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1. Introduction and Background

- 1.1 This consultation paper sets out the proposed changes to Hillingdon's schools, early years and 14-16 funding arrangements for 2011/12. The proposed changes reflect:
- The new calculation of the Dedicated Schools Grant for 2011/12;
 - Updates arising from new national policy including the Schools White Paper 'The Importance of Teaching' (November 2010);
 - Limited changes permitted within Department for Education (DfE) regulations;
 - The introduction of the pupil premium for disadvantaged pupils;
 - The implementation of the Early Years Single Funding Formula (EYSFF).
- 1.2 The Council is required to consult with the Schools Forum annually on a set of matters prescribed in the Schools Forums (England) Regulations 2010, which are covered in this consultation paper. These are:
- arrangements for the education of pupils with special educational needs
 - arrangements for the use of pupil referral units and the education of children otherwise than at school
 - arrangements for early years provision
 - arrangements for insurance
 - administrative arrangements for the allocation of central government grants paid to schools via the authority
 - arrangements for free school meals
- 1.3 This paper is being circulated widely to encourage engagement with schools in order to assist Schools Forum in how it advises the Council on the shape of future funding and the direction of travel. Final decisions about school budgets are made by the Council's Cabinet, but Government regulations give the Schools Forum powers to agree or not some specific proposals from the Council.
- 1.4 The aims of the paper are to set out the main proposals for distributing and administering the available resources in the schools budget, to provide an overall perspective of Hillingdon's financial position, and to provide initial indicative budgets for all schools for 2011/12.
- 1.5 The overall level of funding will be dependent upon the results of the January census. The January census will determine the overall Dedicated Schools Grant (DSG) funding received by the Council. At school level, the majority of funding will be determined by census data, however the introduction of the EYSFF will require nursery funding to be determined by participation (actual hours taken up on the free entitlement).

- 1.6 This paper is predominantly concerned with the resources affecting schools, early years, 14-16 and 16-19 funding, but also recognises the Council's wider responsibilities encompassing education and children's services.
- 1.7 It also sets out the distributional approach and will guide the funding principles to be adopted. School level allocations will not be finalised until late March 2011, and should be viewed as a consequence of the proposals agreed in this consultation.
- 1.8 2011/12 is a one-year funding period only, before the likely introduction of a new funding system from 2012/13. The Government has committed to reviewing the school funding system with a view to introducing a new system from 2012/13 onwards. Therefore any decisions made around the 2011/12 settlement must be appropriately considered and balanced against issues of affordability and sustainability in the medium to longer term.
- 1.9 Stakeholders are welcome to comment on any aspect of the proposals, or may wish to contribute to a sector specific response co-ordinated by Primary Forum, Hillingdon Association of Secondary Heads and the Special Headteachers group or other representation group.
- 1.10 The release of the consultation paper in early January unfortunately only allows one full week period ending on 17 January 2011, due to the exceptionally late release of the funding settlement from the Department for Education, to focus attention on the overall arrangements. There are opportunities for all stakeholders to attend two consultation information sessions, which is scheduled for:
- **Tuesday 11 January 2011**, 2pm – 4pm (All schools)
(arrival from 1:45pm) Committee Room 6, Civic Centre, Uxbridge, UB8 1UW
 - **Friday 14 January 2011**, 10am – 12noon (All schools)
(arrival from 9:45am) Committee Room 4, Civic Centre, Uxbridge, UB8 1UW
- 1.11 The timetable in **Section 17** sets out how the schools budget process will be managed.

2. Executive Summary (Summary of Consultation Issues)

- 2.1 The Council is consulting Schools Forum and individual schools on a set of prescribed matters relating to schools, early years and 14-16 funding arrangements for 2011/12.
- 2.2 To facilitate the delivery of key objectives, the Council is required to consult on proposals for distributing and administering the available resources, much of which will come from the Dedicated Schools Grant (DSG).
- 2.3 The decisions taken will shape the allocation of funding for schools and the Council's centrally retained expenditure for 2011/12.

Summary of Consultation Proposals

- 2.4 The Council is proposing to continue to hold a contingent sum of money to support expanding schools where it is expected 7 new forms of entry will be required in primary schools. The total sum of £273k is required to be held centrally until planning and consultation with the named schools have been finalised.
- 2.5 The Council is proposing to retain any Exceptional Circumstances Grant received in 2011-12. Details are set out at Section 13.
- 2.6 The Council is proposing the addition of a new Early Years Single Funding Formula (EYSFF) sub-block within the Individual Schools Budgets of the DSG. The creation of a new sub-block is to facilitate the introduction of the Single Funding Formula from April 2011. The EYSFF will be the new funding formula that distributes funding for the free entitlement for 3 and 4 year olds to both the maintained and PVI sectors.

Formula Factors

- 2.7 Primary: the Council is proposing to remove nursery elements (pupil led and non-pupil led) from the primary schools funding formula to facilitate the introduction of the EYSFF from April 2011. The removal of nursery elements ensures schools are not double funded under both formulae.
- 2.8 Primary: the Council is proposing to modify the Minimum Funding Guarantee (MFG) in the primary schools funding formula in light of the introduction of the EYSFF. The Council will require the approval of Schools Forum on this item.
- 2.9 EYSFF: the Council is proposing that nursery counting for the purposes of participation led funding under the EYSFF be based on historical termly counts to inform estimates of predicted future take-up for setting indicative budgets prior to the start of the financial year. The indicative budgets will be adjusted during the year to reflect the difference between actual and estimated take-up. Stakeholders are welcome to comment on this arrangement.

The arrangements for Special Educational Needs

2.10 There are no proposed changes for this in 2011/12. **(section 6)**

The arrangements for Early Years

2.11 Stakeholders are invited to comment on the proposed arrangements for Early Years for 2011/12. **(section 7)**

The arrangements for Pupils out of School

2.12 There are no proposed operational changes for this in 2011/12 but see Section 13 re funding. **(section 8)**

The arrangement for 14-19 education

2.13 Stakeholders are invited to comment on the proposed arrangements for 14-19 education for 2011/12. **(section 9)**

The arrangements for School Meals

2.14 Stakeholders are invited to comment on the proposed arrangements and use of funding for School Meals for 2011/12. **(section 10)**

The arrangements for Insurance

2.15 There are no proposed changes for this in 2011/12, other than updating the prices for schools buying the Council organised insurances. **(section 11)**

The arrangements for Capital

2.16 Stakeholders are invited to comment on the key issues relating to the capital programme. **(section 12)**

Specific Grants

2.17 The Standards Funds programme will cease and Standards Funds will be rolled into DSG from 2011/12. Stakeholders are invited to comment on the new arrangements. **(section 13)**

Changes to the Scheme for Financing Schools

2.18 Changes to the scheme will be consulted upon separately in the near future. **(section 14)**

Balance Control Mechanism

2.19 Stakeholders are invited to comment on the future arrangements for the Balance Control Mechanism. (section 15)

Consultation Questions

Stakeholders are asked to give views on the proposal to dis-apply the MFG to Nursery Budgets included in the EYSFF. (section 5)

Stakeholders are asked to give views on whether the MFG should be set at a higher level than negative 1.5% in Hillingdon, and if so the level at which it should be set. (section 5)

Stakeholders are invited to give views on whether to increase the devolved element of the former School Lunch Grant. (section 10)

Stakeholders are asked to give views on whether to initially retain centrally funds which are currently delegated during the course of the year, and the associated technical breach of the Central Expenditure Limit. (section 13)

Stakeholders are asked to give views on whether the devolved specific grants rolled into DSG should be added in on the basis of current year cash allocations or by reference to unit amounts. (section 13)

Schools views are sought as to whether to utilise £259k of Exceptional Circumstances Grant to ensure that the pupils are fully funded in both settings. (section 13)

Schools views are sought as to whether to utilise Exceptional Circumstances Grant to allocate an additional £300k to the SEN budget. (section 13)

Schools views are sought as to whether to utilise £62k of Exceptional Circumstances Grant to fund the Allegations Manager post. (section 13)

Schools views are sought as to whether to hold the balance of the Exceptional Circumstances Grant centrally to offset the impact of the LACSEG adjustment. (section 13)

Stakeholders are asked to give views on whether the Balance Control Mechanism should continue. (section 15)

3. Overall Financial Position

Overview

- 3.1 The schools funding settlement for 2011/12 was announced by the Secretary of State for Education on 13 December 2010. Funding levels have been confirmed for 2011/12 only including the introduction of the pupil premium for disadvantaged pupils.

Revenue Funding

- 3.2 The main headlines in relation to revenue funding are:
- The per pupil unit of funding in the Dedicated Schools Grant (DSG) has been frozen at the same level as for 2010/11
 - The Minimum Funding Guarantee has been set at negative 1.5% for 2011/12
 - Confirmation of the Standards Fund grants that have been rolled into the DSG, most of which have also been preserved at the current 2010/11 levels per pupil for next year (with the exception of Primary and Secondary National Strategies)
 - A cut in the total amount of DSG available implemented through the removal of funding for dual subsidiary registrations in Pupil Referral Units
 - The level of the Pupil Premium confirmed at £430 per pupil currently eligible for Free School Meals and per Looked After Child of school age
 - An additional amount of £200 per pupil in the Pupil Premium for the children of members of the armed forces
 - Confirmation of the specific grants that have ended and will not continue into 2011/12

Overall Indicative DSG Funding

- 3.3 The current method of funding local authority level DSG allocations remains unchanged. All local authorities will continue to be funded at their guaranteed unit of funding multiplied by the number of DSG pupils on roll in the January count. However, dual-registration funding will cease – from 2011/12 where a pupil attends both a school and a Pupil Referral Unit, the pupil will only be recorded on the Annual Schools Census. DSG pupils will be those recorded on the following:
- Annual Schools Census
 - SLASC
 - Form 8B / Alternative Provision
 - Early Years Census
- 3.4 The guaranteed units of funding announced for Hillingdon in 2011/12, together with the Council's estimate of Hillingdon pupils and indicative total DSG allocations is shown below in Table 1.

Table 1: Hillingdon - Guaranteed unit of funding / Pupil number estimate / Revised Total Indicative DSG 2008-12

<i>Financial Year</i>	<i>Guaranteed per Pupil Unit of Funding (£)</i>	<i>Council Estimate of Pupil Numbers</i>	<i>Indicative Total DSG (£ million)</i>
2008/09	4,361.40	37,907	165.3
2009/10	4,519.38	38,372	173.4
2010/11	4,708.57	38,414	180.9
2011/12	4,708.57	39,078	184.0

- 3.5 The overall DSG is guaranteed in terms of an amount per pupil. If the January 2011 pupil numbers are higher or lower than the assumptions made, the total DSG at local authority level will go up or down.
- 3.6 The tasks in managing the school funding settlement for 2011/12 are:
- Assess and monitor the overall pupil numbers estimated over the coming months leading up to the January census;
 - Assess how much funding should be allocated to each sector;
 - Assess the impact of the Minimum Funding Guarantee, natural inflation on retained items, changes in commitments resulting from new business case developments and the expected headroom for each year;
 - Assess the impact arising from the introduction of the EYSFF
 - Distribute school funding to individual schools and PVI nurseries.

Finalising the DSG Allocation

- 3.7 The 2011/12 indicative DSG allocation shown in Table 1 above has been calculated on an estimated pupil projection of 39,078. The final cash allocation of DSG funding will be based on actual pupil numbers from the January 2011 count.
- 3.8 Several assumptions have been made in estimating this total. These include:
- Primary Key Stage 1 and Key Stage 2 pupil numbers from the September 2010 count will remain the same in January 2011;
 - Reception class figures remain static as a result of the move to a single intake;
 - Secondary Key Stage 3 and Key Stage 4 pupil numbers from the September 2010 count will remain the same in January 2011;
 - Pupil participation from the Early Years Census (EYC) to remain broadly similar to the January 2010 count. The level of participation should remain fairly static from year to year if there are no new providers coming in or existing ones dropping out;

- Special Primary and Secondary pupils numbers have been predicted to remain static from 2010/11 levels;
- Pupils out of schools should remain the same or slightly lower than 2010/11 levels and are not forecasted to reduce much in the next year, though there will be issues arising from the loss of dual-registration funding..

3.9 The current forecast of pupil numbers would suggest Hillingdon's indicative DSG allocation will be in the region of **£184.0 million** for 2011/12.

Commitments for 2011/12

3.10 Table 2 summarises what the Council believes to be the expected commitments on the DSG and Young People's Learning Agency (YPLA) post-16 funding for 2011/12.

Table 2: Consideration of Commitments 2011/12

Schools Budgets	Final 2010/11 Section 251 (£000s)	Estimated 2011/12 Section 251 (£000s)	Year-on- Year Change (£000s)
Individual Schools Budgets (ISB)	185,470	186,407	937
Adjustment for YPLA 6th form funding	-18,084	-18,084	0
Early Years (PVI)	2,375	2,297	-78
Early Years	1,616	1,642	26
Special Educational Needs (SEN)	9,131	9,268	137
Adjustment for YPLA SEN funding	-1,739	-1,739	0
Pupils out of school	1,358	1,376	18
Pupil Referral Unit - VCG element	694	704	10
14-16 Practical Learning (Retained)	410	410	0
Other Retained items	902	904	2
Other - Contingency (unallocated ISB)	187	175	-12
Expanding Schools Factor Contingency (unallocated ISB)	273	273	0
EYSFF Contingency (unallocated ISB and PVI budget) *	0	368	368
Total DSG Budget	182,593	184,001	1,408

Note: * Proposed new centrally retained commitments on the DSG

3.11 Additional commitments in the retained budget to support:

- Expanding Schools Factor Contingency (unallocated ISB)
- An assumption that pupil numbers for 3 – 15 year olds in January 2011 will be 39,078 (including the assumptions in calculating the MFG);

Central Expenditure Limit

- 3.12 The 'Schools Budget' is defined in the Schools Finance (England) Regulations.
- 3.13 Centrally retained funding cannot increase by more than the same percentage as the Schools Budget as a whole.
- 3.14 The Council is required to seek approval from Schools Forum where it believes it cannot comply with the limit and therefore agree the delegated Individual Schools Budgets (ISB) total should increase by a lower percentage than the Schools Budget as a whole.
- 3.15 The wording of the CEL calculation in the Regulations is in the process of being amended by the Department for Education, given that the funding for early years will now all be part of the ISB. The change does not affect the calculation of the CEL because the current Regulations add the centrally retained PVI funding to the ISB as part of the calculation, but the revision to where the funding is placed (in the ISB) means this adjustment will no longer be needed.
- 3.16 The Regulations still permit the Council to ask the Secretary of State for a decision where the Schools Forum does not agree the Council's proposition for a lower increase.

Impact on the Central Expenditure Limit (CEL)

- 3.17 In the absence of accurate pupil forecasts for January 2011, it is not possible to estimate at present the precise level of the CEL.
- 3.18 An indicative calculation of the CEL, (based on 39,078 pupils) is provided in Table 3.

Table 3: Estimated central expenditure limit calculation

Indicative Central Expenditure Limit 2011/12	(£000s)
Current 2010/11 DSG	182,170
Estimated 2011/12 DSG	184,001
Predicted % Growth in DSG	1.01%
Central Expenditure 2010/11	15,206
Allowable % Growth in Central Expenditure 2011/12	0.77%
Allowable £ Growth in Central Expenditure 2011/12 (a)	15,324
Total Requested Central Expenditure 2011/12 (including new items) (b)	15,310
Requested breach of central expenditure limit 2011/12 (a)-(b)	-14

- 3.19 There is no proposed breach of the CEL in 2011/12.

- 3.20 The seven additional forms of entry will be required within the primary sector from September 2011, as the specific schools affected are yet to be identified it will be necessary to retain a contingency to fund the additional costs to be incurred by this additional intake of pupils.
- 3.21 The Expanding Schools Factor is calculated as 7/12 of the Key Stage 1 Age Weighted Pupil Unit for each additional pupil, for these six forms of entry this will be **£273,074**.
- 3.22 In the event where the authority is below its CEL limit, the LA may choose to retain the maximum permitted level of CEL without seeking agreement from Schools Forum. It is recommended that Schools Forum members approve the technical breach.
- 3.23 In the event actual January pupil numbers fall substantially below 39,078 pupils, there is a risk the Council will trigger a breach of the CEL. Should this occur the Council will need to seek permission from the Schools Forum to breach the CEL.
- 3.24 The consideration of issues concerning the CEL detailed in this section will help shape the apportionment of DSG funding between:
- Central Expenditure; and
 - Individual Schools Budgets (ISB).
- 3.25 The next sections will explore the subsequent stages of funding issues to be considered. Section 4 will focus on the allocation of budgets for each sector – Primary (excluding Nursery), Secondary, Special and Early Years Funding (EYSFF). Section 5 will examine the local funding formulae and further considers the issues around the distribution methodology of funding within each sector.

Forecast of funding from 2012/13 onwards

- 3.26 Given the Government's Spending Review covers a four year time horizon, it is appropriate to briefly consider the forecast of funding from 2012/13, as the current funding settlement only extends to 2011/12.
- 3.27 In announcing the continuation of the spend plus method as the basis of distributing the DSG for 2011/12, the Government confirmed that there would be a fundamental review of the formula for distributing schools and early years funding with the aim of developing a clear, transparent national funding formula.
- 3.28 The DfE will begin consulting on the distribution methodology and transitional arrangements for the new national formula in the spring of 2011.

- 3.29 The overarching aim of the review will be to produce a funding system that should support schools and local authorities to raise educational achievement of all children and young people and to narrow the gap in educational achievement between all children, including those from low income and disadvantaged backgrounds.
- 3.30 Current thinking suggests that the review will start from the premise that the ring-fence on the DSG will remain. The review will also examine the scope for greater flexibility in the use of DSG to support the delivery of Every Child Matters outcomes and the implementation of the Children's Plan.
- 3.31 Against this backdrop, the Council will operate in an environment with growing financial pressures, in part resulting from the need to deliver further efficiencies, the impact of demographic changes to the local landscape, and a tightening of fiscal policy (leading to a tighter funding settlement).

Determining the amount of funding available for devolved school budgets

- 3.32 The same method of allocating funding to each sector will remain for 2011-12.
- 3.33 Broadly, in the first instance, the method is aligned to the DCSF's mechanism for distributing DSG, but to then guarantee each sector a budget level that recognises that sector's minimum commitments where the pure DCSF methodology was not workable.
- 3.34 Proposals for growth in funding within any particular sector will then be considered in turn.

4. The Funding Framework

Overview

- 4.1 The framework for funding schools for 2011/12 will remain the same as that for 2010/11.
- 4.2 **Predictability** and **stability** continue to remain at the heart of the funding system.
- 4.3 Councils are required to fund their schools using a single count date of the January before the start of each financial year. However, the introduction of the EYSFF in April 2011 means the single January count will only determine the funding for Reception through to Year 6 in the case of Primary schools. Nursery class funding will be through the EYSFF and will be based on an estimate of take-up across each term in the financial year. Schools will thus know their **final** school budgets (Reception – Year 6 only for Primary schools) (updated to reflect final pupil numbers) immediately before the start of the financial year, and these budgets **will not be** subject to re-determination in-year. Further, Primary schools will also receive an **indicative** EYSFF budget for their nursery classes (if applicable), which **will be** subject to adjustments in-year to reflect the difference between estimated and actual take-up of the free entitlement. The table below presents a summary of the proposed new arrangement for schools with the implementation of the EYSFF in April 2011.

Table 5: Composition of Delegated Budgets 2011/12

Sector	Type of school	Budget 1		Budget 2		Total Budget Received April 2011
Primary	Infant Schools	Final Budget *	+	Indicative EYSFF Budget	=	Total Budget
Primary	Junior Schools	Final Budget	+	n/a	=	Total Budget
Primary	Primary Schools	Final Budget *	+	Indicative EYSFF Budget	=	Total Budget
Secondary	Secondary School	Final Budget	+	n/a	=	Total Budget
Special	Special School	Final Budget	+	n/a	=	Total Budget

Note: * Excludes nursery classes

- 4.4 Non-Age Weighted Pupil Unit (AWPU) factors within the formula will continue as they are with data refreshed at the start of the financial year.

Changes to the Local Funding Formula Factors

4.5 There are no proposed changes to Formula Factors for 2011/12.

5. Formula Factors

Overview

5.1 The following changes to the funding formula are proposed for 2011/12:

- Remove Nursery elements of the Primary Funding Formula to reflect the move to an EYSFF
- Changes to the Primary MFG as a result of the introduction of the EYSFF
- Nursery counting for participation led funding under the EYSFF
- Options to increase the MFG above the minimum level prescribed by the Government

Removal of Nursery elements from the Primary Funding Formula

5.2 As nursery classes in Primary Schools will be funded via the EYSFF from 2011/12, the following changes to the Primary Funding Formula will be required to facilitate the new arrangements:

- a) *Primary School pupil counts to exclude Nursery class pupils, this will affect pupil-led factors including the amounts for former Foundation / Voluntary aided schools additional responsibilities and the Expanding Schools factor.*
- b) *An adjustment to the thresholds for receipt of the Small Schools Factor in light of the exclusion of Nursery classes from the calculation.*
- c) *The removal of all other nursery related factors or lump sums to support nursery classes.*

5.3 These changes are required to avoid double funding of nursery related elements in both the Primary Funding Formula and the EYSFF. These changes are provided for information only and the Council is not consulting on these.

Changes to Primary MFG as a result of the EYSFF

5.4 Ordinarily, the introduction of any new funding formula has the potential to create turbulence in funding. As the EYSFF aims to converge and reconcile two different funding systems in operation at present, it is likely such a move may generate some turbulence.

5.5 The review of the EYSFF exemplifications conducted by the FERG working group suggests that without some form of transitional protection in place, a proportion of maintained settings are likely to experience some loss of funding. Therefore the working group has recommended the implementation of a transitional protection mechanism.

5.6 Adverse impacts arising from national and local funding changes are protected by the Minimum Funding Guarantee (MFG). The national MFG for 2011/12

has been set at a 1.5% per pupil decrease. In the absence of any other transitional protection, the MFG acts as a safety net for schools. The MFG applies to all schools but not to PVI settings.

- 5.7 The blanket protection provided by the MFG constrains the distributional properties of the EYSFF. This ultimately defeats the purpose of having a targeted formula which is intended to identify and target resources to those with the greatest levels of need.
- 5.8 It is recommended to remove Nursery related (EYSFF) funding from the MFG. The proposal is to dis-apply the MFG to the EYSFF budgets within Primary schools budgets given that there is a separate damping mechanism within the EYSFF. The MFG would apply for Primary schools to Reception – Year 6 budgets only. The proposal would have the effect of altering the calculation of the MFG by excluding nursery related funding and nursery pupils. This will also ensure that there is a neutral effect of MFG damping on Primary schools that do not have nursery provision (mainly Junior schools) due to the changes in nursery funding.
- 5.9 Under existing Regulations, Schools Forum has the power to decide on changes to the local MFG proposed by the Council where the changes affect less than 50% of pupils. As with the Central Expenditure Limit, the Secretary of State retains the power to adjudicate where Schools Forum does not agree Council proposals.
- 5.10 More detail on the EYSFF proposals is contained in section 7 of this document 'The arrangements for early years'.
- 5.11 **Stakeholders are asked to give views on the proposal to dis-apply the MFG to Nursery Budgets included in the EYSFF.**

Nursery Counting for Participation led funding under the EYSFF

- 5.12 The operation of the EYSFF requires the Council to fund providers based on actual take up of the free entitlement as opposed to the current practice of funding schools on headcount from the single January count preceding the start of the financial year.
- 5.13 The EYSFF will require the Council to issue indicative nursery budgets to schools prior to the start of the year. The Council is proposing to use historical termly counts to predict the estimated future take up over the financial year. Moreover, where known changes to nursery classes are expected (e.g. nursery expansion), these will be factored into the Council's estimated take up for the purposes of setting the indicative EYSFF budget.
- 5.14 Nurseries in both the PVI and maintained sector are required to conduct termly counts, based on a sample from census week or of actual participation. At the end of each term, the Council proposes to adjust indicative budgets to reflect any differences between the estimated take-up used in the indicative budgets

and actual participation. The cash advance payment profiles will be adjusted accordingly to reflect this reconciliation.

Options to Increase the Minimum Funding Guarantee

- 5.15 In the school funding settlement release on 13 December 2010, the Government set the national level of the MFG at negative 1.5% per pupil for 2011/12.
- 5.16 At the request of headteachers on the Resources SAG group, the Council has developed options to use local discretion to increase the MFG above the minimum level in Hillingdon. The rationale for a higher MFG is to minimise the adverse impacts on some schools of significant changes to school funding arising from the introduction of the Pupil Premium, in the context of real terms reductions in funding for schools not benefiting from the Pupil Premium.
- 5.17 The Council has developed exemplifications of the impact of the MFG being set at:
- Zero change per pupil
 - Negative 0.5% per pupil
 - Negative 1% per pupil
 - Negative 1.5% per pupil (as set by the Government)
- 5.18 The options are set out at Appendix __. The zero change option providing the greatest MFG protection has been adjusted to reflect a slight per pupil reduction in funding in order to avoid funding for the MFG crossing sector boundaries between the formulas for the Primary, Secondary and Special school sectors.
- 5.19 Although the MFG is essentially a damping mechanism, its effect is to limit the funding that is available to distribute through formula factors. Increasing the MFG in particular reduces the Age-Weighted Pupil Unit (AWPU) funding for each sector.
- 5.20 The models are based on pupil numbers from October 2010 and include all funding to be paid to schools, other than Standards Funds that are delegated to different schools during the course of the year. Comparative totals for the current year and the total cash change are shown in the last two columns.
- 5.21 Standards Funds have now been added to the formulae on a cash basis (see separate section 13 on Specific Grants).
- 5.22 For special schools, only one model has been prepared, incorporating an MFG freeze. As no special schools will require protection at this level, no further models are necessary as the pupil driven element of funding has not decreased for any special school.
- 5.23 The data for Macmillan Nursery is included within the 'Impact of EYSFF on Nursery Allocations based on 2010-11 figures' document attached.

- 5.24 The model for primary schools continues to allocate funding for nurseries via the primary formula. The amount included in the 2011/12 total is shown in the end column. Schools should refer to the 'Impact of EYSFF on Nursery Allocations based on 2010-11 figures' document to ascertain the likely change in the nursery allocation once the EYSFF is applied.
- 5.25 **Stakeholders are asked to give views on whether the MFG should be set at a higher level than negative 1.5% in Hillingdon, and if so the level at which it should be set.**

6. The Arrangements for Special Educational Needs

6.1 There are no proposed operational changes to central SEN in 2011/12.

7. The Arrangements for Early Years

Regulatory background to the introduction of the EYSFF

- 7.1 The Council is required to develop and implement an Early Years Single Funding Formula (EYSFF) as part of the wider reforms to early years. Local authorities were originally required to implement a formula by April 2010. On 10 December 2009, the previous Government announced a one-year postponement to the formal implementation of the EYSFF until April 2011. This new implementation timetable was confirmed by the coalition Government in July 2010.
- 7.2 The aim of the EYSFF is to amalgamate the different funding systems currently used to distribute funding to maintained and PVI nursery providers in order to create a level playing field. Funding for the EYSFF will be from the Dedicated Schools Grant (DSG). The EYSFF is being introduced further to the Childcare Act 2006, which places a duty on the Council to secure prescribed provision free of charge and to improve outcomes for all young children and narrow the achievement gap.
- 7.3 The Act set out a range of duties on the Council in relation to childcare and early years provision, including:
- The Council has a duty to provide sufficient places for all 3 and 4 year old children whose parents require one and to secure that provision free of charge;
 - The Council has a duty to reduce inequalities and improve outcomes of all the young children in their area and to identify and encourage hard to reach parents to take advantage of early childhood services;
 - The Council has a duty to assess childcare provision in their area and to facilitate the market to secure sufficient childcare to enable parents to work or make the transition to work.
- 7.4 Regulations set out by the DCSF prescribed the framework which guided the development of the EYSFF. The basic structure of the formula must comprise a base rate to fund participation led funding and a supplement to recognise the additional costs associated with deprivation. The emphasis to have a mandatory supplement for deprivation reflects the requirement to close the gap in achievement for children from low income and disadvantaged families and to address the effects of childhood poverty. Any further supplements are for local decision-making.
- 7.5 The regulations no longer permit the use of place led funding - funding has been allocated since 2009/10 on a place led basis within the maintained sector whereas it has always been allocated on this basis in the PVI sector. The base rate will fund the actual participation of each 3 and 4 year old child in nursery provision who is eligible and accessing the free entitlement. Funding through the base rate is also referred to as 'participation-led' funding. This type of funding will deliver the bulk of a nursery's funding allocation.

- 7.6 The purpose of this consultation paper is to explain and seek feedback on proposed changes to the funding of the free early learning entitlement - also known to Private, Voluntary and Independent (PVI) settings as Nursery Education Funding. As the range of interested parties in the EYSFF is wider than the schools community, but at the same time is of significant interest to certain categories of schools, the consultation on the EYSFF is also available as a stand-alone document.
- 7.7 The EYSFF will be the main funding mechanism for distributing funding to nursery age pupils in the borough.
- 7.8 The requirement to fund the free entitlement through a single formula will be reflected in the new Code of Practice on the provision of free nursery education places for 3 and 4 year olds (in relation to PVI providers), which will sit alongside the existing requirement in the regulations on school funding to use a formula to fund maintained settings.
- 7.9 The purpose of the EYSFF is to introduce transparency, consistency and equality in funding across the early years sector and to increase choice for parents across a diverse market of provision. The EYSFF aims to create a level playing field for all providers, create sustainability in the market, leading to a higher quality of provision in the long run and promote a greater degree of flexibility in provision.
- 7.10 Current arrangements:
- Maintained nurseries are funded by a formula but this formula will change considerably under the new arrangements
 - PVI settings are funded by a headcount of children at their setting each term and are therefore paid on a termly basis. All PVI settings receive the same basic rate of funding per child and no additional factors.
- 7.11 New arrangements – under the EYSFF the funding to be paid all providers, regardless of whether they are maintained nurseries or PVI settings, will be calculated using the same formula. The funding that providers receive for each child will depend upon their eligibility for the additional factors that are available in addition to the basic rate.
- 7.12 The new formula will not necessarily mean that providers will all be funded at the same level but that the same factors will be taken into account when deciding on the level of funding.
- 7.13 The distribution of funding for the early years free entitlement must be based on children's participation other than in exceptional circumstances.
- 7.14 Final decisions about how the new funding arrangements will work in Hillingdon are for the Council to make. Although forming part of the schools and early years budget consultation, the Council's proposals for the EYSFF, unlike certain other aspects of the schools budget, are not subject to the

consent of the Schools Forum. All responses and representations will therefore be taken into account by the Council in finalising the arrangements for the introduction of the EYSFF from April 2011.

Local process for the development of Hillingdon's EYSFF

- 7.15 The SFF Technical Group is the working group set up by Schools Forum to develop the local EYSFF and make recommendations to Schools Forum. The work of the Technical Group was guided by both the national regulations and the locally determined Terms of Reference.
- 7.16 The introduction of the EYSFF will have implications for the Primary formula. These implications have been carefully considered in detail by the Technical Group over the duration of the project and as such the recommendations reflect the desire to achieve local policy objectives while striking a balance between fairness of distribution and sustainability. The Technical Group reached consensus on issues around the EYSFF with complete information, accompanied with full and frank dialogue. The Technical Group is composed of equal representation from the PVI and maintained sectors.
- 7.17 In developing the proposed EYSFF, the Council adopted and was guided by local Terms of Reference set out in Appendix 2.
- 7.18 Proposals for the introduction of the EYSFF in 2010/11, resulting from the work of the Single Funding Formula Technical Group, were included in the consultation paper on schools, early years and 14-16 funding arrangements for 2010/11 released in December 2009.

Description of the Proposed Formula

- 7.19 The recommendations for the local EYSFF are to include:
- A single **Base Rate** to fund hourly participation
 - Two **Deprivation Supplements**:
 - Deprivation supplement applying to the addresses of children accessing the free entitlement at a setting measured by IDACI
 - Deprivation supplement applying to the address of a setting measured by the Index of Multiple Deprivation (IMD)
 - A **Quality supplement** recognising part of the additional cost of employing graduate level staff e.g. Early Years Professional status childcare practitioners and teachers. It is not intended that this supplement covers full staffing costs but more that it acts as a mechanism to incentivise

quality and in recognition of the higher costs of such staff across the PVI and maintained sectors.

- A **Transitional Protection** Mechanism spanning up to 3 years
- A **Contingency budget** to facilitate pupil counting adjustments in-year
- A lump sum for the maintained nursery school to reflect higher and unavoidable fixed costs

7.20 The criteria for the EYSFF are set out in the following table:

Table 1: EYSFF Formula Elements

Formula Element	Percentage Share (%)	Basis
Base Rate	82	Forecast hours of provision
Maintained Nursery School lump sum	2	Lump sum
Deprivation	8	Split between IDACI score of pupils attending setting (75%), and IMD score of setting location (25%)
Quality	4	Contribution to costs of employing graduate level staff
Contingency for in-year increases in demand	4	Not distributed
Total	100	

- 7.21 The EYSFF is participation-led in that nursery providers will be funded on the number of hours that a child participates in. The broad structure of the formula will be built around an hourly base rate of funding with additional supplements to top-up funding. Participation-led funding replaces place-led funding (where the latter was present) and will make up the bulk of funding that providers will receive through the new formula. It is proposed that this constitutes 82% of the funding in the local EYSFF.
- 7.22 In the Hillingdon EYSFF, 82% of the total funding available has been allocated as participation led funding. This equates to a guaranteed level of funding of £3.47 per pupil per hour based on the funding available in 2010/11.
- 7.23 DCSF regulations require the EYSFF to have a factor that recognises deprivation and the additional costs necessary to help more disadvantaged children to achieve. Addressing the effects of deprivation is also a key element of the coalition Government’s policy on education and early years.
- 7.24 The Council is proposing the use of IDACI and the Index of Multiple Deprivation (IMD) as the local indicators of deprivation. Together it is proposed the two factors deliver 8% of the funding allocated through the formula.
- 7.25 The other additional supplements will include a factor to recognise and incentivise quality and staffing requirements. It is proposed this factor represents 4% of the overall funding allocated.

- 7.26 The proposed formula includes a lump sum of £230,750 for the maintained nursery school to reflect higher and unavoidable fixed costs that are not applicable to other settings within the EYSFF. This has been determined by reference to cost analysis work reviewed by the Free Entitlement Reform Group during the development of the EYSFF.
- 7.27 It is proposed the remaining 4% of available resources be temporarily withheld as a contingency for changes in participation in-year.
- 7.28 An exemplification of the draft formula is attached at Appendix 4. The budget available to be allocated is the sum of the Maintained nursery class related funding, funding for McMillan Nursery, plus the total PVI funding available.

Counting and Adjusting Arrangements

- 7.29 Primary schools with maintained nursery classes will receive two budgets prior to the start of the financial year. A final budget will be calculated and issued in respect of all non-nursery related pupils (where applicable). In addition, an indicative EYSFF budget will be calculated and issued in respect to nursery related pupils. The final budgets are not subject to re-determination in-year as these will be based on the single January count preceding the start of each financial year as currently observed.
- 7.30 The indicative EYSFF budgets are based on an estimate of take-up over the course of the financial year. During the course of the financial year, termly counts will be conducted to measure actual participation. The indicative EYSFF budgets will then be adjusted to reflect the difference between the estimated and actual take up of free entitlement.
- 7.31 Cash advance payments to schools will be adjusted accordingly to reflect actual take-up. By the end of the financial year, all nursery providers should receive funding that reconciles to actual participation in that year.
- 7.32 The Council will be required to carry out an additional pupil count and adjust funding allocations to all settings as a result. The requirement to have a termly count means that the Council will need to withhold some funding in order to adjust payments to settings in the light of any increases or decreases in numbers. The proposal is to hold 4% of the overall budget in reserve for this purpose. Any unused funding from this reserve would then be distributed out to all settings according to the formula.

Transitional Arrangements

- 7.33 Changes in the way that funding is allocated through a formula methodology inevitably result in the redistribution of funding between providers, consisting of relative funding gains and losses (the technical name for which is 'turbulence'). Most formula funding changes are therefore usually accompanied by transitional arrangements in order to limit the immediate impact on providers experiencing relative funding losses (the technical name for this transition is 'damping').
- 7.34 Department for Education regulations governing the introduction of the EYSFF allow for damping arrangements lasting a maximum of three years, after which the full impact of formula changes must be passed on to early years providers.
- 7.35 Damping is essentially a matter of judgement regarding the pace of change required and the degree to which protection against relative losses is reasonable and justified. It is applied after all other formula factors and criteria have been considered.
- 7.36 It is recommended that the Minimum Funding Guarantee (MFG) be dis-applied to the EYSFF for maintained nurseries. The rationale for this was outlined in Section 5.
- 7.37 Early guidance from the DCSF suggested that because maintained settings still fall within the School Finance Regulations, they will still be protected by the MFG ordinarily. The School Finance Regulations do not currently apply to the PVI nursery sector.
- 7.38 The differing application of the MFG to the two sectors is not compatible with a funding system that is attempting to bring comparability and equality to this area. Further guidance is expected from the DCSF in the application of the MFG within the early years context.
- 7.39 It is intended that damping will be self-funding within the EYSFF. The retained contingency previously labelled for transition will be used exclusively for funding additional provision identified during the year.
- 7.40 A two stage process for the damping arrangements in the EYSFF has been developed in response to the identified impact of the formula exemplification contained at Appendix 4.
- 7.41 Firstly, a minimum or 'floor' level of funding is set for all providers. This is funded by 'scaling back' the extent to which other providers are funded above the floor level, by a fixed rate calculated to match the level of funding added to bring providers to the floor level of funding.
- 7.42 The floor level of funding is best expressed as an hourly rate for provision. It must necessarily be set at a level below the average hourly rate of provision in the EYSFF as a whole. The exemplification in Appendix 4 is based on a 'floor'

hourly rate of £3.79 per hour. However, it can be set flexibly over the three years in which transitional arrangements can apply.

- 7.43 Under this part of the process it is considered necessary to remove the lump sum funding for the maintained nursery school from the calculation of the extent of scaling back required, since the lump sum makes this school an extreme outlier in terms of its high hourly rate. Scaling back would have a detrimental effect on the sustainability of the school undermining the rationale for including the lump sum in the first place.
- 7.44 Secondly, the resulting change in distribution compared to the current year is proposed to be damped by 70% in year 1, by 40% in year 2, and by zero in year 3, whilst ensuring that no provider falls below the floor hourly rate set in stage 1 of the damping process.
- 7.45 The percentage rate at which damping is applied can be adjusted to reflect different circumstances and local pressures during the transition period.
- 7.46 These damping arrangements have the effect of ensuring that no provider is funded below a minimum hourly rate, and subject to available funding it should be possible to ensure that in year 1 of the EYSFF no settings in the PVI sector are funded below the standard hourly rate applying in the current year.
- 7.47 They also provide transitional protection to those settings that are likely to experience the most significant cash losses year-on-year under the EYSFF. These settings are likely to be those maintained nursery classes that have relied most for their funding on the nursery lump sum funding in the existing primary funding formula.
- 7.48 The damping arrangements are funded by reducing the gains compared to the current year from settings that receive improved funding under the EYSFF. These settings are most likely to be larger maintained nursery classes that have not relied on nursery lump sum funding, and gain due to their larger number of hours of provision funded at the proposed base hourly funding rate. These settings will receive the further benefit of these gains in years 2 and 3 of the EYSFF.

Implementation Timetable

- 7.49 The implementation timetable for the EYSFF is broadly reflected in the overall schools budget timetable contained at Table 11 in section 17 of this document.

Exemplifications of the Formula Proposals

- 7.50 An exemplification of the formula proposals is presented at Appendix 4. This includes the calculation of funding allocations based on current year data and funding, and comparative analysis of the funding allocation by setting. All comparative information has been expressed in terms of hourly rates for each formula element.
- 7.51 The result of this modelling produces an overall range of hourly rates (before damping and excluding the maintained nursery school) from £3.72 per hour in the lowest funded setting to £4.55 per hour in the highest funded setting.
- 7.52 The exemplifications include also an illustration of the operation of the proposed transitional arrangements in year 1 of the EYSFF.

8. The Arrangements for Pupils Out of School

- 8.1 Proposed changes to the funding arrangements for pupils out of school in 2011/12 are set out in Section 13 on Specific Grants.

9. The arrangements for 14-19 education

- 9.1 There are no proposed operational changes to central 14-19 education in 2011/12.

10. The Arrangements for School Meals

10.1 The Council is required to consult on the arrangements for school meals. The proposed arrangements for 2011/12 are set out below:

Summary of Service

10.2 The Food in Schools Team aims to help schools to develop a whole school approach to healthy eating and a sustainable food economy. We offer support on achieving the national food and nutrient based standards legislation for school meals, Healthy Schools accreditation and catering improvement programmes. We listen to schools needs and offer tailored support and a range of training programmes, whole school approaches to healthy eating and support with catering management.

Distribution of Funds

10.3 Previously the Food in Schools Team has been partially funded by a retained element of the school food Standards Fund grant agreed by Schools Forum every year. The team's other income is from the SLA that schools buy into. For 2011/12 the school food grant will remain at £462,536 but be rolled into the DSG. It is proposed that the majority of funds go to schools, and that a smaller amount than previously is retained to fund the Food in Schools Team.

10.4 It is proposed that the school food grant of £462,536 be distributed as follows:

- Devolved element: £357,536 - distributed amongst schools using a formula based on school roll, and number of FSM pupils - an increase of £42,000 on last years school fund of £315,416.
- Retained element: £105,000 - retained by the Food in Schools team to provide essential services free of charge to all schools - includes £1,000 top sliced off distributed funds to 21 schools with an in-house kitchen.

10.5 These free services are:

Statutory Basic Nutritional Analysis Package	
Aim:	To ensure statutory regulations for food and nutrient standards of school lunches, and food other than lunch are met
Description:	For in-house kitchen schools only. Nutritional Analysis and menu development service. Cost of service top sliced from school food grant £1,000 per in house school.
Includes:	'HPort' nutritional analysis software access. Regular 'HPort' software training, telephone and direct support. Support with nutritional analysis of unlimited number of menus. Advice and guidance on menu development. Access to pre-assessed menus that meet food and nutrient standards.

Food Audit	
Aim:	Supports schools in fully understanding compliance of food and nutrient standard across the day. Answering SEF question C17.
Description:	Food audit of lunch service. Report to school management, governors and caterers with highlighted best practice and recommendations for improvements
Includes:	Assessments made throughout the schools day as required

Train the Trainer Package	
Aim:	Trains staff to deliver training to others which contributes to healthy schools status and health education aspects of curriculum
Description:	Cooking club OR growing clubs OR School Nutrition Action group (SNAG) OR healthy eating events for staff / parent / governors OR project for one class. Designed to train staff to run ongoing sessions.
Includes:	2 hour training session, project development, one 2 hour follow up session.

Classroom Package	
Aim:	A classroom or group project to deliver curriculum aspects.
Description:	KS1&2 PHSE: Developing a healthy, safer lifestyle KS3&4 Personal, social, health and economic wellbeing; Personal wellbeing
Includes:	Initial project development, 2 classroom sessions

Stakeholders are invited to give views on whether to increase the devolved element of the former School Lunch Grant.

Buy Back Request

- 10.6 In view of this change, the Food in Schools Team has developed a new SLA offer. This includes a set of free services to all schools, and a menu of packages so schools can pick and choose which chargeable services they require. These packages have been developed to offer the most comprehensive, flexible and competitively priced service to schools.
- 10.7 These SLA packages contained in the document circulated in December 2010 have been superseded by the document contained at **Appendix 2**.

11. The Arrangements for Insurance

- 11.1 The Council delegates all of the funding for insurance premiums to schools.
- 11.2 The Council offers a comprehensive service structured to meet the school's insurance requirements including claims handling and advice. The basic insurance package covers property, liability, motor and personal accident risks. A supplementary insurance package (Balance of Risks) is also available which provides additional cover for buildings and contents. Details of cover are available in the document 'Insurance & Risk Management Guide to Schools' which is available from the Schools Finance Team.
- 11.3 As the Council retains an interest in each maintained school it is a requirement that if schools obtain insurance externally they provide confirmation of cover from their chosen insurer detailing the cover and limits of indemnity purchased. Confirmation should be sent to Insurance Section 1S/08 at the Civic Centre.
- 11.4 Detailed below are factors that each school will need to consider if seeking insurance externally:
- Schools must ensure that insurance cover is in place for the 'compulsory' risks and that the insurance arranged provides cover to at least the limits set out in **Appendix 3**.
 - Schools must ensure that the interest of the London Borough of Hillingdon is noted on the policies (this applies equally to Voluntary Aided and Foundation schools).

12. The Arrangements for Capital

12.1 The purpose of this section is to update schools on key issues relating to the capital programme.

Funding

12.2 To date, the Department for Education has announced details of capital funding up to the end of the current financial year (2010/11). No information is available on schools capital funding beyond this. Future arrangements are subject to the outcome of the Capital Review commissioned by the Coalition Government in July of this year. The Review is due to report at the end of 2010.

Key Issues

The James Review

12.3 The scope of the review includes future arrangements for the targeting of capital investment, school building design and procurement. An extract from its terms of reference is contained at Appendix 4. It seems likely that significant changes will be made to capital funding streams, arrangements for managing capital investment and standards and guidance for school buildings. It is possible that there may be a one year (2011/12 capital settlement) pending the introduction of new arrangements. It is anticipated that the overall space recommendations for school buildings will be reduced.

The Schools White Paper 2010 (“The Importance of Teaching”)

12.4 The recent White Paper refers to the James Review. It also makes reference to future priorities for capital investment as being ensuring that “our existing school buildings are fit for purpose” and that they “meet the growing need for new school places”. This is in the context of capital resources being “more limited”. It also states that “where there is a need for a new school, the first choice will be a new Academy or Free School” and that “all Free Schools will be able to access financial support to secure premises where necessary”.

12.5 Therefore, taken together, it is clear that future national priorities are likely to be Free Schools, additional places and building condition.

Local Context

12.6 Due to a combination of a rising birth rate and migration changes, a net deficit of 31 forms of entry is now forecast in the primary sector over the period 2011/12 – 2014/15. A net deficit of 17 forms of entry is forecast for the secondary sector by 2019/20. Therefore meeting the need for additional places and the maintenance of existing building stock will also need to be high priorities at local level.

13. Specific Grants

Specific Grants Rolled Into Dedicated Schools Grant 2011/12

- 13.1 In the schools funding settlement released on 13 December 2010, the Government confirmed the Standards Fund grants that have been rolled into the DSG, most of which have been preserved at the current 2010/11 levels per pupil for next year.
- 13.2 Table 9 below sets out these specific grants, and the level of funding provided in the current year and rolled into DSG for 2011/12, based on the same numbers of pupils as funded in the current year.

Table 9: Specific Grants Rolled Into Dedicated Schools Grant 2011/12

Former Specific Grant	Hillingdon Allocation 2010/11 (£000s)	Hillingdon Allocation 2011/12 (£000s)
School Development Grant (including Specialist Schools)	10,107	10,137
School Standards Grant (including Personalisation)	8,662	8,662
Diploma Delivery Grant	32	32
London Pay Addition Grant	954	954
Standards Funds:		
1.2 School Lunch Grant	463	463
1.3 Ethnic Minority Achievement	1,896	1,896
1.5 1-2-1 Tuition (formerly Making Good Progress)	1,425	1,425
1.6 Extended Schools – Sustainability	961	961
1.6a Extended Schools – Subsidy	857	857
1.7 National Strategies (Primary)	1,276	883
1.8 National Strategies (Secondary)	553	428
1.10 Flexibility of Free Entitlement for 3 & 4 Year Olds	1,865	*
Total	29,051	26,698

* The Flexibility of Free Entitlement for 3 & 4 Year Olds Standards Fund is retained in the DSG for 2011/12 by increasing the unit of funding for each nursery place from 0.5 FTE to 0.6 FTE.

- 13.3 The value of these specific grants in 2011/12 has been converted by the DfE into a per pupil unit of funding (£711.05) that is added to the existing DSG guaranteed unit of funding (£4,708.57) to produce a new overall guaranteed unit of funding for Hillingdon of £5,419.62 per pupil. These specific grants are not ringfenced within the schools budget and the allocations are now part of schools' mainstream funding.

- 13.4 It is proposed that these specific grants are broadly distributed in the DSG in line with the current methodology, which is either:
- Funds already devolved to schools and allocated by local formulae will continue to be devolved and allocated on the same basis but will form part of the mainstream budget of each school and be subject to the MFG
 - Funds retained at the start of the current year and allocated to schools in year will be retained initially as unallocated Individual Schools Budget and then allocated to schools during the course of the year
 - Funds currently retained by the Council will continue to be retained as central expenditure within the DSG (the value of these retained grants is less than 5% of the total specific grants transferring into the DSG).
- 13.5 For the second of these methods, where funding is retained at the start of the year, and then delegated during the course of the year, Schools Forum will be requested to approve a temporary / technical breach of the Central Expenditure Limit to accommodate this unallocated Individual Schools Budget. Further detail on the proposed methodology for each fund is contained below.
- 13.6 **Stakeholders are asked to give views on whether to initially retain centrally funds which are currently delegated during the course of the year, and the associated technical breach of the Central Expenditure Limit.**
- 13.7 Specific grants currently received by schools that are not included in Table 9 above such as the Standards Fund for Music Services are either not continuing or have not been confirmed.
- 13.8 School Development Grant
School Development Grant contained a number of elements, the administration of which has been treated in different ways up to the current year. Around 80% of School Development Grant is devolved through the funding formula and the funding for each school will be added to the baseline for calculating the MFG. Around 20% of the grant is retained at the start of the year, and then delegated to schools during the year. This includes funding for Advanced Skills Teachers and elements of Specialist Schools funding. It is proposed that these elements are retained as unallocated Individual Schools Budget and then allocated to schools during the course of the year. There is a small element retained by the Council which largely reflects the formula share attributable to pupils at Hillingdon Tuition Centre.
- 13.9 Schools Standards Grant / School Standards Grant (Personalisation)
Both of these grants are fully devolved to schools through the funding formula except for a small retained element attributable to pupils attending Hillingdon Tuition Centre. The devolved funding for each school will be added to the baseline for calculating the MFG.

- 13.10 Diploma Delivery Grant
This allocation is retained at the start of the year, and then devolved to schools during the year. It is proposed that this arrangement will continue with the mainstreamed funding.
- 13.11 London Pay Addition Grant
94.4% of London Pay Addition Grant is devolved to schools through the funding formula with the remaining 5.6% retained by the Council reflecting teachers employed centrally within the schools budget. It is proposed that this split between devolved and retained funding is maintained for 2011/12.
- 13.12 School Lunch Grant
In 2010/11, the Council retained £121k of the School Lunch Grant with the remainder devolved to schools by formula. The proposals contained at section 10 above seek approval to reduce the retained funding to £105k and hence increase the amount devolved to schools.
- 13.13 Ethnic Minority Achievement
In 2010/11, £1,611k of the Ethnic Minority Achievement Grant was devolved to schools through the funding formula, with £285k retained centrally by the Council. The central team within the Council supporting Ethnic Minority Achievement is being dissolved, and it is proposed that the whole funding of £1.9 million is devolved to schools using the same distributional basis as for the current devolved funding.
- 13.14 1-2-1 Tuition
This allocation is retained at the start of the year, and then delegated to schools during the year. It is proposed that this arrangement will continue with the mainstreamed funding.
- 13.15 Extended Schools – Sustainability / Subsidy
These allocations are retained at the start of the year, and then delegated to schools during the year. It is proposed that this arrangement will continue with the mainstreamed funding.
- 13.16 National Strategies (Primary / Secondary)
These allocations are retained at the start of the year, and then delegated to schools during the year. It is proposed that this arrangement will continue with the mainstreamed funding, albeit that the overall level of funding is reduced compared to the current year.
- 13.17 Flexibility of Free Entitlement for 3 & 4 Year Olds
This allocation is being absorbed into the overall guaranteed unit of funding per pupil in the nursery sector and will be added into the overall level of funding supporting the EYSFF.
- 13.18 There are two main options for the method of adding existing devolved funding in specific grants into the baseline for calculating the MFG. It is possible to allocate the actual cash sum received by each school in the devolved budget for 2010/11 to the baseline funding for 2011/12. This is the simplest method

and would ensure that all of the funding continued to be devolved at the current level, and would provide transparency and certainty of funding for schools. Alternatively the funding could be added on a unit basis and recalculated to take into account changes in relevant pupil numbers etc. Any resulting redistributive effect would then be subject to the operation of the MFG.

- 13.19 **Stakeholders are asked to give views on whether the devolved specific grants rolled into DSG should be added in on the basis of current year cash allocations or by reference to unit amounts.**

Exceptional Circumstances Grant

13.20 In addition to the Standards Funds that are transferring into the DSG, the Authority has also received notification of an additional grant adjustment for 2011/12 of £804k. This is in relation to the former Exceptional Circumstances Grant, which is paid to authorities who have greater than 20% increase in the proportion of EAL pupils as a percentage of the entire roll, compared to a base figure from January 2008. The figures in the calculation do not correlate directly to the EAL pupil numbers used to allocate the EAL standards fund grant. Also, it is a retrospective adjustment to the authority's overall DSG rather than an adjustment to this grant.

13.21 The Council first received this grant in 2009/10 when £469k was paid. A further £335k has been received this year in relation to 2009/10. However, the DfE has not yet confirmed whether or not the Council will receive this grant in 2010/11. It is unclear why the grant has been added to the base figure for 2011/12 when it is not currently being paid to the Council. As a result, none of the models have assumed that this grant will be paid.

13.22 There are, however, a number of potential calls on this funding, should it be confirmed.

13.23 Dual Registrations at Pupil Referral Units (PRUs)

Firstly, the DfE has removed dual registration funding for PRUs. Pupils who attend both a school and a PRU will only be counted on the school PLASC for 2011/12 onwards. This will cause significant budgetary problems for the PRUs as significant elements of their costs are fixed and the units require the full per pupil funding to operate within budget. Splitting the funding will also potential cause budgetary problems for the schools affected.

There are currently 55 dual registered pupils who would have attracted £259k in DSG funding under current arrangements.

Schools views are sought as to whether to utilise £259k of Exceptional Circumstances Grant to ensure that the pupils are fully funded in both settings.

13.24 SEN Pressures

The pressure on the central SEN budget for the current year is estimated at £300k. This is largely due to expenditure incurred sending pupils with SEN to out borough placements. This is likely to remain an issue for some time as our special schools are full and there are an increasing proportion of children with severe disabilities, who need high levels of specialist support.

Schools views are sought as to whether to utilise Exceptional Circumstances Grant to allocate an additional £300k to the SEN budget.

13.25 Allegations Manager Post

At Appendix 2 in this document is the business case for the establishment of this post in response to a recent Serious Case Review. It is requested that schools consider funding this position.

Schools views are sought as to whether to utilise £62k of Exceptional Circumstances Grant to fund the Allegations Manager post.

13.26 Academies LACSEG

The recoument of central DSG when a school obtains Academy status will continue in 2011/12. Elements of the central DSG including funding for SEN, PRUs and 14-16 are transferred to the new academy, irrespective of whether or not the funds are spent on the academy. This will result in significant pressures on the central DSG as a result and is likely to result in a central overspend on the DSG, which will have to be funded from the overall DSG in future years. For a large secondary school, the amount could be as much as £75k.

Schools views are sought as to whether to hold the balance of the Exceptional Circumstances Grant centrally to offset the impact of the LACSEG adjustment.

Pupil Premium

13.27 The coalition Government has confirmed the level of the Pupil Premium which will be introduced at £430 per pupil currently eligible for Free School Meals and per Looked After Child of school age. There is also an additional amount of £200 per pupil of Pupil Premium for the children of members of the armed forces.

13.28 The Pupil Premium grant to each school will be calculated based on the number of qualifying pupils counted in the School Census, multiplied by the funding rate described above.

13.29 All schools are encouraged to accurately determine and record all of the pupils eligible for Free School Meals as this will maximise the level of Pupil Premium funding received by schools in Hillingdon.

13.30 The Pupil Premium grant will not be ringfenced at school level. The coalition Government has stated that it is for headteachers and governing bodies to determine the most appropriate strategy for raising attainment and reducing the attainment gap within each school.

14. Changes to the Scheme for Financing Schools

- 14.1 The DfE has only recently advised local authorities of changes that should be made to all local Schemes for Financing Schools. Our local scheme is being amended as a result of this information. As such, there will be a separate short consultation on the changes to Hillingdon's scheme in January/February 2011. The revised Scheme will be presented to the March 2011 meeting of the Schools Forum and changes will be effective from 1st April 2011.

15. Changes to the Balance Control Mechanism

- 15.1 In 2007 the DCSF made it mandatory for all local authorities to operate clawback mechanisms to reduce uncommitted surplus balances held by their schools. Hillingdon put in place the Balance Control Mechanism as agreed by Schools Forum in November 2007. This has been operational since 2008 and has been applied to year end balances for the financial years 2007/08, 2008/09 and 2009/10.
- 15.2 The DfE has now removed the requirement for the Council to have a balance control mechanism in place effective from April 2011. Although it is no longer mandatory, local authorities can if they wish continue a clawback scheme provided it focuses only on those schools which have built up significant excessive uncommitted balances and where some level of redistribution would support improved provision across the local area.
- 15.3 Due to this change to Council is now consulting with schools on the continuance of the Balance Control Mechanism.
- 15.4 **Stakeholders are asked to give views on whether the Balance Control Mechanism should continue.**

16. Service Level Agreement (SLA) Consultation

- 16.1 Each year the Council consults on proposed Service Level Agreements (SLAs) affecting schools ahead of the next financial year. This exercise has already been undertaken as separate exercise during December 2010, outside the scope of this consultation document, where 'expressions of interest' from schools were requested.

17. Timetable

17.1 Table 11 below sets out the key milestones in the timetable for the schools budget from the date of release of this consultation document.

Table 11: Schools Budget Timetable 2011/12

Milestone	Date
Resources SAG meeting agrees scope of consultation issues	6 January 2011
Schools Budget Consultation document released	10 January 2011
Schools Budget Consultation information sessions for schools	11 January 2011 / 14 January 2011
Schools Budget Consultation closes	17 January 2011
School Census 2011	20 January 2011
Schools Forum considers Schools Budget Consultation	25 January 2011
Schools Budget Decisions Approved by Cabinet	17 February 2011
Indicative funding allocations provided to schools	Week ending 4 March 2011
Final funding allocations provided to schools	Week ending 25 March 2011

Appendix 1

London Borough of Hillingdon Schools Budget		Service Proposal Form 2011/12 - 2014/15			
Group	<u>Education and Childrens Services</u>				
Service	<u>Children & Families</u>				
Lead Officer	<u>Paul Hewitt</u>				
<p style="text-align: center;">Category: Growth Classification: Future service developments arising from current policies Reference: ECS [safeguarding, Q & A]</p> <p style="text-align: center;">Title of Proposal <u>Allegations Manager</u></p>					
<u>Proposal Description (Purpose)</u>					
<p>There has been a significant rise in the number of Allegations involving staff in Hillingdon schools [100% increase over the past 2 years]. A recent Serious Case Review highlighted the need to promote safer working practice in schools, after allegations were made about the sexual abuse of pupils by a teacher in a schools setting. The findings focussed on the need to strengthen safeguarding processes within the schools settings [a briefing on this Serious Case Review findings has been given by the Director of Education & Children's Services through the various schools fora]. Child safeguarding is now a limiting judgement for all schools inspected by OFSTED. In order to remain compliant with primary legislation on Vetting and Barring [Safeguarding and Vulnerable Groups Act 2006], and local child protection procedures, a full time, dedicated manager needs to be appointed for schools in Hillingdon to advise and monitor the management of Allegations against staff in schools, and ensure that children are safeguarded.</p>					
<u>Delivery Process</u>					
<p>The proposal entails the recruitment of suitably skilled and qualified Manager who has knowledge and expertise in child safeguarding, safer recruitment and safer working practices in a schools setting.</p> <p>The post holder would report into the lead officer for the Local Safeguarding Children Board (LSCB). The postholder would be a mobile worker, across all Hillingdon schools - but would also have a central base at the Civic Centre where business support could be provided for data collection and report writing.</p> <p>The postholder would link with the head teachers via the various schools fora, and work closely with the designated teachers for child protection in each school to ensure that safe working practices are being embedded in each school. The postholder would be available to manage each allegation emanating from schools, and would attend complex strategy meetings, and help to conduct investigations when required, in line with the Handling Allegations procedures. The post holder would collate data on the number and types of allegations, which would be reported to the LSCB.</p> <p>The postholder would then be involved in delivering any action plans and training in schools, which would be needed as a consequence of the data analysis. Once in place, the postholder would help to prevent the failings identified in the aforementioned Serious Case Review, which had resulted in children being abused in the schools setting. These activities would help to ensure OFSTED, and other regulators that children are being consistently safeguarded in Hillingdon's schools.</p> <p>The post would be funded via the Dedicated Schools Grant, if agreed by the Schools Forum, and the role would be evaluated on an annual basis to check that it was delivering best value for money.</p>					
<u>Financial Information</u>					
Impact of Proposal (compared to 2010/11 - at 2011/12 prices)		2011/12	2012/13	2013/14	2014/15
		£000s	£000s	£000s	£000s
Expenditure					
Employees		62	62	62	62
Externally Contracted Expenditure					
Other Expenditure					
Total		62	62	62	62
Income <i>(show additional income as negative / reduced income as positive)</i>					
Government & Other Grants					
Fees & Charges					
Other Income					
Total		0	0	0	0
Net Change compared to 2010/11		62	62	62	62

Risk Log

Risk Assessment

Not funding the post would mean the following risks:

Lack of capacity within schools to respond fully to the rising number of allegations against staff in schools

Likelihood	Impact	Grading
B	2	B2
C	3	C3
C	3	C3

Capacity to comply fully with the primary legislation in vetting and barring and safer recruitment

Reduction in Ofsted rating for safeguarding

Likelihood = A (90% probability) to F (10%)

Impact = 1 (catastrophic) to 4 (low impact)

Impact on Customers

It is anticipated that parents of school age children will be more reassured about the safety of their children in Hillingdon Schools in the light of publicity associated with the recent serious case review.

Has an Equalities Impact Assessment been produced for this Service Proposal?

NO

Impact on Staff

What impact will the proposal have on staffing levels / conditions / any redundancy costs?

There would be an increase in staffing to the value of 1 FTE at Professional Officer grade.

Changes to staff FTEs

Current FTE	2011/12	2012/13	2013/14	2014/15

Impact on Carbon Footprint

What impact will the proposal have on carbon reduction from the Council's operations? Will there be changes to the volume of carbon permits purchased under the CRC energy efficiency scheme?

NOT Applicable

Changes to CO2 emissions (tonnes)

Current CO2	2011/12	2012/13	2013/14	2014/15

Impact on other Groups and Partner Organisations

The impact of having this post would help to build on the current positive relations between schools and the Council, as well as strengthening the links with other partner agencies which comprise the Hillingdon Safeguarding Children Board - especially the Police who are involved in managing allegations against staff.

Impact on Performance

It is anticipated that this post will have a significant impact on sustaining the performance of schools in their OFSTED ratings - especially in the area of child safeguarding, which is a limiting judgement.

The post will contribute to the Council Plan objectives of keeping children safe in Hillingdon and supporting schools in enabling professionals to promote the well-being of families. The reputation of the Council with external regulators in relation to safeguarding will be enhanced in the key areas of safer recruitment and allegations management.

Food in Schools Service Level Agreements and Costs

The following SLA options are available to purchase:

Statutory Nutritional Analysis Packages

Enhanced Nutritional Analysis Package		£800 per week of menu
Aim:	To ensure statutory regulations for food and nutrient standards of school lunches, and food other than lunch are met	
Description:	A fully managed data entry and analysis service which requires no work by school caterers. Available to all schools with in-house caterers	
Includes:	Menu and recipe entering on nutritional analysis software (Recipes from caterers are required). 'HPort' nutritional analysis software access with multiple logins. Advice and guidance on menu development. Access to pre-assessed menus that meet food and nutrient standards.	

Healthy Schools / Curriculum Packages

Each Additional Train the Trainer Package		£600
Aim:	Trains staff to deliver teaching to others which contributes to healthy schools status and health education aspects of curriculum	
Description:	Cooking club OR growing clubs OR School Nutrition Action group (SNAG) OR healthy eating events for staff / parent / governors OR project for one class. Designed to train staff to run ongoing sessions.	
Includes:	2 hour training session, project development, one 2 hour follow up session.	

Classroom Package		£600
Aim:	A classroom or group project to deliver curriculum aspects.	
Description:	KS1&2 PHSE: Developing a healthy, safer lifestyle KS3&4 Personal, social, health and economic wellbeing; Personal wellbeing	
Includes:	Initial project development, 2 classroom sessions	

Staff Training Package		£350
Aim:	Trains staff to widen knowledge of health eating aspects which contribute to healthy schools status and health education aspects of curriculum	
Description:	Training on healthy eating topics for teaching staff, SMSAs, catering staff, governors or volunteers. Designed to train staff on a specific subject.	
Includes:	3 hour training session	

Food Policy Development Package		£100
Aim:	An element required for healthy schools status	
Description:	To develop and implement a whole school food policy to encourage healthier food choices amongst pupils	
Includes:	Consultation with designated staff member, sample policy and support for policy presentation to governors	

Enhanced Healthy Schools Package		£350
Aim:	Support in achieving enhanced healthy schools status	
Description:	Advice and guidance around the healthy eating element of the enhanced status	
Includes:	3 hour support session which can be divided into two sessions	

Food and Nutrition Events Package		£800 (full day) £450 (half day)
Aim:	Support in achieving enhanced healthy schools status for food in schools and health education aspects of curriculum	
Description:	On site tailor made events or training workshops focusing on food related topics of the schools choice	
Includes:	Pre event consultation, half or full schools day delivery.	

Management Packages

All Day Food Provision Audit		£500
Aim:	Supports schools in fully understanding compliance of food and nutrient standard across the day. Answering SEF question C17.	
Description:	Food audit of school breakfast, lunch and snack provision against statutory guidelines. Report to school management, governors and caterers with highlighted best practice and recommendations for improvements	
Includes:	Assessments made throughout the schools day as required	

Report and Analysis of School Meal Take Up Figures		£100
Aim:	Understand demand for, and take up of school meals	
Description:	A report on the take up of school meals over the last three years with analysis of data.	
Includes:	Documented report	

Contract or Transported Catering Support		£1000
Aim:	Support for tendering or re-tendering a catering contract, or contracting a transported service from another school	
Description:	Catering service advice and guidance. Sourcing potential suppliers. Contracts and tendering documents. Guidance throughout the tendering / negotiation process.	
Includes:	Documents. Pre tender consultation meeting. A review of contracts before invitations to tender. Framework for assessing bids. Support in assessments and interviews. Support with mobilisation.	

Catering / Healthy Eating Management Package		£4000
Aim:	Full management of catering function. Used to remove the need for catering management to be done by a staff member. Can also be used to go through a restructure, or from contract to in house catering.	
Description:	Full catering management service for schools with an in house service.	
Includes:	Management of catering service (1/2 day a week used on a flexible needs basis). Staff restructure where necessary. Costs reduction. Service improvement. Nutritional analysis, marketing and healthy eating promotion. Due Diligence.	

Catering Learning Packages

Food Hygiene Training Package		£50 per person
Aim:	Provides training as required by the Environmental Health Office (EHO)	
Description:	Level two food hygiene training leading to in-house certification	
Includes:	Full day training, examination and certificate	

Health & Safety Package		£100
Aim:	Provides training as required by the Environmental Health Office (EHO)	
Description:	A training session covering manual handling, hazard spotting, understanding risk and risk assessments, understanding COSHH, understanding HACCAP	
Includes:	2 hour training delivered in school	

Dining Experience Packages

Improving School Meal Experience		£600
Aim:	To increase the take up of schools meals and perception of the dining experience.	
Description:	Improving lunchtime provision through work with the school council and encouraging healthier food choices.	
Includes:	Consultations with school and parent groups, Feedback to management team and caterers, development of dining room improvement or small steps improvement projects, follow up session, measuring and monitoring	

School's Responsibilities

- ✓ Book relevant staff members onto available training.
- ✓ Allow access to schools to carry out food audits.
- ✓ Provide monthly returns to the Food in Schools team on take up of school meals data.
- ✓ Request and schedule delivery of purchased packages within the academic year
- ✓ Complete and return registration forms for training and events

Monitoring and Evaluation

All services are evaluated and feedback is used for service improvements. The Food in Schools Team regularly consult with parents, pupils and staff and this information

is feedback to schools to help improve their food services. We welcome all feedback from schools so as to offer the best possible services.

Service Standards

Schools will receive feedback on any food audits carried out in their school within two weeks. All bookings will be confirmed by email and all queries will be responded to within 1 week.

What do the Changes to the Service Mean?

- ✓ Core services are now free to all schools
- ✓ There is no 'minimum buy back' any more, schools pay for the specific services they need
- ✓ The SLA options allow schools to be flexible with services bought each year
- ✓ Nutritional Analysis is top sliced off the school lunch grant for schools which require that service
- ✓ Schools receive more money than ever before in the school lunch grant
- ✓ For the first time, schools serving meals to FSM pupils only will receive a small grant

Minimum Insurance Requirements

Property Insurance

Buildings and Contents

Reinstatement insurance for the value of the school and contents for the perils of: Fire, Lightning, Explosion, Storm or Tempest, Flood, Bursting or overflowing of water tanks / pipes, Impact, Aircraft, Riot and Civil Commotion and Earthquake.

Business Interruption (for a minimum period of 36 months)

'All Risks' Works in Progress to existing structures

Terrorism (incorporating Business Interruption)

N.B. Where building work for new builds are being considered the contract should provide for the contractor to insure the works.

Engineering (Plant & Machinery) – statutory inspection and insurance of items such as pressure vessels, boilers, lifts etc. Limit of Indemnity £100k any one occurrence.

Liability Insurance

Public Liability – minimum limit of indemnity £30 million per incident

Employers Liability – minimum limit of indemnity £30 million per incident

Officials Indemnity – minimum limit of indemnity £2 million per period of insurance

Libel & Slander – minimum limit of indemnity £1 million per period of insurance

Third Party Hirers Liability - minimum limit of indemnity £1 million

Miscellaneous

Fidelity Guarantee – minimum limit of indemnity £ million

Money – cover for money on school premises in the custody or supervision of an employee, in transit in the custody of an employee, or by registered post or in a bank night safe, plus in the private residence of an employee.

In a locked safe / strong room up to an agreed limit.

Personal Accident Assault (Employees) - minimum limit of indemnity 5 times annual earnings (subject to a minimum benefit of £25k)

Temporary total disablement – a weekly benefit of 50% of weekly earnings

Personal Accident (Governors) - Capital Benefit payable £50k

Weekly benefit of £100 is payable if prevented from continuing in their duties owing to permanent disablement and £50 for lesser injuries.

Personal Accident (Pupils on Work Experience) – minimum Capital Benefit of £10k

Personal Accident (Volunteers) – minimum Capital Benefit of £10k

Personal Accident (Teachers Extra Curricular Activities) – minimum Capital Benefit of £10k

Personal Accident - Insurance for Educational Visits –

Cancellation £10k per person

Medical Expenses £10 million per person (outside UK)

Personal Accident Capital Benefit £20k (death restricted to £7,500 if under 18 years of age)

Personal Property £5k per person

Money £3k per person

Legal Liability £2 million one event

N.B. Insurance arrangements must be sufficient to cover all planned activities, for example Ski holidays.

Motor Insurance

Motor Vehicles

Where the school is responsible for a motor vehicle it must meet the legal requirement to hold a minimum of Third Party insurance. Lease agreements may require the school to obtain fully comprehensive cover.

Recommended level of cover is fully comprehensive.

Extract from the Terms of Reference for the James Review
(from DfE website)

Purpose

To review, in the context of the Government's fiscal consolidation plans and emerging policy, the Department's existing capital expenditure and make recommendations on the future delivery models for capital investment for 2011/12 onwards.

The overall aim of the review is to ensure that future capital investment represents good value for money and strongly supports the Government's ambitions to reduce the deficit, raise standards and tackle disadvantage.

Scope

Allocation of capital funds:

- To evaluate the extent to which value for money has been achieved in capital expenditure to date;
- To consider how to generate sufficient places to allow new providers to enter the state school system in response to parental demand
- To review current methods of allocating capital (for example, by formula to local authorities);
- To consider options for reflecting Government policies on carbon reduction;
- To enable the establishment of new schools.

Distribution of capital investment

- To assess the scope and make recommendations for how to distribute capital more efficiently and less expensively, including simplification of procurement, and increased use of standard and modular design;
- To develop a clear understanding of current approach, waste and issues associated;
- To consider the relationship between schools, local government and central Government;
- To increase choice locally determined by parental demand;
- To review the current procurement / delivery models;
- To review the roles of bodies involved, specifically Department for Education (DfE), Partnerships for Schools (PfS), local authorities, the local education partnerships (LEPs) and National Framework;
- Provide recommendations for central structure required to manage.

Reducing the burden on schools

- To review and reform the requirements on schools including the Building / School Premises Regulations, design requirements and playing field regulations.

Capital return

- Establish processes to monitor value for money and return on future capital investments (to include expenditure, impact etc).