the funding to schools. There is a contingency pot held centrally for any schools that are underfunded.

### **DECISION:**

**Does the forum approve the proposed methodology of the Early Years block?**

<b>Table 9 – Deployment of the Early Years</b>		
Provisional Funding		11,576,006
General Fund		450,400
Available for Distribution		11,125,606
Nursery Schools	3,059,413	
Nursery Classes	4,267,035	
PVI	3,342,778	
Contingency	200,000	
		10,869,226
EY PPG		268,000
Shortfall / Surplus		-11,620

## DSG Budget Monitoring 2014/15

**Table 10 DSG Budget Monitoring Report for 2014/15**

	<b>Funding</b>	<b>Actual</b>	<b>Variance</b>
<b>Schools Block</b>			
Primary Delegated Budget	44,764,720	44,764,720	0
Secondary Delegated Budget	11,395,358	11,395,358	0
			0
General Fund	2,386,763	2,750,900	364,137
			0
Maternity Payments	240,000	240,000	0
Trade Union	145,900	125,900	-20,000
Planned Maintenance	1,435,200	1,435,200	0
PCT	180,000	180,000	0
Growth and Bulge Classes	123,059	1,223,039	1,099,980
Schools Facing Financial Challenges	180,000	682,500	502,500
Contingencies and NNDR Provisions	200,000		-200,000
		-	
Transfer in from DSG Balances		1,746,617	-1,746,617
<b>Total</b>	<b>61,051,000</b>	<b>61,051,000</b>	<b>0</b>

The School block for 2014/15 includes a drawdown of £1.75m which allowed the authority to meet previously planned additional expenditure in this block.

<b>High Needs Block</b>	<b>Funding</b>	<b>Actual</b>	<b>Variance</b>
	16,493,000		
Specials Base Funding		4,270,000	
Notional SEN		1,296,000	
Top Up LBHF Residents in Special Provisions		3,952,300	
Top Up - Bridge		2,524,200	
Top Up LBHF Residents in Mainstream		1,520,130	
Top Ups-Residents in FE/ 6th form Colleges		334,583	
Top Up LBHF Residents Exported		1,041,738	
Independent SEN		1,649,570	
High Needs General Funds Budget		1,401,000	
<b>Total</b>	<b>16,493,000</b>	<b>17,989,521</b>	<b>1,496,521</b>



The high needs block overspend of £1.496m is expected and due to pressures both on volume with new statements (an additional 70 pupils), but also reflects that the High Needs Funding review is still ongoing and this will need to be completed in 2015/16 to enable a base budget and spending plan to be developed that manages this area within the resources set.

<b>Early Years Block</b>	<b>Funding</b>	<b>Actual</b>	<b>Variance</b>
Nursery Schools	3,059,413	3,059,413	0
Nursery Classes	4,267,035	4,267,035	0
PVI	3,342,778	3,193,302	-149,476
EY Contingency	188,374	0	-188,374
EY General Fund	450,400	450,400	0
			0
<b>Total</b>	<b>11,308,000</b>	<b>10,970,150</b>	<b>-337,850</b>

<b>Other</b>	<b>Funding</b>	<b>Actual</b>	<b>Variance</b>
Two Year Olds	2,504,000	790,100	-1,713,900
Newly Qualified Teachers	21,000	21,000	0
<b>Total</b>	<b>2,525,000</b>	<b>811,100</b>	<b>-1,713,900</b>

<b>Summary</b>	<b>Funding</b>	<b>Actual</b>	
<b>DSG</b>	<b>91,377,000</b>	<b>90,821,771</b>	<b>-555,229</b>

Forum is aware of the delays in the spending of the two year old resources and this is discussed elsewhere on the agenda.