

SCHOOLS BUDGET 2019/20

Cabinet Member(s)	Councillor Ray Puddifoot MBE Councillor David Simmonds CBE Councillor Jonathan Bianco
Cabinet Portfolio(s)	Leader of the Council Education and Children's Services Finance, Property and Business Services
Officer Contact(s)	Peter Malewicz, Finance
Papers with report	<ol style="list-style-type: none">1. Appendix 1 – consultation paper on Early Years Funding Arrangements 2019/202. Appendix 2 – consultation paper on De-delegation Funding Arrangements 2019/203. Appendix 3 – consultation paper on Need for a Transfer of Funding Between the Schools Funding Block and the High Needs Funding Block 2019/20

1. HEADLINES

Summary	The purpose of this report is to seek Cabinet's approval for the size and distribution of the schools budget for 2019/20, following consultation with school Headteachers, Governors and Early Years providers having regard to the advice of the Schools Forum.
Putting our Residents First	This report supports the following Council objectives: <i>Our People; Our Built Environment; Financial Management</i> Schools are a key frontline service in the Borough, and are the largest service providing investment in residents' children's and young people's future life chances. The distribution of funding to schools supports these strategic aims.
Financial Cost	Funding for schools and school related expenditure is provided through the Dedicated Schools Grant (DSG) and the Pupil Premium and as such has no impact on the Council's budget requirement. However, having considered the DSG Budget for 2019/20, and the views of all relevant stakeholders, a deficit DSG Budget has been submitted for approval, totalling £3,499k. The Council have submitted a disapplication request to the Department for Education to transfer the required funds from the Schools Funding Block, which if agreed, would allow the Council to

	set a balanced DSG Budget, but no decision has been made at the time of writing this report.
Relevant Policy Overview Committee	Residents, Education and Environmental Services
Ward(s) affected	All

2. RECOMMENDATIONS

That Cabinet:

1. Agree that the total Schools Budget for 2019/20 be set with an overall deficit of £3,499k when compared to the total of the Dedicated Schools Grant provided to the Council (as set out in paragraphs 65 to 67), on the premise that the DfE rejects the Council's disapplication request.
2. Approve the Primary and Secondary schools funding formula as agreed by schools and the Schools Forum, as set out in paragraphs 26 to 30.
3. Approve the Early Years Single Funding Formula, as set out in paragraphs 31 to 40.
4. Approve the base rate of funding for the Two Year Old Free Entitlement Offer, as set out in paragraph 41.
5. Approve the Early Years Centrally Retained budget as agreed by the Schools Forum, as set out in paragraphs 43 to 46.
6. Approve the Central School Services budget as agreed by the Schools Forum, as set out in paragraphs 47 to 51.
7. Approve the High Needs budget as agreed by the Schools Forum, as set out in paragraphs 52 to 64.
8. Request that the Chairman of the Executive Scrutiny Committee considers waiving the scrutiny call-in period on the above recommendations so they come into immediate effect. This is in the event that a revised Schools Budget needs to be agreed following a decision by the Secretary of State on the Council's disapplication request.

Reasons for recommendation

1. Cabinet is the decision making body for school funding issues and decisions are required on the arrangements to allow for final funding allocations to be provided to schools by no later than 28 February 2019. However, as the report sets out, despite a full review of DSG budgets, the pressures on High Needs budgets arising from new burdens flowing from the Children's and Families Act 2014 are now so significant that there is little that either the Council or Schools Forum can do to address what is essentially a Government funding issue without having an adverse impact on other elements of Education.
2. The School and Early Years Finance (England) Regulations 2018 requires the Council to consult the Schools Forum on a range of financial matters prior to making decisions on them. Each year the Council consults with schools on the following years funding and

school funding formulas. For 2019/20 budgets, the consultation ended on 21 December 2018 and the responses to this consultation were considered at the Schools Forum meeting on 16 January 2019. Additionally, Schools Forum are required to set and agree the DSG budget for 2019/20, taking into account any accumulated surplus/deficit balances, this was agreed at the Schools Forum meeting on 16 January 2019. The results of these decisions are reflected in the recommendations of this report.

The Council and Hillingdon's Schools Forum have undertaken a major review of the DSG Budget over the last few years and have closely monitored the increased growth in the cost of high needs placements and where practical and safe to do so, have made savings to centrally retained budgets to offset the growing pressures. However, the review of the high needs budgets for 2019/20 identified that no further savings could be made without having a detrimental effect on these resources provided to support vulnerable and disadvantaged children and in fact potentially could result in additional costs being incurred should services be ceased. The only option available to the Council to set a balanced in year DSG Budget for 2019/20 was to consult with schools on a proposed transfer of £3,499k (equivalent to 1.6%) from the Schools Funding Block. However, even if schools and Schools Forum had agreed to this, the final decision rests with the DfE, as the Secretary of State has to sign off all requests, which exceed 0.5% of the total Schools Funding Block.

Alternative options considered / risk management

3. Cabinet could decide to recommend that the Schools Forum reconsider the proposed Primary and Secondary schools funding formula, the Early Years Single Funding Formula and the High Needs Funding Formula.
4. The recommended Schools Budget 2019/20 contains a contingency for in year growth for expanding schools and for the diseconomies of scale funding for the three Basic Need Primary Academy schools. There is also some contingency for future growth in the placement of children with Special Educational Needs.
5. The recommended Schools Budget no longer contains a general reserve to cover unforeseen costs and does not provide surplus resources to offset the cumulative deficit accruing on the Dedicated Schools Grant Budget in 2018/19.

Policy Overview Committee comments

6. None at this stage.

3. SUPPORTING INFORMATION

7. The Government have confirmed the 'hard' implementation of the Schools National Funding Formula will be further delayed until at least 2021/22. Therefore in 2019/20 the 'soft' implementation of the formula will continue with local authorities and Schools Forum still having the ability to set a local funding formula.
8. The schools block will continue to be ring-fenced in 2019/20 but local authorities will be able to transfer up to 0.5% of their schools block funding, with the agreement of Schools Forum. If a local authority wishes to transfer more than 0.5% to address funding pressures in other blocks then approval must be sought from the Secretary of State.
9. The Government have confirmed that the Early Years National Funding Formula (EYNFF) will continue in 2019/20. 2019/20 will also see the continuation of the additional 15-hour free entitlement for 3 & 4 year olds of eligible working parents which was introduced from September 2017.
10. The number of schools converting to Academy status, following the introduction of the Academies Act 2010, has slowed down, where the current picture in Hillingdon is that 46 schools are now academies (20 primary, 19 secondary, 1 all-age, 5 special and the Pupil Referral Unit). The Council is not currently aware of any schools with a plan to convert in 2019/20.
11. The following sets out the arrangements that the DfE are making to the schools funding system for 2019/20:
 - i) Funding has been provided for at least a 0.5% per pupil increase for each school in 2019/20 through the national funding formula.
 - ii) Minimum Funding Guarantee (MFG) protection remains at minus 1.5% per pupil.
 - iii) The DfE has guaranteed at least a 0.5% overall increase in High Needs funding in 2019/20 to reflect some of the growth being seen in the number of pupils with SEN.
 - iv) Pupil Premium rates have been retained at the 2018/19 rates.
 - v) Universal Infant Free School Meals (UIFSM) rate will stay at £2.30 per meal.
 - vi) A continuation of the additional funding for early years, through the early years pupil premium to provide nurseries, schools and other providers of Government funded early education with additional funding of £302.10 per eligible child for disadvantaged three and four year olds.

Early Years (3 and 4 Year Old Provision)

12. Early Years Funding provides funds for schools, Private, Voluntary and Independent Nursery providers and Childminders for 3 and 4 year old placements.
13. From April 2017 the Early Years National Funding Formula (EYNFF) was implemented with a new requirement on the amount of funding that local authorities must pass to providers. In 2019/20 local authorities must plan to spend at least 95% of the Early Years funding they receive directly on providers, with at least 90% of this being paid through a universal base rate. It is proposed that for 2019/20 no changes are made to the Early Years funding formula in Hillingdon. The formula is made up of the following factors:
 - A base rate per hour for all pupils set at 91% of the funds available to providers (maintained at £4.92 per hour per pupil),
 - Deprivation funding, based on the Income Deprivation Affecting Children Index (IDACI), set at 7% of the funds available to providers,
 - The remaining 2% paid through an additional needs supplement, payable to those providers with an above average IDACI ranking,
 - Maintained Nursery School supplementary funding (only applies to McMillan Nursery).
14. The Free Entitlement offer for three and four year olds increased to 30 hours per week from September 2017, for those children whose parents are both working and meet other specific criteria. In 2018/19 Schools Forum agreed to fund the additional 15 hours at the same rate as the universal free entitlement, there is no proposal to change this in 2019/20.

Early Years (Two Year Old Free Entitlement Provision)

15. This new provision came into force on 1 September 2013 and was extended further on 1 September 2014, to cover the 40% most disadvantaged families across the country.
16. The DfE strongly recommended that all Councils put in place a simple funding formula for the two year old free entitlement offer, which Hillingdon followed, having only a base rate of funding, which has been set at £6.00 per hour per pupil. Schools Forum agreed to maintain this formula and level of funding in 2019/20.

Primary and Secondary Schools

17. The Schools Block provides funding for Primary and Secondary schools (including academies and free schools) and a limited range of retained budgets. The DfE's paper; Schools Revenue Funding for 2019 to 2020, sets out how local authorities and schools forums should plan for the local implementation of the funding system for the 2019/20 financial year. The final DSG has been determined based on the October 2018 census data.
18. All primary and secondary schools will be funded based on the approved and agreed funding model, this includes maintained, all academies, free schools, studio colleges and

university technical colleges. For 2019/20, the funding will still be provided as is currently the case (i.e. maintained schools will receive funding from the local authority through the DSG and all other schools will receive funding directly from the Education and Skills Funding Agency (ESFA)).

19. The DfE have announced that implementation of the ‘hard’ National Funding Formula will be further delayed and therefore the local authority and Schools Forum will still be involved in the determination of the funding allocations to schools in 2019/20 and 2020/21.

20. Within the Schools Block, the Government has provided for at least a 0.5% per pupil increase for each school in 2019/20 through the National Funding Formula. The Schools Block will be ring-fenced, however, local authorities will be able to transfer up to 0.5% of their schools block funding out, with agreement of Schools Forum, to offset ongoing funding pressures in the High Needs and Early Years blocks. In Hillingdon 0.5% equates to approximately £1.1m. If a local authority wishes to transfer more than 0.5% then approval must be sought from the Secretary of State.

21. In order to set a balanced DSG budget, it was determined that a 1.6% funding transfer from the schools block would be needed in 2019/20 to cover the projected pressures in the High Needs block. This takes into account an additional £775k high needs funding announced for 2019/20.

22. The Local Authority submitted a disapplication request to the DfE on 30 November 2018 and a subsequent revision on 15 January 2019, requesting approval for the 1.6% transfer and await the decision from the Secretary of State.

23. Following consultation with stakeholders in December 2018, and a further review of the DSG Budget for 2019/20, Schools Forum, after careful consideration, agreed not to transfer funds from the Schools Funding Block making the following points in the minutes of their meeting:

“The consultation responses on proposed transfer of funds from the Schools Block to the High Needs Block had shown a high majority of stakeholders opposed any transfer.

Any transfer would only serve to reduce the High Needs deficit. It would not make more funding available to support children and young people with High Needs. Schools would have less money to spend on educating children, and no child would gain from additional funding in the High Needs block.

The High Needs deficit was due to funding not keeping pace with growing demand. The age group LAs were required to support from the High Needs budget had stretched from 0-18 to 0-25, with no corresponding increase in financial support from Government. Transferring money from the Schools Block masked the reason for the deficit, at the expense of funding for mainstream education. It was important to be transparent about the severity of the funding position, so need could be properly assessed and adequate funding provided.”

As a consequence of this decision, the Council are unable to set an in year balanced DSG Budget for 2019/20, as there are not sufficient funds remaining in the retained budgets to deliver such a substantial level of savings.

Dedicated Schools Grant Baseline 2019/20

24. 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 17 December 2018. The following table sets out the published baseline DSG budget for 2019/20, compared to the 2018/19 DSG allocation updated in December 2018.

Funding Block	DSG Budget 2018/19 £m	DSG Budget 2019/20 £m	Change in Budget £m	Increase %
Schools	215.47	218.65	3.18	1.5%
High Needs*	38.47	39.51	1.04	2.7%
Central Services	2.78	2.82	0.04	1.4%
Early Years	24.82	24.82	0	0%
Total DSG Budget	281.54	285.80	4.26	1.5%

* This includes the additional £775k allocated in 2018/19 & 2019/20

25. 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 2018/19, there is a planned in year deficit on the DSG, which for month 9 was estimated to be £3.3m. When added to the DSG opening deficit balance of £4.1m, which it carried forward from 2017/18, it is projected that there will be a deficit of £7.4m carried forward to 2019/20. Given the size of the deficit, it was agreed that Schools Forum should at least aim to set a balanced budget for 2019/20.

Proposals for Use of DSG in 2019/20

Schools Block

Review of Schools Funding Formula

26. Following receipt of the final Schools Block data, it became clear that there would be a requirement to model changes to the Prior Attainment rates. In previous years it has been possible to apply a weighting to the primary prior attainment data to reflect the fact that higher numbers of pupils are failing to meet the good level of development under the new Early Years Foundation Stage Profile (EYFSP). Applying this weighting ensured that the change resulted in minimal impact to the funding formula and the distribution of resources.
27. However in 2019/20 there is no longer a primary weighting factor as all primary pupils will have been assessed under the new EYFSP. It was apparent that by having no weighting resulted in an approximate increase of £5.6m through the primary Prior Attainment factor when compared with 2018/19, leading to a reduction in all AWPU rates and a change to

the primary to secondary ratio to 1:1.24. It was therefore considered that this needed to be reviewed and the following options were modelled for consideration;

- i. No change to the prior attainment rates
 - ii. Changes to the primary and secondary rates (this would retain Primary Prior Attainment total funding at a similar level to 2018/19 and would also keep the differential between the primary and secondary rates, but would reduce the funding provided to Secondary schools).
 - iii. Change the primary rate so as to retain the Primary and Secondary Prior Attainment funding at a similar level to 2018/19, with minimal impact on the distribution of funding.
28. At the Schools Forum meeting on 16 January 2019, members decided to adopt model (iii) as this retained most of the previously agreed funding formula principles. There are no other changes to the schools funding formula for 2019/20.

Growth Fund Contingency

29. 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 2019/20 should be £1,454k. This is a reduction of £208k from the previous year. The allocation includes a contingency for 4FE of growth in the secondary sector where individual schools are yet to be identified.

Retained Balance

30. It is good practice to retain a working balance for the DSG and in recent years a balance of £500k had been retained. However, given the on-going pressures, particularly in High Needs, it has not been possible to set a budget for 2019/20 with a reserve and therefore it is proposed that no contingency balance is retained.

Early Years Block

31. The draft Early Years Single Funding Formula for the provision of the 15 hours free entitlement for 3 & 4 year olds is calculated based on 5/12ths of the January 2019 census numbers and 7/12ths of the January 2020 census numbers. The allocation is therefore, draft as there will be further adjustments in July 2019 and July 2020. It is worth noting that approximately two thirds of this funding is delegated directly to schools for three and four year old provision.
32. 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

33. Local authorities are required to pass 95% of early years funding directly to providers in 2019/20. 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 2018/19.
34. In December 2018, stakeholders were consulted on a proposed reduction of 3p (which would deliver a saving of approximately £100k) or 6p (which would deliver approximately £200k savings) per hour in the base rate. Schools Forum considered the views of those who responded to the consultation and decided that the impact of any reduction would be significant for some providers, especially those that provide support for vulnerable and disadvantaged children. Schools Forum also had a view that the cost of delivering a saving of between £100k to £200k could actually be greater than the level of savings delivered, therefore the decision was taken to retain the base rate at £4.92 for 2019/20.

Universal Free Entitlement - Funding Supplements

35. The Government allow supplements up to a maximum of 10% of the total funding passed to providers. Local authorities are required to have a mandatory deprivation supplement but have discretion over the metric used. Discretionary allowable supplements will be as follows; Rurality/Sparsity, Flexibility, Quality and English as an additional language. The following sets out what Hillingdon uses in the early years funding formula;

Deprivation Supplement

36. The DfE have confirmed that deprivation will continue to be a mandatory supplement in 2019/20. A considerable portion of funds is being channelled to local authorities through the early years funding formula and it is therefore considered appropriate that this is passed to providers. In 2018/19 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 2019/20 this is retained at the same percentage.

IDACI Threshold Supplement

37. 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 at the moment this is 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

38. 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 2019/20. The supplementary funding for Hillingdon in 2019/20 is £239k 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.

Disability Access Funding

39. 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 of the funding to aid access to places. 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 2019/20 is £104k.

Additional 15 hours Free Entitlement

40. Hillingdon has received £3,881k to fund the additional 15 hours free entitlement for eligible children in 2019/20. 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. The DfE have confirmed that the funding rate for the additional entitlement should be the same as for the universal 15 hours.

Two Year Old Provision

41. The funding rate to local authorities for disadvantaged two year olds remains at £5.92, which is below the rate paid to providers so there is no proposed increase to the hourly rate of £6 per hour. The current budget for Two Year Old provision is £2,218k, and based on the actual numbers in October 2018 there is no proposed change to the current base budget for this provision.

SEN Inclusion Fund

42. All local authorities were required to establish SEN inclusion funds for 3 & 4 year olds in their local funding systems from April 2017. The Inclusion team 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 2019/20.

Early Years Centrally Retained

Early Years Centres

43. DSG funding for the three Early Years Centres has now ended and therefore there is a £138k reduction in the Early Years centrally retained budget requirement.

Provision for Vulnerable Children Placements

44. Following the reduction in the funding of the early years centres, a budget was established for the placement of vulnerable early years children. The budget was £209k in 2018/19, but has consistently underspent, it is therefore proposed that this budget is reduced by £70k to £139k, which would bring the budget in line with the prior year actual expenditure.

Family Information Service

45. 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 2019/20 is £251k.

Early Years Advisory Service

46. 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). Following the reduction in early years funding as a result of the fall in the number of three and four year olds accessing the free entitlement, there is a need to find savings within the Early Years block and a savings target was allocated against this budget in 2018/19. The majority of this saving was achieved through vacant posts in 2018/19 whilst a full review of the service is on-going.

Central School Services Block

Non-statemented LAC placements

47. There is a continuing pressure linked to the number of looked after children who have been placed out of borough. Whilst the cost of these placements is shared between education, health and social care, there is still a requirement to retain the current DSG budget of £300k to reflect the on-going expenditure in this area.

Pupils Out of School

48. 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 accessing this

provision are already in excess of the commissioned number, resulting in an additional cost pressure and therefore the budget has been increased by £195k to reflect this.

Support Service Costs

49. 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 2019/20, though this area will be subject to on-going review.

Education Services Grant (ESG) retained services

50. 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 £740k for retained duties, and it is proposed that this figure is retained in 2019/20 to fund these services.

Copyright Licences

51. The ESFA procures copyright licences centrally for all schools and the cost is then charged to the DSG. Previously this would have been charged to the Schools Block, but following the ring-fencing of the blocks the ESFA have advised that this should be charged to the Central School Services Block. A budget of £229k is therefore required to cover this cost.

High Needs Block

Planned Place Numbers

52. There have been a number of changes to planned place numbers to reflect current demand, as specified in the table below;

School	Change in Place Number	Month Change Effective	Change in Funding 2019/20 £
Grangewood	17	Sept 2019	99,167
Hayes Park SRP	1	April 2019	10,000
Hedgewood	5	April 2019	50,000
Lake Farm SRP	2	Sept 2019	20,000
St Martin's	2	Sept 2019	20,000
Total	27		199,167

53. The planned place numbers for 2019/20 are set out in the tables below. Academies receive planned place funding directly from the ESFA. This funding is included in the amount recouped from the High Needs block. 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.

54. An Import/Export adjustment of £6,000 per pupil is made to the High Needs block funding, where places are filled by pupils resident in another borough. This adjustment is based on the January census returns, and reflects any changes either in the placement by a local authority of pupils and students in schools and colleges located in other local authority areas (exports), or in the funding required by schools and colleges accepting pupils and students resident in other local authority areas (imports).

Special Schools

School	Sector Type	Status	Planned Place numbers Apr 19-Aug 19	Planned Place numbers Sep 19-Mar 20
Grangewood	Primay - Special	Academy	96	113
Hedgewood	Primay - Special	Maintained	145	145
Meadow	Secondary - Special	Maintained	235	235
Moorcroft	Secondary - Special	Academy	65	65
Pentland Field	All Age - Special	Free	140	147
Willows	Primay - Special	Academy	38	38
Young Peoples Academy	Secondary - Special	Academy	65	65
Alternative Provision				
The Skills Hub	Secondary - AP	Academy	70	70

SRPs

School	Sector Type	Status	Planned Place numbers Apr 19-Aug 19	Planned Place numbers Sep 19-Mar 20
Cherry Lane	Primary - SRP	Maintained	10	10
Coteford Infant	Primary - SRP	Maintained	10	10
Coteford Junior	Primary - SRP	Academy	13	13
Deanesfield	Primary - SRP	Maintained	8	8
Glebe	Primary - SRP	Maintained	10	10
Harlington	Secondary - SRP	Maintained	7	7
Hayes Park	Primary - SRP	Maintained	14	14
Lake Farm	Primary - SRP	Academy	10	12
Northwood	Secondary - SRP	Academy	10	10
Oak Wood	Secondary - SRP	Maintained	8	8
Pinkwell	Primary - SRP	Academy	10	10
St Martin's	Primary - SRP	Academy	8	10
Vyners	Secondary - SRP	Academy	16	16

SEN Top-up Funding

55. There is no proposal to make any changes to the banded funding model for the distribution of top-up funding in 2019/20. However, the High Needs sub-group are still reviewing the current model in order to identify opportunities for improving the effectiveness and efficiency of the resource allocation process for children with SEN. The 2019/20 budgets for top-up funding have been increased by £2,204k to reflect current expenditure.

Independent & Non-Maintained Special Schools and Out of Borough Placements

56. The Council has seen an increase in the number and total spend on SEN placements in Independent and Non-maintained special 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. For 2019/20 the budget has been increased by £1,100k to reflect these savings not being realised. Any future increase in placements will need to be offset by a reduction in costs as placements come to an end. 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 this increase. Additionally the Council are developing an efficiency plan and have already identified a range of management action to start to address this position.

Post-16 Special Educational Needs Placements

57. 2018/19 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 £3,267k (split between FE Colleges and Independent Specialist Providers). Following further growth in numbers from September 2018 the budget has been increased to £3,732k. Any future growth will need to be managed within the current budget, for which the Council are developing an efficiency plan and have already identified a range of management action to start to address this position.

High Needs Recoupment adjustments

58. Following the amalgamation of Uxbridge College with Harrow College the planned places for the Harrow campus are now recouped from the Hillingdon High Needs block. An import adjustment has been estimated based on the January 2018 numbers. This adjustment will be updated based on the January 2019 census and the assumption has been made that the High Needs recoupment figure will reduce by £276k to reflect the growth in this cohort.

59. There is also an adjustment needed to reflect the change to Special Free School funding. The funding of planned places at Special Free Schools will now be included in the High Needs block of the DSG (previously these were funded separately by the ESFA). The High Needs recoupment figure for Hillingdon has been adjusted to reflect this change but a further adjustment is needed to the High Needs allocation which should be confirmed later this month and an assumption has been included for this within the High Needs budget workings.

SEN Support Services

60. The following specialist centrally retained SEN services support statemented and non-statemented pupils in mainstream, special schools and SRPs as well as pre-school children.

Early Support Team

61. The Early Support team consists of 2.8 (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.

Inclusion Team

62. The Inclusion Team support settings in developing high quality inclusive practice, delivering effective early interventions to support children in developing the skills they need to access education. The team consists of a Team Manager, 2 (FTE) Senior Practitioners, 4 (FTE) EY Practitioners, 3 (FTE) Autism Specialists and 2 (FTE) Language Specialists.

Sensory Needs Team

63. The Sensory Needs team consist of Hearing Impaired (HI) and Visually Impaired (VI) teachers and teaching assistants who provide specialist services for children and young people from 0-25 years with sensory needs.

2% Threshold

64. 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 budget requirement for this in 2018/19 was £449k and given the increase in the number of EHCPs in mainstream schools it is proposed that this budget should be realigned in 2019/20 so that it is consistent with current projected spend.

Proposed DSG Budget for 2019/20

65. The following table summarises the final DSG Budget by funding block for 2019/20:

Funding Block		£
Schools Block	Income	(218,649)
	Expenditure	218,649
	Net Total	0
High Needs Block	Income	(39,512)
	HN Recoupment	7,879
	HN Recoupment adjustment	(730)
	Expenditure	35,963
	Net Total	3,600
Early Years Block	Income	(24,824)
	Expenditure	24,627
	Net Total	(197)
Central School Services Block	Income	(2,818)
	Expenditure	2,914
	Net Total	96
Grand Total		3,499

66. The following table details the final DSG Budget for 2019/20 (with no Schools Block transfer):

Funding Block	Cost Centre description	Proposed Budget £'000
Schools	Schools Block Funding	(218,649)
Schools	Individual Schools Budget	217,195
Schools	Growth Fund Contingency	1,454
	Schools Block Total	0
Early Years	Early Years Block Income	(24,824)
Early Years	Early Years Single Funding Formula	17,191
Early Years	Early Years Single Funding Formula (additional 15 hrs)	3,881
Early Years	Maintained Nursery School Supplementary Funding	239
Early Years	Disability Access Fund	104
Early Years	SEN Inclusion Fund	200
Early Years	Core Childcare & Early Years (FIS)	251
Early Years	Early Years Advisory Teachers	185
Early Years	Provision for Vulnerable Children Placements	139
Early Years	Early Years Overheads	96
Early Years	Early Years Pupil Premium	123
Early Years	2YO Funding	2,218
	Early Years Block Total	(197)
High Needs	High Needs Block Income	(39,512)
High Needs	High Needs Block Academy Recoupment	7,879
High Needs	Estimated HN Recoupment adjustment	(730)
High Needs	Maintained ASB	3,447
High Needs	Top-up funding	21,256
High Needs	Independent placement provision (pre-16)	4,561
High Needs	Independent placement provision (post-16)	1,002
High Needs	FE college top up funding	2,730
High Needs	Hospital Tuition	75
High Needs	Spec Contingency Spec Needs	1,076
High Needs	Non-statemented pupils - exceptional funding	32
High Needs	Tuition - SEN out of school	93
High Needs	SEN Support Services	1,235
High Needs	High Needs Overheads	456
	High Needs Block Total	3,600
Central Schools	Central Schools Block Funding	(2,818)
Central Schools	DSG Funded Business Support	30
Central Schools	Schools Forum	5
Central Schools	Admissions	305
Central Schools	Hillingdon Virtual School	487
Central Schools	Non-statemented LAC placements	300
Central Schools	Education Safeguarding	166
Central Schools	Pupils Out of School	327
Central Schools	Copyright Licences	230
Central Schools	ESG Funded Services	754
Central Schools	Central Schools Block Overheads	310
	Central Schools Block Total	96
	Grand Total	3,499

67. The following table details the proposed budget movements between 2018/19 and 2019/20 (with no Schools Block transfer):

Cost Centre description	2018/19 Original Budget £'000	Movement £'000	2019/20 Proposed Budget £'000
Schools Block Funding	(215,472)	(3,177)	(218,649)
Individual Schools Budget	212,732	4,463	217,195
Growth Fund Contingency	1,662	(208)	1,454
Schools Block Total	(1,078)	1,078	0
Early Years Block Income	(26,307)	1,483	(24,824)
Early Years Single Funding Formula	16,993	198	17,191
Early Years Single Funding Formula (additional 15 hrs)	5,353	(1,472)	3,881
Maintained Nursery School Supplementary Funding	236	3	239
Disability Access Fund	101	3	104
SEN Inclusion Fund	200		200
Core Childcare & Early Years (FIS)	245	6	251
Early Years Advisory Teachers	185		185
Provision for Vulnerable Children Placements	209	(70)	139
Early Years Overheads	293	(197)	96
Early Years Pupil Premium	136	(13)	123
2YO Funding	2,218		2,218
Early Years Centres	138	(138)	0
Early Years Block Total	0	(197)	(197)
High Needs Block Income	(36,259)	(3,253)	(39,512)
High Needs Block Academy Recoupment	6,064	1,815	7,879
Estimated HN Recoupment adjustment	(1,068)	338	(730)
Maintained ASB	3,673	(226)	3,447
Top-up funding	19,052	2,204	21,256
Independent placement provision (pre-16)	4,063	498	4,561
Independent placement provision (post-16)	1,002		1,002
FE college top up funding	2,265	465	2,730
Hospital Tuition	75		75
Spec Contingency Spec Needs	871	205	1,076
Non-statemented pupils - exceptional funding	32		32
Tuition - SEN out of school	128	(35)	93
SEN Support Services	1,179	56	1,235
High Needs Overheads	260	196	456
High Needs Block Total	1,337	2,263	3,600
Central Schools Block Funding	(2,781)	(37)	(2,818)
DSG Funded Business Support	65	(35)	30
Schools Forum	5		5
Admissions	304	1	305
Hillingdon Virtual School	487		487
Non-statemented LAC placements	300		300
Education Safeguarding	165	1	166
Pupils Out of School	132	195	327
Copyright Licences	0	230	230
ESG Funded Services	754		754
Central Schools Block Overheads	310		310
Central Schools Block Total	(259)	355	96
Grand Total	0	3,499	3,499

Financial Implications

This is a financial report dealing with funding issues affecting schools. The financial impact on Schools Delegated Funding, is that schools will see an increase in per pupil funding when compared with 2018/19 following the significant increase in the Schools Block funding. It should be noted that school budgets are protected by the Minimum Funding Guarantee level of minus 1.5% of per pupil funding.

The DSG has competing demands across the four funding blocks (Early Years, Schools, High Needs and Central School Services), with particular pressures in High Needs, where any increase in funding has not been sufficient to meet the cost of High Needs growth relating to the actual growth in pupil numbers along with complexity of need experienced over the period. The implementation of the ring fenced arrangement between the relevant funding blocks has resulted in a shortfall of funding in the High Needs block with a balanced budget only achieved if the Secretary of State agrees to transfer 1.6% of Schools Block funding to fund the increasing cost of High Needs.

The proposals in this report do not provide any additional resources that can be used to offset the cumulative deficit accruing on the DSG, which at Month 9 stands at a deficit of £7.4 million.

It is expected that the implementation of the 'hard' National Funding Formula will have a significant impact on the ability of Schools Forum to set a balanced budget in future years as the restrictions on the transfer of funds from the School Block will remain, at a time where there is an expectation that the cost of high needs placements will continue to grow.

As the Council has undertaken a major review of the funds centrally retained and made significant savings over the last few years, there is very limited, if no option to reduce the budgets further as the budget for 2019/20 stands at £2,914k which is insufficient to cover the £3,499k budget deficit.

The proposals contained within this report do not affect the General Fund proposals that are considered elsewhere on this agenda, as the School Budget is funded from the ring-fenced Dedicated Schools Grant.

RESIDENT BENEFIT & CONSULTATION

What will be the effect of the recommendation?

The approval of the recommendations as set out in this report will enable the distribution and confirmation of the funding arrangements for schools for 2019/20, including the final individual school budget shares, which have to be distributed to schools on or before 28 February 2019.

Consultation Carried Out or Required

The Council is required to consult with the Schools Forum on any changes to the school funding formula and the Early Years Single Funding Formula as prescribed in the Schools Forums (England) Regulations 2013, which are covered in this consultation paper. The Schools Forum has a limited range of decision making powers with regards to school funding. In most aspects

the Schools Forum role is to advise the Council on decisions that rest with Cabinet, such as the school budget.

The main role of the Schools Forum is to consult with schools on proposed changes to funding arrangements, including any changes to the school funding formula. For 2019/20, the consultation with schools revolved around the transfer of funds out of the Schools Block and proposed savings in Early Years. The formal consultation ended on 21 December 2018.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed this report, confirming that the Schools Budget proposals approved by Schools Forum and presented to Cabinet for approval are fully consistent with the General Fund budget proposals for 2019/20 also being considered on this agenda. Regulations covering the operation of school forums give more decision making powers to schools with regard to certain aspects of the schools funding it remains the responsibility of the Cabinet to agree the Schools Budget for 2019/20 as set out in this report.

As highlighted in the monthly budget monitoring reports to Cabinet throughout 2018/19 and reiterated in this report, funding provided by the Department for Education through the DSG has failed to keep pace with growing demand on High Needs following the introduction of the 2014 Children's and Families Act. For 2019/20 this contributes towards a £3,499k deficit within current proposals, which would result in the cumulative deficit on the DSG reaching £10,880k by 31 March 2020.

The Council has submitted a disapplication request to the Secretary of State in regard to the Schools Budget proposals, seeking to transfer 1.6% of funding from individual school budgets to high needs to mitigate the £3,499k deficit. In the event that this disapplication is not approved, it should be noted that the Council's General Fund budget proposals make no allowance to finance the in year or cumulative deficit as the national scope and systemic nature of these deficits would require action on the part of the Government.

Legal

The Borough Solicitor confirms that this budget has been set in accordance with the Schools and Early Years Finance (England) Regulations 2018.

BACKGROUND PAPERS

NIL