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THE SCHOOLS FORUM

**Wednesday, 3rd October, 2018 at 5.30 pm at Waverley School, 105
The Ride, Enfield EN3 7DL**

Membership:

Schools Members:

Governors: Ms Ellerby (Primary), Ms H Kacouris (Primary), Mrs J Leach (Special), Mrs L Sless (Primary), Mr T McGee (Secondary), Vacancy (Primary)

Headteachers: Ms H Ballantine (Primary), Mr D Bruton (Secondary), Ms H Knightley (Primary), Ms K Baptiste (Primary), Ms G Weir (Special), Ms M O'Keefe / Ms T Day (Secondary), Ms C Fay (Pupil Referral Unit),

Academies: Ms A Nicou, Mr Sadgrove, Ms H Thomas (Chair), Vacancy (x2)

Non-Schools Members:

16 - 19 Partnership
Early Years Provider
Teachers' Committee
Education Professional
Head of Admissions
Overview and Scrutiny Committee

Mr K Hintz
Ms A Palmer
Mr J Jacobs
Ms D Weston
Ms J Fear
Cllr D Levy

Observers:

Cabinet Member
School Business Manager
Education Funding Agency

Cllr A Georgiou
Ms S Mahesh
Mr Owen

**MEMBERS ARE INVITED TO ARRIVE AT 17:15PM
WHEN SANDWICHES WILL BE PROVIDED
ENABLING A PROMPT START AT 17:30**

AGENDA

1. APOLOGIES FOR ABSENCE AND MEMBERSHIP

Note:

- a) Apologies for absence have been received from Ms Ballantine, Ms Baptiste, Mrs Leach and Cllr Levy.
- b) The Forum is advised following the conversion of her school, Ms Thomas was now an academy representative on the Forum. This now created one academy and primary vacancy.
- c) Nominations are being sought for the other vacancies.

2. DECLARATION OF INTERESTS

Members are invited to identify any personal or prejudicial interests relevant to items on the agenda. A definition of personal and prejudicial interests has been attached for members' information.

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

- (a) School Forum meetings held on 11 July 2018 (attached)
- (b) Matters arising from these minutes.

4. ITEMS FOR DISCUSSION AND/OR DECISION (Pages 7 - 28)

- (a) Schools Budget - 2018/19 Monitoring Update (attached)
- (b) Dedicated Schools Grant 2018/19: Analysis (attached)
- (c) School Funding Arrangements – 2019/20 (attached)

5. ITEMS FOR INFORMATION (Pages 29 - 48)

Internal Audit – Maintained Schools Annual Summary – 2017/18

6. WORKPLAN (Pages 49 - 50)

7. FUTURE MEETINGS

- (a) Date of next meeting is Wednesday 12 December 2018 at 5.30pm at Chace Community School
- (b) Dates of future meetings:
 - 16 January 2019 at Waverley School;
 - 6 March 2019
 - 15 May 2019 (Provisional)

8. EXCLUSION OF PRESS AND PUBLIC

To pass a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting for any items of business moved to part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

There is no part 2 agenda.

Schools Forum Membership List

Name		Sector	Organisation	Member / Sub Since	End of Term
Vacant	G	P			
Ms J Ellerby	G	P	Eldon	Autumn 2015	Summer 2019
Ms H Kacouris	G	P	West Grove	Autumn 2017	Autumn 2021
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 C Fay	H	PRU	Orchardside	Required	
Ms H Ballantine	H	P	George Spicer	Autumn 2015	Summer 2019
Ms H Knightley	H	P	St Johns & St James	Autumn 2015	Summer 2019
Ms K Baptiste	H	P	St Monica's	Autumn 2017	Summer 2021
Mr D Bruton	H	S	Chace Community	Summer 2016	Spring 2020
Ms G Weir	H	Sp	Waverley	Summer 2017	Spring 2021
Ms T Day / Ms M O'Keefe	H	S	Bishop Stopford's St Ignatius	Autumn 2017	Summer 2021
Vacant		A		Nominated	
Ms A Nicou	H	A	Enfield Learning Trust	Autumn 2015	Summer 2019
Mr P Sadgrove	H	A	One Degree	Summer 2017	Spring 2021
Ms H Thomas	H	P	Alma	Autumn 2018	Summer 2022
Ms A Palmer		EY	Right Start Montessori	Autumn 2017	Summer 2021
Mr K Hintz		P16	CONEL	Autumn 2015	Summer 2019
Mr J Jacobs		All	National Education Union	Summer 2017	Spring 2021
Ms J Fear		All	Local Authority	By Appointment	
Ms D Weston		All	Local Authority	By Appointment	
Cllr D Levy		All	Chair of Overview & Scrutiny	By Appointment	
Cllr Georgiou	O	All	Cabinet Member	By Appointment	
Ms S Mahesh	O	All	School Business Manager	Nominated	
Mr O Jenkins	O	All	EFA	By Appointment	

Key

G – Governor

H – Headteacher

O - Observer

P – Primary

S – Secondary

Sp – Special

Ac – Academy

EY – Early Years

P16 – Post 16

MINUTES OF THE SCHOOLS FORUM MEETING**Held on Wednesday 7 July 2018 at Chace Community School****Schools Members:**

Governors:	Ms Ellerby (Primary), Ms H Kacouris (Primary), <i>Mrs J Leach (Special)</i> , Mrs L Sless (Primary), <i>Mr T McGee (Secondary)</i> , <i>Ms V West (Primary)</i>
Headteachers:	Ms H Thomas (Primary) (Chair), Ms H Ballantine (Primary), Mr D Bruton (Secondary), Ms C Fay (Orchard Side), <i>Ms H Knightley (Primary)</i> , Ms K Baptiste (Primary), Ms G Weir (Special), <i>Ms M O'Keefe / Ms T Day (Secondary)</i>
Academies:	Ms A Nicou (Primary), <i>Mr A Sadgrove (All through)</i> , Vacancy

Non-Schools Members:

Early Years Provider	Ms A Palmer
16 - 19 Partnership	<i>Mr K Hintz</i>
Teachers' Committee	Mr J Jacobs
Head of Standards, Schs, Curriculum, & Children Ser.	Ms C Seery
Education Professional	<i>Ms J Fear</i>
Chair of Overview and Scrutiny Committee	Cllr S Erbil (as an observer for this meeting)

Observers:

Cabinet Member	<i>Cllr Georgiou</i> (substituted by Cllr Levy)
School Business Manager	Ms S Mahesh
Education Funding Agency	<i>Mr O Jenkins</i>

Also attending:

Assistant Director, Education	Ms C Seery
Heads of Budget Challenge	Mr N Goddard
Finance Manager	Mrs L McNamara
Apprenticeship Manager	Ms K Taylor
Resources Development Manager	Mrs S Brown

* Italics denote absence

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

Apologies for absence were received from Mrs Leach, Mr McGee, Mr Sadgrove, Ms West and Ms O'Keefe.

Noted Cllr Levy was substituting for Cllr Georgiou for this meeting.

b) Membership

The Forum were advised new members joining the Forum included:

- Ms Celeste Fay, the new Headteacher of Orchard Side School;
- Cllr A Georgiou, new Cabinet Member for Children's Services.

Cllr Levy explained Cllr Georgiou was unable to attend and he was attending the Forum on Mr Georgiou behalf;

- Ms Subashini Mahesh was representing the School Business Management Forum;
- Cllr Erbil was attending as an observer for the and Scrutiny Committee;
- Ms Diana Weston was the lead Education Professional.

All the new members were welcomed to the Schools Forum.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE LAST MEETING & MATTERS ARISING

a) **Minutes of the last Meeting**

Received and agreed the minutes of the meeting of the Schools Forum held 7 March 2018 with the following corrections:

To note Mr Jacobs had attended the last meeting and Ms Fear had given her apologies.

b) **Matters arising from the Minutes**

Healthy Pupil Capital Fund

It was questioned when schools would be notified of their allocation. It was confirmed that a letter detailing the final allocations and criteria for using the Fund was due to be sent out to schools. As discussed at the last meeting, schools would be advised of their allocation and the funding would be released on receipt of evidence of spend and completion of an evaluation form.

Following a discussion on whether the arrangements described were those agreed by the Forum and if it was possible to carry out a meaningful evaluation so soon after the works were completed, it was suggested that schools should be informed of the grant and individual allocations be devolved as soon as possible. In the grant notification, schools should be advised that they would be required to confirm and provide details of how the funding was spent by the end of March.

Resolved to inform schools of the grant, criteria and local arrangements for allocating the funding before the end of term.

Action: Ms Doherty and Mrs McNamara

4. **ITEM FOR DISCUSSION AND/OR DECISION**

a) **Apprenticeship Levy: Pooling Resources for Community Schools**

Ms Taylor, Apprentice Manager attended to present this item

Received a report seeking the approval of the community school representatives to pool the apprenticeship levy being collected; a copy is included in the Minute Book.

Reported the Authority was responsible for managing the Levy for community schools. The regulations governing the apprentice levy enabled the money to be spent within a two year, after which any unspent money was taken by the Government. The collection of the Levy began in April 2017 and to date only 20% of the funding had been spent and if the rest was not spent by March 2018, it would be lost for use by Enfield schools. So, the Authority had considered options on how the Levy could be better utilised and the option which the Authority was proposing was to pool the Levy and thus enable schools to pursue the possibility of recruiting graduate teacher on an apprenticeship programme.

Noted:

- (i) It was commented that with the limited options for the use of the Levy it seemed reasonable to consider pooling the Levy for one year to ensure it was spent and not claimed back.
- (ii) Following a discussion, it was confirmed:
 - The graduate teacher apprenticeship was due to be introduced from September 2018 and going forward this was likely to be the route for trainee teachers to be employed and it appeared unlikely that Schools Direct would continue. It was acknowledged some schools would not be able to employ a graduate teacher to access the apprenticeship training;
 - The regulations were restrictive on how the Levy was paid and any unspent money was taken by the Government for both it was in monthly instalments: so, any unspent money from the instalment in March 2017 being taken during the 25th month, i.e. April 2019;
 - From the 1st April the regulations had been amended so enabling 10% of the monthly Levy collected to be transferred to one other employer, e.g. an Academy Trust, to

support any named apprentice on an approved training programme. Due to this restriction, the option to transfer funds had not been pursued. However, from 1 July the regulations enabled the Levy to be transferred to more than one employer with no other change to the requirements. The Authority was considering how change could be implemented and the monthly payments managed through the digital account;

– There were some schools using the Levy for apprentices at their school.

It was requested that information on how these schools were using the Levy could be shared. It was stated that due to data protection some information on programmes could be shared. The Forum was informed that guidance on how the Levy could be shared had been circulated to schools, together with a questionnaire asking schools to confirm the areas they would be interested in pursuing for the use of the Levy. The information from the questionnaires would then be used to inform the School Standard training programme;

Resolved to:

- Pool the Apprenticeship Levy for community schools to 31 March 2019;
- Information to be provided on the successful use of the Levy by schools.

Action: Ms Taylor

Clerk's note: Cllr Levy left, and Ms Weir arrived at this point.

b) DSG Outturn 2017/18

Received a report confirming the outturn position for the Dedicated Schools Grant as at 31 March 2018; a copy is included in the Minute Book.

Reported that the deficit position as at 31 March 2018 was £754k. However, this position was likely to change because of a lagged clawback for the low take up of the free nursery entitlement. The final position was projected to be £1.75m.

Noted the reduction in the deficit from the previous forecast was due to removing contingencies and other expected costs not required to be paid for out-borough placements because of using in-borough provision for pupils with high level of SEND.

Resolved to note the update on the year-end position.

c) School Balances 2017– 18 & Schools Budgets 2018-19: Update

Received a report confirming the total balances held by schools as at 31 March 2018 and providing information on three year budgets submitted by schools for 2018/19; a copy is included in the Minute Book.

Reported that:

- the total balances held by schools as at 31 March 2018 was £6.684m (excluding community facilities) and £6.303m (including community facilities) with the balances held by secondary schools reducing by £1.874m compared to £569k for primary schools;
- there were ten schools retaining balances above the threshold of 8% (primary and special) and 5% (secondary) and following discussion with the Education Resources Group the report included recommendations on the balances held by the school's concerned and sought a review of the Scheme for Financing to recycle any balances above the agree threshold and introduce an additional financial threshold for small schools. If these proposals were to be progressed, then there might be a need to consult all schools;
- the three-year Budget Returns received from schools indicated that 54% of primary, 67% secondary and 17% special schools were projecting a deficit by 31 March 2019 due to the cost pressures detailed in the report and the impact following the move to the national funding formula.

Noted:

- (i) The Forum was advised that the Education Resources Group was concerned that some schools were retaining high balances year on year and resources not being used whilst the pupils were at the school. Other issues raised by individual members included whether the high balances in some schools was because of the funding formula or individual were planning effectively.

The Group had suggested that any balances above 8 or 5% should be recycled and the current process to appeal against any money recycled be.

The following points arose from a general discussion that followed:

- Whether the financial cycle worked for reviewing balances because the issue of recycling was discussed last year and was found difficult to implement;
 - Some schools were retaining balances because of the impending pay awards and other costs pressures and the financial uncertainty these were creating;
- (ii) It was questioned what advice the Authority had provided on the impending pay award to support the working budgets and if all schools had included an estimate for this cost in their working budget returns because there were rumours that schools and governors had excluded the impending pay award to balance their budget.

It was stated that schools were advised to consider and allow for impending pay awards and other cost increases, such as pension contribution revaluation due in 2019, at most of the Forums, meetings and workshops held during the budget setting process. Until the outcome of the pay award was known, the advice provided was based on other recent pay awards agreed or previous valuations and increases.

It was observed that there were discussions on the impending pay awards at various meetings and the minutes of these meetings were public documents.

- (iii) The Forum was advised that it was unlikely that additional funding to support cost pressures would be provided before the next Spending Review. The ESFA were visiting some local authorities to carry out health checks. It was confirmed that no response had been received following the last meeting with Mr Charalambous.

The Forum noted that Mr Charalambous has visited a few local schools and was aware of the difficult financial situation facing schools.

- (iv) It was commented that the campaign on fair funding was continuing and information regarding the campaign would be circulated to the Forum members.
- (v) It was remarked the report on balances gave a mixed picture with some schools either in or on the brink of going into deficit and others retaining high balances. The Government would consider schools balances at borough or region level and therefore it could make it difficult to prove the financial crisis. It was important to know the reasons for the surpluses and for these to be compared against pupil progress and outcomes.

Resolved to retain the current arrangements in the Scheme which enables balances above 8% and 5% to be recycled and then schools to appeal against this decision.

d) Pupil Places Planning – Update

Received a report providing information on the current capacity and demand for pupil places: a copy is included in the Minute Book.

Reported the information presented included pupil number projections that were based partly on pupil number data from September 2017 provided by the GLA and other known factors, i.e. new developments. The report also outlined options being considered for supporting schools seeing a significant drop in pupil numbers.

Noted:

- (i) It was commented the report highlighted pupil numbers were down for primary and this was being seen locally with Grange Park Academy seeing a drop-in pupil numbers and the Academy was now considering opening a nursery class. The PVI settings in the area were raising concerns their settings were experiencing either stagnation or reduction in numbers. It was stated that the current policy enabled individual schools to decide and open or close a nursery class. The Authority could comment but was not able to decide on the proposal to open or close a nursery class. The ability for individual providers to make this decision created a risk for both the existing providers in an area and the Authority's ability to meet demand. Officers were working on the childcare sufficiency audit and this should support the Authority's view of whether a new provision was required or not. When the childcare sufficiency audit was finalised, it would be shared with the Forum.

The Forum was advised that the Authority had commented on the proposal for a nursery class as part of the Chase Farm development and had supported this proposal, but only when the school moved to the Chase Farm site and not before.

- (ii) Where schools, academies or free schools were experiencing a drop-in number, officers were in discussion with the individual institute to reach a local agreement to manage the drop-in numbers.

It was confirmed that another meeting with schools to discuss and review pupil numbers would be held in September 2018. The Forum was advised by September 2018 the initial intake would have started, but the Authority will continue to work with schools on projections and to manage in-year movements. Last year, the Admission Service dealt with over 3,300 in-year applications for primary places.

- (iii) There was pressure for places in special schools because in some schools there were not sufficient leavers to release places to admit a new cohort. The Forum was advised that this would an impact on the budget overspend because of the need to place pupils in expensive independent provision.

The Forum noted the update.

5. WORKPLAN

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

Action: Mrs Brown

6. FUTURE MEETINGS

- a) The date of the next meeting was set as Wednesday 3 October 2018 at 17:30 at Waverley School.
- b) Dates for future meetings:

Dates	Time	Venue
12 December 2018	17:30 - 19:30	Chace Community
16 January 2019	17:30 - 19:30	Waverley
06 March 2019	17:30 - 19:30	Waverley
15 May 2018 (Provisional)	17:30 - 19:30	

7. CONFIDENTIALITY

No items were considered confidential.

The meeting closed at 6.45pm.

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MUNICIPAL YEAR 2018/2019 REPORT NO. 10**MEETING TITLE AND DATE:**

Education Resources Group 18 Sept 2018
Schools Forum 03 October 2018

REPORT OF:

Director of Finance, Resources & Customer Services

Contact officer and telephone number:

Louise McNamara 020 8379 4720
E mail: louise.mcnamara@enfield.gov.uk

Agenda –

Item: 4a

**Subject: Schools Budget -
2018/19 Monitoring Update**

1. EXECUTIVE SUMMARY

This report provides an update of the final DSG Outturn position for 2017/18 and details of the DSG budget monitoring position for 2018/19 including confirmation of the latest DSG allocation from the EFA as at July 2018.

2. RECOMMENDATIONS

To note the contents of the report.

3. ACCUMULATED DSG CARRIED FORWARD

- 3.1 The DSG Outturn position for 2017/18, as at 31st March 2018, was reported at the last meeting. At this stage it was highlighted that an adjustment would be made in 2018/19, in respect of 2017/18, to adjust the DSG allocation for the Early Years Block to reflect January 2018 pupil data. This Early Years funding clawback for 2017/18 was confirmed by the EFA in July 2018 and was lower than the estimated £1m. Table 1 details the final DSG carry forward position.

Table 1 – Accumulated DSG Carry Forward 2017/18

	£'000s	£'000s
Adjusted Balance b/f 1 April 2017		(3.360)
<i>Top Slice from 2017/18 Allocation</i>	1.457	
<i>High Needs Contingency – used to offset deficit</i>	1.650	
Total Contribution towards Deficit 17/18		3.107
Net Deficit bought forward 1 April 2017		(253)
2017/18 overspend		(492)
Total 2017/18 DSG Carry Forward (as at 31.03.18)		(745)
2017/18 Early Years Clawback (Jan18 census)		(743)
Total 2017/18 DSG Carry Forward FINAL		(1,488)

4. 2018/19 DSG ALLOCATION

- 4.1 The original estimate of gross DSG resources for 2018/19 amounted to £331.540m. Of this amount £2.118m will be provided direct by the Education and

Skills Funding Agency (ESFA) to fund post 16 places in special schools and places in mainstream academy units and academy special schools. Budget allocations for 2018/19 were agreed within this level of resources.

- 4.2 In July 2018, revised DSG allocations for 2018/19 were published. These allocations reflected academy recoupment for the Schools Block and High Needs Block and an adjustment Early Years Block to reflect pupil numbers recorded on the January 2018 census. There has also been an adjustment to the High Needs Block to reflect the latest import/export adjustment. The revised DSG position for 2018/19 is summarised in Table 2.

Table 2 – DSG Allocation 2018/19

DSG Summary 2018/19	ORIG 2018/19	Academy Recoup	Import/Export Adj 18/19	Early Years Adj 18/19	REVISED 2018/19
	£000	£000	£000	£000	£000
SCHOOLS BLOCK	255.796	(99.762)			156.034
CENTRAL SERVICES	2.972				2.972
EARLY YEARS BLOCK	26.955			(1.549)	25.406
HIGH NEEDS BLOCK	45.817		(0.114)		45.703
GROSS DSG	331.540	(99.762)	(0.114)	(1.549)	230.115
Direct ESFA Funding	(2.117)	(0.464)			(2.581)
NET TOTAL DSG	329.423	(100.226)	(0.114)	(1.549)	227.534

- 4.3 Further updates to the 2018/19 DSG allocation are expected in December 2018, to reflect academy conversions in the Autumn term. Recoupment adjustments have a nil effect on the overall the school's budget position as a reduction in income is matched by a reduction in expenditure.

5. 2018/19 DSG Budget Monitor

Appendix A details the DSG budget monitoring position as at the end of August 2018.

5.1 Schools Block

There are projected underspends in the Schools Block. These relate to the Growth Fund, where the additional classes required for the 1819 academic year are lower than expected, and rates where there will be reduced demand on the DSG for schools converting to academy status as they will be entitled to 80% charitable relief.

5.2 Early Years Block

As reported in 4.2. above, the Early Years Block allocation has been revised to reflect the pupil numbers recorded on the January 2018 census. The £1.549m reduction in funding reflects small increases in take up for 2-year-old provision and the 15 hours free entitlement for 3 and 4 year olds but a much lower take up than estimated for the 30 hours provision.

At this stage of the financial year it is estimated that expenditure will reduce in line with the funding reduction and that the budget will be on target overall.

5.3 High Needs

The current projections for High Needs budgets indicate that

- Expenditure for out-borough placements will be within budget provision. An update will be provided when the impact of the September transition had been assessed
- Exceptional needs allocations are expected to exceed budget provision due to an increase in EHCPs over the summer term and projected increases over the next 2 terms.
- An increase in expenditure due to funding for Durants School to make specific provision for 3 pupils with complex needs
- A reduction in expenditure due to a delay in the opening of St Mary's Unit until January 2019

Plans for additional in borough provision is being developed and an update will be provided as soon as the details and start dates have been confirmed.

5.4 DSG Outturn Position

Overall, the latest monitoring position for 2018/19 indicates an overspend of £0.138k which will increase the overall DSG deficit to (£1.626k). The 2018/19 budget will continue to be monitored closely for the remainder of the financial year and updates will be provided to the Forum at future meetings.

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DSG Budget Monitor 2018-19July Monitor
SF Oct 18

Opening Position 2018/19	£000
2017/18 DSG Deficit	745
Early Years Clawback 1718	743
DSG Deficit 1/4/2017	1,488

2018/19 Variance	£000
SCHOOLS BLOCK	
Growth Fund - lower demand than estimate	-120
Rates - reduction in rates liability due to Academy conversions	-194
Total Schools Block Variance	-314
EARLY YEARS BLOCK	
2 Year Olds	0
3&4 Year Olds	0
30 Hours	0
Total Early Years Block Variance	0
HIGH NEEDS BLOCK	
Outborough Provision	
Independent Day Placements	0
Independent Residential Placements	0
Other LA Special Schools	0
Other LA Mainstream Support	0
Therapies	0
Post 16 High Needs	0
In Borough Provision	
Exceptional Needs - Sum actual, Aut & Spr estimates	600
Durants - support for complex cases	150
St Marys Unit - delay in start date	-300
Total High Needs Block Variance	450
ESTIMATED OVERSPEND 2018/19	136
Cumulative Deficit b/f	1,488
Estimated DSG Monitoring Position 2018/19	1,624

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MUNICIPAL YEAR 2018/2019 REPORT NO. 11**MEETING TITLE AND DATE:**

Education Resources Group 18 September 2018
Schools Forum 3 October 2018

REPORT OF:

Interim Director of Education

Contact officer: name and email:

Sangeeta Brown

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

Item: 4b
Subject: Dedicated Schools Grant 2018/19: Analysis

1. EXECUTIVE SUMMARY

This report is intended to support the wider discussion on the impact of the budget decisions on individual schools with data on how Enfield's mainstream school funding formula compares to the formulae used by Enfield's Statistical Neighbours, Outer London authorities and nationally.

2. RECOMMENDATIONS

The Forum is asked to note this report.

3 INTRODUCTION

3.1 In previous years, the Forum has received benchmarking data taken from information published in the Section 251 Budget Statement as required by Section 251 of the Apprenticeships, Skills, Children and Learning Act. This information is not yet available. For this reason, this paper does not include a detailed analysis of the planned spend of the Dedicated Schools Grant (DSG) funding but includes analysis of the allocation of DSG to local authorities and the subsequent funding formulae used by local authorities.

3.2 The data on the DSG allocation and funding formulae has been taken from a summary published by the DfE, which includes specifically the value of the indicators used (the formula unit values) and the proportion of funding allocated via each indicator. The published information can be found on the [DfE website](#).

3.3 To support the discussion on the impact of the budget decisions on individual schools, this paper compares Enfield's DSG and funding formulae with Enfield's Statistical Neighbours, Outer London authorities and nationally.

4 NATIONAL ANALYSIS

Appendix A attached provide information of the analysis carried out in respect of comparing Enfield's DSG allocation and funding formulae with Enfield's Statistical Neighbours (SN), Outer London authorities and nationally. When considering the data, Members should be mindful of the context for setting the local arrangements, such as:

- (a) Historic decisions on the formula allocations, including how funding for new responsibilities was delegated to schools;
- (b) Local decisions on how funding was allocated across the various DSG Blocks;
- (c) The balance of funding between primary and secondary sectors;
- (d) The level of funding received by each authority;

4.1 DSG Analysis

In summary, the DSG analysis considered the proportion of funding provided across the three blocks and summary of the key points are detailed in the table below.

Table 1: DSG: Percentage of Funding Allocated

Factor	Blocks	England (150 LAs)	Outer London (19 LAs)	Statistical Neighbours (SN) (11 LAs)	Comments
Pupil numbers (headcount)	Schools	42 (Pri) 43 (Sec)	Prm: 2 Sec: 3 Total: 2	Prm: 4 Sec: 3 Total: 4	Schools Block: Nationally: like 2017/18 Enfield funded is in the upper quintile. The Schools Block: - Outer London - Well above average - SN -above average. High Needs block: Outer London & SN Above average.
Unit of funding	Schools	22 (Pri) 28 (Sec)	5 (Pri) 10 (Sec)	6 (Pri) 6 (Sec)	
Total Mainstream	Schools	40 (39)	1 (1)	3 (3)	
3 & 4 Year olds NEF	EY	42 (51)	6 (8)	5 (5)	
2 Year olds Entitlement	EY	27 (21)	2 (1)	4 (3)	
Disability Access Fund	EY	77 (62)	8 (7)	6 (9)	
Total EY	EY	47 (47)	5 (5)	5 (4)	
High Needs Block	HN	44 (49)	7 (9)	4 (5)	

* EY = Early Years, HN = High Needs

The colours indicate whether the funding has gone up, gone down or no change compared to last year (figures in bracket are for last year).

4.2 Schools Block Analysis

The analysis of the Schools block compared the percentage of total funding and the unit value for each of the formula factors used by Enfield.

- i. **Formula Factor Percentages:** Table 2 ranks, in descending order, Enfield's percentage of funding allocated for each of the local formula factors used. In terms of the layout of the table:
- The number of Local Authorities in each category is shown in the table header;
 - Enfield's position was measured against the number of LAs using that factor.

Table 2: Percentage of Funding Allocated for Each Factor

Factor	England (151 LAs)	Outer London (19 LAs)	Statistical Neighbours (11 LAs)	Comments
Pupil Led Funding	31 (47)	10 (12)	5 (6)	Nationally: well above average, SN: above average Outer London - average
Basic Entitlement	91 (35)	16 (7)	7 (4)	Nationally & Outer London: well below average and SN: average May reflect reduction in unit rates for Enfield.
Deprivation	35 (89)	3 (9)	5 (8)	Nationally: well above average SN: above average Outer London: well above average Reflects the higher unit rates through NFF
EAL	19 / 147 (20/137)	8 (10)	5 (7)	Enfield above nationally and on average compared to SN, but well below average for prior attainment.
Prior Attainment	120 / 149 (97/143)	16 (15)	7 (8)	
Mobility	19 / 62 (23/66)	7 (8)	6 (6)	
Lump Sum	135 (122)	12 (10)	7 (6)	Nationally: Well above average Outer London & SN: close to the Average
Rates	41 (31)	10 (9)	4 (4)	Nationally & SN: Above average Outer London: Average Possibly due to rateable values or number of maintained schools in each Local Authority
PFI	53 / 88 39/85	6 (5)	5 (4)	Nationally: Below average SN & Outer London: Above Average
Growth Fund	70 out of 128 59 out of 131	16 (14)	11 (10)	SN & Outer London Well below average. Possibly due to the plateau in pupil numbers experienced over the last couple of years.
MFG	41 / 148 (21)	5 (7)	5 (5)	Enfield above average Reflects local policy on protecting schools losing under NFF

The colours indicate whether the funding has **gone up**, **gone down** or **no change** compared to last year (figures in bracket are for last year).

- ii. **Formula Factor Rates:** The DfE report confirmed that 41 local authorities have moved to mirror the NFF factor values almost exactly and like 73 local authorities have moved every one of their local formulae factor values closer to the NFF. Members will recall that locally it was agreed to ensure stability and minimal turbulence in funding for individual schools that the local formula should move around 50% of the way towards the NFF rates and that schools be protected from this change with the minimum funding guarantee set at 0%.

To reflect the costs experienced by different areas, the DfE have adjusted the individual NFF unit rates with an area cost adjustments (ACA). With the use of the ACA, it is difficult to carry out a meaningful comparison of Enfield's unit values against the NFF rates or those of our statistical neighbours. However, if members are interested the data including the ACA rates applied is available in Appendix A and details of the ACA used for different local authorities can be found on the DfE website. Table 3 ranks Enfield against each of the per pupil factors used in the local formula by outer London Authorities. Again, there is a concern about the effect of the ACA on the individual rates used by individual local authorities. The details of the

Table 3 also details the number of outer London authorities that have moved their unit rates to the NFF unit values.

Table 3: Formula Factors: Unit Values compared with Outer London

Factor	Move to NFF unit values (inclusive of ACA)	Primary (19)	Secondary (19)
AWPU	5	7 (4)	
AWPU - KS3	5		8 (10)
AWPU – KS4	6		10 (7)
FMS	7	2 (3)	1 (5)
FMS Ever 6	9	14 (-)	15 (-)
IDACI	9	14 (Average) (12)	14 (Average) (13)
LAC	15	3 out of 4	3 out of 4
EAL	10	15 (11)	14 (9)
Low Prior Attainment (LPA)	8	16 (14)	16 (12)
Mobility	N/A	8 (6)	6 (6)
Lump Sum	8	4 (5)	4 (5)

The analysis, as expected, has revealed Enfield's unit rates have either reduced or increased to be closer to the NFF rate. For the coming year, consideration may need to be given as to Enfield's position against outer London Authorities for unit rates applied for FMS, EAL, LAC and low prior attainment.

5. LOCAL ANALYSIS

- 5.1 Information on the effect of the formula were discussed with the Forum during the budget setting process. To assist individual schools to understand why their funding differs from another Enfield school, a tool has been developed, which compares funding delegated this year (2018/19) with last year (2017/18). A copy of the tool is attached appendix B and it has been circulated to all schools through the Governing Body termly briefing.
- 6 Members are asked to note this report.

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LA Code	Statistical Neighbours	2018-19 schools block primary unit of funding (£s)	2018-19 schools block secondary unit of funding (£s)	2018-19 schools block primary pupils (headcount) *	2018-19 schools block secondary pupils (headcount)*	2018-19 funding through the growth, premises and mobility factors (£m)	2018-19 total schools block (£m)	2018-19 initial funding allocation for universal entitlement for 3 and 4 year olds (£m)	2018-19 Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£m)	2018-19 initial funding allocation for 2 year old entitlement (£m)	2018-19 Initial funding allocation for Early Years Pupil Premium (£m)	2018-19 Initial funding allocation for Disability Access Fund (£m)	2018-19 total early years block (£m)	2017-18 high needs block before deductions (£m) †
308	Enfield	4,416	5,647	32,296	18,445	9	255.8	17.7	3.4	4.1	0.14	0.07	25.4	45.7
301	Barking and Dagenham	4,786	6,099	25,327	12,893	12	212.3	14.0	2.7	4.3	0.1	0.1	21	28
330	Birmingham	4,450	5,781	112,298	66,311	25	908.5	55.2	12.9	16.3	1.3	0.4	91	152
306	Croydon	4,239	5,318	32,964	17,813	9	243.9	17.8	4.7	3.5	0.1	0.1	27	59
203	Greenwich	4,898	6,451	24,609	12,665	9	211.1	17.9	4.0	3.2	0.2	0.1	26	45
309	Haringey	4,979	6,824	21,671	12,053	5	195.3	12.6	3.6	2.7	0.1	0.1	20	35
821	Luton	4,196	5,466	22,747	13,623	4	174.3	11.6	2.3	2.6	0.1	0.1	18	28
891	Nottinghamshire	3,927	4,985	66,195	40,526	7	469.1	29.9	11.4	6.0	0.5	0.2	48	62
870	Reading	3,938	5,106	13,320	6,057	3	86.8	8.5	2.4	1.2	0.1	0.0	13	19
320	Waltham Forest	4,419	6,025	24,752	13,449	11	201.1	14.7	4.1	2.3	0.1	0.1	22	36
336	Wolverhampton	4,101	5,493	23,712	14,410	6	182.7	11.6	2.3	3.9	0.2	0.1	19	34
11		6	6	4	3	5	3	5	7	4	7	6	5	4
		C	C	B	A	B	A	B	C	B	C	C	B	B
		50.0%	50.0%	70.0%	80.0%	60.0%	80.0%	60.0%	40.0%	70.0%	40.0%	40.0%	60.0%	70.0%
	Average	4,395	5,745	36,354	20,750	9	286	19.2	4.9	4.6	0.3	0.1	30.0	49.6
	Median	4,416	5,647	24,752	13,623	9	211	14.7	3.6	3.5	0.1	0.1	21.6	36.3
	Min	3,927	4,985	13,320	6,057	3	87	8.5	2.3	1.2	0.1	0.0	12.6	19.1
	Max	4,979	6,824	112,298	66,311	25	909	55.2	12.9	16.3	1.3	0.4	90.7	152.5

LA Code	Outer London Local Authorities	2018-19 schools block primary unit of funding (£s)	2018-19 schools block secondary unit of funding (£s)	2018-19 schools block primary pupils (headcount) *	2018-19 schools block secondary pupils (headcount)*	2018-19 funding through the growth, premises and mobility factors (£m)	2018-19 total schools block (£m)	2018-19 initial funding allocation for universal entitlement for 3 and 4 year olds (£m)	2018-19 Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£m)	2018-19 initial funding allocation for 2 year old entitlement (£m)	2018-19 Initial funding allocation for Early Years Pupil Premium (£m)	2018-19 Initial funding allocation for Disability Access Fund (£m)	2018-19 total early years block (£m)	2017-18 high needs block before deductions (£m) †
308	Enfield	4,416	5,647	32,296	18,445	9	255.8	17.7	3.4	4.1	0.14	0.07	25.4	45.7
301	Barking and Dagenham	4,786	6,099	25,327	12,893	12	212.3	14.0	2.7	4.3	0.14	0.08	21.3	28.1
302	Barnet	4,391	5,700	30,017	19,934	3	248.7	20.0	5.4	3.4	0.14	0.09	29.0	48.1
303	Bexley	3,933	5,273	22,583	15,943	4	177.2	11.2	2.5	1.7	0.05	0.05	15.4	31.6
304	Brent	4,792	6,166	26,525	15,376	9	230.6	15.5	3.4	3.5	0.07	0.10	23.4	54.5
305	Bromley	4,194	5,118	27,267	16,928	4	205.4	14.8	3.9	1.8	0.13	0.07	20.7	46.9
306	Croydon	4,239	5,318	32,964	17,813	9	243.9	17.8	4.7	3.5	0.13	0.09	26.7	59.2
307	Ealing	4,378	6,017	30,906	15,334	12	239.4	20.1	3.8	3.5	0.12	0.07	28.4	52.8
203	Greenwich	4,898	6,451	24,609	12,665	9	211.1	17.9	4.0	3.2	0.19	0.06	26.0	45.5
310	Harrow	4,165	5,834	21,343	11,265	7	161.9	12.8	2.7	1.9	0.07	0.04	17.5	30.9
311	Havering	4,005	5,474	21,969	14,388	5	172.2	12.2	3.5	1.8	0.09	0.05	17.6	23.3
312	Hillingdon	4,256	5,567	28,036	16,156	6	215.5	18.3	3.9	2.2	0.12	0.10	24.8	37.7
313	Hounslow	4,296	5,773	23,468	13,813	4	184.2	14.6	3.1	2.3	0.17	0.06	20.3	46.3
314	Kingston upon Thames	4,040	5,049	13,480	8,295	4	99.9	8.9	2.4	1.1	0.02	0.03	12.5	21.9
315	Merton	4,271	5,691	17,082	7,545	3	119.0	11.6	2.4	1.4	0.10	0.04	15.6	32.2
317	Redbridge	4,007	5,251	29,107	18,678	8	222.6	16.8	3.6	2.5	0.10	0.06	23.0	41.6
318	Richmond upon Thames	3,789	5,291	16,809	8,244	4	111.7	11.6	2.0	0.9	0.03	0.03	14.7	24.9
319	Sutton	4,082	5,018	17,493	14,695	2	147.3	9.7	2.7	1.3	0.07	0.05	14.3	37.2
320	Waltham Forest	4,419	6,025	24,752	13,449	11	201.1	14.7	4.1	2.3	0.14	0.08	21.6	36.3
19		5	10	2	3	5	1	6	11	2	5	8	5	7
		A	C	A	A	A	A	B	C	A	A	B	A	B
		77.7%	50.0%	94.4%	88.8%	77.7%	100.0%	72.2%	44.4%	94.4%	77.7%	61.1%	77.7%	66.6%
Average		4,282	5,619	24,528	14,308	7	193	15	3	2	0	0	21	39
Median		4,256	5,647	24,752	14,695	6	205	15	3	2	0	0	21	38
Min		3,789	5,018	13,480	7,545	2	100	9	2	1	0	0	12	22
Max		4,898	6,451	32,964	19,934	12	256	20	5	4	0	0	29	59
						0		E						
		0-25	0-25		0.25	D		Well below average						
		26-40	26-40		0.40	C		Below Average						
		41-60	41-60		0.60	B		Average						
		61-74	61-74		0.74	A		Above average						
		75+	75+		0.75	A		Well above average						

MUNICIPAL YEAR 2018/2019 REPORT NO. 12

MEETING TITLE AND DATE:

Education Resources Group – 18 September 18
Schools Forum – 3 October 2018

REPORT OF:

Interim Director of Education

Contact officer: Sangeeta Brown

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	Item: 4c
Subject: School Funding Arrangements – 2019/20	
Wards: All	

1. EXECUTIVE SUMMARY

1.1. This report:

- provides a summary of the latest guidance on schools funding arrangements for the Schools and High Needs block of the Dedicated Schools Grant (DSG) for 2019/20 published by the DfE;
- update on the development of the local funding arrangements for 2019/20.

2. RECOMMENDATIONS

2.1 Members are asked to consider the proposals and where appropriate provide initial agreement to:

- Arrangements for the local funding formula for mainstream schools;
- Disapplication of the MFG as detailed in paragraph;
- Arrangements for Early Years provision.

3 INTRODUCTION

3.1 In August 2017, the Government confirmed that they would continue with their proposals for implementing a national funding formula (NFF) for the Schools and High Needs Blocks. For 2018/19, a 'soft' national funding formula (NFF) was introduced and implemented. This, in effect, has meant that funding to local authorities is provided through the NFF, but the distribution of funding to individual primary and secondary schools is managed through a local funding formula. Local authorities continue to have a statutory duty to maintain their local formula and consult with their Schools Forum and schools on any changes to the formula. Separate funding arrangements apply for high needs and early years, where the Authority sets funding in line with the government's NFF and other associated regulations.

At the end of the Summer term 2018, the DfE published information on the funding arrangements for 2019/20, together with indicative information using October 2017 Census data on funding individual local authorities will receive. The DfE has confirmed the continuation of the arrangements put in place for 2018/19, that is the use of the 'soft' NFF for 2019/20 and 2020/21. The reasons stated for this was that they were satisfied with progress individual local authorities had made in moving towards the NFF. With this confirmation, Enfield should see an increase in overall funding for the Schools Block of £2.86m and High Needs Block of £0.304m to reflect the extra £1.3bn for 2018/19 and 2019/20 to partial support the implementation of the NFF.

3.2 DfE Guidance

3.2.1 In terms of changes in the overall funding provided, the DfE guidance confirms:

- Increases in the minimum per-pupil funding level announced last year to £4,800 for secondary schools, and to £3,500 for primary schools;
- Further 3% per pupil gain for underfunded schools;

- 0.5% per pupil gain reflected in the Authority level Schools block allocation;
- Introduction of a teachers' pay grant of £187m in 2018/19 and £321m in 2019/20 to cover, in full, the difference between the pay award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap;
- 0.5% per head increase for the High Needs block with a gain cap of 3% per head for underfunded local authorities;

3.2.2 The detailed guidance on the operation of the DSG has confirmed:

- DSG
 - NFF will continue to determine funding allocated to local authorities' Schools & High Needs blocks;
- Schools Block
 - Local authorities will set a local formula to distribute funding. As part of the process:
 - All schools must be consulted on any proposed local formula or funding changes;
 - Following consultation with schools, and as required, the agreement of the Schools Forum and a final sign-off of the local arrangements by the Cabinet Member;
 - Schools block will be ring-fenced, but Local Authorities are able to continue to transfer up to 0.5% of Schools block funding out with the agreement the Schools Forum;
 - Local formulae – changes include:
 - A change to the unit rate applied for low prior attainment in primary to reflect the significant increase in the number of pupils eligible for funding through this factor;
 - Looked-after children factor remains excluded in the NFF;
 - At least 80% of funding must be delegated using the per pupil factors. Items 1-6 listed in the attached Appendix A which provides full details of the allowable formula factors;
 - Continuation of disapplication process for anomalies in the funding for new or amalgamating schools.
 - Growth Fund to be funded on NFF rather than on historical funding;
 - Falling rolls fund: continues to be available to support good/outstanding schools with falling pupil roll and where local planning data shows surplus places will be needed within the next three financial years;
 - Minimum funding guarantee can be set between -1.5% and 0.5%;
 - Central School Services block – no changes and will be subject of a separate report;
- High Needs Place Funding in mainstream schools continues to be:
 - based on all pupils on roll including those in Additionally Resourced Provision (APRs) and Specialist Units (SU);
 - Place funding set at £6k per place where the place is occupied, plus top up funding;
 - Where places not filled and confirmed by Local Authority, places to be funded at £10k.
- Teachers Pay Grant: It is confirmed:
 - the Teachers pay award from September 2018 would be:
 - 3.5% uplift on the minimum and maximum of the main pay scale
 - 2% - uplift on upper pay scales
 - 1.5% - uplift on school leaders
 - The Pay grant aims to cover, in full, the difference between this award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap;
 - The DfE have allowed £508m to cover the cost of the grant. This will be new money to schools that the DfE is funding from existing funds. It is widely thought that this will be

diverted from the Teaching and Leadership Innovation Fund and the strategic School Improvement Fund which are both bid based funds to drive system led improvements.

The grant will not cover the full cost of the pay award and schools will continue to experience financial pressure in meeting the pay award and the effects of the “soft NNF”;

- Notification has been received funding will be provided on a per pupil basis for primary and secondary and place numbers for special schools. The rates to be provided are as follows:

Sector	2018/19	2019/20
Primary	£18.05	£31.13
Secondary	£29.20	£50.15
Special	£72.25	£124.87

4. LOCAL ARRANGEMENTS FOR 2019/20

4.1 Current Arrangements

For the current year 2018/19, the principles governing the local arrangements were stability and least turbulence for individual schools. With these in mind, the local arrangements put in place for the Schools Block were as follows:

- (a) To partly implement the NFF unit values: this was done by moving approximately 50% of the way towards the NFF unit values;
- (b) Ensure the minimum primary and secondary per pupil rates were achieved and were in line with national expectation;
- (c) To reduce the funding provided to support Looked After Children from £1,200 to £800;
- (d) As closely as possible, the local arrangements aimed to achieve the national average for primary to secondary funding ratio of 1:1.30;
- (e) To support schools that would lose under the NFF, it was agreed that the minimum funding guarantee (MFG) would be capped for gaining schools to 3% to enable the MFG to be set at 0% for the losing schools;
- (f) To continue to support inclusive schools, it is proposed that funding is transferred from the Schools Block to the HNB to ensure schools with an above average incident of pupils with SEND continue to be supported and funded. The average incident is currently 1 in 75; and for 2018/19, this average will be reviewed to reflect October 2017 pupil numbers;
- (g) No changes were proposed for the growth fund for 2018/19.

4.2 Schools Block Proposals

4.2.1 Initial discussions with the Education Resources Group considered retaining the current arrangements with no changes, implementing the NFF unit rates fully and moving slightly closer to the NFF rates. These discussions highlighted that these options did not provide an appropriate distribution of funding to meet the needs of Enfield pupils. It was noted that if the NFF was implemented in full, then half the primary schools experience a loss in funding with most secondary schools gaining. The comments received from the Education Resources Group have been used to support the development of the local arrangements.

4.2.2 Removal of LAC factor from the NFF

It was raised by the Education Resources Group felt that the current funding arrangements through a formula factor for LAC pupils may not demonstrate best use of the funding and consideration be given for the current funding to be transferred to the High Needs block to provide more targeted support and achieve improved outcomes for LAC pupils.

After some consideration the Authority would support this suggestion and would propose the removal of the LAC factor from the formula and the funding (£140k) allocated through this factor be pooled and transferred to the High Needs block for more targeted support.

Officers will then work with schools to consider and develop a strategy / protocol for use of this funding to support LAC pupils.

4.2.3 Other Formula Factors

The Education Resources Group stated funding arrangements should support pupils with EAL, low prior attainment (LPA) and / or eligible for free school meals (FSM). This suggestion was considered and assessed against the information in the DSG Analysis report (elsewhere on the agenda) which highlighted Enfield's unit rates for EAL, LPA and FMS Ever 6 were in the lower quintile when compared with outer London authorities, as well as being significantly lower than the NFF rates. The options developed considered moving Enfield's rates to the NFF rates for EAL and LPA and close to the NFF rate for FMS Ever 6.

4.2.4 Primary to secondary funding ratio

The move to NFF will move funding from primary to secondary sector and as stated earlier the effect of this would result in over half of Enfield primary schools seeing a reduction in funding.

To support primary schools, for 2018/19, it was agreed that the local arrangements, as close as possible, aim to achieve the national average primary to secondary ratio of 1:1.3.

The DfE analysis of local authorities funding formula for 2018/19 states:

... nationally across all local authorities the ratio is 1:1.296. This is a slight increase from the 2017-18 formulae where it was 1:1.289. The average local authority ratio is 1:1.311, a slight increase on the ratio of 1:1.304 in 2017-18.

For 2018/19, once the final data and funding was considered, Enfield's funding ratio was 1:1.36.

The recent announcement by the Government to delay the introduction of the full "hard" NFF (i.e. with no protection) until after 2021/22 provides another year for school's local formula budgets to transition to the new funding levels. Therefore for 2019/20, it is the Authority's view that the local arrangements try to achieve a primary to secondary funding ratio that moves slightly from the current ratio of 1:1.36.

4.2.5 Minimum Funding Guarantee

The minimum funding guarantee (MFG) aims to protect the pupil led funding from significant funding changes. As stated, the national arrangements allow local authorities with their Schools Forum to set an MFG between -1.5% to 0.5%.

It was recognised when developing the arrangements for 2018/19 that there was a need to enable schools time to plan for a change in funding and for this reason the MFG was set at 0% with a 3% gains cap. Now, even though there is a delay in the move towards a full NFF, it is advised that the loss schools will experience under the NFF needs to be reflected in the MFG set for 2019/20.

The above information and comments have been used to develop the following models:

Model	Factors / Unit Rates Applied	MFG
A	Current formula with no change	None
B (i)	– NFF Unit Rates – No Mobility funding	None
B (ii) C	– NFF Unit Rates * – Include Mobility (Enf Rates)	-0.6% & CAP if applicable for gainers
D	– NFF Unit Rates for: EAL & LPA * – 85% NFF Unit Rates for Ever 6 FSM – 60% NFF Unit Rates for all other factors – Mobility (Enfield Rates)	-0.6% & CAP if applicable for gainers

* Assumes funding transferred to HNB for targeted support

The outcomes from these models have highlighted:

Model	Use of all funding	Prim:Sec Ratio	% of School losing
A	No	1:136	0%
B (i)	No	1:144	81%
B (ii) C	Yes	1:144	81%
D	Yes	1:138	57%

It is the Authority's view for 2019/29 Model D would provide the best option for Enfield schools because it will:

- Enabled some of the factors to be set at the NFF unit rates or move closer to the NFF rate;
- See those schools due to lose will see some reduction in funding and those due to gain will see an increase in their funding;
- Through the funding changes enable schools losing to plan during 2019/20 for a further change in funding to reflect the funding through the NFF.

It is recognised that the NFF will be introduced from 2021/22 and there is a need for Enfield to move closer to the NFF unit rates, therefore it is the Authority's view that for 2020/21 that Model C is implemented. The reason for suggesting the position for two years is because it will provide individual schools with some certainty of their funding for the next two years and plan effectively for the reduction in funding they may experience during the transition period before the full "hard" NFF is introduced.

Attached:

- Appendix A: Full list of the formula factors and how they are applied;
- Appendix B: Unit rates applied for this year and the above Models;
- Appendix C: Outcomes from the models detailed above (Please note: The Education Resources Group requested the school details be anonymised and only percentage change in funding be shown);

4.2.6 Growth Fund

The DfE have changed how the funding is provided for the growth fund. The change is to move from funding based on historical spend to a NFF. At this stage, it is assumed the same level of funding as this year would be required and this will be fully analysed to inform the final arrangements.

5. Falling Rolls Fund

Local data and recent discussions with the Forum have highlighted that individual schools are seeing a decline in pupil numbers. For this reason, the Authority considered the feasibility of introducing a falling rolls fund for schools with declining numbers.

The national arrangements allow for local authorities to set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed within the next three financial years.

The DfE suggested compliant criteria is set out below:

- support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement);
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number;
- local planning data shows a requirement for a minimum percentage of the surplus places within the next three years;
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort;
- the school will need to make redundancies to contain spending within its formula budget.

If a Fund is to be established, the Schools Forum is required to agree both the value of the fund and the criteria for allocation and receive regular updates on the use of the funding.

It was the Education Resources Group not to pursue the falling rolls fund and the Forum's view are being sought.

6. HIGH NEEDS TRANSFER

For 2018/19, 0.5% was transferred from the Schools block to the High Needs block for continuation of supporting more inclusive schools through the allocation of an £6k per pupil for any additional pupils above the school's average incident of pupils with high level of SEND. To enable inclusive schools to continue to be supported, it is recommended that 0.5% again be transferred from the Schools block to the High Needs block for 2019/20.

7. DISAPPLICATION REQUEST

The DfE have confirmed with the Schools Forum approval requests for disapplication from the MFG can be submitted in certain circumstances. The deadline for submitting requests and obtaining approvals from the DfE is tight, so with the Schools Forum's approval it is intended to submit the following disapplication request:

- for secondary schools who are becoming all through schools. This is to prevent the primary element of the school funding being protected at the secondary funding level. The adjustment will be based on an EFA calculation template, which will ensure a consistent methodology is applied between authorities.
- If the Forum provide initial agreement the transfer of 0.5% funding from the Schools Block to the High Needs Block. Final confirmation of the transfer would be sought from the Schools Forum after consultation with schools has been carried out and the DfE advised accordingly.
- Similarly, if the Forum provides initial agreement to the transfer of £140k from the Schools Block to the High Needs Block. Final confirmation of the transfer would be sought from the Schools Forum after consultation with schools has been carried out and the DfE advised accordingly.

8. EARLY YEARS

- 8.1 Since April 2017, funding provided to local authorities for the free nursery entitlement for three and four year olds based on NFF and, in a similar way to mainstream schools, local authorities determine the local funding formula for distributing funding to local early years settings.

As stated earlier, no information has been received on the funding arrangements for 2019/20, but it is assumed the current arrangements will continue. Therefore, there is a need to confirm the current local arrangements and seek confirmation on their continuation for 2019/20.

8.2 Current Arrangements

The regulations require the local funding arrangements include a per pupil amount and funding to support pupils from a deprived background and then additional factors that could be included are an inclusion fund and supplement linked to quality. In Enfield, it was decided to include the first three factors, but not the supplement linked to quality. There is a requirement that 95% of the funding must allocated to providers and 5% may be retained to fund local authority central services.

Table below summaries how funding is distributed currently.

Table : Allocation of Early Years Funding for 2018/19

Factors	Rate per hour £	Rate per hour %	Total £
Basic hourly rate per child	£5.11	91%	£
Deprivation: Based on IDACI	£0.13	2%	£
Inclusion Fund	£0.10	2%	£
Central Support	£0.28	5%	
Total			

- 8.3 The inclusion fund was introduced to support pupils to enable local authorities to work with providers to address the needs of individual children with high levels of SEND. The use of the inclusion fund locally was split between individual providers being able to access targeted resources to support pupils with SEND and centrally commissioned specialist provision to support all providers. The targeted resources are administered through an Inclusion Panel consisting of Headteachers, Managers for individual settings and officers. The commissioned specialist support from Educational Psychology and SENCOs.
- 8.4 The inclusion fund has enabled individual providers to access additional provision and support. Through the commissioned support providers have had access to training, SENCO forums, information including how to access local services and making links with professionals. The SENCOs have advised on developing resource to support holistic communication and developing sensory provision and Educational Psychologists have been support providers through the review process required for pupils with SEND.
- 8.5 For 2019/20, it is recommended that the current arrangements continue to be maintained with a slight adjustment between the hourly rate for deprivation and the inclusion fund with the hourly rate for deprivation reducing by 1p and the inclusion conversely increasing by 1p. The reason for maintaining the current arrangements and seeking the slight change in the distribution of the funding is to reflect the increase in demand the Inclusion Panel has seen for support for pupils with SEND and this is because of the work the commissioned services are doing to support and enabling providers to improve outcomes for pupils with SEND.

Table 1: Summary of Allowable Factors for Local Formula**Required proportion of funding allocated through pupil-led factors**

Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1 to 6, and 12 below, and London fringe uplift, where relevant).

Below are the allowable factors for the schools' local funding formula. All factors are optional except for items (1) basic entitlement and (2) deprivation funding.

Factor	Further information
1. Basic entitlement A compulsory factor	This factor assigns funding based on individual pupils, with the number of pupils for each school or academy based on the October pupil census <ul style="list-style-type: none"> • funding is allocated according to an age-weighted pupil unit (AWPU) • there is a single rate for primary age pupils, which must be at least £2,000 • there can be different rates for KS3 and KS4, with a minimum of £3,000 for each
2. Deprivation A compulsory factor	Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both, to calculate the deprivation factor <ul style="list-style-type: none"> • eligibility for current FSM using the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census • FSM can choose to use either current FSM, Ever6 FSM, or both • the IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band • DfE will automatically set the FSM Ever6 ratio equal to the current FSM ratio for schools where the FSM Ever6 rate is recorded as lower than the current FSM rate
3. Prior attainment	Primary pupils not achieving the expected level of development in the early years foundation stage profile (EYFSP) Secondary pupils not reaching expected standard in KS2 for either English or maths. A new separate weighting for new year 7 pupils with low prior attainment.
4. Looked-after children (LAC)	A rate per pupil using the LA SSDA903 return at 31 March 2017 and the January pupil census. NFF: funding will be through an increased Pupil Premium Plus rates.
5. English as an additional language (EAL)	Pupils having a mother tongue other than English may attract funding for up to three years after they enter the statutory school system. Funding based on October Census.
6. Pupil mobility	Counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils) A 10% threshold with funding is allocated based on the proportion above the threshold (for example, a school with 12% mobility will attract pupil mobility funding for 2% of pupils)
7. Lump sum	Maximum lump sum allowed is £175k for all phases. Rates for sectors can vary.
8. Split sites	Allocation based on an objective criterion to support schools that are on different sites.
9. Rates	Based on actuals with arrangements for adjustments.
10. Private finance initiative (PFI) contracts	To support schools that have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority.
11. Exceptional premises factors	This factors must relate to premises costs and apply the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area.
12. Minimum level of per pupil funding for primary and secondary schools	Not relevant
13. Sparsity 14. London fringe	Not relevant Not relevant – only used by Bucks, Essex, Herts, Kent and West Sussex

UNIT RATES 2019-20 - for Formula Modelling

			1.08204	ACA			Apply
	Enfield Rates 17-18		NFF Rates		NFF Rates inc ACA		
UNIT RATES	PRIM	SEC	PRIM	SEC	PRIM	SEC	PRIM
Prim AWPU	3,433.65	-	2,746.99	-	2,972.35	-	2,972.35
KS3 AWPU	-	4,345.37	-	3,862.65	-	4,179.54	-
KS4 AWPU	-	4,913.12	-	4,385.81	-	4,745.62	-
FSM	1,514.27	1,971.00	440.00	440.00	476.10	476.10	476.10
FSM Ever 6	-	-	540.00	785.00	584.30	849.40	584.30
IDACI A	116.04	100.70	575.00	810.00	622.17	876.45	622.17
IDACI B	115.10	65.46	420.00	600.00	454.46	649.22	454.46
IDACI C	-	50.35	390.00	560.00	422.00	605.94	422.00
IDACI D	-	-	360.00	515.00	389.53	557.25	389.53
IDACI E	-	-	240.00	390.00	259.69	422.00	259.69
IDACI F	-	-	200.00	290.00	216.41	313.79	216.41
Low Prior Attainmen	704.90	996.48	1,022.00	1,550.00	1,105.84	1,677.16	1,105.84
EAL	395.75	1,202.19	515.00	1,385.00	557.25	1,498.63	557.25
Mobility	553.36	1,107.70	-	-	-	-	-
LAC	1,208.40	1,208.40	-	-	-	-	-
Split Site	55,000	164,086	-	-	55,000	164,086	55,000
Lump Sum	162,000	162,000	110,000	110,000	119,024	119,024	119,024

0.625

Full NFF Rates				
MODEL B		MODEL C		
SEC	Rate Applied	PRIM	SEC	Rate Applied
-	NFF	1,857.72		62.5%NFF
4,179.54	NFF		2,612.21	62.5%NFF
4,745.62	NFF		2,966.01	62.5%NFF
476.10	NFF	865.41	1,036.69	62.5%NFF
849.40	NFF	496.66	721.99	85%NFF
876.45	NFF	432.37	585.55	62.5%NFF
649.22	NFF	327.20	430.31	62.5%NFF
605.94	NFF	263.75	397.60	62.5%NFF
557.25	NFF	243.46	348.28	62.5%NFF
422.00	NFF	162.31	263.75	62.5%NFF
313.79	NFF	135.26	196.12	62.5%NFF
1,677.16	NFF	1,105.84	1,677.16	NFF
1,498.63	NFF	557.25	1,498.63	NFF
-	NFF			Enf Rates
-	NFF	-	-	Reduce 2/3
164,086	Enf Rates	55,000	164,086	Enf Rates
119,024	50% NFF	135,140	135,140	62.5%NFF

MUNICIPAL YEAR 2018/2019 REPORT NO. 12

MEETING TITLE AND DATE:

Schools Forum: 3 October 2018

REPORT OF:

Christine Webster
Head of Internal Audit and Risk Management

Contact officer: Lisa Byrne

E mail: lisa.byrne@enfield.gov.uk

	Item: 5a
Subject: Internal Audit – Maintained Schools Annual Summary – 2017/18	

1. EXECUTIVE SUMMARY

1.1 As part of the 2017/18 Internal Audit Plan approved by the Council's Audit Committee, Internal Audit has carried out a review of governance and financial management in 18 maintained schools across the borough.

Internal Audit examined the major processes within these schools to assess compliance with the Scheme for Financing Schools and the Council's Finance Manual for Schools, including the Contract Procedure Rules, and to check whether good governance and financial practices are applied throughout.

1.2 The attached letter summarises the findings from the audits carried out.

2. RECOMMENDATIONS

2.1. Members are asked to note and comment on the contents of this report.

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All Headteachers
 All Chairs of Governors
 All Chairs of Finance/Resources

Please reply to: Lisa Byrne

E-mail: Lisa.byrne@enfield.gov.uk

Phone: 020 8379 3709

Textphone:

Fax:

My Ref:

Your Ref:

Date: September 2018

Dear Headteacher, Chair of Governors and Chair of Finance/Resources

2017/18 School Audits

As part of the 2017/18 Internal Audit Plan approved by the Council's Audit and Risk Management Committee, Internal Audit carried out a review of governance and financial management in 18 schools across the borough. We also undertook two grant certifications for schools.

Our work involved carrying out targeted internal audit testing to assess the adequacy and effectiveness of financial management within each school visited. The testing carried out broadly aligns to the areas covered by the Schools Financial Value Standard (SFVS). We examined the major processes in these 18 schools to assess compliance with the Scheme for Financing Schools and the Council's Finance Manual for Schools, including the Contract Procedure Rules, and to check whether good governance and financial practices were applied throughout.

School Leadership Teams should use this report to identify potential risk areas or opportunities in their own school and to make improvements as required. It may also help as a prompt when completing both the 2018/19 SFVS and Risk Assessment and Financial Control Checklist returns.


Overall Report Opinions

All reviews undertaken covered the operating effectiveness of processes and controls falling under 10 scope areas. These are detailed in Appendix 1.

Of the schools reviewed in 2017/18, 3 (15%) received a Substantial Assurance opinion, 11 (55%) received a Reasonable Assurance opinion and 4 (20%) received a Limited Assurance opinion. No school received a No Assurance opinion.

James Rolfe
Executive Director, Resources
Enfield Council
 Civic Centre, Silver Street
 Enfield EN1 3XY

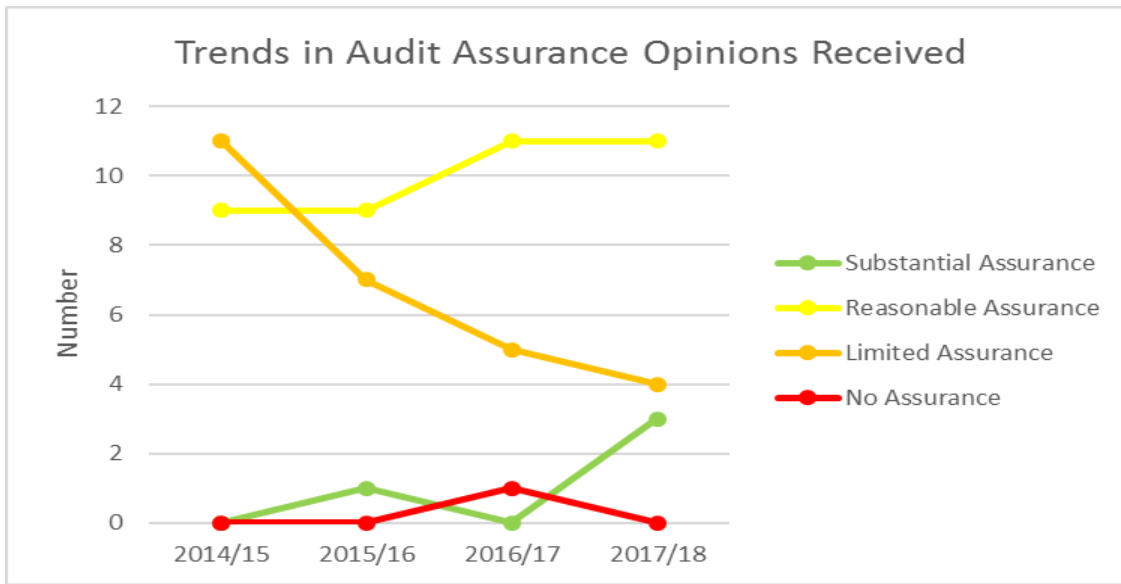
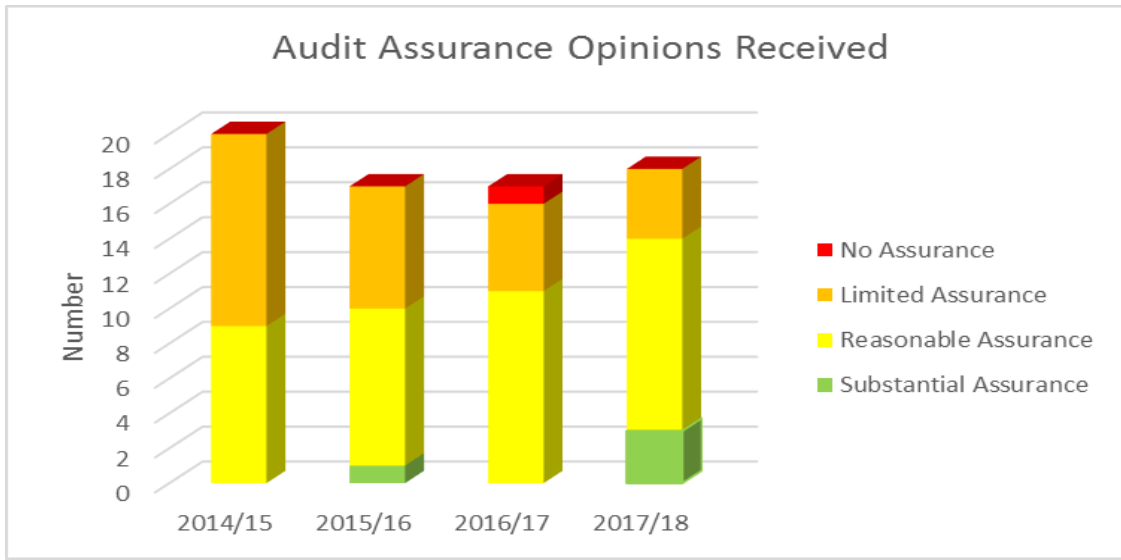
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 If you need this document in another language or format contact the service using the details above.

Definitions of internal audit assurance levels are provided in Appendix 3.

Comparing against 2016/17 results, there has been an increase in positive assurance opinions (Substantial and Reasonable) from 65% to 78% and a reduction in negative assurance reports (Limited and No Assurance) from 35% to 22%.

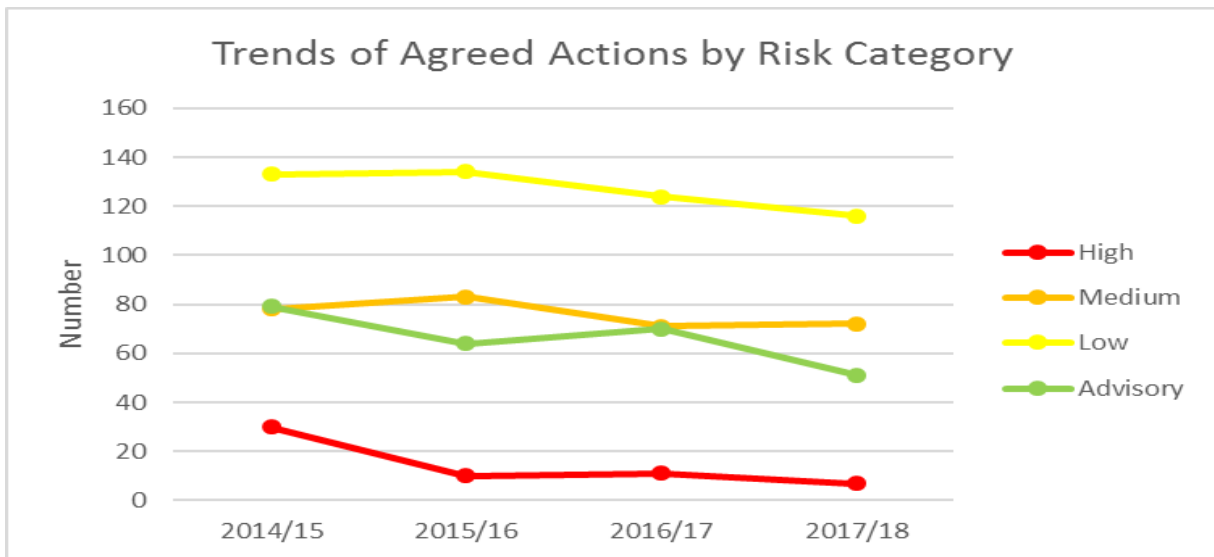
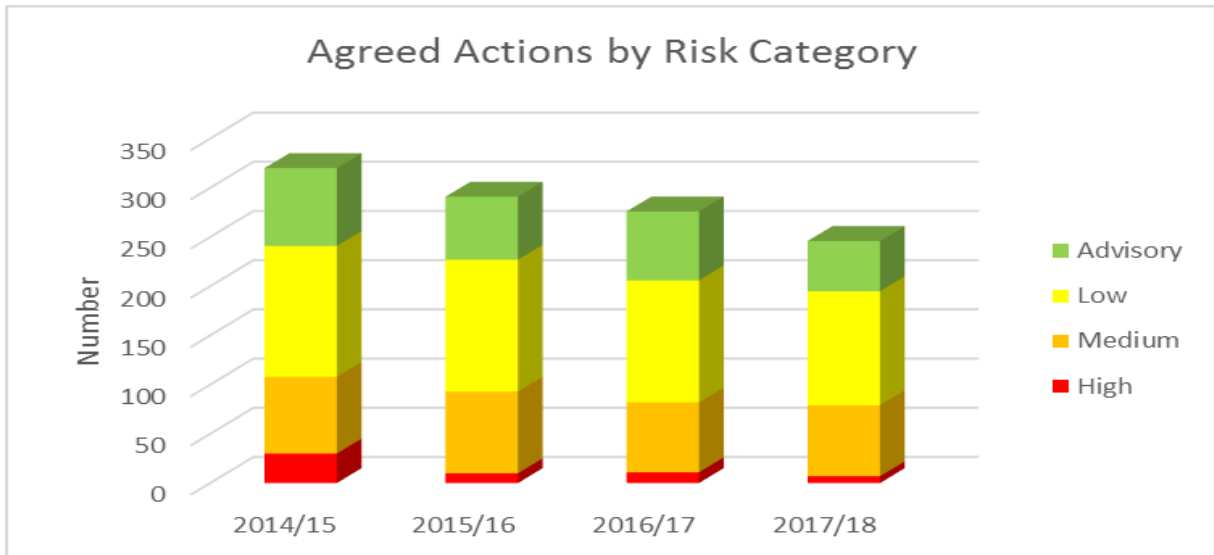
These opinions, together with the trend from 2014/15, are shown in the charts below:



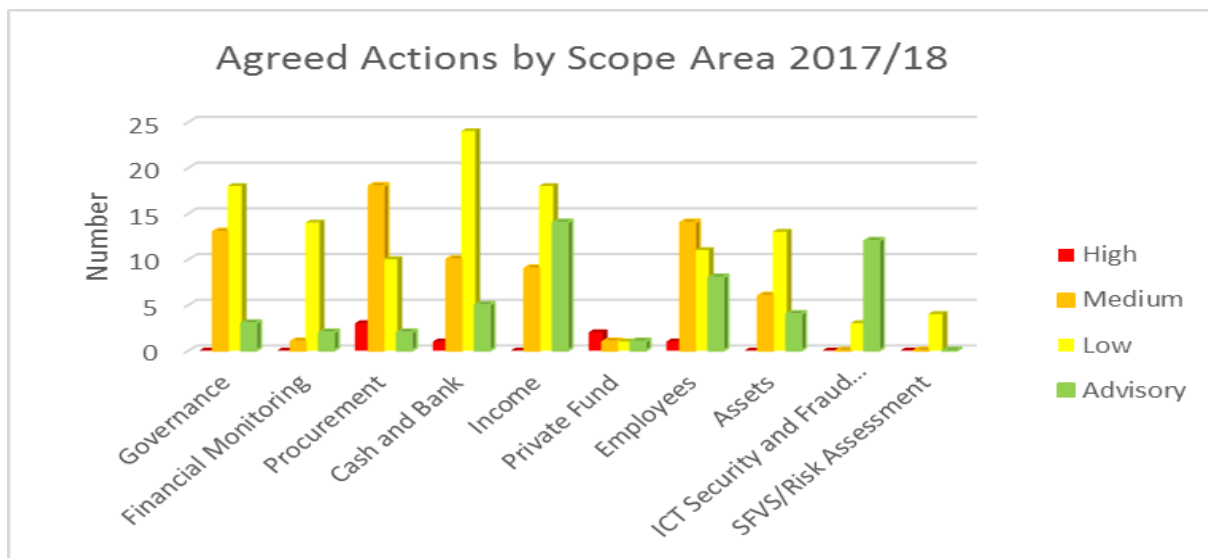
Analysis of agreed actions

Actions for improvement have been agreed with the Headteacher to address the risks identified by our internal audit work. In 2017/18, 246 actions were agreed, including 7 relating to high risk findings. The number of actions in total has declined steadily from 320 in 2014/15 to 246 in 2017/18. Controls around procurement and income remain the prime areas of concern.

An analysis and trends of the agreed actions are shown in the following graphs:



The actions agreed during 2017/18 for each scope area are shown in the following graph:



Summary of Findings

Governing Bodies have a responsibility to ensure that they have appropriate controls in place at their school to meet the regulatory framework for finance and financial management as required by statute and detailed in the local Scheme for Financing. Detailed below are the main themes and areas for improvement identified from the reviews. It is recommended that Governing Bodies consider the items listed and be assured that their schools have appropriate controls in place.

Governance

Governing Body and Committee Minutes	<ul style="list-style-type: none"> Insufficient detail regarding discussions held and key decisions made, particularly around approval of key documents.
Register of Business Interests	<ul style="list-style-type: none"> Not completed annually by all Governors or all members of staff with financial responsibility (as stated in the Scheme of Delegation) Governors' interests not posted on a publicly available website or not up to date
Delegated Authority	<ul style="list-style-type: none"> Inconsistencies between the Organisational Arrangements/Terms of Reference documents and the Scheme of Delegation documents. Scheme of Delegation: <ul style="list-style-type: none"> Incomplete or not demonstrating appropriate separation of duties. No evidence of Governing Body approval. Actions not completed in accordance with the agreed scheme of delegation

Budget Setting and Financial Monitoring

Finance Returns	<ul style="list-style-type: none"> No minutes of: <ul style="list-style-type: none"> The three year budget return having been presented to the Governing Body
-----------------	--

	<ul style="list-style-type: none"> – Approval of the three year budget by the Governing Body – Quarterly Returns having been presented to the Finance/Resources Committee or the Governing Body – Approval of the Quarterly Returns by the Finance/Resources Committee or the Governing Body • Quarterly returns not reconciling to the school's finance records and/or not checked before being submitted to the Council
Expenditure	
Contracts and Purchasing	<ul style="list-style-type: none"> • Non-compliance with the Council's Contract Procedure Rules, particularly around obtaining the required number of quotes • Contracts not signed by both the school and the contractor. • Official orders not completed and authorised for all goods and services <i>prior</i> to placing the order • Expenditure above the Headteacher's delegated limit not approved by, where possible in advance, the Governing Body in line with the school's Scheme of Delegation. • Inadequate evidence of a three-way match (between the order, the goods or services received and the invoice) prior to payment
Cash and Bank	
Staff reimbursements	<ul style="list-style-type: none"> • Staff reimbursements paid despite not being authorised • Items delivered to a location other than the school
Commercial and Store cards	<ul style="list-style-type: none"> • Insufficient evidence of pre-authorisation, reconciliation and monitoring of purchases made on the school's commercial and /or store cards.
School Debts	<ul style="list-style-type: none"> • High levels of debt on ParentPay system
Income	
Income reconciliations	<ul style="list-style-type: none"> • Inadequate controls around income records, including the absence of regular reconciliations of expected income to income received and banked. • No evidence of appropriate separation of duties through independent checks.
Private fund	
Reconciliations	<ul style="list-style-type: none"> • No monthly bank reconciliations
Audit of Accounts	<ul style="list-style-type: none"> • Annual accounts not independently audited • Audited annual accounts not presented to the Governing Body for approval

Staffing	
New starters	<ul style="list-style-type: none"> • Appropriate pre-employment checks not completed
Assets	
Inventory records	<ul style="list-style-type: none"> • Incomplete inventory records • No annual independent inventory checks

A summary of our key findings and recommended actions to mitigate the associated risks is given at Appendix 2. This summary allows all schools to learn from the common findings of the 2017/18 Internal Audit work and to prevent the reoccurrence of these incidents going forward.

Annual returns submitted to Internal Audit

Schools Financial Value Standard (“SFVS”)

The SFVS was designed in conjunction with schools:

- to assist schools in managing their finances; and
- to give assurance that schools have robust financial management processes in place.

Governing Bodies have responsibility for overseeing the financial management of their schools, so the standard is primarily aimed at Governors. Local Authority maintained schools are required to complete the SFVS return annually.

Every Enfield school required to do so, submitted their 2017/18 SFVS return to Internal Audit.

In reviewing the returns, we noted:

- 4 of the 49 schools that stated all controls were in place and no remedial action was required, had received Limited Assurance opinions in their most recent audits
- A further five schools, although receiving a ‘reasonable assurance’ audit opinion overall, did have five or more individual medium risk findings during the audit. Therefore, it is important that, when completing the SFVS return, governors ensure that they can confirm that appropriate processes and adequate controls are in place or, where weaknesses are identified, an appropriate remedial action plan is developed.

Risk Assessment and Financial Control Checklist

The Risk Assessment and Financial Control Checklist is intended to help schools and Governors self-review their level of internal control and to assess the likelihood and impact of any risk arising from lack of controls. The checklist should be completed on an annual basis and contributes to the Council’s assurance over schools’ financial governance.

Although an improvement on last year, the fact that 6% of schools did not submit this return to Internal Audit is a cause for concern. For these schools there is no evidence that an appropriate self-assessment of internal financial control has been undertaken within the last year, leaving them open to the risk of fraud and errors.

School leadership teams should ensure the checklist is completed robustly and honestly, and that appropriate remedial action is recorded where relevant. The implementation of remedial actions should be regularly monitored by the Governing Body.

Internal Audit offers audit and fraud training for both Governors and School Business Managers (SBMs). The training programme is developed with the School Standards and Support Service and can be accessed through the Service's [training portal](#). Officers also regularly attend and present at SBM meetings, conferences and partnership groups to advise on how schools can address the non-compliance issues raised in this letter.

Should you have any comments on this report or require further clarification or want to raise any concerns, the Internal Audit team would be happy to discuss these with you (please see below for contact details).

Yours sincerely,

Gemma Young
Head of Internal Audit and Risk Management

Copies to: Schools Forum
Clara Seery, Acting Director of Education
Louise McNamara, Finance Manager
Sangeeta Brown, Resources Development Manager
James Rolfe, Executive Director, Resources
Marion Cameron, Audit and Risk Manager
Lisa Byrne, Senior Internal Auditor

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IMPORTANT – Enfield residents should register for an online Enfield Connected account. Enfield Connected puts many Council services in one place, speeds up your payments and saves you time – to set up your account today go to **www.enfield.gov.uk/connect**

APPENDIX 1 - Scope Areas

Scope Area:	To ensure that:
Governance	<ul style="list-style-type: none"> • Roles and responsibilities of the Governing Body and sub-committees are clearly defined. • Governance meetings and minutes demonstrate discussion and decision making to ensure the school meets all its statutory obligations and complies with the Council's financial regulations. • A complete and up to date register of business interests of all governors, and staff with financial responsibility, is maintained at the school.
Budget setting & Financial monitoring	<ul style="list-style-type: none"> • Good financial management exists, including the provision of regular budget reports, which are reviewed by senior management and the Governing Body.
Expenditure	<ul style="list-style-type: none"> • Expenditure is legitimate, complies with the Council's Finance Manual for Schools' and the Council's Contract Procedure Rules and is authorised appropriately. • Governing Bodies review expenditure to determine that their school's resources are well spent and provide value for money.
Cash & Bank	<ul style="list-style-type: none"> • Bank balances are managed to ensure that the school does not become overdrawn. • There are appropriate controls in place over payments including reimbursements to staff and payments made via bank cards. • There are appropriate controls over cash and cheques held on school premises • Appropriate separation of duties exists to reduce the risk of fraud and error.
Income	<ul style="list-style-type: none"> • Charges are levied in line with authorised scales • Receipts are banked promptly and in full. • Accurate records of all income due or collected are maintained by the school. • Appropriate separation of duties exists to reduce the risk of fraud and error.
Private/School Fund	<ul style="list-style-type: none"> • The standard for the guardianship of the private fund is as rigorous as for the administration of the school's delegated budget.
Employees	<ul style="list-style-type: none"> • Staff are adequately vetted to ensure their suitability for employment. • Payments to permanent, supply and agency staff are valid and appropriately authorised.
School Assets	<ul style="list-style-type: none"> • Appropriate processes are in place to ensure that assets are security marked • Full and accurate records of assets are maintained. • There are appropriate and up to date business continuity and disaster recovery plans.
ICT Security and Fraud Awareness	<ul style="list-style-type: none"> • Appropriate controls exist over general security at the school, including information, hardware and software. • The requirements of current Data Protection legislation are adhered to.
SFVS and Risk Assessment Returns	<ul style="list-style-type: none"> • The school's self certified responses on the SFVS and the Risk Assessment and Financial Control Checklist accurately reflect controls in operation.

APPENDIX 2 - Key Findings and Actions

Finding		Risk	Action
GOVERNANCE			
1	<p>Governing Body and Committee Minutes</p> <p>Examination of the minutes of Governing Body and Committee meetings highlighted that there was insufficient detail regarding:</p> <ul style="list-style-type: none"> documents received in advance documents tabled discussions held, and key decisions and approvals made at the meetings. 	<p>Where actions, decisions and assigned responsibilities are not formally recorded, they may not be carried out or may be implemented contrary to the agreed decision.</p> <p>Without the provision of clear minutes of its meetings and the decisions made, the Governing Body may not be able to demonstrate it is operating effectively, transparently and in the best interests of the school.</p>	<p>Future Governing Body and Committee minutes will:</p> <ul style="list-style-type: none"> record the title of the documents received in advance or tabled at the meeting record all discussions and decisions made ensure that all key financial returns and documentation presented are clearly approved.
2	<p>Register of business interests</p> <p>Examination of the register of business interests highlighted that:</p> <ul style="list-style-type: none"> not all Governors had completed a business interest form Governors' declarations were out of date staff with financial responsibilities had either not completed a business interest form or the form was incomplete The register of business interests for Governors published on the school website as required by the Scheme for Financing Schools section 2.9 was either incomplete 	<p>Governors' or staff private or personal interests may impact adversely on decisions taken by the school if potential conflicts are not declared and visible.</p>	<p>The school will ensure that the register of business interests, is up to date and completed by all Governors and members of staff with financial responsibility (as specified in the school's Scheme of Delegation).</p> <p>Individual forms and the information published on the school's website will be updated annually or as and when circumstances change.</p>

Finding		Risk	Action
	or out of date		
3	Delegated authority		
	<p>The Scheme of Delegation did not ensure that financial activity across all business areas was appropriately delegated taking separation of duties into account.</p> <p>Through testing, we:</p> <ul style="list-style-type: none"> noted instances where transactions were undertaken by individuals who did not have the appropriate delegated authority found instances where the School Business Manager (SBM) had the authority to sign orders, undertake goods receipting, check and authorise invoices, process information on the finance system and authorise payments <p>We also identified that the School Business Manager (SBM) has authority to sign orders, undertake some goods receipting, check and authorise invoices, process information on the finance system and is a cheque signatory. Therefore, there is potential for insufficient separation of duties throughout the financial processes.</p> <p>Delegation to committees and/or individuals through the Organisational Arrangements and/or Terms of Reference, was not agreed by the Governing Body.</p>	<p>Staff could act outside the scope of their authority, which may result in unlawful, unauthorised or inconsistent practices occurring, unauthorised procurement and value for money not being achieved.</p> <p>Where one individual is authorised to approve a transaction at all steps of its journey (i.e. there is no separation of duties), the risk of fraud is increased.</p>	<p>The school will review the Scheme of Delegation to ensure it:</p> <ul style="list-style-type: none"> includes transactions across all business areas includes sufficient separation of duties complies with the requirements of the Council's Finance Manual for Schools is kept up to date <p>Any changes to the Scheme of Delegation will be approved and minuted by the Governing Body.</p>
BUDGET SETTING AND FINANCIAL MONITORING			

Finding		Risk	Action
4	<p>Approval of finance returns</p> <p>There was no minute demonstrating the approval of the three-year working budget by the Finance Committee (where applicable).</p> <p>There was also no minute demonstrating presentation of the three-year working budget to the Governing Body nor subsequent approval of the budget by the Governing Body.</p>	<p>The Governing Body may not be able to discharge its responsibility for effective budget monitoring and control.</p>	<p>The three-year working budget will be reviewed and approved by the Finance Committee (where applicable). Such review and approval will be formally minuted.</p> <p>The three-year working budget will be reviewed and approved by the Governing Body as required by the Scheme for Financing Schools, section 1.5, prior to submission to the Council. This review and approval will be formally minuted.</p>
EXPENDITURE			
5	<p>Contracts and expenditure testing</p> <p>Where contracts for services were renewed annually, we noted the following exceptions in relation to the Council's Contract Procedure Rules:</p> <ul style="list-style-type: none"> the full life of the contract had not been taken into account the appropriate number of quotations had not been obtained where the total value of the transaction was above the Headteacher's delegated limit, the expenditure had not been approved in advance by the Governing Body where the Council's Contract Procedure Rules had not been followed, a waiver had not been agreed by the Governing Body <p>There was no contract signed by both parties.</p> <p>Detailed testing of expenditure revealed the following contraventions of the Council's Contract</p>	<p>Non-adherence to the Council's Contract Procedure Rules may:</p> <ul style="list-style-type: none"> lead to poor decision making result in not achieving the best value for money when using public funds result in the school not being safeguarded in the event of dispute result in the school being at risk from fraud and not being able to respond adequately in case of fraud 	<p>The school will adhere to the Council's Contract Procedure Rules, as specified in the Scheme for Financing Schools section 2.10.</p> <p>Where contracts are renewed annually (or an on-going service is provided by the same supplier), the arrangement will be market tested at least every four years or more frequently as determined by the Governing Body. The value of the contract for Contract Procedure Rules assessment will be calculated by multiplying the annual cost by 4 (or the monthly payment by 48).</p> <p>The school will ensure that the documentation relating to quotations and tenders is retained in accordance with the Retention of Documents Policy (appendix 1 of the Schools' Finance Manual).</p> <p>Where quotation requirements cannot be adhered to, and if there is a good cause, a waiver of contract procedure rules will be completed. This arrangement will be approved by the Governing Body and formally minuted.</p> <p>Contracts with a total value over the EU threshold (currently £164,000), cannot be waived and in such cases, the appropriate</p>






Finding	Risk	Action	
<p>Procedure Rules:</p> <ul style="list-style-type: none"> • purchase orders not raised or raised retrospectively. • orders and/or invoices not authorised or not authorised in line with the agreed Scheme of Delegation. • appropriate number of quotes not obtained and retained. • late payment of invoices. 		<p>tendering process will be followed.</p> <p>All expenditure above the Headteacher's delegated limit will be approved by the Governing Body, in accordance with the school's Scheme of Delegation, and any discussion/decision recorded in the minutes of the meeting to provide evidence of this approval.</p> <p>The school will ensure that controls are in place for an effective three way check between the order raised, goods or services received and the invoice payment to take place. Appropriate separation of duties, in line with the agreed Scheme of Delegation, will be incorporated throughout the process.</p>	
CASH AND BANK			
<p>6</p>	<p>Commercial and store cards</p> <p>Testing highlighted inadequate controls in place over the use of commercial and store cards, including:</p> <ul style="list-style-type: none"> • no pre-authorisation of expenditure. • absence of records/receipts • no monthly reconciliation between the statement and receipts or invoices • monthly reconciliation not signed and dated • no approval of the monthly reconciliation by an independent member of staff (usually the Headteacher) • delivery to an address other than the school address • no independent verification that the goods were 	<p>The school could be vulnerable to fraud, loss or misappropriation of monies through inappropriate use of the business cards.</p>	<p>Appropriate controls for the use of a business card will be implemented in accordance with the Council's Finance Manual for Schools, section 7.27-7.46. These controls will include separation of duties, pre-authorisation of orders and reconciliation of card statements with receipts or invoices.</p> <p>Goods will be delivered to the school address. In exceptional circumstances where this is not possible, an independent person will sign to confirm the school received the goods.</p>





Finding		Risk	Action
	received in the school		
7	<p>Reimbursements to staff by cash and cheque</p> <p>Testing highlighted inadequate controls in place over reimbursements to staff including:</p> <ul style="list-style-type: none"> claims not authorised claims authorised by someone without the appropriate delegated authority 	<p>Ineffective controls over staff reimbursements could result in loss, fraud or misappropriation of school funds.</p>	<p>Appropriate controls for staff reimbursements will be implemented in accordance with the Council's Finance Manual for Schools, section 7.67-7.81.</p>
INCOME			
8	<p>Processing income</p> <p>Detailed testing highlighted inadequate controls in place over school income including:</p> <ul style="list-style-type: none"> no reconciliation between expected income, income received, and income banked (e.g. for breakfast club, afterschool club, uniform sales, etc) no signed and dated independent review of the above reconciliation. Regular stock takes were not undertaken. reconciliations undertaken were not always signed and dated by the person carrying out the reconciliation nor by the independent reviewer. 	<p>If regular reconciliations are not performed:</p> <ul style="list-style-type: none"> income may be lost or misappropriated error may go undetected income due may not be collected <p>Where signatures and dates are absent, the school may be unable to demonstrate that there is separation of duties and accountability for income.</p>	<p>Appropriate records will be kept of all income received, with regular reconciliations being undertaken and independently checked.</p> <p>Regular stocktakes of uniform and other school items sold should be undertaken against records of items held. Stocktakes should be undertaken by two individuals who should sign and date the records.</p>
PRIVATE FUND			
9	<p>Private Fund records</p> <p>Examination of private fund records highlighted the following:</p>	<p>The school may not be able to demonstrate satisfactory stewardship and management</p>	<p>The school will ensure that the Private Fund bank account is reconciled monthly and that the reconciliation is independently</p>

Finding		Risk	Action
	<ul style="list-style-type: none"> no monthly bank reconciliations were undertaken the accounts were not audited annually audited annual accounts were not presented to the Governing Body for approval 	<p>over the private fund.</p> <p>Discrepancies or fraudulent transactions may not be identified, investigated and resolved.</p>	<p>reviewed, in accordance with the Scheme of Delegation.</p> <p>The reconciliations will be signed and dated by the preparer and the reviewer to evidence the checks undertaken.</p> <p>The school will ensure that the annual accounts are audited and that these audited accounts are presented to the Governing Body for approval annually.</p>
STAFFING			
10	New starters		
	<p>Examination of new employee records highlighted:</p> <ul style="list-style-type: none"> pre-employment checks not being undertaken prior to employment commencing Videpay forms for new starters were sent after employment commenced. 	<p>If the appropriate pre-employment checks are not completed prior to the commencement of employment:</p> <ul style="list-style-type: none"> unsuitable appointments may be made. children's' welfare may be put at risk. <p>Late submission of Videpay instructions could result in the late payment of salary</p>	<p>Prior to employment commencing the schools will ensure:</p> <ul style="list-style-type: none"> all pre-employment checks are completed all appropriate paperwork is submitted to Schools Personnel Service.
ASSETS			
11	Inventory records		
	<p>Examination of inventory records highlighted:</p> <ul style="list-style-type: none"> Items listed in the inventory records not being found in the school 	<p>If the asset register is incomplete or inaccurate, this could limit the school's ability to track its assets and the school may be unable to make an</p>	<p>The school will ensure that the inventory records are kept up to date and are reviewed for old and obsolete items.</p> <p>The school will undertake an independent inventory count annually. Records relating to the inventory count will be signed,</p>

Finding	Risk	Action
<ul style="list-style-type: none"> physical assets in the school not listed in the inventory records. No evidence of a full independent check of inventory being undertaken annually 	<p>accurate insurance claim should the need arise.</p> <p>If annual inventory checks are not undertaken, misappropriated or lost items of equipment may not be identified, and corrective action may not be possible.</p> <p>Any missing equipment may impact the ability to deliver key functions.</p>	<p>dated and retained as evidence of the count.</p>

APPENDIX 3 - Definition of Risk and Assurance Ratings

Risk rating	
Critical 	<p>Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc.</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers.</p> <p>Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene</p> <p>Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences</p>
High 	<p>Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff.</p> <p>Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage. Noticeable impact on public opinion</p> <p>Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences</p>
Medium 	<p>Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff.</p> <p>Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage.</p> <p>Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required.</p> <p>Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences</p>
Low 	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale</p> <p>Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation</p> <p>Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines.</p> <p>Minimal financial loss – Minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences</p>
Advisory 	<p>Advisory findings or observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere.</p> <p>Does not require a formal management response.</p>

Level of assurance	
Substantial 	No significant improvements are required. There is a sound control environment with risks to key service objectives being well managed. Any deficiencies identified are not cause for major concern.
Reasonable 	Scope for improvement in existing arrangements has been identified and action is required to enhance the likelihood that business objectives will be achieved.
Limited 	The achievement of business objectives is threatened and action to improve the adequacy and effectiveness of the risk management, control, and governance arrangements is required. Failure to act may result in error, fraud, loss or reputational damage.
No 	There is a fundamental risk that business objectives will not be achieved and urgent action is required to improve the control environment. Failure to act is likely to result in error, fraud, loss or reputational damage.

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MUNICIPAL YEAR 2018/2019 – REPORT NO. 13**MEETING TITLE AND DATE:**

Schools Forum – 3 October 2018

REPORT OF:

Director of People Services

Contact officer: Sangeeta Brown

Email: sangeeta.brown@enfield.gov.uk**Recommendation**

To note the workplan.

Agenda – Part: 1	Item: 6
Subject: Schools Forum: Workplan	
Wards: All	

<u>Meetings</u>		<u>Officer</u>
May 2018	Healthy Pupil Capital Fund Schools Financial Support Fund Strategy and delivery of school places	AD SB KR
July 2018	Schools Budget – Outturn (2017/18) Schools Balances – Update (2017/18) Pupil Places Apprenticeship Pooling Resources	LM SB KR KT
October 2018	Schools Budget: 2018/19 – Monitoring School Funding Review (2018/19) School Funding Arrangements (2019/20) Annual Audit – Update	SB SB SB SB
December 2018	Schools Budget: 2018/19: Update School Funding Arrangements (2018/19) Central Services Budgets	LM SB CS
January 2019	Local Authority Funding Schools Budget: 2018/19 – Monitoring Schools Budget: 2019/20: Update Scheme for Financing - Revisions	CS LM LM SB
March 2019	Schools Budget: 2019/20: Update High Needs Places	LM SB
May 2019	TBC - Single Item Agenda	
July 2019	Schools Budget – Outturn (2018/19) School Funding Review (2019/20) Funding Arrangements (2020/21)	LM SB SB

Dates of Meetings

Date	Time	Venue	Comment
9 May 2018	5:30 - 7:30 PM	Chace Community	
11 July 2018	5:30 - 7:30 PM	Chace Community	
03 October 2018	5:30 - 7:30 PM	Waverley Schools	
12 December 2018	5:30 - 7:30 PM	Chace Community	
16 January 2019	5:30 - 7:30 PM	Waverley Schools	
06 March 2019	5:30 - 7:30 PM	Waverley Schools	
15 May 2019	5:30 - 7:30 PM		Provisional
July 2019	5:30 - 7:30 PM		

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