



Contact: Sangeeta Brown  
Resources Development Manager  
Direct: 020 8379 3109  
Mobile: 07956 539613

e-mail: sangeeta.brown@enfield.gov.uk

---

## SCHOOLS FORUM

Meeting to be held from **17:30** on **Wednesday 8 March 2017**

Venue: **Chace Community School, Churchbury Lane, Enfield, EN1 3HQ**

(NOTE: Sangeeta Brown, Resources Development Manager - 07956 539613)

---

### Schools Members:

Governors: Ms I Cranfield (Primary): Chair, Mr C Clark (Primary), Ms Ellerby (Primary), Mrs J Leach (Special), Mrs L Sless (Primary), Mr T McGee (Secondary)

Headteachers: Ms H Ballantine (Primary), Mr D Bruton (Secondary), Mr P De Rosa (Special), Ms M Hurst (Pupil Referral Unit), Mr B Goddard (Secondary), Ms H Knightley (Primary), Ms H Thomas (Primary), Ms L Whitaker (Primary), vacancy (Primary)

Academies: Ms L Dawes, Ms A Nicou, Vacancy

---

### Non-Schools Members:

Overview and Scrutiny Committee	Tbc
16 - 19 Partnership	Mr K Hintz
Teachers' Committee	Mr T Cuffaro
Education Professional	Tbc
Head of Behaviour Support	Mr J Carrick
Early Years Provider	Ms C Gopoulos

---

### Observers:

Cabinet Member	Cllr A Orhan
School Business Manager	Ms A Homer
Education Funding Agency	Mr Owen

---

**MEMBERS ARE INVITED TO ARRIVE AT 17:15**

**WHEN SANDWICHES WILL BE PROVIDED**

**ENABLING A PROMPT START AT 17:30**

## **AGENDA**

### **1. MEMBERSHIP AND APOLOGIES FOR ABSENCE**

- (a) Welcome Ms Jo Fear, Head of Admission and Education Welfare and Ms Clara Seery, Head of School Standards.
- (b) The Forum is advised that the pupil numbers from the January PLASC had been assessed and the table provides a summary of the current membership requirements.

	Pupil Nos	Required Membership		Membership			Comment
	Jan PLASC	Based on PLASC	Rounded	Current	Proposed	%	
<b>School members</b>	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>		<b>Proportionate to pupil nos</b>
Maintained Primary	29,345	7.70	8	9	8	33%	Reduce by one member. This will be done by not recruiting to vacancy
Maintained Secondary	11,448	3.00	3	4	3	13%	No change
Academy	15,655	4.11	4	2	4	17%	Recruit to two vacancies
Special	641	-	2	2	2	8%	Pupil Nos not applicable
PRU	98	-	1	1	1	4%	Pupil Nos not applicable
<b>Subtotal</b>	<b>57,187</b>	<b>15</b>	<b>18</b>	<b>18</b>	<b>18</b>		
<b>Non School Members</b>				<b>6</b>	<b>6</b>	25%	Maximum allowed one third of total membership
<b>Total</b>	<b>57,187</b>			<b>24</b>	<b>24</b>	<b>100%</b>	

## 2. DECLARATIONS OF INTEREST

Members are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relating to items on the agenda.

## 3. MINUTES AND MATTERS ARISING FROM THE MINUTES (Pages 1 - 6)

- Schools Forum meeting held on 18 January 2017.
- Matters arising from these minutes.

## 4. ITEM FOR DISCUSSION & DECISION (Pages 7 - 76)

- Schools Budget 2017/18 – Update
- SEND & High Needs Places – Update
- C) School Academy Transfers – Contribution towards Costs.
- Scheme for Financing.

## 5. ITEM FOR INFORMATION (Pages 77 - 88)

- DIE Consultation Documents: Schools and High Needs National Funding Formula – Draft Response.
- Link to consultation documents is as follows:  
[https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/?utm\\_source=EFA%20e-bulletin&utm\\_medium=email&utm\\_campaign=e-bulletin&mxmroi=2305-10816-68330-0](https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-10816-68330-0)

## 6. WORKPLAN (Pages 89 - 90)

**7. ANY OTHER BUSINESS**

**8. FUTURE MEETINGS**

a) Date of next meeting to be changed to Wednesday 8 March 2017 at 05:30pm, tbc.

- 19 April 2017 – TBC
- 05 July 2017

**9. CONFIDENTIALTY**

To consider which items should be treated as confidential.

## Schools Forum Membership List

Name		Sector	Organisation	Member / Sub Since	End of Term
Ms I Cranfield (Ch)	G	P	Eversley	Summer 2013	Spring 2017
Mr C Clark	G	P	Field Federation	Autumn 2014	Summer 2018
Ms J Ellerby	G	P	Eldon	Autumn 2015	Summer 2019
Mrs J Leach	G	Sp	Waverley	Autumn 2015	Summer 2019
Mrs L Sless	G	P	Galliard	Autumn 2015	Summer 2019
Mr T McGee	G	S	Highlands	Spring 2016	Autumn 2020
Ms H Ballantine	H	P	George Spicer	Autumn 2015	Summer 2019
Mr P De Rosa	H	Sp	Durants	Autumn 2013	Summer 2017
Ms M Hurst	H	PRU	Enfield Sec Tuition Centre	Req'd - July 2014	
Mr B Goddard	H	S	Highlands	Autumn 2015	Summer 2019
Ms H Knightley	H	P	St Johns & St James	Autumn 2015	Summer 2019
Ms H Thomas	H	P	Alma	Autumn 2015	Summer 2019
Ms L Whitaker	H	P	St Matthew's	Summer 2016	Spring 2020
Mr D Bruton	H	S	Chace Community	Summer 2016	Spring 2020
Vacancy	H	P			
Ms L Dawes	H	A	Oasis Hadley	Spring 2016	Autumn 2020
Ms A Nicou	H	P	Enfield Learning Alliance	Autumn 2015	Summer 2019
Vacancy					
Ms C Gopoulos		EY	Bright Stars Nursery	Spring 2016	Autumn 2020
Mr K Hintz		P16	CONEL	Autumn 2015	Summer 2019
Vacancy		All	Chair of Overview & Scrutiny Committee	By Appointment	
Mr T Cuffaro		All	NUT	Autumn 2013	Spring 2017
Mr J Carrick		All	Local Authority	By Appointment	
Vacancy		All	Local Authority	By Appointment	
Cllr Orhan	O	All	Cabinet Member	By Appointment	
Ms A Homer	O	All	Prince of Wales	Summer 2015	Spring 2019
Mr O Jenkins	O	All	EFA	By Appointment	

### **Key**

G – Governor  
H – Headteacher  
O - Observer  
P – Primary  
S – Secondary  
Sp – Special  
A – Academies & Free Schools  
EY – Early Years  
P16 – Post 16

**MINUTES OF THE SCHOOLS FORUM MEETING****Held on Wednesday 18 January 2017 at Chace Community School****Schools Members:**

Governors: Ms I Cranfield (Primary) Chair, *Mr C Clark (Primary)*, Mrs J Ellerby (Primary),  
Mrs J Leach (Special), Mrs L Sless (Primary), Mr T McGee (Secondary)

Headteachers: Ms H Ballantine (Primary), Mr D Bruton (Secondary), Mr P De Rosa (Special), Ms M  
Hurst (Pupil Referral Unit), Mr B Goddard (Secondary), Ms H Knightley (Primary),  
Ms H Thomas (Primary), Ms L Whitaker (Primary), Ms S Quartson (Primary)

Academies: Ms L Dawes (Secondary), Ms A Nicou, Vacancy

**Non-Schools Members:**

Early Years Provider	Ms C Gopoulos
16 - 19 Partnership	<i>Mr K Hintz</i>
Teachers' Committee	Mr T Cuffaro
Chair of Overview and Scrutiny Committee	Vacancy
Head of Behaviour Support	Mr J Carrick
Education Professional	Vacancy

**Observers:**

Cabinet Member	<i>Cllr A Orhan</i>
School Business Manager	Ms A Homer
Education Funding Agency	<i>Mr O Jenkins</i>

**Also attending:**

Chief Education Officer	Ms J Tosh
Assistant Finance Business Partner	Mrs L McNamara
Head of Budget Challenge	Mr N Goddard
Resources Development Manager	Mrs S Brown
Resources Development Officer	Ms J Bedford

\* Italics denote absence

**1. MEMBERSHIP AND APOLOGIES FOR ABSENCE****a) Apologies for Absence**

Apologies for absence were received from Cllr Orhan and Mr Hintz.

Noted Mr Clark's absence from the meeting.

**b) Membership**

Reported:

- Ms Quartson was attending this meeting to cover the primary vacancy.
- Nomination for the vacant positions would be pursued after the pupil numbers from the January Census had been assessed for pupil number changes across the different types of schools.

Noted nominations for any vacant positions would be sought, as appropriate, from the Headteacher Conferences, Member Governor Forum, academies and free schools. Each academy and free school would be advised of the vacancy and asked to forward a nomination for any academy or free school vacancy.

**2. DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

**3. MINUTES OF THE LAST MEETING**

- a) **Received** and agreed the minutes of the meeting of the Schools Forum held on 8 December 2016, a copy of which is included in the Minute Book.
- b) Matters arising from these minutes  
Item 3(b) Outturn report 2015/16 & Budget Monitoring 2016/17 - Update  
**Noted** the process for reporting deficit budgets would be reviewed in the new financial year.

#### 4. ITEM FOR DISCUSSION & INFORMATION

a) Funding arrangements for the education of 3-16 year olds (2017-18): results of consultation & proposed changes

**Received** a report summarising the responses received to the proposed changes to the local funding arrangements for 3-16 year olds (2017-18), a copy of which is included in the Minute Book.

**Reported** the report included the final proposals for the local arrangements in line with national requirements. These included:

- Ceasing to fund the first £6k for all pupils with EHCPs in mainstream schools and introducing a threshold for triggering funding;
- Redistributing the funding released from the removal of the Sixth Form factor based on Key Stage 4 pupils;
- Implementing a new formula for allocating the funding for three and four year olds accessing the free nursery entitlement;
- Removing the facility of the annual advance, unless agreed as part of a separate funding agreement with individual schools;
- Amending and including in the Scheme for Financing a clause for supporting schools with a planned deficit.

The Schools Forum and sector representatives respectively were being asked to note and agree the recommendations as contained in the report.

**Clerks Note: Ms Quartson & Mr Goddard arrived at this point.**

**Noted**

- i) The Secondary Headteachers felt that the level of funding provided to schools should not be cut because of the proposal not to fund the first £6k for all pupils with EHCPs in mainstream schools. It was felt the change would create more challenges and the Behaviour Support Service should be retained and funded from the Dedicated Schools Grant (DSG).
- ii) There was a concern the change would mean a loss of funding for those schools with high numbers of pupils with EHCPs.
- iii) The changes in how this funding was allocated were in line with DfE guidance and requirements. It was unclear what other alternatives there were to support the budget if the changes were not pursued.
- iv) It was suggested that the Council set a deficit DSG budget. It was stated that the Administration and Council would not support setting a deficit budget. The Forum was advised that the Council had been given a grant to review provision for pupils with SEND. Cllr Orhan was aware of the effect of the proposals for individual schools and was keen that part of the funding from the grant be used to review provision for pupils with EHCPs in mainstream schools.
- v) If the full funding including the first £6k was not provided, then some schools may need to consider budget reductions and these could lead to redundancies. The impact and consequences of this change could lead to an increase in exclusions.

- vi) To support schools with high number of pupils with EHCPs, it was suggested a compromise could be to carry out a review of the arrangements so these schools received more funding. It was stated that the arrangements did recognise schools that were inclusive. To carry out a review may be difficult because of the need to submit the returns to the DfE, set budgets and inform schools before the start of the year. It would be possible to review the arrangements and look to make any changes during the year.
- vii) At a previous meeting, the view was to protect individual school's budgets and therefore the current review of funding the first £6k for all pupils with EHCPs in mainstream schools was illogical. Members were advised that this proposal had been considered and withdrawn twice before and now there was a need to implement the present proposal to address the ongoing pressure on the DSG and to meet DfE requirements.
- viii) The draft budget showed a £1m saving from this proposal and not £1.8m, because, as previously reported, the balance of the funding had been identified to meet the future pressure of continuing with the policy of funding the first £6k.
- ix) A member observed that a deficit be set for the coming year and schools continue to be supported. The Forum was reminded that the Council could not and would not set a deficit budget. It was then suggested that individual schools could consider setting a deficit budget. The response from officers was that schools were required to set a balanced budget and if this was not possible, then they needed to agree the setting of a deficit budget with the Authority.

An academy member informed the Forum that academies were not allowed to set a deficit budget.

To highlight their disagreement with this proposal, the Forum members sought a vote on the proposal to change the local arrangements and not fund the first £6k for all pupils with EHCPs in mainstream schools.

Sixteen members of the Forum disagreed with the proposal not to fund the first £6k for all pupils with EHCPs in mainstream schools.

**Resolved:**

- (i) To agree:
  - The redistribution of the funding released from the removal of the Sixth Form factor based on Key Stage 4 pupils;
  - The proposed local formula for allocating the funding for three and four year olds accessing the free nursery entitlement;
  - The removal of the facility of the annual advance, unless agreed as part of a separate funding agreement with individual schools;
  - To amend and include in the Scheme for Financing a clause for supporting schools with a planned deficit.
- (ii) Not to support the proposal to amend the funding arrangements for pupils with EHCPs in mainstream schools.

**b) Schools Budget – monitoring position 2016-17 and Budget update 2017-18**

**Received** a report providing information on the Schools Budget: Monitoring Position for 2016-17 and a budget update for 2017-18, a copy of which is included in the Minute Book.

**Reported**, following the update provided at the December meeting, the Authority had received from the DfE the budget settlement and dataset to use for the formula allocation to individual schools for 2017–18. The report sought the Forum's approval for the unit rates to be used for the funding formula and confirmation of the continuation of the de-delegated services.

**Noted:**

- i) The initial DSG settlement for 2017-18 was set at £319.1m, which included the Early Years Pupil Premium. An additional £1.56m had been received from the Education Funding Agency to fund Post-16 places in special schools. Therefore, the resources available for 2017-18 totalled £320.6m.
- ii) The DSG had increased by £8.08m on the forecast previously reported because of an increase in the number of pupils recorded on the October Census, additional funding of £1.19m for the High Needs Block and for the Early Years Block of £6.57m to support the implementation of the National Funding Formula and extend the provision to 30 hours for working parents. The majority of the funding for the Early Years Block would be delegated to providers; the Authority was allowed to retain 7% in 2017–18 and 5% in subsequent years to fund central services.
- iii) The unit value used for the KS4 AWPU included the adjustment for the proposal to incorporate the funding from the Sixth Form factor. Members were reminded that the KS4 AWPU would not be protected when the National Funding Formula was introduced in 2018-19.
- iv) The budget included an estimate to cover any increases following the revaluation of the rateable values. A member asked whether, if the rateable values were increased, the funding generated could be earmarked for use for educational purposes. It was stated that it was uncertain if this was possible, but it would be raised.
- v) The changes to the de-delegated items included:
  - maternity scheme was not going to be offered as a de-delegated service for 2017–18 because the Authority did not charge the administration costs to the scheme and now it was not possible to absorb these costs;
  - as agreed by the primary sector, for 2017–18, the money used to fund the central School Improvement Service would be provided as a de-delegated service.
- vi) The budget pressures included the Home and Hospital Service, but it was hoped following the review of processes the pressure could be managed in 2017–18.
- vii) There were no changes proposed for funding special schools and ARPs, but the review of the High Needs Block would include the top-up rates used to fund special schools and ARPs.
- viii) Information on Sixth Form funding would be provided directly by the EFA at the end of January 2017.

**Resolved:**

- (i) The Forum agreed to:
  - the unit rates detailed in the report for the formula used to fund mainstream schools;
  - the recommendations made for central services at the December meeting;
- (ii) School representatives agreed to the de-delegated services as outlined in the report;
- (iii) The Forum noted:
  - The DSG monitoring position for 2016-17;
  - The draft DSG budget position for 2017-18.

**c) Central Services Funded from the Dedicated Schools Grant**

**Received** a paper providing an update on Central Services funded from the DSG, a copy of which is in the Minute Book.

The Forum noted this information.

**d) Education Support Grant (ESG)**



**Received** a report providing an update on the ESG, a copy of which is in the Minute Book.

The report provided information on the services that were notionally funded from the ESG. The Council had continued to provide these services on an historical basis and not changed these to match the funding provided through the ESG. Also attached to the paper was a list of Education Teams and Services currently under the responsibility of the Chief Education Officer for the delivery of the Council's statutory duties.

The DfE had confirmed that the funding from the ESG to cover general statutory duties provided by local authorities to maintain schools would cease from September 2017. The issue with this cut was that the Government had not withdrawn the associated statutory duties. The cessation of this funding was a loss of £3m to the Council. The Council was currently considering how the cut would be managed and how maintained schools would continue to be supported.

**Noted:**

- (i) The funding for the retained duties provided to all schools, academies and free schools would continue to be provided. For 2017–18, the amount had been set at £15 per pupil and not £77 as stated in the report. The DfE had added this amount to the DSG and confirmed that this funding and any more needed to deliver the statutory duties to all schools could be top sliced with the Forum's agreement.
- (ii) The list of Education Teams and Services was included to advise the Forum of all the services provided to schools and those for which funding will not be provided.
- (iii) A number of other local authorities were working with their Schools Forum to seek funding to retain the general duties by agreeing to fund a per pupil rate of between £10 and £40.
- (iv) The Authority will provide information on the use of the funding for the centrally retained duties and proposals for the continuation of the general duties.
- (v) A member observed that the calculation could only be based on the work that had been done and not on need. It was stated that this may be the case, but Enfield had 97% of schools judged good or outstanding and this had been achieved with the support of some of the services.
- (vi) Similar to the exercise carried out on the DSG, the Council was reviewing all services to ensure that only statutory services continued to be provided. This included reviewing the historical funding provided for the CAMHS service.
- (vii) Separately the Council had received £155k for the School Improvement Service to provide a monitoring and brokerage role. This was only a proportion of the amount required to continue to provide the current level of service.
- (viii) The early years providers used to receive free training and checks for the Disclosure and Barring Service and now providers were charged for these because these services were not statutory.

**Resolved** further information in the arrangements for 2017–18 would be provided on the services currently funded from the ESG.

**Action: Ms Tosh**

## **5. ITEM FOR INFORMATION**

### **a) DfE Consultation documents: schools and High Needs National Funding Formula – summary of proposals**

**Received** a report providing DfE Consultation Documents: Schools and High Needs National Funding Formula – Summary of Proposals, a copy of which is in the Minute Book.

The report provided a brief summary of the DfE proposals for the introduction of a National Funding Formula for the Schools and High Needs Block. The deadline for responses was

22 March 2017. The Forum was asked to comment and provide their views on the proposals to inform Enfield's response

**Noted**

- i) For the Schools Block, it was proposed the ratio in funding between primary and secondary phases be set at the current national average of 1:1:29. There appeared to be no rationale for this other than that it was the national average. This was slightly lower than the ratio for Enfield, which was 1:1:3.
- ii) The proposals included allocating a greater amount of funding through the additional educational needs factor, whereas Enfield had allocated a greater amount through the per pupil amount.
- iii) A national rate of £110k was proposed for the lump sum. This was considerably lower than the rate of £162k used in Enfield. This may be an issue for smaller schools.
- iv) The other school-led factors it was proposed would be funded on historical basis. It was unclear how this would address future pressures in these areas, e.g. rate revaluations.
- v) The transitional arrangements included capping any gains or losses at 3% in 2018–19 and 2.5% 2019–20.
- vi) The proposals did not include any funding to support Looked after Children.
- vii) For the first time since the School Funding Reforms were introduced, it was proposed to have a National Funding Formula for the High Needs Block. An immediate concern with the formula was the provision that 50% of the funding would be allocated according to historical spend. It was unclear if the historical spend would be based on 2017–18 to inform 2018–19. If not, then it may create a pressure on resources available to support pupils with SEND.
- viii) Proposals also include for all pupils on roll at special schools, independent or post-16 institutions to be included on the Pupil Census to inform per pupil funding.
- ix) A new Central Schools Services Block would be created. This block will include funding for the retained duties previously funded from the ESG and the central services currently funded from the Schools Block.

**Resolved** a further update on the proposals and a draft response would be provided to the next meeting.

**ACTION: Mrs Brown**

**6. WORKPLAN**

Any additional items arising from the meeting would be added to the workplan.

**ACTION: Mrs Brown**

**7 ANY OTHER BUSINESS**

**8 FUTURE MEETINGS**

- a) The date of the next meeting has been changed to **Wednesday 8 March** at 5.30pm at Chace Community School.
- b) Proposed dates for future meetings
  - 19 April 2017 to be changed to May
  - 05 July 2017

**9 CONFIDENTIALITY**

No items were considered confidential. The meeting closed at 8.00pm.

**MUNICIPAL YEAR 2016/2017 REPORT NO. 28**

**MEETING TITLE AND DATE:**  
**Schools Forum 8 March 17**

**REPORT OF:**  
 Director of Finance, Resources & Customer  
 Services

Contact officer: name and email:  
 Louise McNamara  
 E-mail: [louise.mcnamara@enfield.gov.uk](mailto:louise.mcnamara@enfield.gov.uk)

	Item: 4a
<b>Subject: Schools Budget 2017/18</b>	
<b>Wards: All</b>	

**1. EXECUTIVE SUMMARY**

In December 2016 the DfE announced the initial 2017/18 Dedicated Schools Grant (DSG) and also the data set to be used to calculate 2016-17 Individual Budget Shares for primary and secondary schools. At the January meeting the Schools Forum noted and agreed the formula factors and unit rates used in the Schools Block funding formula and these were submitted to the DfE by their deadline of 20<sup>th</sup> January 2017.

The draft Schools Budget 2017/18 was recommended by Cabinet to be considered by Council at their meeting on 28<sup>th</sup> February 2017, as part of the 'Budget 2017/18 and Medium Term Financial Plan 2017/18 to 2019/20 (General Fund) report (See appendix A)

The report seeks the support of Schools Forum to the recommended application of the DSG in 2017/18, based on the initial DSG allocation.

Further updates on the DSG funding and application for 2017/18 will be presented at future meetings during the financial year when there are any changes to report. Regular budget monitoring reports will also be provided.

**2. RECOMMENDATIONS**

**The Schools Forum is asked to note and support:**

- The final proposals for allocating the DSG for 2017/18 within the Schools, Early Years and High Needs blocks.

**The Schools Forum is asked to note and approve:**

- The services to be funded from the retained duties element of the ESG transferred to the DSG for 2017/18.

**3. Dedicated Schools Grant 2017/18**

At the January meeting it was reported that the initial DSG allocation for 2017/18 had been announced on 20<sup>th</sup> December 2016 and that Enfield had received an allocation of £319.087m which included an increase of £1.190m in the High Needs Block. In addition to the DSG funding, £1.556m will also be provided by the Education Funding Agency to fund post 16 pupils in special schools which brings the total resources available for 2017/18 to £320.643m.

The final DSG for 2017/18 will be confirmed in July 2017 as the Early Years Block will be adjusted to reflect the January 2017 Census. At this stage we have not built in any forecast

of this in year adjustment but as pupil numbers for 3 and 4 year olds have remained fairly consistent between 2016 and 2017 we do not expect the adjustment to be significant.

Budget monitoring for 2016/17 indicates a projected overspend of £1.457m. This will be a first call on the funds available for 2017/18 and will reduce the net resources available to £319.186m as set out in **Appendix A**.

#### **4. Proposed Allocation of DSG Funding 2017/18**

##### **4.1 Summary of Budget Requirements and Funding**

Draft Budget requirements and funding are summarised in **Appendix A**. The following paragraphs provide some background detail to the budget allocations.

##### **4.2 Schools Block**

The formula factors and unit rates were approved by Schools Forum in January and have been included in the APT Proforma submitted to the DfE by their required deadline of 20<sup>th</sup> January 2017. The proposed application of funding to the individual schools' budgets resulting from the application of the formula factors is shown in **Appendix A** and totals **£251.028m**.

Following discussion at the January meeting a package of savings was proposed for 2017/18 in order to achieve a balanced budget position. Following this exercise central budget savings totalling £1.8m were approved by Schools Forum. At the December meeting the continuation of the Growth Fund was agreed at the sum of £0.983m. This represented a reduction in the estimated demand on the Growth Fund due to the completion of some of the earlier primary expansion projects. There are no changes proposed to the methodology of allocating funding for growth.

Headteachers were sent indicative formula allocations before the February half term break to give them an early indication of 2017/18 funding to support budget planning. The formal notifications of individual school budget allocations are due to be issued to schools in early March. These will also include estimates of funding allocations for early years pupils, 6<sup>th</sup> form and high needs pupils.

Final formula allocations, including estimated rates costs for 2017/18, resulted in reduced costs of £500k compared to the position reported at the January meeting. This funding has been added to the high needs contingency pending a review of high needs provision during 2017/18.

##### **4.3 Early Years Block**

###### **4.3.1 3 and 4 Year Olds – 15 Hours Entitlement**

The Early Years National Funding Formula (EYNFF) for 3 and 4 year olds is being introduced with effect from 2017/18. In the initial 2017/18 DSG settlement the authority received an additional £3.380m to support the implementation of the new formula. The authority is required to delegate 93% of available funding to providers in 2017/18, increasing to 95% in 2018/19. The balance, that is not delegated has been acknowledged by the DfE, is required to management and support for Early Years provision.

The local authority consultation document on the 2017/18 funding arrangements provided a summary of the EYNFF including the national requirements and Enfield proposals. The key facts for the 15 hours free entitlement for 2017/18 are as follows

- Basic hourly rate increased from £3.85/3.86 to £4.59
- Deprivation funding £0.20 per pupil – total funding to be allocated on IDACI scores
- Inclusion Fund £0.12 per pupil – criteria and process for accessing this funding is in the process of being finalised (please see report elsewhere).

**Appendix A** indicates that expenditure totalling 15.480m is expected to be delegated to maintained schools, academies and PVI providers in 2017/18. Funding will continue to be adjusted on a termly basis to reflect actual pupil numbers.

#### 4.3.2 3 and 4 Year Olds – 30 Hours Entitlement

From September 2017 the Government is committed to extending the free nursery entitlement from 15 to 30 hours a week for working parents. The aim is to reduce the cost of childcare for working families and break down the barriers to work and enable parents to return to work or work more hours.

In the initial 2017/18 DSG settlement the authority received an additional £2.881m to support the implementation of the extended entitlement. As with the funding for the 15 hours, the authority is required to delegate 93% of available funding to providers in 2017/18, increasing to 95% in 2018/19. **Appendix A** details that planned expenditure of £2.679m has been earmarked for this provision.

The authority's Early Years Team is currently working with providers to develop this provision for September 2017. Following consultation, initially funding to providers will be allocated in the same way as the 15 hours entitlement as detailed above.

#### 4.3.3 2 Year Olds – 15 Hours Entitlement

There are no planned changes to the funding arrangements for Terrific Twos, which provides 15 hours free provision for deprived 2 year olds. Providers will continue to be funded at a rate of £5.28 per hour. **Appendix A** details that planned expenditure of £4.958m has been earmarked for this provision.

#### 4.3.4 Early Years Pupil Premium

For 2017/18 the authority has received an allocation of £0.169m for the Early Years Pupil Premium (EYPP) which is the same as the 2016/17 allocation. This funding is allocated to providers at a rate of £300 per eligible pupil who are taking up the 15 hours free entitlement.

### 4.4 **High Needs Block**

The High Needs Block includes provision for delegated budgets to Special Schools, Enfield Secondary Tuition Centre, ARPs and Nurture Units and Special Educational Needs (SEN) Exceptional Needs places in schools, as well as central budgets which provide funding for (SEN) placements and support services. This is detailed in **Appendix A**. The method of allocating funding to these budgets is as set out below.

#### 4.4.1 **Special Schools**

Funding allocations to special schools have been calculated based on the 'place plus' methodology and the latest data on places and pupil numbers. Each special school is allocated £10,000 for each agreed place plus a top up to the full cost of the place for every pupil placed at the school. The top up funding follows the pupil and is only paid whilst the pupil is on the school's roll.

The 2017/18 budget allocations are based on agreed place numbers for each school as at 1<sup>st</sup> April 2017. **Appendix A** indicates that the cost of current place numbers and pupils on

roll is estimated to cost £14.101m, which includes £1.556m for post 16 pupils. The allocations reflect the full year effect of place number increases made during 2016/17. Where the number of places may change during 2017/18 due to developments at individual schools an in year funding adjustment will be made to reflect this change.

In 2017/18 outreach work in special schools will continue to operate as a commissioned service and funding allocations are not automatic. A block allocation of £112k will be allocated to schools whose expenditure plan has been approved. There is total provision of £0.672m for outreach work in the 2017/18 budget.

#### 4.4.2 ARPs (including Speech & Language Units)

Funding allocations for ARPs are based on the 'place plus' methodology in the same way as special schools. School funding is allocated in 2 stages, place led and top up funding, as detailed for special schools. ARP places have been reviewed and are detailed in the High Needs report. This forms the basis of funding for 2017/18.

Provision has been made in the draft budget for one new ARP which will open during 2017/18, within the total budget of £2.336m.

Schools with ARPs should be aware that their pupil numbers, used to calculate their formula budget shares, have been reduced by the number of places in their ARP in line with DfE formula requirements.

#### 4.4.3 Nurture Groups

Nurture Groups are funded as a commissioned service. Schools with Nurture Groups are currently allocated a block allocation of £59,700 to provide this service, and it is proposed to continue this arrangement. The total budget for 2017/18 is £0.955m

#### 4.4.4 SEN Exceptional Needs

The current school funding regulations introduced in 2013/14 define high needs pupils as those costing more than £6,000 per annum. The DfE guidance stated that schools should meet the first £6,000 of the costs for pupils with a high level of SEND and local authorities should fund any cost above the £6,000, the Top Up. Targeted support could be provided where schools have a disproportionate level of high needs pupils but criteria for allocating these funds needed to be clear and should only apply to a minority of the authority's schools and academies. Due to available funding at the time and a desire to minimise turbulence with the introduction of the new funding arrangements, the authority continued to fund the full cost for all SEND pupils. Following consultation with schools in 2014 the view was that the current arrangements should be maintained for as long as possible.

The local authority, in anticipation of the requirements for the National Funding Formula, published a consultation document on funding arrangements for 2017/18 with proposals to amend the local arrangements so they were in line with DfE requirements, practice in the majority of other local authorities and to ease current and future budget pressure. The proposals were based on models highlighted by the DfE as being good practice.

The local arrangements to be put in place for are 2017/18 are as follows:

- All schools receive £12k within their lump sum allocation as a contribution to the £6k for 2 SEND pupils
- Schools fund the £6ks for the average number of SEND pupils based on the expected Enfield position of 1 in every 75 pupils being classed as high needs
- Where schools have more than the average number of SEND pupils additional £6ks will be provided by the authority

- The position regarding the £6k funding is fixed at the start of the financial year based on the spring term SEN data
- The authority will provide Top Up funding for all pupils and this will be adjusted on a termly basis to reflect new Education, Health and Care Plans and pupil movement

These new arrangements ensure that the authority is meeting DfE requirements.

#### 4.4.5 Post 16 - High Needs Provision

Local authorities are responsible for funding Post 16 high needs pupils in FE establishments from the High Needs element of the DSG. The estimated full year cost of funding this provision in 2017/18 is £1.9m which reflects an overspend in 2016/17 which is expected to be ongoing. There had been increased demand in this area due to the increase in offer to 25 years old and the development of bespoke provision to cater for the complex needs to some young people. With effect from the 2017/18 academic year the authority is planning to introduce a revised offer of provision for post 16 pupils in order to be consistent and keep costs within budget.

#### 4.4.6 Home and Hospital Provision

Local Authorities are responsible for providing hospital tuition services to all pupils in our hospitals irrespective of their home local authority. Similarly, Enfield pupils will be able to access hospital tuition in other boroughs should they require this provision without charge. The Service has seen an increase in demand and has reported an overspend for 2016/17. Officers have been working with the School to review the arrangements for supporting the pupils and learners. It is anticipated the revised strategies being put in place will reduce costs and enable the Service to work within the current budget. Officers will continue to work with the School to monitor the situation and any changes will be reported to the Forum.

This service is co-ordinated by West Lea School based on an SLA agreement with the Local Authority.

#### 4.4.7 Pupil Referral Unit (PRU)

Funding is delegated to PRUs is on the same basis as the "Place-Plus" methodology applied to special schools and the unit is allocated £10,000 for the numbers of places on roll.

It is proposed to continue funding in 2017/18 based on 100 places. Pupil numbers vary quite considerably through the year but without some degree of certainty over funding it is very difficult for the PRU to operate as required. When the new arrangements were introduced it was also agreed to guarantee the top-up funding as a transitional arrangement and it has subsequently been agreed to continue with this arrangement pending the completion of the planned new school, at which time funding arrangements will be reviewed.

#### 4.4.8 Special Educational Needs (SEN)

As previously reported there are significant pressures in the SEN budgets which have resulted from increased numbers and complexity of cases. External day and residential placements and other support costs have shown increases in costs in 2016/17 and these are expected to continue to increase in 2017/18 due the increasing demand for high needs places and limited availability of in borough provision. Estimated costs for 2017/18 suggest that an increase of at least £0.5m is expected based on the full year effect of current placements but this is likely to increase further in year due to new and changed placements.

At the January meeting, following the savings exercise, central budgets of £16.870m were approved for the High Needs Block. A significant proportion of this budget relates to the outborough SEN placements mentioned above. The 2017/18 budget also includes a high needs contingency to allow for increased demand and cost variations in all the areas detailed above.

#### 5. Education Services Grant

As reported at the last meeting the Education Services Grant will cease in August 2017. The grant was previously allocated in 2 elements - £15 for retained duties (provided to pupils in maintained schools and academies) and £77 for general duties (provided to pupils in maintained schools only). The retained duties element of the funding has been transferred to the schools block element of the DSG grant with effect from 2017/18 to enable the authority to continue to provide these services. The general duties element has been cut with some transitional funding provided at a reduced rate for the period April to August 2017.

The financial implications of these changes are as follows

- ESG Funding 2016/17 - £4.574m
- Retained Duties trf to DSG 2017/18 - £0.838m
- General Duties (Apr-Aug) 2017/18 - £1.175m
- Net Reduction in Funding - £2.561m

There will be a further reduction in 2018/19 as the transitional arrangements provided in 2017/18 will not continue.

#### Retained Duties

Based on the criteria for ESG statutory duties for all schools the following services have been identified.

SERVICE	£000
Education Welfare	385
Management cost include Director and Support Strategic Planning (Asst Director)	350
Strategic: Resources and Pupil planning	210
SACRE	40
<b>TOTAL</b>	<b>985</b>

Forum is asked to agree that the services detailed above can be funded from the transferred retained duties funding in 2017/18.

#### General Duties

DfE advice regarding the future funding of these services is that authorities could, with Forum's approval, 'top slice' funding from the DSG. Some authorities have taken this approach but for 2017/18 the authority was able to manage this reduction through further cuts to central services, reduction of pressures and use of one off funding. Going forward, and with further reduction in funding for 2018/19, officers will be working on proposals which may include consideration of a DSG top slice. Information on proposals will be provided during 2017/18.



## Appendix A

<b>SCHOOLS BUDGET 2017/18</b>	<b>£</b>
<b>INCOME</b>	
Schools Block - 5-16 year olds	254,466,840
Early Years Block - 3-4 Year Olds	19,727,718
Early Years Block - 2 Year Olds	4,765,205
High Needs Block <i>(Total HN Block £41.515m incl £1.556m EFA funding)</i>	39,958,672
<b>TOTAL DSG</b>	<b>318,918,435</b>
Early Years Pupil Premium	168,632
Post 16 pupils in Special Schools (Education Funding Agency)	1,556,000
<b>TOTAL RESOURCES 2017/18</b>	<b>320,643,068</b>
Estimated Deficit 2016/17	- 1,457,255
<b>TOTAL NET RESOURCES 2017/18</b>	<b>319,185,813</b>
<b>EXPENDITURE</b>	
<b>SCHOOLS BLOCK</b>	
Schools Delegated Formula Funding:	
Primary Formula	143,725,295
Secondary Formula	103,653,530
Central Licences	226,150
Growth Fund-New Expansions, Ongoing Protection and Sept Adjustment	983,479
Schools Block Central Functions	1,500,388
Retained ESG Duties	985,000
<b>SCHOOLS BLOCK TOTAL</b>	<b>251,073,842</b>
<b>EARLY YEARS BLOCK</b>	
Maintained 3 & 4 Year Old Places	8,824,045
Private Voluntary & Independent (PVI) 3 & 4 Year Old Places	6,655,704
Private Voluntary & Independent (PVI) - 30 hours initiative	2,678,947
2 year olds - Place Funding	4,958,453
Early Years Central Functions (7% of total funding)	1,366,474
Early Years Pupil Premium	168,632
<b>EARLY YEARS TOTAL</b>	<b>24,652,255</b>
<b>HIGH NEEDS BLOCK</b>	
Delegated:	
Special Schools pre 16 (at full capacity)	12,548,421
Outreach programme	672,000
SEN Support for Post 16 pupils in FE placements	1,900,000
PRU - Enfield Secondary Tuition Centre	2,141,460
SEN exceptional needs	4,067,040
Additionally Resourced Provision (ARP), Language and Nurture Units	3,291,392
Home and Hospital Support	458,850
Centrally Held High Needs Budgets -incl £9.1m outborough placements	16,824,552
<b>HIGH NEEDS TOTAL</b> <i>(Total HNB £43.46m incl £1.56m post 16 pupils in spec schls)</i>	<b>41,903,715</b>
Post 16 pupils in Special Schools	1,556,000
	-
<b>TOTAL BUDGET</b>	<b>319,185,812</b>

This page is intentionally left blank

## MUNICIPAL YEAR 2016/2017 REPORT NO. 29

### MEETING TITLE AND DATE:

Education Resources Group  
Schools Forum – 8 March 2016

### REPORT OF:

Director of Schools & Children's Services

Contact officer: James Carrick

E-mail: [james.carrick@enfield.gov.uk](mailto:james.carrick@enfield.gov.uk)

Item: 4b

### Subject:

**SEND & High Needs Places – Update**

**Wards: All**

## 1. EXECUTIVE SUMMARY

This report provides a brief summary on the position on the provision available and used to place pupils with SEND.

## 2. RECOMMENDATIONS

To note and comment on the contents of this report.

## 3. Background

- 3.1 For 2017/18, the DfE allocated additional funding according to the general demographic changes and Enfield received an additional £1.2m. This increase whilst helpful still does not adequately reflect the number of pupils with complex needs requiring specialist provision.

The table below shows that Enfield, as most other local authorities, has spent far more to support pupils with SEND, than the funding provided by the Government.

**Table 1: Summary of the High Needs Block**

Years	Funding Provided	Projected Spend
2016/17	£39.8m	£43.8m
2017/18	£41.5m	£43.5m

- 3.2 The DfE has recently published a consultation document with proposals for funding the High Needs block based on a National Funding Formula (NFF). The response to this consultation is elsewhere on the agenda.

An analysis of the impact of the proposals shows that Enfield should receive an overall increase of 5.6%, but this is unlikely that the full increase will be seen because of the implementation of the funding floor to support schools losing funding. The increase for 2018/19 has been capped at 2.9% and this is likely to create a budget gap of £2m and there will be no resources to bridge this gap.

Further analysis is continuing to be carried out and results of these will be reported to the Forum.

- 3.3 This report aims to provide an overview of the number of placements currently funded through the High Needs block.

## 4. Special Schools

- 4.1 The table below provides a breakdown of the number on roll and places funded in maintained Special schools.

**Table 2: Special School Places**

School	Type of Provision	Number on Roll Jan 17	Places Agreed 2015–16	Places Agreed 2016–17	Var	Places Confirmed for 2017–18
Aylands	Social, Emotional & Mental Health	39	44	44	-5	44
Durants	Autism Spectrum Disorder & Severe Learning Difficulties	102	100	105	-3	105*
Oaktree	Moderate Learning Difficulty	94	95	95	-1	95
Russet Hse	Autism Spectrum Disorder	112	110	110	2	112
Waverley	Profound & Multiple Learning Disorder	116	117	133	-17	133*
West Lea	Severe Learning Difficulty	150	132	138	12	150
<b>Total</b>		<b>613</b>	<b>598</b>	<b>625</b>	<b>-12</b>	<b>639</b>

*\*\* reflects position at April 2017, potential increase wef Sept 2017 as detailed below*

4.2 The Authority has continued to work closely with each of the special schools either to address any variance between the places funded and pupil on roll or to seek how the special schools may support additional pupils in need to specialist provision. The sections below provide a brief summary on progress from these discussions.

- (a) Aylands: the School is working with the Authority to increase the numbers at the School to match the number of places allocated. The situation regarding the vacant places will continue to be monitored and kept under review.
- (b) Durants: An additional classroom has been developed at Durants (September 2016) to enable the school to manage their cohort of learners. The intention is that such an expansion of the provision will enable the School to manage the learners without recourse to a more specialised placement that does not currently exist in the borough.

Officers are working with the School to consider if there is capacity to develop another classroom and accommodate additional learners.

- (c) Waverley: An offsite unit was created at the site of Carterhatch Children's Centre for children aged 2 to 5 years old and the main School site would support pupils aged 5 – 19 years old.

The Unit opened in September 2016. Currently, there are 14 pupils on roll and the number is due to increase to 24 next year.

- (d) West Lea: the School has agreed to increase the number of places and currently has 150 pupils on roll. Officers are in discussion with the School as to whether there is any capacity to increase the number of places by 5 from September 2017.

The School has also been commissioned by the Local Authority to manage the Home and Hospital Service, which also includes the Attendance Support Unit (ASU):

- The Home and Hospital Service provides tuition to pupils in hospital or unable to attend school due to medical reasons. The number of pupils supported by this service is demand led and so varies considerably year on year.
- The pupils accessing the ASU are, in the main, on the pupil roll of their main school but, in some instances, are either dual registered or are on the West Lea's pupil roll. Currently, there are 12 pupils receiving support from this Unit.

The total funding provided for this commissioned service is £308k per annum. Due to variability of demand for the Home and Hospital Service, the School forecasted overspend at the end of 2016/17. Officers have worked with the School to review the arrangements in place to support pupils. This review identified some alternative strategies that could be pursued and these strategies should lead to some efficiencies and enable the School to

reduce costs. For 2017/18, it is proposed to maintain the current budget and to monitor and keep the demand and expenditure under review.

- (e) **Outreach Service:** five special schools are currently providing an Outreach Service. In line with the agreed process, these schools will be asked to carry out a self-review. Officers will assess the self-review and report their findings to the Forum.
- (f) As discussed at the last Schools Forum meeting, the Authority will be carrying out a review of place funding in special school. The outcome of this review will be reported to the Forum.

## 5 **Additionally Resourced Provision (ARPs)**

- 5.1 The table below provides a breakdown of the places funded at the Special schools. The numbers on roll are as reported on the October 2015 Pupil Census.

**Table 4: ARP Places**

School	Type of Provision	Number on Roll Jan 17	Places Agreed 2015–16	Places Agreed 2016–17	Var	Places Confirmed 2017–18
Bowes	Autism	6	6	6	-	6
Brimsdown	Hearing Impairment	10	12	12	-2	12
Chesterfield	Complex Needs	7	8	8	-	8
Chesterfield - St Marys	Social, emotional & mental health	13	8	16	-3	16
Galliard	Autism & Complex	8	8	8	-	8
De Bohun	Autism & Complex	8	8	8	-	8
Eastfield	Autism & Complex	7	8	8	-1	8
Chace	Complex Needs	2	8	8	-6	8
Highlands	Hearing Impairment	12	12	12	1	12
Houndsfield	Speech & Language	8	8	8	-	8
Suffolks	Speech & Language	16	16	16	-	16
Lea Valley High	Speech & Language	6	8	8	-4	8
Durants ( Winchmore)	Satellite – Autism	10	8	8	2	16
West Lea (Broomfield)	Satellite – Complex	3	8	8	-4	8
<b>Total</b>		<b>116</b>	<b>126</b>	<b>134</b>	<b>-17</b>	<b>142</b>

- 5.2 The developments for expanding ARPs that have either taken place or are planned are:

- (a) **St Mary's ARP:** This primary provision for pupils with SEMH was expanded at the start of the school year (September 2016) to enable them to cater for 16 pupils.
- (b) **Durants (Winchmore):** Due to the increase in demand for specialist provision for pupils with autism, the number of places at the ARP managed by Durants at Winchmore will increase from 8 to 16 places from September 2017.

- 5.3 Each school with an ARP will be asked to carry out a self-review in the Summer term. Officers will assess the self-review and report their findings to the Forum.

## 7 **Autism**

- 7.1 The Strategic Group is continuing to develop and progress the four strands identified for the Autism Action Plan.

The main provision for the delivery of the four strands has been through commissioning Russet House to set up and manage an Advisory Service for Autism (ASA). The ASA is based at Russet House and during the year has:

- developed and delivered training to teachers and other staff to increase knowledge and understanding of AET National Standards and Competencies for autism, as well as provide bespoke training to individual schools;
- supported pupils and staff in schools to ensure placements did not breakdown and pupils were able to meet the outcomes detailed in pupil’s individual programmes.

The funding for the ASA has been provided through the outreach funding provided to Russet House School and also some of the additional funding allocated through the contingency held for autism.

The ASA started to operate from September 2014 and has been supported by Russet House School and the initial costs associated with the Unit were not charged against this provision and absorbed by the School. Now the Unit is operational and delivering on outcomes, the School has identified the annual costs required. The funding required totals £365k per annum and £304k will be funded from the outreach provision and the balance from the contingency held for the autism development.

As with the ARPs, the School will be asked to carry out a self-review during the Summer term. Officers will assess the self-review and report their findings to the Forum.

## 6 **Nurture Groups**

- 6.1 Nurture groups are a unique preventative resource for children with SEMH difficulties based on well documented psychological, social and educational theory and research. They are a specialised, small group, intensive intervention which provides on-going assessment and support for vulnerable children at risk of exclusion. The aim is to enable the child to access the curriculum and participate fully in school life without the need for resource heavy intervention. Practice within the group is grounded in attachment theory and child development theories.
- 6.2 There are currently 16 fully funded KS1 Nurture Groups operating and 2 part funded KS2 groups. Each group is funded for no less than 7 but a maximum of 10 pupils for a maximum of 4 terms at which point they will be gradually reintegrated into class.

The table below provides a breakdown of the schools currently centrally funded.

**Table 5: Nurture Group Places**

Provision	Type of Provision	Pupils 2015/16* Over Academic Yr	Places 2015/16	Places 2016/17	Places 2017/18
Brettenham	Full funded KS1	11	10	10	10
Brimsdown	Full funded KS1	9	10	10	10
Carterhatch Inf	Full funded KS1	17 (max 10 at any time)	10	10	10
Chesterfield	Full funded KS1	Data not available	10	10	10
Eldon Infants	Full funded KS1	14	10	10	10
Fleecefield	Full funded KS1	6 (high needs group)	10	10	10
Hazelbury I	Full funded KS1	Data not available	10	10	10
Galliard	Full funded KS1	7	10	10	10
Honilands	Full funded KS1	6 (high needs group)	10	10	10
Lavender	Full funded KS1	8	10	10	10
Prince of Wales	Full funded KS1	9	10	10	10
Raynham	Full funded KS1	10	10	10	10
Southbury	Full funded KS1	5	10	10	10
Tottenham	Full funded KS1	Data not available	10	10	10
Wilbury	Full funded KS1	14 (max 10 at any time)	10	10	10
Carterhatch Jun	P/T funded KS2	8	10	10	10
Eldon Juniors	P/T funded KS2	9	10	10	10

\* Final data for 2016/17 not collected

### 6.3 Evaluation process and arrangements for 2016/17

All centrally funded nurture groups are monitored annually against the Operational Policy and Procedure. Other groups can be monitored if they request it.

Data regarding the following areas is requested annually by EYSI :

- academic attainment
- Boxall Profile progress
- Background and needs
- Numbers on role

## 8 Pupils in Independent and Out-borough Provision

8.1 The Authority has seen an increase in the number of pupils with complex SEND and this is reflected in the number of cases the SEN Panel has considered in the past twelve months. The tables below show the SEN Panel decisions for the age range of pupils and the needs to be supported.

**Table 6: SEN Panel Decisions by Age**

Month	Total Agreed	Under School Age	Nursery	Reception	Years 1-2	Years 3-5	Year 6	Years 7-9	Years 10-11	Post 16
Jan-16	32	2	7	7	-	9	2	4	1	-
Feb-16	24	3	4	2	2	4	3	3	2	1
Mar-16	20	-	9	1	2	6	2	-	-	-
Apr-16	-	-	-	-	-	-	-	-	-	-
May-16	9	-	2	2	1	3	-	-	1	-
Jun-16	27	2	6	2	6	10	1	-	-	-
Jul-16	32	3	4	7	6	8	2	2	-	-
Aug-16	40	1	-	7	9	6	5	5	4	3
Sep-16	14	1	-	1	1	4	-	1	3	3
Oct-16	20	1	-	1	6	2	-	5	5	-
Nov-16	16	-	-	2	3	3	3	2	1	2
Dec-16	32	1	1	5	11	7	4	2	-	1
<b>Total</b>	<b>266</b>	<b>14</b>	<b>33</b>	<b>37</b>	<b>47</b>	<b>62</b>	<b>22</b>	<b>24</b>	<b>17</b>	<b>10</b>

The SEND Reforms require children and young people from birth to 25 years old to be supported. As can be seen from Table 6 above, 47 (18%) of the pupils were in either under school age or in nursery. This is an additional pressure on the High Needs budget due to the SEND Reforms.

Table 7 below provides a summary of the type of need which the SEN Panel were asked to consider. As has been highlighted in previous meetings, this table shows that the decisions have been required to support pupils with ASD (23%), SEMH (22%) and SLCN (31%).

**Table 7: SEN Panel Decisions by Type**

Month	Total Agreed	<sup>1</sup> ASD	HI	MLD	MSI	PD	PMLD	SLD	SEMH	SpLD	SLCN	VI	Other
Jan-16	32	6	1	1	-	4	1	-	7	-	10	-	2
Feb-16	24	5	-	2	-	2	1	-	7	-	6	1	-
Mar-16	20	8	1	2	-	-	-	2	1	-	6	-	-
Apr-16	-	-	-	-	-	-	-	-	-	-	-	-	-
May-16	9	3	-	2	-	-	-	-	2	-	1	1	-
Jun-16	27	6	-	2	-	3	1	1	3	1	10	-	-
Jul-16	32	11	1	-	2	4	-	-	7	-	7	-	-
Aug-16	40	8	2	2	-	-	-	1	8	2	15	1	1
Sep-16	14	-	-	2	-	2	-	-	5	-	5	-	-
Oct-16	20	2	-	2	-	1	-	-	7	-	8	-	-
Nov-16	16	3	-	-	-	2	-	-	5	1	4	-	-
Dec-16	32	10	-	4	-	2	-	-	6	-	10	-	-
<b>TOTAL</b>	<b>266</b> <b>(100%)</b>	<b>62</b> <b>(23%)</b>	<b>5</b> <b>(2%)</b>	<b>19</b> <b>(7%)</b>	<b>2</b> <b>(1%)</b>	<b>20</b> <b>(8%)</b>	<b>3</b> <b>(1%)</b>	<b>4</b> <b>(2%)</b>	<b>58</b> <b>(22%)</b>	<b>4</b> <b>(2%)</b>	<b>82</b> <b>(31%)</b>	<b>3</b> <b>(1%)</b>	<b>3</b> <b>(1%)</b>

8.2 The table below a breakdown of the number of pupils currently in independent and out-borough provision.

**Table 8: Pupils in Independent and Out-borough Provision**

Provision	Type of Provision	Number on Pupils at Oct-14	Number on Pupils at Oct-15	Number on Pupils at Oct-16	Variance	% change
Enfield	Independent	10	8	8	-	-
Out-Borough	Independent	3	3	6	3	100%
Out-Borough	Independent Special	48	71	97	26	37%
Out-Borough	Mainstream	84	100	104	4	4%
Out-Borough	Resource Mainstream	4	4	4	-	-
Out-Borough	Non-Maintained Special	7	7	11	4	57%
Out-Borough	Maintained Special	39	58	74	16	28%
<b>Total</b>		<b>220</b>	<b>263</b>	<b>304</b>	<b>53</b>	<b>21%</b>

From October 2015 and 2016, there has been an increase of 53 pupils (21%) placed in independent and out-borough provision and this has led to the current budget pressure being experienced in the High Needs Block (as reported to the Forum previously).

Officers have been and will continue to work on reducing the number of pupils in placed in independent and out-borough provision.

<sup>1</sup> ASD: Autism spectrum disorder,  
MLD: Moderate Learning Difficulties,  
PD: Physical Disabilities,  
SLD: Severe Learning Disabilities,  
SpLD: Specific Learning Disabilities,  
VI: Visual Impairment

HI: Hearing Impairment,  
MSI: Multi-Sensory Impairment,  
PMLD: Profound & Multiple Learning Disabilities,  
SEMH: Social Emotional Mental Health,  
SLCN: Speech, Language & Communication Needs,



- 8.3 To support the level of increase in demand to support pupils with complex SEND in specialist provision, the Authority has worked with special schools the planned for the following development:
- (a) West Lea School: Rebuilding work will be taking place at Haselbury site. The primary school will decamp to Dysons Road during the process. The project scope has been increased to include additional places.
  - (b) Aylands School: The Authority is still committed to rebuilding the school and expanding the existing roll to 72.
  - (c) Minchenden: The Authority has now purchased the site and the development as an ASD provision will be progressed with a planned opening date of September 2018. Partial re-build of the existing Durants School.
  - (d) Enfield Secondary Tuition Centre: The Secondary Pupil Referral Unit new build to be completed for opening Autumn 2017.
  - (e) SEMH Provision: Partnership between West Lea and Behaviour Support

## 9 Post 16 Pupils with High Needs

- 9.1 In addition, the Authority supports post 16 pupils in non-school provision. The table below provides a breakdown of the pupils in non-school post 16 provision:

**Table 9: Post 16 Pupils with SEND**

Provider	Places Oct 2015	Places Oct 2016	Variance
Barnet & Southgate College	85	113	28
College of NE London	63	57	-6
Capel Manor	3	7	4
Ambitious About Autism	1	1	0
Harrington Scheme	1	1	0
Oaklands St Albans	2	2	0
Sheiling College	1	1	0
Derwen College	0	1	1
Harrow College	1	1	0
Haringey 6th Form	4	4	0
St Piers College	0	1	1
City of Westminster	0	1	1
Westminster Kingsway	0	1	1
Westgate College Margate	1	0	-1
HRC Broxbourne	0	1	1
Learning & Skills for Work Service	13	0	-13
First Rung Ltd	0	1	1
<b>Total</b>	<b>175</b>	<b>193</b>	<b>18</b>

- 9.2 The change from October 2015 and 2016 has been due to continued demand for SEN places at the new SEN centre at Barnet & Southgate College (Southgate Campus). In line with the introduction of the EHCP the popularity of Barnet & Southgate College's offer (both discrete and supported mainstream) has seen an increase of 28 high needs places. Whilst a number are beneficiaries who would have otherwise applied for out of borough provision, large numbers are now in education who may otherwise have not been placed.

Across the full range of providers it is also the case that learners previously in possession of Learning Difficulty Assessments or statements and now supported by an EHCP are securing education opportunities for a longer period of time. Whereas in the past a post 18 education programme would normally end after three years, it is becoming increasingly common for learners aged 23 and 24 years to continue in education.

- 9.3 A key issue for the budget, for the coming year, will be the need to manage and contain and manage the cost for these placements. The Forum will be updated and kept informed through the regular monitoring reports on this.

## 10. **Inclusion Fund to Support Early Years**

- 10.1 As part of the Early Years National Funding Formula, a small sub group, comprising of Headteachers from the Education Resources Group, PVI Representative and officers, has been working on developing an Inclusion Fund to support pupils in the Early Years with SEND.

- 10.2 The aim of the Fund is to provide support for pupils starting in Early Years settings to support their development. The support will include:

- Advice and guidance
- Staff training specific to the child's needs
- Specific equipment or specialist resources
- Contribution towards enhanced staffing for children with higher level of need

- 10.3 The funding identified for this Fund is £390k from the provision delegated to providers from the Early Years block for the 3 and 4 year olds and £50k for those children starting in Reception without prior support from their nurseries.

- 10.4 The DfE operational guidance requires that there be an Inclusion Fund with criteria for allocating the resources from the Fund to meet the needs of the children at individual settings. The Sub group is in the process of finalising the draft criteria for this Fund. Once the draft has been finalised, all early years providers will be consulted and the final arrangements for the Fund will in place by 1 April 2017.

Attached at appendix A is a copy of the draft documents being finalised be sent out for consultation. Members are asked to provide comment on the proposed criteria for allocating this fund.

- 10.5 After the consultation period, the arrangements will be finalised and the Forum advised accordingly.

## 11. **Next Step**

- 11.1 Following recent discussions, over the coming year, officers will be carrying out reviews of the different type of provision used to support pupils with complex SEND. Officers will develop a timetable for these reviews and will establish working groups with Headteacher representatives. The Forum will be kept informed of the work of the working groups and be asked to provide a view on any outcomes arising from the reviews.

**Early Years Inclusion Fund  
(2017/18)  
Consultation Document**

**March 2017**



INVESTOR IN PEOPLE

# EARLY YEARS INCLUSION FUND

---

## 1.1 Introduction

In December, the Authority consulted on the local arrangements for implementing the national funding formula for early years. To meet DfE requirements, the local arrangements included the development of an Early Years Inclusion Fund to support three and four year olds with SEND accessing the free nursery entitlement.

- 1.2 Following consultation, officers have worked with Headteachers and PVI representatives to develop criteria for assessing and allocating resources and / or support a child with SEND to achieve their outcomes.

## 2 Draft Guidance and Application Form

Attached to this document is:

- a draft document providing background information and describing the how support from the Inclusion Fund can be accessed by settings or schools;
- A draft application form to be used by settings and schools to apply for funding.

## 3 Action Required

The Authority would like your views on the proposed arrangements for allocating the Inclusion Fund. In particular:

- (i) Do you agree with the proposed arrangements for assessing and allocating the Inclusion Fund;
- (ii) Is the guidance clear and easy to understand;
- (iii) Is the process for applying to the Inclusion Fund fair and transparent;
- (iv) Would you like to be part of the Panel of Headteachers and PVI Managers assessing the applications for support;
- (v) What would be the best time of day for holding the Panel;
- (vi) Do have any other comments that should be considered in the development of an Inclusion Fund.

# **Early Years Inclusion Fund**

## **Information and Guidance**

### **1. Context and background**

Local authorities and providers must have regard to the SEND Code of Practice (2014) and the Equalities Act 2010 and be able to demonstrate how they are implementing a graduated approach to support all children with special educational needs or a disability to fulfil their potential.

*5.4 Providers must have arrangements in place to support children with SEND or disabilities. These arrangements should include a clear approach to identifying and responding to SEND. (SEND Code of Practice, January 2015 update)*

The Early Years Foundation Stage (EYFS) Framework states;

*Every child deserves the best possible start in life and the support that enables them to fulfil their potential. (EYFS p.5)*

The government has therefore introduced new measures for 2017-18 to support children with SEND or disabilities, one of which is an inclusion fund.

### **2. Introducing the new Early Years Inclusion Fund**

All local authorities are required to establish an inclusion fund for 3 and 4 year olds with SEND who are taking up the free entitlement. The purpose of the fund is to support local authorities to work with providers to address the needs of individual children. The fund will also support local authorities to undertake their responsibility to strategically commission SEND services under the Children and Families Act 2014.

### **3. Eligibility**

The Early Years Inclusion Fund is for 3 and 4 year olds who are taking up any number of hours of free entitlement. Children in receipt of 2-year old funding and / or children with a completed EHCP<sup>1</sup> are not eligible to access this fund.

The arrangements detailed in this document will also be applied to provide inclusion support for those children starting in their Reception Year.

### **4. Eligible providers**

All early years providers who are eligible to receive funding for the 3 and 4 year old early education entitlement are also eligible to receive support from the Early Years Inclusion Fund for children taking up the free entitlement. Applications can therefore be made by;

- An Ofsted registered childcare provider
- An Ofsted registered childminder
- A school<sup>2</sup> where childcare falls outside of educational statutory provision
- A school providing registered nursery provision

### **5. Value**

The value of the fund for the financial year 2017-2018 is set at £390k for three and four year olds and £50k for those entering Reception.

---

<sup>1</sup> EHCP: Education Health and Care Plan

<sup>2</sup> School refers to all types of Enfield schools: maintained, academies, free schools and independent

## 6. Applying to the Inclusion Fund

The majority of children with SEND do not require specialist resources or enhanced staffing to be successfully included in settings. Most settings meet the needs of children with SEND very well from within their existing resources and through their own best practice.

The Panel will consider requests where there is evidence of a child being significantly delayed in any of the three prime areas of the EYFS in comparison to the expected outcomes for their age, or where there are significant medical needs which require a high level of adult intervention and supervision.

It is important to note that a delay in learning and development in the early years does not always necessarily indicate that a child has a special educational need that calls for special educational provision. Similarly, difficulties related solely to learning English as an additional language are not considered a special educational need.

It is expected that providers applying for support from the Early Years Inclusion Fund will provide information about how they have utilised the resources and staffing routinely available within their setting to maximise the support for individual children prior to submitting an application to the Early Years Inclusion Fund. However, children entering settings with existing evidence of a high level of need may be eligible for funding via a pre-entry request.

If a provider is considering submitting an application to the Early Years Inclusion Fund, the SENCO must first consult with their Early Years Quality and Outcomes Adviser or school Headteacher as appropriate, before submitting the request.

Parents must be involved in the decision to apply for support from the Early Years Inclusion Fund and be in agreement with the application.

## 7. Types of support available from the Inclusion Fund

Applications may be submitted to the Early Years Inclusion Panel to request the following;

- (a) Advice and guidance;
- (b) Staff training specific to the child's needs, for example; Makaton, understanding autism and working with children with physical needs. This may be on-site training from a local SEND professional, or in the form of an Inclusion Bursary to cover attendance at external training and associated staff cover;
- (c) Specific equipment or specialist resources, for example, a chair, standing frame or mobile ramp as recommended by the relevant professional. Any equipment purchased will remain the property of London Borough of Enfield and if a child moves to another setting or school then the provider may be required to release the piece of to the new setting or school. Please note the fund does not contribute toward building or refurbishment costs;
- (d) Funding as a contribution towards enhanced staffing for those children with a higher level of need. The support will only be available for an agreed period.

## 8. Allocation of inclusion funding

Applications for funding will be considered by a multi-agency Panel comprising of;

- Primary Headteacher
- PVI Manager
- Specialist Early Years and SEND representatives including SEND teacher, Educational Psychologist and Health professional
- Early Years Finance

The Panel will sit fortnightly during the Autumn term on second and fourth Thursday of each month during term time and then on the fourth Thursday of each month.

Applications must be submitted via email 10 days before the Panel meeting. This is to allow time for the applications to be distributed to the Panel members in advance of the Panel meeting. The dates of the Panel can be found at ([web link – IFS / Local offer](#)).

Each application will be assessed jointly by the Panel and the outcome advised via email within 7 days of the Panel meeting. For agreed applications, a formal agreement will follow, with the specific terms and conditions relevant to the individual application. This will include information regarding any funding agreed and expectations in terms of ongoing monitoring and evidence towards a review process.

Where funding is awarded for enhanced staffing, it will be in line with agreed criteria as detailed in the grid below. Most funding agreed will be on a termly basis, and it will be the responsibility of the provider to comply with the review process in a timely manner if ongoing funding is required.

## 9. Criteria and evidence

Please see the attached appendix for criteria that apply in relation to the Early Years Inclusion Fund. The Panel recognise that every child is unique, and the grid should be regarded only as a guide to assist your application.

The Panel also recognise that a child's needs may emerge very soon after entry to the setting, and prior to external professional involvement, so professional reports may not always be available. However, evidence from within the setting, including documented evidence from the parents of the child's needs on entry, one page profile, communication monitoring tool results, your baseline assessment, any ongoing assessments, observations from the setting and an individual education plan for the child are all considered to be examples of appropriate evidence.

## 10. Funding levels for enhanced staffing

Funding towards the cost of the enhanced support will be a contribution for the inclusion of the child into the setting. It will only be paid for the time the child is in the setting and up to an agreed period. Attendance registers may be requested as part of an audit process.

If a contribution is agreed by the Panel, then it will be paid at a rate of £4.59 per hour. As detailed in paragraph 8 above, it will be paid on a termly basis in line with the monitoring and review arrangements detailed in the terms and conditions.

# Support Criteria

## Personal, Social and Emotional Development

Criteria	Examples of types of evidence
<ul style="list-style-type: none"> <li>• The persistence and intensity of a child’s difficulties has a significant impact on the child, peers and practitioners within setting</li> <li>• These difficulties could be demonstrated either as withdrawn, anxious or challenging behaviours which would indicate underlying emotional/social concerns or communication difficulties</li> <li>• Child requires daily targeted and planned intervention to develop aspects of their personal, social and emotional development, such as making relationships, behaviour, self-control and self-care, communication for language and communication for thinking</li> <li>• Safety of the child who is unaware of danger or self-harms, or who is a danger to other children.</li> <li>• child may have a vision/hearing impairment or a diagnosed developmental condition which impacts on the development of social relationships, self-confidence and awareness</li> </ul>	<p><b>Evidence from;</b></p> <ul style="list-style-type: none"> <li>• parents on entry to setting</li> <li>• previous setting</li> <li>• current observations</li> <li>• individual planning</li> <li>• planning review</li> <li>• risk assessment</li> </ul> <p><b>Reports from;</b></p> <ul style="list-style-type: none"> <li>• Paediatrician</li> <li>• Speech and Language Therapist</li> <li>• Educational Psychologist</li> <li>• Early Years Advisers/ SENDCO</li> <li>• Health Visitor</li> <li>• Social Care Services</li> <li>• Early Intervention Support Service</li> </ul>
<p><b>Review request</b></p> <ul style="list-style-type: none"> <li>• Ensure there is a clear cycle of review involving child, parents, staff and other professionals as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of planning, monitoring, assessment and evaluation cycles to support and extend personal, social and emotional aspects of development and learning</li> </ul>



# Support Criteria

## Language and Communication

Criteria	Examples of types of evidence
<p>The child has significant difficulties with aspects of communication, for example;</p> <ul style="list-style-type: none"> <li>• child may have a vision/hearing impairment which impacts on the development of communication and language</li> <li>• understanding of language – child does not understand, or has a very limited understanding of spoken words in their home language</li> <li>• child may be reliant on other non-verbal cues to interpret messages, or struggle to understand these cues</li> <li>• child has significant difficulties in listening and attending, and/or not recognise the social overtures of others</li> <li>• expressive language - child cannot verbalise to make his/hers needs known. A close relationship with an adult needs to be formed to anticipate needs, to pick up on non-verbal communication and to facilitate understanding, friendships and access to the curriculum</li> <li>• child needs to be explicitly taught specific communication strategies, for example, PECS, Makaton Colourful Semantics</li> <li>• child may display highly distressed behaviour arising from a significant lack of comprehension</li> </ul>	<p><b>Evidence from;</b></p> <ul style="list-style-type: none"> <li>• parents on entry to setting</li> <li>• previous setting</li> <li>• current observations</li> <li>• individual planning</li> <li>• planning reviews</li> <li>• risk assessment</li> </ul> <p><b>Reports from;</b></p> <ul style="list-style-type: none"> <li>• Paediatrician</li> <li>• Speech and Language Therapist</li> <li>• Educational Psychologist</li> <li>• Early Years Advisers/ SENDCO</li> <li>• Health Visitor</li> <li>• Social Care Services</li> <li>• Early Intervention Support Service</li> </ul>
<p><b>Review request</b></p> <ul style="list-style-type: none"> <li>• Ensure there is a clear cycle of review involving child, parents, staff and other professionals as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of planning, monitoring, assessment and evaluation cycles to support and extend language and communication aspects of development and learning</li> </ul>

# Support Criteria

## Physical development

Criteria	Examples of types of evidence
<p>Child has significant physical needs, for example;</p> <ul style="list-style-type: none"> <li>• may have physical disabilities affecting some or all limbs which have been diagnosed by a paediatrician or physiotherapist</li> <li>• child has a physical need which necessitates the use of additional equipment and adult intervention to support their positioning, transfers and mobility</li> <li>• daily intervention programmes prescribed by a professional, eg physiotherapy or occupational therapy, speech therapy to maintain and extend health, wellbeing and physical skills</li> <li>• significant adult intervention required to support a child's medical needs</li> <li>• significant adult intervention necessary for child's self-care needs, e.g. eating, drinking, dressing, toileting and positioning</li> <li>• adult intervention required to support the child's access to the curriculum, develop independence and to facilitate relationships with peers</li> <li>• additional resources/equipment required to support child's basic needs or access, for example, specialist seating, ramps</li> </ul>	<p><b>Evidence from;</b></p> <ul style="list-style-type: none"> <li>• parents on entry to setting</li> <li>• previous setting</li> <li>• current observations</li> <li>• individual planning</li> <li>• planning reviews</li> <li>• risk assessment</li> <li>• health care plan</li> </ul> <p><b>Reports from;</b></p> <ul style="list-style-type: none"> <li>• Paediatrician</li> <li>• Physiotherapist</li> <li>• Occupational Therapist</li> <li>• Dietician</li> <li>• Dysphagia SLT</li> <li>• Speech and Language Therapist</li> <li>• Community nurse</li> <li>• Educational Psychologist</li> <li>• Early Years Advisers/ SENDCO</li> <li>• Health Visitor</li> <li>• Social Care Services</li> <li>• Early Intervention Support Service</li> </ul>
<p><b>Review request</b></p> <ul style="list-style-type: none"> <li>• Ensure there is a clear cycle of review involving child, parents, staff and other professionals as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of planning, monitoring, assessment and evaluation cycles to support and extend physical aspects of development and learning</li> </ul>

**MUNICIPAL YEAR 2016/2017 REPORT NO. 30****MEETING TITLE AND DATE:  
Schools Forum 8 March 17****REPORT OF:**  
Director of Schools & Children's Services  
Chief Education OfficerContact officer: name and email:  
Sangeeta Brown  
E-mail: [sangeeeta.brown@enfield.gov.uk](mailto:sangeeeta.brown@enfield.gov.uk)

Item: 4c

**Subject:**  
**School Academy Transfers – Contribution  
towards Costs****1. EXECUTIVE SUMMARY**

This report provides an overview of the academy conversion process, the responsibilities and obligations that apply to the Local Authority, including an indication of the resources needed to meet these requirements, and with the cessation of the Education Services Grant to inform the Schools Forum of the proposal to secure a contribution towards the Council costs associated with the academy transfer process.

**2. RECOMMENDATIONS**

The Forum is asked to the contents of this report and:

- (a) Comment on the proposal to charge for a contribution towards the costs incurred by the Council when schools convert to an academy.
- (b) Agree to the inclusion of a clause in the Scheme for Financing that a charge of £5k plus £2 per pupil will be incurred as a contribution towards costs upon conversion.

**3. BACKGROUND**

- 3.1 The Academies Act 2010 was passed in July 2010. It gives all maintained schools the opportunity to become academies. Those in the first tranche of new publicly funded academies opened in September 2010. They are independent of Local Authority control and able to set their own pay and conditions for staff.
- 3.2 All academies established by the Secretary of State enter into a contract (the Funding Agreement) with a charitable company, which is often referred to as the Academy Trust. The funding agreement provides the framework within which the academy must operate. Further information and details of the Funding Agreement can be found on the DfE website.
- 3.3 There are different versions of the model to reflect the circumstances of different types of school, such as primary, secondary and special. The ongoing funding of the Academy Trust is contingent upon the conditions in its funding agreement being met.
- 3.4 There is no statutory requirement for any formal relationship between local authorities and academies beyond that which is required for the delivery of LA statutory duties. However, LAs will continue to play a key strategic role locally and there will be significant advantages for both academies and LAs in constructive partnership working. All academies are required to participate in coordinated school admissions for primary reception and secondary transfer.
- 3.5 The remainder of this report details the academy transfer process and also the proposal to secure a contribution towards the Council costs associated with the academy transfer process.

**4. SUMMARY OF ACADEMY TRANSFER PROCESS**

- 4.1 The process of converting to an academy involves the following key stages:
  - (i) The school or schools making expressions of interest to the Department for Education (DfE) and the DfE then confirming their acceptance.
  - (ii) Employment and HR procedures including all consultation under the TUPE Regulations 2006

with staff and unions prior to the conversion. Upon the conversion, all employees of the converting schools, employed immediately before the conversion, will have their contracts of employment transferred to the new academy

- (iii) Approval of the application by the Secretary of State which triggers the start of legal formalities
- (iv) Other practical issues including the arrangements for all service suppliers to the new academy and changing banking and insurance arrangements and associated site and building transfer arrangements
- (v) The Secretary of State's final approval and signing of the Funding Agreement.

4.2 While the workload associated with each Academy conversion may vary according to the complexity of the conversion it is still significant. To manage the increased additional workload, the Council is required to identify additional resources to ensure that the academy transfer process is undertaken in a reasonable timescale, as well as ensuring that the Council liabilities are transferred appropriately to the new academy.

Since the Government's withdrawal of the White Paper, it is uncertain how many schools will convert, but with the cessation of the ESG, it is important that the Council agrees now the resources that are required and seeks to recover these costs from the schools that are going through the process.

## **5 FORMING THE ACADEMY**

- 5.1 Academy conversions can take a minimum of three months depending upon the complexity of the situation and how quickly transfer of staff, assets and land can be negotiated with the Council.
- 5.2 When entering into an Academy conversion, schools receive a grant from the DfE of up to £25k towards their conversion costs.
- 5.3 Legal Agreements

There are two main aspects to an Academy transfer agreement between the Local Authority and the new Academy. These are the Commercial Transfer Agreement (CTA) and the Land Ownership documentation.

### **(a) Commercial transfer agreement (CTA)**

The CTA is the agreement dealing with the transfer of assets and liabilities from the governors of the old school or schools to the new academy or multi academy trust. It has the Council as an extra party and the DfE requires a converting school to try to agree terms with the Council. Depending on circumstances, the final settlement of the CTA can be a much more time consuming exercise than the other documentation. The agreement covers the following areas:

- ensures that all liabilities that were the responsibility of the converting school/governing body transfer to the new academy;
- ensures that liabilities that the Council had for the converting school, up until conversion, are covered. This is necessary as the governing body of the old school ceases to exist on the day before conversion and without this agreement any liabilities incurred by the governing body of the old school would default to the local authority and therefore impact on all schools (School Standards and Framework Act 1998);
- the transfer of contracts & assets and staffing- including terms and conditions
- details all contracts in force including those negotiated by the Authority on behalf of all schools – the majority of contracts will transfer to the academy
- the governing body also needs to provide staffing information including terms and conditions, copies of contracts, details of each employee etc. This information will need to be verified where Enfield is the employer
- any loan agreements with the Council.

### **(b) Land Ownership**

When the Secretary of State for Education signs the Funding Agreement, an order will be made in relation to land ownerships. Depending on the pre-conversion category of school, the

Secretary of State will either require relevant freeholds to be transferred or that the Council grants the new academy(ies) 125 year leases of the relevant school sites. The leases are fairly standard documents and the basic conveyancing process should be straightforward. There are different arrangements for church schools.

Although the basic lease term is 125 years, it can be brought to an end if the relevant Funding Agreement is terminated. There may be other matters necessitating supplemental documentation. Some will comprise 'novation agreements' where the current governing body has contracts with third parties for the supply of services or facilities and those contracts have to be 'novated' by fresh agreements under which the new academy or academies take the place of the old governing bodies to ensure that there is a continuance of relevant services and facilities.

## **6. COUNCIL COSTS**

6.1 The academy conversion process requires extra resources, for which the school is given an allocation towards transfer costs. With the cessation of the ESG there is now a need to seek a contribution towards these costs.

Information gathered from other local authorities indicates that there are varieties of approaches being undertaken, but most other local authorities if not already charging are considering seeking a contribution towards costs. Based on the local costs and practice in other local authorities it is proposed to secure a contribution of £5k plus £2 per pupil for each conversion.

6.2 The contributions will support the following increased workload:

- (i) Legal and Property: To act on behalf of the Authority during the Academy transfer process in order to finalise the CTA and the lease. This will involve purchasing external legal advice where insufficient internal capacity exists to manage the transfer workloads.
- (ii) Finance: To:
  - Assist in the closure of 'old School' accounts and determining the final schools balance;
  - Ensure required closure processes are completed, e.g. bank accounts, purchase cards, petty cash and outstanding income;
  - Manage the finance related processes when transacting with schools / Academies / DfE;
  - Provide financial advice relating to transfer arrangements;
  - Verify any financial aspects of transfer negotiations.
- (iii) Employment and HR: The transfer of contracts of employment, historic terms and conditions and payroll transfers to comply with TUPE regulations.
- (iv) Project Management and co-ordination of the conversion process, which includes initial DfE response, preparation of CTA agreements and final sign off, school meetings and liaison with the DfE, external solicitors, LA officers, etc.

## **7. CONCLUSION**

The work and costs involved are significant for a standard transfer, but much increased if the transfers involves PFI and BSF agreements or where there are complex land use issues or more than one school.

The proposed contribution is considered to be a reasonable proportion of the £25,000 provided to converter schools to cover the cost of conversion. It will not cover all of the costs, particularly for the legal work which will need to be applied. There exists no internal resource for this extra work so the Authority will incur costs either in employing a resource, or externalising the work. Based on initial discussions, the indicative costs incurred by the LA are estimated to be at least £10,000.

It is proposed to operate the new charge from the start of the 2017/18 financial year. The charge will apply to all schools converting after 1 April 2017.

This page is intentionally left blank

**SCHOOLS & CHILDREN'S SERVICES**

**SCHEME FOR  
FINANCING  
SCHOOLS  
2017 – 18**

April 2017

## **SCHEME FOR FINANCING SCHOOLS**

### **CONTENTS**

	<b>Section</b>	<b>Page(s)</b>
1)	<b><u>INTRODUCTION</u></b>	1 – 4
2)	<b>FINANCIAL REQUIREMENTS AND AUDIT</b>	5 – 12
3)	<b>INSTALMENTS OF BUDGET SHARE: BANKING ARRANGEMENTS</b>	13 – 15
4)	<b>THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES</b>	16 – 19
5)	<b>INCOME</b>	20
6)	<b>THE CHARGING OF SCHOOL BUDGET SHARES</b>	21 – 22
7)	<b>TAXATION</b>	23
8)	<b>THE PROVISION OF SERVICES AND FACILITIES BY THE LA</b>	24 – 25
9)	<b>PFI / PPP CONTRACTS</b>	26
10)	<b>INSURANCE COVER</b>	27
11)	<b>MISCELLANEOUS</b>	28 – 30
12)	<b><u>RESPONSIBILITY FOR REPAIRS AND MAINTENANCE</u></b>	31 – 32
13)	<b>APPLICATION OF THE SCHEME TO THE COMMUNITY FACILITIES POWER</b>	33 – 37
	<b>ANNEX A – Schools List</b>	38
	<b>ANNEX B – Assisting Schools Avoiding Redundancies</b>	39 – 41



# **1 INTRODUCTION**

## **1.1 THE FUNDING FRAMEWORK**

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.

The regulations made are set out in the Schools & Early Years Regulations 2012.

### **1.1.1 THE SCHEME FOR FINANCING SCHOOLS**

The financial relationship between maintained schools and the Local Authority (LA) is covered by this Scheme. It sets out the principles underpinning the financial controls within which delegation to schools operates.

The Scheme is made in accordance with section 48 of the Act. This section, and associated Regulations, sets out what must be included in the Scheme. The Scheme, and any subsequent revisions, must be approved by the Schools Forum or Secretary of State who has powers to modify or impose Schemes.

More detailed financial requirements are applied by the Scheme but do not form part of this published version. These are contained in the schools' Finance Manual which provides separate detailed guidance for schools on these matters.

It should be noted that Section 48(3) of the Act states that where there is an inconsistency between this Scheme and any other LA rules or regulations relating to funding and financial management, the terms of this Scheme prevail. The Scheme has, therefore, been prepared so that it is consistent with the principles set out in the introduction, with the LA's broader financial management framework and acknowledges the role of governing bodies having their own statutory functions and freedoms. The Scheme, therefore, is a framework within which both the LA and schools are required to carry out their financial responsibilities.

### **1.1.2 THE BUDGET FRAMEWORK**

The LA sets out its Schools Budget which will include the entire Dedicated Schools Grant (DSG) and LA Budget. The categories of expenditure, which must be included in the Schools Budget, are prescribed in regulations made by the Secretary of State. It does not include non-school related items such as adult/community education and lifelong learning programmes, student awards and the youth service, but does include the strategic management costs associated with those activities.

Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum) as prescribed by the Secretary of State. The categories of centrally managed expenditure are;

- a) Specific grant
- b) Special Educational Provision
- c) School Improvement
- d) Access to Education
- e) Strategic Management

Full details of the expenditure included in the above categories are shown in the annual financial statement produced by the LA (see section 1.1.5 below).

The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the LA budget must be retained centrally (although earmarked allocations may be made to schools).

### **1.1.3 THE FUNDING FORMULA**

The LA must distribute the ISB to maintained schools using the funding formula. The formula must be in accordance with regulations made by the Secretary of State under section 47 of the Act. The formula is used to calculate each school's Budget Share.

The LA must consult with the Governing Body and headteacher of all schools covered by the Scheme on any proposed changes to the methods, principles, rules, factors and criteria which the LA takes into account in determining each school's Budget Share.

The formula should be simple, objective, measurable and predictable in impact, transparent, and clearly expressed.

The LA will inform all those involved on the outcome of the consultation.

### **1.1.4 DELEGATED BUDGETS**

The budget share for each school is delegated to the Governing Body, unless the school is a new school which has not yet received a delegated budget, or the right to the delegated budget has been suspended in accordance with section 51 of the Act. This section empowers the LA to suspend a school's right to a delegated budget if the provisions of this Scheme (or any rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

There is a right of appeal by a school to the Secretary of State.

A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the Act), but in that case there is no right of appeal.

Subject to any provisions of the Scheme, the Governing Body may spend budget shares for the purposes of their school, or for any other additional purposes prescribed by the Secretary of State in regulations made under s.50. Section 50 has been amended to provide that amounts spent by a Governing Body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act).

### **1.1.5 PUBLICATION OF INFORMATION**

Each financial year the LA must publish a statement setting out details of its planned Schools Budget and LEA Budget, showing;

- the amounts to be centrally retained
- the budget share for each school
- the formula used to calculate those budget shares
- the detailed calculation for each school

At the end of the financial year the LA must publishes a further statement showing actual (out-turn) expenditure at both central level and for each school, and the balances held in respect of each school. Out-turn statements are subject to audit certification by the Audit Commission. Information in either type of statement may be collated and published by the Secretary of State.

The detailed publication requirements for financial statements and Schemes are covered by regulations made under section 52 of the Act. Each school is sent a copy of the Scheme and any amendment, and each year's budget and out-turn statement.

## **1.2 THE ROLE OF THE SCHEME**

As stated in 1.1 above this Scheme covers the requirements relating to financial management and other associated issues and is binding on both the Authority and on schools.

### **1.2.1 APPLICATION OF THE SCHEME TO THE AUTHORITY AND MAINTAINED SCHOOLS**

The Scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and Pupil Referral Units maintained by the authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies. The schools maintained by Enfield are listed in Annex A.

### **1.3 PUBLICATION OF THE SCHEME**

A copy of the approved Scheme will be sent to the headteacher and Governing Body of all schools covered by the Scheme.

All proposed revisions to the Scheme will be submitted to the Schools Forum for approval by the members of the Forum representing maintained schools. Any approved revisions to the Scheme will be notified to each school.

A copy will also be sent to each school to be made available for reference at all reasonable times and without charge. Additional reference copies will be available at the Schools and Children's Services Department, Civic Centre, Silver Street, Enfield and at First Stop Information points within the Borough.

Copies are also widely distributed to other partners including Trade Unions, professional associations, Diocesan Board and other LAs and are also available on the Enfield Website.

### **1.4 REVISION OF THE SCHEME**

Any proposed revisions to the Scheme will be the subject of consultation with all schools and other interested parties.

Revisions may be proposed at the direction of the Secretary of State or may be initiated by the LA.

All revisions will be subject to approval by the Schools Forum. Where the Schools Forum does not approve the revisions or approves them subject to modifications which are not acceptable to the LA, the LA may apply to the Secretary of State for approval.

If the Authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the Authority's Schools Budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum).

### **1.5 FINANCIAL DELEGATION OF POWERS TO THE HEADTEACHER**

The relative roles of the Governing Body, its committees, the headteacher and other staff should be defined in writing by each school. The headteacher has overall executive responsibility for the school's activities and is accountable to the Governing Body for the financial management of the school. The headteacher should ensure that the Governing Body is provided with financial advice that proper and adequate financial systems and controls are in place and that accounts and financial reports are duly submitted to the Governing Body and the LA.

In the context of the above, decisions made regarding delegation of powers to the headteacher should be recorded in the minutes of the Governing Body.

It is a matter for each Governing Body to consider its own requirements for a Scheme of Delegation within the school.

The first formal budget plan (Working Budget) of each financial year must be approved by the Governing Body.

A Guidance paper on 'Schemes of Delegation' for schools is included in the Finance Manual.

## **1.6 MAINTENANCE OF SCHOOLS**

The Local Authority is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the Governing Body). Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

DRAFT

## **2. FINANCIAL REQUIREMENTS & AUDIT**

### **2.1 FINANCIAL PROCEDURES**

#### **2.1.1 Application of Financial Controls to Schools**

All schools are required to conform to the requirements on financial controls and monitoring contained within this Scheme, and in associated guidance or publications referred to in this document such as the Finance Manual.

#### **2.1.2 Provision of Financial Information & Reports**

All funding within school budget shares is accounted as LA expenditure. The Scheme therefore requires the LA to implement arrangements for the monitoring and proper use of public funds appropriate to a Scheme of delegated financial responsibility to school governing bodies. These arrangements must also enable schools' income and expenditure to be integrated into the LA financial framework.

The Governing Body is required to ensure that the school maintains an adequate local accounting system on an approved accounting package. The LA has nominated the school records as the prime accounting records. The local system at the school, and all financial documents held, are part of the LA's accounts and are subject to the same inspection conditions.

##### Quarterly financial monitoring

Schools must provide the Authority with quarterly reports of income and expenditure, together with a forecast year-end position, in a format specified by the LA.

##### VAT

Schools are required to make a monthly return for VAT purposes in a format specified by the Authority from information generated by the school's computerised systems. The return must be submitted by the 22<sup>nd</sup> of each month to the LA in the format specified, together with a bank reconciliation statement. The procedures and information required for the monthly returns are set out in the Finance Manual.

##### Year End

At year-end a summary of the school's records must be made available, in a format specified by the LA, to upload to the LA's financial system (SAP). Any supplementary information requested for use in the LA's accounts must be supplied as well as a copy of the school's financial data file. In order to make the process as simple as possible and to reduce the administrative workload of schools, the Authority will use the Consistent Financial Reporting accounting structure to populate SAP system.

Guidance on the above requirements is provided in the Finance Manual and the year-end booklet.

#### **2.1.3 Control of Assets**

##### **Assets Other than Land and Buildings**

Schools are required to maintain an Asset Register (inventory) of all portable, valuable and desirable goods. It is suggested that any item, which a school deems to be valuable and may be subject to an insurance claim, should be listed on the Asset Register. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000; however, a school must keep a register in some form.

The Asset Register should include the following information:

- a) Date of acquisition
- b) Description of the asset, including serial number or unique identification mark
- c) Cost (excluding VAT)

- d) Details of leasing arrangements including the source of funding
- e) Location of asset
- f) Record of disposal or write off

Schools should ensure that:

- the Registers are kept up to date;
- procedures are in place to ensure items are added to the Registers when invoices are processed;
- all items are marked, visibly and permanently, as school property;
- at least once each year, an independent stock check is carried out on all items recorded;
- significant discrepancies are reported to the Governing Body.

Staff who are responsible for, or are entrusted with school property, have a duty of care and must take all reasonable precautions to ensure their safe custody.

LA funded assets, as defined in the Finance Manual, must not be sold, destroyed or disposed of without the authority of the Governing Body who must inform the Director of Schools & Children's Service of any disposals and the proceeds. As there are particular difficulties with leased assets, schools should consult the Finance Manual before proceeding. The Governing Body is responsible for determining value for money in asset disposals.

Items of school property must not be removed from school premises without the appropriate delegated authority. The school must keep a record of any loan and the record updated when the asset is returned. Staff may take assets home but the position relating to insurance must be clarified and explained to staff before any assets are removed from school premises. Where assets are on loan for extended periods or to a member of staff on a regular basis, a benefit in kind may be deemed to have arisen which will have tax implications for the individual concerned and for the proper use of public funds.

With regard to the disposal of land and buildings, the procedures will be determined according to who currently owns the assets, the responsibility of the Secretary of State to safeguard the disposal of assets purchased or improved using public funds and the interests of the LA where the LA is the owner or former owner of the assets.

The ownership of school land and buildings under the new framework is set out below:

- a) Community Schools - assets are owned by the LA.
- b) Voluntary Aided Schools - assets are owned by the trustees except where the LA continues to own certain subsidiary premises such as facilities for the provision of meals.
- c) Foundation Schools - assets are owned by the Governing Body where there is no foundation constituted or by the trustees where the school forms or joins a new foundation.

#### **2.1.4 Accounting Policies (Including Year - End Procedures)**

All relevant accounting policies and procedures are included within the Finance Manual and the year-end booklet. They are there to ensure all parties concerned are protected and that public money is responsibly managed.

##### **Computer system**

The Governing Body is required to ensure that the school maintains an adequate local accounting system using an approved accounting package which is compatible with LA requirements. If the school changes the finance software then the school must use the Enfield Chart of Accounts to set up the new system. The procedure for this is set out in the

Finance Manual. The Authority must receive a copy of the school's software data file at the year end. The computerised financial records must be regularly backed up.

### **2.1.5 Writing Off of Debts**

The Governing Body can write off debts owed to the school up to a value of £500. Individual debts above that level, but not exceeding £2,500, may be written off with the approval of the Director of Schools & Children's Service. All debts above £2,500 may only be written off with the additional approval of the Director for Schools & Children's Service and the Director of Finance, Resources & Customer Services. For reporting arrangements and write off requests, please refer to the Finance Manual.

## **2.2 BASIS OF ACCOUNTING**

The Scheme does not impose a particular basis of accounting on schools' internal systems. However, returns to the Authority should be done on a cash basis i.e. what the school has actually paid or received during that period.

## **2.3 SUBMISSION OF THREE YEAR EXPENDITURE PLANS**

The LA will supply schools with the school income and expenditure data to enable schools to plan effectively for the next three years. The Governing Body must send its three year budget plans to the LA by the Summer half term. The budget plan must be submitted in the format provided by the LA (full details are given in the Finance Manual). The school must submit a signed hard copy and an electronic copy of the budget plan. Each school will also need to send details of the assumptions underpinning the expenditure plan.

The budget plan should include the school's estimate of deficits or surpluses carried forward from the previous financial years.

The school's formal three year budget plan must be approved by the Governing Body. If, in the schools Scheme of Delegation and Organisational Structure, the responsibility for formulating and approving the three year budget plans has been delegated to the Finance Committee, then these may be submitted to the LA to meet the statutory deadline. However, this is subject to the three year budget plans being presented and endorsed at the next meeting of the Governing Body. The Chair of Governor must confirm to the LA that the budget has been endorsed by the Governing Body as agreed by the Finance Committee.

## **2.4 EFFICIENCY AND VALUE FOR MONEY**

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements as outlined in Section 2.10.

It is for the Headteacher and the Governing Body to determine at school level how to secure better value for money. This should include a review of current expenditure, compare it to other schools, and consider how to make any improvements.

## **2.5 VIREMENT**

The Governing Body has complete freedom to vire amounts between budget headings. They can delegate authority to vire budgets to a panel such as the Finance Sub-Committee or to the headteacher.

## **2.6 AUDIT GENERAL**

A review of the internal financial controls of all schools within the Authority will be carried out on a regular basis. The frequency of audits will be dependent on risk, for example:

- Schools perceived to pose a greater risk will be subject to more regular audits focusing on the risks identified.
- Schools assessed as low risk will be selected on a sample basis for audit each year. Any audit will include a review of the information submitted to the LA.

All schools should receive some form of internal audit coverage at least once every four to five years. The scope and timing of each school's audit will be agreed with the school. All

reports will be discussed and cleared with the Headteacher or other nominated person prior to the issue of the final report. In addition, Internal Audit will carry out a follow-up review on an appropriate basis after the issue of the final report to ensure all agreed actions are implemented

Upon request from the Director of Schools & Children's Service or the Director of Finance, Resources & Customer Services, Internal Audit may undertake any additional work, including investigations.

Schools are also required to comply with the requirements of the Authority's external audit arrangements and provide access to the school's records for both internal and external auditors

## **2.7 SEPARATE EXTERNAL AUDITS**

In addition to the processes outlined in 2.6 above, schools can use their delegated budget share to obtain external audit certification of their accounts, separate from the LA internal or external audit process.

Internal Audit may provide additional consultancy and advice on request. The cost of this service will be charged to the school budget. Internal Audit will provide the cost of this service prior to commencement.

## **2.8 AUDIT OF VOLUNTARY AND PRIVATE FUNDS**

Governing bodies are required to obtain an annual audit certification of all voluntary and private funds held by the school and the accounts of any trading organisations controlled by the Governing Body. Further details are included within the Finance Manual.

## **2.9 REGISTER OF BUSINESS INTERESTS**

The Governing Body of each school must establish a register which lists each member of the Governing Body, the Headteacher and all other members of staff with responsibility for finance detailing any business interests they, or any member of their immediate family have with the school, details of any other educational establishments that they govern, any relationships with school staff and any relationships with members of the governing body. The register must be kept up-to-date with notification of any changes and through an annual review of entries. The register must also be available for inspection by governors, staff and parents, and the LA and the information on governors made available on a publicly accessible website.

Detailed guidance is available in the Finance Manual.

## **2.10 PURCHASING, TENDERING AND CONTRACTING REQUIREMENTS**

### **2.10.1** Each school should comply with the LA's financial regulations and standing orders in purchasing, tendering and contracting.

These are consistent with current statutory provisions and EU directives. They do not require LA approval for individual schools entering into large value contracts that are to be funded from school's resources. Similarly there is no requirement that schools should select suppliers from an approved list. However, schools must abide with the full tendering obligations and requirements for those contracts above the EU thresholds to avoid any threat of legal action.

The threshold for obtaining quotes or formal tenders are as follows:

Estimated Contract	Tendering Requirements	Method of completion of
--------------------	------------------------	-------------------------



Value		<u>contract</u>
Up to £10,000	At least one written quotation must be received. Where practicable an eligible quotation from a local supplier must be sought. Best value must be obtained and framework and other corporate agreements, where they exist, are used. (Schools must retain sufficient evidence to demonstrate compliance).	Use of Purchase Order.
Contracts from £10,001 to £50,000	At least two written quotations must be received. A quotation from a local supplier must be sought. Where this is not possible, a waiver of contract procedures rules stating the reasons must be approved by the Governing Body. Best value must be obtained and framework and other Council agreements, where they exist, are considered and used. (Schools must retain sufficient evidence to demonstrate compliance and best value, (an oral quotation is not acceptable).	Use of Purchase Order or Standard Contract for more complex requirements
Contracts from £50,001 to £100,000 (for supplies and services) or £500,000 (for works):	At least three written quotations must be received. A quotation from a local supplier must be sought. Where this is not possible a waiver of contract procedures rules stating the reasons must be approved by the Governing Body. Best value must be obtained and framework and other Council agreements, where they exist, are considered and used. The decision must be recorded in the minutes of the Governing Body or Finance Committee if responsibility has been delegated and all documentation supporting the decision retained. (Schools must retain sufficient evidence to demonstrate compliance and best value, (an oral quotation is not acceptable).	Use of Purchase Order or Standard Contract for more complex requirements
Contracts above £100,000 to EU threshold * (for supplies and services) or above £500,000 (for works)	At least five written quotations must be received. At least two quotations from a local supplier must be sought. If less than five quotes are received, a waiver of contract procedures rules stating the reasons must be presented and approved by the Governing Body. The decision must be recorded in the minutes of the Governing Body or Finance Committee if responsibility has been delegated and all documentation supporting the decision retained. In all cases at least 5 Contractors should be invited to Quote (for works) or Tender, unless there is an overriding business or legal justification then a waiver of the contract procedural rules to continue with the contract process must be presented and agreed with the Governing Body. The decision must be recorded in the minutes of the Governing Body or Finance Committee if responsibility has been delegated and all documentation supporting the decision retained. (Schools must retain sufficient evidence to demonstrate compliance and best value, (an oral quotation is not acceptable).	Up to <u>£250,000</u> : Signature on Standard Contract or sealed by Legal Services if required  Over <u>£250,000</u> : Sealed by Legal_Services

**2.10.2** In assessing which threshold to apply, the total value of the contract must be used. The total value should be over the term (length) of the contract including any potential extensions. If the purchase involves recurrent transactions for the same type of items, then the contract value is the total value of those transactions over the contract period, including any allowable extension periods. Where the total contract value over the full duration of the contract (not just the annual value) is uncertain, then to establish an estimated value the monthly payment should be multiplied by 48.

**2.10.3** Where relevant, schools are required to assess in advance, the health and safety competence of contractors. Schools must take account of the LA's policies and procedures on such matters as detailed in the Health & Safety Guidelines for Schools (Control of Contractors).

Further guidance on procurement and the detail of financial regulations and standing orders can be found in the Finance Manual.

## **2.11 APPLICATION OF CONTRACTS TO SCHOOLS**

Schools will be consulted on, and invited to participate in, Council wide contracts for the provision of goods and services. This includes both contracts with external suppliers under competitive tendering procedures and internal arrangements with the Council's DSOs, or buyback arrangements for services delegated to schools.

Once a school has given, in writing, a commitment to participate in such a contract or trading arrangement, it is expected that the school will be bound to the final contract / trading arrangement for its length. Should the school, however, decide to opt out of such a contract / trading arrangement during its life, the LA retains the right to make additional charges to the school if such action results in any loss to the LA for the remainder of the contract period.

Although Governing Bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. However, other contracts may be made solely on behalf of the Governing Body, when the Governing Body has clear statutory obligations e.g. contracts made by aided or foundation schools for the employment of staff.

## **2.12 CENTRAL FUNDS & EARMARKING**

Funds will be made available to a school from certain centrally managed budgets in addition to its budget share allocation determined by the formula. Such funds will be separate from any budgets delegated from the Individual Schools Budget and will be either shown separately on the School Budget for the year or notified individually.

Such allocations will be the subject of conditions which will be notified individually. The funds will be earmarked i.e. must only be used for specific purposes. The LA may require unspent earmarked funds to be returned at the end of the year.

The LA will not make any deductions, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.

## **2.13 SPENDING FOR THE PURPOSES OF THE SCHOOL**

Section 50 (3) of the Act empowers the Governing Body to spend its delegated budget as it sees fit for the purposes of the school, and for any other purposes, which may be prescribed in regulations by the Secretary of State. The right to spend for such additional purposes may be the subject of associated conditions prescribed in the regulations.

By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Section 50(3)(b) allows schools to spend their budgets on pupils who are on the roll of other maintained schools.

However, these powers to spend is subject to any provisions included in the Scheme (e.g. capital spending detailed in section 2.14 below) and LAs are able to impose their own restrictions on this freedom, arising from local circumstances.

It is not proposed to limit this freedom over & above the conditions already included elsewhere in the Scheme itself.

## **2.14 CAPITAL SPENDING FROM BUDGET SHARES**

The Scheme does not preclude governing bodies from using their budget shares to fund the cost of capital expenditure on their school premises. This may also include the liability of governing bodies of Voluntary Aided schools to meet the cost of their responsibilities under paragraph 3 of Schedule 3 of the School Standards and Framework Act 1998. All expenditure that the Governing Body wants to treat as capital must meet the capital criteria as defined in the Consistent Financial Reporting guidance.

Where schools wish to fund new capital expenditure in full from delegated budgets, the Director of Schools & Children's Service should be notified of proposals in all instances so that:

- where the expenditure exceeds £20,000 in primary and special schools, and £30,000 in secondary schools in any one year, the Director of Schools & Children's Service can advise on the merits of the proposed expenditure in terms of the provision of education at the school.
- where the premises are owned by the LA, the Director of Schools & Children's Service and Director of Finance, Resources & Customer Services can advise as to the technical aspects of the planned works
- the Director of Schools & Children's Service can consider the funding of any additional revenue costs arising from the project within the Individual Schools Budget, where this is the case.
- the Director of Finance, Resources & Customer Services can correctly record the expenditure in the LA's accounts.

All capital expenditure incurred by the LA on its schools and in meeting the LA liability of Schemes at Voluntary Aided Schools, must be recorded in the LA's central accounts and reported as part of the LA's overall capital programme, however the expenditure is actually financed. The Finance Manual sets out the circumstances in which schools will have some responsibility for capital expenditure and the process schools should follow.

## **2.15 NOTICE OF CONCERN**

The LA may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Director of Schools & Children's Service and the Director of Finance, Resources & Customer Services, the school has failed to comply with any provisions of the Scheme, or where actions need to be taken to safeguard the financial position of the LA or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the Governing Body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriate trained / qualified person Chairs the Finance Committee of the Governing Body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the Scheme requires for all schools – such as the provision of monthly accounts to the authority;
- insisting on regular financial monitoring meetings at the school attended by the authority's officers;
- requiring a Governing Body to buy into the authority's financial support services and,
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and / or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the Governing Body does not comply with the notice.

## **2.16 SCHOOLS FINANCIAL VALUE STANDARD (SFVS)**

All local authority maintained schools and Pupil Referral Units (PRUs) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. Schools must submit the form to the LA by the end of the Autumn

half term, together with the London Borough of Enfield Risk Assessment form. Both these documents will be assessed and used to inform the Audit programme for the following financial year.

Governing bodies must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

## **2.17 FRAUD**

Governing bodies must ensure their schools have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The Governing Body and Headteacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors. All staff and governors with responsibility for financial management should undertake fraud awareness training.

### 3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

- a) is in the LA's HSBC pooled banking scheme and opt to receive their delegated budget share in one advance in April
- b) all other schools.

All delegated and devolved resources are now advanced to schools and are inclusive of pay costs.

#### 3.1.1 ARRANGEMENTS FOR ADVANCES TO SCHOOLS

(a) [Delegated Budget Share – Advances to Schools](#)

All schools will receive their budget share and VAT on a monthly basis in twelve equal instalment starting from April; with reference to the pay date of the schools' monthly paid employees. Top up payments for pupils with high needs will be made on a monthly basis unless an alternative arrangement has been agreed with the school.

For schools using the LA's Payroll service, the advances will be made six days before the staff pay day. For schools not using this service, the advance will be paid one day before the staff pay day. This distinction recognises that schools not using the Payroll Service do not need to pay tax, National Insurance and superannuation contributions over to collecting bodies until sometime after the staff pay date.

Advances are made to schools without cash flow deductions.

A school may request an advance to be increased by bringing forward resources from a future instalment due to be made later in the same financial year. This will assist those schools with particular cash flow needs arising from major developments at the school and can be arranged following a written request to the Director of Finance, Resources & Customer Services. An interest charge at an agreed rate will be deducted from the later advance in recognition of the advanced funding.

(b) [Delegated Budget Share – Advances for Schools with Planned Licensed Deficits](#)

Where the Authority has a funding agreement to support planned licensed deficits in place with individual schools, the schools will receive their total delegated budget share and VAT advance, less the pupil premium, on the third banking day of the financial year. A deduction (see (c) below) will be made to compensate the LA for the loss of interest arising from this method of payment.

(c) [Interest deduction](#)

The intention is that the interest deduction will be broadly equivalent to the amount of extra interest the school will earn on its bank balance by having its entire delegated budget in its bank account from early April. In effect, the adjustment should result in neither the school nor the LA gaining or losing interest compared to the payment of advances by monthly instalments. The deduction is calculated as follows:

$$D = \frac{(\text{Delegated budget share} + \text{VAT advance}) \times \text{interest rate}}{2}$$

Where D = interest deduction

Interest rate = the LA's estimate of the interest rate for one-year money as at 1<sup>st</sup> February prior to the start of the financial year. Current estimates are that this will be 0% for 2014/15.

2 = a factor to halve the interest deduction to produce a figure that is close to the actual interest that will be earned by the school on the earlier receipt of the advance.

If over the year the average actual interest rate should prove to be 0.5% higher or lower than that assumed for the estimated interest rate used in the calculation of the interest deduction, the LA will compensate or charge the school with the difference between the estimated figure and the actual average. Such an adjustment will be made retrospectively once the actual average bank base rate for the year is known.

If the difference between the estimated interest rate and the actual average rate is less than 0.5% there will be no adjustment.

In 2014/15 no interest deduction has been made, reflecting the very low rates of interest being applied to bank account balances.

(c) Other Advances

Schools in the annual advance scheme, like all other schools, will receive their pupil premium on a monthly basis.

(d) Recovery of Overpaid Advances

When it is necessary to recover overpaid advances from schools, for example for prior year adjustments, VAT, rates, exclusions and the LSC, this will be done by deducting the amount to be repaid from the next monthly advance. If this is insufficient, then any remaining balance will be deducted from subsequent monthly advances. If there are still sums due to be repaid by schools after the March advance has been made, an invoice will be raised on the school prior to the end of the financial year.

(e) Schools must remain in the LA's HSBC Pooled Banking Scheme

It is a condition of paying the delegated budget share in full in April that the school keeps all of its balance in the HSBC pooled current account for the full financial year.

### **3.1.2 VAT REIMBURSEMENTS**

VAT reimbursements will be dealt with through a percentage add-on to advances to allow schools to pay VAT on invoices without cash flow implications. At the year end the Authority will reconcile the amount advanced for VAT with the amount paid out and received by the school. Any required adjustment will be made in the new financial year.

### **3.1.3 DEDUCTIONS FOR CENTRALLY INCURRED EXPENDITURE**

Advances to schools will be made without deductions for centrally incurred expenditure or for services provided to schools by the LA under service level agreements.

### **3.2 INTEREST ON LATE BUDGET SHARE PAYMENTS**

The LA will add interest to late payments of budget share instalments, where such late payment is the result of LA error.

### **3.3 BANKING ARRANGEMENTS**

All maintained schools in Enfield have bank accounts. Schools are able to retain all interest earned on their accounts.

#### **3.3.1 RESTRICTIONS ON ACCOUNTS**

Schools can use any High Street Bank or major Building Society. Alternatively, the LA's own bankers (HSBC) offer a specific scheme for Enfield schools.

All bank accounts must have the London Borough of Enfield and the school name as part of the description.

### **3.4 BORROWING BY SCHOOLS**

#### **3.4.1** Governing bodies may not enter into any borrowing arrangement with an external lender without the written permission of the Secretary of State. Where the Secretary of State has made available a specific scheme, including the current Salix scheme, then Governing Bodies may access these schemes without the express permission of the Secretary of State.

This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. However, these debts may not be serviced directly from the delegated budgets. Governing bodies do not act as agents of the LA when repaying loans.

#### **3.4.2** In addition, governing bodies may not enter into any leasing arrangement without first obtaining the LA's approval to the agreement. This is to ensure there are no implications for the LA's overall capital resources.

- 3.4.3** Governing Bodies may not use credit cards or store credit facilities for purchases on behalf of the school.
- 3.4.4** The use of Charge Cards, including business cards connected to the school's bank account for purchases related to the schools delegated budget, is not considered to infringe the borrowing restrictions imposed on schools as long as the balance on the account is cleared in full within the month. It is viewed that Debit cards can be a useful means of facilitating electronic purchases. The maximum limit recommended for these cards held by a school is £10,000.

In reaching a decision on the use of business cards, the Governing Body must:

- ensure purchases are made in line with the requirements of the Scheme of Delegation;
- consider the potential risk;
- review whether the schools has appropriate controls in place to guard against any misuse,
- record and agree its decision on the use and limits set for each card.

Guidance on this is included in the Finance Manual.

#### **4. THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**

##### **4.1 RIGHT TO CARRY FORWARD SURPLUS BALANCES**

Any underspend against the total resources available, as determined upon the closure of the year's accounts and reported in statements published under Section 52 of the Act, will accrue automatically to the school and will be added to the school's budget share for the following year.

##### **4.2 REPORTING ON THE INTENDED USE OF SURPLUS BALANCES AND THE RECYCLING OF SURPLUS BALANCES**

Governing bodies are required to report on the intended use of balances where the total accumulated balances exceed 8% for primary & special and 5% for secondary schools of that financial year's budget share. The criteria for retaining balances above these limits are as follows to:

- a. support prior year financial commitments that have not been charged to the accounts by the preceding 31 March,
- b. fund specific purposes as assigned by the Governing Body and permitted by the Authority, as detailed below, which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question without the consent of the Authority.

NB: This last provision is intended to ensure that schools can build up reserves towards particular projects but cannot defer implementation indefinitely.

###### Balances Assigned for Specific Purposes

Schools may declare balances to be assigned for specific purposes only within the permitted categories given below. Such declarations must be set out in the minutes of the Governing Body and information on such declarations given to the Authority in a format determined by the Authority. The Authority may take such steps as appropriate to determine that such declarations are properly assigned.

###### Permitted Categories

- for a maximum of three years\* - a reserve to finance planned capital works for the purposes of the school, as set out in the school development plan.
- for a maximum of three years\* - a reserve to finance planned replacement of equipment/purchase of new equipment, as set out in the school development plan.
- for a maximum of two years\* - a reserve to finance planned building repairs and maintenance, as set out in the annual maintenance plan.
- for a maximum of two years\* - a reserve to enable the school to maintain staffing levels in the short/medium term in the face of changing rolls, as set out in the school development plan.

\* within each permitted category, the commencement of the time period indicated will be deemed to be the date of the appropriate declaration in the minutes of the Governing Body.

- c. For balances held by schools as at 31 March 2017 above the following thresholds:

- primary and special schools with balances above 8%;
- Secondary schools with balances above 5%.

These schools are required to seek the written permission of the Authority on the use of surplus balances against the criteria for retaining balances, as detailed above. The request must be submitted to the Authority in the first half of the Spring term preceding the end of the financial year.



If written permission is not sought or is not within the required timescale, then any balances above the percentages stated in the table below will be recycled:

#### Control of surplus balances

- (a) the Authority shall calculate each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be recurrent balance category as defined in the Consistent Financial Reporting Framework;
- (b) Then the prior years commitments as reported by the school shall be deducted from the calculated surplus balance. This relates solely to financial commitments that the school has entered into prior to the end of the financial year, e.g. placed an order, but the goods or services were not received by 31 March and no invoice has been paid, nor an accrual raised;
- (c) Then the amount assigned for specific purposes as reported by the school and permitted by the Authority (as detailed above) shall be deducted from the calculated surplus balances;
- (d) If the result of steps (a) to (c) above is that the school has surplus balances of more than 5% of the current year's budget share, in the case of secondary schools, or 8% of the current year's budget share, in the case of primary and special schools, then the amount above these thresholds will be deducted from the current year's budget share.

If the school does not send in their information on surplus balances as required under this Scheme and does not provide the LA with a reason for not providing the information then, in the case of a secondary school, any balance above 5% and, in the case of primary or special school, any balance above 8%, shall be deducted from the current year's budget share.

Funds deriving from sources other than the LA will be taken into account in this calculation if paid into the budget share of the school, whether under provisions of this scheme or otherwise.

Funds held in relation to a school's powers under section 27 of the Education Act 2002 (community facilities) will not be taken into account, unless added to the budget share surplus by the school as permitted by the LA.

Individual schools will continue to have the right to appeal against any decision to recycle their balances. The Schools Forum will consider any appeals. Any balances that are recycled will be added to the Schools Budget in the following financial year.

#### **4.3 INTEREST ON SURPLUS BALANCES**

All schools operating local banking arrangements and as such interest will be earned and paid into their accounts directly by their bankers or by the Authority where the school has opted to join the LA's Schools' Banking Scheme. Interest will be paid at 1% below bank base rate for those schools receiving monthly advances, and  $\frac{3}{4}$ % below bank base rate for those schools receiving annual advances, subject to the minimum interest being 0%.

#### **4.4 OBLIGATION TO CARRY FORWARD DEFICIT BALANCES**

- (a) 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 or from any Accumulating Fund credit balance.
- (b) Schools are not permitted to plan for a deficit, other than in exceptional circumstances. The exceptional circumstances where deficits are permitted will be agreed by the Director of Schools & Children's Service in consultation with the Director of Finance, Resources and Customer Services, but may include a temporary reduction in pupil numbers or a situation in which the Governing Body's duty to provide the curriculum would be affected. The majority of

schools in these circumstances will be required to enter a deficit funding agreement and recover the deficit within the agreed period. These planned deficits will require the specific approval of the Director of Schools & Children's Service and Director of Finance, Resources and Customer Services.

#### **4.5 LICENSED DEFICITS**

Providing a school does not have an accumulated deficit at 31 March, it is possible to plan for a deficit budget over a three-year period. For primary and special schools, this is up to a maximum value of £50,000. For secondary schools, this is up to a maximum value of £100,000. A school may need to set a deficit budget to prevent excessive instability within the school or to address specific short-term problems, i.e. emergency repairs, long term sickness.

#### **4.6 CHARGING OF INTEREST ON DEFICIT BALANCES**

Interest is not chargeable by the LA where all transactions of a school (including employee costs) are processed through local banking arrangements. Any additional bank charges arising from the school account going into deficit must be met by the school. For schools within the HSBC scheme the rate of interest for overdrawn accounts will be 2% above the base rate plus an administration charge.

#### **4.7 WRITING OFF DEFICITS**

The LA cannot write off the deficit balance of any school.

The LA may give assistance towards elimination of a deficit balance this would be through the allocation of a cash sum, from the LA's Schools Budget either from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum.

#### **4.8 BALANCES OF CLOSING AND REPLACEMENT SCHOOLS**

When a school closes or amalgamates, any balances, whether surplus or deficit, revert to the LA, except the surplus for a school that converts to academy status under section 4(1)(a) of the Academies Act 2010. It is for the LA to decide whether the balances from the predecessor schools get transferred to the new school or retained within the Schools Budget.

Regulations made under section 47 of the Act (budget share allocations) make provision for schools which have the effect of giving them the benefit of additional sums which are equal to or less than the balances of the relevant closing schools.

The regulations will also provide for the abatement of extra funding for new schools to recognise the deficit of a preceding school but will not allow a sum equal to the deficit to be set against any normal funding for the new school.

#### **4.9 LOAN SCHEME**

The LA will consider, in some circumstances for the school to borrow a sum of money over and above its budget share. The circumstances include:

- major building investments that are consistent with the Asset Management Plan or an agreed priority for capital expenditure;
- works to support the achievement of objectives as identified in the School Development Plan;
- or essential works to comply with legislative / regulatory requirements,
- to acquire a vehicle, plant or equipment, which has a life expectancy of at least three years.

Schools seeking a loan would be required to submit:

- a letter from the Chair of Governors setting out plans for which a loan is sought, and how this contributes to the school's development plan;
- a demonstration that the school would be able to make the loan repayments over the period of the loan from within its financial resources,
- a commitment from the Governing Body that the loan repayment may be made by way of a deduction from the school's budget share.

In these circumstances, the school may borrow a sum that would normally be an amount in excess of the licensed deficit limit set out in paragraph 4.9, up to 10% of the school's delegated budget, although this limit can be extended in exceptional circumstances when the school can demonstrate their ability to repay the loan.

- 4.10 The total amount to support deficits and borrowing will be limited to 20% of the value of all school balances at the end of the previous year. Interest will be agreed at the start of the loan.

## **5. INCOME**

In general terms, schools are able to retain all income unless it refers to the disposal of certain capital assets, or to a PFI/PPP project which is subject to a separate agreement. All income, which would otherwise accrue to the LA, must be included in the school's revenue accounts. Procedures must be established to ensure income is received on due dates. Guidance on this is included in the Finance Manual.

### **5.1 INCOME FROM LETTINGS**

The Governing Body must approve income scales for the letting of school premises and the use of school facilities. Schools may wish to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the Governing Body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, schools are required to have regard to directions issued by the LA as to the use of school premises, as permitted under the Act for various categories of schools.

Income from the letting of school premises should be payable into the school's bank account and if it is to be paid into another account then this should be agreed in line with the school's Scheme of Delegation as agreed by the Governing Body.

### **5.2 INCOME FROM FEES AND CHARGES**

Scales of fees and charges must be approved by the Governing Body. In doing so, it should have regard to The LA policy statements on charging.

### **5.3 INCOME FROM FUND RAISING ACTIVITIES**

Schools are able to retain all income from fund raising activities.

### **5.4 INCOME FROM THE SALE OF ASSETS (OTHER THAN LAND AND BUILDINGS)**

Income from the sale of assets purchased from delegated funds will be retained by the school and included in its revenue accounts. Income from the sale of assets purchased by the school's private fund will be retained by the school and does not need to be included in the school's revenue accounts. It is for the LA to decide whether the proceeds of sale of assets purchased from non-delegated LA funds should be retained by the LA or the school. The proceeds from the sale of assets funded from LA capital resources or from the sale of land and buildings owned by the LA constitute capital receipts which will accrue to the LA.

The retention of the proceeds from the sale of premises not owned by the LA is not a matter for this Scheme.

### **5.5 PURPOSES FOR WHICH INCOME MAY BE USED**

Income from the sale of assets purchased using delegated funds may only be spent for the purposes of the school.

## **6.1 GENERAL PROVISION**

**6.1.1** The LA may make charges against school budget shares without the permission of the school Governing Body when it is able to demonstrate that it has necessarily incurred additional expenditure as a result of the school's actions. This will only be in the following circumstances. In all cases, the LA will consult with schools on the issues concerned and provide an explanation and justification for the charges made. The LA will also notify the school when the charge has been made. The process for disputes is outlined in detail in the Finance Manual.

**6.1.2.** The salaries of school-based staff will be charged to school budget shares on the basis of actual salary costs.

## **6.2 CIRCUMSTANCES IN WHICH CHARGES MAY BE MADE**

**6.2.1** Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA);

**6.2.2** The LA may de-delegate funding for permitted services without the express permission of the Governing Body, provided this has been approved by the appropriate phase representative of the Schools Forum.

**6.2.3** Other expenditure incurred to secure resignations where the school had not followed LA advice;

**6.2.4** Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the Governing Body contrary to the LA's advice;

**6.2.5** Expenditure incurred by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;

**6.2.6** Expenditure incurred by the LA in making good defects in building work funded by capital spending from budget shares, where the LA owns the premises or the school has voluntary controlled status;

**6.2.7** Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as comprehensive as that which would be arranged by the LA (see also 10);

**6.2.8** Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a Service Level Agreement, and the result is that monies are owed by the school to the LA;

**6.2.9** Recovery of penalties imposed on the LA by the Board of Inland Revenue, the Contributions Agency or HM Customs and Excise, Environment Agency, Teachers Pensions or regulatory authorities as a result of school negligence or error;

**6.2.10** Correction of LA errors in calculating charges to a budget share (e.g. pension deductions). In each case the LA will consider whether the correction is reasonable and will hold discussions with the Governing Body to that effect;

**6.2.11** Additional transport costs incurred by the LA arising from decisions by the Governing Body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs;

**6.2.12** Legal costs which the LA incurs because the Governing Body did not accept the advice of the LA (see also section 11);

**6.2.13** Costs of necessary health and safety training for staff employed by the LA, where funding for training had been delegated but the necessary training has not been carried out;

- 6.2.14** Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
- 6.2.15** Interest charges for the late payment of invoices, in accordance with the Late Payment of Commercial Debts (Interest) Act November 1998, where the reason for the delay in payment occurred at the school;
- 6.2.16** Additional central costs incurred by the LA as a result of changes introduced by the school (e.g. the decision to change lunchtime arrangements, which could result in additional contract or meal supervisor costs and changes in session times) and when the school has failed to follow the procedures for notifying and consulting the LA. Full details will be shown in the Finance Manual;
- 6.2.17** Ineligible expenditure incurred by schools against devolved grant funded allocations which results in the withdrawal of grant funding;
- 6.2.18** Expenditure incurred by the LA under the terms of a PFI/PPP contract, which relates to services for which the school has delegated responsibility. A school's share of any charges relating to a PFI/PPP contract will be dealt with in accordance with Section 9 of this Scheme;
- 6.2.19** Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- 6.2.20** Costs incurred by the authority in securing provision specified in a statement of SEN where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs;
- 6.2.21** Costs incurred by the LA due to submission by the school of incorrect data;
- 6.2.22** Costs incurred by the LA as a result of the Governing Body being in breach of the terms of a contract.
- 6.2.23** Payment of invoices by schools for LA services – where an invoice for such services has not been paid within 2 months of the invoice date, a reminder has been sent and the invoice is not in dispute, the LA reserves the right to charge the school budget share for the value of the invoice plus an additional charge for interest. The LA will confirm in writing prior to the charge being made to notify the school of the action.
- 6.2.24** Costs incurred by the LA or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- 6.2.25** Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation or agreed to be held centrally.
- 6.2.26** Contribution towards the costs related to the conversion of schools to an academy.

## **7. TAXATION**

### **7.1 VALUE ADDED TAX**

The London Borough of Enfield, and therefore all its maintained schools, can recover VAT expenditure incurred towards taxable and non-business activities and, also, subject to regulations, some exempt activities. Guidance on such activities is included in the Finance Manual.

Maintained schools will therefore be able to recover their VAT costs when they contract for supplies, receive the supplies, pay from their delegated budget shares (see paragraph 3.1.3) and receive appropriate VAT documents to support the VAT recovery.

Voluntary aided schools are able to recover VAT costs incurred towards the day to day running of their schools and on capital projects costing less than £10,000 net of VAT. They must have contracted for the supplies, received the supplies, paid from delegated funds and received appropriate VAT documentation to support the VAT recovery. The arrangements and requirements for recovering VAT on capital projects at Foundation and Voluntary Aided schools differ and not all VAT incurred on capital expenditure can be recovered.

Detailed guidance, requirements and advice on all VAT related matters are included in the Finance Manual. Schools must ensure that the guidance is followed for all claims for reimbursement of net VAT incurred.

## **8. THE PROVISION OF SERVICES AND FACILITIES BY THE LA**

### **8.1 PROVISION OF SERVICES FROM CENTRALLY RETAINED BUDGETS**

The LA will determine on what basis services and additional Premature Retirement Compensation (PRC) and redundancy payments from centrally retained funds to be provided to schools. This will be subject to consultation with all schools.

Services will be offered to all schools, regardless of their category unless there are differences in statutory duties which justify the provision of differential services

The LA will consult schools on the provision of those services to be delegated.

### **8.2 THE PROVISION OF SERVICES BOUGHT BACK FROM THE LA USING DELEGATED BUDGETS**

It is anticipated that the majority of service arrangements will be for a minimum period of three years and limited to a maximum of five years, although individual circumstances may lead to the establishment of annual agreements. This will be included in the consultation arrangements with schools.

When a service is provided for which expenditure is not retained centrally, it will be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met from the total income generated, even if schools are charged differentially.

#### **8.2.1 PACKAGING OF SERVICES OFFERED TO SCHOOLS**

The aim of any service offered the LA on a buy back basis is not to unreasonably restrict schools' freedom of choice among the services available. The LA may offer services on an individual basis and discounted for packages of services.

### **8.3 SERVICE LEVEL AGREEMENTS**

Any services or facilities provided to schools by the LA under a Service Level Agreement (either free or on a buy-back basis), the terms of the agreement will be reviewed at least every three years.

Schools will be consulted during the Spring Term on their requirements for services for the following financial year. Service Level Agreements must be in place before 1<sup>st</sup> March to be effective for the following year.

#### **8.3.1. Some services will be offered on an ad hoc basis (i.e. not related to an extended agreement) as well as under a Service Level Agreement. Ad hoc provision will be chargeable at a differential rate than that offered under a Service Level Agreement.**

Centrally funded premises and liability insurance are excluded from these requirements, as the limitations envisaged may be impracticable for insurance purposes.

### **8.4 TEACHERS' PENSIONS**

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme:

The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.

A Governing Body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or



agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required.

A Governing Body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will require the school to submit a return in a format and specification as prescribed by the Payroll Service by the 25<sup>th</sup> of each month.

DRAFT

## **9. PFI / PPP CONTRACTS**

**9.1** Where services are being provided to a school under a PFI/PPP contract the LA will discuss with the Governing Body the basis of apportionment of the annual charge between the LA and the school.

The apportionment of the charge will be calculated by the LA and will be based on the following general principles: -

- (a) The school's share of the annual charge will be related specifically to the elements of the service provision for which the school holds the delegated budget.
- (b) The school's share will be calculated with reference to the cost information provided by the PFI/PPP operator.
- (c) The indexation of the school's share will be calculated in accordance with the PFI/PPP contract and the elements of the costs subject to indexation.
- (d) The school will benefit from payment deductions relating to performance and availability in so far as they relate to delegated services and also from any income sharing arrangements.
- (e) The school's share of the unitary charge will be adjusted to take account of increases or decreases in costs that arise from agreed variations where these relate to services for which the school has delegated responsibility.

## **9.2 CHARGING SCHOOL BUDGET SHARES**

The LA will charge to the school's delegated budget that part of the annual charge to be paid by the school, calculated by the LA in accordance with the principles in 9.1 above. The LA will discuss the proposed charge with the school's Governing Body before any charge is made. However, the LA retains the right to make such a charge against the school's delegated budget without the permission of the Governing Body.

## 10. INSURANCE COVER

In the case of delegated insurance provision the school must demonstrate that, under a policy arranged by a Governing Body, it has obtained sufficient cover of the LA's insurable interest consistent with the LA's minimum requirements. This required level will have regard to the actual risks, which might reasonably be expected to arise at individual schools concerned.

The LA's insurable interest may be determined according to whether the LA is the owner of the asset to be insured in the case of land, buildings and contents the specific responsibilities of the Governing Body and the responsibilities of the LA to secure and maintain Education provision.

Further information on insurance is contained in the Finance Manual including details of the LA's minimum requirements and recommendations for insurance cover for those schools where the LA has no or only a partial insurable interest.

See also 6.2.6 re Charging Delegated Budget Shares

DRAFT

## **11. MISCELLANEOUS**

### **11.1 RIGHT OF ACCESS TO INFORMATION**

Schools will need to supply the LA with the information it may reasonably require to ensure the integrity of the school's financial arrangements. This will include information on the management of the school's budget share plus any earmarked expenditure.

### **11.2 LIABILITY OF GOVERNORS**

The Governing Body is a corporate body and, as such, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share as long as they act in good faith.

### **11.3 GOVERNORS EXPENSES**

Allowances may be paid to governors from a school's delegated budget share for certain purposes only as outlined in regulations under section 19 of the Education Act 2002.

Payment of expenses duplicating those paid by the Secretary of State to additional governors appointed to schools under special measures will not be allowed.

The LA may delegate funds to meet governors' expenses to the Governing Body of a school yet to receive a delegated budget.

### **11.4 RESPONSIBILITY FOR LEGAL COSTS**

Costs arising from legal action involving the Governing Body may be charged to the school's budget share if the Governing Body does not follow such advice and general guidelines provided by the Authority, for example, if the LA's advice that a dismissal is likely to be judged unfair is ignored by the Governing Body. (See also section 6)

The LA will work with governing bodies and support them in cases of legal action. If a Governing Body has failed to act on the advice of the LA, or has ignored LA guidelines on specific issues, the LA will write formally giving notice that it will no longer indemnify the Governing Body against legal costs arising from any action taken.

Charges for legal costs will only be made to a school's delegated budget if the above procedure has been followed.

Although every effort will be made to resolve situations before legal action is taken, where there is a conflict of interest between a Governing Body and the LA, governing bodies will be advised to seek independent legal advice.

### **11.5 HEALTH AND SAFETY**

Schools must have due regard to the duties placed on the LA in relation to Health & Safety, and the Authority's policy on health and safety matters in expending the school's budget share.

Under section 29(5) of the Education Act (2002), the LA may issue directions to the Governing Body and headteacher of a community, community special or voluntary controlled school on health and safety matters and these directions are enforceable, so far as governing bodies are concerned, via section 497 of the Education Act 1996, if not complied with. See also section 6.2.4

### **11.6 RIGHT OF ATTENDANCE FOR CHIEF FINANCE OFFICER**

The Director of Finance, Resources & Customer Services, or his/her representative, will not attend Governing Body meetings as a matter of routine. However, where agenda items concerning probity or overall financial management are under discussion, schools must permit attendance if the Director of Finance, Resources & Customer Services considers it necessary. Such attendance will only be in exercise of his/her statutory responsibilities for

the proper conduct of the Council's financial affairs. Prior notice of the intention to attend a meeting will be given unless it is impracticable to do so.

## **11.7 DELEGATION TO NEW SCHOOLS, EXPANDING AND AMALGAMATING SCHOOLS**

For the purposes of the scheme, the term 'new school' includes an amalgamation of two different schools but not a consolidation onto one site of an existing school.

### **11.7.1 New School**

The LA will determine a provision for start up costs for the Governing Body of a new school prior to the school first admitting pupils. The amount will be sufficient to fund some employee related costs, provision for books and non-capital equipment and other running costs.

The extent of the funding delegated will be determined by the individual circumstances of the new school.

A new school will receive a delegated budget not later than the date on which it opens (i.e. the date on which it first admits pupils) unless the LA obtains the Secretary of State's approval to a postponement beyond that date. Such permission will only be given in exceptional circumstances.

### **11.7.2 Amalgamation of two schools**

If schools amalgamate mid-way through a financial year they retain the 2 lump sums allocated at the beginning of the year.

The following year, or for schools amalgamating with effect from 1st April, the amalgamated school will receive 2 lump sums x 85%.

For the subsequent year, the school receive one lump sum.

### **11.7.3 Funding for Pupil Numbers Expanding Schools**

#### **(a) In Year Funding Adjustment for Temporary Class or Additional Class admitted as start of permanent expansion**

In the financial year the new class opens, the school will receive an in-year budget adjustment to reflect the anticipated increase in pupil numbers.

For primary schools, the adjustment will be based on the planned additional pupil numbers X primary AWPU rate X number of months class has been open

For secondary schools admitting primary classes, the adjustment will be based on the primary AWPU but the allocation will be from April rather than September. This will allow sufficient additional funding to cover the extra costs that a secondary school would incur in terms of management time, admin staff and general resources.

Schools may also be entitled to a contribution to reimburse them for management time/other expenses in the lead up period to the expansion.

#### **(b) September Funding Adjustment for Permanent Expansions**

Schools that are permanently expanding will receive a funding allocation to reflect the additional classes they are required to open each September until the expansion is complete. This allocation will be based on the additional pupil numbers \* primary AWPU \* 7/12 to reflect the period September to March.

#### **(c) Protection for Expanding Schools**

In the 3 financial years following the start of a permanent expansion or admission of a bulge class schools are protected as follows

- Year 1 – protection to 30 pupils
- Year 2 – protection to 20 pupils
- Year 3 – protection to 15 pupils

If the number of pupils recorded on the October census prior to the financial year is below the numbers shown above, additional AWPU funding for the difference in numbers will be allocated to schools to provide some financial stability and a known minimum level of funding.

(d) Off Site Facilities

Schools that expand using off site facilities will receive the following funding allocations to reflect the additional costs that they may incur:

- Split Site Allocation (£55k)
- Rent Allocation (Based on actual)
- Rates Cost (Based on Actual)
- Any additional costs specific to individual provision (e.g. minibus £20k)

**11.8 'WHISTLEBLOWING' (ALLEGATIONS OF MALPRACTICE)**

If there are any circumstances where financial irregularity is suspected, the Governing Body, or the individual member of staff, must inform the Director of Schools & Children's Service immediately. This includes instances of fraud or where the Council's Standing Orders, Financial Regulations or Scheme of delegation are not complied with. The Authority will take all precautions to protect the confidentiality of the individual raising the concern.

**11.9 CHILD PROTECTION**

Schools must agree to release staff, as necessary, to attend child protection case conferences and other related events.

**11.10 REDUNDANCY/EARLY RETIREMENT COSTS**

The 2002 Education Act includes information on funding arrangements for premature retirement and redundancy costs. Guidance on how the Authority can assist schools in avoiding compulsory redundancies and how the cost of redundancies would be met provided at Annex B.

## 12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

### 12.1 EXTENT OF DELEGATION

In line with the guidance from the DfE, under the new funding framework the LA has delegated all repairs and maintenance responsibilities to schools, with the exception of capitalised repairs. Capitalised repairs are defined in accordance with the CIPFA Code of Practice and relate to works that will:

- Lengthen substantially the useful life of the building;
- Increase substantially the open market value of the building;
- Increase substantially the extent to which the building can be used for local authority purposes.

If appropriate, low value works can be amalgamated into a single project, which can then be considered for capitalisation.

These arrangements will apply for kitchens. With regards to delegated maintenance for school kitchens, the LA provides a separate arrangement for primary and special schools that buy into the LA Catering Service. For further details, please contact the Catering Service.

There are agreed de minimis limits which are used for the definition of capital and revenue in assigning responsibility for types of work. In accordance with DfE requirements, these de minimis limits must also be used in defining what is delegated.

The agreed de minimis limits, which will be applied over the next two years, are sums greater than:

<u>Years</u>	<b>Primary &amp; Special £000's</b>	<b>Secondary £000's</b>
2017/18	36	53

These limits will be reviewed and increased in line with the building price indices at the start next of each multi year period.

However, in addition to revenue works, schools continue to retain responsibility for various works, which was previously part of the extended scheme of delegation, irrespective of the cost. These are:

- Internal painting;
- External redecoration;
- Drainage;
- Playgrounds;
- Boundary fencing and walls

Further details can be found in the Property Handbook for Schools.

### 12.2 VOLUNTARY AIDED SCHOOLS

The division of responsibility for repair works at Voluntary Aided Schools changed in April 2002, following extensive consultation between the DfE, Voluntary Aided schools, Diocesan Authorities and LAs. Responsibilities are now as follows:

#### 12.2.1 Capital Work

VA governing bodies are liable for:

- The existing buildings (internal and external);
- Those buildings previously known as 'excepted' i.e. kitchens, dining areas, medical / dental rooms, swimming pools, caretakers' houses);
- Perimeter walls and fences, even if they are around the playing fields;
- Playgrounds;

- Furniture, fixtures and fittings (but not normally ICT equipment);
- Other capital items (which can include boiler replacements and replacement of services).

The LA is liable for:

- Playing fields;
- Buildings on those fields and related to their use.

### **12.2.2 Revenue**

Under the new arrangements, the responsibility for all revenue work has been transferred to the LA, with the responsibility and funding delegated to VA schools in the same way as for all other schools. There is now no statutory Governing Body contribution to revenue work, and the Formula Repair grant, previously paid to VA schools for revenue expenditure on their liabilities, has been discontinued.

Further information is provided in the DfE guidance “Funding for Premises Related Work at Voluntary Aided Schools in England”, effective from 1<sup>st</sup> April 2002.

DRAFT



## **SECTION 13: APPLICATION OF THE SCHEME TO THE COMMUNITY FACILITIES POWER**

### **1. INTRODUCTION**

**1.1** Community facilities are defined in the Act as “any facilities or services whose provision furthers any charitable purpose for the benefit of – (a) pupils at the school or their families, or (b) people who live or work in the locality in which the school is situated”.

**1.2** Schools that choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities, which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Schools wishing to develop services or facilities for the community are encouraged to discuss proposals with the Local Education Authority in the first instance. Thirdly, the Secretary of State may issue guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28 (1), the main limitations and restrictions on the power will be

- (a) those contained in schools’ own instruments of government, if any; and
- (b) in the maintaining LA’s scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning.

**1.3** The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

### **2. CONSULTATION WITH THE LA – FINANCIAL ASPECTS**

**2.1** Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local education authority, and have regard to advice given to them by their LA.

**2.2** Schools are likely to benefit from informal contacts and advice from officers with the relevant professional expertise well before the formal consultation itself. It would also be helpful to all parties if schools gave the LA notice of their intent to exercise the power in advance of the formal consultation.

**2.3** Formal consultation with the local authority will commence when the full consultation material has been submitted in writing and the response period will begin from receipt of the full material. Major uses of the power where services have an annual turnover in excess of £100,000, or where capital schemes costing more than £100,000 are involved, will lead to the LA providing formal advice in writing within eight weeks. In the case of more minor use of the power, advice will be provided within six weeks. Subsequently the Governing Body should inform the Authority of the action taken in response to this advice.

**2.4** The school must provide the following information in the formal consultation document:

- A full business plan for the provision of the proposed community facilities or services covering the first three years of operation;

- In the case of capital projects affecting the existing buildings on the school site and/or the construction of new buildings, then the full plans and costing of the work proposed;
- Details of any planning and environmental considerations and evidence of discussions with relevant regulatory authorities;
- Details of the progress of consultations with school staff and parents;
- Expressions of support from potential user groups, local community groups, neighbouring schools, business representatives, as appropriate;
- Details of how the facility will be managed and how this relates to the management of the school;
- A statement that the proposed activities will not interfere with the over-riding purpose of the schools in achieving high standards for pupils;
- Details of any proposed funding agreements with third parties;
- The proposed insurance arrangements.

**2.5** In all circumstances the consultation document should be sent to the Director of Schools & Children's Service. Where Early Years and Childcare developments are included then a copy should also be sent to the Head of Community Access, Childcare and Early Years Service.

### **3. CONSULTATION WITH OTHER BODIES**

**3.1** Section 28 (4) requires governing bodies to consult the staff of the school and the parents of registered pupils of the school.

**3.2** School governing bodies should consult the planning and service provision bodies in their neighbourhoods which are currently involved with those sorts of facilities. For example, leisure facilities via the Leisure and Cultural Service, adult education providers or local colleges if adult education is involved. Often the relevant bodies will have plans which affect the activities proposed and may be interested in becoming a partner in the particular project.

**3.3** Bodies with plans covering the community to be served by the facility or services should be consulted and the degree of fit with the relevant planning frameworks and policies assessed. In particular the following should be consulted if their work could be affected:

- The Local Early Years and Child Care Partnership where any developments affecting early years education or child care are proposed – the early years and child care development plan as it covers the community served by the facility is an important document, it may also be advisable to consult existing local providers;
- Community development plans and the priorities contained therein will be very important for community facility developments. There may also be specific plans for young people, area regeneration, leisure facilities and / or arts/sports plans and so on.
- Agencies such as Sports England and the Arts Council will have policies and strategies; if not specific plans that will affect not only their funding attitudes but also set their priorities.
- All the schools within the partnership and neighbouring secondary schools.
- Local adult and community learning providers, if such provision is proposed. The school's proposals should be consistent with the Adult and Lifelong Learning Plans for Enfield.

### **4. FUNDING AGREEMENTS – LA POWERS**

**4.1** The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding, or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.

**4.2** The Authority has the following requirements in relation to funding agreements with third parties (as opposed to funding agreements with the Authority itself).

**4.2.1** Any such proposed agreement should be submitted to the LA for its comments and advice;

- 4.2.2** Such draft agreements should form part of the consultation with the LA (see section 2 above, in particular 2.4). Schools must have regard to advice given by the LA. The Authority may wish to set conditions upon access, egress and use of other facilities on the site.

Note: The LA does not have a general right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which LA consent is to be signified is a matter for that third party, not for the scheme.

However, schools are reminded that if an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

## **5. OTHER PROHIBITIONS, RESTRICTIONS and LIMITATIONS**

- 5.1** Where the Authority has good reason to believe that the proposed project carries a significant financial risk, the Governing Body concerned is required to make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LA.
- 5.2** Section 28 of the Education Act 2002 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools.

## **6. SUPPLY OF FINANCIAL INFORMATION**

- 6.1** Best practice in respect of these community facilities is to use the same accounting and reporting systems as are used for the school's main budget share but with the activities separately identified on a full cost basis.
- 6.2** The Authority may, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, require such financial statements to be supplied every three months and, if the Authority sees fit, to require the submission of a recovery plan for the activity in question.
- 6.3** Financial information relating to community facilities also has to be included in returns made by schools under the Consistent Financial Reporting Framework.

## **7. AUDIT**

- 7.1** Schools are required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.
- 7.2** Schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, are required to ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

## **8. TREATMENT OF INCOME AND SURPLUSES**

- 8.1** Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person. When a surplus has been derived after a proper charging of all costs, including relevant overheads, then the surplus may be carried over from one financial year to the next. Standard practice will be to account for this as a separate community facilities surplus.

- 8.2** Schools can carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance.
- 8.3** The school must ensure that no deficit arises from the operation of the community facility. All the costs of maintaining any facility used for these purposes needs to be covered by the income.
- 8.4** If the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.
- 8.5** Liabilities to third parties incurred in the exercise of this power are a charge on all the income retained by the school from these activities.

Note: If there is a deficit on community facilities and the LA needs to recover funds to meet third party liabilities it may only do so from any accumulated community facilities surplus.

## **9. HEALTH AND SAFETY MATTERS**

- 9.1** The health and safety provisions of the main scheme are extended to the community facilities power (see in particular sections 6.2.4, 6.2.12 and 11.5).
- 9.2** The Governing Body is responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

## **10. INSURANCE**

- 10.1** It is the responsibility of the Governing Body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, through a risk assessment, and taking professional advice as necessary. The school should seek the Authority's advice before finalising any insurance arrangement for community facilities. Details of the insurance arrangements should be included in the formal consultation material sent to the LA (see 2.4).
- 10.2** The LA can undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share. This is particularly to safeguard the council against possible third part claims.

## **11. TAXATION**

- 11.1** Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities; including the use of the local authority VAT reclaim facility.
- 11.2** Schools are reminded that if any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

## **12. BANKING AND BORROWING**

- 12.1** These are covered by Section 3 of the main text of the Scheme for Financing Schools, which also applies to the use of community facilities power. School are required to either maintain separate bank accounts for budget share and community facilities, or maintain one account

but with adequate internal accounting controls to maintain separation of funds. The account mandate should not imply that the LA is the owner of the funds.

**12.2** Requirements relating to the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters are the same as for provisions in the main part of the scheme and as set out in the Finance Manual.

**12.3** Schools are reminded that they may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LA.

**13. SERVICE LEVEL AGREEMENTS (SLAs)**

**13.1** The community facilities powers are not covered by schools' existing SLAs with the authority. This means that local authority services such as payroll, Criminal records Bureau checks, personnel etc, in respect of staff employed, or expenditure incurred in the exercise of these powers, will only be provided at an extra cost beyond the SLA subscription rate.

**13.2** When making these arrangements with the authority or other providers, schools will need to ensure that the issues regarding national Insurance and taxation of employees have been fully dealt with (see 11.2 above).

DRAFT

**SCHOOLS LIST****PRIMARY**

Alma  
 Brettenham  
 Brimsdown  
 Bush Hill Park  
 Capel Manor  
 Chase Side  
 Churchfield  
 De Bohun  
 Eastfield  
 Eldon  
 Eversley  
 Firs Farm  
 Fleecefield  
 Forty Hill CE  
 Freezywater St George's  
 Galliard  
 Garfield  
 George Spicer  
 Grange Park  
 Hadley Wood  
 Highfield  
 Honilands  
 Houndsfield  
 Keys Meadow  
 Latymer All Saints CE  
 Lavender  
 Merryhills  
 Oakthorpe  
 Our Lady of Lourdes RC  
 Prince of Wales  
 Raynham  
 St. Andrew's CE, Enfield  
 St Andrew's CE, N14  
 St. Edmund's RC  
 St George's RC  
 St James' CE  
 St John and St James, CE  
 St John's CE  
 St Mary's RC  
 St Matthew's CE  
 St Michael's CE Enfield  
 St Monica's RC  
 St Paul's CE  
 Southbury  
 Starksfield  
 Suffolks  
 Walker  
 West Grove  
 Wilbury  
 Wolfson Hillel  
 Worcesters

**INFANT**

Carterhatch  
 Hazelwood  
 Raglan  
 Tottenham

**JUNIOR**

Carterhatch  
 Hazelwood  
 Raglan  
 St Michael at Bowes CE

**SECONDARY**

Bishop Stopford's CE  
 Broomfield  
 Chace Community  
 Enfield County  
 Highlands  
 The Latymer  
 Lea Valley High  
 St Anne's Catholic High  
 St Ignatius RC College  
 Winchmore

**SPECIAL**

Aylands  
 Durants  
 Oaktree  
 Russet House  
 Waverley  
 West Lea

**PUPIL REFERRAL UNIT**

Enfield Secondary Tuition Centre

**ASSISTING SCHOOLS AVOIDING REDUNDANCIES**

Detailed below is guidance from the LA on how to avoid compulsory redundancy and the arrangements for charging the costs.

**(a) HOW THE AUTHORITY'S SCHOOLS' PERSONNEL SERVICE (SPS) COULD ASSIST SCHOOLS IN AVOIDING COMPULSORY REDUNDANCIES****INTRODUCTION**

Employment legislation requires employers to consult with staff and Trade Unions with a view to agreeing strategies to avoid compulsory redundancies. Detailed below are ways in which the SPS could assist schools in this area.

**STRATEGIES****1. Workforce Development Plans**

One of the keys to avoiding compulsory redundancies is effective planning. To aid this approach the SPS will advise schools to draft workforce development plans which identify the essential skills, experience and knowledge required by schools to meet their future needs. These plans will provide a framework for schools to be proactive and make decisions which limit the damage to the school's education objectives and/or the employee relations climate.

**2. Consulting the Trade Unions Early**

The SPS wrote to schools in January 2011 and have supported school with training since to advise that early consultation with the trade unions is both good practice and essential in avoiding compulsory redundancies. Experience has shown that discussions at an early stage with the trade unions can serve to produce creative solutions and avoid employee relation problems which are inherent in the redundancy process.

**3. Natural Turnover**

The SPS will be encouraging schools to freeze posts where appropriate. Where vacant posts are essential then consideration should be given to relocating staff that are in vulnerable posts into the vacant post: where necessary retraining should be given to facilitate this.

**4. Phased Retirement for Teachers**

Teachers between the ages of 55 and 60 in the Teachers Pension Scheme are able to retire early and access their pension whilst remaining at the school on either a reduced hours basis or in a lower graded post on the proviso that the overall salary is reduced by 25% or more. This initiative will be promoted by the SPS as it enables schools to retain experienced staff whilst reducing the salary bill.

**5. Age Retirement**

Teachers at 60 years of age or over (new entrants from 1 January 2007 are only able to age retire from the age of 65) are able to age retire and return to work on a part time or reduced duties basis on the proviso that their combined new salary and pension does not exceed their old salary. Again this initiative will be promoted by the SPS.

**6. Reduction of Hours for Staff**

Where there is a need to downsize in a particular staffing area one option could be to propose a voluntary reduction of hours for staff. This could be a temporary variation or on a permanent basis. This option could be attractive to staff as it enables posts to be retained whilst improving work-life balance.

**7. Reducing Absenteeism**

Staff absenteeism in schools is still significant. An updated model management of absence policy has been sent to all school and schools have been advised that they should adopt

the updated policy. The SPS will continue to provide advice and assistance to schools with a view to reducing absence levels and consequently the cost of cover.

8. Reducing Other Areas of Expenditure

As a preventative measure schools will be advised to examine the possibility of reducing all non-staffing expenditure before contemplating redundancies e.g. renegotiating service contracts, efficiency savings, delaying capital projects. If schools do not exhaust these initiatives the trade unions would be extremely critical and could prove to be an obstacle rather than assistance in the redundancy process.

**(b) CHARGING ARRANGEMENTS**

The LA expects schools should have applied and exhausted the above strategies before considering redundancies. When deciding whether the cost of any proposed redundancy should be charged to the individual schools budget or the central budget the LA will consider the following:

- If the school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If the school is otherwise acting outside the local authority's policy
- Is the school making staffing reductions which the LA does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Have the staffing reductions arisen from a deficit caused by factors within the school's control
- Whether the school has excess surplus balances and no agreed plan to use these
- Whether the school is engaging with the local authority's redeployment forum
- Has the school exhausted appropriate alternatives with a view to avoiding compulsory redundancies; e.g. phased/age retirement, part time working, natural wastage, redeployment, and non staffing efficiency savings.

**(c) STAFF EMPLOYED UNDER THE COMMUNITY FACILITIES POWER**

For staff employed under the community facilities power, the default position is that any costs must be met by the Governing Body, and can be funded from the school's delegated budget if the Governing Body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

*(7) Where a local education authority incur costs—*

- (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or*
- (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the Governing Body except in so far as the authority agree with the Governing Body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*

*(7A) Any amount payable by virtue of subsection (7) by the Governing Body of a maintained school in England to the local authority may be met by the Governing Body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.*

*(7B) The condition is that the Governing Body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.*

*(9) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.*



**MUNICIPAL YEAR 2016/2017 REPORT NO. 32**

**MEETING TITLE AND DATE:**  
Schools Forum 8 March 17

**REPORT OF:**  
Director of Schools & Children's Services  
Chief Education Officer

Contact officer: name and email:  
Sangeeta Brown  
E-mail: [sangeeeta.brown@enfield.gov.uk](mailto:sangeeeta.brown@enfield.gov.uk)

	Item: 5a
<b>Subject: National Funding Formula Analysis</b>	

**1. EXECUTIVE SUMMARY**

This report provides a brief summary of the impact of the proposals in the Consultation Document for implementation of the National Funding Formula (NFF) for Enfield and also i a draft response.

**2. RECOMMENDATIONS**

The Forum is asked to:

- Consider the contents of this report;
- Comment on the draft response to the proposals
- Confirm if the responses to these consultation documents should be joint response of the Local Authority and Schools Forum.

**3 Introduction**

1.1 The Government's aim of the National Funding Formula (NFF) is to provide a fair and stable way of funding all schools nationally.

The Government has been quoted as stating that schools require 8.6% to meet the cost of pressures for changes to NI, Pensions and pay awards, yet have not provided additional funding to meet these pressures. The Spending Review included an increase for school funding of 7.7%. Recently, the National Audit Office published a report on Financial Sustainability of Schools. In this report, the NAO calculated once the effects of demographic changes were taken into account, there was only 1% for cost pressures and also to implement the NFF.

1.2 This paper provides a brief summary of the impact of the NFF for Enfield. The key question to address in our response is whether the proposals provide fairness and stability.

**4 Schools Block**

2.1 The Government wants to maintain a ratio of 1:1.29 between primary and secondary for the pupil funding. This is based on the current national average and not on need. In order to do this, the DfE have:

- Simplistically applied higher unit rates for secondary schools. In general all the primary rates are two thirds of secondary rates across all factors;
- The per pupil (AWPU) rate is lower than used in Enfield;
- Where they apply, the rates for the factors are higher than used in Enfield;
- Applied a lower national lump sum rate;

2.2 When fully implemented, Enfield will gain under the NFF with an overall increase of 1.9% (£4.7m). The gain is not evenly distributed across all schools and academies.

Appendix A provides funding information for each school according to the DfE's modelling.

The table below provides a summary of how the funding will be distributed across the sectors and number of schools losing and gaining (gains in funding shown in red).

**Table 1: Summary showing Distribution across Sectors for Year 1**

Year 1 - 2018/19	Losses		Gains		Total	
	No of Schools	Amount	No of Schools	Amount	No of Schools	Amount
Primary	47	£781	12	(£1,247)	59	(£466)
Academies Prim	6	£132	2	(£100)	8	32
Secondary	2	£130	8	(£1,144)	10	(£1,014)
Academies Sec	2	£184	6	(£784)	8	(£600)
Academies All through	0	£0	2	(£354)	2	(£354)
<b>Total</b>	<b>57</b>	<b>£1,227</b>	<b>30</b>	<b>(£3,629)</b>	<b>87</b>	<b>(£2,402)</b>

**Table 2: Summary showing Distribution across Sectors if fully Implemented**

Full Implementation	Losses		Gains		Total	
	No of Schools	Amount	No of Schools	Amount	No of Schools	Amount
Primary	34	£1,476	25	(£1,485)	59	(£9)
Academies Prim	6	£195	2	(£100)	8	95
Secondary	2	£135	8	(£2,785)	10	(£2,650)
Academies Sec	2	£369	6	(£1,433)	8	(£1,064)
Academies All through	0	£0	2	(£1,117)	2	(£1,117)
<b>Total</b>	<b>44</b>	<b>£2,175</b>	<b>43</b>	<b>(£6,920)</b>	<b>87</b>	<b>(£4,745)</b>

2.3 The reasons for the uneven distribution patterns, for Enfield, are that the NFF:

- does not support small 1 FE primary schools or pupil numbers below 400. All these schools will see a reduction in their funding. This may be partly due to the effect of the lump sum reducing from £162k to £110k;
- shifting funding from the per pupil amount to additional educational needs has led to a loss for those schools with less pupils living in the least deprived areas, low prior attainment and EAL.

2.4 To protect schools from losses, the Government has proposed a funding floor. The aim of the funding floor is limit the losses for individual schools by capping the gainers. The floor has been set 3%. This will mean the maximum loss a school will experience is 3%. In practice, a school calculated to lose more than 3%, the school's budget will reduced by:

- 1.5% in 2018/19;
- 1.5% in 2019/20 (if implemented in full)
- There is no information what will happen from 2020/21; it is unclear whether the school will remain on the floor until the formula catches up or the minimum funding guarantee will apply.

For schools gaining: the will gain up to 3% in year 1, and a further 2.5% in year 2. In practice:

- 3% in 2018/19
- 2.5% in 2019/20 (if implemented in full)
- Similarly, for schools losing, it is unclear if there will be additional money in the system in 2020/21

There are 30 Enfield schools on the floor that will receive funding protection. Details for individual schools can be found on the DfE COLLECT system in Report G.

2.5 The document proposes that the Schools block is ring fenced and providing limited flexibility for movement between the School and the other blocks.

2.6 An initial draft response is attached appendix B.

## 5 High Needs Block

3.1 The NFF for High Needs has two elements:

- 50% will be allocated on historical spend
- 50% using formula factors

Enfield will gain with an overall increase of 5.6% or £4m, when NFF implemented in full. This gain will not address the historic underfunding of this block due to:

- the baseline being used to inform the formula is based on planned spend and not the actual spend to support pupils with SEND;
- Enfield, as most other local authorities, has spent far more to support pupils with SEND, than the funding provided by the Government. For example:

**Table 3: High Needs Block**

Years	Funding Provided	Projected Spend
2016/17	£39.8m	£43.8m
2017/18	£41.5m	£43.5m

- 3.2 There is a concern if the baseline uses the funding provided in 2017/18, that there will be a funding gap of approximately £2m with no resources to bridge the gap.
- 3.3 There are a number of flaws in the use of the proposed factors. The key issue being that there is no rationale on the why the proposed rates and weightings have been applied and how they would address need. In addition, some of the factors are based on out of date data, e.g. children in bad health.
- 6 Central Schools Services Block**  
Enfield will see a loss in funding. This is after a loss of £3m already experienced due to the cessation of the Education Services Grant. Again, the key issue is that there is no rationale for the proposed rates or the weightings and confirmation that the funding is sufficient to deliver statutory duties.
- 7** Members are asked to provide comments and views to inform the response to the two consultation documents.

This page is intentionally left blank

## NFF – Schools Block Questions

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

We are not convinced that the right balance has totally been struck by these proposals. For a fair and stable funding system, it is important that sufficient funding is provided to meet the educational needs of all children and young people. Therefore, as stated in our previous response, it is imperative that NFF ensures our schools are funded at the right level based on need and not averages that have been informed by historical under funding. Our view is that none of our schools should see a cut in funding.

In the recently published National Audit Report, there was reference to the DfE commenting schools required 8.6% to meet the cost pressures they were facing. The report highlighted that the additional funding provided as part of the Spending Review of 7.7%, but once the cost effect of increase pupil numbers was discounted, the total available for allocating to schools and support the implementation of the NFF amounted to 1%. We do not think this is sufficient, especially when the negative effect of the formula is being experienced by our smaller schools. This is doubly unfair for these schools as they do not have the sufficient flexibility to release the required to meet cost pressures facing them through efficiencies.

In addition, we ask for greater clarity on who would be accountable for the outcomes of the NFF. Currently, there is a democratic process by which local authorities through the resources provided by the Education Services Grant and their Schools Forum are held to account by local communities, parents and schools for their local funding formulae to support raising of standards. Under a NFF and the very limited resources to be provided to local authorities through the new Central Schools Services Block, we would ask would the Secretary of State for Education be accountable to the parents and families of our pupils and schools for the effect on standards as a consequence of the NFF.

2. Do you support our proposal to set the primary to secondary ratio in line with the current national average of 1:1.29, which means that pupils in the secondary phase are funded overall 29% higher than pupils in the primary phase?

At a basic level, we could consider this is appropriate as it is not too dissimilar to Enfield's current ratio of 1:1.30, but our main concern is that the methodology used to identify the ratio is a historic national average rather than based on a more robust methodology such as needs / activity based analysis.

**Need to do an analysis**

3. Do you support our proposal to maximise pupil-led funding, so that more funding is allocated to factors that relate directly to pupils and their characteristics?

Yes, since 2014 and the introduction of the school funding reforms, this has been one of Enfield's key principles in 2014 for implementing the changes. However, we would ask that there is sufficient flexibility within the system to address any changes in a school's circumstances.

We do not agree with funding the school led elements on an historical basis will provide sufficient flexibility and, especially, if there is insufficient resources available within the DSG to facilitate and meet the unique circumstances of an individual school.

**Enfield allocates 90.6% on per pupil basis.**

4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language)?

In principle, we support the increase in the proportion allocated to the additional needs factors. However we would question the weightings being applied for each of the factors will support schools in individual areas. We acknowledge the use of prior attainment, but do not agree the proposed application of this factor. We would ask that the application, in terms of rate and weighing, is further reviewed to ensure its application supports needs and does not create a perverse incentive within the two sectors.

We are concerned that the good progress our Looked After Children have made that this is not eroded by the removal of this factor because of the move from a local to a national formula.

We understand that the Pupil Premium is outside the NFF and ask that this remains to the case. The targeted support provided by this grant has helped to given individual pupils from deprived backgrounds and also Looked After Children much needed additional support.

Enfield LPA – 3.3% and national 7.5%

5. Do you agree with the proposed weightings for each of the additional needs factors?

We recognise the need and support the factors being used to support additional educational needs.

However, as highlighted in Question 5, we would question the rationale for weightings and rates being used for each factor, and also whether the use of the same weightings across primary and secondary is appropriate. We have found that each sector has its own needs and the factors should aim to support these. For this reason, we are concerned that the generic approach being taken will not be intuitive or sufficiently flexible to address the characteristic of local areas.

We welcome the use of the basket of measures of FSM, FMS6 and IDACI to support pupils from socially deprived background as part of the NFF. This is a positive change and will assist in removing some of the barriers and improve access to opportunities for all pupils to achieve.

We would, however, ask that the indicators used to assess free school meal (FSM) eligibility are reviewed as a matter of urgency because of the effect of the Welfare Benefit Reforms. From being a stable indicator linked to individual pupils for measuring and supporting deprivation, in Enfield, we have seen, in the last five years, a significant year on year reduction in the number of pupils eligible for FSM. We accept some annual variations, but not the level which has been seen in Enfield. For example, in 2011 28.9% of pupils were eligible for FSM and now this has been reduced 18.6%. We do not think this change is due to the borough seeing a reduction of over 33%. For the NFF, consideration could be for having a banding system to prevent cliff edges and reduce the adverse annual impact a change in percentage has for an individual school.

We would ask in finalising the arrangements, it is confirmed:

- If the reduction in FSM continues, the unit rates will be increased and the overall funding not reduced and used elsewhere;
- The timetable for reviewing the indicators used to assess FSM.

6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?

We support the retention of this factor, but going forward, do not consider the use of historic spends or the threshold of 10% before funding is triggered as being inappropriate. This will not support our schools.

As highlighted in our response to the previous consultation, Enfield continues to see an acute increase in the number of families and their children living in temporary housing and this resulting in these children and young people either travelling across the borough to attend

their school or having to move schools as their families move to different accommodation.

With the increasing pupil population, Enfield schools are facing challenges both in terms of recruiting staff and managing the issues associated with large schools and in-year admissions. The current 10% cap for mobility cannot be retained; it is neither helpful nor appropriate for schools or areas with a transient population.

We would ask the data collection systems need to be updated as a priority, so that pupil changes at school level reflect the actual position at each school and our schools funded appropriately.

7. Do you agree with the proposed lump sum amount of £110,000 for all schools?

With regards the lump sum, we support the principle of a lump sum for the formula, but do not support a single lump sum of £110k across all sectors is appropriate.

We currently have a lump sum of £162k across all schools and feel this higher rate should be retained. We are aware that large schools are not reliant on the lump sum and would argue that smaller schools are not supported by the proposed amount of £110k. In Enfield, over 90% of schools with less than 400 pupils will see a loss in funding due to this change.

We ask consideration is given to a different rate being applied for the primary and secondary sectors.

8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary schools and up to £65,000 for secondary, middle and all-through schools?

N/A

This factor is not applicable for Enfield, but we would question the continued retention of this factor and the overall increase in funding being proposed when there is not a similar change for mobility.

9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term?

We do not believe that use of historic or lagged growth will support local needs on a year on year basis. This could be appropriate indicator, if growth was evenly distributed from one year to the next, but Enfield has and continues to experience a changing and growing population with movement into, out of and within the Borough. This isn't helped with unplanned academies and free schools being opened in areas where schools places are not required.

Added to this, the current pupil growth is in the primary sector and when these pupils move to secondary, it will cause an unnecessary pressure on the DSG, because secondary pupils are funded at a higher rate.

The funding system needs to ensure funding for growth is sufficiently flexible, so that resources are provided through the DSG to reflect the funding required for the growth we are experiencing. This could be achieved with an in-year adjustment to reflect actual pupil numbers and this will provide some consistency between the current arrangements for academies and maintained schools.

10. Do you agree with the principle of a funding floor that would protect schools from large overall reductions as a result of this formula? This would be in addition to the minimum funding guarantee.

As stated in Q1 above, the funding floor should work to support all schools.

11. Do you support our proposal to set the floor at minus 3%, which will mean that no school

will lose more than 3% of their current per-pupil funding level as a result of this formula?

No, we do not think any of our schools should lose funding as a result of the NFF when the aim is to bring fairness and stability into the school system.

The proposals show that all the smaller schools in Enfield will experience a loss in funding. It is unclear how these schools will sustain a budget cut without impacting on educational standards. By the Government's own admission in the National Audit Office report, it was stated that schools will see a real term reduction due to cost pressure of approximately 8.5%. This does not take into account the cuts schools have had to make to manage because of the effect of a flat cash budget since 2012. For some schools, it is unclear under the current proposals when they will be above the floor.

12. Do you agree that for new or growing schools the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?

This maybe an appropriate for new schools, but there needs to be recognition within the system that as these schools fill up that the floor will be adjusted so they are not over funded when full.

Also, it is important that this does not create a perverse incentive and there is sufficient flexibility in the system to reflect the local context in which the school is being established or expanded.

13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5% per pupil? This will mean that schools are protected against reductions of more than 1.5% per pupil per year.

In the first instance, we would suggest that sufficient resources are provided so no school loses any funding due to the changes being introduced and then we would agree with the principle of a minimum funding guarantee, but suggest that it should be sufficiently flexible to address implementation at a local level.

14. Are there further considerations we should be taking into account about the proposed schools national funding formula?

The principles and parameters for implementing the NFF should include:

- How reviews of areas identified to be funded on historical spend, such as growth, will be funded and implemented;
- How changes in funding, for areas such as business rates, will be funded;
- Some local flexibility to manage an adverse effect of a factor on local schools;
- Greater transparency and openness with a requirement for the EFA to publish information of final funding provided to academies and free schools in a similar way as local authorities are required (Section 251 Budget Statement);
- School budgets should move away from being funded on a flat cash basis and be adjusted for annual cost pressures. At the very least, NFF should provide additional funding for any new national pressures, such as the apprenticeship levy, pay awards or pension or national insurance contributions. The additional funding should be outside the calculation of the floor for the NFF for each school.

**Please consider these points for relevance and appropriateness**

15. Are there further considerations we should be taking into account about the impact of the proposed schools national funding formula?

For maintained schools, the anomaly created by the apprenticeship levy is deemed to be unfair or inequitable and will add a further cost pressure for these types of schools. It is important when considering school funding to ensure that NFF is allocated fairly and each



school has been provided with sufficient resources to meet their statutory obligations both in terms of education and as an organisation.

To support local accountability, there is a need for local flexibility to be maintained and for local authorities with their Schools Forums to consider the use of the DSG in its entirety to support the raising of standards. It is not appropriate to ring fence some areas and then seek pressures for underfunding with the DSG to be met from other areas which are already under pressure.

16. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

We think the same methodology as the NFF for schools being applied should be applied and would reiterate our comments in response to Question 5 above

17. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

No, we do not agree. Similar to our response to school funding, we do not think any local authority should lose funding as a result of the formula. The current spending reflects the cost of delivering the service in the local area. We would recommend the funding floor methodology for the NFF for schools is applied in the same for this block.

The formula, which is being introduced, does not provide a clear rationale based on need, for the unit rate and weighting for deprivation being applied.

As has been highlighted by London Councils and being reiterated here, for us to meet the shortfall in funding created by the proposed arrangements, we are being forced to choose between reducing core school funding (either through a top-slice or buy-back model) and redirecting funding away from other key services through the use of Council funds. We do not think this is an appropriate way forward. We would comment that the funding gap being created is an acute risk to the delivery of statutory functions and will have a direct impact on educational standards and pupil welfare. Therefore, we support London Councils call on the government for reinstating this funding into the education services grant.

18. Are there further considerations we should be taking into account about the proposed central school services block formula?

We would ask that the further consideration be given as to how local authorities can continue to delivery their statutory duties for both all schools and maintained schools with the cessation of the ESG and the reduction in funding to be provided through the NFF and the Central Schools Services block.

### **NFF – High Needs Block Questions**

1 In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

No, we are not convinced that the right balance has totally been struck by these proposals.

We are concerned that the NFF proposals for mainstream schools seek to ring-fence the funding provided through the Schools block. We do not think it is appropriate to ring fence some areas and then seek pressures in the High Needs block due to underfunding of the DSG to be met from other areas.

The High Needs block is demand led: with the introduction of the SEND Reforms and use of

Education Health and Care Plans, Enfield has seen a significant increase in the number of pupils with SEND requiring specialist educational support. Due to insufficient specialist provision in-borough, in October 2014 the number of pupils placed in Independent and other out borough non-maintained provision was 220 and this increased to 304 in October 2016; an increase of 28% in two years. We are not convinced that the proposed formula has addressed this level of need.

For a fair and stable funding system, it is important that sufficient resources are provided to meet the educational needs of all children and young people. Therefore, as stated in our response to the School block consultation, we consider it is imperative that the key principle is that there are sufficient resources within the system to support education for all.

Any comments to be added re: SEND Code of Practice. Links between link with Ofsted/school accountability

2 We are proposing a formula comprising a number of formula factors with different values and weightings. Do you agree with the following proposals?

- Historic spend factor – to allocate to each local authority a sum equal to 50% of its planned spending baseline
- Basic entitlement – to allocate to each local authority £4,000 per pupil

Historic spend factor: We ask if this factor is to be maintained beyond 2018/19, then it needs based on the actual spend in the previous year. By locking this historic factor on planned spends in 2017/18; the NFF will continue to perpetuate the current problems of underfunding our High Needs block. This is because:

- the key pressure within the DSG is the High Needs block because of the increasing number of vulnerable pupils with complex SEND (see response to question 1 above);
- the historic spend does not reflect the in-year deficits that needs to be addressed by redirecting or cutting resources from other areas within the DSG.

Basic entitlement: We, in principle, we support this factor, but question the use of £4k and would ask whether this is sufficient to support the infrastructure of a special school, if the top is supposed to address the individual needs of each pupil.

We would also like clarification that as pupil numbers increase additional funding will be added for the allocation of these £4ks and it will not be an adjustment of our baseline as it appears to be at the moment from the illustrative model included with the consultation.

3 We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?

- Population – 50%
- Free school meals eligibility – 10%
- IDACI – 10%
- Key stage 2 low attainment – 7.5%
- Key stage 4 low attainment – 7.5%
- Children in bad health – 7.5%
- Disability living allowance – 7.5%

In general:

- We would support some of the factors and would question the appropriateness of others. There is some correlation between pupils from socially deprived background and low prior attainment, but would seek some evidence on how outdated data being proposed for some of the other factors, for example Children in bad health, could inform the current needs and resources required.
- We find it difficult to comment on the rates and weightings being applied without having further information on rationale used for each of the factors.

4 Do you agree with the principle of protecting local authorities from reductions in funding as

a result of this formula? This is referred to as a funding floor in this document

We would support the principle of a protection mechanism, if the data used for the baseline exercise is based on actual expenditure. We would, however, say that it needs to be within the context that it is fair and reasonable and provides sufficient resources to meet the needs of pupils with complex SEND. It is uncertain that the current proposals do this.

As the NFF has not been tested against need and if the historic spend is locked at 2017/18 levels and there is no clear rationale for the other factors, then we would ask that it is confirmed:

- how the in-year pressures should be met if the Schools block is ring fenced and the Authority has no funding to support this;
- when and how a review of the NFF to confirm if it is appropriate and meets the needs of pupils with complex SEND.

5 Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?

In principle a floor could be positive, but we are not sure a floor will be helpful in this area. Our concern is that the spending baseline will be based on planned spend and not on the actual spends.

As stated above, High Needs is an area where it is difficult to predict demand and by not having funding arrangements in place that will intuitively reflect demand, it is uncertain how a floor or capping arrangements will enable authorities to meet the current increases in demand.

It is important that sufficient funding is provided to meet the needs of children and young people that are currently in education and it is not delayed due to an arbitrary process of having a funding floor.

6 Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?

We would ask there is local flexibility across all areas of the DSG and not just parts of the DSG. Currently, local authorities work with their Schools Forum to make the best use of limited resources. Unless all the proposed blocks within the DSG receive sufficient resources, we cannot agree with the proposal to limiting local flexibility.

7 Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?

Any successful funding system is reliant on being able to address the needs and outcomes of children and young people. This requires a holistic approach, which assesses needs of all children and young people in the local area. We do not think this can be achieved by limiting local flexibility.

Enfield works closely with all schools to consider how the needs of pupils with SEND can be addressed in the best way possible.

We cannot meet the needs of our children and young people within the resources currently provided and have concerns that the proposed NFF is unlikely to provide sufficient resources. It is important as stated in the School block consultation that to support local accountability, there is a need for local flexibility to be maintained and for local authorities with their Schools Forums to consider the use of the DSG in its entirety to support the raising of standards. It is not appropriate to ring fence the Schools block and then seek for pressures on the DSG due to high needs be met from other pressurised areas such as early years and central services. By cutting the Education Services Grant and other cuts the Authority is facing, it is unlikely that resources will be available to support an area which should be funded by central Government.

If the ethos of the SEND Reforms is to be supported, then there is a need for the whole community of schools to work together in partnership and ensure scarce resources are directed in a holistic and effective way to support the needs of all vulnerable children and young people.

8 Are there further considerations we should be taking into account about the proposed high needs national funding formula?

We are concerned that the proposals in this document have been driven because of the need to have a NFF for high needs. We cannot understand the logic of how the use of historically and outdated data can provide a coherent, fair and stable funding system for supporting pupils with high needs.

The formula does not address the underlining issue of the funding required to address the complex and variable needs of our most vulnerable pupils. It is essential that this is a key principle for the NFF and used to test the current design.

9 Is there any evidence relating to the eight protected characteristics as identified in the Equality Act 2010 that is not included in the Equalities Analysis Impact Assessment and that we should take into account?

Any to add on SEND Code of Practice or reforms in the Children & Families Act

DRAFT

**MUNICIPAL YEAR 2016/2017 – REPORT NO. 33****MEETING TITLE AND DATE:**

Schools Forum – 8 March 2017

**REPORT OF:**

Director of Children's Services &amp; Chief Education Officer

Contact officer: Sangeeta Brown

E-mail: [sangeeta.brown@enfield.gov.uk](mailto:sangeeta.brown@enfield.gov.uk)

<b>Agenda – Part: 1</b>	<b>6</b>
<b>Subject:</b> <b>Schools Forum: Workplan</b>	
<b>Wards: All</b>	

**Recommendation**

To note the workplan.

<b><u>Meetings</u></b>		<b><u>Officer</u></b>
April 2016	DfE Consultation – National Funding Formula Post 16 High Needs - Briefing	SB AJ
July 2016	School Funding Review (2016/17) School Funding Arrangements (2017/18) Central Services Budgets: Review School Places – Update	SB SB JT JT
October 2016	Schools Budget – Update (2016/17) Schools Budget: 2017/18: Update Outturn Report 2015/16 Schools Balances 2015/16 Central Services Budgets: Decision Schools in Financial Difficulties - Update	LM LM LM SB JT
December 2016	Schools Budget: 2017/18: Update, Inc. De-delegation School Funding Arrangements (2017/18) Central Budgets: Update Pupil Place Planning	LM SB JT JT
January 2017	Schools Budget: 2017/18: Update School Funding Arrangements Central Services funding from DSG Schools & High Needs National Funding Formula	JF SB SB SB
March 2017	School Budget 2017/18: Update SEND & High Needs – Update School Academy Transfers – Contribution towards Costs Scheme for Financing Schools & High Needs NFF - Draft Response	LM JC SB SB SB
April / May 2016		
July 2017	Schools Budget – Update (2017/18) School Funding Review (2017/18) Funding Arrangements (2018/19)	LM SB SB

**Dates of Meetings**

<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Comment</b>
13 October 2016	5:30 - 7:30 PM	Chace Community School	
08 December 2016	5:30 - 7:30 PM	Chace Community School	
18 January 2017	5:30 - 7:30 PM	Chace Community School	
08 March 2017	5:30 - 7:30 PM	Chace Community School	
19 April 2017	5:30 - 7:30 PM	TBC	Meeting needs to be re-arranged
05 July 2017	5:30 - 7:30 PM	Chace Community School	

This page is intentionally left blank