

# MEETING OF THE SCHOOLS FORUM

Wednesday 6<sup>th</sup> March 2019 at 8:30am

**BETHNAL GREEN CENTRE, 229 Bethnal GREEN ROAD, E2 6AB**

## AGENDA

1.	Apologies for absence	Chair
2.	Minutes of the meeting on 16th January 2019 and matters arising	Chair
3.	Scheme for Financing Schools	Steve Worth
4.	Falling Roll Fund	Steve Worth
5.	High Needs Consultation	Christine McInnes
6.	Any other Business	
7.	<ul style="list-style-type: none"><li>Next meeting 8:30am, 28th April 2019 at the PDC, Bethnal Green</li></ul>	

**AGENDA ITEM 4**

**Title of report: Falling Roll Fund**

**Author of the paper: Steve Worth**

**Officer to present the paper to Schools Forum: Steve Worth**

**Details on who has been consulted with on this paper to date:**

Sailesh Patel, Christine McInnes, Damon Lawrenson

**Executive Summary:**

**The report sets out:**

1. The average contribution per pupil needed to create the fund.
2. The proposed revised methodology that includes taking account of school surplus balances.

**Details of recommendations and timescales for decisions:**

Schools Forum is asked to:

Agree the methodology set out in Section 2.

**1. Background - Falling Rolls Fund.**

- 1.1. The Falling Rolls Fund (**FRF**) is to protect schools rated outstanding or good that face a temporary fall in pupil numbers.
- 1.2. Tower Hamlets did not have a Falling Rolls Fund in 2018-19 but Forum, at its meeting on 16<sup>th</sup> January 2019, agreed to create a Fund of £600k for 2019-20. This reduces funding for school budget shares by £15.8 per pupil.
- 1.3. The methodology proposed at the last meeting has been revised to take account of school surplus balances.

**2. Proposed Methodology.**

- 2.1. In the proposed methodology, funding will be triggered if numbers in the year of entry for that school falls below 90% of the school's Planned Admission Number (PAN). Using the PAN removes the need for historical data and builds in planned changes in the school's size. Only the year of entry will be used. The fund is designed to provide temporary additional funding for schools facing falling admission numbers and the admission year is taken as an indicator of this. The methodology is designed to allocate the funds the Forum makes available.
- 2.2. The revenue surplus position for schools that meet the trigger will be taken into account. Where the brought forward surplus exceeds 8% of primary and 5% of secondary budget shares the surplus in excess of these limits will be offset against FRF allocations. A similar method will be applied to academies, but this will require supporting information on surplus balances to be made available to the Council.
- 2.3. For eligible schools the allocation will be 90% of the intake year Age Weighted Pupil Unit (AWPU) multiplied by 90% of the PAN minus actual numbers. Three worked examples (using 2017-18 year-end balances) are shown below. Funding would be time-limited to **three years**.

<b>Method</b>	<b>School 1</b>	<b>School 2</b>	<b>School 3</b>
a. Is the school rated outstanding or good?	Yes	Yes	Yes
b. Autumn 2018 Reception Numbers	67	36	61
c. Planned Admission Number	90	60	75
d. b/c%	74%	60%	81%
e. Eligible?	Yes	Yes	Yes
f. 90% of PAN (c*90%)	81	54	67.5
g. Eligible Number (f-b)	14	18	6.5
h. Funding per Place (£3,246.17*90%)	£2,922	£2,922	£2,922
i. Funding for School (h*g)	£40,916	£52,606	£18,997
j. Less Surplus in excess of 8%	£11,439	£0	£36,314
k. Balance to School (i-j)	£29,477	£52,606	£0

## Schools Forum.

Figures are rounded.

- 2.4.** Based on year-end balances at March 2018, the methodology has been costed at £500k. Actual funding will use the year-end balance for the 2018-19 financial year. Any under or over-spend on the fund will roll forward to the 2020-21 Schools Budget.

**AGENDA ITEM 5**

**Title of report: Consultation on the changes to the use of the high needs funding block including a reduction to the SEND banding allocation to schools**

**Author of the paper: Christine McInnes**

**Officer to present the paper to Schools Forum: Christine McInnes**

**Details on who has been consulted with on this paper to date:**

Sailesh Patel, John O'Shea

**Executive Summary:**

**The report sets out:**

The rationale for consultation on changes to the use of the HNFB including a proposal to reduce the SEND top up funding given to schools across all bands

**Details of recommendations and timescales for decisions:**

Schools Forum is asked to:

Comment on the proposal to consult

**1. Background – the current use of the HNFB, budget pressures and actions to address these.**

1.1 The HNFB is a fund from central government to support provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality AP for pre-16 pupils who cannot receive education in schools. Guidance from the DfE confirms the need for LAs to collaborate with institutions to keep their provision and costs under review, to develop more efficient ways of working and to provide better outcomes for children and young people.

1.2 We know that there is increasing pressure on high needs funding - an issue that is not unique to Tower Hamlets, with some other local authorities exceeding their high needs budget by more than 25 per cent.

1.3 Whilst there have been increases in the HNFB (High Needs Funding Block ) they are not related to pupil numbers and so the financial pressures are growing with an estimated overspend of £3.5m at the end of the current financial year. The LA will use underspends in the central budgets to reduce this amount with the balance overspend to be rolled forward and will need to be managed in future years.

1.4 In 2017-18 the LA working with HT undertook a review of the use of the HNFB and a number of actions were agreed with Schools Forum (report attached as an appendix) which are being implemented between 2018-2020. The actions agreed are:

- a. To reduce the size of the budget retained by the LBTH (through a review of the Support for Learning Service including the Behaviour Support Team).
- b. To expand the number of special school places to accommodate an additional 120 students by 2021 in areas of identified special need (through specialist pupil place planning)
- c. To undertake a review of the specialist SEMH schools and places in order to establish a sustainable provision.
- d. To review the resource bases in school and ensure more equitable top-up funding and a greater responsiveness to future SEND need.

## Schools Forum.

- e. For the FAP Review to report on ways to reduce the proportion of pupils and their length of stay in AP as well as the size of the allocation for AP from the HNFB.

### **2. The current position**

2.1 All of the above actions have been progressed and in addition there is increasingly closer alignment between the Early Years Service and the work of the SEND Service to improve early identification and intervention to reduce later demand where this is appropriate.

2.2 Phoenix and Stephen Hawking schools have been expanded with plans underway to expand Beatrice Tate and establish a Hearing Impairment Unit at Children's House nursery school in order to better meet demand effectively within the borough.

2.3 The reviews will be published between mid-March and the end of the academic year with action plans for implementation.

2.4 With regard to the SLS, a detailed analysis has been taking place about the current work of the service, how it aligns to current statutory requirements and pupil needs and what gaps there are which schools currently purchase from other suppliers. Interviews have taken place in a cross section of circa 10% of schools to gain a more in depth understanding of the views of school colleagues. The analysis phase is coming to an end and the LA is working of proposals for consultation. Once the proposals are agreed the timeframe for implementation would mean that changes are likely to be in place for the financial year 2020-21.

2.5 Alongside this, the council has commissioned Grant Thornton to undertake a review of SEND transport to identify appropriate resourcing to run an efficient and effective service.

2.6 Many of these actions are structural and will have impact in the longer term, but the budget pressures are more immediate and so the LA is now looking at the main expenditure against the budget which is the funding devolved to schools.

2.6 £32.32m of a £50.53m budget is devolved to schools as top up funding and making a 3.5% reduction in September 2019 would reduce the budget pressure by £1.13m per annum and so in order to fulfil its Best Value duty the LA has to consult on a proposal to take this action and Schools Forum is asked to support the consultation. The LA would also want to take the

## Schools Forum.

opportunity to start addressing some of the historic funding anomalies which has resulted in significant variation in funding between similar provisions.

2.7 It is proposed to have one consultation that addresses both the reduction in funding to schools and the changes to the SLS as both are funded through the HNFB.

### **3. Proposed next steps.**

- 3.1 Whilst there is a statutory duty to undertake a public consultation on changes to SEND funding and proposed changes to the SLS, the LA wants to invest in ensuring the consultation is an opportunity to identify the potential for alternative ways of making changing the allocation of funding (to move towards fairer distribution which is more closely aligned to need) as well as reductions in spending. This is a model which has been used successfully in other parts of the country.
- 3.2 The model for consultation being developed is to run 8-10 events over a one month period (likely to be May 2019) which would mainly focus on facilitated, problem solving activity which illustrate the dilemmas currently being faced by the LA in the allocation of the funding for SEND prior to presenting the options the LA has identified. This will provide structured opportunities for alternatives to be identified as well as the case for ring fencing certain aspects of provision which may be more expensive.
- 3.3 Both proposals (reduction to school funding and a review of the SLS) have been taken after considerable deliberation and after all other options have been exhausted.

# LBTH SCHOOLS FORUM

<b>Date of Meeting</b>	16th January 2019
<b>Venue</b>	Bethnal Green Centre, 229 Bethnal Green Road, E2 6AB
<b>Chair</b>	Lorraine Flanagan
<b>Clerk</b>	Runa Basit; Head of Governance & Information
<b>GS Officer</b>	Naomi Bell; Governor Support Officer

## MEMBERSHIP

TYPE	MEMBERSHIP
<b>GOVERNORS</b>	(JC); Conor Magill (CM)*; Gwen Wright(GW)*; Alan Morton (AM)*; Jill Cochrane Bridget Cass(BC)*; Dave Lake (DL); Pip Pinhorn (PP)*
<b>HEADTEACHERS</b>	Lorraine Flanagan* (Chair); Esther Holland(EH) (Vice-Chair)*; Sarah Helm(SH)*; Matthew Rayner (MR)*; Jill Baker (JB)*; Joanna Clensy (JC)*; Sheila Mouna(SM)*; Avril Newman (AN)*; Belinda King (BK)*; Martin Nirsimloo (MN); Monica Forty (MF)*; Jemima Reilly (JR)*; John Bradshaw(JBr)*
<b>Non-School Members</b>	Alison Arnaud (Tower Hamlets College); Kim Arrowsmith (PVI EYs Providers); Alex Kenny (Trade Union Rep)*
<b>OBSERVERS</b>	; Pauline Hoare (Head of Integrated EYS) (PH)*; Tracy Smith
<b>Officers in Attendance</b>	Debbie Jones (Director of Children's Services Partnership); Christine McInnes (CMc)*; John O'Shea (Head of SEN) (JOS)*; Damon Lawrenson (Interim Director Finance, Procurement & Audit) (DL); Steve Worth (Schools Finance Advisor) (SW)*; Sailesh Patel (Schools Finance Manager) (SP)*; Neville Murton (Corporate Director Finance & Procurement) (NM); Runa Basit (Clerk to the Schools Forum)*; Naomi Bell (Clerk)*

\*denotes attendance

[The meeting commenced at 08:31 hours]

## Agenda Item 1: Introductions and Apologies for Absence

Apologies were noted from Debbie Jones, Alison Arnaud, Neville Murton, Kim Arrowsmith, Martin Nirismloo and Damon Lawrenson.

## Agenda Item 2: Minutes of the Last Meeting (Circulated) and Matters Arising

2.1 The minutes of the previous meeting were **APPROVED** as a true and accurate reflection of the meeting, subject to the following amendments:

**[Page 1- Membership List]** - *Monica Forty and Jemima Reilly to be added to the list;*

**[Pages 2-11]** - *Members to be referred to by initials;*

**[[Item 3, Page 5, Schools Block Strategy, 2<sup>nd</sup> paragraph]** - *The verb in the comment attributed to BC should be amended to reflect 'commented' rather than 'advised';*

**[Item 3, Page 6, Schools Block Strategy – School Improvement, Paragraph 5]** - *The verb in the comment attributed to JC should be amended to 'queried' instead of 'advised'.*

2.2 **Matters Arising and Review of Actions:**

**[Item 2, Page 3- DSG 2018-19 and 2019-20, 2<sup>nd</sup> paragraph]**- *An update pertaining to the issue of historical anomalies in funding would be heard under Agenda Item 9: Any Other Business.*

## Agenda Item 3: DSG Budget Allocation 2019-20

Presenting: Sailesh Patel (SP)

The Forum **NOTED** and commented on the report entitled '**DSG Budget 2019-20**'.

[PH arrived at 08:42 hours at the invitation of CMc]

The revenue funding would continue to be allocated through 4 blocks and the formula for allocation remained unchanged and was based on the funding received in 2018-19.

**Growth** - The methodology for growth in 2019-20 had been changed to a formula-base which compared corresponding Year by Year changes in pupil numbers and output for areas for the planning process. The formula generated £1.456m funding, but was less than the level of funding required for the LA expansion programme for 2019-20 which would cost £1.51m based on full FTE 1-plan expansion.

**EFA Post 16 Grant** - As the final allocations were not due to be released until March 2019 calculations had been based on the revised 2018-19 level of £13.2m.

**Pupil Premium (PP)** - PP funding would continue in 2019-20, but for planning purposes the 2018-19 actual figures had been used until the new figures were released.

**High Needs (HN) Allocation** - An additional £350m funding had been announced in December for HN (£100m capital allocation and £250m revenue). As part of a 2-year funding deal for 2018-19 and 2019-20 LBTH would receive an additional £724k in each year. SP commented that the additional funding, although welcome, did not fully compensate for the current deficit in the HNB. CMc provided additional information around HN Capital funding. The LA intended to consult with the Forum on a range of options for that funding which could include: Special Schools' growth and adaptations to mainstream schools.

**Q&A - CM queried the DfE allocated the extra funding per capita and whether the DfE considered the issue of additional pressure in its formula?** Additional pressure was not a consideration in the formula used as part of the official allocation which extrapolated data from 2013-19 per capita growth in LBTH, part of which, was already contained within the HN formula. The funding was historically in arrears. SP clarified that HN had received an additional 1.2% funding increase in its income, plus the additional £724k, which when combined equated to approx. 6% more funding than HN received in 2018-19.

**Q&A - SM queried whether schools could therefore expect an increase in funding?** The HNB was under immense pressure and the level of overspend prohibited any flexibility to allocate an increase. Only those primary and secondary elements which met the additional pupil criteria would receive the 0.5% uplift provided under the main formula.

**GW sought clarification of the phrase 'a middle super output area' (MSOA)?** SP clarified that an MSOA are small enough geographical areas to detect 'pockets' of growth within Local Authorities. OA was the base unit for Census data releases that looked at the changes in population density.

**Resolved** - The Schools Forum unanimously **AGREED** the formula based on the 2019-20 schools block settlement and endorse the EFSA submission, including the DSG budget 2019-20.

## Agenda Item 4: Schools Block Strategy 2019-20

Presenting: Steve Worth (SW)

The Schools Forum **NOTED** and commented on the report entitled '*Schools Block Strategy 2018-19*'

**Item 1** – The endorsement of the proposed schools funding formula for 2019-20.

The Forum had consulted widely on this motion and **AGREED** to go directly to the decision making process.

**Resolved** - The Forum **ENDORSED** unanimously the proposed schools funding formula for 2019-20 (LA's recommended Option 3).

---

**Item 2** – The proposed one-off transfer of £920k from the Schools Block into the HNB for 2019-20.

SW reported that 21 responses in favour of the transfer had been received during the consultation period and qualitative comments were included in an updated appendix. MR commented that it was important to acknowledge that the pressures on the HNB were not new and a guarantee was required that the issue would be addressed.

MF confirmed that the issue had been widely discussed amongst Headteachers through their respective consultatives which had agreed to the one-off transfer, but that there was a high level of anxiety about the HN funding.

**Q&A - MF had queried with JOS whether there was anything that could be done to hasten the outcome of the SEND review without compromising the quality of that process?** CMc stated that vital background work had been undertaken regarding proposed changes, but those changes still required implementation. The LA would consult with the Forum on those proposals which could include, as a starting point, a 5% cut to all Top-up funding.

The Forum **NOTED** that the LA was addressing the challenges within SEND and that there was now a clarity and drive to rectify those challenges.

**Resolved** - The Forum unanimously **AGREED** the proposal for a one-off transfer of £920k funds to the HNB.

---

**Item 3 - Falling Roll Fund (FRF)** - The approval to create the FRF, its methodology and the amount.

SW reported that the proposed methodology had been marginally increased to £650k.

**Q&A - SM queried whether schools with surplus balances and a falling roll would meet the eligibility criteria for the FRF?** Under the proposed methodology a school with a surplus balance could meet the criteria, but that there were specific criteria that also needed to be met.

EH commented that it would be inequitable for a school with a surplus budget to receive additional funding when several schools were facing financial difficulty. She suggested that a proviso should be contained within the formula to reflect schools which carried forward X% of its funding would not be eligible to receive the full FRF.

JB commented that there had been incidences in which schools in difficulty had funding built into their budgets and sought confirmation that the FRF would not get locked into schools budgets. SP confirmed that the FRF was for a one-off funding over 3years and that the Consultatives were in favour of creating a FRF.

**Q&A - SH queried whether there was a provision for nursery schools which experienced falling rolls in the autumn term annually because nursery schools equally had a need?** SP confirmed that the regulations did not extend to the EY provision. If there was a desire to create one that provision would not be limited to maintained nursery schools (MNS), but would extend to Under 5s, PVI's etc.

The Forum **NOTED** SH's comment and the Chair advised that the piece of work was outside the Forum's remit and suggested that discussions should be held with the LA regarding this issue.

**Q&A - AM queried the LA's rationale for basing the criteria on 1 year Reception intake rather than Reception through to Year 6 intake because pupil numbers which fell in other years might not trigger the eligibility in Reception. Could the FRF be based on census which would be more inclusive?** SP clarified that

the 2016-17 baseline had been used because several schools had first recorded a falling roll. If data from other year groups was used during the process it would be difficult to identify which baseline figure to use and it would more costly. The FRF would be triggered when insufficient pupil numbers joined Reception. The FRF was not being used to resolve the issue of historical falling rolls.

AM queried whether the LA had collated sufficient data in order to categorically confirm that those schools which needed the additional support did have a Falling Roll in Reception and that a comparison between the 2016 and 2018 censuses would be a less brunt instrument to use as part of the methodology.

**Q&A - GW queried the context around the need for a FRF for 2019-20?** SP clarified that the dataset now showed that 22 schools had fallen below the 90% level of Reception intake. The initial proposal had been put forward by schools when there were only 6 schools identified as having a falling roll, but it had not been taken forward last year. JC confirmed that the issue of a FRF had not been discussed at the Primary Heads consultative because the issue came as part of a working party.

AM suggested that a level scrutiny of schools budgets and their plans for surplus expenditure was required and that there could be a role for the Forum, going forward, to have oversight of how decisions were being made and how the criteria was applied. SW agreed that there was a need to build into the criteria a caveat regarding surplus budgets.

**Q&A - CM queried how would the FRF operate in practice? Would schools be eligible to access the FRF more than once?** SP confirmed that it was a limited resource which schools could access each year over a 3-year period. MR commented the FRF eligibility criteria should be linked to the primary place review and that the opening of new free schools could potentially attract pupils from other schools which had a FR.

AM suggested that the Forum should commit up to the point at which the Primary Place Review (PPR) became effective and anything after that point should be considered separately. CMc confirmed that the PRAG recommendations would be considered this term and there was a need to dovetail the two processes.

**Partially Resolved** – The Schools Forum **AGREED** in the **MAJORITY**, with **1 Abstention**, the proposal that a Falling Roll Fund should be created, but **DEFERRED** its decision on the proposed methodology until its next meeting, subject to further clarification and discussion of the methodology before the Falling Roll Fund could be applied.

Action Point	Lead	Timescale
Amend the criteria to restrict schools which carry forward a surplus of X % of its funding	SW/SP	Next SF meeting 06.03.2019
(SM) Provide the contribution per school for the FRF	SW/SP	Next SF meeting 06.03.2019
FRF to be placed on the agenda for the next meeting	Clerk	Next SF meeting 06.03.2019
Recirculate the information that was circulated to consultatives in order for Heads to discuss the issue before the next SF meeting	SP/SW	ASAP

**Item 4 Growth Fund (GF)** - The Forum was invited to approve the proposal to set aside a GF of £1.496m.

The issue would be brought back to the Forum with the outturn report at which time the LA may seek to transfer some of the carry forward from the underspend in 2018-19 into the GF for 2019-20.

SW tabled the proforma which was due to be submitted to the DfE by 19.01.2019. The proforma allocated the National Funding Formula (NFF) factors and values and inserted the maximum MFG, plus 0.5% uplift. This provided £100k flexibility which had been transferred into the GF.

**Q&A -EH queried whether the GF applied to Free Schools and academies?** SW confirmed that it would be applicable because the GF would be subject to top-slicing before the FF was calculated which affected the funding available for academies, free schools, as well as, maintained schools.

EH commented that the GF would fund free schools/academies which sought to open in areas where other schools had falling rolls. SP clarified that the formula did not apply to new academies/ free schools in 2019-20 and Mulberry Primary and Mulberry Secondary Free Schools, were not included in the formula which allocated all the resources based on current cohorts. SW stated the GF was applicable to those free schools/ academies which had an agreed growth approved by the Pupil Place Planning dept.

**Q&A - AM sought context around the beneficiaries of the GF?** SP advised that there were 9 primary schools and 2 secondary school expansions planned. Several primary expansions were in place e.g. Woolmore, Olga etc. which the LA was required to fund for 7/12s of the year whilst numbers increased. Bow Secondary school had an increase in pupil numbers Year on Year.

**Resolved** – The Schools Forum unanimously **AGREED** the proposal of the Growth Fund and its distribution methodology based on the LBTH formula for 2019-20.

Action Point	Lead	Timescale
Clarify the disparity in figures between SPs report £1456m and SWs report £1496m-sp -correct figure used in the 2019-20 budget is £1496	SW/SP	Next SF meeting – 06/03/2019

**Item 5 – De-Delegation of Former Education Services Grant (ES) General Duties.** Primary and Secondary school representatives were asked to decide in two (2) tranches whether each of the services listed should be de-delegated from the maintained schools budget.

**a. Contingency for Schools in Financial Difficulty**

The Chair of the Primary Consultative confirmed that the issue had been discussed widely and information circulated, but the consultative had requested further information regarding the development of a rationale for when it was appropriate to contact the Director of Children’s Services or Divisional Director regarding the process for accessing that fund. It had also requested a breakdown of how the contingency had been spent over the last few years.

**Resolved** - Primary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service.

**Resolved** - Secondary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service.

**b. Free School Meals (FSM) Eligibility and the Checking Service**

JC confirmed that the Primary Heads Consultative had considered and agreed this item for de-delegation.

**Resolved** - Primary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service

**Resolved** - Secondary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service

**c. Licences/Subscriptions**

JC confirmed that the Primary Heads Consultative considered and agreed this item for de-delegation.

**Q&A - JB queried whether the cost of the A Level Prediction Service (ALPS) was met through THEP?** SP confirmed that the cost would be transferred out of de-delegated costs to THEP.

**Resolved** - Primary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service

**Resolved** - Secondary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service

---

#### **d. Trade Union Facilities Time**

JC confirmed that the Primary Heads consultative considered and agreed this item subject the provision of the proposed final cost which had the potential to be reduced to near £5.00 per pupil due to the underspend in this area. AK advised that there was a potential underspend, but the exact amount remained unclear.

The Forum **NOTED** the comment made by JB that the Secondary Heads Consultative queried the disparity between the total figure requested by the TUs of £175k when the cost for behaviour support and anti-bullying elements totalled £98k.

The Chair, on behalf of the Forum, acknowledged the work that AK and other TU representatives had done to ensure good communication and looked forward to a continued constructive working relationship.

**Resolved** - Primary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service, subject to a maximum of £5.00 per pupil.

**Resolved** - Secondary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service, subject to a maximum charge of £5.00 per pupil.

Action Point	Lead	Timescale
The agreed cost of £5.00per pupil to be fed back to TU colleagues SP-TU AGREED revised £5.00 P/P	AK	ASAP

---

#### **e. Behaviour Support/Anti-Bullying**

JC confirmed that the Primary Heads Consultative had considered and agreed this item.

**Q&A - JB queried why the disparity in rates between Primary and Secondary schools when the service received was identical?** The Chair observed that historically the disparity was due to the accessing the service and the proportionality of budgets. The bulk of the services were being accessed by secondary schools.

**Resolved** - Primary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service

**Resolved** - Secondary Maintained School representatives voted unanimously to **AGREE** to the de-delegation of this service

Action Point	Lead	Timescale
To provide clarity around the disparity in charges for Behaviour Support between primary and secondary school	CMc	Next SF meeting 06.03.2019

---

#### **f. Education Service Grant-** School Representatives were invited to decide on the de-delegation of the former ESG general services as set out in Table 4, Page 6 of the Schools Block Strategy report.

This item had been considered and discussed widely. In 2018-19 de-delegation was only sought from mainstream maintained schools, but this had been widened to include maintained special schools and PRUs.

JBr commented that the £10k place funding provided provisions, such as LEAP, a safety net because pupil numbers could not be guaranteed.

**Q&A - JBr queried whether further reduction could be expected in future years because the provision incorporated place funding in its budget planning?** SW confirmed that the level of reduction and the decision to de-delegate place funding was a decision for the Forum and that the LA could not act arbitrarily.

The Forum **NOTED** the comment made by JBr that it should consider carefully before agreeing to reduce the place funding further because it provided a vital safety net. MR concurred with the comment made by JBr and stated that the £10k place funding was the only secure funding his school received. There was insufficient information to determine what the services entailed, what was the cost of those services and what did it support. He bought-in professional services from other agencies which would result in his schools paying double contributions for the education welfare section. SW clarified that some of the funding was going to cover the statutory services.

JC commented that the Forum had requested further information regarding the School Improvement. It was her understanding that it had been delegated to THEP. SW confirmed that the LA was not seeking to de-delegate on that issue.

**Resolved** - maintained School representatives, excluding maintained Nursery schools, voted in the **MAJORITY** to **AGREE** to the de-delegation of this service, as set out in Section 6. There were **3 ABSTENTIONS** and **1 NOT AGREED** recorded.

## Agenda Item 5: Central Schools Services Block (CSSB) 2019-20

Presenting: Sailesh Patel

The Forum **NOTED** and commented on the report entitled 'Central School Services Block'.

SP reported that the CSSB formula had been changed to a formula-base calculated on a per pupil basis and was expected to diminish over time. There were 2 components within the formula: On-going functions and Historical functions which were part of combined budgets.

**Q&A - The Chair queried how long was the Forum expected to make decisions regarding on historical contributions to combined budgets?** The CSSB would be subject to review in 2019-20 and it was expected that historical contributions would reduce in the future, but that the DfE had not yet indicated the timeline and level of tapering required to remove this element. The costs for the In-Reach/Out-Reach programmes would be transferred to the HNB.

**Q&A - JR queried what was meant by 'enrichment' within table 3?** The costs appeared high relative to the number of pupils who benefitted. SP clarified that a programme of support for 'looked after children' had

been agreed by the Forum in 2015. Particular reference was made to £201k funding for clothing grants. SP stated that the number of applications for the grant was very high.

**Q&A - JR queried whether the weekend GCSE classes in table 3 were in addition to those already run by schools?** The GCSE classes were set up in 2014-15 and CMc clarified that it related to an historical budget line. The GCSE classes were not utilised in 2018-19 and showed as an underspend in the budget statement which was utilised in the overspend of the HNB. EH suggested that costs related to the GCSE classes and enrichment be removed from the historic budget unless significant evidence of their need and use of is provided.

**Q&A - EH queried how much of the budgets were spent last year?** She commented that it appeared some of the budgets had not been pulled against. SP confirmed that there had been underspend in some areas of the CSSB which had been reported in the final outturn report which had been transferred to support the overspend element within the HNB.

**Q&A - JC queried which body had the responsibility to consider the budget headings under the School Improvement budget line of £366k?** It fell under the LAs remit. CMc clarified that the costs for Primary School Development related to the contribution towards the Interim Head of Primary Learning and Achievement post. The costs for the Secondary School Development related to the contribution towards an administrator in the LA and a consultant working on the project with THEP.

BC commented that decisions appeared to be made on suppositions rather than actuals and suggested that it would be good practice if the Forum could be provided with actuals and spend from previous years. SP confirmed that the full amounts had been disclosed by budget line against actual spend within the s251 budget statement which was in the public domain.

SW commented that a strategy needed to be developed to determine which elements should be retained and how the funding for historical contributions should be utilised before the element is removed.

**Resolved** – The Schools Forum unanimously **AGREED** the retention of funding for the former ESG retained duties.

**Resolved** – The Schools Forum unanimously **AGREED** the retention of funding for the statutory on-going duties

**Partially Resolved** - The Schools Forum unanimously **AGREED** the overall amount for retention of funding for the historical commitments as set out in section 4 of the report, but did **NOT AGREE** individual lines subject to the provision of further information.

Action Point	Lead	Timescale
To provide the Forum with further details pertaining to the need and use of the enrichment programme for 'looked after children' and the weekend GCSE classes	SP/SW	Next SF meeting 06.03.2019
To report back to the Forum on the outcome of the review of the CSSB	SP/SW	End of the Review

## Agenda Item 6: Early Years (EY) Funding Block 2019-20

Presenting: Sailesh Patel

The Forum **NOTED** and commented on the report entitled '*Early Years Block Funding 2019-20*'.

SP reported that the LA was moving towards offering universal entitlement for 15 hours provision for all children with an additional 15 hours entitlement available for pupils of eligible working parents. The funding rates for 3-4 years old pupils had been marginally reduced to £8.06, but the funding for the 2-year old entitlement remained the same as in 2018-19 at £6.50ph.

Funding for the universal entitlement, the additional 15 hours provision and the 2 year old entitlement would pass to the respective settings in its entirety.

**Early Years Pupil Premium** was currently calculated based on 2018 figures which would be reviewed by the DfE in the near future and based on the January census.

The **Disability Access Fund** had been based on data from 2018-19.

The **Maintained Nurseries Schools** (MNS) supplement had received a small increase in funding to £0.566m.

**SEND Inclusion** - Funding regulations required that a SEN inclusion fund be set up. The methodology was based on 3-4 year olds pupil data with an hourly rate of £0.20 pence per pupil. The fund, based on the number of pupils, equated to £595k.

**Q&A - SH queried what was the method for accessing the SEND Inclusion fund?** SEN colleagues would determine the criteria for accessing resources. SH commented that Provision During Assessments (PDA) would be required because pupils would have moved on by the time EHCPs had been approved. CMc stated that the LA was committed to early interventions.

**EY Formula and Central Retained Budget** -It was proposed that the maximum 5% of the EY central retained budget be retained which equated to £1.265m.

**Unallocated Local Area Day Nurseries (LADN) Funding.** CMc reported that the Mayor had agreed to fund the outstanding cost of the LADNs from reserves. The LA supported the Forum's proposal made at its last meeting that the £270k unallocated funding go to support the 6 Maintained Nursery Schools (MNS). The LA would hold discussions with the MSNs regarding additional funding available through the Mayor. There were issues around the longer term sustainability of MNSs which would form part of those discussions.

The Forum **NOTED** the content and the proposed changes to funding rates.

**Resolved** - The Schools Forum unanimously **APPROVED** the centrally retained budget within the Early Years Block as set out in section 4 of the report.

**Resolved** - The Schools Forum unanimously **AGREED** the retained budget within the Early Years Block.

**Resolved** - The Schools Forum unanimously **AGREED** the unallocated funding from the Early Years retained budget be used as proposed by the LA to support the 6 Maintained School Nursery Schools.

## Agenda Item 7: Mayor's Free School Meals Service (MFSM)

Presenting: Sailesh Patel

The Forum **NOTED** and commented on the report entitled '*School Meals Service Update to Schools Forum*'.

The proposal concerned the improvement of the MFSM process and reconciliation between the number of meals provided and the activity itself in order to remove the potential for schools to generate a surplus from the process. As part of quality assurance process MFSM returns would need to be completed and submitted to the LA on a monthly basis and schools would be reimbursed monthly, once the submission has been verified.

MR commented that if schools kitchen were expected to be funded on the basis of the number of MFSM allocated it could lead to significant issues in terms of quality and potentially safety because meals prepared by a central kitchen would not consider individual children’s requirements and the issue of special requirements may get lost because of the process. SP stated that a working group had been set up to consider potential issues.

CMc suggested that the special Schools request that Heads consultatives make a representation to the working group.

Action Point	Lead	Timescale
To feedback concerns raised regarding MSMs from a central kitchen which could lose the special requirements in the process	SP	ASAP
A representation to be made to the working Group through the Primary/secondary Heads consultative	MR	ASAP
The issue to be fed back to the Heads Consultatives for discussion	Chair	ASAP

**Agenda Item 8: High Needs (HN) Strategy Working Groups – Verbal Update**  
**Presenting: John O’Shea**

JOS thanked the Forum for its acknowledgement of the level of vital work that was continuing to take place during the HN review.

He reported that it had anticipated that the findings of the PPR would have been linked with the recommendations around resource based and potential sites for resource bases and that there was a need to ensure that Top up funding for resources bases was applied more equitably.

The SEMH review had been submitted which considered the inclusive nature of schools within LBTH and acknowledged and recognised the work carried out in schools in ensuring pupils with SEMH were maintained in mainstream schooling and specials provision.

The review recommended looking at models which would increase the amount of specialist provision within LBTH, and could involve a consultation on the way in which potential resource bases happen within the mainstream schools.

The SEMH review would be dovetailed with the work of the mental health trailblazers and the work around exploited children.

JOS had met with CMc and considered a reduction in Top-Up funding and would bring the issue back to the Forum for comment. MR commented that the top up issue was not just limited to resource bases. The issue needed to be addressed because it was apparent that there were discrepancies within top-up allocations.

The Support for Learning Service (SLS) Review was midway through the 1st phase. A consultation had taken place in the autumn term. A workshop would be set up to consider ways the SLS might be funded in the future. The issue would be brought back to the Forum.

There was also additional funding within the specialist provision capital fund announced in December which was to be used for improving access to education for pupils with SEN, either by expanding places in outstanding special schools or completing works required to put in a resource base in an outstanding school.

MF sought clarity around using the some of the additional capital funding for outstanding mainstream schools to have a resource base was this about an outstanding school or provision. JOS confirmed it was the provision.

## Agenda Item 9: Any Other Business

Presenting: All

### Historical Funding Anomalies

EH reported that a group of secondary heads had met with SP to discuss schools funding. In the secondary schools sector there were some discrepancies with outliers which had the potential to involve £millions in terms of differences in budgets.

There appeared to be a discrepancy with the funding for the IDACI provision. Comparisons were made between four (4) schools, including an outlier, and her own Central Foundation Girls School. It was unclear whether the final figure was affected because the data was incorrect. A school could not identify which Band IDACI related to individual schools because the data was listed differently within 2 tables. She suggested that the IDACI provision should be included in the data table in order to determine a school's correct banding.

SP commented that 2018-19 information regarding IDACI and census data which drove the formula was also loaded on to the London Grid for Learning (LGL). The version tabled had been submitted to the DfE and contained the same values used in the LBTH formula, but the LA had not extrapolated information relating to academies/free schools into the local version.

Utilising the data from one table a school had identified that over 80% of its population should be in receipt of English as an Additional Language (EAL) funding because the 3-year residency criteria had been met. EAL funding for secondary schools was approx. £1600 per pupil and if it formed part of the formula it would have a significant effect on budgets.

EH had also requested that schools were issued with accurate information to ensure clarity and transparency and that there was some assurance that there was an oversight of the process.

The MFG had also been discussed and the historical funding applied to schools for SI which had been 'frozen at the magic point'. A letter had been drafted to DfE asking whether that money allocated to schools at that historical point in time could be removed from the formula to ensure a more equitable balance of funds.

SP clarified that he would be publishing the data for both primary and secondary elements. The data was driven directly from the schools own censuses and submitted to LA to populate the formula. The oversight of

that process would sit with the schools, but there was a mechanism contained within that formula designed by the DfE to ensure certain parameters were not exceeded and a compliance process enacted.

Action Point	Lead	Timescale
To inform the SF when the item is ready to be included in an Agenda	EH/SP	Before end of academic year
Summarise the questions the Forum needed to address in relation to the historical anomalies within funding	SP	Date to be confirmed

The Chair thanked the members for their time and acknowledged that we work in challenging circumstances and that we all have a common interest which is the children and families which we serve.

## Agenda Item 8: Date of Next Meeting

### Discussion/ Challenge

The next meeting of the School's Forum was scheduled to take place on Wednesday 6th March 2019.

[The meeting concluded at 10:41hours]

### Summary Action Log

AGENDA ITEM	16th JANUARY 2019	LEAD	TIMESCALE
Item 4: Schools Block Strategy - FRF	Amend the criteria to restrict schools which carry forward a surplus of X% of its funding	SW/SP	Next SF meeting 06.03.2019
	SM requested the contribution to be made per school for the FRF	SW/SP	Next SF meeting 06.03.2019
	FRF to be placed on the agenda for the next meeting	Clerk	Next SF meeting 06.03.2019
	Recirculate the information that was circulated to consultatives in order for Heads to discuss the issue prior to the next SF meeting	SP/SW	ASAP
Growth Fund	Clarify the disparity in figures between SPs report £1456m and SWs report £1496m	SW/SP	Next SF meeting - 06/03/2019
TU Facilities Time	The agreed cost of £5.00per pupil to be fed back to TU colleagues	AK	ASAP
	To provide clarity around the disparity in charges for Behaviour Support between primary and secondary school	CMc	Next SF meeting 06.03.2019

Item 5: Central Schools Services Block:	To provide the Forum with further details pertaining to the need and use of the enrichment programme for 'looked after children' and the weekend GCSE classes	SP/SW	Next SF meeting 06.03.2019
	To report back to the Forum on the outcome of the review of the CSSB	SP/SW	End of the Review
Item 7: Mayors Free School Meals	To feedback concerns raised regarding MSMs from a central kitchen which could lose the special requirements in the process	SP	ASAP
	A representation to be made to the working Group through the Primary/secondary Heads consultative	MR	ASAP
	The issue to be fed back to the Heads Consultatives for discussion	Chair	ASAP
Item 9: AOB Historical funding anomalies	To inform the SF when the item is ready to be included in an Agenda	EH/SP	Before end of academic year
	Summarise the questions the Forum needed to address in relation to the historical anomalies within funding	SP	Date to be confirmed

Chair's signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Lorraine Flanagan**

## LONDON BOROUGH TOWER HAMLETS SCHEME FOR FINANCING SCHOOLS

The total of any amounts deducted from schools' budget shares by the LA under this provision are to be applied to the Schools Budget of the LA.

### 4.3 Interest on surplus balances

School year-end balances will remain in the school's bank account and will earn interest for the school on the same basis as any other cash in the account. There are no restrictions on payments from accumulated reserves unless the school has agreed to participate in the licensed deficit scheme.

### 4.4 Obligation to carry forward deficit balances

Where expenditure in any financial year exceeds the budget share, as adjusted for any surplus or deficit carried forward from a previous financial year, the deficit will be carried forward and deducted from the following year's budget share.

Where a school's budget share is reduced by a deficit at 31st March being carried forward, the school may either: -

- draw up a budget plan within the limit of that reduced budget share or
- if the deficit is greater than £10,000 or 4% of the school's budget share for the current financial year whichever is the greater, may seek the agreement of the Director of Children's Services to a schedule of repayments over more than one financial year so that only part of the deficit has to be made good in each of those years. The school would be required to cover that part of the deficit not made good that year by a cash advance, see paragraph 4.9, borrowing in accordance with the arrangements set out in paragraph 4.9 below on which interest will be charged.

### 4.5 Planning for deficit budgets

Schools covered by the scheme may only plan for a deficit budget in accordance with the arrangements set out in paragraph 4.9 below.

### 4.6 Charging of interest on deficit balances

Since schools must by the arrangements set out in paragraphs 4.4 and 4.5 above cover deficits by cash advances borrowing in accordance with the arrangements set out in paragraph 4.9, interest will be charged on the basis set out in paragraph 4.9.

### 4.7 Writing off deficits

London Borough of Tower Hamlets has no power to write off the deficit balance of any school.

### 4.8 Balances of closing and replacement schools

Where a school converts to academy status under section 4(1) (a) of the Academies Act 2010 any surplus or deficit transfers to the academy.

When a school closes any balance (whether surplus or deficit) shall revert to the LA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school.

## LONDON BOROUGH TOWER HAMLETS SCHEME FOR FINANCING SCHOOLS

However, the formal consultation document relating to school re-organisation may set out any arrangements for allocations to schools that have the effect of giving them the benefit of additional sums that are less than or equal to but not more than the balances of the relevant closing schools.

Any extra payments to a new school that is the successor to one or more schools that are closing may be abated in full or in part to no more than the extent the predecessor school or schools closed with a deficit balance.

### 4.9 Borrowing for agreed purposes

The general provision in paragraph 3.6 above forbidding Governing bodies to borrow money shall not apply to schemes run by the Authority as set out in the following sections:

#### 4.9.1 Licensed deficits

~~Schools may apply for an advance under the LA's Licensed Deficit Scheme, where planned developments are beyond the immediate overall resources of the school. Proposals must be discussed with and supported by the relevant LA officer. In particular the LA officer must be satisfied that the deficit is necessary, that the purpose of the expenditure is satisfactory and the date by which the school will have eliminated the deficit is achievable.~~

~~The detailed arrangements are set out in Annex F. Licence arrangements are unlikely to be agreed for sums of less than 2% of the school's share of the ISB for the year in which the licence will first take effect. Schools will be expected to manage lesser sums within the financial year.~~

As set out above, any school ~~running into deficit~~ or projecting a deficit may seek a cash advance ~~must also use these arrangements~~. In effect a request will be made by the governors to licence the expected deficit. This will also require an agreed action plan to reduce recurrent expenditure and bring the school's finances back into balance over an agreed period that must not exceed three years. The action plan must allow for the repayment of the advance over the period of a licensed deficit.

A licensed deficit will require the approval of the Corporate Director (Children Services) and the Chief Finance Officer.

The action plan will not automatically prevent schools with licensed deficits (or requesting to have one set up) from receiving grant funding that may require some element of contribution from the school budget. However, if the match funding adversely affects the school's ability to meet its repayment targets or the LA formed the view that such expenditure was unreasonable in the school's financial circumstances, then the LA may refuse the school's request to take up the grant.

~~The action plan will also not automatically prevent schools with licensed deficits from using their Schools Standards Grant for purposes other than reducing their deficit. In fact the LA will normally agree to the use proposed for it by the Governors and will only withhold that agreement and require it to be applied to reducing the deficit if the LA~~

## LONDON BOROUGH TOWER HAMLETS SCHEME FOR FINANCING SCHOOLS

~~forms the view that the proposed expenditure would be unreasonable given the school's financial circumstances.~~

### 4.10 Loan schemes/Credit Union

The LA may, should resources permit, make an advance from the annual budget of the LA and this may include inviting schools to contribute up to 50% of their credit balances to finance the scheme. The conditions of the advance would be as set out for the Licensed Deficit Scheme set out above.

There is one further restriction namely that the loan may only be made for expenditure that is deductible from the ISB under s.46 regulations.

There can be no guarantee that there will be any resources available in any particular year to finance this scheme.

#### 4.10.1 Credit union approach

Schools may group together to form a credit union to make loans for education development purposes to each other. If schools wish to adopt this approach they should first inform the LA. The LA will wish to ensure that any such proposal is properly researched and will construct a working party of professional staff, including legal and finance staff, to provide advice. The cost of this advice will be chargeable to the credit union. Alternatively, the credit union may seek advice from another professional source but the LA will require the scheme to be certified by its own appointed auditors. The cost of the audit will be chargeable to the credit union.

#### 4.10.2 Loan Scheme

The Secretary of State directs that loans can only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

In circumstances where schools may apply for a loan, its proposals must be discussed with and supported by the relevant LA officer. In particular the LA officer must be satisfied that the loan is necessary, that the purpose of the expenditure is satisfactory and the date by which the school proposes to repay the loan is achievable.

The detailed arrangements are set out in Annexe F. Loan arrangements are unlikely to be agreed for sums of less than 2% of the school's share of the ISB for the year in which the loan is taken out. Schools will be expected to manage lesser sums within the financial year.

~~The Authority operates a~~ loan scheme is funded from the collective balances held by schools.

The Secretary of State directs that loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of

## LONDON BOROUGH TOWER HAMLETS SCHEME FOR FINANCING SCHOOLS

Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

All maintained schools are eligible to apply for a loan that can be for:

- ~~the costs of restructuring or reducing staffing complement;~~

The maximum loan will be up to 5% of the schools budget share, excluding earmarked grants. Approval will be subject to the governing body submitting a detailed budget plan the Authority may approve a loan and is that satisfies the Authority, satisfied that the repayments ongoing commitment can be met.

When a loan is approved, the governing body will be required to formally commit to repay the loan or to make alternate arrangements to carry on the loan before undertaking any change to category or characteristics of the school.

Formatted: Justified

**AGENDA ITEM**

**Title of report: Scheme for Financing Schools**

**Author of the paper:**

**Officer to present the paper to Schools Forum: Steve Worth**

**Details on who has been consulted with on this paper to date:**

**Executive Summary:**

The report sets out:

- 1 The requirement for local authorities to publish a Scheme for Financing Schools and informs members of changes introduced in the latest model scheme produced by the Department of Education.
- 2 The proposal to consult all schools on the proposed changes.
- 3 The most significant change required by the Secretary of State, which prohibits the use loans for schools with licensed deficits, and the changes proposed to incorporate this in the Tower Hamlets' Scheme.

**Details of recommendations and timescales for decisions:**

Schools Forum is asked to note the forthcoming consultation and that proposed changes will be brought to the next meeting of the Forum.

Forum is asked to comment on the proposed changes set out in Appendix 1.

## Schools Forum.

- 1** Section 48 of the School Standards and Framework Act 1998 requires Local Authorities (LAs) to publish a Scheme for Financing Schools. The Scheme sets out the financial relationship between a LA and its maintained schools; it does not apply to academies.
- 2** The Department for Education (DfE) provides a model scheme that a LA can adapt to its needs. The model scheme was updated in February 2019 and Tower Hamlets is updating its Scheme to incorporate the latest guidance.
- 3** Some of the changes made by the DfE take the form of a '**directed revision**' from the Secretary of State for Education. These **must** be incorporated in Schemes and take effect from the date of the direction.
- 4** It is a requirement of Section 48 that before changes can be made all maintained schools must be consulted and agreement to the changes obtained from maintained school members of the Forum.
- 5** The updated Scheme will be sent for consultation in March and the outcome reported to the next meeting of the Forum. Updates will be shown as tracked changes and are in the main relatively minor and often cosmetic, such as updating terminology.
- 6** The most significant change is a directed revision around the use of loans from a LA to its schools. This prohibits the use of loans as a means of funding licensed deficits and restricts the use of loans to funding capital expenditure over a number of years.
- 7** This revision was designed to stop sponsored academies with accumulated deficits continuing to make loan repayment after conversion. The DfE would, in most cases, expect the deficit of a school becoming a sponsored academy to remain with the LA.
- 8** Tower Hamlets' current Scheme allows for the use of loans to fund deficits and therefore needs to be changed. The proposed changes to the Scheme to accommodate this revision are set out in Appendix 1. The wording of the direction is shown in Appendix 2.
- 9** Please note that the changes do not prevent the use of cash advances to support the cashflow of schools with licensed deficits, but these cannot be treated as loans and the full value of any cash advances not repaid at year-end will be shown as part of the accumulated deficit.

**Appendix 2 Directed Revision.**

**Loan schemes**

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

## **AGENDA ITEM 06**

### **Title of report: High Needs Funding Block Review and Recommendations for 2018-20**

**Author of the paper: Christine McInnes**

**Officer to present the paper to Schools Forum: Christine McInnes**

#### **Details on who has been consulted with on this paper to date:**

Sailesh Patel, Terry Bryan, Children's Services DLT

#### **Executive Summary**

The high needs funding block (HNFB) allocation from the Education Funding Agency provides the bulk of funding for high needs provision for children and young people with special educational needs or disabilities (SEND) in Tower Hamlets. The HNFB is changing alongside the schools National Funding Formula as part of the government's reform of education funding.

The need for changes in the Tower Hamlets SEND system was identified through an external review of SEND which concluded in December 2016 and the findings informed the development of a new draft SEND strategy which will be published later this year. The strategic changes which will follow the publication of the new strategy, changes in national funding, along with a historic pattern of up to 1% annual overspend on the HNFB in Tower Hamlets, led to the initiation of the review of the current use of funding with a group of school leaders, mainly headteachers but also a Chair of Governors. Whilst the work of the group was to identify potential savings, the group also took the opportunity to assess and comment on re-investing a proportion of the savings to better meet current rather than historical needs.

This report sets out the proposal for changes to commence in 2018-19, based on the recommendations and principles devised by the High Needs Funding Review Group within the context of the new Tower Hamlets SEND strategy. The Review Group's full recommendations (see the Annex which also includes key data) have been reported to the Children's Services Leadership Team, who supports them. The views of Schools Forum are sought about the proposals and on how the Forum wishes to be kept informed about progress with the changes through the year ahead.

#### **Details of recommendations and timescales:**

1. That the Tower Hamlets high needs funding block principles and recommendations are reviewed and commented on by the Forum.
2. Comment made on the proposed changes and anything the Forum considers the local authority should take into account when taking them forward.
3. The proposed changes for 2018-2020 are:

- a. To reduce the size of the budget retained by the LBTH from the HNFB.
- b. To expand the number of special school places to accommodate an additional 120 students by 2021 in areas of identified special need (through specialist pupil place planning)
- c. To undertake a review of the specialist social, emotional and mental health (SEMH) schools and places in order to establish a sustainable provision.
- d. To review the current specialist resource bases in school and ensure more equitable top-up funding and a greater responsiveness to future SEND need.
- e. For the Fair Access Panel (FAP) Review to report on ways to reduce the proportion of pupils and their length of stay in alternative provision (AP) as well as the size of the allocation for AP from the HNFB.

#### Reasons for recommendations

1. The principles developed by the High Needs Funding Review Group provide a values-base for future decision-making about the use of the HNFB and should inform a transparent approach to budgeting that will be overseen by a new SEND Board which will also drive the implementation of the new strategy.
2. One of these principles is to achieve balanced expenditure from the HNFB by 2020-21. Urgent action is needed to reduce expenditure to achieve this. The proposals in this paper take into account the expected increases in the number of children and young people with SEND and establish a clearer relationship between funding and evidence of pupil need.

## 1. INTRODUCTION

1.1 The report summarises the financial challenges for high needs funding in Tower Hamlets for the period 2017 to 2021, together with the financial basis for the proposed changes, informed by the work of the High Needs Funding Review Group. Details of the proposed changes to commence in 2018 are set out along with the recommendations of the High Needs Funding Review Group.

1.2 The Education Skills and Funding Agency states in the *High needs funding: operational guide 2017 to 2018* that high needs funding “...supports provision for pupils and students with special educational needs and disabilities (SEND) from their early years to 25...Local authorities should use their high needs budget to provide the most appropriate support package for an individual with SEND in a range of settings, taking account of parental and student choice, whilst avoiding perverse incentives to over-identify high needs pupils and students. High needs funding is also intended to support good quality alternative provision for pupils who cannot receive their education in schools.”

1.3 A new formula for the HNFB is being introduced from April 2018, alongside the national funding formula for schools. In the past, there has been some flexibility for the Council to agree with Schools Forum to subsidise the HNFB from the direct schools grant (DSG), but the new arrangements reduce this flexibility and make this option less appropriate.

1.4 The gross allocation of the HNFB from the DfE to Tower Hamlets for 2017-18 is £46.08 million. The Annex includes a summary of how the high needs funding has been deployed in Tower Hamlets in 2017-18 and indicates an anticipated overspend in the region of £1.5 million. Under the new formula, the gross HNFB for 2018-19 will increase to £48.524 million. A summary of the financial information including estimated funding for subsequent years, based on indicative 0.5% per annum growth, are set out in Table 1 on page 5.

1.5 Whilst the increase for 2018-19 will help to alleviate immediate funding pressures in Tower Hamlets, the information in Table 1 **Column A** shows the potential size of the overspend year-on-year should no changes be made, which provides a strong rationale for the need to reduce spending in the medium and long term, to ensure there is sufficient resource and support for the increasing population of children and young people with SEND.

## 2. HIGH NEEDS FUNDING FINANCIAL POSITION 2017 - 2021

2.1 Table 1 summarises

- \* the current financial position and challenge for the HNFB; the indicative savings being aimed for by making various changes,
- \* the intended sums for re-investment in SEND priorities identified in the new SEND Strategy,

taking an increasing number of children and young people attending special schools and the place payments for them into account.

**Column A** shows a potential overspend of up to £5 million by 2020-21, should no changes be made to the HNFB's deployment.

2.2 **Column B** sets out changes should the local authority and schools succeed in reducing the rate of growth in the number of pupils with an education, health and care (EHC) plan. Current growth projections are for the numbers of pupils with an EHC plan increasing by 5.6% per annum. The aim is to reduce the annual increase by 3.6% to 2% per annum by 2020, through early intervention as well as more rigorous EHC needs assessment.

2.3 **Column C** outlines the financial position should further proposals be implemented over the period 2018 – 2021. Details of these proposals are set out in section 3, below. In 2018-19, the proposal is to make savings against funding retained by the LA for the delivery of services and undertake detailed reviews to scope how savings could be made in the other identified areas. This will take place within a context of implementation of the new SEND Strategy as well as the consolidation of the new EHC needs assessment materials and processes which will assist in achieving earlier identification and intervention as well as a reduction in EHC plans. Finally, **Column D**, shows the anticipated, gross HNFB allocation from the DfE. Those for 2017-18 and 2018-19 are known amounts. This figure is the total before sums are deducted by the Education Skills and Funding Agency for amounts such as post-16 places and places at academies.

**TABLE 1 – Summary of financial information**

	<b>Column A.</b> Total spending if no changes are made	Potential overspend against expected EFA funding (Column D)	Increase in costs due to new EHC plans at current rate of increase	<b>Column B. Total predicted spending when there is reduced increase in demand from new EHC plans</b>	Increase in costs due to new EHCPs if %age reduction target met	<b>Column C.</b> Total predicted spending if all proposed recommendations are implemented	Predicted savings from budget currently retained by the LA	Predicted Savings from resource base review	Predicted savings from SEMH review	Potential amount for re-investment in SEND system **	<b>Column D.</b> Projected DfE gross HNFB allocation
2017-18	<b>£48,063,141</b>	£1,983,141	-	-	-	-	-	-	-	-	£46,080,000
2018-19	<b>£49,962,241</b>	£1,438,241	£1,894,100	<b>£49,662,241</b>	£1,594,100	<b>£48,862,241</b>	£800,000	£0 (review phase)			£48,524,000
2019-2020	<b>£52,442,274</b>	£3,495,274	£4,374,133	<b>£51,623,143</b>	£3,555,002	<b>£49,473,143</b>	£1,800,000	£250,000	£750,000	£650,000	£48,974,000
2020-2021	<b>£54,402,082</b>	£5,002,082	£6,333,941	<b>£52,382,770</b>	£4,314,629	<b>£48,882,770</b>	£2,800,000	£500,000	£1,100,000	£900,000	£49,400,000

### 3. PROPOSALS FOR 2018-20

3.1 The numbers of pupils in Tower Hamlets are increasing and therefore we can expect the number of pupils with SEND to also increase. Whilst work is underway to reduce the annual increase in EHC plans through a variety of means, projections commissioned by the council from a specialist company that looked at the overall pupil population and specific, SEND populations, showed the need for more capacity within local special schools. The proposal is to have 60 more places available from Sept 2019 and a further 60 from Sept 2021 to minimise the need for pupils to be placed in out of borough placements. The cost of top-up and place payments for these children is included in the financial estimates in Table 1 and a capital grant of £3.54 million has been secured to support changes to school buildings.

3.2 The local authority currently retains £4.791 million of the HNFB which contributes to the Support for Learning Service, the SEN team and the Educational Psychology Service. Some of this funding has to be retained to ensure the local authority can fulfil statutory requirements, but it is proposed to reduce the retained amount to circa £1.990 million by 2021. It is anticipated this can be achieved through scrutinising expenditure to remove certain, 'historic' spending and to increasingly move services to being bought-in by schools to support their pupils with SEND through Service Level Agreements.

3.3 The local authority currently supports resource bases in seven mainstream schools with a significant variation in the level of per pupil funding between them. It is proposed to undertake a review of the funding for resource bases with local headteachers. The aim is to achieve parity of funding between resource bases and to develop a process to better align the provision to evidence of SEND need in Tower Hamlets. This should result in more effective use of the funding for resource bases across Tower Hamlets. Any savings achieved will be reinvested to maintain the number of children and young people with an EHC plan supported in resource bases.

3.4 The HNFB Review Group identified that the school offer for children and young people with severe social, emotional and mental health (SEMH) needs is fragmented with a variety of approaches being used. It is proposed a review is carried out that will also look at aspects of alternative provision and Children's Social Care's need for residential placements for the small numbers of very vulnerable children and young people. It is anticipated that savings to the HNFB can be achieved as a result of some high cost placements being funded with social care.

3.5 The HNFB Review Group observed that a relatively large proportion of the HNFB supports learning for those in alternative provision (AP). The fact that Tower Hamlets has a larger proportion of students in AP than in similar local authorities, is part of the rationale for the Fair Access Panel (FAP) undertaking a review of AP. The FAP review will consider how a higher number of students can be supported on alternative programmes within mainstream schools, reduce the number of referrals to the FAP and reduce the

average length of time students remain in AP. Its proposals will be put to Schools Forum for consultation in due course

#### **4. WORK OF THE HNFB REVIEW GROUP**

4.1 The High Needs Funding Review Group worked with officers from the local authority during autumn term 2017. The membership consisted of headteachers and senior leaders from schools and colleges in Tower Hamlets, as nominated by the respective phase consultative groups.

4.2 The group supported officers from the local authority to develop ways to present complex information about high needs funding to better assist strategic recommendations and decision-making. The group was of the view that a set of principles should be agreed to inform the current and any future review of high needs funding in Tower Hamlets (see: Annex). The group also produced 10 recommendations that have been reported to Children's Services Leadership Team. Subsequent discussions have resulted in this proposals paper.