

SCHOOLS FORUM MEETING

26th June 2019

14.00 to 16.00 Committee Room 6, Civic Centre, Uxbridge

Membership: Jim Edgecombe (Chair), Phil Haigh (Chair of Sub Groups), Ludmila Morris, Duncan Greig, Kris O’Sullivan, Tony Eginton, Jo Palmer, Liz Horrigan, John Goddard, Bob Charlton, Joan Greening, Tracey Hemming, Robert Jones, Peter Ryerson, Sudhi Pathak, Laurie Cornwell, Elaine Caffary, Lesley Knee, Helen Manwaring, Rachel Anderson, Sophia Shaikh, Sandra Voisey, David Patterson.

Shadow Reps/Observers: Rachel Blake, Debbie Gilder, John Buckingham, Graham Wells, Jenny Rigby.

Officers: Peter Malewicz, Graham Young, Dan Kennedy, Emily Ellington, Kate Boulter (Clerk)

AGENDA

	Item	Time	Lead	Update
1.	Apologies	14.05 – 14.10	KB	
2.	Membership Update	14.10 – 14.15	PM	Verbal
3.	Minutes of meeting held on 15 th May 2019 a) General b) Confidential	14.15 – 14.20	Chair	Report
4.	Matters arising from meeting on 15 th May 2019 a) School Place Planning Update b) Implications of Heathrow Expansion	14.20 – 14.30	DK PH	Report Verbal
5.	Feedback from sub-groups/working groups a) DSG i) Minutes of meeting held on 12 th June 2019 ii) Deficit Recovery Plan (Confidential, not for publication) iii) Clawback Mechanism (Confidential, not for publication) iv) MFG Disapplication (Confidential, not for publication) b) High Needs	14.30 – 14.45	PM PH	Report
6.	Information Items a) DSG Deficit Recovery Plan – Feedback from DfE meeting 14 th June 2019 b) Benchmarking Data – Society of London Treasurers (Confidential, not for publication) c) SEN2 Data Analysis d) SEND Capital	14.45 – 15.45	GY PM EE EE	Report Report Report Verbal

7.	DSG Budget 2019/20 a) Schools Three Year Budget Plans	15.45 – 16.00	GY	Report
8.	DSG Budget 2020/21 a) Areas to Review i) 2% Threshold ii) 2 Year Old Free Entitlement Base Rate iii) Centrally Retained Budgets	16.00 – 16.20		Report
9.	AOB	16.20 – 16.30		

Schools Forum and Sub Group Planned Meetings 2018/2019

School's Forum Meetings 2018-19		
Meeting	Date & Time	Venue
Schools' Forum	Wednesday 26th June 2019 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 26th September 2019 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 7th November 2019 at 14:00	Civic- Committee Room 4
Schools' Forum	Thursday 12th December 2019 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 16th January 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Wednesday 11th March 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 21st May 2020 at 14:00	Civic- Committee Room 5
Schools' Forum	Wednesday 17th June 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Wednesday 23rd September 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Wednesday 21st October 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 10th December 2020 at 14:00	Civic- Committee Room 6

HILLINGDON SCHOOLS FORUM

Minutes of the meeting held on Wednesday 26 June 2019 at 2pm at the Civic Centre

Voting members

NAME	ORGANISATION	ATTENDANCE
Maintained Nursery (1)		
Ludmila Morris	McMillan Early Childhood Centre	PRESENT
Maintained Primary - Schools (4)		
Rachel Anderson	Dr Triplett's School	PRESENT
Duncan Greig	Breakspear Primary School	PRESENT
Kris O'Sullivan	Deanesfield Primary School	PRESENT
Sophia Shaikh	Grange Park Junior School	APOLOGIES
Maintained Primary - Governors (4)		
Jim Edgecombe (CHAIR)	Whiteheath Junior School	PRESENT
Tony Eginton	Minet Nursery & Infant School and Hillside Junior School	APOLOGIES
Phil Haigh	Cherry Lane Primary School and Meadow High School	PRESENT
Jo Palmer	Hillside Infant School and Hillside Junior School	PRESENT
Maintained Secondary (1)		
Liz Horrigan	Harlington School	APOLOGIES
Maintained Special (1)		
John Goddard	Hedgewood School	PRESENT
Academies (9)		
Bob Charlton	Charville Primary School	PRESENT
Joan Greening	Northwood Academy	APOLOGIES
Tracey Hemming	Middlesex Learning Partnership	PRESENT
Robert Jones	Haydon School	APOLOGIES
Helen Manwaring	Swakeleys School	PRESENT
Peter Ryerson	Guru Nanak Sikh Academy	PRESENT
David Patterson	Queensmead School	PRESENT
Sandra Voisey	Laurel Lane Primary School	APOLOGIES
(one vacancy)		-
Special Academies (1)		
Sudhi Pathak	Eden Academy Trust	PRESENT
Alternative provision (1)		
Laurie Cornwell	The Skills Hub	PRESENT
Private Voluntary & Independent Early Years Providers (2)		
Elaine Caffary	4 Street Nursery	APOLOGIES
Lesley Knee	Ruislip Methodist Preschool	PRESENT
14-19 Partnership (1)		
(vacant)		

Other attendees (non-voting)

Independent Non-Maintained Special School		
Debbie Gilder	Pield Heath School	PRESENT
Shadow Representative (Maintained Primary - Schools)		
Rachel Blake	Whiteheath Infant School	NOT REQUIRED
Shadow Representative (Maintained Primary - Governor)		
John Buckingham	Glebe Primary School	NOT REQUIRED
Mr Graham Wells	Colham Manor Primary School	NOT REQUIRED
Local Authority Officers		
Kate Boulter	Clerk	PRESENT
Steve Denbeigh	LA Finance	PRESENT
Emily Ellington		PRESENT
Dan Kennedy	Director Housing Environment Education Performance	PRESENT

	Health & Wellbeing	
Peter Malewicz	Finance Manager - Children and Young People Services	PRESENT
Graham Young	Lead Finance Business Partner - School	PRESENT

		ACTION
1.	<p>APOLOGIES</p> <p>Apologies were accepted and recorded in the attendance list (above). The Chair confirmed the meeting was quorate and could proceed to business.</p>	
2.	<p>MEMBERSHIP</p> <p>PM advised that there had been two nominations for the three academy representative vacancies and therefore David Patterson and Sandra Voisey were automatically appointed without need for a ballot. Since a number of rounds of nominations had failed to fill all vacancies, the Forum AGREED that the Chair and Vice-Chair would consider approaching candidates for co-option to fill the remaining vacancy.</p>	JE/PH
3.	<p>MINUTES OF THE MEETING HELD ON 15 MAY 2019</p> <p>The minutes of the meeting held on 15 May 2019, and the confidential annex, were agreed as correct records.</p>	
4.	<p>MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 13 MARCH 2019</p> <p><u>School place planning update</u> DK reported that the annual refresh was taking place which took account of changes such as birth rate, population and housing. This information would be submitted to the ESFA by the end of July. Significant changes were not expected. It had been observed that primary pupil numbers were declining and secondary numbers were rising, and it was anticipated that this trend would continue for 5-7 years before secondary number stabilised. Factors affecting pupil numbers and distribution were parental demand and rising numbers of pupils with SEND.</p> <p>The consultant engaged by the LA to look at place planning had visited most schools to discuss individual issues and their report on the position for next year was expected to be completed by 5 July 2019. Recommendations would go to Council Members on capping or reducing some primary PANs, whilst mindful to ensure it did not result in a shortage of places.</p> <p>Forum members reported that schools were very keen to get feedback from the consultant as soon as possible as the impact on schools was huge. DK advised that a further update would be provided to the next meeting.</p> <p>Forum members commented that two secondary schools had voluntarily increased their numbers without informing the LA which had created significant additional work for the LA Admissions team and diverted resource from the service provided to all schools. The LA should consider surcharging the schools.</p> <p><u>Implications of Heathrow expansion</u> PH reported that the Heathrow Airport Expansion Consultation, running from 18 June to 13 September 2019, proposed demolishing Harmondsworth School and rebuilding it on a disused golf course along the Stockley Bypass. The proposed new site was not within the</p>	<p>DK</p> <p>DK</p>

	<p>school's current catchment area, and was already served by several existing schools which together had around 90 surplus places. Parents who might have considered sending their children to Harmondsworth were likely to choose other schools because of the planned demolition, which would have an immediate impact on the school's numbers. Instead of rebuilding in an area saturated with primary schools, the LA should seek compensation for the building and redundancy costs.</p> <p>DK advised that the LA had not been asked for its view on the proposal before the consultation was published. The Forum requested DK provide a update on the LA's position at the next meeting, and clarification of the risk to the DSG if the LA or Heathrow failed to underwrite any costs if a school was adversely financially affected by the planned airport expansion.</p>	DK
5.	<p>FEEDBACK FROM SUB-GROUPS</p> <p>(a) DSGWG</p> <p><u>(i) Minutes of meeting held on 12 June 2019</u> The Forum received the unconfirmed minutes of the DSG Working Group held on 12 June 2019.</p> <p><u>(ii) Deficit Recovery Plan</u> The public was excluded from the discussion of this confidential item and it is minuted separately.</p> <p><u>(iii) Clawback Mechanism</u> The public was excluded from the discussion of this confidential item and it is minuted separately.</p> <p><u>(iv) MFG Disapplication</u> The public was excluded from the discussion of this confidential item and it is minuted separately.</p> <p>(b) HIGH NEEDS GROUP The High Needs Group had met on 18 June 2019 and the minutes were not yet available. PH reported that:</p> <ul style="list-style-type: none"> • Hedgewood and Meadow had additional pupils for September which would put an additional £450K cost to the DSG. • Independent providers in the Borough had significant numbers of out-of-borough pupils, and Hillingdon children were having to go out of borough for places. This was permitted practice as there was no differentiation if a child had an EHCP. 	
6.	<p>INFORMATION REPORTS</p>	
	<p>(a) DSG DEFICIT RECOVERY PLAN - FEEDBACK FROM DFE MEETING 14 JUNE 2019</p> <p>The Forum considered a report on feedback from a meeting between the DfE/ESFA and school finance leads from all London local authorities held on 14 June 2019.</p> <ul style="list-style-type: none"> • Currently 60 out of the 152 LAs had a deficit on their DSG at the end of 2017/18, of which 32 had a cumulative deficit of more than 1% of the 2018/19 DSG allocation requiring submission of a recovery plan. It was anticipated that the number of LAs reporting a deficit would increase. • LAs had been informed at the meeting that there was the option to extend the 	

	<p>recovery time to five or seven years, where the LA could demonstrate that three years was insufficient. This had not been made clear in the guidance and officers had been working to a three year plan. Officers had been advised to submit the three year plan as a starting point and then enter into dialogue with the DfE to determine whether a five or seven year recovery plan was needed.</p> <ul style="list-style-type: none"> • A response from the DfE was expected before the 2020/21 budget was set. 	
	<p>(b) BENCHMARKING DATA - SOCIETY OF LONDON TREASURERS</p> <p>The public was excluded from the discussion of this confidential item and it is minuted separately.</p>	
	<p>(c) SEN2 DATA ANALYSIS</p> <p>The Forum considered a report which provided a data analysis of the number and placement of children and young people with an EHCP in England in 2017 and 2018. It showed:</p> <ul style="list-style-type: none"> • An 11% increase in the total number of children and young people with an EHCP nationally. • A 16% increase in new EHCPs issued. • The areas where growth was greatest was in 0-5 and post-19. • Hillingdon was generally aligned with national trends. • There had been a decrease to 38% of SEND children educated in mainstream schools. • The national figure for compliance with the twenty week deadline was 60%. In London the average was 58% and in Hillingdon it was 56%. Hillingdon acknowledged it did not have capacity to meet demand and had been working to improve the figure and believed it was currently operating at over 60%. • The number of tribunals in Hillingdon had declined to the lowest in six years. • In Hillingdon, the vast majority of requests for EHCPs came from schools rather than parents. • The reasons for the increase in the number of children and young people with an EHCP were being explored nationally and were believed to be due to a number of factors including the implementation of the Children and Families Act, school resources becoming exhausted and learning needs becoming more complex. <p>Member of the Forum commented it was essential that staff in the LA's SEN information team gave accurate advice to parents on the requirements for an EHCP, to help manage expectations.</p>	
	<p>(d) SEND CAPITAL</p> <p>EE reported that there was just over £5million capital for development of SEND provision. The LA had consulted with schools, families and other stakeholders and the plan for capital spend had been published, which included:</p> <ul style="list-style-type: none"> • Expansion of Hedgewood School • Expansion of Moorcroft. • Expansion of SEND provision at Uxbridge College. • The creation of two additional SRPs at Ruislip High. • The development of the satellite special school hub model. 	

	The Forum welcomed the progress being made towards increasing the capacity of SEND provision in Hillingdon.	
7.	<p>DSG BUDGET 2019/20</p> <p>(a) SCHOOLS THREE YEAR BUDGET PLANS</p> <p>The Forum considered a report which provided an update on the financial position of all maintained schools over the three years from 2019/20, with particular focus on those schools causing financial concern.</p> <p>As at 1 April 2019, maintained schools had total surplus revenue balances of £11.2 million. Based on the three year budget plans, schools were anticipating that over the next three years their balances would reduce significantly and the majority of schools were predicting deficits in 2020/21 and 2021/22.</p> <p>In 2019/20, schools were projecting a £6m (54%) reduction in balances. A similar pattern had been reported in previous years, where schools projected a significant reduction in balances, but total school balances had not reduced over the period 2012/13 to 2018/19. Officers were challenging schools that consistently budgeted much higher than the previous years' outturn position.</p> <p>The LA Finance team had RAG rated schools based on their 2018/19 outturn position and three year budget plans. Schools that ended 2018/19 in deficit or set a budget with a balance less than £75k were rated 'red' would receive close monitoring. In 2019/20 all but five schools had set a budget with an in-year deficit and those schools would be supported to review income and expenditure in order to ensure that future budget plans were financially sustainable.</p> <p>It was evident that the majority of schools were forecasting a worsening financial position, and the LA Finance team was considering ways in which it could increase visibility of maintained school finances, to enable earlier identification of emerging issues and minimise the risk of a school encountering serious problems. Already the additional support for schools had increased the workload of the LA Finance team and this would be kept under review to ensure it was adequately resourced.</p> <p>Members of the Forum commented that:</p> <ul style="list-style-type: none"> • Cuts being made by schools would eventually impact on outcomes. • Increasing staff costs and declining pupil numbers were the main reasons for schools forecasting a deficit. • If a school appeared to have excessive spend on staffing for its size, the LA Finance or School Improvement team should offer advice to the school on an appropriate level of staffing based on benchmarking against other schools. 	
8.	<p>DSG BUDGET 2020/21 - AREAS TO REVIEW</p> <p>The Forum considered reports on the following areas proposed for review:</p> <p>(a) 2% THRESHOLD</p> <p>Local authorities were able to provide additional funding outside the main funding formula for mainstream schools on a consistent and fair basis where the number of pupils with SEND and/or high needs could not be reflected adequately in the funding they received through the local funding formula. In Hillingdon the 2% threshold mechanism recognised those mainstream schools that had a disproportionate number of pupils with SEN. The</p>	

	<p>mechanism distributed additional funding to schools where the number of pupils with an EHCP was more than 2% of the total pupil population. The additional funding allocated was £6k for each pupil over the 2% which was funded from the High Needs Block.</p> <p>The introduction of Extra Support Funding (previously Early Intervention Funding) had raised the question whether pupils in receipt of Extra Support Funding should be included in the calculation for the 2% threshold. The financial impact of including these pupils in the 2% threshold mechanism indicated that, if Extra Support Funding pupils were included, the annual funding required would increase by over £200k.</p> <p>The Forum AGREED that the DSG Working Group would consider whether: (i) Extra Support Funding pupils should be included in the 2% calculation, and (ii) a change to the 2% threshold mechanism needs to be implemented.</p> <p>(b) 2 YEAR OLD FREE ENTITLEMENT BASE RATE</p> <p>Local authorities were funded to provide 15 hours free childcare to the 40% most disadvantaged two year olds in the area. This was funded through the Early Years block of the Dedicated Schools Grant (DSG) with the rate received by Hillingdon currently £5.92 per hour. The actual rate paid to providers for providing the free entitlement to two year olds in Hillingdon was £6.00</p> <p>The Forum ARGUED that the DSG Working Group would consider whether to consult with stakeholders on the proposal to reduce the hourly rate paid to providers for the two year old free entitlement to the funded rate of £5.92 per hour.</p> <p>(c) CENTRALLY RETAINED BUDGETS</p> <p>It was AGREED that a report on this would go to the DSG Working Group for consideration.</p>	
9.	<p>ANY OTHER BUSINESS</p> <p>None.</p>	
10.	<p>DATE OF NEXT MEETING</p> <p>The next meeting of the Schools Forum would be held in the Civic Centre on Thursday 26 September 2019 at 2pm.</p>	

The meeting closed at 4.05pm.

DSG Deficit Recovery Plan – Feedback from DfE Meeting 14th June 2019

1. Introduction

The Education/Schools funding finance leads from all London local authorities meet on a regular basis to discuss issues and share knowledge. There is also an opportunity at these meetings to ask questions and raise concerns with representatives from the Department for Education (DfE) and the Education Skills Funding Agency (ESFA). At the most recent meeting on 14th June 2019, the DfE gave an update on the DSG Deficit Recovery Plan process and the key points are outlined in this paper.

2. Recommendation

Note the contents of the report

3. Background

Currently 60 out of the 152 local authorities have a deficit on their DSG. 32 of these local authorities have a cumulative deficit of more than 1% of the 2018/19 DSG allocation and are therefore required to submit a recovery plan.

Each local authority submitting a recovery plan will be designated an officer from the DfE who officers will have direct contact with throughout the process.

Where the LA can demonstrate that three years is not a sufficient time-frame to recover the deficit, there is the option to extend to five or seven years. This was not made clear in the guidance and officers have therefore been working to a three year plan. The advice was to submit the current plan as a starting point and that will open the dialogue with the DfE as to whether we need to look at a five or seven year recovery plan.

The DfE will analyse the data and share the content with key policy units at the department through July and August. Local authorities can expect feedback towards the end of September. Once the recovery plans have been fully reviewed by the DfE, good practice (ie saving proposals) will be shared with all other local authorities.

The recovery plan process will be annual with plans reviewed each year comparing actual and projected position. The expectation is that the recovery plan will link to the block movement disapplication process, so where a local authority is required to request a block movement in order to address a deficit on the DSG, this will be detailed in the recovery plan.

Interestingly it would appear from general discussion that to date a number of local authorities have been able to use historic Early Years balances to off-set High Needs pressures and avoid significant deficit on DSG. Though in many cases these balances have now been used and the number of local authorities with a deficit looks likely to increase.

Maintained Schools Three Year Budget Plans

1. Introduction

This paper provides an update on the financial position of all maintained schools over the next three years, with particular focus on those schools causing financial concern.

2. Recommendation

Note the contents of the report

3. Analysis of 3 year budget plans

As at 1 April 2019, maintained schools had total surplus revenue balances of £11.2 million. Based on the 3 year budget plans submitted to the local authority, schools are anticipating that over the next three years their balances will reduce significantly as they find it more difficult to set balanced budgets, given rising costs and with limited increases in funding.

Based on the three year budget plans, schools are projecting a £6m (54%) reduction in balances in 2019/20. However, this is a similar pattern to previous years, where schools projected a significant reduction in balances, but in reality school balances have not reduced over the period 2012/13 to 2018/19.

Officers have reviewed the three year plans and have given all maintained schools a RAG rating based on their 2018/19 outturn position and three year budget plan submissions. Additionally, officers have taken steps to challenge those schools that consistently budget much higher than the previous years' outturn position.

Those schools that ended 2018/19 in deficit or have set a budget with a balance less than £75k have been rated red and will be the main focus of the Schools Finance team officers, with close monitoring required in 2019/20. In addition, schools with a significant in-year deficit are also a concern given that the use of balances is a one-off fix. In 2019/20 all but five schools have set a budget with an in-year deficit and these schools will be monitored, with an expectation that schools in the position of setting a budget with an in-year deficit will need to review their income and expenditure in order to ensure that future budget plans are financially sustainable.

For those schools that have budgeted significantly higher than their outturn position, officers will review the use of balances statement, and undertake a more detailed analysis of the budget plans.

Following initial analysis of the three year budget submissions the following points are noted;

- There are 49 (91%) maintained schools with a forecast in-year deficit in 2019/20,
- There is a £6m (54%) reduction in school balances projected in 2019/20,

- 3 schools (6%) have been unable to set a balanced budget in 2019/20 and will be required to request a licensed deficit,
- 31 schools (57%) are projecting to be in deficit in 2020/21,
- 42 schools (78%) are projecting to be in deficit in 2021/22,

4. Schools with Red RAG Rating

Following analysis of the submitted budget plans, 20 schools (37%) have been classified as having a red RAG rating. These schools either ended the 2018/19 financial year with a deficit or have set a budget plan for 2019/20 with a projected closing balance of less than £75k. The identified schools are subject to closer scrutiny by members of the Schools Finance team and some are receiving additional support and guidance with budget and cash-flow monitoring. This is an increase of four schools when compared to the 2018/19 financial year.

5. Schools in Deficit

The Scheme for Financing Schools determines that maintained schools are required to submit a balanced three year budget plan approved by the full Governing Body by the 31st May each financial year. In exceptional circumstances, where a governing body has explored all alternatives to the satisfaction of the local authority, it may be appropriate for the local authority to agree to licence a deficit for a specific period. It would be expected that the vast majority of deficits should be for one financial year, however in particularly exceptional circumstances school governing bodies may agree with the local authority to manage a deficit over/up to three financial years. Currently there are three Hillingdon maintained schools which have been unable to set a balanced budget for the 2019/20 financial year and will seek permission to set a licensed deficit budget, which will need to be signed off by the relevant Cabinet Member:

In the event that a school is unable to set a balanced budget, the school is moved to a process of formal monthly monitoring in order that a more regular review of expenditure against budget can be carried out. In some instances the local authority may also be required to attend financial monitoring meetings with the Headteacher and Governors in order to review progress against the financial recovery plan. If a school fails to take action to safeguard the financial position, then the local authority has the option to withdraw full delegation which would be a formal member decision.

6. Comparison Between Budget and Outturn

The comparison between the budgeted balance at the start of the 2018/19 year and the final outturn position for each school indicates that the majority (51 schools (94%)) ended the year with a revenue balance greater than budgeted at the start of the year. The projected reduction in primary school revenue balances, as per the submitted budget plans was £4.1m. The outturn position shows that the total balance for all primary schools actually increased by £1.6m, with the largest variation between budget and outturn being £747k. There could be a number of reasons for these movements, with the assumption that schools budget prudently at the start of the financial year. However, this variation does appear to be a common trend each year and there are a number of schools where the difference between the budgeted and outturn position varies significantly. The local authority have therefore looked closely at the budgets submitted by schools that have

experienced large variations between budget and outturn in previous years and in some instances are challenging these submissions.

7. Summary

It is evident that the number of schools facing significant financial issues in the short and medium term is growing. Costs have continued to rise and with future funding uncertain given the delay to the Spending Review and implementation of the National Funding Formula, school balances could be set to reduce at a significant rate. Based on the current three year plans received, there is an expectation that school balances could reduce by £6 million during 2019/20 to a year end surplus balance of £5.2 million, although historically, the actual year end position is significantly more favourable.

The Schools Finance Team will continue to work with schools to closely monitor and support those that are a cause for concern in relation to their financial position. Members and Schools Forum will be updated with the concerns regarding the future of schools budgets and officers will continue to engage with the Schools Forum in the coming months in order to encourage that they think about ways that the situation could be addressed.

Review of 2% Threshold Funding

1. Introduction

Local authorities are able to provide additional funding outside the main funding formula for mainstream schools on a consistent and fair basis where the number of pupils with SEND and/or high needs cannot be reflected adequately in the funding they receive through the local funding formula. In Hillingdon the 2% threshold mechanism recognises those mainstream schools that have a disproportionate number of pupils with SEN. The mechanism distributes additional funding to schools where the number of pupils with an EHCP is more than 2% of the total pupil population. The additional funding allocated is £6k for each pupil over the 2% which is funded from the High Needs Block

2. Recommendation

Consider the modelling and determine whether;

- (i) Extra Support Funding pupils should be included in the 2% calculation,
- (ii) A change to the 2% threshold mechanism needs to be implemented.

3. Background

There has been increasing pressure on the budget for the 2% threshold mechanism in the last few years. As the number of EHCPs in mainstream schools has grown, the funding requirement has increased. In 2019/20 a budget of £604k was allocated, based on the total spend in the previous year. This was an increase of £155k (34%) when compared with the 2018/19 budget. Currently 30 schools (25 Primary/5 Secondary) are in receipt of 2% threshold funding.

Extra Support Funding

The introduction of Extra Support Funding (previously Early Intervention Funding) has raised the question whether pupils in receipt of Extra Support Funding should be included in the calculation for the 2% threshold. Now that the pilot has been running for more than a year, we have been able to assess the financial impact of including these pupils in the 2% threshold mechanism. Modelling indicates that if Extra Support Funding pupils were included, the annual funding required would increase by over £200k as per the table below;

Model	Primary £	Secondary £	Total £	Budget £	Variance £
2018/19	394,000	212,000	606,000	449,300	156,700
2019/20	438,000	186,000	624,000	604,000	20,000
2019/20 Incl. ESF	636,000	192,000	828,000	604,000	224,000

Schools Forum needs to consider, given the financial impact, whether those pupils in receipt of Extra Support Funding should be included in the 2% funding mechanism. The

likelihood is that if these pupils are not included this will result in less schools applying for Extra Support funding and instead commencing the EHCP assessment process.

Review of % Threshold

The 2% threshold was set a number of years ago to recognise schools that have more than average number of pupils with SEN. When the mechanism was introduced the number of pupils with a Statement of SEN in a mainstream schools was on average 2% of the total school population. Given that the average percentage of mainstream pupils with an EHCP is now closer to 3%, consideration needs to be given to whether the limit is increased. The financial impact of increasing the threshold to 2.5% and 3% is modelled in the table below;

Model	Primary £	Secondary £	Total £	Budget £	Variance £
2019/20 - 2%	438,000	186,000	624,000	604,000	20,000
2019/20 - 2.5%	186,000	90,000	276,000	604,000	-328,000
2019/20 - 3%	72,000	42,000	114,000	604,000	-490,000

If Extra Support Funding pupils are included within the mechanism then the financial impact of changing the percentage limit is as follows;

Model	Primary £	Secondary £	Total £	Budget £	Variance £
2019/20 - 2% Incl ESF	636,000	192,000	828,000	604,000	224,000
2019/20 - 2.5% Incl EIF	354,000	96,000	450,000	604,000	-154,000
2019/20 - 3% Incl EIF	156,000	48,000	204,000	604,000	-400,000

4. Summary

In summary, Schools Forum need to consider whether pupils in receipt of Extra Support Funding should be included in the calculation of the 2% threshold mechanism, given the impact that this will have on the High Needs block budget.

Schools Forum also need to consider the impact that the increase in the number of pupils with an EHCP is having on the 2% threshold budget and, given the average percentage of pupils with an EHCP has increased nationally, whether the limit for the threshold mechanism needs to be reviewed.

Review of 2 Year Old Free Entitlement Base Rate

1. Introduction

Local authorities are funded to provide 15 hours free childcare to the 40% most disadvantaged two year olds in the area. This is funded through the Early Years block of the Dedicated Schools Grant (DSG) with the rate received by Hillingdon currently £5.92 per hour. The actual rate paid to providers for providing the free entitlement to two year olds in Hillingdon is £6.00. Given the pressures on the DSG Schools Forum may wish to consider whether to consult with stakeholders on a reduction to the funding rate.

2. Recommendation

That Schools Forum consider whether to consult with stakeholders on the proposal to reduce the hourly rate paid to providers for the two year old free entitlement to the funded rate of £5.92 per hour.

3. Background

Currently approximately 90 childcare settings in Hillingdon provide approximately 385,700 hours of free childcare a year for the most disadvantaged two year olds in the borough. The majority of the free entitlement for two year olds is provided by private nurseries and childminders with the one maintained nursery school in the local authority also offering the provision. In 2018/19 the budget for this expenditure was £2,238k and total spend was £2,316k resulting in a year-end overspend of £78k. Part of the reason for this overspend is that the hourly rate paid to providers of £6.00, is £0.08 more than the hourly rate used to calculate the funding in the Early Years block.

Given the pressures on the DSG and that all areas of controllable expenditure are under review, Schools Forum may wish to consider a reduction to the hourly rate paid for the two year old free entitlement to bring it in line with the funded rate. A reduction in the rate paid to providers to £5.92 would generate a DSG saving of approximately £30k.

The views of stakeholders would need to be considered before any decision could be made and therefore any proposal would need to be consulted on. Any decision would need to take into account the impact that a reduction in funding might have on the quality of provision for the most disadvantaged children in the local authority.