

MUNICIPAL YEAR 2016/2017 REPORT NO. 28

MEETING TITLE AND DATE:
Schools Forum 8 March 17

REPORT OF:
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Services

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

1. EXECUTIVE SUMMARY

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

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

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

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

2. RECOMMENDATIONS

The Schools Forum is asked to note and support:

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

The Schools Forum is asked to note and approve:

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

3. Dedicated Schools Grant 2017/18

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

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

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

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

4. Proposed Allocation of DSG Funding 2017/18

4.1 Summary of Budget Requirements and Funding

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

4.2 Schools Block

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

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

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

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

4.3 Early Years Block

4.3.1 3 and 4 Year Olds – 15 Hours Entitlement

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

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

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

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

4.3.2 3 and 4 Year Olds – 30 Hours Entitlement

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

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

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

4.3.3 2 Year Olds – 15 Hours Entitlement

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

4.3.4 Early Years Pupil Premium

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

4.4 **High Needs Block**

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

4.4.1 **Special Schools**

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

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

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

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

4.4.2 ARPs (including Speech & Language Units)

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

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

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

4.4.3 Nurture Groups

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

4.4.4 SEN Exceptional Needs

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

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

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

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

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

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

4.4.5 Post 16 - High Needs Provision

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

4.4.6 Home and Hospital Provision

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

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

4.4.7 Pupil Referral Unit (PRU)

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

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

4.4.8 Special Educational Needs (SEN)

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

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

5. Education Services Grant

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

The financial implications of these changes are as follows

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

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

Retained Duties

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

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

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

General Duties

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