

## SCHOOLS FORUM MEETING

**12<sup>th</sup> December 2019**

**14.00 to 16.30 Committee Room 5, 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, Kate Boulter (Clerk)

### AGENDA

	Item	Time	Lead	Update
1.	Apologies	14.05 – 14.10	<b>KB</b>	
2.	Minutes of meeting held on 7 November 2019	14.10 – 14.15	<b>Chair</b>	Report
3.	Matters arising from meeting on 7 <sup>th</sup> November 2019 a) Membership Update b) Looked After Children Residential Placements	14.15 – 14.25	<b>JE</b> <b>PM</b>	Verbal Verbal
4.	Feedback from sub-groups/working groups a) Early Years/DSG b) High Needs	14.25 – 14.40	<b>PH</b> <b>PH</b>	Report Report
5.	DSG Budget 2019/20 a) Month 7 DSG Monitoring Report b) Schools Quarter 2 Monitoring Update	14.40 – 14.55	<b>GY</b> <b>GY</b>	Report Report
6.	DSG Budget 2020/21 a) Baseline Budget 2020/21 b) Disapplication Request c) DSG Budget Consultation d) High Needs Consultation (2% threshold) e) De-delegation Consultation f) Growth Contingency Policy – Funding Growth in Secondary Schools	14.55 – 16.10	<b>PM</b> <b>PM</b> <b>GY</b> <b>GY</b> <b>GY</b> <b>PM</b>	Report Report Report Report Report Report
7.	Deficit Recovery Plan a) Analysis from Other Local Authorities (Confidential not for publication) b) Proposed Meeting with Other Schools Forum Representatives	16.10 – 16.25	<b>PM</b> <b>JE</b>	Report Verbal
8.	AOB a) Potential Emergency Meeting Required in January 2020 and February 2020 to Discuss 2020/21 Budget	16.25 – 16.30	<b>PM</b>	Verbal

## Schools Forum and Sub Group Planned Meetings 2019 and 2020

<b>School's Forum Meetings 2019-20</b>		
<b>Meeting</b>	<b>Date &amp; Time</b>	<b>Venue</b>
Schools' Forum	Thursday 16th January 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Wednesday 25th March 2020 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 21st May 2020 at 14:00	Civic- Committee Room 5
Schools' Forum	Tuesday 30th 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

## SCHOOLS BUDGET

### Dedicated Schools Grant (£5,079k overspend, £13k favourable)

- The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £5,079k at month 8, a favourable movement of £13k on the month 7 position. This overspend is due to continuing pressures in the cost of High Needs placements, where growth remains at between 10% and 11%. Where pupils cannot be placed in borough, as local provision is at capacity, they are now more likely to be placed in more costly, Independent and Non Maintained Special Schools. This growing pressure is also evident in the cost of SEN Transport. When the £8,492k deficit brought forward from 2018/19 is taken into account, the cumulative deficit carry forward to 2020/21 is £13,571k.

**Table: DSG Income and Expenditure 2019/20**

Original Budget	Budget Changes	Funding Block	Month 8			Variance (at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn	Variance		
			£'000	£'000	£'000		
(278,655)	(414)	<b>Dedicated Schools Grant Income</b>	(279,069)	(279,069)	0	0	0
215,155	0	<b>Schools Block</b>	215,155	215,077	(78)	(78)	0
24,821	107	<b>Early Years Block</b>	24,928	24,872	(56)	(46)	(10)
3,173	14	<b>Central School Services Block</b>	3,187	3,934	747	750	(3)
35,506	293	<b>High Needs Block</b>	35,799	40,265	4,466	4,466	0
<b>0</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>0</b>	<b>5,079</b>	<b>5,079</b>	<b>5,092</b>	<b>(13)</b>
0	0	Balance Brought Forward 1 April 2018	8,492	8,492			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2019</b>	<b>8,492</b>	<b>13,571</b>			

### Dedicated Schools Grant Income (nil variance, no change)

- The DSG has been adjusted to reflect the actual uptake of the free entitlement for eligible two, three and four year olds. This adjustment was based on the January 2019 census and includes a retrospective change to the 2018/19 funding, as well as a recalculation of the 2019/20 Early Years block funding. This has resulted in an increase to the Early Years block allocation following an uptake in the number of eligible children accessing the additional hours free entitlement. There has also been an amendment to the High Needs block allocation following confirmation of the import/export adjustment for 2019/20 which updates funding to reflect the local authority in which pupils with SEND are resident.

### Schools Block (£78k underspend, no change)

- The Schools Block includes all funding paid directly to mainstream schools as part of their delegated budget share, including the funding recouped by the ESFA and paid to mainstream academies.
- There is also a growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth, receive additional funding to provide financial recompense to schools throughout the relevant financial year to cover the cost of this agreed and planned growth.

5. Schools Forum took the decision to withhold growth contingency allocations for two schools due to insufficient projected pupil growth in September 2019. Based on projected Reception class numbers for September, it is therefore anticipated that there will be an underspend relating to this allocation, however, officers are still in negotiation with one school on the level of diseconomies of scale funding that is being requested, which could significantly affect this position.

### **Early Years Block (£56k underspend, £10k favourable)**

6. Two year old funding has been adjusted to reflect the number of children accessing the free entitlement recorded on the January 2019 census. This has resulted in a decrease in funding of £140k relating to 2019/20. This potentially could cause an additional pressure in the Early Years block if the number of children accessing the free entitlement increases, as any funding adjustment will be based on numbers recorded in the January 2020 census.
7. The 3 and 4 year old funding for both the universal and the additional free entitlement has also been adjusted in July following the January 2019 census. As anticipated the funding allocation has increased as the number of children accessing the additional free entitlement has increased significantly over the past year. There was also a retrospective adjustment relating to 2018/19, however, this was lower than anticipated.
8. The £10k favourable movement is in relation to the Early Years vulnerable children budget, where a further reduction has been made to the projection due to lower than expected number of referrals being made for additional funding.

### **Central School Services Block (£747k overspend, £3k favourable)**

9. The overspend is predominantly as the result of an increase in the number of placements of looked after children. These placements are generally high cost out of borough residential placements, and if the setting is providing education, a proportion of the cost is funded from the DSG.
10. There is a projected overspend in relation to the number of young people accessing alternative provision. The local authority currently commissions fifty places at the in-borough alternative provision setting and the historic trend is for numbers at the start of the academic year to be below this number before gradually building up. Currently numbers are projected to be in excess of the commissioned number, resulting in an additional cost pressure. As a result of this, the local authority are working with the provider to review the number of commissioned places.
11. There is also a projected overspend in the Admissions team, where the additional workload as a result of the growth in the secondary pupil population along with a secondment covering a maternity, has resulted in a cost pressure.
12. A more detailed breakdown of the Central School Services Block budget and projected expenditure is included at Appendix A.

## High Needs Block (£4,466k overspend, no change)

13. There continues to be significant pressure in the High Needs Block in 2019/20, with an increase in the number of pupils with SEN resulting in an overspend of £4,466k being projected at month 8.

It is becoming evident that the growth in the number of pupils with an EHCP is continuing to grow at a significant rate and it is becoming increasingly more difficult to place in borough as local provision is at full capacity. This then restricts the level of choice, where the Council is now having to place in Independent and Non Maintained Special Schools, who themselves are starting to reach full capacity.

14. Putting this into context, the latest SEN 2 Data analysis indicates that across England the number of pupils with a plan has grown from a baseline of 287,290 plans in 2016/17 to 353,995 plans in 2018/19 an increase of 66,705 plans over the two year period, equivalent to an increase of 23%. Additionally, the proportion of the pupil population that have a plan has increased from 3.31% in 2016/17 to 4.1% in 2018/19. There is an expectation that this trend will continue into 2019/20.
15. Due to a continuing lack of capacity in-borough and across other local authority provision, there is a requirement to place pupils in more costly school placements, with a further increase in the number of children commencing new placements in Independent special schools for the new academic year. This is resulting in significant additional pressure on the High Needs block. There is an expectation that this will become the only route that the Council will be able to take until more provision is created locally.
16. The new academic year has seen a further increase in the number of in-borough special schools that are now over their commissioned place number. Where a special school is over its planned place number there is a requirement to fund £10k per place plus the agreed top-up funding which is placing additional pressure on the High Needs block.
17. There was a further increase in the cohort of post-16 SEN placements in 2018/19. This increase is expected to continue in the current year and has also been factored in to the month 8 projections.
18. There has been an increase in the number of mainstream schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. The increase is a consequence of the increasing complexity being seen in some cases with schools needing additional resource in order to maintain the placement in mainstream provision.
19. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Extra Support Funding (ESF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to access funding quicker to enable them to intervene early and have the greatest impact. The current projected spend on ESF in 2019/20 is £325k.

## School Academy Conversions

20. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education & Skills Funding Agency (ESFA). Schools can convert at any point in the year, once they have converted, a number of adjustments are required to realign the DSG income budget and the amount delegated to maintained schools.
21. The local authority has not been made aware of any academy conversions planned for the current financial year. In Hillingdon the last time that a school converted to an academy was in September 2017, when two schools converted.

## Maintained School Balances & Budgets

22. A review of balances at the end of the 2018/19 financial year identified two schools which ended the year in deficit. Additionally 13 schools had an in year deficit. Any schools that fall into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation.
23. Maintained schools ended the 2018/19 financial year with a cumulative closing surplus balance of £12.3 m (£11.2 m revenue and £1.1 m capital). This was a £2.2m increase from the previous year total. Despite the relatively healthy total balance, there is a wide spread across individual school balances, with a number of schools having low balances that are expected to experience financial difficulties in 2019/20 due to reductions in pupil numbers and funding not keeping up with actual year-on-year increases in costs. Early indications suggest that revenue balances could drop to below £10 million by the end of the 2019/20 financial year.
24. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2017/18 and 2018/19.

School Type	Total Number of Schools	Number of Schools In Deficit 2018/19	Value of Deficit 2018/19 £000	Number of Schools In Deficit 2017/18	Value of Deficit 2017/18 £000
Nursery	1	0	0	0	0
Primary	49	1	13	3	83
Secondary	2	1	3,233	1	2,475
Special	2	0	0	0	0
<b>Total</b>	<b>54</b>	<b>2</b>	<b>3,246</b>	<b>4</b>	<b>2,558</b>

25. It is known that 6 academy schools out of a total of 45 schools are also in deficit as at 31 August 2018. This is an increase of 2 on the previous years' position. Additionally, 31 of these schools had an in year deficit.
26. The majority of maintained schools (91%) have submitted budgets for the 2019/20 financial year with an in-year deficit, resulting in an anticipated budgeted reduction in school revenue balances of £6.0m for 2019/20. This is a concern, as the use of balances is one-off and continued in-year deficits are unsustainable in the medium term. The table below summarises the budgeted revenue balances position for maintained schools.

However, based on the outturn position and the trend over the last few years, it is highly likely that the reported position for Primary schools will not be as high as those reported;

<b>School Type</b>	<b>Total Number of Schools</b>	<b>Value of Balances 01/04/2019 £000</b>	<b>Budgeted Balances 31/03/2020 £000</b>	<b>In-year Movement 2019/20 £000</b>
Nursery	1	180	157	(23)
Primary	49	11,989	6,677	(5,312)
Secondary	2	(2,878)	(3,407)	(529)
Special	2	1,860	1,736	(124)
<b>Total</b>	<b>54</b>	<b>11,151</b>	<b>5,163</b>	<b>(5,988)</b>

27. There are currently 20 maintained schools that are RAG risk rated red as a consequence of their current financial position and are therefore being more closely monitored. Three of these schools have set a deficit budget, where the local authority has agreed for them to set a licenced deficit budget. The remainder have managed to set a balanced budget but with very low balances, meaning that any significant unplanned change in expenditure could result in the school being in a deficit position. In addition there are a number of schools which are of concern as they are currently projecting to be in deficit by the end on 2020/21.
28. Following a detailed review of the quarter two returns submitted by schools it is evident that a further three maintained schools are likely to end the 2019/20 financial year with a deficit balance. Whilst the value of these deficits are projected to be relatively low, this is still a concern and further evidence of the direction that the financial position of some maintained schools is taking. All red rated schools will continue to be closely monitored and given support to identify areas of the budget that may need to be reviewed further.

## Appendix A

### Central School Services Block – Month 8

<b>Cost Centre</b>	<b>Current Budget £000</b>	<b>Forecast Outturn (M8) £000</b>	<b>Variance (M8) £000</b>
School Placements & Admissions Team	305	318	13
Alternative Provision	457	864	407
Exclusions Income	(130)	(130)	0
LAC Placements Education	188	527	339
Virtual School	599	600	1
DSG Funded Education posts	166	153	(13)
Copyright Licencing	230	230	0
ESG Functions	754	754	0
Overheads	583	583	0
Business Support	30	30	0
Schools Forum	5	5	0
<b>Total</b>	<b>3,187</b>	<b>3,934</b>	<b>747</b>



## 2019/20 Dedicated Schools Grant Funding Settlement

### 1. Introduction

This paper provides an update on the Dedicated Schools Grant (DSG) for 2020/21 following the release of the updated DSG Funding settlement on 19 December 2019.

### 2. Action Required

- i) Schools Forum is asked to note the contents of this report.

### 3. Background

#### 2020/21 DSG Funding Update

The Department for Education (DfE) released the DSG Funding settlement on 19 December 2019, which includes the October 2019 school census pupil numbers. As part of this announcement, the DfE are providing increases in both Schools Block and High Needs Block funding. The Central Schools Services Block allocation has decreased as the DfE have, from 2020/21, introduced a reduction of 20% to the historical commitments element of the funding formula.

For the purposes of this update, the Early Years Block has been excluded, as this is adjusted throughout the year based on January headcount data (though as previously reported the DfE have confirmed an 8p (1.4%) increase in the hourly funding rates for both 2 year olds and 3 & 4 year olds).

#### Schools Block

The Schools Block funding allocation is calculated using the updated School Block Unit of Funding (SBUF) multiplied by the latest October school census data, which in this case will be October 2019. Added to this is additional funding for Basic Need Growth, Premises costs and the impact of Mobility, which has been determined based on a funding methodology.

The SBUF was released in October 2019 and is set out in table 1 below:

**Table 1: SBUF**

	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>Change £</b>	<b>Change %</b>
Primary	4,278.46	4,454.33	175.87	4.1%
KS3	5,697.71	5,953.50	255.79	4.5%
KS4	5,697.71	5,953.50	255.79	4.5%

This indicates that the base level of DSG funding (excluding growth) has been increased by over 4%.

This SBUF has then been used to determine the total level of funding provided by multiplying this by the October 2019 school census pupil numbers, which for Hillingdon are set out in table 2 below:

**Table 2: Pupil Numbers**

	<b>Oct-18</b>	<b>Oct-19</b>	<b>Diff</b>	<b>%</b>
Primary*	27,930	27,930	0	0%
KS3	10,033	10,492	459	4.6%
KS4	6,388	6,570	182	2.8%
<b>Total</b>	<b>44,351</b>	<b>44,992</b>	<b>641</b>	<b>1.4%</b>

In overall terms, Hillingdon has an increase in pupil numbers, however primary pupil numbers have stabilised. A comparison of the data between the October 2019 and October 2018 pupil numbers does reflect that the October 2019 reception numbers are 34 higher than the October 2018 Year 6 figures but that the reception numbers have reduced by 29 pupils when compared to the October 2018 reception numbers. This would then imply that there is still a drop in the transition years, e.g. the October 2018 Year 1, that will become the October 2019 Year 2, and so on, does not have a one to one relationship, which is captured in table 3 below:

**Table 3: October Census Data (Primary)**

<b>Year</b>	<b>October 2018</b>	<b>October 2019</b>	<b>Transition Change</b>
R	3,993	3,964	
1	3,939	3,999	+6
2	4,101	3,919	-20
3	4,066	4,057	-44
4	3,940	4,081	+15
5	3,972	3,919	-21
6	3,930	3,992	+20
<b>Total*</b>	<b>27,941</b>	<b>27,931</b>	<b>-44</b>

Year 7 Secondary numbers have increased, as expected, as the growth previously seen in Primary moves into Secondary. This has resulted in a significant increase in Schools Block funding. The comparison between October 2018 and October 2019 is captured in the table below;

**Table 4: October Census Data (Secondary)**

<b>Year</b>	<b>October 2018</b>	<b>October 2019</b>	<b>Transition Change</b>
7	3,426	3,684	
8	3,368	3,434	+8
9	3,239	3,374	+6
10	3,228	3,343	+104
11	3,165	3,227	-1
<b>Total*</b>	<b>16,426</b>	<b>17,062</b>	<b>+117</b>

\* The October census data differs slightly from the data used to determine the total pupil numbers reported in Table 2 due to some minor technical adjustments

Table 4 also indicates the significant in-year increase in year 10 pupils which is adding to the overall Secondary growth.

The final funding factor relates to Growth, Premises and Mobility, where a formula is now used to determine the level of growth funding. For Hillingdon, this results in an increase of £601k when compared to 2019/20 funding.

Table 5 summarises the final Schools Block Funding that Hillingdon will receive in 2020/21 and compares this to the 2019/20 base budget:

**Table 5: 2020/21 Schools Block Funding**

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Diff £000</b>	<b>Diff %</b>
Primary	119,497	124,399	4,902	4.1%
Secondary	93,562	101,516	7,954	8.5%
Growth	1,666	2,267	601	36.1%
Premises & Mobility	3,929	3,285*	-644	-16.4%
<b>Total Schools Block</b>	<b>218,654</b>	<b>231,467</b>	<b>12,813</b>	<b>5.8%</b>

\* Mobility funding is formulaic from 2020/21 and included within the SBUF calculations

Hillingdon's Schools Block Funding will increase by £12,813k in 2020/21, equivalent to an increase of 5.8%. It should be noted that this excludes additional funding that will be provided to fund the Teachers Pay Award and the increase in the Teachers Pensions employer contributions.

### High Needs Block

The High Needs Funding Block is determined by using four factors; the National Funding Formula, the number of pupils attending a special school, an import/export adjustment to reflect transfers of pupils between authorities and a technical adjustment in relation to Special Free Schools, previously funded directly by the ESFA.

The funding provided for the number of pupils in special schools is calculated by multiplying the number of pupils by the Area Cost Adjusted Weighted Basic Entitlement Factor Unit Rate, which for Hillingdon is £4,450.45 per pupil, (a £4.13 increase on the previous year's rate). Hillingdon's special school pupil numbers for 2020/21 have increased by 86 compared to 2019/20, resulting in additional funding of £387k in 2020/21.

It is worth noting that High Needs National Funding Formula only funds growth in special school pupil numbers and therefore does not recognise any of the High Needs growth in mainstream schools or any young people with an EHCP accessing post-19 provision. Additionally the rate of funding per place is £4,450.45 which is significantly below the average cost of an actual High Needs placement.

The Import/Export adjustment ensures that local authorities providing places for children and young people with high needs for whom they are not responsible receive additional funding. A further adjustment is made to the Import/Export following the January census. Hillingdon is a significant net importer (though a big proportion of this relates to the merger of Harrow and Uxbridge Colleges) which is reflected in the additional funding of £1.2m included in the High Needs block calculation.

Table 6 below summarises all of the movements in the High Needs Funding Block:

**Table 6: 2020/21 High Needs Funding Block**

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Diff £000</b>	<b>Diff %</b>
Actual high needs NFF allocations	35,328	40,230	4,902	13.9%
Total per pupil funding	3,926	4,313	387	9.9%

Import / export adjustments	1,230	1,230	0	0%
<b>Total High Needs Block</b>	<b>40,484</b>	<b>45,773</b>	<b>5,289</b>	<b>13.1%</b>

Hillingdon's High Needs Block Funding will increase by £5,289k in 2020/21, equivalent to an increase of 13.1%. It should be noted that this excludes additional funding that will be provided to fund the Teachers Pay Award.

### Central Schools Services Block

The Central Schools Services Block (CSSB) is determined by using two factors; total mainstream pupil numbers and historic commitments. The funding provided for the number of pupils in mainstream schools is calculated by multiplying the number of pupils by the CSSB Unit of Funding, which for Hillingdon is £34.37 per pupil, an increase of £0.65 (equivalent to 1.9%) on the 2019/20 rate. The growth in Hillingdon's mainstream school pupil numbers has resulted in additional funding of £51k in 2020/21.

The published DSG budget confirms that there will be a 20% decrease in the Central School Services funding provided for historic commitments. This has resulted in a £265k reduction in CSSB funding in 2020/21. Table 7 summarises the movement in the CSSB:

**Table 7: 2020/21 Central Schools Services Block**

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Diff £000</b>	<b>Diff %</b>
Total per pupil funding	1,495	1,546	51	3.4%
2020/21 CSSB funding for historic commitments	1,323	1,058	-265	-20.0%
<b>2020/21 total CSSB block</b>	<b>2,818</b>	<b>2,604</b>	<b>-214</b>	<b>-7.6%</b>

### **2020/21 Budget Update**

With the publication of the DSG finance settlement, the figures can now be compared to the previous reported budget position and the impact on the disapplication request submitted to the DfE on 30 November 2019. Table 8 below sets out the latest projected budget requirement for the High Needs Block and what action would be required to set a balanced DSG Budget for 2020/21:

**Table 8: 2020/21 DSG Budget Update**

Description	Original Budget Position £000	Updated Budget Position £000	Movement £000
<b>High Needs Funding Requirement</b>			
2019/20 Block Transfer Reversal	3,499	3,499	0
Ongoing Pressures 2020/21	5,092	5,092	0
Demographic Growth 2020/21	4,794	4,794	0
Savings Proposals	(1,146)	(1,146)	0
<b>Total High Needs Requirement</b>	12,239	12,239	0
<b>Additional Funding 2020/21</b>			
Additional Funding	4,671	4,637	(34)
Demographic Growth	500	438	(62)
<b>Total Additional Needs Funding</b>	5,171	5,075	(96)
<b>High Needs Funding Shortfall</b>	(7,068)	(7,164)	(96)

As at the end of November 2019, the projected High Needs shortfall was £7,068k. Following the release of the DSG finance settlement, the required transfer from the Schools Funding Block has increased to £7,164k as a consequence of lower High Needs growth than anticipated. The required transfer is equivalent to 3.1% of Schools Block funding which is still in line with the disapplication request submitted to the DfE.

To put this into perspective the Individual Schools Budget will increase by £12,813k, ignoring the Teachers Pay Award and Teachers Pensions grant funding. Therefore, if the full £7,164k was transferred, the Individual Schools Budget would still increase by £5,649k.

#### 4. Summary

Table 9 below sets out the total increase in the DSG Budget for 2020/21, excluding Early Years funding:

**Table 9: Total 2020/21 DSG Budget**

	2019/20 £000	2020/21 £000	Diff £000	Diff %
Schools Block	218,654	231,467	12,813	5.8%
High Needs Block	40,484	45,773	5,289	13.1%
Central Schools Services Block	2,818	2,604	-214	-7.6%
<b>Total DSG Budget</b>	<b>261,956</b>	<b>279,844</b>	<b>17,888</b>	<b>6.8%</b>

This indicates that Hillingdon's 2020/21 DSG Budget will increase by £17,888k, equivalent to a total increase of 6.8%. This relates to the increase in the per pupil rate of funding for mainstream schools, special schools and for the CSSB.

There is also an increase in funding relating to pupil number growth across all funding blocks. However, there is a 20% reduction in the CSSB funding for historic commitments where the expectation is that these costs should reduce over time.

Based on the latest projections, the Council is expecting a funding gap of £7,164k on the High Needs Funding Block, which will require a transfer from the Schools Funding Block. This proposal can only be agreed by the Secretary of State and if this is not approved, the Council will be in a position where it will need to consider setting a deficit DSG Budget in 2020/21.

# Growth Contingency Allocation 2020/21

## 1. Introduction

This report sets out the proposed draw down from the Growth Contingency Fund for expanding schools and new basic need academy schools, including schools that have permanently expanded and will take on additional pupils in September 2020, schools that are planned to expand for the first time in September 2020 and Secondary schools that have agreed to accept pupils in Year 7 above their Published Admission Number (PAN) in September 2020.

2020/21 sees the second year that growth allocations are distributed to local authorities using a formulaic method based on lagged growth data (previously allocations were based on historic spend). As a consequence of the growth in secondary pupil numbers in September 2019, Hillingdon has received a £601k increase in Growth funding for 2020/21.

## 2. Recommendation

Schools Forum is asked to agree:

- i) To release the expanding schools funding to schools as set out in Appendix A,
- ii) To hold back the allocation for Hillside Juniors until further information is known regarding the prospective September 2020 intake,
- iii) To agree the budget for diseconomies of scale funding for basic need academy schools as set out in the spreadsheet at Appendix A, subject to on-going review,
- iv) To agree the contingency budget for Secondary growth as set out in the spreadsheet at Appendix A.

## 3. Background

The Schools Funding formula does not include a factor to provide resources for schools that have or are expanding, nor does it include a factor for the set up costs or the required diseconomies of scale funding for new basic need academy schools. However, the funding arrangements do allow local authorities to put in place a Growth Contingency Fund Policy to fund schools that fall within these categories. The Growth Contingency Fund is funded from the Schools Block.

### a) Expanding Schools

The Growth Contingency Fund Policy, states that the funding for expanding schools will be based on the average rates of funding per pupil across the school sector. For 2020/21 the funds that will be provided for the expanding schools allocation has been

estimated as £65,537 (this assumes that the 3.14% block transfer disapplication request is approved. If the block transfer is not approved the rate will increase).

This is an increase of £2,188 on the rate applied in 2019/20 following the increase in Schools Block funding. This figure will be finalised once the school funding formula has been signed off.

The spreadsheet included at Appendix A indicates that there will be 9 known forms of entry which will need to be funded. Applying the estimated rate of £65,537, results in a total allocation of £589,833 being required in 2020/21 for expanding schools.

The spreadsheet included at Appendix B details the pupil numbers as at the October 2019 census for those schools that have expanded. The numbers indicate that in all but one of the cases the allocation of growth contingency is justified. The 'Diff' column calculates and highlights where Reception/Year 3/Year 7 numbers are below capacity.

Based on this information, Schools Forum may wish to consider whether Growth Contingency funding is withheld for Hillside Juniors (as was the case in 2019/20), until they have been consulted with and Schools Forum have a clearer indication of what the September 2020 numbers are likely to be.

#### **b) Accepting Pupils above the Year 7 PAN**

Also included within the growth estimates is a contingency for 7 additional forms of entry to allow for secondary school pupil growth. The local authority is working with secondary schools to establish how the expected growth in secondary school pupils might be met.

The determination of funding for schools that accept pupil numbers above the Year 7 PAN will be based on the following:

- (i) Funding will be based on the actual number of pupils accepted by a Secondary school above the relevant Year 7 PAN,
- (ii) Each pupil above the Year 7 PAN will attract the Secondary average AWPU rate for each child (this to be determined by dividing the total AWPU funding by the total number of pupils in Secondary schools),
- (iii) Funding will be calculated pro rata based on a start date of 1 September (7 months), or 1 January (3 months).

Where a school has agreed to expand prior to the start of the financial year, the full years funding will be released at the beginning of the financial year and included in the first Cash Advance, paid in line with the monthly cash advance instalment profile.

Where a school agrees within the current financial year to expand, the full years funding will be released one month after Schools Forum have agreed to fund the expansion and included in the Cash Advance payment instalment profile from the relevant date.



### c) New Basic Need Academy Funding

The DfE places a requirement on a local authority to fund the difference between the actual running costs and the funding generated by the school funding formula of new and growing Basic Need Academies. The Council is required to calculate an estimated budget for the three new Basic Need Academy schools and work with each school to determine the actual running costs. The Council is then required to provide for any shortfall as diseconomies of Scale funding within the Growth Contingency Fund. In 2020/21 the diseconomies requirement for the three schools is estimated to be £500,000 with the majority of this relating to St Martin's which opened a year later than the other two schools and is still growing up to capacity. The expectation is that the funding requirement for John Locke Academy and Lake Farm Park Academy will be minimal as both schools have been able to set balanced budgets in the last three years without the need for diseconomies funding.

## 4. Summary

Schools Forum is being requested to create a Growth Contingency Fund budget for 2019/20 to fund expanding schools, the Basic Need Academies and In-Year Growth. The table below summarises the amount that will be required for 2019/20:

	<b>Budget £</b>
Primary School Expansion Funding	196,611
Secondary School Expansion Funding	393,222
Secondary Schools Accepting Pupils above Y7 PAN	458,759
Basic Need Academy diseconomies Funding	500,000
Academy School Expansion Summer term 2020	226,245
<b>Total Growth Contingency Fund Budget 2020/21</b>	<b>1,774,837</b>

The total sum of £1,775k will need to be deducted from the Schools Block and held centrally. This is a £321k increase to the 2019/20 budget of £1,454k.

2020/21 sees the second year that growth allocations are distributed to local authorities using a new formulaic mechanism based on lagged growth data. This new method of distribution has resulted in a £601k increase in growth funding for Hillingdon (from £1,666k in 19/20 to £2,267k in 20/21). As indicated above the estimated growth requirement for 2020/21 is below the allocation and the remaining £492k will be distributed to schools through the funding formula.

## 5. Appendices

A - Growth Contingency Allocations 2020/21

B - October 2019 census pupil numbers for expanding schools

C – Revised Growth Contingency Policy 2020/21

# DEDICATED SCHOOLS GRANT

  

# GROWTH CONTINGENCY FUND POLICY

Last updated December 2019

## **1. Overview**

This is the Growth Contingency Fund Policy of the Hillingdon Schools Forum.

This Policy will be reviewed on an annual basis.

It only provides revenue funding for eligible schools.

Where reference is made to a financial year this refers to the local authority's financial year which starts on 1 April and ends on 31 March.

## **2. Background**

The School Funding Reform – Arrangements for 2013/14, set out criteria to allow Dedicated Schools Grant (DSG) funding to be retained centrally within a Growth Contingency Fund. The purpose of this fund will be to provide resources to schools (both Maintained and Academy) to support growth in pupil numbers to meet basic needs. It will be managed and controlled by the Schools Forum, who will also be responsible for the release of funds to schools based on the criteria as set out in this policy.

### **3. Policy Statement**

Schools Forum will agree the amount of the Growth Contingency Fund each year, by the end of January, where the agreed amount will be deducted from the DSG prior to the determination of school budget shares. The amount agreed will constitute the fund to be used from the 1 April immediately following.

The Growth Contingency Fund will be ring-fenced and used only for the purpose for which it was intended as set out in Section 4 of this policy statement.

Growth Contingency funding can be withheld where it is evident that a school has not taken on the additional number of pupils relevant to the planned expansion.

The Growth Contingency Fund can be accessed by all Maintained and Academy primary, secondary and nursery Schools, but cannot be accessed by either Special Schools and Pupil Referral Units, as they receive funding directly from the High Needs Block, or Free Schools, University Technical Colleges, Old Style Academy Schools and Studio Colleges as their funding is managed directly by the EFA.

### **4. Purpose**

The purpose of the Growth Contingency Fund will be to provide financial recompense to schools throughout the relevant financial year (1 April to 31 March) to cover the cost of agreed and planned growth as a result of the following:

- a) The school has expanded
- b) The school is a new school
- c) Secondary schools have agreed to accept pupils in Year 7 above their Published Admission Number (PAN)

### **5. Criteria**

Funds will be released to schools from the Growth Contingency Fund based on the following criteria:

#### **Expanding Schools**

- The Local Authority has to agree, in advance, before the start of the financial year, and no later than 31 March of each year, which schools will or are expected to expand.
- Schools Forum agrees the schools that will be funded from the Growth Contingency Fund as part of the Dedicated Schools Grant budget setting process. This to be agreed in advance, before the start of the financial year, and no later than 31 March of each year.
- Where a school is expected to expand but has not been agreed by the local authority at the start of the financial year, funds will only be released by the Schools Forum once confirmation from the local authority has been received.

- Where a school expands without the Local Authority's and Schools Forum consent, the school will have to submit a written request to Schools Forum, providing a business case for the need in the growth and the required release of funds. This does not however guarantee the release of funds.

### **New Schools**

- The Local Authority has to agree, in advance, before the start of the financial year, and no later than 31 March of each year, the funding for new schools.
- Schools Forum agrees the schools that will be funded from the Growth Contingency Fund as part of the Dedicated Schools Grant budget setting process. This to be agreed, in advance, before the start of the financial year, and no later than 31 March of each year.
- This only applies to those schools that have always been included within the funding formula and new Basic Need Academy schools.
- The funding cannot be accessed by, Free Schools, University Technical Colleges, Studio Colleges and Old Style Academy Schools, where the EFA already makes pupil adjustments to the Funding Formula for these schools.

### **Accepting Pupils above the Year 7 PAN**

- The Local Authority has to agree, in advance, before the start of the financial year, and no later than 31 March of each year, which schools will or are expected to accept more Year 7 pupils than their PAN.
- Schools Forum agrees the schools that will be funded from the Growth Contingency Fund as part of the Dedicated Schools Grant budget setting process. This to be agreed in advance, before the start of the financial year, and no later than 31 March of each year.
- Where a school is expected to accept more Year 7 pupils than their PAN but has not been agreed by the local authority at the start of the financial year, funds will only be released by the Schools Forum once confirmation from the local authority has been received.
- Where a school accepts more Year 7 pupils than their PAN without the Local Authority's and Schools Forum consent, the school will have to submit a written request to Schools Forum, providing a business case for the need in the growth and the required release of funds. This does not however guarantee the release of funds.

## **6. Funding**

Funding from the Growth Contingency Fund will be allocated to schools based on the following calculations:

### **Expanding Schools**

- a) The determination of funding for expanding schools will be based on the following:

- i. Funding will be based on a class size of 30 pupils (a form of entry),
  - ii. Each form of entry (class size of 30 pupils) will attract the average sector total AWPU for each child (this to be determined by dividing the total AWPU funding by the total number of pupils in Primary and Secondary schools),
  - iii. Funding will be calculated pro rata based on a start date of 1 September (7 months), or 1 January (3 months).
- b) Where a school has agreed to expand prior to the start of the financial year, the full years funding will be released at the beginning of the financial year and included in the first Cash Advance, paid in line with the monthly cash advance instalment profile.
- c) Where a school agrees within the current financial year to expand, the full years funding will be released one month after Schools Forum have agreed to fund the expansion and included in the Cash Advance payment instalment profile from the relevant date.

### **New Schools**

- a) The determination of funding for New Schools will be based on the following:
- i. Funding will only be provided to those schools that have always been included within the funding formula, or are new Basic Need Academy schools,
  - ii. The funding cannot be accessed by Free Schools, University Technical Colleges, Studio Colleges and Old Style Academy Schools, where the EFA already funds on estimates and makes pupil adjustments to the Funding Formula for these schools,
  - iii. Start up funding will be provided for each new year group based on a class size of 30 pupils (one form of entry), less the funding received through the funding formula.
- b) For a new school not in its first year of opening, the full years funding will be released at the beginning of the financial year and included in the first Cash Advance, paid in line with the monthly cash advance profile.
- c) For a new Basic Need Academy school, set up funding will be released based on an agreed profile between the provider and the Council, with the first payment being released in the April cash advance.

### **Accepting Pupils above the Year 7 PAN**

- a) The determination of funding for schools that accept pupil numbers above the Year 7 PAN will be based on the following:
- i. Funding will be based on the actual number of pupils accepted by a Secondary school above the relevant Year 7 PAN,
  - ii. Each pupil above the Year 7 PAN will attract the Secondary average AWPU rate for each child (this to be determined by dividing the total AWPU funding by the total number of pupils in Secondary schools),
  - iii. Funding will be calculated pro rata based on a start date of 1 September (7 months), or 1 January (3 months).

- b) Where a school has agreed to expand prior to the start of the financial year, the full years funding will be released at the beginning of the financial year and included in the first Cash Advance, paid in line with the monthly cash advance instalment profile.
- c) Where a school agrees within the current financial year to expand, the full years funding will be released one month after Schools Forum have agreed to fund the expansion and included in the Cash Advance payment instalment profile from the relevant date.

## **7. Year End Procedures**

A full reconciliation will be undertaken at the end of January each year, to determine the over or under allocation of the Growth Contingency Fund. Any balances (surplus or deficit) will be factored into the determination of the Dedicated Schools Grant for the following financial year.

## **School Funding Formula Amendments to Census data**

### **1. Introduction**

The Education Skills Funding Agency (ESFA) provides local authorities with a modelling tool to complete the local funding formula with the schools census data built into the tool. However, if it is considered that data is unrepresentative, local authorities are permitted to amend the data to more accurately reflect a schools circumstances.

Officers have reviewed the data set provided by the ESFA, and have noted some anomalies which appear unrepresentative. Proposals have been made as how to treat these anomalies.

### **2. Recommendation**

Schools Forum is asked to consider the anomalies detailed below and agree the following;

- (a) The estimated pupil numbers for John Locke Academy, Lake Farm Park Academy and St Martin's CE Primary School,
- (b) The retrospective adjustments for John Locke Academy, Lake Farm Park Academy and St Martin's CE Primary,
- (c) The amended mobility percentages for De Salis Studio College and Parkside Studio College.

### **3. Data anomalies for consideration**

#### **a) Pupil Number Estimates**

The Schools Finance Regulations require local authorities to estimate, for the purposes of producing its local school funding formula, the pupil numbers of those schools which have opened in the last 7 years and do not have pupils in all year groups it is deemed to admit into.

Officers have looked at the October 2019 census data, to produce suitable estimates for the purposes of modelling the school funding formula for 2020/21 for three schools (John Locke Academy, Lake Farm Park Academy & St Martin's CE Primary School) which regulations indicate should be calculated based on estimated pupil numbers.

There are 5 other schools which also opened in the last 7 years; De Salis Studio College, Hewens Primary School, Rosedale Primary School, UTC Heathrow and The Global Academy. However, analysis of census data identifies that they have pupils in all admissible year groups from R-Y11. The Schools Revenue Funding Operational Guidance states the following:

*"If a school has opened in the last seven years and is already taking in pupils in all year groups, then there is no requirement to estimate numbers"*

It is therefore proposed that for these six schools, the funding formula will not be based on estimated pupil numbers. Nanaksar Primary School also opened in the last 7 years, however as they are not currently admitting new intake, no estimates are required here.

Appendix A details the rationale for the estimated pupil numbers calculations.

b) Retrospective adjustments

Where a school is funded on estimates, local authorities are permitted to make a retrospective adjustment in the following funding year to account for any over or under estimate of pupil numbers, based on known census data, in order to correct the previous year's recouplement. A reconciliation between the estimates used and the actual census numbers indicates where there has been over or underestimates.

The local authority is proposing to apply a retrospective adjustment in the 2020/21 funding formula for these schools, by multiplying the per pupil rate of funding for those schools by the number of pupils over or under estimated. This might have an impact on the level of diseconomies funding that will be needed to support the schools whilst growing, however this will only affect the 3 Basic Needs academies. The calculation of these adjustments is detailed in Appendix A.

c) Mobility Inconsistencies

There are 2 schools that have been highlighted where the mobility percentage is disproportionately high compared to other schools. These are De Salis Studio College (17%) and Parkside Studio College (28%).

Last year, the census data also indicated a very high mobility percentage for both these schools, and the decision was taken to amend this down so that it reflected the average mobility for other similar schools within Hillingdon. The proposal is this year to amend the mobility factor percentage for both schools to 5%, in line with the average mobility for all other secondary schools in Hillingdon.

#### **4. Appendices**

Appendix A - Proposed estimated pupil numbers for new & growing schools



# Special School Planned Place Numbers 2020/21

## 6. Introduction

This report sets out the proposed funding arrangements for high needs placements at special schools and specialist resource provisions (SRPs) for 2020/21.

## 7. Recommendation

Schools Forum is asked to agree:

- v) The proposed planned places funding

## 8. Background

Schools Forum are required to agree the planned place numbers at special schools and SRPs each year as part of the budget setting process.

### Special School Planned Places

The planned places for each special school are set out in Appendix A. The following adjustments have been made to planned place numbers for 2020/21 to reflect current demand;

- Moorcroft – increase from 70 to 80 planned places from September 2020,
- Hedgewood – increase from 145 to 150 planned places from September 2020,
- Contingency – funding set aside for an additional 20 places growth through the year

### SRP Planned Places

The planned places for each SRP are set out in Appendix A. The following adjustments have been made to planned place numbers for 2020/21 to reflect current demand;

- St Martin's - increase from 10 to 12 planned places from September 2020 (school is new and growing),
- Ruislip High – two new 15 place SRPs from September 2020, one with a designation of Autistic Spectrum Disorder (ASD) and one with a designation of Physical Disability (PD). Planned place funding from September 2020 will be for three commissioned places in each unit (this will increase each year until the units are both at capacity),
- Oak Wood – increase from 8 to 12 planned places from April 2020.

Where places are filled by pupils resident in another borough then there will be an Import adjustment made to the High Needs block to reflect this.

The funding mechanism allows for additional funding to be provided on a pro rata basis, where the actual placement numbers exceed the original planned place numbers

### The Skills Hub

The Skills Hub converted to academy status on 1 September 2015. As part of this process it was agreed that the funding for the Pupil Support Team would be included within the determination of the planned place numbers and the top up rate of funding. The current position is to fund the Skills Hub on a planned place number of 70 places with top-up of £10,476 per place. The number of commissioned places at The Skills Hub is currently under review following a significant increase in demand in recent years.

## **Update on De-Delegated Budgets 2020/21**

### **9. Introduction**

This report provides Schools Forum with information on those items that maintained school representatives agreed to de-delegate at the Schools Forum meeting on 12<sup>th</sup> December 2019.

### **10. Recommendation**

Schools Forum is asked to note the contents of the report

### **11. Background**

The Department for Education (DfE) requires Schools Forum to review the de-delegated items each year and undertake a vote on whether to delegate or retain centrally. The voting is limited to maintained schools, with each sector (primary and secondary) having a separate vote. Academy schools are excluded as they will receive the funding through the delegated budget.

All maintained schools were consulted on the proposals for de-delegated budgets for 2020/21 and Schools Forum members representing maintained mainstream schools voted on whether to de-delegate at the meeting on 12 December 2019.

#### **(a) Trade Union duties staff supply cover**

Schools Forum has agreed to continue to de-delegate the budget for Trade Union duties staff supply cover costs. The financial impact of this is £2.19 per pupil (in line with previous years) which equates to a total budget of £43k. The impact by school is detailed in Appendix A.

#### **(b) Teacher Pensions Administration**

Schools Forum has agreed that funding should continue to be de-delegated for Teachers Pensions Administration in 2020/21. The financial impact of this is £1.22 per pupil which reflects a contribution to the cost of the post responsible for the maintenance and reconciliation of Teachers Pensions payments, the identification and follow-up of any queries with schools and payroll providers and the payment of deductions to the Teachers Pensions Agency. The total budget for this equates to £24k, with the impact by school detailed in Appendix A.

## Proposed DSG Budget 2020/21

### 1. Introduction

This report provides Schools Forum with a consolidation of all of the Dedicated Schools Grant (DSG) funding that the Council have been informed they will get for 2020/21 and all of the adjustments required to the DSG revenue budget, to enable the Council to set a balanced budget for 2020/21. The paper presents Schools Forum with three DSG budget scenarios as the local authority is currently waiting on a decision from the DfE on the disapplication request to transfer funds from the Schools Block to address pressures in other funding blocks. If the full block transfer request is not approved, then the local authority will be unable to set a balanced DSG budget for 2020/21.

### 2. Recommendation

Schools Forum are asked to confirm the budget, as set out below, to recommend to Council as part of the 2020/21 to 2023/24 Medium Term Financial Forecast Budget Setting process, which will be considered at the Cabinet meeting on 13 February 2020. As the local authority is waiting on the decision from the DfE on the disapplication request to transfer funds from the Schools Block, three budget scenarios have been produced as follows;

- (i) 3.1% transfer from Schools Block which achieves a balanced DSG budget,
- (ii) 1.6% transfer from School Block which results in a £3,472k DSG deficit budget,
- (iii) 0% transfer from School Block which results in a £7,175k DSG deficit budget.

### 3. Dedicated Schools Grant Funding 2020/21

The Education and Skills Funding Agency (ESFA) published the draft authority level DSG allocations for the schools, central school services, early years and high needs blocks on 19 December 2019.

The following table sets out the published baseline DSG budget for 2020/21, compared to the 2019/20 DSG allocation updated in November 2019

<b>Funding Block</b>	<b>DSG Budget 2019/20 £m</b>	<b>DSG Budget 2020/21 £m</b>	<b>Change in Budget £m</b>	<b>Increase %</b>
Schools	218,654	231,467	12,813	5.9%
High Needs	40,484	45,773	5,289	13.1%
Central Services	2,818	2,604	-214	-7.6%
Early Years	25,343	25,672	329	1.3%
<b>Total DSG Budget</b>	<b>287,299</b>	<b>305,516</b>	<b>18,217</b>	<b>6.3%</b>

In determining the final distribution of the DSG funds available, it is usually a requirement that predicted year end balances are built into the final determination. For 2019/20, there is an in-year deficit on the DSG, which for month 8 is estimated to be £5.1m. When added to the DSG opening deficit balance of £8.5m, which was carried forward from 2018/19, it is projected that there will be a cumulative deficit of £13.6m carried forward to 2020/21. Given the on-going pressures in High Needs and the Central Schools Services Block it will not be possible to set an in-year balanced DSG budget for 2020/21 without a transfer of funds from the Schools block. There is therefore no scope to contribute towards reducing the brought forward cumulative deficit.

#### **4. Proposals for Use of DSG in 2020/21**

##### **Schools Block**

###### Transfer of Schools Block funds

The Schools Block will continue to be ring-fenced in 2020/21, however, local authorities will be able to transfer up to 0.5% of their schools block funding to address funding pressures in other areas with agreement of Schools Forum. In November 2019, schools were consulted on proposals to transfer funds over and above 0.5% to address the on-going pressures in High Needs. The first proposal was the transfer of 1.6% from the schools block, as was agreed in 2019/20. The second proposal was a further transfer of 1.5% which would cover in full the projected High Needs in-year deficit in 2020/21. Schools Forum were not in support of any schools block transfer and a decision from the Secretary of State is pending. Schools Block budgets have therefore been produced which model each of the following scenarios; 0%, 1.6% and 3.1% transfer.

###### Schools Funding Formula Factors

At the Schools Forum meeting on 12 December, Schools Forum members voted to distribute the additional Schools Block funding by increasing pupil led factors by 4% (except for the free school meals factor which will be increased by 1.84%) in line with the changes to the NFF. Age Weighted Pupil Unit (AWPU) will then be the balancing factor for any surplus funds, as in previous years.

###### Minimum Funding Guarantee (MFG)

For 2020/21 there is a requirement that the MFG will need to be set at between +0.5% and +1.84%. The proposal is that Hillingdon will set this at +0.5%, which will ensure that every school will receive a minimum of 0.5% increase in per pupil funding in 2020/21.

On review of the 2019/20 school funding formula it is apparent that there are a few schools that have received historic over-protection through the MFG. The Schools Revenue Funding Operational Guide does allow for technical adjustments to the calculation of the MFG where over protection would otherwise occur. It was therefore considered that a disapplication request should be submitted to the ESFA to re-baseline the MFG for 2020/21. The ESFA rejected this application in January 2020, on the basis that it would have an adverse unexpected impact on schools and therefore the over-protection will continue in 2020/21 and beyond.

## Growth Fund Contingency

A review of the Growth Fund Contingency requirement, which provides funding for expanding schools, diseconomies funding for new Basic Need Academies and funding for significant in-year growth, estimates that the budget in 2020/21 should be £1,775k. This is an increase of £321k from the previous year. Schools Forum members will be asked to approve this allocation as part of Item 6b.

## **Early Years Block**

Early Years funding rates were published on 31 October 2019 with increases in the funding rates for 2 years olds and 3 & 4 year olds for most local authorities. The following funding rates will be used to generate the Hillingdon Early Years Block funding in 2020/21;

	<b>2019/20 £ (per hr)</b>	<b>2020/21 £ (per hr)</b>	<b>Increase £ (per hr)</b>	<b>Increase %</b>
<b>2 Year olds</b>	5.92	6.00	0.08	1.4%
<b>3 &amp; 4 Year olds</b>	5.83	5.91	0.08	1.4%

The Early Years Single Funding Formula for the provision of the 15 hours free entitlement for 3 & 4 year olds will be calculated based on 5/12ths of the January 2020 census numbers and 7/12ths of the January 2021 census numbers. The allocation is therefore draft as there will be further adjustments in July 2020 and July 2021. It is worth noting that approximately two thirds of this funding is delegated directly to schools for three and four year old provision.

There are a number of requirements on how local authorities are able to allocate Early Years funding to providers. These requirements are intended to ensure that funding provided is fairly distributed to providers. Schools Forum has not proposed to make any changes to the calculation of the Early Years funding formula.

## Universal Free Entitlement - Base Rate

Local authorities are required to pass 95% of early years funding directly to. There is a requirement to set a universal base rate for all providers, and additionally the guidance states that the level of supplements should be capped at 10% of the total funding given to providers, with the remaining 90% distributed through the base rate. Given the limits on supplements, the Hillingdon base rate is set at 91% of available funding as used in 2019/20.

## Universal Free Entitlement - Funding Supplements

The government allow supplements up to a maximum of 10% of the total funding passed to providers. Local authorities will continue to be required to have a mandatory deprivation supplement but will have discretion over the metric used. The following sets out what Hillingdon uses in the early years funding formula;

### *Deprivation Supplement*

In 2019/20 the deprivation factor within the Hillingdon early years formula was 7% with IDACI as the distribution driver, as this appears to be the best indicator of deprivation for 3 & 4 year olds. The proposal is that for 2020/21 this is retained at the same percentage.

### *IDACI Threshold Supplement*

IDACI is a measure of deprivation based on the home postcode of the child. Each postcode is given a rank from 0 to 1, with 0 being least deprived and 1 the most. Analysis of the IDACI dataset for 3 and 4 year olds accessing the free entitlement indicates that the average IDACI rank for Early Years settings in Hillingdon is 0.2. The highest ranking that a setting has is 0.365. There are clear links between deprivation and additional need, and this is currently the most robust data set held to distribute additional needs funding. It is therefore proposed to retain the 2% supplement to distribute additional resource to those providers with an average IDACI rank which is higher than 0.25.

### Maintained Nursery School Supplementary Funding

The government recognises that maintained nursery schools have additional costs and has confirmed that it will continue to provide supplementary funding to local authorities for maintained nursery schools in 2020/21. The supplementary funding for Hillingdon in 2020/21 is £230k and the proposal is that this will be passed to McMillan Nursery school in full to reduce the impact of the removal of the lump sum as a supplement for maintained nursery schools.

### Additional 15 hours Free Entitlement

Hillingdon has received £4,637k to fund the additional 15 hours free entitlement for eligible children in 2020/21. This funding will be adjusted to reflect actual numbers accessing the entitlement and therefore this funding will be earmarked in full for the delivery of the additional 15 hours free entitlement.

### Disability Access Funding

The government introduced a new targeted early years Disability Access Fund in 2017/18, to enable a fixed lump sum payment of £615 per eligible child per year to be paid to early years settings that are providing a free entitlement place for 3 & 4 year olds. The funding is ring-fenced with the purpose the purpose of aiding access to places for those children with a disability. Funding will be passed straight to providers with eligible children and the provider is then responsible for the use of the funding. The Hillingdon allocation of this funding in 2020/21 is £92k.

### Two Year Old Provision

The funding rate to local authorities for disadvantaged two year olds has increased to £6.00, which is now in line with the rate paid to providers so there is no proposed change to the hourly rate of £6.00 per hour. The current budget for Two Year Old provision is £2,217k, and based on the current numbers there is no proposed change to the current base budget for this.

## SEN Inclusion Fund

All local authorities were required to establish SEN inclusion funds for 3 & 4 year olds in their local funding systems from April 2017. The SEND Advisory service work with early years providers to determine how best this funding is distributed with the focus on children with lower level or emerging SEN. It is proposed that the £200k allocated to the SEN inclusion fund is retained and that this is taken from the early years block. The SEN inclusion funding will be included in the 95% pass through to providers and therefore does not count in the 5% that local authorities can centrally retain in 2020/21.

## **Early Years Centrally Retained**

### Provision for Vulnerable Children Placements

The £139k budget for the placement of vulnerable early years children is again projected to underspend in 2019/20, due to a lower than expected number of referrals being made for additional funding. However, it is recognised that identification of the children is ongoing and therefore there is no proposal to reduce this budget in 2020/21.

### Family Information Service

The Family Information Service (FIS) team helps parents to access the free early years provision that they are entitled to for their children. This relates to the universal entitlement to free early education for all three and four year olds and also covers the entitlement to free childcare for the most disadvantaged two year olds. The FIS consists of the FIS Manager, 4.0 (FTE) FIS Officers and a Parental Childcare Advisor and the proposed budget for 2020/21 is £252k.

### Early Years Advisory Service

The Early Years Advisory service provides targeted support, advice and guidance to all early years settings (including schools and Private Voluntary and Independent Nursery providers). Given the need to find savings within the centrally retained DSG, a savings target was allocated against this budget in 2019/20 giving a budget of £195k. The majority of this saving has been achieved through vacant posts whilst a full review of the Education service is on-going.

### Early Support Team

The Early Support team consists of 3.2 (FTE) Home Portage Visitors who support parents and carers helping to build resilience within families with children and young people with additional needs or disabilities. The proposed budget for this team in 2020/21 is £146k.

## **Central School Services Block**

### School Admissions

The School Placement and Admissions team has seen a continued increase in individuals accessing the service provided. This increased workload resulted in resources being over stretched in 2019/20 and Schools Forum therefore agreed in October 2019 to fund an increase in the team.

The changes were an additional 1 FTE post on a temporary basis along with the grades of two Senior Officer posts being increased to reflect that they are taking on more

complex tasks. This has resulted in an additional budget requirement of £35k in 2020/21, increasing the budget to £340k.

### Non-statemented LAC placements

There is a continuing pressure linked to the number of looked after children who have been placed out of borough in residential provision. The DSG only funds the education element of these placements, but there is an on-going pressure resulting in a requirement to increase the current budget for these placements to £508k.

### Pupils Out of School

The local authority currently commissions fifty places at the in-borough alternative provision setting. The historic trend is for numbers at the start of the academic year to be below this number before gradually building up. However current numbers are projected to be in excess of the commissioned number, resulting in an additional cost pressure and a requirement to increase the current budget. As a result of this, the local authority are working with the provider to review the number of commissioned places.

### Support Service Costs

A proportion of the total support services costs for central services at the Local Authority are charged to the DSG under a nationally agreed model, which has historically been capped at the current rate. It is not proposed to amend this budget for 2020/21, though this area will be subject to on-going review.

### ESG retained services

In the 2015 Spending Review, the DfE announced that ESG funding would cease in 2017/18 and that for those services defined as retained duties previously funded through the ESG, the funding and responsibility would be transferred into the DSG. The Schools Revenue Funding Operational Guide provides the definition of those services deemed to be retained duties. The DSG baseline includes a sum of £754k for retained duties, and it is proposed that this figure is retained in 2020/21 to fund these services.

### Copyright Licences

The ESFA procures copyright licences centrally for all schools and the cost is then charged to the DSG. The ESFA have informed that the cost for 2020/21 will be £233k, which is a £3k increase to the 2019/20 budget.

## **High Needs Block**

### Planned Place Numbers

There have been a number of changes to planned place numbers as specified in the table overleaf (there is also funding set aside for estimated growth in Special School places during the year);



<b>Special School</b>	<b>Change in Place Number</b>	<b>Month Change Effective</b>	<b>Change in Funding 2020/21 £</b>
Moorcroft	10	Sep 2020	58,333
Hedgewood	5	Sep 2020	29,167
Estimated Growth	20		200,000
<b>Total Special Schools</b>	<b>35</b>		<b>287,500</b>
<b>SRP</b>	<b>Change in Place Number</b>	<b>Month Change Effective</b>	<b>Change in Funding 2020/21 £</b>
Oak Wood	4	Apr 2020	40,000
Ruislip High	6	Sep 2020	35,000
St Martin's	2	Sep 2020	11,667
<b>SRP Total</b>	<b>27</b>		<b>86,667</b>
<b>Grand Total</b>	<b>62</b>		<b>374,167</b>

A full breakdown of the planned place numbers for 2020/21 are detailed in paper 6d. Academies receive planned place funding directly from the ESFA. This funding is included in the amount recouped from the High Needs block.

#### SEN Top-up Funding

There is no proposal to make any changes to the banded funding model for the distribution of top-up funding in 2020/21. However, it is still on the High Needs sub-group work-plan to review the current model in order to identify opportunities for improving the effectiveness and efficiency of the resource allocation process for children with SEN. The 2020/21 budgets for top-up funding have been increased by £2,746k to reflect current expenditure.

#### Independent & Non-Maintained Special Needs

The Council has seen an increase in the number and total spend on SEN placements in Independent and Non-maintained schools in the last year, predominantly as a result of a lack of capacity within in-borough provision. In the last two years the budget has been reduced to reflect expected savings based on the pupil age profile, but these savings have not been achieved. For 2020/21 the budget has been increased by £2,000k to reflect the current spend and some projected growth. There has also been an increase in the level of contributions from Health and Social Care towards these placements which has off-set some of the total increase.

#### Post-16 Special Educational Needs Placements

2019/20 has seen continued growth in the number of post-16 pupils with special educational needs requiring college placements. Currently the budget for post-16 college placements is £3,732k (split between FE Colleges and Independent Specialist Providers). Assuming further growth in numbers from September 2020 the budget has been increased by £1,000k. Further detail on these placements will be reported to the High Needs sub-group throughout the year.

## SEN Advisory Service

Following a full transformation of the SEND teams in 2019/20, the SEND Advisory Service has been created to provide advice and guidance to educational settings to ensure they are able to meet the needs of most children and young people within their own resources. This realignment of posts has created an additional £90k cost to the DSG, however the expectation is that over time this will be off-set by a reduction in the number of EHCPs issued, through early intervention and support.

## 2% Threshold

The 2% threshold recognises those schools that have a disproportionate number of pupils with SEN and distributes an additional £6k funding for each pupil over the 2%. The threshold was set a number of years ago and 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 SEN 2019 data indicates that the average percentage of pupils with an EHCP is now closer to 3%, schools were consulted on whether to increase the threshold to 2.5% or 3%.

It was agreed at Schools Forum in December 2019 that the threshold would be increased to 2.5% for 2020/21, but that this would be dependent on the decision regarding the transfer of funds from the Schools Block (i.e. if a block transfer is agreed, then the threshold should stay at 2%). This financial impact of this decision is reflected in the three different scenarios as per the table below;

<b>Scenario</b>	<b>Threshold</b>	<b>Budget 20/21 £000</b>
3.1% Transfer	2%	834
1.6% Transfer	2%	834
0% Transfer	2.5%	400

## SEN Exceptional Funding and SEN Tuition

Over the last year there has been a significant increase in the number of mainstream schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. The increase is a consequence of the increasing complexity being seen in some cases with schools needing additional resource in order to maintain the placement in mainstream provision. This has also had an impact on the number of pupils with SEN accessing specialist out of school tuition. The overall impact of this has resulted in a £250k increase to the budget requirement for 2020/21.

## Proposed DSG Budget for 2020/21

The following tables summarise the final DSG Budget for 2020/21 for each of the proposed Schools Block transfer options:

### 0% School Block Transfer

<b>Funding Block</b>		<b>£</b>
Schools Block	Income	(231,467)
	Expenditure	231,467
	<b>Net Total</b>	<b>0</b>
High Needs Block	Income	(45,773)
	HN Recoupment	8,624
	HN Recoupment adj	(33)
	Expenditure	43,207
	<b>Net Total</b>	<b>6,025</b>
Early Years Block	Income	(25,672)
	Expenditure	25,547
	<b>Net Total</b>	<b>(125)</b>
Central School Services Block	Income	(2,604)
	Expenditure	3,879
	<b>Net Total</b>	<b>1,275</b>
<b>Grand Total</b>		<b>7,175</b>

### 1.6% School Block Transfer

<b>Funding Block</b>		<b>£</b>
Schools Block	Income	(231,467)
	Expenditure	227,764
	<b>Net Total</b>	<b>(3,703)</b>
High Needs Block	Income	(45,773)
	HN Recoupment	8,624
	HN Recoupment adj	(33)
	Expenditure	43,207
	<b>Net Total</b>	<b>6,025</b>
Early Years Block	Income	(25,672)
	Expenditure	25,547
	<b>Net Total</b>	<b>(125)</b>
Central School Services Block	Income	(2,604)
	Expenditure	3,879
	<b>Net Total</b>	<b>1,275</b>
<b>Grand Total</b>		<b>3,472</b>

### 3.1% School Block Transfer

<b>Funding Block</b>		<b>£</b>
Schools Block	Income	(231,467)
	Expenditure	224,292
	<b>Net Total</b>	<b>(7,175)</b>
High Needs Block	Income	(45,773)
	HN Recoupment	8,624
	HN Recoupment adj	(33)
	Expenditure	43,207
	<b>Net Total</b>	<b>6,025</b>
Early Years Block	Income	(25,672)
	Expenditure	25,547
	<b>Net Total</b>	<b>(125)</b>
Central School Services Block	Income	(2,604)
	Expenditure	3,879
	<b>Net Total</b>	<b>1,275</b>
<b>Grand Total</b>		<b>0</b>

The following table details the final DSG Budget for 2020/21 (assuming no Schools Block transfer is agreed):

<b>Funding Block</b>	<b>Cost Centre description</b>	<b>Proposed Budget £'000</b>
Schools	Schools Block Funding	(231,467)
Schools	Individual Schools Budget	229,692
Schools	Growth Fund Contingency	1,775
	<b>Schools Block Total</b>	<b>0</b>
Early Years	Early Years Block Income	(25,672)
Early Years	Early Years Single Funding Formula	17,023
Early Years	Early Years Single Funding Formula (additional 15 hrs)	4,637
Early Years	Maintained Nursery School Supplementary Funding	230
Early Years	Disability Access Fund	92
Early Years	SEN Inclusion Fund	200
Early Years	Core Childcare & Early Years (FIS)	252
Early Years	Early Years Advisory Teachers	195
Early Years	Early Support Team	146
Early Years	Provision for Vulnerable Children Placements	139
Early Years	Early Years Overheads	293
Early Years	Early Years Pupil Premium	123
Early Years	2YO Funding	2,217
	<b>Early Years Block Total</b>	<b>(125)</b>
High Needs	High Needs Block Income	(45,773)
High Needs	High Needs Block Academy Recoupment	8,624
High Needs	Estimated HN Recoupment adjustment	(33)
High Needs	Maintained ASB	4,507
High Needs	Top-up funding	24,002
High Needs	Independent placement provision (pre-16)	6,561
High Needs	Independent placement provision (post-16)	1,502
High Needs	FE college top up funding	3,229
High Needs	Hospital Tuition	75
High Needs	SEN Therapies	542
High Needs	2.5% Threshold Mechanism	834
High Needs	Non-statemented pupils - exceptional funding	100
High Needs	Tuition - SEN out of school	275
High Needs	SEN Support Services	1,325
High Needs	High Needs Overheads	255
	<b>High Needs Block Total</b>	<b>6,025</b>
Central Schools	Central Schools Block Funding	(2,604)
Central Schools	DSG Funded Business Support	30
Central Schools	Schools Forum	5
Central Schools	School Placements & Admissions	340
Central Schools	Hillingdon Virtual School	599
Central Schools	Non-statemented LAC placements	508
Central Schools	Education Safeguarding	169
Central Schools	Pupils Out of School	931
Central Schools	Copyright Licences	233
Central Schools	ESG Funded Services	754
Central Schools	Central Schools Block Overheads	310
	<b>Central Schools Block Total</b>	<b>1,275</b>
	<b>Grand Total</b>	<b>7,175</b>

The following table details the proposed budget movements between 2019/20 and 2020/21 (assuming no Schools Block transfer is agreed):

Cost Centre description	2019/20 Budget £000	Movement £000	2020/21 Proposed Budget £000
Schools Block Funding	(218,649)	(12,818)	(231,467)
Individual Schools Budget	213,696	8,821	229,692
Growth Fund Contingency	1,454	321	1,775
<b>Schools Block Total</b>	<b>(3,499)</b>	<b>(3,676)</b>	<b>0</b>
Early Years Block Income	(25,343)	(329)	(25,672)
Early Years Single Funding Formula	16,490	533	17,023
Early Years Single Funding Formula (additional 15 hrs)	4,575	62	4,637
Maintained Nursery School Supplementary Funding	230		230
Disability Access Fund	104	(12)	92
SEN Inclusion Fund	200		200
Core Childcare & Early Years (FIS)	245	7	252
Early Years Advisory Teachers	182	13	195
Early Support Team	142	4	146
Provision for Vulnerable Children Placements	139		139
Early Years Overheads	293		293
Early Years Pupil Premium	123		123
2YO Funding	2,217		2,217
<b>Early Years Block Total</b>	<b>(403)</b>	<b>278</b>	<b>(125)</b>
High Needs Block Income	(40,484)	(5,289)	(45,773)
High Needs Block Academy Recoupment	8,529	95	8,624
High Needs Recoupment Adjustment	0	(33)	(33)
Maintained ASB	3,447	1,060	4,507
Top-up funding	21,256	2,746	24,002
Independent placement provision (pre-16)	4,561	2,000	6,561
Independent placement provision (post-16)	1,002	500	1,502
FE college top up funding	2,729	500	3,229
Hospital Tuition	75		75
SEN Therapies	472	70	542
2.5% Threshold	604	230	834
Non-statemented pupils - exceptional funding	32	68	100
Tuition - SEN out of school	93	182	275
SEN Support Services	1,235	90	1,325
High Needs Overheads	255		255
<b>High Needs Block Total</b>	<b>3,806</b>	<b>2,219</b>	<b>6,025</b>
Central Schools Block Funding	(2,818)	214	(2,604)
DSG Funded Business Support	30		30
Schools Forum	5		5
School Placements & Admissions	305	35	340
Hillingdon Virtual School	599		599
Non-statemented LAC placements	188	320	508
Education Safeguarding	166	3	169
Pupils Out of School	327	604	931
Copyright Licences	230	3	233
ESG Funded Services	754		754
Central Schools Block Overheads	310		310
<b>Central Schools Block Total</b>	<b>96</b>	<b>1,179</b>	<b>1,275</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>7,175</b>

## Illustrative Individual School Budget Shares 2020/21

### 12. Introduction

The spreadsheets at Appendix A provide Schools Forum with Indicative School Budget Share information for 2020/21. The comparison with 2019/20 gives an illustration of the impact on individual schools of the additional Schools Block funding for 2020/21. The possible impact on individual schools if the disapplication request to transfer funds from the Schools Block is approved by the DfE is also detailed.

### 13. Recommendation

Schools Forum is asked to note the contents of the report

### 14. Background

The spreadsheets at Appendix A compare the 2019/20 funding for individual schools with an illustration of the funding for 2020/21 for the following scenarios;

- 0% transfer – assumes no transfer is agreed,
- 1.6% transfer – assumes DfE agree a transfer at the same level as in 2019/20,
- 3.1% transfer – assumes DfE agree the full transfer in the latest disapplication request.

There are three tabs to the appendix which summarise the following;

#### *Total post-MFG funding*

The figures give an illustration of total funding per school including any adjustments for MFG protection, but before the deduction of any de-delegation amounts (maintained schools only). Where the figures indicate a reduction in funding this will be directly linked to a fall in pupil numbers between the October 2018 and October 2019 census.

#### *Total per pupil funding*

The indicative per pupil funding figures show that for the majority of schools (there are a couple of anomalies) there will be an increase in per pupil funding for all three of the scenarios. This is to be expected as the Minimum Funding Guarantee has been set at +0.5%, however in most cases per pupil funding increases are significantly in excess of 0.5% due to the increase in School Block Funding.

#### *Minimum Funding Guarantee (MFG) adjustments*

These indicative figures demonstrate that in all scenarios the total MFG requirement will reduce. The majority of the MFG in all cases relates to just two schools (Northwood & Rosedale College). We are awaiting the outcome of the disapplication submitted to the DfE, requesting that we are allowed to re-baseline the MFG in order to address this historic over-protection.

Please note that the figures provided at this point in time are illustrative and subject to change.