

Schools Forum Agenda

Thursday, 8 December 2016

4.30 pm – 6.30pm, Committee Rooms 1 & 2 - Civic Suite
Lewisham Town Hall
London SE6 4RU

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Item	Pages
1. Apologies and Acceptance of Apologies	
2. Declaration of Interests	
3. Minutes of the Meeting 6 October 2016	1 - 6
4. Matters Arising	
5. Traded Services	7 - 9
This paper will look at the proposed changes to services for schools.	
6. High Needs Sub Group - Annual Report	10 - 26
To receive the report of the sub group, this will be in two parts:-	
A – Banding Review	
B – High Needs Budget for 2017/18	
7. Early Years Sub Group - Annual Report	27 - 31
To receive the report of the sub group.	
8. Budget Monitoring Report and Financial Update	32 - 39
To consider the current budget monitoring position.	
9. Removal of Education Services Grant	40 - 60
The Department for Education confirmed their intention to remove the Education Services Grant (ESG) and to move some of the funding for	

statutory services to the Dedicated Schools Budget. This paper looks at this and level of budget needed to manage those statutory services.

10. Dedicated Schools Grant Budget Report 2017/18

61 - 67

To agree the principles on which the Dedicated Schools Budget will be allocated. This will allow the precise calculations to be made when the funding settlement is known in December. These will be presented to the 17 January Forum for confirmation.

11. Any Other Business

Future Meetings

17 January 2017
09 February 2017
16 March 2017

All meetings will be held between 16.30 and 18.30

Sub Group Meetings

High Needs Sub Group	Early Years Sub Group	Funding Task Group
03 March 2017	19 January 2017 02 March 2017	25 January 2017

Agenda Item 3

LEWISHAM SCHOOLS FORUM

Minutes of the meeting held on Thursday 6th October 2016

Membership (Quorum = 40% i.e. 8) ✓ = present ✕ = absent a = apologies
s = substitute

		Attendance				
		19/01	04/02	17/03	30/06	06/10
Primary School Headteachers						
Liz Booth	Dalmain	✓	✓	✓	✕	a
Paul Moriarty	Good Shepherd	✓	✓	✓	a	✓
Michael Roach	John Ball	a	✓	✓	✓	✓
Sharon Lynch	St William of York	✓	✓	✓	a	✓
Keith Barr	Kender	✓	✓	✓	✓	✓
Nursery School Headteacher						
Nikki Oldhams	Chelwood	✓	a	a	a	✓
Secondary School Headteachers						
Jan Shapiro	Addey & Stanhope	✓	✓	a	✓	✓
David Sheppard	Leathersellers Federation	✓	✕	✓	a	✓
Mark Phillips	Deptford Green					✓
Ruth Holden	Bonus Pastor					✓
Special School Headteacher						
Lynne Haines	Greenvale	✓	✓	✓	✓	✓
Pupil Referral Unit Headteacher						
Dr Liz Jones	Abbey Manor	✓	a	✓	a	✓
Primary School Governors						
Rosamund Clarke	Perrymount	a	✓	✓	✓	✓
Dame Erica Pienaar	John Ball	a	✓	✓	✓	✓
Keith Dwan	King Alfred Federation			✓	✓	✓
Secondary & Special School Governors						
Pat Barber	Bonus Pastor	✓	✓	✓	a	✓
James Pollard	Addey & Stanhope	✓	✕	✓	a	✓
Ruth Elliot	Watergate	✓	✓	✓	✓	a
Academies						
Declan Jones	Haberdashers' Aske's	✓	✓	✓	a	✓
14-19 Consortium Rep						
Gordon Gillespie	14-19 Consortium				✕	s
Early Years Rep						

Cathryn Kinsey	Clyde Nursery	✓	✓	✓	✓	✓
Diocesan Authorities						
VACANT	Southwark Diocesan Board of Education	a	a	a	*	
Stephen Bryan	Education Commission	*	*	*	✓	✓

Also Present	
Dave Richards	CYP Group Finance Manager
Diane Parkhouse	HR Advisory Manager
David Austin	Head of Corporate & Resources
Kate Bond	Head of Standards & Achievement
Hayden Judd	Principal Accountant - Schools
Janita Aubun	Clerk
Jackie Jones	School Improvement Team
Ruth Griffiths	14-19 Strategy Leader – LB Lewisham

1. Apologies and Acceptance of Apologies

Apologies received from Ruth Elliott and Liz Booth.
Apologies accepted.

Substitute for 14-19 Consortium, Pete Phillips.

2. Election of Chair and Vice-Chair

Lynne Haines nominated and re-elected as Chair.
Keith Barr nominated and elected as the new Vice-Chair.

Schools Forum thanked Dame Erica Pienaar for her hard work and valuable contributions as former Vice-Chair.

3. Declaration of Interests

There were no declaration of interests.

4. Minutes of the Meeting held 30th June 2016

Minutes were agreed.

Schools Forum action summary – Early Years Task Group has been set up.
Forum agreed to carry forward the remaining items.

5. Matters Arising

No matters arising.

6. Annual Internal Audit Report

Forum presented with a summary of the 2015/16 fiscal year internal audit work in schools.

Officers informed Forum that Margaret Anderson, Manager, Executive Directors' office, regularly chases schools regarding outstanding audit recommendations but with little success. Suggestions made to raise the issue at the SAO meetings and to be taken back to their collaboratives. Also schools with 'substantial' recommendations to share their good practice; particularly in Assets Management.

Finance to send a letter to all schools with a report that shows audit recommendations which are currently outstanding.

Decision:

- Report noted and the proposed change to include an assurance opinion on the key risks of governance, procurement and assets for 2017/18.
- Officers requested to write to schools highlighting the main recommendations in the report.

7. Annual Health & Safety Report

Forum were presented with a summary of the 2015/16 Health & Safety work in schools which gave details of the services which the department aims to carry out annually.

Forum were informed of the varying levels of incidence e.g. 30% of schools report no incidents at all, and were asked how schools can be assisted to help them in reporting. Suggestions were made as to a 'traffic light system' – officers will look at the guidance around this.

Noted that Greenvale School have completed their Self-Assessment Health & Safety Audit Questionnaire 2015/16.

Decision:

- Contents of the report noted.

8. Catering Contract Annual Report

Forum discussed and reviewed the year one performance of the contract and the charging mechanism for schools. Some schools raised issues regarding re-charges with Chartwells, and were advised to take this to the Catering Team. Schools forum agreed the following recommendations:-

- Noted that revising the charging method could cause wide variations for Primary, Special & Nursery Schools.

- Continue to charge Primary, Special & Nursery schools on the current charging basis of pupil numbers and FSM Ever 6 numbers for 2017/18.
- Increase the price of a paid meal from £2 to £2.10 from 1 May 2017.
- Note the performance of the contract since it commenced 1 May 2015.
- To distribute the £200K balance relating to the old catering contract to schools, on the basis of the proportion of payments into the contract over the last two years of the contract.

9. Admissions Budget Review

As it will not be possible to review all the budgets in the DSG at December budget setting Forum, this paper was presented today as part of a rolling programme of reviews.

Forum were informed that the Admissions and Appeals Team are working at capacity and with a capped budget. Officers advised there is more work to be done as we won't know the amount needed in order to increase the budget cap until budget setting.

Decision:

- Contents of the report noted and forum asked Officers to provide extra capacity by appointing a further post in the team.

10. Time Off for Trade Union Activities (TOFTUA)

Forum looked at the current arrangements in place for facilities time for trade union representative and the impact that future changes in government funding requirements will have.

Forum were informed of the following budget spend, discussed issues around value for money and on whether TOFTUA should be reduced:-

2016/17 budget	£123,700
Spend on National Executive days for 2 representatives	£19,928
Spend on time allocated for union side secretary duties	£9,964
CYP Health & Safety Committee meeting attendance spend	£1,532
CYP Joint Consultative Committee meetings attendance spend	£1,532
Budget balance for employee case work allocation	£90,744

Forum were also advised that that the former Union Side Secretary, Martin Powell-Davis left in January 2016.

Decision:

- Continue de-delegation for 2017/18 subject to the outcome of the consultation.
- Agreed adjustments to the scheme in relation to paid time off for members to sit on their union National Executive Committee and in relation to paid time off to undertake the role of Union Side Secretary for the teacher unions.
- Agreed the request from the Council's Head of HR to make a financial contribution to the corporate centre on behalf of schools for support staff union facilities time in schools.

11. Financial Update & Budget Monitoring

Forum were presented with a report which looked at the budget monitoring position of the DSG and considered the financial position of the mutual funds held by Forum.

Schools

9 schools in deficit this year; 2 of these schools are in deficit in excess of £0.5M. Finance are looking at a further 8 schools who are reporting deficits in 2016/17 and conversations with HR team are required to happen before Christmas.

Officers to write to schools next week with a training programme targeted at deficit schools.

Mutual Funds

Growth fund - £280k surplus forecast.

Contingency - £66k surplus forecast.

Non-Sickness Supply – the amount paid to schools has doubled this year, and consequently the deficit forecast stands at £874k.

Decision:

- Noted the report.
- Noted the position on the budget plan escalation process as detailed in section 3.4 of this report.
- Noted the position on discretionary relief on business rate relief.
- £23,450 support for red/amber primary schools to be allocated by the primary schools through the Leadership Forum
and
£50,000 support for red/amber secondary schools to be allocated by the secondary schools through the Secondary Challenge Collaborative.

12. Early Years Funding Consultation & Sufficiency Review

Forum was updated on the consultation document issued by the DfE on 11 August 2016 on the reforms to early years funding and on the sufficiency review.

Lewisham central spend is at 12%. Impact on Lewisham will be a loss in early years funding of £1.5M which equates to 8% after 2 years.

Forum agreed the following recommendations:

- Note the report.
- To ask the Early Years Sub Group to report back to Schools Forum on 8 December 2016 on the impact of the national funding formula and how this is managed.

13. Council Savings Potential Impacting on Schools

Forum were presented with a report that looked at the future financial position of the Council and the savings proposed to the Mayor that impact on schools, parents and children.

The total savings being presented to the Mayor for the whole Council, identifies saving proposals of £21M.

Decision:

- Contents of the report noted.

14. Any Other Business

No other business was raised.

Meeting closed.

Date of next meeting:-

8 December 4.30 to 6.30pm

SCHOOLS FORUM ACTION SUMMARY

ITEM	ACTION TO BE TAKEN	OFFICER (S) RESPONSIBLE	OUTCOME/ CURRENT POSITION
Sub Group Membership March 2016	Add Secondary Head to Formula Consultation Task Group	Dave Richards	On hold

LEWISHAM SCHOOLS FORUM		
Report Title	Schools Traded Services Review Progress Report	
Key Decision	Yes	Item no 5
Contributors	Head of Standards and Achievement	
	Date: 8 th December 2016	

1 Summary

- 1.1. In Spring 2016, Lewisham Council commissioned a review of services traded with schools. This report outlines how the recommendations of the review have been taken forward by the local authority.

2 Recommendation

- 2.1. It is recommended that Schools Forum:
- (a) Note the report.
 - (b) Approve the approach to consultation.
 - (c) Identify any additional service level agreements which should be consulted on.

3 Background

- 3.1. The Schools Traded Services Review estimated a turnover of £4.9 million in services the local authority offers to schools, with around 30 to 40 services sold encompassing a variety of activities.
- 3.2. Services are traded from three directorates involving nine Heads of Service and twenty-six business units. The Review concluded that information on service charges should be in one place, and discretionary services should recover costs, or provide a business case for any subsidies.

4 Approach

- 4.1. A survey was sent to all managers responsible for service level agreements (SLAs) with schools in August 2016; the purpose of this survey was to gather information about income, expenditure and market insight, but also to gauge the level of commercial awareness across the organisation.
- 4.2. The survey found:
- (a) We're not always clear in our SLAs what we actually charge for.
 - (b) We don't always know why we charge what we charge.
 - (c) Some discretionary services aren't covering costs, particularly considering overheads and on-costs.

- (d) Some services have block contracts for discretionary systems and services which are recharged to schools. The local authority often does not recoup enough to cover the contract costs.
 - (e) Internal recharging means we are not always presenting true costs to the Council when we talk about expenditure.
 - (f) We recognise that there are often other providers, however we do not always know how we compare.
 - (g) Very few services feel able to innovate (particularly within the Council).
- 4.3. Workshops on financial modelling and SLA development have been well-attended and services have been given a guidance document and template for SLAs for the 2017/18 financial year; this will ensure that information is consistent and easily accessible in one place.
- 4.4. Managers are in the process of reviewing their SLAs to ensure there is full-cost recovery for discretionary activity and clarity for schools as to the services on offer.

5 Next Steps

- 5.1. Services planning significant change will be consulting with schools between November 2016 and January 2017, with a view that all SLAs will be published at the end of January 2017 for schools to purchase services starting in April 2017.
- 5.2. Consultation will take the form of an online survey sent to all schools at the beginning of December 2016 and schools will be invited to participate in focus group sessions in January 2017.
- 5.3. A list of services which are currently managed through service level agreements between schools and the local authority can be found at Appendix A. The list of services at Appendix A gives an indication as to whether minimal/no change or significant change is likely; the list outlines the services which schools will be specifically consulted on.

6 Background Documents and Report Author

- 6.1. If you require further information about this report please contact Kate Bond on 0208 314 6412 or kate.bond@lewisham.gov.uk.
- 6.2. Appendix A: Proposed SLA Changes for the 2017/18 Financial Year.

Appendix A: Proposed SLA Changes for the 2017/18 Financial Year

Service	Status
Services to be withdrawn	
Anti-Fraud and Corruption (0 schools purchased for 2016/17)	Significant Change – Service Withdrawn
Corporate Health and Safety (0 schools purchased for 2016/17)	Significant Change – Service Withdrawn
New services	
Emergency and Business Continuity Training	Consultation – New SLA
Safeguarding	Significant Change - New SLA
Consultation	
Customer Services (Schools Mail Collection and Delivery Service)	Consultation
Performance	Consultation
Promoting Health and Wellbeing of Pupils	Consultation
Minimal/No Change	
Attendance and Welfare	Minimal/No Change
Corporate Information	Minimal/No Change
Crisis Communication Support	Minimal/No Change
Education Business Partnership	Minimal/No Change
Education Psychology and Specific Learning Difficulties Team	Minimal/No Change
Energy Procurement and Management	Minimal/No Change
Estate Management Unit	Minimal/No Change
Financial Services	Minimal/No Change
Governor's Services	Minimal/No Change
Insurance and Risk Management	Minimal/No Change – Likely to be managed independently of SLA booklet
Internal Audit Services	Minimal/No Change
Legal Services	Minimal/No Change
Newly Qualified Teachers	Minimal/No Change – Likely to be managed through the SLA booklet
Payroll Services	Minimal/No Change
Personnel	Minimal/No Change

Agenda Item 6

Schools Forum
8 December 2016
Item 6

Schools Forum			
REPORT TITLE	High Needs Sub Group - Annual Report		
KEY DECISION	Yes	Item No.	6
CLASS	Part 1	Date	8 December 2016

1. Purpose of the Report

To consider the recommendations of the High Needs sub group on the banding review, the savings needed to the High Needs funding block for next year and to agree the work plan for the High Needs sub Group.

2. Recommendation

The Schools Forum

1. Note the financial pressure created by the growth in pupil with Education, Care and Health Plans of £1.7m.
2. Agree that to address the growth pressure the following savings be made
 - a) A reduction in Special Schools(excludes new woodlands) budgets of £0.5m
 - b) That £1.0m of the capital expenditure from Revenue (CERA) budget in the Schools Block of the DSG is used to offset the pressure
 - c) Note the saving agreed last year on Alternative Provision of £0.2m covering both Abbey Manor college and New Woodlands
3. That the banding model for Specials Schools described in paragraph 6 be implemented from the 1 April 2017
4. That the new funding rates initially be set (prior to the saving in recommendation in 2a above) as per Model 5
 - i) Band E - £6,200
 - ii) Band F - £15,200
 - iii) Band G - £27,900

5. That if the budget reduction of £0.5m to the Special School budgets is applied the rates will be
 - i) Band E - £5,859
 - ii) Band F - £14,742
 - iii) Band G - £26,365

6. Agree that an application be made to the DFE to dis-apply the minimum funding guarantee for special schools

7. That progress on the resource base banding review be noted

8. To thank the members of the task group for their work during the year

9. To ask the members of the task group if they wish to continue on the group

10. For the Forum to confirm the membership of the task group

11. To ask the task group over the coming year
 - a. To implement the banding review in resources bases, maintained schools and ensure that the funding is linked across all providers, including alternative provision providers to ensure fairness and transparency

 - b. To continue to consider how the financial pressures of the high needs block should be addressed.

 - c. To consider any new national consultation on the high needs block and to respond as appropriately and assess the impact for Lewisham.

 - d. To review the Local Authority's place planning numbers in respect of High Need Funded places.

3. Background – the task group

- 3.1 The Task Group was set up in 2013 by the Schools Forum to review the costs of funding high needs pupils. Specifically the group were asked to make recommendations on how the costs could be reduced to meet the funding provided by Central Government.

- 3.2 While maintaining the remit of ensuring the high needs block is financial balanced the group were asked to undertake a review of the current way high needs pupils are banded and consequently funded and draw up plans for implementing the new system.

4 Current financial Position

- 4.1 The current financial forecasts indicate that the High Needs block will only have a marginal overspend at the year-end (2016/17). There should however be a note of caution with this as there is always uncertainty over any predictions of increases in number of pupils that will require support between now and the end of the financial year.
- 4.2 When calculating the sum required for next year's budget growth in pupil numbers need to be taken into account. There is an element of inherent uncertainty with making predictions of growth. In order to do this sensitivity analysis is applied to understand the range of likely financial consequences. Forecasts are built up under the scenario thought most likely to occur and then both a worse case and best cases are considered.
- 4.3 Under the most likely scenario it is anticipated that there will be growth of 110 high needs pupils per year. The table below shows likely best and worst case scenario's and the related financial costing.

Table 1

	Pupil Numbers growth		Financial Consequences			
	Nov 16 to Mar 17	April 17 to April 18	Full year effect of current pupils £'000	December 16 to March 17 pupil growth £'000	April 17 to April 18 growth £'000	Total funding needed £'000
Best Case	37	90	284	518	630	1,432
Most Likely	46	110	284	644	770	1,698
Worst case	54	130	284	756	910	1,950

- 4.4 Initial proposals were put forward last year to address this growth. One saving of £700k related to Special School and Resource Bases by reducing the number of commissioned places but this has not been possible with the extra growth in pupils. It was planned to use more of the collaborative funding this year but the final budget decisions of the Forum last year was that all the collaborative funding should be delegated to schools. This was to alleviate some of the financial pressures schools were facing due to a reduction in the funding allocated by the formula through the deprivation indicators.
- 4.5 There is a savings agreed last year that falls in 2017/18 relating to the alternative provision (AP) review and this amount to £165k and is available to offset the funding pressure.

4.6 The savings now required are as follows

	£'000
Cost Pressure	1,698
Less Alternative provision saving already agreed	165
	1,533

5. High Needs Block Saving Proposals

The High Needs sub group considered the savings need on the 18 November 2016 and have recommended the following saving be taken

Table 2

	£m	Comment	Rationale
Special Schools budgets	0.5	This would be achieved by reducing the banding rates	The carry forwards in Special Schools is 17% of the total Special Schools budget, although it is known that some schools have built up reserves for specific purposes indicating they are living well within their means.
Schools CERA	1.0	This funding is not in the high needs block but the schools block. The total sum is £1.5m and is held central by the LA. The DFE will no longer allow us to hold this. This was subject	Rather than address the balance on the high needs budget by reducing schools budgets this funding could be used before the remainder of the budget is given to schools. This may be considered less painful

		to a separate report to the Forum in June 2016. This report is shown in Appendix B to this report and discussed further under the budget setting paper on this meeting's agenda	as it is money schools have not had to date. Cross subsidisation of the funding blocks is still allowed for next year
TOTAL	1.5		

6. Banding Review

- 6.1 The SEND Strategy 2016 to 2019 set out the local authority commitment to children and young people with SEND. As an part of the action plan for the delivery of the strategy it was agreed that a review of the current banding system should be undertaken to ensure equity, transparency and fairness across all schools sectors and the banding levels should be based on the needs of pupils.
- 6.2 This section of the report sets out the work undertaken to review and implement a universal banding system across all Lewisham schools.
- 6.3 One of the key principles of the banding review was that any proposals should be **cost neutral** over the total budget across all schools, although there may be impact on individual schools.
- 6.4 The other main principle was to ensure that there is greater clarity in the system of which band a pupils fits into and to make sure that the system was easy to moderate.
- 6.5 The clarity will be provided by ensuring the banding system is transparent, equitable and fair. To help this it was agreed there should be a single banding systems for all schools (special, mainstream and resource base) rather than having separate banding models for each of the three provisions.
- 6.6 **Approach to Review**

The High Needs Sub group oversaw the work of the banding review and work included

- Consulting with a Primary Sub-Group
- Consulting the Special Heads Group
- Recruiting an Independent Officer to undertake reviews

- Sampling and Moderation
- Cost mapping provision
- Resource Base Provision SLT meeting
- Consultation on Draft revised Lewisham Model of Banding Descriptors
- Banding of all Special school pupils
- An appeals process for banding decisions
- Walk around special schools by Heads and officers to view the differences

7. Funding

- 7.1 The information below sets out the different levels of banding used for mainstream, special schools and resource bases and the work undertaken across each of the areas to progress the review and implementation of the SEND banding.

8 Mainstream School – Funding and Banding

The level of funding a mainstream school receives for a child with an Education, Health, care plan (EHCP) is determined by the level of needs as outlined in the EHCP/SEN. Decisions in respect of which level and how much funding a school should receive is decided by the SEN Panel. The LA has now moved away from 'number of hours' and to Low, Moderate and High levels of support. The funding levels for each of these are currently within a range, as demonstrated below:

Table 3

Current Banding Level	Funding	Proposed Banding Level
Low (up to 19 hours)	Up to £4,859	Band B
Moderate (20-25 hours)	£5,430 to £8,288	Band C
High	£8,860 to £12,574	Band D

The Primary Sub Group has had 3 meetings to date and have further meetings scheduled for December and early Spring Term. The work undertaken with the Primary Sub Group was to consult on the Banding Descriptors draft document as well as input in the wider implications for mainstream school settings in respect of ensuring that the revised banding model is effective and robust. The Primary Sub Group continue to contribute to their work and are working up samples of pupil profiles for the different banding levels.

9. Special Schools Banding and Funding

9.1 At the meeting of the High Needs Sub group on the 25 September 2016 it was agreed that the LA should reduce the 9 levels of banding to 3 for children within a special school. The rationale for reducing the levels of bands were as follows

- (a) Currently the bands used across Lewisham special schools are within the upper bands of the current systems with much fewer children in the lower band groups.
- (b) When looking at the trends in respect of those children who are placed in the lower bands they tend to be in the older age group. Therefore, this could be an indication that the needs of children with SEND are becoming more complex and that there is an increase in the number of children with higher level of needs. It is a national pattern that children with lower levels of SEND are increasingly accessing places in a mainstream school. .

9.2 The current bands and the attached the top up funding rates are as follows

Table 4

Diagnosis	Funding	Band
MLD1	£0	Band 1
MLD2, SLD1, ASD1, BESD1	£3,104	Band 2
SLCN Cog	£4,991	Band 3
HI/VI1, Med/Phys & Cog	£6,621	Band 4
SLD2, ASD2, BESD2	£7,402	Band 5
HI/VI2	£18,344	Band 6
PMLD1, SLD3 – Aut/BEHR	£19,222	Band 7
PMLD2 Hi Care	£23,396	Band 8
SLD4, SLD Hi Care, ASD3	£28,726	Band 9

These rates excludes the £10k place led funding.

Key of abbreviations

ASD	Autistic Spectrum Disorders
MLD	Moderate Learning Difficulties
SLD	Severe Learning Difficulties
BESD	Behavioural Emotional And Social Difficulties
SLCN	Speech, Language & Communication Needs
HI	Hearing Impaired
VI	Visually Impaired
PMLD	Profound And Multiple Learning Disabilities

- 9.3 The headteachers of the 4 special schools have taken the lead in this review of the banding. Their time and commitment to the banding reviewing has been appreciated by the members of the sub group and without their cooperation it would not have been possible to have developed of detailed descriptors for children and young people who require a special school. A copy of the banding descriptors are attached to this report.
- 9.4 The recruitment of the Independent Adviser has enabled a totally independent view of each of the 4 special schools.
- 9.5 In order to ensure that review was robust it was agreed that this could not be done by sampling but that every child or young person with a SEN/EHCP would need to be looked at to consider the most appropriate level of banding.
- 9.6 There are approximately 520 children in Lewisham special schools (September 2016). The review has led to individual review of each of the 520 children on roll in special schools, looking at level of need against the proposed descriptors and banding levels undertaken by the Independent Adviser.
- 9.7 Moderation of these results have been undertaken by a series of Panels with representation from Principal Educational Psychologist, SEN Operational Manager and SEN Advisor led by the Consultant Senior Education Adviser.
- 9.8 The purpose of the appeal panels is to allow each school to make representations on those children or young people they consider have greater need and this may need to be re-considered in respect of the banding level set by the review. The appeal panels included representatives from the following services/designations:
- Headteacher
 - Educational Psychology
 - SEN/CWCN
 - Therapist Service

The final outcome for each schools will be agreed by the Panel and fed back shortly after each Panel meeting.

10. Resource Base Provisions

10.1 As part of the overall banding review it is expected that children or young people within the Lewisham Resources bases are brought into line with the universal banding system. As part of this review work has been undertaken by meeting with the Senior Leads for resource bases to talk through the progress of the banding review as well as possible implications for each of the resource base provisions. Senior Leads have also contributed to the Banding Descriptors draft document and were consulted on which banding group they would consider children or young people within their resource base to be placed in. The feedback highlighted that most would consider children from Band D extending possible to Band F, in some instances. However, it is important to bear in mind that the LA must consider parental preference which could mean that children or young people with a high level of need access a school place.

10.2 The current per pupil funding in the resource bases is as follows:

Table 5

Primary

Athelney	18 places	ASD	£10,726.00
Coopers Lane	35 places	ASD	£17,728.00
Kelvin Grove	18 places	ASD	£10,726.00
Perrymount	10 places	Complex medical/physical	£18,920.00
Rushey Green	8 places	Oral	£7,649.00
Torridon Infants	10 places	ASD	£10,726.00
Torridon Juniors	6 places	ASD	£10,726.00
Tidemill Academy	11 places	Speech & Language	£8,600.00

Secondary

Addey & Stanhope	25 places	Speech & Language	£11,389.00
Conisborough	35 places	ASD	£8,085.00
Deptford Green	14 places	Dyslexia	£6,387.00
Sedgehill	9 places	Hearing Impairment	£13,857.00

The review of the resource bases will not be completed next year and it is felt that it is too early to build proposals into next year's budget at this stage

11 Consultation on the Banding Descriptors

11.1 The following agencies and services that contributed to the banding descriptors.

- Speech & Language Therapist
- Community Paediatricians
- Drumbeat Outreach
- Occupational Therapist
- Primary Sub Group (Heads/Deputies & Inclusion Managers)
- Secondary Schools (Heads Group)
- Resource Base Leads
- Educational Psychology
- Special Educational Needs Team

12. Financial Modelling of the bands

12.1 The overall principle of the banding review was to ensure that it was cost neutral accepting that this may mean that funding would transfer between schools.

12.2 In all 5 models were tested to see the impact of different funding rates and how sensitive the models were to change.

12.3 Model 5 was considered by the High Needs sub group to be the most appropriate. The funding rates used in Model 5 (see table 2 below) are most closely linked of all the models tested, to the existing funding rates. It was also felt that it had the greatest rational as the existing funding rates was been built on a needs led model.

12.4 In looking at funding rates there was a balance taken to avoid unintended consequences. It was felt that the top banding rate should not be reduced too much to avoid the problem of more pupils going out of borough and resulting in more costs being borne by the high needs block. There was the desire of sub group not to have too big steps in the funding rates between the bands to avoid the incentive for schools in the future to try and justify pupils falling in the higher bands. With only three bands in the system there is an acceptance that this could not be entirely alleviated.

The table 6 below shows the banding that the new pupils have been allocated to. The process of the banding review is still being quality assured this main mean that some pupils may move between bands. If this happens it will mean that the funding rates have to be adjusted to continue to make the review cost neutral. It is expected that any changes will be marginal.

Table 6

New Banding	Brent Knoll	Drumbeat	Greenvale	Watergate	Total
Pupil Numbers					
Band E	32	39	21	0	92
Band F	74	103	30	21	228
Band G	39	29	60	79	207
	145	171	111	100	527
Percentage					
Band E	22%	23%	19%	0%	17%
Band F	51%	60%	27%	21%	43%
Band G	27%	17%	54%	79%	39%

- 12.5 Table 7 looks at the old banding of the pupils and allocates them to three bands so they can be more easily compared to the new bands. These three assumed band has been created by looking at the old bands funding rates which neatly falls into three different levels).

Table 7

Old Banding	Brent Knoll	Drumbeat*	Greenvale	Watergate	Total
Pupil Numbers					
Band 1 to 5	88	20	40	4	152
Band 6 to 7	0	0	19	15	34
Band 8 to 9	57	162	52	81	352
	145	182	111	100	538
Percentage					
Band 1 to 5	61%	12%	36%	4%	29%
Band 6 to 7	0%	0%	17%	15%	6%
Band 8 to 9	39%	95%	47%	81%	67%

- 12.6 The bandings for pupils at Drumbeat shown in Table 7 above are the bands that the school self-assessed and claimed for. In funding the school these were adjusted on an agreed approach to reflect what was believed to be a truer reflection of the pupils needs. This has already resulted in the Drumbeat budget being modified by £1.6m. Under the "old" banding Drumbeat's top-up would be calculated at £4.7m while they are being funded at £3.1m.
- 12.7 The five models that were created as part of the review are shown below with the consequently impact on the schools.

Table 8

Banding rates	Model 1	Model 2	Model 3	Model 4	Model 5
Band E	£ 5,470	£ 5,098	£ 5,000	£ 8,000	£ 6,200
Band F	16,410	17,313	14,800	16,200	15,600
Band G	27,350	26,529	29,400	26,400	27,900

	Change in Funding £	Change in Funding £	Change in Funding £	Change in Funding £	Change in Funding £
Brent Knoll	265,685	288,584	211,455	294,055	250,555
Drumbeat	- 403,290	- 348,598	- 528,000	- 353,800	- 442,300
Greenvale	243,562	213,580	308,392	233,392	267,592
Watergate	- 110,324	- 156,220	17,816	- 189,784	- 83,884
	- 4,367	- 2,654	9,663	- 16,137	- 8,037

- 12.8 All the models have a similar trend, they increase the funding at Brent Knoll and Greenvale and reduce the funding at Drumbeat and Watergate
- 12.9 Overall the banding review has placed more pupils in the higher bands resulting in an increase of £800k, in order to fund this increase and keep the review cost neutral the funding rates have been reduced.
- 12.10 Looking at the banding there are now far more pupils in the middle band. This is particular true of Brent Knoll and accounts for their increase in funding. Watergate banding remains largely unchanged, the budget reduction is a consequence of the reduction in funding rates. Drumbeat loses funding due to the reduction in banding rates as the sum currently taken out of their budget matches the change the review has also determined. Greenvale has seen the number of pupil in higher bands increase but this has been modified by a reduction in the funding rates. Greenvale though sees an overall increase.
- 12.11 The overall model is not particularly sensitive to changes to the funding rates, largely the same schools lose under each model which leaves the banding of pupils as the most significant determinate. It is true though that Watergate budget is more sensitive to the changes in the top up rate particularly the top band. This is where 80% of their children are placed so is not entirely a surprising outcome.
- 12.12 New Woodlands has not been part of this banding review at the moment but funding rates at the school will be brought in line at a later date
- 12.13 It is important to note that these are funding exemplifications at this time as there are a number of bandings of pupils still under review.

12.14 As some of Special Schools will see a fall in funding of more than the minimum funding guarantee (MFG) of -1.5%, the DFE has been contacted to see whether an exemption to the MFG is required under the banding proposals. At the time of writing this report this is still to be confirmed. If an exemption is needed the agreement of the Schools Forum is required and the Forum are hence asked to confirm they are in agreement that an application be made to the DFE to dis-apply the minimum funding guarantee for special schools.

13. Work plan of the High Needs Sub Group

The purpose of the task group is consider how the expenditure on high needs children can be contained within the proposed value of the High Needs Block and that best value can be achieved. It has the objective to agree an annual work plan based on the current needs and priorities of high needs funding block and to secure the support of the Schools Forum for its proposals.

The sub group view this as the priorities for the coming year and seek the Forums' agreement to the following work

- a. To implement the banding review in resources bases, maintained schools and ensure that the funding is linked to the alternative providers
- b. To continue to consider how the financial pressures of the high needs block should be addressed
- c. To consider any new national consultation on the high needs block and to respond as appropriately and assess the impact for Lewisham.
- d. To review the Local Authorities place planning numbers.

The current members of the task group are as follows

Jon Sharpe	Headteacher	Brent Knoll
Lynne Haines	Headteacher	Greenvale
Jan Shapiro	Headteacher	Addey and Stanhope
Ruth Holden	Headteacher	Bonus Pastor
Kathryn Wong	Executive Headteacher	King Alfred Federation
Janaki Monk	Assistant Principal Inclusion	Haberdashers' Aske's Hatcham College
Liz Jones	Headteacher	Abbey Manor College

Although not an official member of the group the Headteacher at New Woodlands has attended the meetings

The Schools Forum are invited to confirm the membership and to appoint a further Special School representative as Jon Sharp leaves at the end of this calendar year

14 Conclusion

The financial constraints that the public sector is operating under are not expected to ease over the next few years. The problem for the High Needs Block is that the growth in expected pupil numbers is higher than the general growth in the pupil population, partly reflecting the SEN reforms. It is believed nationally that the level of funding will be capped or only a small amount of growth allowed for. The planned review of funding of the high needs block could result in a likely redistribution of resources amongst authorities though at best the level of resources is likely to be cash frozen over the next few years.

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Schools Forum			
REPORT TITLE	Spending review of selected DSG budgets - Capital Expenditure from Revenue (CERA)		
KEY DECISION	Yes	Item No.	7
CLASS	Part 1	Date	30 June 2016

1. Purpose of the Report

As part of the budget setting process it was agreed that it was not possible to review all the budgets in the Dedicated School Grant in one meeting when the total Dedicated School Grant budget is set as it did not allow sufficient time to give proper consideration to the issues. Officers were asked to bring a rolling programme of reviews. This report reviews the Capital Expenditure from Revenue (CERA) budget.

2. Recommendation

The Forum note the report

3. Planned programme

- 3.1 The High Needs sub group looked at all the budgets within the high needs block last year and it is not intended to review these budgets again this year.

This will leave the CERA budget to be considered at this meeting and the expenditure out of the Early Years block to be reviewed at the meeting on 6 October 2016.

4. Capital Expenditure from Revenue (CERA) budget.

The budget is made up of three elements

Ref	Heading	£m
1	PFI scheme and BSF Contribution. This provides funding to cover the funding gap between the cost of the schemes and the grants received from central government and the contributions by schools.	2.4
2	Minor capital works This funding is used to support additional capital	1.2

	works for schools.	
3	Support for Schools' Capital Projects	0.3
	Management support to schools undergoing major capital projects	
Total		3.9

The Schools Forum agreed the Support for Schools Capital Projects funding on 10 December 2015. The budget was set a £325k for 2016/17 this was a £100k lower than 2015/16 budget of £410k.

The rest of the budget also agreed on 10 December 2015.

4. National Regulations

- 4.1 The national regulations stipulate “Expenditure commonly known as CERA (capital expenditure which an authority expects to charge to a revenue account of the authority within the meaning of section 22 of the Local Government Act 2003) and where the expenditure relating to the specific project had been approved prior to 1st April 2013. It does not count as a commitment to have identified a budget for different capital works each year”.
- 4.2 The DFE preferred approach is that the contribution to the PFI and BSF Schemes should be built into the ISB allocation for each school with a relevant scheme. The funding then has to be reclaimed from the school. In the past Lewisham has not done this as there is an administration burden. With more schools become academies this is not a sustainable position. In preparation for the national schools funding formula the DFE asked Local Authorities to complete a return on the use. This reiterated all PFI / BSF should be in schools budgets and from April 2017 it is proposed this will be case.

The rest of funding should not be held centrally but delegated to schools. The asset management programme (£1.5m funding for small capital works) and contribution towards the management of schools who are undergoing major capital works should not be funded as they relate to new capital schemes and not to work prior to April 2013.

5 Conclusion

In relation to the asset management programme there are two possible outcomes; either schools will be asked for more contributions towards schemes or fewer schemes will need to be undertaken.

In relation to the management support, there will be no support provided from 2017/18 onwards.

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Agenda Item 7

Schools Forum

8 December 2016

Item 7

Schools Forum			
REPORT TITLE	Early Years Sub Group Report - Annual Report		
KEY DECISION	Yes	Item No.	7
CLASS	Part 1	Date	8 December 2016

1. Purpose of the Report

To consider the recommendations of the Early Years Sub Group having examined the consultation by the Department of Education on introducing a new early years national funding formula for 3- and 4-year-olds, changing the way local authorities fund the early years providers in their area and the funding of children with special educational needs or disabilities in order that they can attract the extra funding they need.

2. Recommendation

The Schools Forum agree that, as recommended by the Early Years Sub Group

- a. The nursery school protection money is ring-fenced and is distributed in consultation with the nursery school Heads.
- b. The Universal Base Rate can be deferred until April 2018.
- c. The deprivation factor should be calculated in the same way as under the current formula
- d. Additional Hours for children from deprived backgrounds should be reduced to a third of its current provision

3. Background – the task group

- 3.1 The Task Group was set up this year by the Schools Forum to consider the national changes to the early years funding system and to consider the implementation of the new child care offer of 30 hours.
- 3.2 The consultation undertaken by the Department for Education opened on the 11 August 2016 and closed on the 22 September 2016. The expectation is that it will be implemented from the 1 April 2017. At the current point in time no response has been received to confirm the outcome of the consultation. It is expected that it will be received at the

same time as the settlement details are issued. However there is no certainty to this.

- 3.3 The early years funding is an integral part of the Dedicated Schools Grant (DSG) budget setting process and this needs to be completed by 20 January 2016 as the DFE require Local Authorities to make a return stating all schools budget by this date. With the deadline fast approaching and no notifications yet received of the overall allocation of the settlement, officers need a steer to the main decisions in order to perform the necessary calculations. If these decisions were left until the Forum meets on the 17 January it would be too late to meet the submission deadline of the 20 January.
- 3.4 The Early Year Sub Group have met three times this year and came to an agreed view on how they thought the funding should be allocated next year.
- 3.5 If the outcome of the DFE consultation is different than expected the decisions can still be revisited at the meeting of the Forum on the 17 January.
- 3.6 The consultation does quote financial modelling figures detailing the impact on each local authority. For Lewisham there is roughly a 9% reduction in funding, this equates to a £1.5m reduction on a £17m budget. Although there is protection in the first year at least, but it is not known what protection will be available in the second year. The 9% reduction is in line with our current thinking on the reductions in the schools block and High Needs block when the new funding formula is implemented in these areas. So while there is still funding for additional hours for children from deprived backgrounds this will be reduced to a third of its current provision reduction. Which is disappointing it is not necessarily a surprise.
- 3.7 The funding position is somewhat complicated as extra funding for the new 30 hours of childcare has been added to the settlement. This is effective from September 17 and in the first year Lewisham will receive an extra £2.7m.
- 3.8 The members of the task group are

Primary School Headteachers	
Paul Moriarty	Good Shepherd RC Primary
Keith Barr	Kender Primary
Nursery School Headteachers	
Nikki Oldhams	Chelwood Nursery School
Cathryn Kinsey	Clyde Nursery School

School Business Managers	
Julie Joyce	John Ball Primary
EYFS Leader	
Emma Gray/ Mo Henwood	Myatt Garden Primary
Anna Jeffries	Kender Primary
Private Voluntary and Independent Sector	
Mel Simpson	Village Montessori School
Lynette Jefferies	Lammas Green Nursery
Karen Weller	The Pavilion Nursery
Dawn Nasser	Rose House Montessori School
Childminder	
Cynthia Douglas Bagley	Forest Hill
Julia Johnson	Manor Park
Other	
Lynn Attoe	Pre-school Learning Alliance

4. Consultation

The purpose of this report is not to consider the detail of the consultation but the recommendations of the sub group. For completeness the consultation document can be found on the following link

<https://consult.education.gov.uk/early-years-funding/eynff/>

While all providers will fare differently under the Government proposals the overall outcome will be that Nursery schools will see very significant reductions in funding, Maintained school nursery classes will see some reduction, generally in the region of £9k and the private, voluntary and independent sector will see increases.

- 4.1 The proposed national funding formula for funding local authorities will receive is made up of
- 89.5% Pupil numbers
 - 8% KS1 FSM numbers
 - 1.5% EAL numbers
 - 1% DLA numbers
- There is an area cost adjustment based on general labour market costs and rates bills.

The most significant change to the local funding formula used by local authorities to distribute the funding to providers there must only be one universal base hourly rate for all types of providers. Currently this is not the case in Lewisham. The rates we used are:

- £7.70 Nursery schools
- £4.85/£5.13 Primary schools (dependent upon OFSTED)
- £3.84/£4.67 PVI's (dependent upon OFSTED)

Significantly the quality supplement is no longer permissible.

5 Recommendations of the sub group

- 5.1 The sub-group has agreed that the nursery school protection money should be ring-fenced and will be distributed in consultation with the nursery school Heads.

Rationale – Nursery schools face losses of up to 40% of their budget and it would seem sensible to give them the time to plan what will be major re-organisations of their provision

- 5.2 The Universal Base Rate can be deferred until April 2018. This would enable holding the school rates up at the expense of PVI rates.

Rationale – this will allow a little time for Primary schools to shape any required re-organisation and make it less likely that nursery classes will close. It would however hamper the authority's attempts to meet its statutory duty to provide sufficient places for the additional 15 hours for working families.

- 5.3 The deprivation factor should be calculated in the same way as under the current formula

Rationale – this will provide stability of funding

- 5.4 Additional Hours for children from deprived backgrounds

Currently additional hours are allocated to children deemed to have social needs. This will be reduced to a third of its current provision. Currently 279 children receive this and the budget is £900k.

Rationale

The consultation by the Department for Education does not allow for the provision of additional hours. While we want to protect the principle of having additional funded hours, the funding set aside needs to be used in a very targeted way for the most vulnerable and therefore there is a need make the current criteria process more robust, linking it to early help strategy. The reduction to a third is an estimate as the cost has to be found from the universal hourly base rate for all providers. The reduction should allow a reasonable financial amount is released that will benefit the PVI sector. Any more places probably makes it unsustainable financially

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Agenda Item 8

Schools Forum			
REPORT TITLE	Financial Update and Budget Monitoring Report		
KEY DECISION	Yes	Item No.	8
CLASS	Part 1	Date	8 December 2016

1. Purpose of the Report

This report looks at the budget monitoring position of the Dedicated Schools Grant and considers the financial position of the mutual funds held by the Forum.

2 Recommendation

The Forum

- i. note the report
- ii. note the position on the school budget monitoring escalation process detailed in section 3.4
- iii. members are invited to provide feedback on the training provided

3 Dedicated Schools Grant

- 3.1 The DSG for 2016/17 now stands at £284.7m. The DSG is now £48m (or 20%) larger than the Council's Net General Fund budget.

Further grants are given to schools and routed through the Local Authority. This includes the Pupil Premium (£17m), Post 16 funding (£6m), and Universal Free School Meals Grant (£3m). This adds up to total funds of £309m. This total this is £73m higher than the Council's Net General Fund.

4 Schools

- 4.1 At the end of the 2015/16 financial year there were 11 schools that had deficits. Out of these three schools that had a license deficit agreement in place for the year end.

There are 9 schools who have submitted deficit budget plans this year

Schools
All Saints' Church of England Primary School
Prendergast Ladywell School
Sedgehill School
Sydenham School
Bonus Pastor Roman Catholic School
Deptford Green School
Forest Hill School
Trinity
Addey and Stanhope

4.2 The following escalation process exists for schools with deficit

		No of Schools
Step 1	Review by the Schools Finance Team	9
Step 2	Joint School visit by the Schools Finance Team / School Improvement	8
Step 3	If the deficit < £500k, Chair & Headteacher maybe called to meet the Executive Director of CYP	0
Step 4	If the deficit > £500k, Chair & Headteacher called to meet the Exe. Dir. of CYP	2
Step 5	If necessary a warning notice given with an action plan	0
Step 6	If not complied with a withdrawal of delegation or IEB set up	0

Deficits of more than £0.5m have to be agreed by the Mayor in a public meeting.

4.3 Looking further ahead the returns show another 8 schools going into deficit in 2017/18. There are 45 schools who are operating an in-deficit in 2016/17, having balanced their budget by using their carry forward. There are 26 schools reporting a zero balance at the year end.

4.4 The Mayor considered a report the deficits of two schools Prendergast Ladywell School and Forest Hill at the beginning of November. The paper the Mayor considered can be found on the following link

<http://councilmeetings.lewisham.gov.uk/documents/s46348/Schools%20Licensed%20Deficit%20Forest%20Hill%20and%20Ladywell.pdf>

The Mayor approved the deficits but as part of the Council's scrutiny process the decision was called-in by the Overview and Scrutiny Education Business Panel. While the decision of the Mayor was not referred back and therefore stands the panel has asked Officers to

report to the Children and Young People Select Committee on secondary school deficits in January 2017.

- 4.5 All schools are required to submit a budget monitoring statement to the Local Authority for the period up to the end of September by the 31ST November.

There are 9 schools have not made a return and a second reminder is being sent to them in accordance with the budget monitoring escalation process.

The budget monitoring returns are being reviewed by officers who are raising queries with schools mostly asking for further clarification on the figures. Those schools that give rise to particular concerns are being visited by finance and if necessary by HR officers.

- 4.6 The government is proposing to introduce a new national funding formula for schools in April 2018. With the current details available (from the first stage consultation earlier in the spring), it is not possible to see the exact impact on Lewisham and the government are revisiting its approach. Nonetheless it is important to keep in mind the most likely scenario from the consultation is that schools in Lewisham will see a circa 10%, or £17m reduction in funding over the next three years. This is likely to impact on the level of traded services schools buy from the council. Likewise there is a review of the high needs block funding and it is expected the funding in the high needs block could also be reduced by some 10%, or £4.5m.
- 4.7 The government has released a consultation document on Early Years funding, while there is extra funding overall due to the funding of the new 30 hours child care for working families the underlying position is a loss for Lewisham. It is estimated that this loss will be £1.5m but in the next two years there will be some protection and the loss will initially be £0.9m. The consultation closed on 22 September.

5. Challenge and support to schools

- 5.1 To ensure that schools are managing their finances a combination of briefing and training sessions is being held with all schools. This year the provision has been stepped up and targeted at those who need it most, with much greater emphasis on the role and effectiveness of governing bodies who take responsibility for school budgets.
- 5.2 Budget roadshows were held on both the 1st and 8th March, these roadshows helped schools understand the budget and were designed to assist schools who needed to undertake staffing reorganisations.

- 5.3 A 'Deficit Workshop' was held on the 21 June 2016 to help schools with budget problems to face up to their difficulties and to challenge them on their thinking
- 5.4 A presentation on school finances was made to a well-attended meeting for all Lewisham Chairs of Governors on 12 September 2016 highlighting the financial issues – the risks and challenges for schools and the dire consequences of not interrogating the budget properly.
- 5.5 On the 1st November a further session was held to explain the cost pressures facing school budgets coupled with the likely future reductions in funding, how to balance the challenge of increasing educational standards as delivering a balanced budget.
- 5.6 On the 1 December a session was held but in a different format. The training still had the same purpose of assisting schools but the whole team of school leaders and staff who are responsible for the budget (managers and governors) was invited to learn and be challenged together on helping them plan change in these uncertain financial times.
- 5.7 Members of the Forum are invited to comment on the training offered and particularly targeting of governors

6. Mutual Funds

The Schools Forum has a number of mutual funds it manages on behalf of schools. At the end of the year any balances are returned to schools or rolled forward to the next year. The current position of the funds is described below:

	Growth Fund	Contingency	Non-Sickness Supply
	£	£	£

Brought Forward	-247,083	-726,549	158,993
Distributed To Schools	0	0	0
Offset	0	0	0
	-247,083	-726,549	158,993

De-Delegation Income	0	-649,998	-799,993
Budget	-1,092,000	0	0
Spend To Date	984,786	0	446,953
Projected Spend	148,634	1,310,355	1,068,000
	41,420	660,357	714,960

Cumulative Total	-205,663	-66,192	873,953
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7. Growth Fund

The budget for the year is £1,092k, but with the £247k brought forward surplus, the amount of funds available rises to £1,339k. Allocations have been journalled to maintained schools and payments are in process for academies.

At present a surplus of £205k is forecast, but these funds may be called upon to cover projected overspends elsewhere in the mutual funds. A list of the schools receiving the growth funding is shown in Appendix A to this report.

8. Contingency

The de-delegation charges for the year have provided £650k, but with the £727k brought forward surplus, the amount of funds available rises to £1,377k.

No charges have been actioned against the Contingency yet in 2016/17, but as discussed at the June 2016 Forum these funds will be called upon should a school with a deficit become an academy.

At present a surplus of £66k is forecast, but these funds may be called upon to cover projected overspends elsewhere in the mutual funds.

9. Non-Sickness Supply Fund

The de-delegation charges for the year have provided £800k, but with the £159k brought forward deficit, the amount of funds available falls to £641.

To date only summer term claims have been paid. These totalled £447k.

Forecasting future claims is difficult and previous years show little consistency, but as the summer term claims for this year are approximately twice that of the same period last year, a large estimate has been added for the remainder of the year.

This leads to the forecast of a deficit of £874k, but there is a large margin of error in projecting for this expenditure which the autumn term figures will help to reduce.

The summer term claims breakdown is as shown in the table below:

Phase	Claim Type	Number	Amount	Average
			£	£
Nursery	Suspension	1	800	800
Primary	Adoption	1	7,368	7,368
	Jury Service	5	3,236	647
	Maternity	46	275,495	5,989
	Paternity	3	4,920	1,640
	Suspension	8	19,360	2,420
		63	310,380	4,926
Secondary*	Adoption	0	0	0
	Jury Service	5	5,495	1,099
	Maternity	14	109,412	7,815
	Paternity	2	3,280	1,640
	Suspension	0	0	0
		21	118,187	5,628
Special	Maternity	1	13,545	13,545
	Suspension	1	4,041	4,041
		2	17,586	8,793
		87	446,953	5,137

* includes all-through schools

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**Schools Forum
Growth Fund Allocations 2016/17 - To November 2016**

School Name	Growth Fund Allocation	Category
ALL SAINTS	- 55,000	Bulge Class
ASHMEAD	- 8,574	Resources
ATHELNEY	- 8,574	Resources
BARING	- 8,574	Resources
BRINDISHE GREEN	- 55,000	Bulge Class
BRINDISHE LEE	- 8,574	Resources
BRINDISHE MANOR	- 8,574	Resources
COOPERS LANE	- 55,000	Permanent Expansions
COOPERS LANE	- 2,000	Resources
DOWNDERRY	- 2,000	Resources
EDMUND WALLER	- 8,574	Resources
ELFRIDA	- 2,000	Resources
ELIOT BANK	- 4,000	Resources
FAIRLAWN	- 8,574	Resources
GOOD SHEPHERD	- 2,000	Resources
GORDONBROCK	- 27,500	Permanent Expansions
GORDONBROCK	- 1,000	Resources
GRINLING GIBBONS	- 2,000	Resources
HASELTINE	- 2,000	Resources
HORNIMAN	- 2,000	Resources
KELVIN GROVE	- 55,000	Permanent Expansions
KELVIN GROVE	- 8,574	Resources
KENDER	- 55,000	Permanent Expansions
KENDER	- 8,574	Resources
KILMORIE	- 55,000	Permanent Expansions
KILMORIE	- 2,000	Resources
LAUNCELOT	- 8,574	Resources
LUCAS VALE	- 2,000	Resources
MARVELS LANE	- 2,000	Resources
MYATT GARDEN	- 2,000	Resources
PERRYMOUNT	- 8,574	Resources
RANGFIELD	- 2,000	Resources
RATHFERN	- 2,000	Resources
RUSHEY GREEN	- 55,000	Permanent Expansions
RUSHEY GREEN	- 8,574	Resources
SANDHURST INFANT	- 55,000	Bulge Class
ST BARTHOLOMEWS	- 27,500	Permanent Expansions
ST BARTHOLOMEWS	- 1,000	Resources
ST GEORGE C OF E	- 55,000	Permanent Expansions
ST GEORGE C OF E	- 8,574	Resources
ST JOSEPHS	- 2,000	Resources

ST MICHAELS	-	2,000	Resources
ST STEPHENS	-	2,000	Resources
ST WILLIAM OF YORK	-	2,000	Resources
ST WINIFRED'S RC	-	27,500	Bulge Class
ST WINIFRED'S RC	-	1,000	Resources
TORRIDON JUNIOR	-	2,000	Resources
TURNHAM	-	44,000	Permanent Expansions
TURNHAM	-	1,600	Resources
BONUS PASTOR	-	12,533	Permanent Expansions
BONUS PASTOR	-	1,429	Resources
PRENDERGAST LADYWELL	-	108,966	OTHER
PRENDERGAST LADYWELL	-	17,148	Resources
PRENDERGAST	-	74,000	Bulge Class
PRENDERGAST VALE	-	50,000	Bulge Class
TRINITY, LEWISHAM	-	17,148	Resources

Agenda Item 9

Schools Forum			
REPORT TITLE	Education Services Grant – Retained Duties		
KEY DECISION	Yes	Item No.	9
CLASS	Part 1	Date	8 December 2016

1. Purpose of the Report

The Department for Education confirmed their intention to remove the Education Services Grant (ESG) and to move some of the funding for statutory services to the Dedicated Schools Budget. This paper looks at this and level of budget needed to manage those statutory services.

2. Recommendation

That the Forum agree

- i) To retain centrally from the Dedicated Schools Grant an amount equivalent to £15 per pupil to fund the statutory services funded in the past from the Education Service Grant.
- ii) To review this over the coming year to ensure that the statutory services funded from the centrally retained element of the DSG provide value for money.
- iii) To note the position of the central fund of the Education Services Grant

3. Background

3.1 In 2016/17 the allocation of ESG for Lewisham is £3.5m. It is made up of two elements: a so called general fund which is referred to in this paper as the ESG Central Fund (to avoid confusion with Lewisham's own General Fund which is used to fund core services) of £2.9m and a retained duties element of £0.6m. The ESG central funding rate for local authorities in the 2016 to 2017 financial year is £77 per pupil in mainstream schools and £288.75 and £327.25 per place in pupil referral units and special schools respectively. The retained duties funding rate for local authorities is a flat rate of £15 per pupil **in all state funded schools**, which includes academies. There is no differential funding for Special Schools and pupil referral units for the retained duties element of the ESG.

3.2 The total ESG grant is to cover the following services

- School improvement
- Statutory and regulatory duties
- Education welfare service
- Central support services
- Asset management
- Premature retirement costs/redundancy costs (new provisions)
- Therapies and other health-related services
- Monitoring national curriculum assessment.

More details of the services covered in these areas is provided in Appendix A of this report. These services will have both statutory and non-statutory functions

3.3 The Education Services Grant over the past few years has been as follows

Year	ESG Central Funding £	Retained Duties £	Total £	ESG Central Funding Pupil Numbers	Retained Duties Pupil Numbers
2016/17	2,959,414	610,500	3,569,914	35,713	40,700
2015/16	3,313,817	605,954	3,919,771	35,369	40,397
2014/15	4,201,107	591,258	4,792,365	34,502	39,417
2013/14	4,247,829	584,403	4,832,233	34,088	38,960

3.4 Central government created the Education Services Grant money by transferring it from the local government revenue funding in 2013-14

4. Education Support Grant Retained Duties

4.1 The funding previously allocated through the ESG retained duties rate (£15 per pupil) will be transferred into the schools block for 2017 to 2018. The DFE will allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG. The amount to be retained by the local authority needs to be agreed by the maintained schools members of the schools forum.

- 4.2 Services funded from ESG retained duties fund are shown in Appendix A
- 4.3 These duties are more fully described in the DfE's document "Clarification of local authority statutory duties relating to services relevant to the Education Services Grant" published in July 2014, which attached in Appendix B.
- 4.4 It is recommended to the Forum that a reduction to the schools block is made in line with the extra funding added. This will £15 per pupil. In 2016/17 this would be £610k, but will be adjusted to the amount in the settlement for 2017/18.
- 4.5 Lewisham does not manage the budgets for these services in an isolated way rather statutory and non-statutory services tend to be managed as a whole rather than distinct elements of a service with employees often working both across statutory and non-statutory functions.

5. Education Services Grant – General Fund

Further details are awaited about the reduction in ESG Central Funds but it is expected to cease from the end of September 2017. The ESG in Lewisham is managed corporately rather than by the Children and Young People's Directorate. It will be a decision for the Corporate Council whether to continue funding for the non-statutory elements of these services. When more is known about this process officers will report to the Forum.

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Ref	Heading	Budget £'000
1	School improvement	School improvement: the LA must have regard to the School Causing Concern statutory guidance, and has the power to require governing bodies to enter into arrangements, appoint additional members and provide for interim executive members;
1	School improvement	Set up a standing advisory council on religious education and prepare an agreed syllabus of religious education for maintained schools;
1	School improvement	Moderate KS1 assessments in maintained schools (KS2 and KS3 moderation is funded by specific grants).
2	Statutory and regulatory duties	Education strategy (the LA must appoint a Director of Children's Services and strategically plan for its education service);
2	Statutory and regulatory duties	Finance (preparation of revenue budgets, incorporation of income and expenditure into its accounts, dealing with external audit of grant claims and returns relating to education, internal audit);
2	Statutory and regulatory duties	Provision of information requested by the Secretary of State;
2	Statutory and regulatory duties	Core human resources functions for maintained schools (general school workforce advice, appointment and termination of staff, payment of pension contributions);
2	Statutory and regulatory duties	Core finance functions for maintained schools (monitoring compliance with Scheme for Financing schools, ensuring CFR data is passed to the Secretary of State);
2	Statutory and regulatory duties	Health & safety functions for maintained schools that cannot reasonably be delegated to school governing bodies;
2	Statutory and regulatory duties	Monitoring and reporting on any school companies set up by maintained schools;
2	Statutory and regulatory duties	Ensure compliance with the Equality duty for maintained schools;
2	Statutory and regulatory duties	Enforce requirements and protections for children below compulsory school leaving age taking part in employment or performances;
2	Statutory and regulatory duties	Jointly (with NHS) commission services to support disabled children and young people and those with SEN in all schools including academies who need therapy support;
3	Education welfare service	Attendance functions (for all schools including academies): make arrangements to identify children not receiving education, send notices to parents followed by school attendance orders and supervision orders where appropriate, publish and administer a code for penalty notices, improve attendance, investigate whereabouts of children with poor attendance;
5	Asset management	Asset management: responsibility for capital strategy for all schools including academies e.g. basic need, general landlord duty for all buildings let to academies and for all community school buildings;
5	Asset management	Asset management for maintained schools, ensuring that all schools have appropriate facilities, are safe, weather resistant, have appropriate heating, lighting and ventilation, adequate water supplies and drainage, adequate playing fields.
5	Asset management	LAs also must manage the risk from asbestos and has a general health and safety duty for employees and others who may be effected;
6	Premature retirement costs/redundancy costs	(Redundancy costs for maintained schools unless there is a good reason not to fund them.



Department
for Education

Annex A

Clarification of local authority statutory duties relating to services relevant to the Education Services Grant

July 2014

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Local authority statutory duties relating to services relevant to the Education Services Grant

The responses to the [consultation on savings to the Education Services Grant for 2015-16](#) told us that clarification of local authorities' duties to provide education services relevant to the Education Services Grant would be welcomed and could also help with achieving savings.

The text below sets out, for each budget line relevant to the Education Services Grant:

- the section 251 guidance description of the expenditure that should be recorded;
- the statutory obligations that local authorities have for all schools;
- the statutory obligations that local authorities have for maintained schools; and
- the statutory obligations that local authorities have for academies.

When considering their duties as described below, local authorities should have regard to sections 13, 13A and 14 of the Education Act 1996 which require local authorities to: ensure that efficient primary, secondary and further education is available to meet the needs of their population; ensure that their education functions are exercised with a view to promoting high standards ensuring fair access to opportunity for education and learning, and promote the fulfilment of learning potential; and secure that sufficient schools for providing primary and secondary education are available for their area.

School improvement

Section 251 guidance description of budget line

Expenditure incurred by a local authority in respect of action to support the improvement of standards in the authority's schools, in particular expenditure incurred in connection with functions under the following sections of the Education and Inspections Act 2006:

- (a) section 60 (performance standards and safety warning notice);
- (b) section 60A (teachers' pay and conditions warning notice);
- (c) section 63 (power of local authority to require governing bodies of schools eligible for intervention to enter into arrangements);
- (d) section 64 (power of local authority to appoint additional governors);
- (e) section 65 (power of local authority to provide for governing bodies to consist of interim executive members) and Schedule 6; and
- (f) section 66 (power of local authority to suspend the right to delegated budget).

Statutory obligations of local authorities for all schools

When delivering their school improvement function, local authorities must have regard to the Schools Causing Concern statutory guidance¹. This guidance provides clarity about the role of local authorities in delivering school improvement for maintained schools and for academies.

¹ <https://www.gov.uk/government/publications/schools-causing-concern--2>

Statutory and regulatory duties

Section 251 guidance description of budget line

The full guidance on expenditure that should be captured in this budget line was set out in the consultation².

Statutory obligations of local authorities for all schools

Strategy

A local authority must:

- appoint a Director of Children's Services (section 18, Children Act 2004); and
- strategically plan for its education service (sections 13 to 15B, Education Act 1996).

Finance

A local authority must:

- prepare revenue budgets: information on income and expenditure relating to education, for incorporation into the authority's annual statement of accounts; and the external audit of grant claims and returns relating to education (Local Government Act 1972); and
- perform internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151, Local Government Act 1972.

Information

A local authority must:

- provide information to or at the request of the Secretary of State (section 29, Education Act 1996).

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/298588/Annex_A.pdf

Statutory obligations of local authorities for maintained schools

Human resources

A local authority must:

- carry out suitability checks of employees or potential employees of the authority or of governing bodies of schools, or of persons otherwise engaged or to be engaged with or without remuneration to work at or for schools (School Staffing (England) Regulations 2009);
- provide advice to governing bodies in relation to staff paid, or to be paid, to work at a school, and advice in relation to the management of all such staff collectively at any individual school (“the school workforce”), including in particular advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such school workforce (School Staffing (England) Regulations 2009);
- appoint a teacher recommended by a governing body (or a head teacher or deputy head recommended by the governing body’s selection panel) unless the teacher or head teacher is to be appointed otherwise than under a contract of employment (regulations 15 to 16, School Staffing (England) Regulations 2009);
- terminate the employment of any person employed by it to work solely at a school if the governing body determines that he or she should cease to work there (regulation 20, School Staffing (England) Regulations 2009);
- consider whether it would be appropriate to provide prescribed information to the Secretary of State where a local authority has ceased to use a teacher’s services due to serious misconduct, or might have done so had the teacher not resigned first (section 141D, Education Act 2002). The prescribed information is set out in reg 20 of the Teachers’ Disciplinary (England) Regulations 2012;
- pay employer’s contributions to the appropriate pension fund (reg 67 and Schedule 2, Local Government Pension Scheme Regulations 2013);
- pay teachers’ pension contributions to the Secretary of State (reg 30, Teachers’ Pensions Regulations 2010);
- appoint non-teaching staff within the local authority’s conditions of service and grading system (regulation 17, School Staffing (England) Regulations 2009).

Finance

Schedule 15 to the Schools Standards and Framework Act 1998 empowers a local authority to suspend a governing body’s right to a delegated budget in certain

circumstances of failure to comply with requirements or manage the budget satisfactorily. This implies a duty on the local authority to monitor a governing body's budget management. There is a duty to review any suspension. When a governing body is suspended, the duty to manage the school budget reverts to the local authority and the School Staffing Regulations do not apply, therefore powers over staffing also revert to the local authority (Schedule 2, Education Act 2002).

A local authority must also:

- monitor compliance with the requirements of their financial scheme prepared under section 48, School Standards and Framework Act 1998, which may include advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement, and any other requirements in relation to the provision of community facilities by governing bodies under section 27, Education Act 2002; and
- send to the Secretary of State any financial statement provided to the local authority by a governing body (reg 5, Consistent Financial Reporting Regulations 2012).

Health and safety

A local authority must comply with its duties under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions as defined in section 53(1) of that Act in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools.

School companies

A local authority must exercise its monitoring and reporting functions as the supervisory authority of school companies formed by governing bodies (section 12, Education Act 2002; regs 26 and 27, School Companies Regulations 2002).

Equality

A local authority must comply with the public sector equality duty (section 149, Equality Act 2010), publish information to show its compliance with the equality duty (reg 2, Equality Act 2010 (Specific Duties) Regulations 2011), and set itself specific, measurable equality objectives (reg 3, Equality Act 2010 (Specific Duties) Regulations 2011).

Religious education

A local authority must:

- set up a standing advisory council on religious education (section 390, Education Act 1996); and

- prepare an agreed syllabus of religious education in accordance with Schedule 31, Education Act (1996).

Statutory obligations of local authorities for academies

The duties that LAs hold for academies pupils are set out in the section above (statutory obligations of local authorities for all schools for statutory and regulatory duties).

Education welfare service

Section 251 guidance description of budget line

Education welfare service and other expenditure arising from the local authority's school attendance functions. Where Education Welfare Officers are directly involved in issues related to The Children Act 1989, the relevant expenditure should be charged to line 3.3.2.

Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933 (enforcement of, and power to make byelaws in relation to, restrictions on the employment of children).

Statutory obligations of local authorities for all schools

Attendance

A local authority must:

- make arrangements to identify children not receiving education (section 436A, Education Act 1996);
- send a written notice to a parent whose child of compulsory school age is not receiving suitable education, followed by a school attendance order if they do not comply with the notice (section 437, Education Act 1996); if exercising its power to prosecute a parent for a child's non-attendance (section 446) the local authority must consider whether to apply for an education supervision order (section 447);
- publish a code for penalty notices to address poor attendance and administer the penalty notice regime according to the Education (Penalty Notices) (England) Regulations 2007 and subsequent amendments;
- improve attendance where schools report absence to them according to the Education (Pupil Registration) (England) Regulations 2006;
- investigate the whereabouts of pupils who have poor attendance and are at risk of being deleted from the schools' admission register (Education (Pupil Registration) (England) Regulations 2006); and
- comply with all its statutory obligations under the Education (Pupil Registration) (England) Regulations 2006.

Child performance and employment

A local authority has responsibility for administering and enforcing requirements and protections for those below compulsory school leaving age taking part in employment or

performances (Part 2, Children and Young Persons Act 1933, Part 2, Children and Young Persons Act 1963, Children (Performances) Regulations 1968).

Statutory obligations of local authorities for maintained schools

In addition to the above, a local authority has the right to inspect school registers (Education (Pupil Registration) (England) Regulations 2006).

Statutory obligations of local authorities for academies

The duties that local authorities hold for academy pupils in education welfare services are covered in the above section (statutory obligations of local authorities for all schools for education welfare service).

Central support services

Section 251 guidance description of budget line

Includes expenditure on:

- pupil support: provision and administration of clothing grants where such expenditure is not supported by grant;
- music services: expenditure on the provision of music tuition or other activities which provide opportunities for pupils to enhance their experience of music;
- visual and performing arts (other than music): expenditure which enables pupils to enhance their experience of the visual, creative and performing arts other than music; and
- outdoor education including environmental and field studies (not sports): expenditure on outdoor education centres – field study and environmental studies etc. – but not including centres wholly or mainly for the provision of organised games, swimming or athletics.

Statutory obligations of local authorities for all schools

Local authorities have no statutory obligations to provide the services described in the above section (section 251 guidance on description of budget line for central support services). Local authorities are free to provide these services if they choose.

Asset management

Section 251 guidance description of budget line

Expenditure in relation to the management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including academies which have converted since the contracts were signed), landlord premises functions for relevant academy leases, health and safety and other landlord premises functions for community schools.

Statutory obligations of local authorities for all schools

Local authorities have a general landlord duty for all buildings which they let to academies (under the relevant academy lease), and for all community school buildings, and overall responsibility for capital strategy including basic need, which applies to all pupils (section 14, Education Act 1996).

Statutory obligations of local authorities for maintained schools

In its role as landlord for community schools, a local authority has a duty (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:

- appropriate facilities for pupils and staff (including medical and accommodation);
- the ability to sustain appropriate loads;
- reasonable weather resistance;
- safe escape routes;
- appropriate acoustic levels;
- lighting, heating and ventilation which meets the required standards;
- adequate water supplies and drainage; and
- playing fields of the appropriate standards.

A local authority, as an employer, has a general health and safety duty for employees and others who may be affected (Health and Safety at Work etc Act 1974).

A local authority must manage the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).

Statutory obligations of local authorities for academies

Local authorities do not have any specific duties for academies, apart from those covered above (statutory obligations of local authorities for all schools for asset management).

Premature retirement costs/redundancy costs (new provisions)

Section 251 guidance description of budget line

Any budget for payments to be made by the local authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of the school, after 1st April 2014 under section 37, Education Act 2002.

Statutory obligations of local authorities for maintained schools

A local authority must fund redundancy costs (not premature retirement costs, which are the responsibility of the school concerned) of school staff, unless there is a good reason not to fund them centrally (section 37, Education Act 2002).

Statutory obligations of local authorities for academies

Local authorities have no statutory obligations for academies regarding premature retirement and redundancy costs.

Therapies and other health-related services

Section 251 guidance description of budget line

Costs associated with the provision or purchase of speech, physiotherapy and occupational therapies should be recorded here. Include any expenditure on the provision of special medical support for individual pupils which is not met by a Primary Care Trust, National Health Service Trust or Local Health Board.

Statutory obligations of local authorities for all schools

The Children and Families Act 2014 places a statutory duty on local authorities and local health bodies to commission services jointly to support disabled children and young people and those with special educational needs, including those who need therapy support.

Monitoring national curriculum assessment

Section 251 guidance description of budget line

Expenditure on monitoring National Curriculum assessment arrangements required by orders made under section 87 of the 2002 Act.

Statutory obligations of local authorities for maintained schools

Under the Education (National Curriculum) (Key Stage 1 Assessment Arrangements) Order 2004, a local authority must do the following:

- moderate the teacher assessments carried out at the end of key stage 1 by schools (in reading, writing and mathematics) in at least 25% of maintained schools each school year and ensure that every school will be subject to moderation at least once every four years; and
- appoint a person to complete the assessment moderations who has recent experience of provision of the National Curriculum in primary schools.

Local authorities also have equivalent duties in respect of key stage 2 and key stage 3 moderation (Education (National Curriculum) (Key Stage 2 Assessment Arrangements) Order 2003) and (Education (National Curriculum) (Key Stage 3 Assessment Arrangements) Order 2003) but, as local authorities receive funding for these duties through specific grants, they are not funded from ESG.

Statutory obligations of local authorities for academies

A local authority may provide the service set out in the section above (statutory obligations of local authorities for maintained schools for monitoring national curriculum assessment) for academies, however the duty for securing this service lies with the relevant academy trust, as set out in its funding agreement with the Secretary of State.



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Agenda Item 10

Schools Forum
8 December 2016
Item 10

LEWISHAM SCHOOLS FORUM			
REPORT TITLE	Dedicated Schools Grant Budget Report 2017/18		
KEY DECISION	Yes	Item No.	10
CLASS	Part 1	Date	8 December 2016

1. Purpose of this Report

This report seeks agreement to the principles on which the Dedicated Schools Budget will be allocated. This will allow the precise calculations to be made when the funding settlement is known in December. The outcome of the settlement and the impact of the decisions made in this paper will be presented to the Forum on the 17 January for further consideration and final agreement

2. Recommendations

That the Schools Forum agree

- i) that funding available is used to offset the funding pressure on the High Needs block of £1.00m.
- ii) that the funding for PFI and BSF costs should be built into the schools budget on a lump sum increased annually by inflation (RPIX at February) and schools charged on a like for like basis.
- iii) that the Funding Task Group be asked to provide a report on the funding of playing fields with possible alternatives
- iv) to ask the Funding Task Group to provide a report on the possibility of introducing a PFI factor.

3 Approach to budget setting

- 3.1 The Dedicated Schools Grant (DSG) budget setting process needs to be completed by 20 January 2016 as the DFE requires Local Authorities to make a return stating all schools budgets by this date. With the deadline fast approaching and the fact that no notifications have been received of the overall allocation of the settlement at the time of writing this report, many assumptions will have to be built into the figures to set and finalise the DSG budget for next year now. The true picture will only be known once ministers have finalised the

settlement. This is expected to be a few days before Christmas and leaves little time for reports to be prepared and the papers to be published as well as the Forum to give considered opinion on the important decisions they have to make

- 3.2 There are some aspects of the budget that are known and worthy of discussions now that will set the scene for next year's budget and allow the necessary work to proceed to give a more considered approach to the final decisions that needs to be made in January. This is especially if the Forum consider they wish to consult schools on a matter

4 Financial overview

- 4.1 The DFE is likely to announce the provisional financial settlement for the Dedicated Schools Grant (DSG) around the middle/late December 2015.
- 4.2 Current indications are that the Schools block is likely to be set at the same level as last year but adjusted for pupil number increases and the Education Service Grant discussed earlier on in this agenda. The current DFE position following the autumn statement is it allows for the "protecting of the schools budget in real terms, enabling a per pupil protection for the dedicated schools grant and the pupil premium". There could be different interpretations of this especially in light of the growth in pupil population. It is assumed that the funding rate per pupil for Lewisham will stay at £5,966 but will be subject to the changes for the re-baslineing of the funding blocks that took place earlier in the year and the allocation of the £15 per pupil of the retained Education Services Grant.
- 4.3 The minimum funding guarantee has been confirmed by the DFE at minus 1.5% and the pupil premium is expected to stay at the same rate.
- 4.4 Post 16 funding

Final funding allocations for 16 to 19 students, high needs students aged 16 to 24 and bursary funding are expected to be sent direct to schools by the Education Funding Agency in either February or March.

- 4.5 The total increase in pupil numbers are as follows:

	Oct-15	Oct-16 (est)	Change
Primary	23,342	23,517	+175

Secondary	8,916	8,806	-110
Jan Uplift*1	39	57	+21

5 Early Years Block

- 5.1 The Early Years Block allocations published in December 2016 are expected to be based on January 2016 census counts. They will be adjusted in summer 2017 based on counts from the January 2017 School Census, Early Years Census and Alternative Provision Census.
- 5.2 These allocations will then be adjusted a further time in 2018. Pupil counts taken from the January 2017 censuses will be weighted with the counts taken from the January 2018 censuses in a 7:5 ratio.
- 5.3 The result will give the final Early Years Block allocations for financial year 2017-18. The position is complicated though by the funding consultation on early years and whether the settlement will have sufficient details. It will include the extra funding for 30 hours childcare though. The exact amounts will need to be confirmed but the consultation document indicates Lewisham will receive an extra £2.7m

6 High Needs block

This is being discussed under a separate item on the agenda. The forecast of the funding available has been set at this year's amount.

7 Capital Expenditure from Revenue (CERA)

- 7.1 At the meeting on the 30 June 2016 the Capital Expenditure from Revenue (CERA) budget was reviewed. It was noted that the treatment of the PFI and BSF costs was not in line with the DFE regulations and this should be built into schools budgets and then withdrawn on a like for like basis (in-out).
- 7.2 It was noted at the June meeting of the Forum that the budget for Capital Expenditure from Revenue (CERA) is made up of three elements.

Ref	Heading	£m
1	PFI scheme and BSF Contribution. This provides funding to cover the funding gap between the cost of the schemes and the grants received from central government and the contributions by schools.	2.4

2	Minor capital works This funding is used to support additional capital works for schools.	1.2
3	Support for Schools' Capital Projects Management support to schools undergoing major capital projects	0.3
Total		3.9

8. PFI scheme and BSF Contribution. - National Regulations

- 8.1 The national regulations stipulate “Expenditure commonly known as CERA (capital expenditure which an authority expects to charge to a revenue account of the authority within the meaning of section 22 of the Local Government Act 2003) and where the expenditure relating to the specific project had been approved prior to 1st April 2013. It does not count as a commitment to have identified a budget for different capital works each year”.
- 8.2 The DFE preferred approach is that the contribution to the PFI and BSF Schemes should be built into the ISB allocation for each school with a relevant scheme. The funding then has to be reclaimed from the school. In the past Lewisham has not done this as there is an administration burden. With more schools becoming academies this is not a sustainable position. In preparation for the national schools funding formula the DFE asked Local Authorities to complete a return on the use of CERA. This reiterated that all PFI / BSF should be in schools budgets and from April 2017.
- 8.3 Under the current national regulations local funding formula are allowed to include a PFI factor. The purpose of this factor is to either
- a) support schools which have unavoidable extra premises costs because they are a PFI school
- and/or
- b) cover situations where the PFI “affordability gap” is delegated and paid back to the local authority.
- 8.4 The funding in the CERA budget for PFI/BSF is the fund that is needed to address the affordability gap. All PFI schemes have what is termed a financial model. This model looks at both the income streams and costs over the period of the contract. The Income streams are mainly in two forms, Government grants and contributions from schools via the “Governors Agreement”. The expenditure is through payments to contracts. Models become complex as the life of the contract which is

generally 25 years and inflation assumptions have to be built in. Often there is a gap between the income and expenditure and this is known as the affordability gap. The DSG CERA budget is meeting the cost of this gap.

- 8.5 Traditionally in Lewisham there has not been a PFI factor to support schools which have unavoidable extra premises costs because they are a PFI school. This was last agreed for the 2013/14 financial year when the local Lewisham formula was implemented. The purpose of this paper is not to introduce one but to consider the affordability gap. However it is recommended that the Funding task group be asked to look at the introduction of PFI factor to support schools which have unavoidable extra premises costs because they are a PFI school.
- 8.6 In considering the affordability gap, the methodologies for funding PFI schools under the regulations must be objective and clear and capable of being replicated for academies. An acceptable methodology would generally contain some of the features set out below and these are intended to help local authorities formulate a clear process for funding. If a PFI factor is used, then all PFI schools must receive funding on an equivalent basis.
- 8.7 Examples of the way the factor could work are as follows:
- allocations are in accordance with an original governors' agreement
 - allocations reflect the difference between the PFI contractual cost and the grant received by the local authority, less any local authority contribution

Methodologies for calculating allocations could include:

- X% of the school's budget share
- £x per pupil
- £x per square metre of floor area
- historical lump sum previously agreed and indexed by x% per year
- Agreements may refer to proportions or elements of the school's budget share which, due to changes in funding arrangements, may have changed significantly. Where this situation occurs, we would expect schools and local authorities to work together to agree an alternative arrangement, so that neither party is significantly disadvantaged.

9. Proposal

The proposal is that each school will be given a lump sum that is increased in line with inflation rate this will then be withdrawn on a like for like basis.

If the formula factors of pupils or percentage of school budgets are used this will mean the amount withdrawn could vary. With pupil numbers increasing this could mean more funding than necessary is received by the Local Authority.

The Square metre basis would create a more stable base but would take more administrative work to agree the floor area

For these reason it is proposed to use the lump sum basis and annually inflation it in accordance with the contract (RPIX in February)

10. Support to minor capital works

10.1 As detailed in 7.2 above within the CERA budget there are two item

- Minor capital works - This funding is used to support additional capital works for schools £1.2m.
- Support for Schools' Capital Projects - Management support to schools undergoing major capital projects £0.3m

Under the School revenue funding guidance 2017 to 2018 it is no longer possible to hold this type of funding centrally and it should be delegated to school.

The High Needs sub group earlier on in the agenda asked the Forum to consider that a sum £1.0m from this be allocated to the high needs block to offset the spending pressure arising from the growth in numbers that is not likely to be recognised in next year's High Needs Block Grant Allocation

10.2 The cost of schools Business Rates will increase this year as a revaluation has taken place on all school properties this year and the changes will be implemented in April 2017. The valuation has increased the property values by 20% this does not equate to actual charges as there will be transitional arrangements that need to be agreed nationally. It is estimated that we will need £0.4m to cover this.

11. Growth Fund

More funding will be needed to support the growth fund this year, this was highlighted in the budget report last year. The sum involved is a further £0.1m.

11.1

	£'000	£'000
Funding Available		1,500
Reduced by		
Contribution to High Needs block	1,000	
Business Rates Increase	400	
Growth Fund	100	1,500
Balance		0

12. Playing Fields

In the current funding formula an allocation is made to two schools, Bonus Pastor and Forest Hill, to fund playing fields at Whitefoot lane and Elm Park respectively. This funding is then paid back to the Local Authority from the schools to allow the playing fields to be centrally managed. In some respects this means that there is not similar practice across all schools, some schools do have to fund the use of playing fields from delegated budgets and the arrangements are therefore not clear or transparent. There are a number alternative options but time does not permit sufficient investigation to make proposals for this budget meeting and implementation by April 2017 of any change. It is recommended that officers review the funding of the playing fields and report back to the Forum over the coming year to put arrangements onto a sustainable and transparent footing.

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