

Worcestershire Schools Forum (WSF) Agenda 26th September 2019

3.00pm

Kidderminster Room

County Hall

Worcester

WR5 2NP

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Contact: Andy McHale

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b) Recovery Plan Update

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b) F40 Group Updates

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d) Potential Local Consultation Issues for 2020-21

e) DfE MFG Variation Approval Requests

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and Academy Trusts

Date of Next Meeting:

Thursday 28th November 2019 at **2pm**, Worcester Room, County Hall

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MEETING OF THE WORCESTERSHIRE SCHOOLS FORUM (WSF)

Thursday 26th September 2019 at 3pm
Kidderminster Room, County Hall, Worcester

PLEASE NOTE THE LATER START TIME OF 3PM FOR THIS MEETING

A G E N D A

1. Election of Chair and Vice Chair of the WSF
2. Apologies and Welcome
3. Declaration of Interests
4. Declaration of Potential Conflict of Interests
With Items on the Agenda
5. Minutes of the Last Meeting 4th July 2019 (attached)
6. Matters Arising
7. Any Other Business
WSF Attendance Academic Year 2018/19 (attached)
8. Local Government Pension Scheme
for Maintained Schools

(Rob Wilson
Finance Manager – Pensions, Treasury
Management and Capital
In attendance)

Nick Wilson

Interim Assistant
Director – Education
& Skills

Children, Families
and Communities
Directorate

PO Box 73
County Hall
Spetchley Road
Worcester
WR5 2YA

Tel 01905 846328

E-mail
nwilson2@worcestershire.gov.uk

9. High Needs Update –
 - a) DfE Call for Evidence (attached)
 - b) Recovery Plan Update (attached)
(Penny Richardson
Interim Group Manager SEND
Children, Families and Communities
In attendance)

10. School and LA Funding Update 2020-21
 - a) DfE Funding Announcements
September 2019 (attached)
 - b) F40 Group Updates (attached)
 - c) Education and Skills Funding Agency (ESFA)
Schools Revenue Funding 2020 to 2021
Operational Guidance (attached)
 - d) Potential Local Consultation Issues
for 2020-21 (attached)
 - e) DfE MFG Variation Approval Requests (attached)

11. DfE Consultation on the Financial Transparency (attached)
of LA Maintained Schools and Academy Trusts

Date of Next Meeting: - Thursday 28th November 2019 at **2pm**
Worcester Room, County Hall

Please pass apologies to Andy McHale who can be contacted on
Tel 01905 846285 or e-mail amchale@worcestershire.gov.uk

MINUTES OF THE MEETING OF THE
WORCESTERSHIRE SCHOOLS FORUM (WSF)

Thursday 4th July 2019
Kidderminster Room, County Hall, Worcester

The meeting started at 2.00 pm

IN ATTENDANCE:

WSF Members

Bryn Thomas (Vice Chair)	-	HT Wolverley CE Secondary School
Marie Pearse	-	HT Evesham Nursery School
Paul Essenhigh	-	Executive HT Catshill Middle, Catshill First and Nursery Schools
Nathan Jones	-	HT Meadow Green Primary
Adrian Ward	-	HT Trinity High School
Deb Rattley	-	HT Chadsgrove Special School
Lorraine Petersen	-	Governor, Bromsgrove
David McIntosh	-	Governor, Wyre Forest
John Bateman	-	Governor, Aspire Alternative Provision (AP) Free School
Stephen Baker	-	Union Representative
Tricia Wellings	-	PVI Sector

Local Authority (LA)

Nick Wilson	-	Interim Assistant Director Education and Skills Children, Families and Communities
Phil Rook	-	Director of Resources (Designate) Worcestershire Children First
Andy McHale	-	Service Manager Funding and Policy Children, Families and Communities
Councillor Marcus Hart	-	Cabinet Member with Responsibility for Education and Skills
Rob Phillips	-	Schools Finance Team Worcestershire County Council
Clive Werrett	-	Corporate Health and Safety Manager Worcestershire County Council (until 2.20pm for Agenda Item 7)
Judy Chadwick	-	Group Manager Skills and Investment Children, Families and Communities (2.25pm to 2.45 pm for Agenda Item 8)
Penny Richardson	-	Interim Group Manager SEND Children, Families and Communities (2.45pm to 3.35pm for Agenda Item 9)
David Monger	-	SEND Consultant (2.45pm to 3.35pm for Agenda Item 9)

Sarah Wilkins - Director of Education and Early Help
(Designate)
Worcestershire Children First
(from 3.40pm)

1. APOLOGIES

Malcolm Richards (Chair) - Governor, Bromsgrove
Vivienne Cranton - HT Hollymount Primary School
Chris King - CEO Severn Academies Educational Trust
Tim Reid - Church of England Board of Education
Greg McClarey - Archdiocese of Birmingham
Jeff Robinson - Governor, Malvern Hills
Edward Senior - 16-19 Providers
Caroline Brand - Finance Manager
Children, Families and Communities

In the absence of the Chair, Bryn Thomas Vice Chair WSF took the Chair for the meeting.

2. DECLARATION OF INTERESTS

None.

3. DECLARATION OF POTENTIAL CONFLICT OF INTERESTS WITH ITEMS ON THE AGENDA

None.

4. MINUTES OF THE LAST MEETING (23rd May 2019)

Agreed.

5. MATTERS ARISING

None.

6. ANY OTHER BUSINESS

6.1 Local Government Pension Scheme

(a) A member of the WSF requested clarification on the costs for maintained schools for the back-funding contributions required to repay the pension fund deficit. There was a concern on the impact on school budgets and the need to factor this into forward financial planning.

(b) Andy confirmed for academies this is listed individually in the pensions valuation report but maintained schools are part of the overall County Council valuation. The WSF requested attendance from the Pensions Team at a future meeting to discuss further.

RESOLVED –

The Clerk to arrange for attendance as required.

6.2 F40 Group Update

(a) Andy advised on the current F40 notification regarding a letter to the Chancellor of the Exchequer. The WSF raised concerns that only one Worcestershire MP had signed the letter.

(b) The Cabinet Member confirmed that the Leader of the Council had briefed the Worcestershire MPs and they are aware of the school funding and High Needs pressures. Members of the WSF reported of meetings arranged with their local MPs.

7. ACCOUNTABILITY AND RESPONSIBILITY OF HEADTEACHERS FOR PREMISES AND SAFETY RISK MANAGEMENT

7.1 The Chair welcome Clive Werrett to the WSF meeting.

7.2 Clive introduced the report which supplemented the guidance on repairs and maintenance matters already included in the Fair Funding Scheme for Financing Maintained Schools. The current level of buy back for Property Services has led to some schools not having a property agent leading to some issues on compliance and as such the paper sets out the expectations.

7.3 Clive confirmed for academies the County Council continues to be the landlord, so compliance is required. Clive advised questionnaires are regularly sent out to schools on key aspects of property matters.

7.4 Andy advised as this update was now referred to in the above Scheme, for which maintained members have approval powers, it needed to be discussed by the WSF.

7.5 The Chair thanked Clive for attending the meeting.

Clive Werrett left the meeting at 2.20pm

8. APPRENTICESHIP LEVY UPDATE FOR MAINTAINED SCHOOLS

8.1 The Chair welcomed Judy Chadwick to the WSF meeting.

8.2 Judy introduced the report detailing the current position, the work with Worcestershire Apprenticeships, the range of providers and subjects together with arrangements for quality assurance.

8.3 The WSF raised issues including: -

- There have been issues on awareness and accessing the levy funds.
- Where are the areas of under engagement in the range of subjects – some areas such as site management are not permitted.
- It is difficult for part time staff to access.
- Some providers want minimum numbers.
- Schools in financial difficulty are not being allowed to recruit under the terms of their deficit recovery.
- Schools cannot readily afford the salary costs involved particularly as minimum wage costs increase over time.
- Is there a need to offer employment after the apprenticeship?
- Under senior leaders is it possible to explore relevant qualifications such as NPQH and NPQSL?

- Is it possible to explore opportunities for the PVI sector delivering early years education on behalf of the LA?

8.4 In response Judy commented: -

- Information is published on the School's portal and via Education and Skills newsletters.
- There needs to be development for TAs aspiring to be teachers.
- Worcestershire Apprenticeships can support and on advise on a range of issues.
- Anyone can be an apprentice, but it must be on a relevant framework, learning new skills and have a 20% release time.
- There is the opportunity to explore NPQH and NPQSL.
- The idea is to offer employment, but this can be restricted to a year.

8.5 The Chair thanked Judy for attending the meeting.

Judy Chadwick left the meeting at 2.45pm

9. HIGH NEEDS UPDATE

9.1 The Chair welcomed Penny Richardson and David Monger to the WSF meeting.

9.1 Task Group 18th June 2018

(a) The WSF noted the presentations to the Task Group and were appreciative of all the work completed so far.

(b) The WSF further noted the draft notes of the meeting.

9.2 Draft Recovery Plan Update

(a) Andy introduced the issues and detailed the current and projected position in several other LAs.

(b) David introduced the report including further information on the national position and the demand led elements. The WSF noted it is unclear what the final effect of the DfE HN NFF will be for Worcestershire. In Worcestershire the proportion of EHCPs in mainstream was low compared to national and at least a £9m structural budget pressure remains in 2019-20 across non-maintained and independent school fees, post 16/post 19 provision and special provider top ups.

(c) David advised on the need to rebalance the continuum of the current profile particularly at the point of transition and significant numbers in post 16 together with addressing the growing trend in ASD, where there is no continuum of provision, and SEMH. David further advised setting targets to reduce reliance on non-LA placements was required but would be challenging.

(d) Penny discussed the issues for developing local capacity and advised this was influenced significantly by the legislative framework for SEND including parental use of legal support. It had never been the intention for students to move from mainstream to the independent sector or for the significant majority of post 16 and 19 to continue with their EHCP until age 25, but this has happened. Also, the previous efficient use of educational psychologists had been lost. To support the discussion a summary of the 6 building blocks for recovery was tabled.

(e) Members of the WSF commented as follows: -

- There are concerns on managing parental expectations.
- There is a need to build confidence and provision but accommodation and space in schools is a significant barrier.
- The commissioning of services outside of the LA e.g. EPs has had significant consequences – these skills have now been lost.
- This is the consequence of flawed Government policy – it should be about what is required to meet the significant growth in need and to provide services to meet that.
- Given the demand pressures it is difficult to sign up to a £9m+ reduction albeit this would be overtime.
- Where are the contributions from health and social care?
- Demand management is crucial but there is ethos of a fractured system and unfunded government policy has impacted significantly.
- Some schools are not engaging in the inclusion agenda.
- There needs to be joined up thinking in supporting schools – provision planning, SEND, accommodation, etc.
- Capital and revenue planning and funding need to go together.
- The wealth of experience and expertise in the LA and schools needs to be used.

(f) In response the LA commented: -

- There needs to be challenge and review much earlier in the SEND processes.
- There is the impact of Government policy and LAs are being squeezed financially.
- The issue of insufficiency in the national quantum is well documented – even with more resource there are still demand and capacity issues.
- Reductions in out county provision will take time.

(g) The Chair summarised requesting the WSF to consider the next stages with the need to support the notion of a full recovery plan but with the need to raise concerns of its effectiveness. Andy advised although a DfE submission is not required now, the structural deficit will probably require one in the future, so using their template would be useful. Also, the WSF is not required to approve a recovery plan but endorsement of the principles would be helpful. Nick confirmed the need to move to a full plan was paramount given the cost pressures, in line with the 6 building blocks.

RESOLVED –

The WSF supported the development of a full action plan as recommended in the report for discussion at the next meeting in September 2019.

(h) The Chair thanked Penny and David for attending the meeting and the Task Group for all the work completed so far.

9.3 DfE Call for Evidence

(a) Andy provided the WSF with a summary of the electronic DfE questionnaire.

(b) The WSF noted the range of areas and the difficulties in making a response on behalf of the WSF. All WSF members were encouraged to complete as required by 31st

July 2019. Andy provided the link to the questionnaire and that it was possible to complete electronic drafts on the DfE system prior to final submission.

RESOLVED –

WSF members to respond to the call for evidence as required.

Penny Richardson and David Monger left the meeting at 3.35pm

10. MAINTAINED SCHOOL BALANCES 2018-19

10.1 Andy introduced the report which detailed the revenue balances position for **maintained schools only** as at 31st March 2019.

10.2 The key headlines were: -

(a) From the LA: -

- It is a reducing picture with a significant reduction in balances of £3.8m from £9.4m to £5.6m from the previous year.
- Balances have reduced significantly over the last two-year period.
- The number of schools in deficit had increased from 26 to 33 and the value of the deficits had increased significantly by from £5.4m to £7.2m, mainly in the primary and secondary sectors.
- The light touch challenge to those schools with excess surplus balances would continue.

(b) From the WSF: -

- The increase in deficits is a concern and there are some small schools in particular in this position.
- However, some schools continue to hold significant surplus balances.
- Some schools are allocating reserves to balance in year budgets, which is not sustainable in the long term.
- Some schools are carrying balances as 'teaching schools' on behalf of other schools or saving for capital projects.
- It would be useful to see projections for 2019-20 from school budget plans, although it was recognised these will change significantly during the year.
- The yet unannounced teachers' pay award could impact significantly.

11. DSG OUTTURN 2018-19

11.1 Andy introduced the report which confirmed the DSG Reserve position as at 31st March 2019.

11.2 With the funding of the HN overspend and other DSG adjustments the DSG reserve was now **£0.632m in deficit** as detailed in **Appendix B**. This also confirmed the HN structural deficit of £9m. The WSF noted this and the allocations made to schools accessing through the Pupil Growth Fund for basic need in **Appendix C**.

RESOLVED –

The WSF: -

- **Noted the details of the DSG Centrally Retained Services in Appendix A.**

- **Noted the DSG C/Fwd position for 2018-19 as at 31st March 2019 and allocations made for the Pupil Growth Fund in Appendices B and C.**

11.3 Given the HN pressures Nick confirmed that a top slice from the Schools Block to High Needs for 2010-21, would need to be considered in the Autumn Term 2019. Many LAs had done this so there is some national custom and practice. The current limit is 0.5% of the Schools Block which for WCC is about £1.6m and requires WSF agreement. If this is not forthcoming and LAs want to proceed or want a higher amount this requires referral to and approval from the Secretary of State. Andy advised this could impact on the ability of the current local schools funding formula arrangement that replicates fully the DfE NFF parameters.

12. WSF MEETING SCHEDULE ACADEMIC YEAR 2018/19

12.1 The WSF noted the proposed schedule and potential agenda items.

12.2 The WSF requested that electronic meeting requests be sent for the meeting schedule.

12.3 Under the proposed work programme on national decisions for 2020-21, Andy advised no policy direction had been confirmed by the DfE apart from another year of the 'soft' local formula arrangement. The local schools funding formula position in WCC continuing to use the NFF would therefore need to be considered in the Autumn Term.

The meeting closed at 3.55pm

The date of the next WSF meeting is: -

Thursday 26th September 2019 at **3pm – please note the later start time**
Kidderminster Room
County Hall
Worcester

MEMBERSHIP ATTENDANCE – ACADEMIC YEAR 2018/19

DETAILED MEMBERSHIP

MEETING DATES

<u>CATEGORY/NUMBER/NAME</u>	<u>TERM</u>	<u>RE-ELECTION DATE</u>	<u>Sept 2018</u>	<u>Nov 2018</u>	<u>Jan 2019</u>	<u>Mar 2019</u>	<u>May 2019</u>	<u>July 2019</u>
<u>FIRST/PRIMARY SCHOOLS (7)</u>								
<u>HEADTEACHERS (4)</u>								
Marie Pearse	2 nd	31 st August 2020	✓	Ap	Ab	C	Ap	✓
Vivienne Cranton @	3 rd	31 st March 2021	✓	Ab	Ap	C	✓	Ap
Julie Wills	1 st	31 st October 2019	Ap	✓	X	X	X	X
Nathan Jones	1 st	31 st December 2020	X	X	✓	C	✓	✓
Vacancy			V	V	V	V	V	V
<u>GOVERNORS (3)</u>								
Malcolm Richards Chair 7/9/17	7 th	31 st March 2020	✓	✓	Ap	C	✓	Ap
Vacancy			V	V	V	V	V	V
Vacancy			V	V	V	V	V	V
<u>MIDDLE SCHOOLS (2)</u>								
<u>HEADTEACHERS (1)</u>								
Paul Essenhigh	2 nd	31 st August 2021	Ap	✓	✓	C	✓	✓
<u>GOVERNORS (1)</u>								
Vacancy @			V	V	V	V	V	V
<u>SECONDARY/HIGH (6)</u>								
<u>HEADTEACHERS (3)</u>								
Adrian Ward @	2 nd	31 st August 2020	✓	✓	✓	C	✓	✓
Chris King	2 nd	31 st August 2021	✓	✓	Ap	C	Ap	Ap
Bryn Thomas Vice Chair 7/9/17	3 rd	31 st January 2021	✓	✓	Ap	C	Ap	✓

MEMBERSHIP ATTENDANCE – ACADEMIC YEAR 2018/19

DETAILED MEMBERSHIP

MEETING DATES

<u>CATEGORY/NUMBER/NAME</u>	<u>TERM</u>	<u>RE-ELECTION DATE</u>	<u>Sept 2018</u>	<u>Nov 2018</u>	<u>Jan 2019</u>	<u>Mar 2019</u>	<u>May 2019</u>	<u>July 2019</u>
GOVERNORS (3)								
Jeff Robinson @	4 th	31 st October 2020	✓	✓	✓	C	Ap	Ap
David McIntosh @	7 th	31 st August 2021	Ap	Ap	✓	C	✓	✓
Vacancy			V	V	V	V	V	V
SPECIAL (3)								
HEADTEACHER (2)								
Debbie Rattley	2 nd	31 st January 2020	✓	Ap	✓	C	Ap	✓
Vacancy			V	V	V	V	V	V
GOVERNOR (1)								
Lorraine Petersen	1 st	30 th September 2020	✓	Ap	✓	C	Ap	✓
<u>PUPIL REFERRAL UNITS (PRU)/ALTERNATIVE PROVISION (AP) (2)</u>								
HEADTEACHER (1)								
Vacancy			V	V	V	V	V	V
GOVERNOR (1)								
John Bateman @	3 rd	28 th February 2021	Ap	✓	✓	C	✓	✓
<u>NON SCHOOL (6)</u>								
UNION REPRESENTATIVE (1)								
Stephen Baker	7 th	31 st August 2021	✓	✓	✓	C	✓	✓

MEMBERSHIP ATTENDANCE – ACADEMIC YEAR 2018/19

DETAILED MEMBERSHIP

MEETING DATES

<u>CATEGORY/NUMBER/NAME</u>	<u>TERM</u>	<u>RE-ELECTION DATE</u>	<u>Sept 2018</u>	<u>Nov 2018</u>	<u>Jan 2019</u>	<u>Mar 2019</u>	<u>May 2019</u>	<u>July 2019</u>
ARCHDIOCESE OF BIRMINGHAM SCHOOLS COMMISSION (1)								
Greg McClarey	2 nd	31 st August 2021	✓	Ap	✓	C	Ap	Ap
CHURCH OF ENGLAND BOARD OF EDUCATION (1)								
Tim Reid	2 nd	31 st August 2021	Ap	Ap	Ap	C	Ap	Ap
PRIVATE, VOLUNTARY AND INDEPENDENT (PVI) (2)								
Tricia Wellings	4 th	31 st October 2020	Ap	✓	✓	C	✓	✓
Denise Phelps	2 nd	30 th April 2019	✓	Ap	Ap	C	X	X
16-19 PROVIDER (1)								
Edward Senior	1 st	31 st August 2020	Ap	Ap	Ap	C	Ap	Ap
SUBSTITUTE MEMBERS								
Nathan Jones			N/A	✓	N/A	N/A	N/A	N/A
Fran Oborski			N/A	✓	N/A	N/A	N/A	N/A

MEMBERSHIP ATTENDANCE – ACADEMIC YEAR 2018/19

DETAILED MEMBERSHIP

MEETING DATES

<u>CATEGORY/NUMBER/NAME</u>	<u>TERM</u>	<u>RE-ELECTION DATE</u>	<u>Sept 2018</u>	<u>Nov 2018</u>	<u>Jan 2019</u>	<u>Mar 2019</u>	<u>May 2019</u>	<u>July 2019</u>
<u>TOTAL ATTENDANCE NOS. = ✓</u>			12	11	11	N/A	9	11
<u>TOTAL MEMBERSHIP = 26</u>			26	26	26	26	26	26
<u>TOTAL ATTENDANCE % (QUORUM 40% = 10)</u>			46%	42%	42%	N/A	35%	42%
<u>TOTAL MEMBERSHIP EXCLUDING VACANCIES = 19</u>			19	19	19	19	19	19
<u>TOTAL ATTENDANCE % (QUORUM 40% = 8)</u>			63%	58%	58%	N/A	47%	58%

KEY

✓ = Attended; Ap = Apologies; Ab = Absent; X = Not a member at that point; V = Vacancy; C = Cancelled; N/A = Not Applicable

@ Representatives from the Academy Sector; Plus 1 Observer Seat Education Funding Agency (EFA) representative.

Response ID ANON-G377-XYWX-8

Submitted to **Funding for SEND and those who need AP: Call for evidence**
Submitted on 2019-07-29 16:03:13

Introduction

A Name

First name:

Andrew

Last name:

McHale

B What is your email address?

Email:

amchale@worcestershire.gov.uk

C Response type

Are you responding as an individual or as part of an organisation?:

Part of an organisation

What is your role?:

Local authority finance officer

What is the name of your organisation?:

Worcestershire County Council

What type of organisation is this?:

Local Authority

D Which local authority are you responding from?

Local Authority:

Worcestershire

E Are you happy to be contacted directly about your response?

Yes

Confidentiality

F Do you wish for your response to remain confidential?

No

If you wish for your response to remain confidential, please tell us why.:

Funding for pupils with SEN in mainstream schools

1 What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important.

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - Age-weighted pupil unit of funding:

1

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - Low prior attainment†:

2

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - IDACI†† – a measure of area deprivation:

5

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - Eligibility for free school meals – a measure of deprivation relating to

individual children:

3

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - Mobility – additional funding for schools that have a high proportion of pupils who start at a school mid-year:

7

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - Standard lump sum – intended to reflect fixed costs of a school, however many pupils and teachers are required:

6

What formula factors are most important in providing schools with enough money to ensure they meet the needs of their pupils with SEN? Please rank the following factors in order of importance with 1 as the most important. - Other (please add below any other factors you think are important for ensuring that schools get an annual budget that enables them to provide appropriate SEN support):

4

Further comments:

These measures need to relate to the individual pupil and as such under 'other' EAL is an extremely valid measure. Deprivation is also important at an area level too but in this context it is not so targeted as pupil level data. Mobility is not a significant issue within the Worcestershire LA area and so not sure it is a reliable measure in this instance.

Funding for SEN through the schools funding formula

2 Would allocating more funding towards lower attainers within the low prior attainment factor help to better target funding towards the schools that have to make more SEN provision for their pupils?

Unsure

3 What positive distributional impact would this change in approach (e.g. creating tiers of low prior attainment) create for mainstream primary and secondary schools?

Comments:

This depends upon the re-distributional effect that will undoubtedly be caused by any change. It is extremely difficult to comment on any positive impact in the absence of any proposed detailed policy direction and individual LA and school modelling detailing the potential impact.

4 Would such a change in approach introduce any negative impact for mainstream primary and secondary schools?

Comments:

See comments in Question 3 which equally applies to any potential negative impact.

Targeted funding and support for SEN provision in schools

5 Please indicate whether you agree or disagree with the statements below, and in the comments box give the advantages and disadvantages of your preferred approach.

Please indicate whether you agree or disagree with the statements below, and in the comments box give the advantages and disadvantages of your preferred approach. - Local authorities should retain the flexibility to develop, in consultation with their schools, their own method of targeting extra SEN funding to schools that need it.:

Agree

Please indicate whether you agree or disagree with the statements below, and in the comments box give the advantages and disadvantages of your preferred approach. - Central government should provide more guidance for local authorities on how they should target extra SEN funding to schools, but local authorities should remain responsible for determining the amounts in consultation with their schools.:

Agree

Please indicate whether you agree or disagree with the statements below, and in the comments box give the advantages and disadvantages of your preferred approach. - Central government should prescribe a consistent national approach to the targeting of additional funding to schools that have a higher proportion of pupils with SEN and/or those with more complex needs.:

Neither agree nor disagree

Comments:

Although a local model is supported DfE prescription could lead to consistency across LAs. This is currently lacking and a potential weaknesses in the existing system. The ability to do this is significantly constrained by the DSG funding available.

Notional SEN Budget

6 Is it helpful for local authorities to continue to calculate a notional SEN budget for each school, and for this information to be published, as now?

Very helpful

7 For those responding from a school, who in your school(s) is involved in decisions about spending from the school's notional SEN budget?

Other (please comment):

N/A as not responding from a school.

8 Should the national funding formula for schools include a notional SEN budget, or a way of calculating how much of each school's funding is intended to meet the costs of special provision for pupils with SEN?

Yes

Do you have any further comments on the notional SEN budget?:

DfE prescription would be better here. There is no consistency in the current system with the Notional SEN definition a local one in terms of both the designated factors and the percentage amounts to include. On this basis the use of this currently as a measure of SEND in mainstream schools is wholly inconsistent and has no real credible basis. Either prescribe nationally or do not require one in the NFF.

The £6,000 threshold

9 Please indicate whether or not you agree with the following statements.

Please indicate whether or not you agree with the following statements. - The level of the threshold makes little or no difference to the system for making special provision: it is the level of funding available to schools and local authorities that is crucial.:

Agree

Please indicate whether or not you agree with the following statements. - The £6,000 threshold should be lower, so that schools do not have to make as much provision for pupils with SEN from their annual budgets, before they access top-up funding from the local authority.†:

Not Sure

Please indicate whether or not you agree with the following statements. - The £6,000 threshold should be higher, so that schools have to make more provision for pupils with SEN from their annual budgets, before they access top-up funding from the local authority.††:

Not Sure

Please indicate whether or not you agree with the following statements. - The operation of the £6,000 threshold should take account of particular circumstances.:

Not Sure

10 If you have agreed with the final statement in question 9, please indicate below which circumstances you think would be relevant for a modified threshold or different funding arrangement.

If you have agreed that the £6,000 threshold should be modified so that particular circumstances are taken into account., please indicate below which circumstances you think would be relevant for a modified threshold or different funding arrangement. - Schools that are relatively small.:

Not sure

If you have agreed that the £6,000 threshold should be modified so that particular circumstances are taken into account., please indicate below which circumstances you think would be relevant for a modified threshold or different funding arrangement. - Schools that have a disproportionate number of pupils with high needs† or EHC plans.:

Not sure

If you have agreed that the £6,000 threshold should be modified so that particular circumstances are taken into account., please indicate below which circumstances you think would be relevant for a modified threshold or different funding arrangement. - When pupils with EHC plans are admitted to a school during the year, which may create unintended consequences.††:

Not sure

If you have agreed that the £6,000 threshold should be modified so that particular circumstances are taken into account., please indicate below which circumstances you think would be relevant for a modified threshold or different funding arrangement. - Other (please specify below):

Comments:

Answered not sure to the final statement in Question 9. However, the key issue here is the level of funding that LAs receive. This is insufficient and whether it is £6k or something different is irrelevant. Also, the £6k as well as the £10k place funding has a much lower purchasing power as it has not been increased since it was first introduced.

Provision for pupils with SEN in mainstream schools

11 If you are responding on behalf of a school, do you have a clear understanding about what provision is "ordinarily available" to meet pupils' special educational needs in your school?

Not Answered

Comments:

N/A as not responding from a school.

12 How is this determined?

Part of a whole-local authority approach

13 How is this offer communicated to parents?

Published local offer,

If the offer is publicly available, please provide a web link.:

<http://www.worcestershire.gov.uk/sendlocaloffer>

14 Does your local authority make it clear when a child or young person requires an education, health and care (EHC) plan?

Yes

15 How is this articulated?

Published local offer,, School's published SEN information report

If this is publicly available, please provide a web link.:

See above

Funding for pupils who need alternative provision (AP) or are at risk of exclusion from school

16 Please indicate your agreement or disagreement with the following statements.

Please indicate your agreement or disagreement with the following statements. - The current funding arrangements help schools, local authorities and AP to work together and to intervene early where such action may avoid the need for permanent exclusion later:

Somewhat disagree

Please indicate your agreement or disagreement with the following statements. - The current AP funding arrangements help schools and AP to reintegrate children from AP back into mainstream schooling where this is appropriate:

Strongly disagree

17 How could we encourage more collaboration between local authorities, schools and providers to plan and fund local AP and early intervention support?

Comments:

The current system needs a through national review. The DfE policy of setting up new AP, although commended to support the increasing numbers requiring support, has no strategy and is often in competition with excellent LA provision.

18 What changes could be made to improve the way that the AP budget is spent, to better enable local authorities, schools and providers to use the local AP budget to provide high quality AP, intervene early to support children at risk of exclusion from school, or reintegrate pupils in AP back into mainstream where appropriate?

Comments:

See Q17 above.

19 Please use the box below to share any examples of existing good practice where local authorities, schools and AP settings have worked together effectively to use the AP budget to provide high quality AP, intervene early to support children at risk of exclusion from school, or reintegrate pupils in AP back into mainstream where appropriate.

Comments:

No specific comments here.

Some will be included in the further responses from other Worcestershire LA staff and stakeholders.

Funding for students with SEN in further education

20 Are there aspects of the operation of the funding system that prevent young people from accessing the support they need to prepare them for adult life?

Not sure

Comments:

The new DfE policy introduced for supporting SEND for post 16 and post 19 was unfunded and as such the significant financial burden has been left with LAs to

fund from their HN Block DSG.

21 Notwithstanding your views about the sufficiency of funding, please describe any other aspects of the financial and funding arrangements that you think could be amended to improve the delivery of provision for young people with SEN.

Comments:

No specific comments here.

Some will be included in the further responses from other Worcestershire LA staff and stakeholders.

22 If you are able to provide any examples where local authorities and colleges have worked together effectively to plan provision to meet the needs for SEN support and high needs, please describe these below.

Comments:

No specific comments here.

Some will be included in the further responses from other Worcestershire LA staff and stakeholders.

Improving early intervention at each age and stage to prepare young people for adulthood sooner

23 Are the current funding or financial arrangements making early intervention and prevention more difficult to deliver, causing costs to escalate?

Yes

Comments:

The financial pressures for SEND are contributing to councils having to reduce preventative services which can work to support children with SEND and even help stop the manifestation of serious causes of EHCPs such as social and emotional difficulties. Examples include significant reductions in Sure Start, Children's Centre and Family Support Services as well as financial pressures on SEND Transport.

24 If you can you provide examples of invest-to-save approaches with evidence that they can provide value for money by reducing the costs of SEN support, SEN provision or other support costs (e.g. health or social care) later, please describe these below.

Comments:

No specific comments here.

Some will be included in the further responses from other Worcestershire LA staff and stakeholders.

25 If you think there are particular transition points at which it would be more effective to access resources, please indicate below those you believe would be most effective to focus on.

The transition from early years provision to reception class in primary school, The transition from Year 6 in primary school to Year 7 in secondary school, The transition from secondary school to further or other tertiary education

Please indicate below any other transition points that you think we should look at.:

All are significant and important transfers.

Also in 3-tier LAs like Worcestershire there are further transition points e.g. Years 7 & 8 middle to Years 8 & 9 high that need to be considered.

Effective partnership working to support children and young people with complex needs

26 Please describe as briefly as possible below changes that you think could be made to the funding system nationally and/or locally that would foster more effective collaborative approaches and partnership arrangements.

Comments:

Health and adult social care need to fund their relevant share of the costs, which in a number of LAs is not happening. Also, the escalating costs in FE due to the 16-25 agenda is wholly unfunded.

Other aspects of the funding and financial arrangements

27 Are there any aspects of the funding and financial arrangements, not covered in your previous responses, that are creating perverse incentives?

Comments:

The following are some of the key aspects that have created the current crisis in the funding for SEND services. The principal driver of the cost pressures are the reforms contained within the Children and Families Act 2014, which although well intended, have been largely unfunded: -

- 1) Increased demand - between 2014 and 2019 the number of pupils with an EHCP has increased significantly (nationally 47%) as well as there being children who require assessment but do not meet the EHCP threshold.
- 2) Raising the entitlement from 19 to 25 - as stated previously this is a major policy impact supported by the existing DSG HN quantum and so in effect is totally unfunded with demand likely to increase further.
- 3) Specialist placements - in special schools and non LA provision as with pressure on school budgets, fewer mainstream schools are able to meet SEND needs in the way they would like.
- 4) SEND Tribunal rulings - as parental choice has much greater emphasis in the EHCP system tribunals and their decision making have moved away from

supporting LAs. There needs to be a rebalancing here.

5) SEND Transport costs - the significant additional costs with the increase in SEND numbers is another significant cost burden for LAs not funded.

Also, given the high demand for places in special schools LAs are now increasingly reliant on Independent and Non-Maintained Special School Places. Such providers are not governed by the 'place/plus' model and have no incentive to keep costs low. What they can offer can often be very attractive to parents and if won in tribunal LAs have to pay.

The creation of more specialist places is obviously required but this needs to be managed by LAs - the current presumption of it having to be an academy or free school is a significant barrier. There is also the cost as LAs do not have enough HN DSG to fund the resultant revenue costs given the current budget position and there is a significant lack of capital funding nationally to fund new schools and to enhance existing accommodation.

The current position has arisen from a national policy not funded appropriately and as such is a national problem that requires a national solution.

28 What aspects of the funding and financial arrangements are helping the right decisions to be made, both in securing good provision for children and young people with additional needs, and in providing good value for money?

Comments:

Please see above comments that are equally valid here.

Local Authority Dedicated Schools Grant Deficit Recovery Plan

Local Authority Worcestershire
Local Authority number 885

What plans have you put in place to reduce the deficit in increments over the next 3 years?

Following a wide-ranging review of spending within the HN Block, the Council has set out a detailed recovery plan which includes measures to better manage demand, to ensure the most cost-effective placements and to manage expectations, particularly for post school/college provision. There are 6 main building blocks to the plan:

1. A system and structure that is able to manage demand through: -
 - i. engagement with parents and carers and schools and settings.
 - ii. decision making that enables the robust implementation of the Graduated Response.
2. An overt and co-ordinated approach to build capacity and skills in mainstream schools for more complex needs and in particular social and emotional / mental health and autism. This includes making available specialist advice through educational psychologists and specialist teachers in a way that targets the reduction of exclusions, and the impact of Graduated Response arrangements at school level.
3. A continuum of provision for Autism Education to reduce increasing reliance on Independent school provision.
4. An embedded, resourced and coherent 19-25 Education Offer for those students that need education beyond participation age.
5. An approach that enables revenue and capital funding to work together to develop provision that meets the needs of CYP who are currently attending NM/ISS
6. A much more focused and targeted approach to placement and EHC Plan review.

The recovery plan sets out in detail the following actions: -

Maintaining school placements

- Develop school and setting level support from educational psychologists and specialist teachers, so that this will help to implement the Graduated Response and avoid case-escalation, placement breakdown and escalation to exclusion.
- Improve management information and data analysis to inform future decisions re provision.
- Secure greater transparency in the focus of budget headings in the HNB, so that functionality and priority is overt, and accountabilities more defined.
- Set out a nominal, zero based budget for the HNB, that will enable the tracking and monitoring of spend against strategic priorities linked to SEND Improvement and monitor closely with professional services.
- Establish system for early alerts for potential Out of Authority placements and the development of an approach to ensure an in-county alternative is available.

Monitoring, Review and Decision Making

- Ensure intensive case monitoring at the point of consulting with schools for placements with schools and settings.
- Introduce placement review at transition stages in all special schools with an expectation of considering mainstream.
- Target attention to casework from Year 9 onwards so that every student has a clear progression plan and parents understand the full range of local provision.
- Work with Local FE settings and other providers to develop locality post 18 training and education provision.
- Targeted work on OOA placements – attend reviews and plan with providers for relocalisation/ reintegration.

Specific SEND Areas

- Further develop training and development support, building on the SEND Training & Development Network.
- Ensure the emerging issue of anxiety and non-attendance is considered as part of approaches to develop accommodation in bases and reduce dependency on Out of Authority placements.
- Reduce current “normalisation” of independent AP by schools, with an approach to build capacity in schools for children and young people whose mental health difficulties and/or disruptive behaviours can lead to exclusion.

- Identify capital requirements for the improvement of specialist provision such as Autism bases and to enhance accommodation in special schools.
- Ensure the current 16-25 project is aligned with the HNF plan and in particular to build capacity in local FE Colleges to reduce reliance on ISPs.
- Ensure robust joint commissioning arrangements are in place with Health and Social Care.
- Continue to improve collaborative case planning and case management between the SEND Service and the Young Adults Team.

Can you specify how continuous improvement has reduced the deficit/ is going to reduce the deficit? This could include sharing best practice, new contracts, efficiency savings

The measures above are directly related to our detailed analysis of the trends in SEND demands, placement pattern and costs: -

Demand Management

The level of EHCPs in WCC is slightly below national and significantly lower than statistical neighbour averages. In recent years, the rise in the number of EHCPs has followed the national trends in outstripping the level of resources available to meet demand. In 2018, the number of EHCPs in WCC rose by 6.1%, and nationally 6.8%. We have analysed WCC data in the context of national, regional and statistical neighbour averages and have identified that there are local issues regarding post 16 provision which are addressed in the actions identified above. However, overall, the data indicates that WCC is not identifying an inappropriate number of children and young people with SEND.

Pattern of Placements

It is recognised that the major thrust of WCC's High Needs recovery plan needs to be to re-balance the continuum of local provision. More children and young people need to be educated in local maintained schools and academies, and general FE Colleges. The detailed plans outlined above have this as their objective. However, such a rebalancing will take time as existing placements cannot easily be changed. The concentration is therefore on ensuring the further development of local settings that offer provision that meets the needs of CYP and has the confidence of parents and carers. Working through the probable transition dates for these placements, if the targets set for reducing the numbers of high cost placements in the HN Recovery Plan were met over the next 5 years, it could mean a 40% reduction in high cost placements, which would bring Worcestershire below national averages. The potential savings that could be generated are difficult to quantify but a reduction in these high cost's placements would contribute significantly to the recovery.

Cost of Placements

WCC is considerably disadvantaged by the existing HNF formula. WCC receives £234 per 0-19 head of population. Only 5 LAs receive less, and only Hampshire of the County Councils is below WCC in this table. If WCC were funded at the national average, this would generate an additional £9m; at the regional average, an additional £7.9m; and at the statistical neighbour average, £4.23m.

Analysis of Section 251 suggests that the level of top-ups for maintained schools and academies (both mainstream and secondary) are at levels comparable with statistical and regional neighbours. WCC are slightly higher in relation to top-ups in Independent and Non-Maintained Special Schools and the actions outlined above are aimed at tackling this. As identified above, there is a local issue with regard to over-reliance on ISPs post-16 and this is also being addressed. However, taken together, we cannot be confident that these plans can fully address the underlying structural deficit given the fact that WCC is substantially disadvantaged by receiving a disproportionately small share of what evidence suggests is now an inadequate national HNF pot.

Please include a summary of the savings/and or measure you propose to implement over the next three years which will reduce the overspend.

S1 Reduce Reliance on Independent Mainstream and Independent and Non-Maintained Special School Placements

Worcestershire has a larger proportion of its children and young people in specialist provision and also in more expensive Independent and Non-Maintained Special schools. This is a burden on the High Needs Funding Block. As a result, the High Needs Recovery Plan has in place measures to: -

- Develop school and setting level support from educational psychologists and specialist teachers, so that this will help to implement the Graduated Response and avoid case-escalation, placement breakdown and escalation to exclusion.
- Establish system for early alerts for potential Out of Authority placements and the development of an approach to ensure an in-county alternative is available.
- Introduce placement review at transition stages in all special schools with an expectation of considering mainstream.
- Targeted work on OOA placements– attend reviews and plan with providers for re-localisation/ re-integration.
- Further develop training and development support, building on the SEND Training & Development Network.

- Ensure the emerging issue of anxiety and non-attendance is considered as part of approaches to develop accommodation in bases and reduce dependency on Out of Authority placements.
- Identify capital requirements for the improvement of specialist provision such as Autism bases and to enhance accommodation in special schools.

S2 Manage 16-25 Demand

The increase in demand for EHCPs post 16 has been a national issue, but Worcestershire has been particularly badly affected. Worcestershire has a high proportion of EHCPs in the post-16 sectors, i.e. FE and Sixth Form Colleges: 21.5% compared to a national average of 16.2%. This is also true of post-16 placements in Independent Specialist Providers: over double the national average at 2.5% compared to 1.4%.

The result has been a massive expansion in the demand of post 16, and particularly post 19, provision that the local provision has found it hard to satisfy, particularly given pressures on both capital and revenue funding. We are therefore playing “catch up” and are working closely with our local FE colleges to develop provision that meets the needs of our SEND learners.

These plans include the following activities: -

- Target attention to casework from Year 9 onwards so that every student has a clear progression plan and parents understand the full range of local provision.
- Work with Local FE settings and other providers to develop locality post 18 training and education provision.
- Ensure the current 16-25 project is aligned with the HNF plan and in particular to build capacity in local FE Colleges to reduce reliance on ISPs.
- Ensure robust joint commissioning arrangements are in place with Health and Social Care.
- Continue to improve collaborative case planning and case management between the SEND Service and the Young Adults Team.

S3 Alternative Provision

- Whilst numbers of mainstream permanent exclusions remained stable in 2018/19 compared to 2017/18 at 106, the numbers of fixed term exclusions increased (from 2337 to 2482) as did the numbers of pupils who were fixed term excluded (from 1381 to 1504).

- The numbers of permanently excluded pupils attending LA commissioned PRU or AP provision also increased over the period 2016/17 to 2018/19 from 148 (of which 118 were of secondary age) to 205 (163 secondary). Reintegration to school posed particular problems and continues to do so.
- Over this period the funding for preventative services from AP increased from £566k in 2016-17 to £680k in 2017/18, but with little if any impact on numbers of exclusions or those who remained in AP because of the lack of success in re-integration.
- Of the excluded pupils, almost all those of primary age were identified as having SEND with 60% having EHC Plans and 40% at SEND support. Primary statistics were significantly better than those for secondary age in relation to creative use of the primary AP to support improvements in the pupil's host school and/or to achieve a reintegration following exclusion.
- A new Primary Free School AP has been approved by the DfE for the Area and is waiting the identification of an organisation to run it.
- Amongst those students attending PRUs or state funded schools, the numbers of fixed term exclusions and those who have been fixed term excluded have reduced.

Please discuss the local circumstances that have contributed to your deficit. Please provide a brief summary of the pressures in the box below and transfer the forecast spend in this area on the financial summary tab via the appropriate link. Local authorities should consider providing budget pressures in the following areas:

A) mainstream schools;

B) state-funded special schools,

C) further education and sixth form colleges,

D) independent specialist provision;

E) alternative provision

P1 Mainstream Top-Ups (including Bases)

The number of children and young people with EHCPs and the complexity of their needs has increased substantially since the 2014 Act. There are now 11% more CYPP in Worcestershire with EHCPs than in 2017. At the same time, the level of identified needs has indicated an increase in the level of complexity, particularly for Autism and SEMH. This is in line with the national position. This pressure has led to an overspend in 2018/19 of £1.1m.

As part of the plan to re-balance the continuum of provision in Worcestershire, we aim to increase the numbers of CYPP with EHCPs educated in mainstream schools/academies by 20 per annum over the next three years. Roughly half of these will be children who may previously have been placed in maintained special schools and half in independent mainstream and Non-Maintained/Independent Special Schools.

In addition, the general school population in Worcestershire is expected to rise by 8% by October 2022. Assuming that the current percentage of the school population with EHCPs is maintained (and given the recent trend for that to increase, this is in itself a challenge), there will be an additional 117 CYP with EHCPs by that time, an average of 30 additional per annum.

Taken together, these additional 50 placements per annum will lead to additional costs, assuming an average unit cost of £4,400, of £220,000.

We have considered the option of reducing the level of top-ups for mainstream schools/academies but, given the increasing complexity of needs identified above, we feel this would be counter-productive as it would make it more difficult for schools to provide appropriately for the levels of SEND they would be asked to meet.

The recovery plan aims to target EP and specialist teacher support to develop capacity in schools to cope better with more complex needs, to provide an early alert to placements facing potential breakdown, and to look to capital investment to provide accommodation in these settings which is better suited to enable more complex needs to be met.

P2 Independent and Non-Maintained Special Schools

The numbers placed in independent and non-maintained special schools have increased by 34% since 2017, largely because maintained and academy special schools are full. In 2018/19, this led to an overspend on these budgets of £2.44m. The forecast overspend for 2019/20 based on current placements is about the same level.

In part this has been the result of a lack of local provision, and this has been addressed over the past few years and a further expansion of maintained specialist places is planned. In addition, the Recovery Plan aims to place a higher percentage of CYP with EHCPs in mainstream provision which will free more places in maintained special schools. In addition to the increase in numbers, there has also been a substantial increase in fee levels over the past two years. This is being challenged both at individual LA and regional levels.

A third factor we have noted has been the establishment locally of a number of small independent schools which have targeted CYP with particular SEMH needs. Parental requests for such expensive placements have been supported at SEN Tribunals, involving WCC in disproportionate costs.

The Recovery Plan aims to rebalance the continuum of local provision to ensure that there is sufficient capacity and capability in the local maintained and academy sectors to demand and that the independent and Non-Maintained sectors are used appropriately, i.e. for those very specialist areas of expertise that require regional or national provision.

P3 Post 16 Provision

Worcestershire appears to be facing even greater pressure in the post 16 sector than most other LAs. In 2014/15, there were 232 students aged 16-25 with EHCPs. In 2018/19, this had grown to 1,175. The great majority of this increase was in the 19-25 age range, and a significant number of these were for placements in high cost ISPs. In 2018/19, the overspend in this area reached £3.15m. Based on current placements, we estimate that the additional numbers have reached their peak, but the full year effect will take the estimated overspend for 2019/20 to over £3.5m.

The Recovery Plan includes actions to: -

- Further develop local specialist provision in maintained FE Colleges.
- Ensure transition plans are in place for CYPP from Year 9 to enable parents/carers and young people to have confidence in the pathways available to them.
- Ensure robust joint commissioning arrangements are in place with Health and Social Care.
- Continue to improve collaborative case planning and case management between the SEND Service and the Young Adults Team.

P4 Alternative Provision

In common with much of the country, Worcestershire has seen an increase in the number of permanent exclusions. The permanent exclusion rate in 2017/18 (at 0.11%) is marginally higher than the national average of 0.1%. However, the increase in the use of Alternative Provision is greater than these figures would suggest, and it appears that the rapid increase in the numbers of CYPP identified with SEMH has had an effect on the use of AP for both long and short-term placements. As a result, the budget was overspent by £1.007m in 2018/19 and is equally under pressure in this financial year.

P5 High Needs Funding Formula

In our attempts to cope with these pressures, WCC is considerably disadvantaged by the existing HNF formula. WCC receives £234 per 0-19 head of population. Only 5 local authorities receive less, and only Hampshire of the County Councils is below WCC in this table. If WCC were funded at the national average, this would generate an additional £9m; at the regional average, an additional £7.9m; and at the statistical neighbour average, £4.23m. The "structural" deficit in WCC's HNF block, i.e. the underlying overspend, is £7.7m net of the additional £250m announced by the DfE in December 2018. If WCC were to receive a share of the current national HNF commensurate with our statistical neighbours (the lowest of the above comparators), the recovery plan would require a target of £3.5m, which is, over time, possible to achieve.

The potential financial impact of the above savings and pressures are being developed.

David Monger
SEND Consultant
September 2019

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
DfE FUNDING ANNOUNCEMENTS SEPTEMBER 2019

1. PURPOSE

1.1 To advise the WSF on the DfE school funding announcements for 2020-21.

1.2 To advise the WSF on some of the initial implications.

2. DfE CONFIRMED POLICY DIRECTION FOR 2020-21

2.1 On 3 September 2019, the Secretary of State for Education confirmed to Parliament that the funding for Schools and High Needs will rise by £2.6 billion for 2020-21, a further £2.2 billion for 2021-22 and a further £2.3 billion for 2022-23. This provides for £7.1 billion additional funding **compared to 2019-20 baseline**.

2.2 On 9 September 2019, the Minister for School Standards confirmed in a written statement to Parliament some further details in respect of 2020-21 specifically that in 2020-21, the above funding will be distributed using the Schools and High Needs National Funding Formulae (NFF).

2.3 The following are the key aspects of the Ministerial Statement for 2020-21: -

(a) DSG Funding for Schools and High Needs

- The DfE will be publishing provisional NFF allocations at LA and school level in October 2019, including LAs final Primary and Secondary units of funding (PUF) and (SUF) for the Schools Block.
- The DfE will then publish final Schools and High Needs DSG allocations for LAs in December 2019 based upon the October 2019 census and other 2019 data sets.

(b) Schools NFF

- This will continue to have the same factors as at present, and the DfE will *'continue to implement the formula to address historic underfunding and move to a system where funding is based on need'*.
- The key aspects of the formula for 2020-21 are: -
 - The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools. The following year, in 2021-22, the primary minimum level will rise to £4,000.
 - The funding floor will be set at 1.84% per pupil, in line with the forecast GDP deflator, to protect per pupil allocations for all schools in real terms. This minimum increase in 2020-21 allocations will be based on the individual school's NFF allocation in 2019-20.
 - The NFF allocations are proposed to benefit from an increase of 4% to the formula's core factors apart from FSM and historic premises allocations.
 - There will be no gains cap in the NFF, unlike the previous two years, so that schools could attract their full core allocations under the formula. This will depend on affordability.

- As previously set out, the DfE will make a technical change to the mobility factor so that it allocates this funding using a formulaic approach, rather than based on historic spend.
- Growth funding will be based on the same methodology as this year, with the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019-20 schools block allocation.

(c) Local Schools Funding Formula (LSFF)

- LAs will continue to have discretion over their LSFF and in consultation with schools, will ultimately determine allocations in their area.
- However, as a first step towards hardening the formula, from 2020-21 the DfE will make the use of the national minimum per pupil funding levels, at the values in the school NFF, **compulsory** for LAs to use in their LSFF. This aspect is subject to a separate DfE consultation exercise.
- In addition, two important restrictions will continue: -
 - LAs will continue to set a Minimum Funding Guarantee (MFG) in the LSFF, which in 2020-21 must be between +0.5% and +1.84%. This allows LAs to mirror the real terms protection in the NFF.
 - LAs can only transfer up to 0.5% of their School Block to other blocks of the DSG, with Schools Forum approval. To transfer more than this, or any amount without Schools Forum approval, LAs will have to make a request to the DfE even if the same amount was agreed in the past two years.

(d) High Needs NFF

- This will also continue to have the same factors as at present.
- The DfE will use the £700 million of additional funding to: -
 - Ensure that every LA will receive an increase of at least 8% per head of 2 to 18 population through the funding floor.
 - This minimum increase in 2020-21 allocations will be based on LAs High Needs allocations in 2019-20, including the additional £125 million announced in December 2018.
 - Above this minimum increase, the formula will allow LAs to see increases of up to 17%, again calculated on the basis of per head of population.

(e) Other Grants

- The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21.
- The DfE will publish the rates that determine the 2020-21 allocations in due course.

2.4 The Education Secretary also confirmed on 3 September the government's intention to move to a 'hard' NFF for schools – where budgets will be set on the basis of a single, national formula. The DfE recognise that this will represent a significant change and will work closely with LAs, schools and others to make this transition as smoothly as possible.

3. OVERALL CONSIDERATIONS

3.1 Until the DfE issue the detailed LA exemplifications together with the PUF, SUF and indicative DSG allocations it is difficult to assess the potential impact. Also, the final allocations will be based upon the October 2019 census and other data sets so could change significantly.

3.2 For 2020-21, the national policy direction looks similar to 2019-20 with the ability of LAs to continue be able to set a Local Schools Funding Formula (LSFF) but with changes for: -

- As a first step towards hardening the formula, the DfE will make the use of the national per pupil Minimum Funding Levels (MFLs), at the values in the school NFF, **compulsory** for LAs own LSFF.
- There will be no gains cap in the DfE NFF, unlike the previous two years, so that schools could attract their full core allocations under the formula. However, the DfE have confirmed LAs will be able to have a gains cap for affordability, which must be set at least as high as the MFG threshold.

3.3 Both of these are significant changes. They have the potential to restrict LAs in their use of the Schools Block as it is likely all this will be required to implement the above LSFF parameters in particular: -

- For the MFLs in the LSFF for 2019-20 these were a substantial call on the additional Schools Block DSG, so this is anticipated again in 2020-21.
- For any potential 0.5% transfer to High Needs is still in the national policy these above restrictions will make that extremely difficult. It is suspected the DfE view is that is what the additional £700m in the High Needs DSG is designed for.

3.4 It is hoped the DfE will construct the PUF and SUF with their policy by increasing the Schools Block DSG for distribution. The funding of the MFLs will be challenging for LAs and LAs will need to assess their need to cap or not if there is an affordability issue.

3.5 The additional HN is welcomed but until LAs see the amount judgement is reserved and for most LAs it is a year behind as the pressures are current.

3.6 There will be a need to consult all schools on the LSFF and other matters for 2020-21, and this is detailed further under **Agenda Item 10d**).

4. RECOMMENDATION

4.1 The WSF are requested to note and discuss the DfE policy direction for 2020-21 detailed in the report.

Andy McHale
Service Manager Funding and Policy
Children, Families and Communities

September 2019

Spending Review submission

Principles:

The majority of education funding is to be restored to the per pupil amount from 2015/16 taking into account school costs.

- Dedicated Schools Grant
 - Schools Block
 - Central Services Schools Block
 - High Needs Block
 - Early Years Block
- Pupil Premium

Restoration to 2010/11

- 16 – 19

Restoration to the average funding level for 2007 - 2011

- Capital

Costs projections are based on current Government policy. We have not anticipated policy changes even when the need is very evident, such as the crisis in special needs education.

The only additional funding added to current spending is the £500m the Government has committed for the introduction of T levels in 2020/21.

Use a school costs index to measure real terms pressures over the last three years.

Projected costs are based on the GDP deflator.

Implementation of the funding increase is phased over four years.

In addition, we costed separately a policy proposal:

- A qualified teacher for every lesson; class size limits of 30; and addressing historic underfunding (ASCL research)

School Costs

Our school costs index uses Department for Education costings and is composed of the following elements: staff pay, National Insurance, Teachers' Pension Scheme, Apprenticeship Levy and non-staff spending. The full methodology is available at bit.ly/school_costs_index_2015_19, we have drawn heavily on the DfE document, [Schools' Costs 2018-19 to 2019-20](#).

For forward projections, we have simply used inflation and the additional pension contributions to calculate school costs.

Early Years Costs

For Early Years provision we used a different costs index, predominantly because of the recent increase in the National Minimum Wage has had a much more significant impact of these centres than schools generally. We used the Government's study of Early Year centre costs, [Early years providers cost study 2018](#). This gives a three year index for 2015 to 2018, we extended this using the average pay rise for support staff.

Future projections are solely calculated using the GDP deflator.

Funding for 2019/20

The Government have supplemented the Dedicated Schools Grant with the Teacher Pay Grant and the Pensions Grant. We have incorporated these monies into the allocations for this year, because we believe would be politically impossible for the Government to tell schools that they will lose these grants in the future.

Necessary funding:

	Actual funding for 2019/20	Necessary funding by 2022/23	Additional funding by 2022/23
Schools & Central Services block	£36.1bn	£41.9bn	£5.8bn
High needs	£6.3bn	£9.4bn	£3.1bn
Early Years	£3.5bn	£4.1bn	£0.6bn
Pupil premium	£2.4bn	£3.0bn	£0.6bn
16 - 19	£5.7bn	£8.3bn	£2.6bn
Basic entitlement additional cost			
Total revenue	£54.0bn	£66.7bn	£12.6bn

Implementation

We propose that the increase in funding to eliminate cuts is phased over four years. We are asking for an immediate uplift of £3bn followed by an increase of 2.8% above inflation and increased pension contributions. We then propose that for 2023/24 and 2024/25 funding is increase by 4.4% above inflation so that the

Year	Phased increase in revenue funding to cancel cuts and then fund basic entitlement	Additional funding required on actual 2019/20 allocation
2019-20	£57.0bn	£3.0bn
2020-21	£60.4bn	£6.4bn
2021-22	£63.7bn	£9.7bn
2022-23	£66.7bn	£12.6bn

We propose that funding continues to rise in real terms for two further years so that the Schools Block increases to the level proposed in *The True Cost of Education*.

	Actual funding for 2019/20	Necessary funding by 2024/25	Additional funding by 2024/25
Schools & Central Services block	£36.1bn	£43.1bn	£7.0bn
High needs	£6.3bn	£10.2bn	£3.9bn
Early Years	£3.5bn	£4.3bn	£0.7bn
Pupil premium	£2.4bn	£3.1bn	£0.7bn
16 - 19	£5.7bn	£9.1bn	£3.4bn
Basic entitlement additional cost		£5.4bn	£5.4bn
Total revenue	£54.0bn	£75.1bn	£21.1bn

The final two years of phasing is set out below:

Year	Phased increase in revenue funding to cancel cuts and then fund basic entitlement	Additional funding required on actual 2019/20 allocation
2023-24	£70.8bn	£16.7bn
2024-25	£75.1bn	£21.1bn

Schools Block

We calculated the additional funding required to restore per pupil funding to the level of 2015/16 in real terms.

We used our school costs index to calculate the costs for the period 2015/16 to 2019/20. The costs index incorporates staff pay rises, increases in National Insurance and the Teachers' Pension Scheme, the Apprenticeship Levy, and inflation on non-staff spending. When we projected forward, we used the GDP deflator and include the increase in costs created by the increase in Teachers' Pension Scheme employer costs.

We included the Teacher Pay Grant in the Schools Block funding for 2018/19 and 2019/20. We included the Pensions Grant in the funding for 2019/20.

We merged the Central Services Schools Funding into the Schools Block because they were only disaggregated in 2018.

We used the Department for Education's Pupil Projections for pupil numbers 2019 – 2023.

Year	Schools Block + Central School Services Block (actual)	Schools Block Pupil Numbers (1,000s)	School costs index (2018-19 = 100)	Schools block (2015 baseline)	Additional funding required
2015-16	£32.2bn	6503	93.0	£32.2bn	£0.0bn
2016-17	£32.7bn	6625	96.2	£33.9bn	£1.2bn
2017-18	£33.1bn	6741	97.8	£35.1bn	£2.0bn
2018-19	£34.3bn	6870	100.0	£36.5bn	£2.2bn
2019-20	£36.1bn	6961	103.8	£38.4bn	£2.3bn
2020-21	£37.2bn	7033	106.9	£40.0bn	£2.8bn
2021-22	£37.8bn	7090	108.7	£41.0bn	£3.2bn
2022-23	£38.4bn	7120	110.6	£41.9bn	£3.4bn

High Needs Block

We calculated the additional funding required to restore the high needs block per pupil with an EHC Plan or a statement to the level of 2015/16 in real terms.

We used our school costs index to calculate the costs for the period 2015/16 to 2019/20. When we projected forward, we used the GDP deflator and include the increase in costs created by the increase in Teachers' Pension Scheme employer costs.

We included the Teacher Pay Grant in the Schools Block funding for 2018/19 and 2019/20. We included the Pensions Grant in the funding for 2019/20.

We projected expected high needs numbers for the 2019 – 2023.

For under 5s, we used a simple linear projection to predict future numbers.

For primary and secondary students, we looked at the identification rates for each year. We observed a clear trend to earlier identification of special needs at primary school. We applied the projected identification rates to projected pupil numbers.

For 16 – 19s, we do not expect any further significant increases, because of the increase in provision contained in the Children and Families Act 2014. We kept the number constant for the next four years.

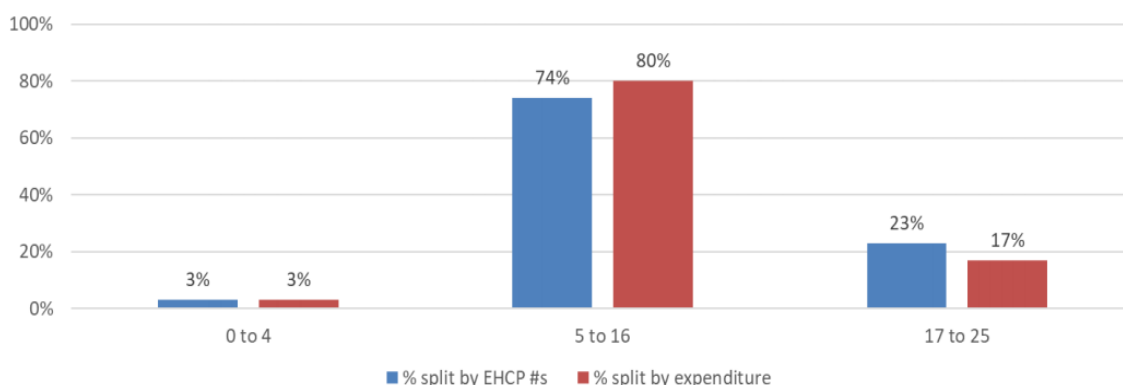
For 20 – 25 year olds, we anticipate that the number of pupils will continue to increase in a linear progression for the next four years. This is a consequence of the increase in provision contained in the Children and Families Act 2014.

Projected EHC Plan numbers

Year	2019	2020	2021	2022	2023
Under 5 years of age	14,094	14,457	15,202	15,813	16,699
Aged 5-10	117,222	119,945	125,222	130,077	134,073
Aged 11-15	126,332	129,994	134,604	139,260	143,932
Aged 16-19	77,587	77,587	77,587	77,587	77,587
Aged 20-25	18,760	22,742	25,882	28,182	29,640
Total	353,995	364,725	378,498	390,918	401,931

The Local Government's report *Have we reached a tipping point?* Looks at the average cost of provision for different age groups.

Breakdown of expenditure by age group
%, 2018-19



Age	% pupils	% cost	% cost per pupil	% of 5 - 15 year olds cost per pupil
Under 5s	3	3	1.00	0.93
5 - 15 yr olds	74	80	1.08	1.00
16 - 25 yr olds	23	17	0.74	0.68

We used this index costs to calculate the number of age-weighted EHC Plans and statements there are and from we calculated necessary High Needs Block funding to restore the value of an EHC Plan in 2015/16.

Year	High Needs (actual)	High needs (2015 baseline)	Required additional funding
2019/20	£6.3bn	£8.0bn	£1.7bn
2020/21	£6.5bn	£8.6bn	£2.1bn
2021/22	£6.6bn	£9.0bn	£2.4bn
2022/23	£6.7bn	£9.4bn	£2.7bn

Early Years Block

We calculated the necessary funding for the Early Years Block by looking at the cost of restoring the value of the hourly rate to the 2015/16 in real terms.

We took the increase in costs for early years centres from 2015 to 2018 reported in *Early years providers cost study 2018*¹ and then added costs for 2018 to 2019. The increase in school costs for 2015 to 2018 was 13% and we calculated that the increase in costs for 2019 was 3.5%. This gives a cost increase of 17% over the last four years. The hourly rates for providers have only increased by 7% over the period (£4.51 to £4.77 for 3 & 4 year olds and £5.03 to £5.39 for 2 year olds).

For future cost rises we have assumed they will rise inline with the GDP deflator. We estimated the future population by extrapolating from the Government's pupil population projection.

Year	Early Years (actual then rising in line with inflation)	Early Years (2015 baseline)	Required additional funding
2019/20	£3.5bn	£3.9bn	£0.4bn
2020/21	£3.6bn	£4.0bn	£0.3bn
2021/22	£3.7bn	£4.0bn	£0.3bn
2022/23	£3.8bn	£4.1bn	£0.3bn

Pupil Premium

The Pupil Premium has not been increased with inflation since it's introduction five years ago. We used the School Costs Index to calculate the additional funding required to restore its per pupil value to 2015/16 levels.

We have assumed that the number of pupils receiving the Pupil Premium will be 24.5% of the pupil population, this is the average rate for the last four years. We used the Government's pupil population projections to predict take up over the next three years.

Year	Pupil Premium (actual then rising in line with inflation)	Pupil Premium (2015 baseline)	Required additional funding
2019/20	£2.4bn	£2.8bn	£0.3bn
2020/21	£2.5bn	£2.9bn	£0.4bn
2021/22	£2.5bn	£2.9bn	£0.4bn
2022/23	£2.6bn	£3.0bn	£0.4bn

16 – 19 education

16 – 19 education has suffered the harshest cuts of any sector in education. Substantial cuts to funding were made between 2010 and 2015. We have calculated funding necessary for 16-19 education using 2010/11 as our baseline.

We have uprated the annual funding per student in line with the GDP deflator.

The Government no longer project pupil numbers for students in the 16-19 age range, so we have created an pupil population index for 16 & 17 year olds by summing the number of 15 year olds for the previous two years. We then calculated an 16-19 population index and increased or decreased the number of pupils in line with it, taking 2017/18 as the base year.

Year	16 - 19 (actual then rising in line with inflation)	16 - 19 (2010 baseline)	Required additional funding
2019/20	£5.7bn	£6.8bn	£1.1bn
2020/21	£5.8bn	£7.2bn	£1.3bn
2021/22	£6.4bn	£8.0bn	£1.5bn
2022/23	£6.5bn	£8.3bn	£1.7bn

Capital

The Education capital budget was cut deeply in 2011, so like with 16-19 education, we have made our comparison with 2010, however, to make that a fair comparison we have average the capital budget for 2007/08, 2008/09, 2009/10 and 2010/11. We have done this because many Building Schools for the Future projects feel behind schedule and so the funding for the projects was deferred. By looking at a four-year average we have sought to eliminate this effect. We have uprated the capital budget in line with the GDP deflator.

Year	Capital (actual then rising in line with inflation)	Capital (2010 baseline)	Required additional funding
2019/20	£5.1bn	£7.6bn	£2.5bn
2020/21	£5.2bn	£7.7bn	£2.4bn
2021/22	£5.3bn	£7.8bn	£2.5bn
2022/23	£5.4bn	£8.0bn	£2.6bn



How much does the education budget need?



Principles

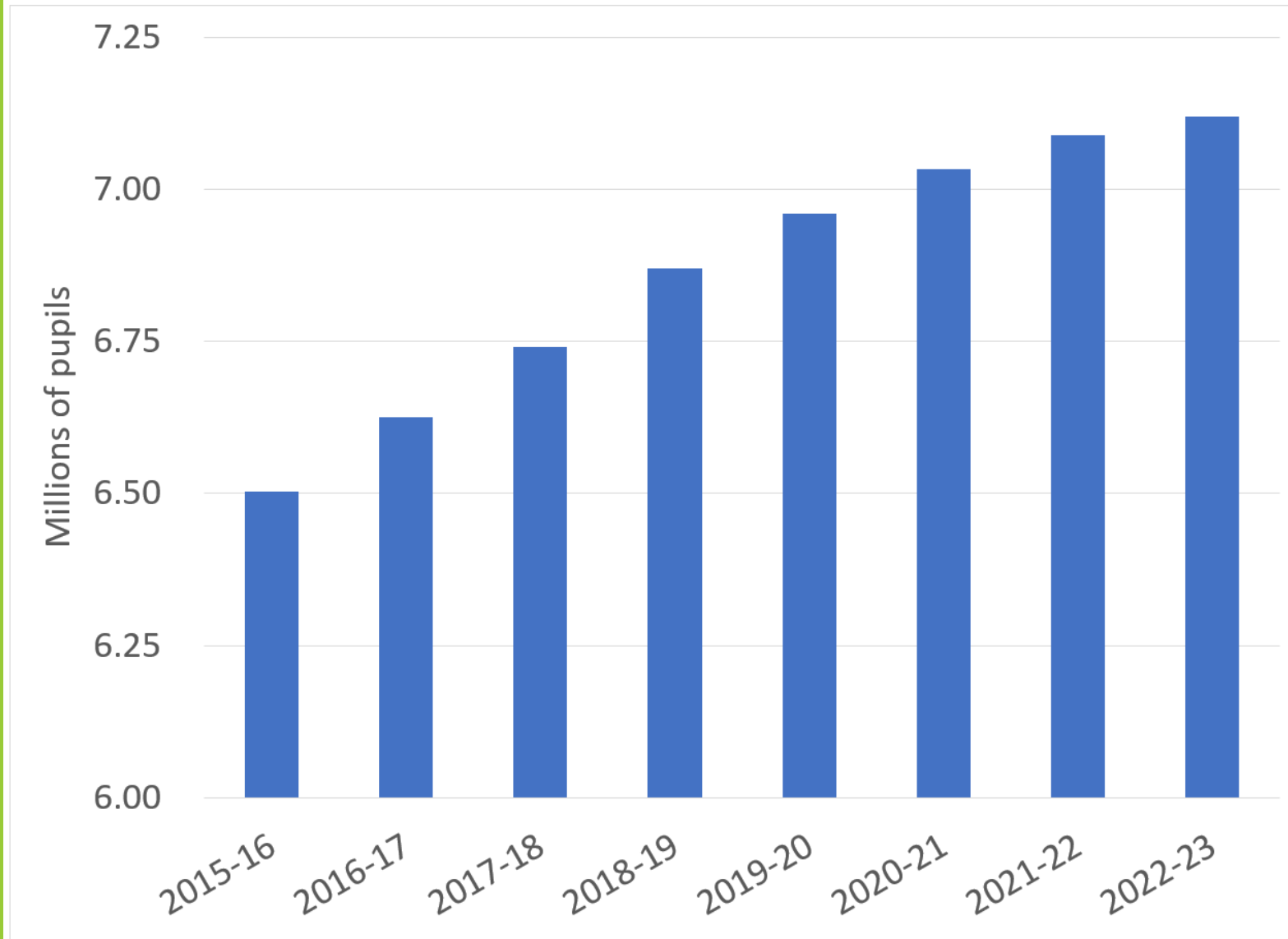
1. Look at all aspects of education spending for 2 to 19 year olds.
2. Use 2015 as the baseline year, except for 16-19 funding where we use 2010.
3. Projections are based on current Government policy.
4. Use school costs to measure cost increases over the last three years.
5. Projected costs are based on the GDP deflator.

“More money than before”

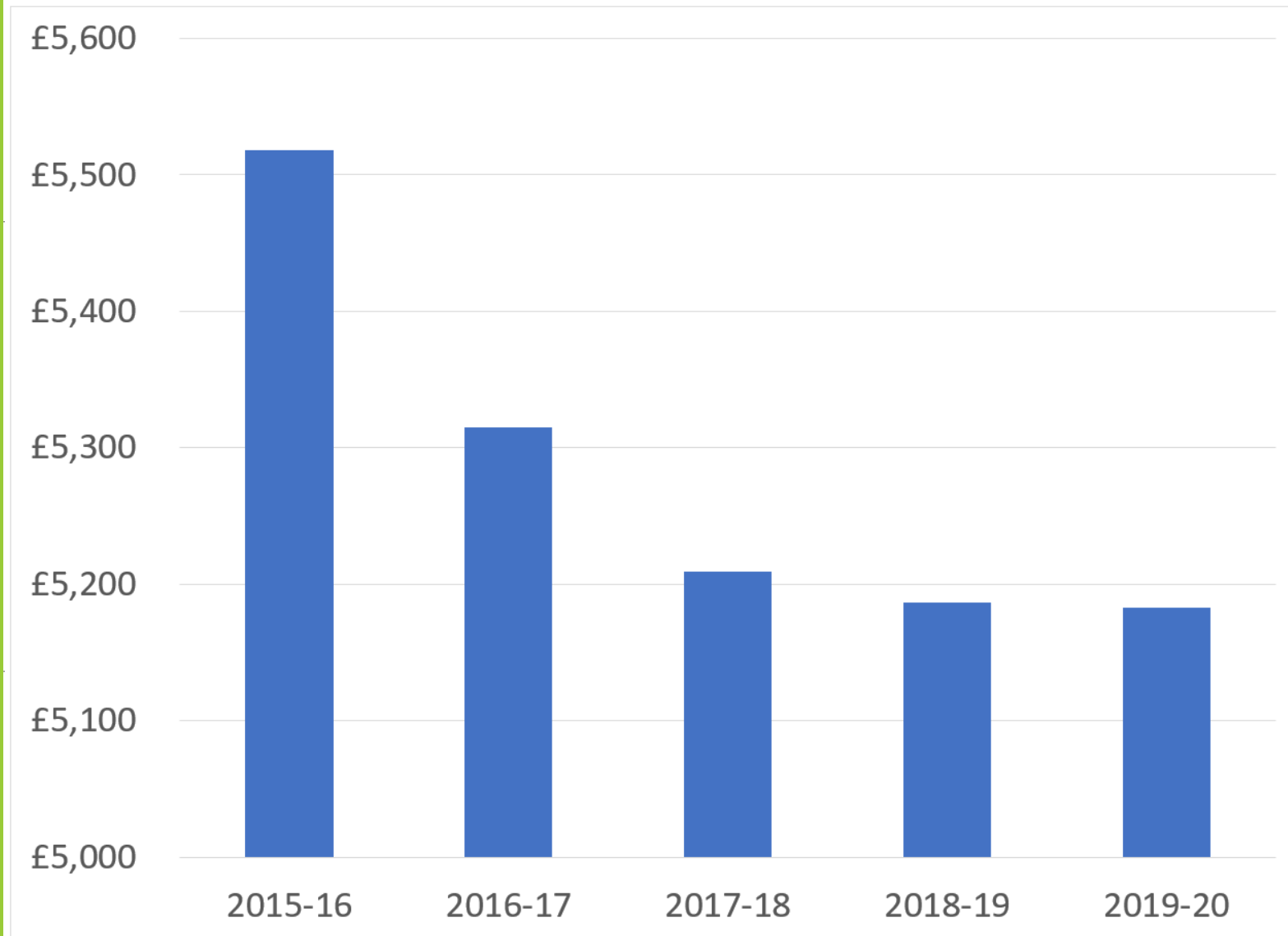
But:

- School costs have risen by 7.5% over the last four years.
- There are half a million more pupils than four years ago.

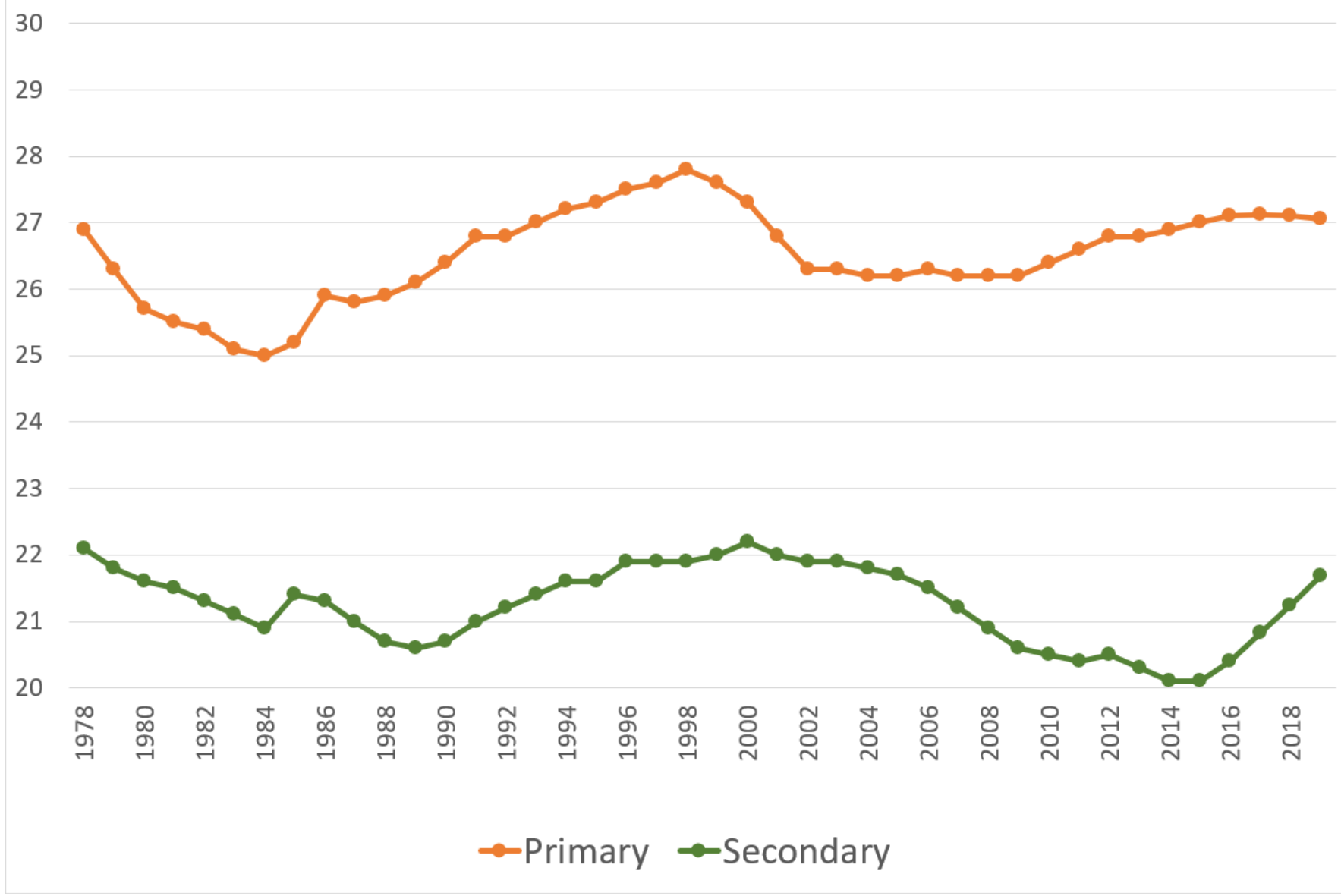
State educated pupils aged between five and sixteen



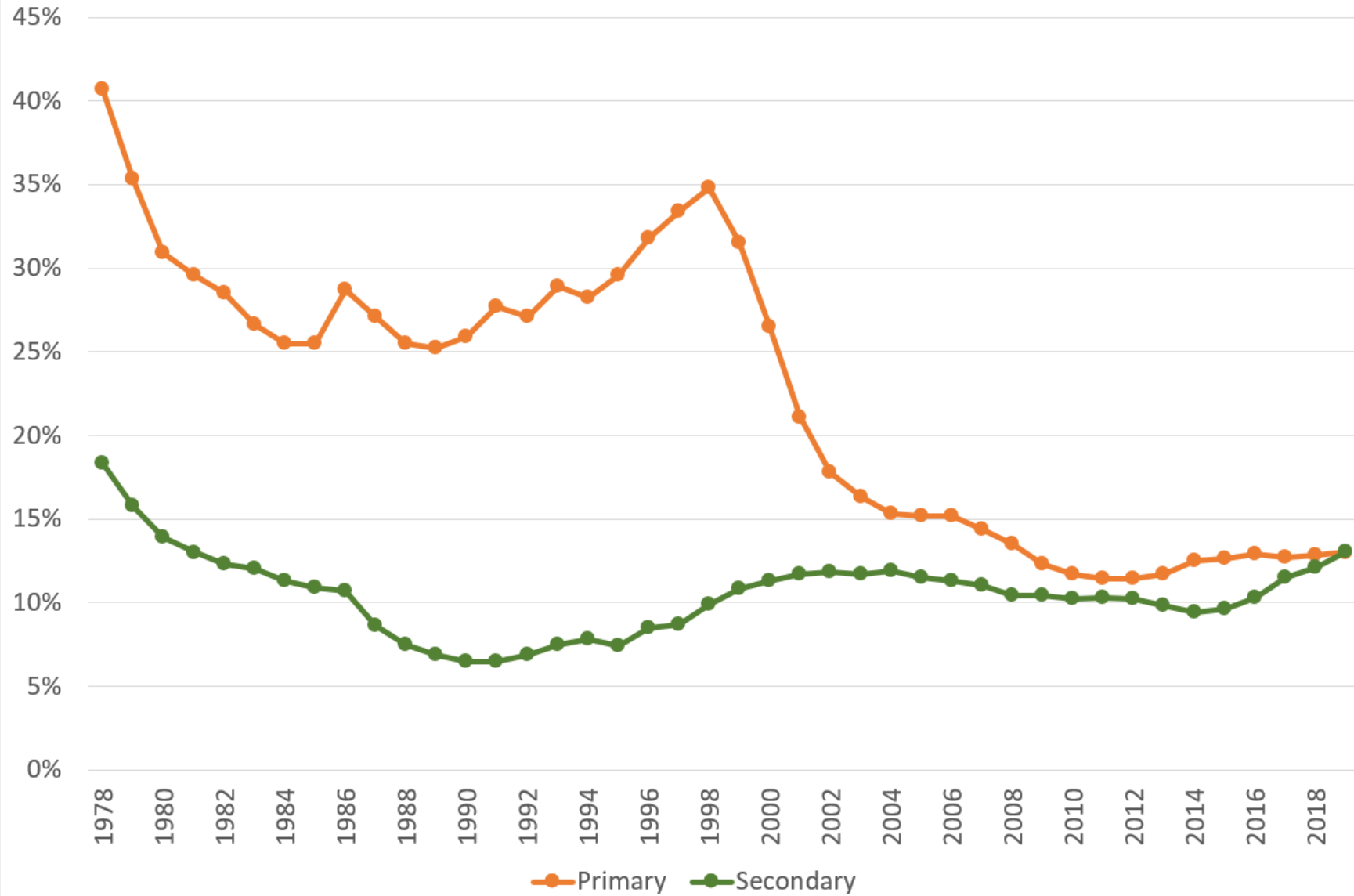
Schools block funding per pupil in today's prices



Class sizes: 1978 - 2019



Percentage of pupils in large classes: 1978 - 2019

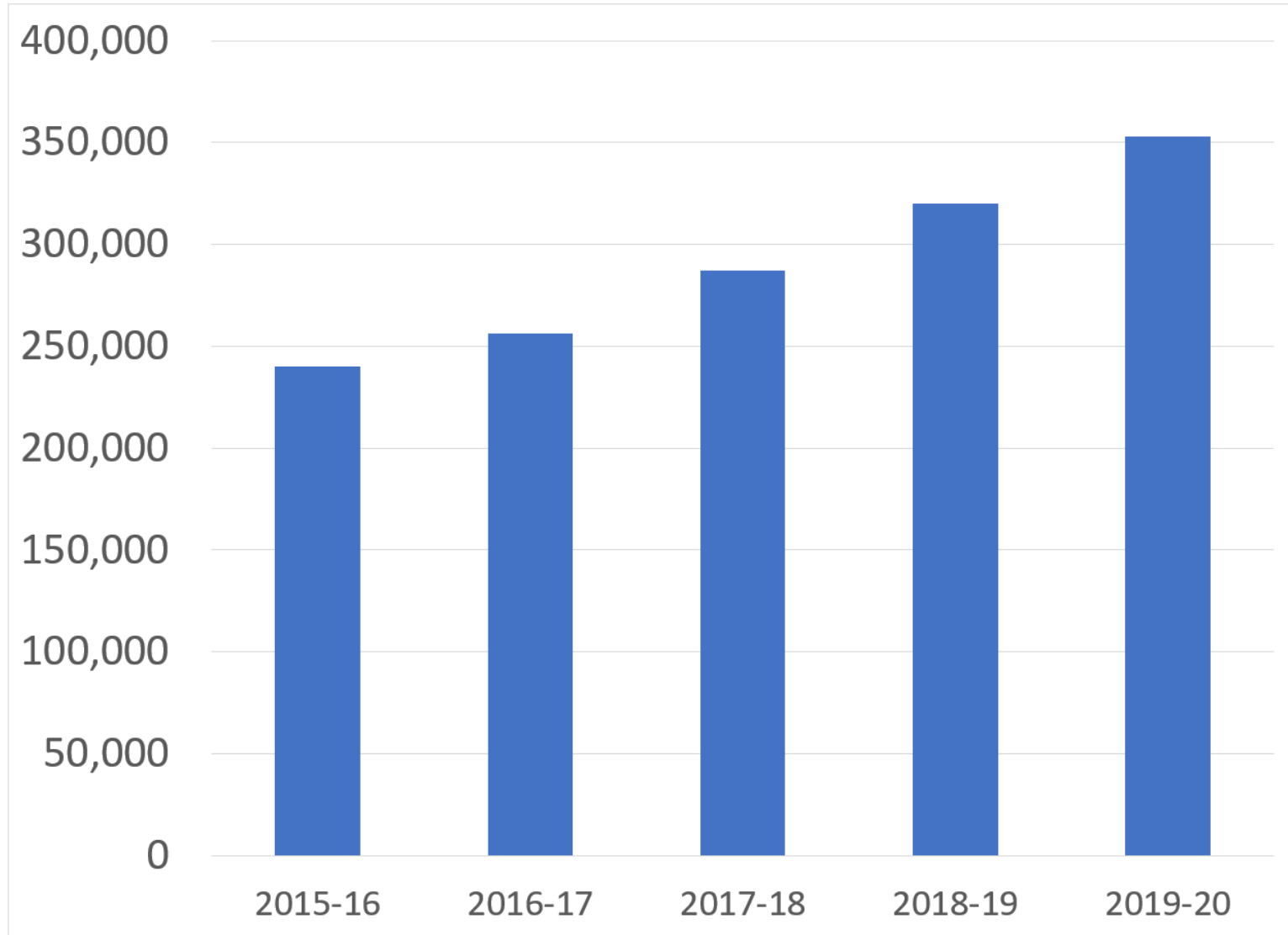


How much
more does
the Schools
Block need
now?

£2.3bn

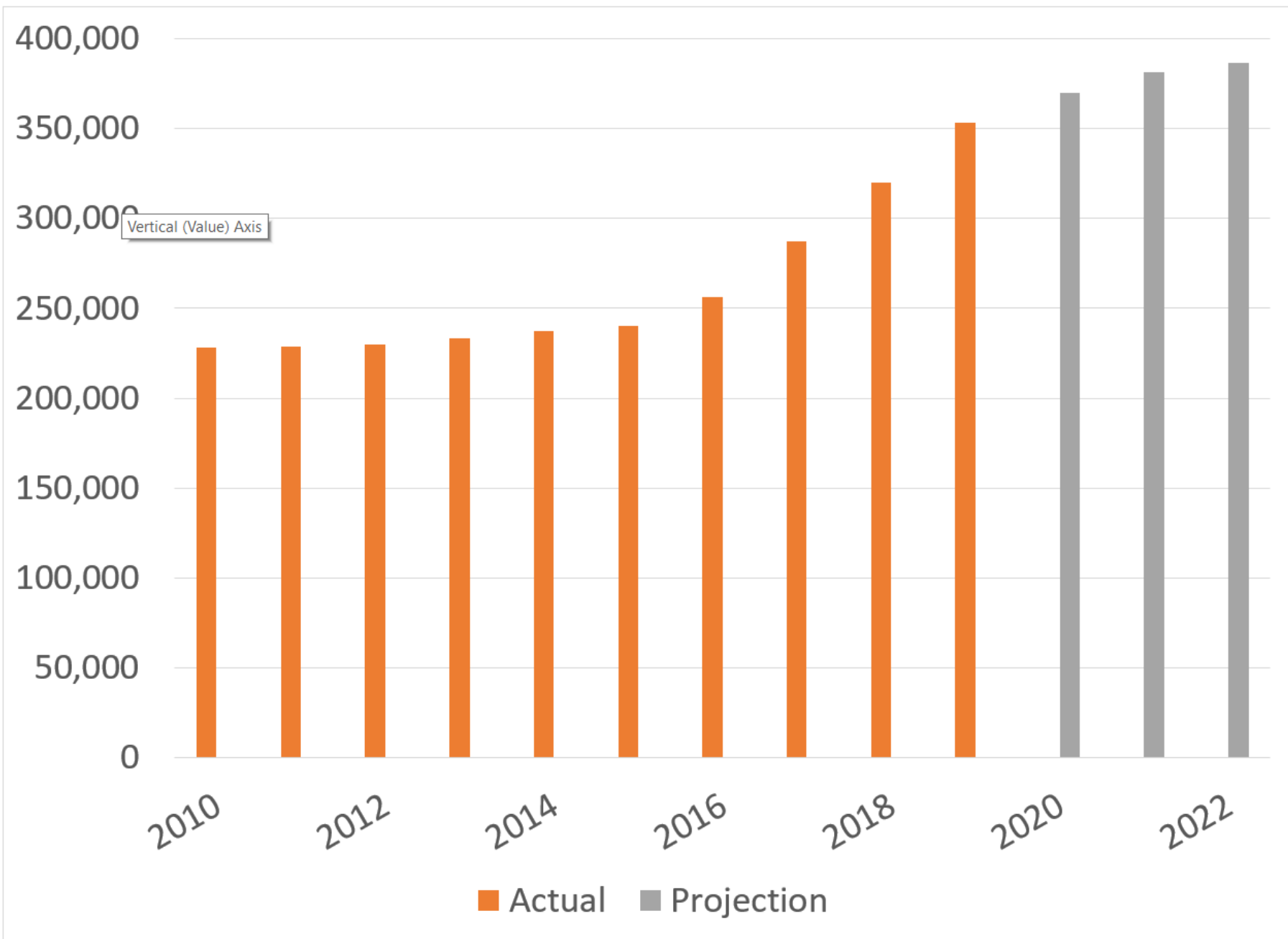
How much
more does
the Schools
Block need
by 2022/23?

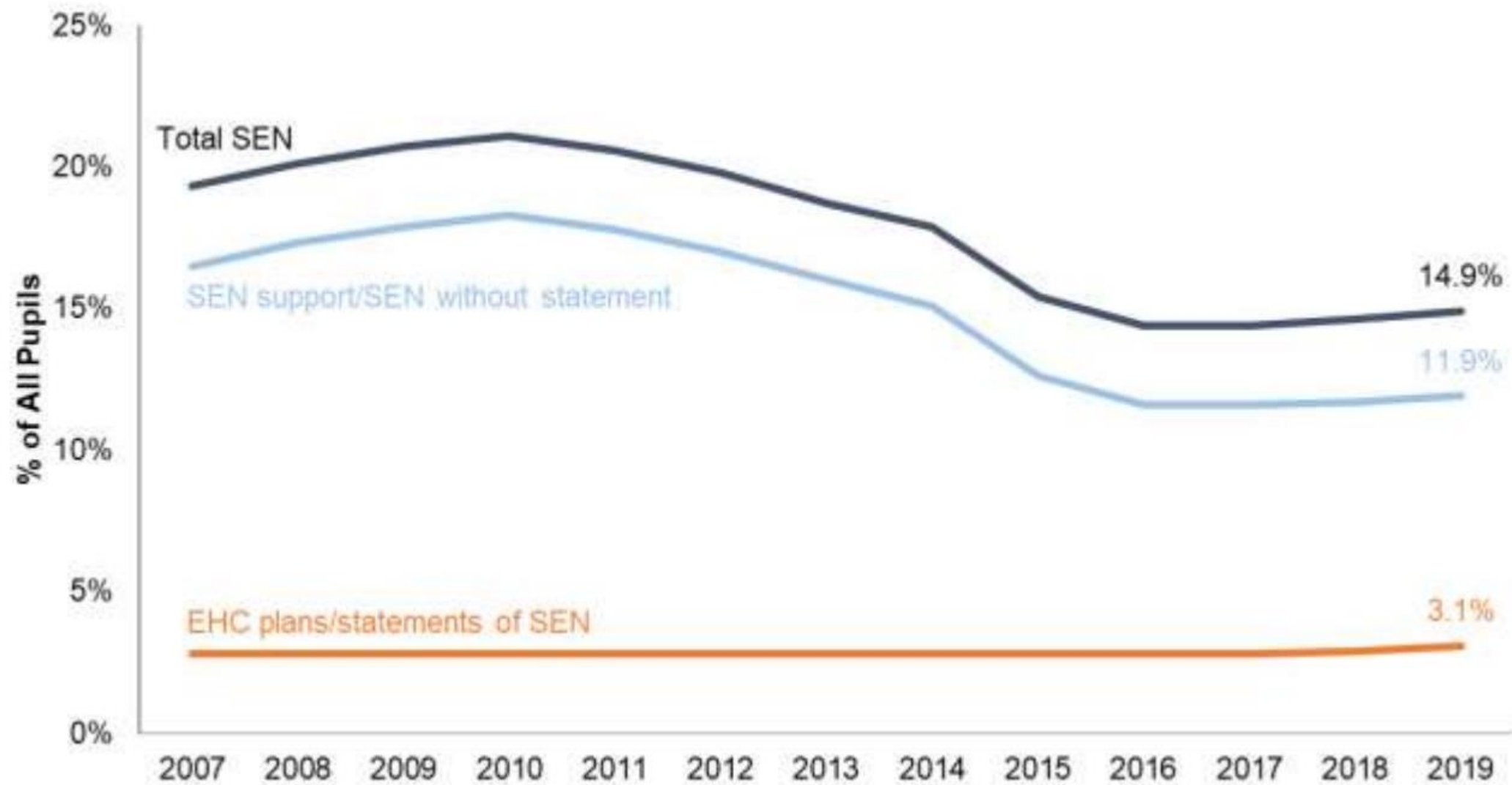
£3.4bn



Pupils with an
EHC Plan or a
statement

Up by
38%





Source: School census, SLASC and General Hospital School Census 2007-2019 (as at January each year)

£1.7bn

How much more
does the High
Needs Block
need now?

£2.7bn

How much more
does the High
Needs Block
need by
2022/23?

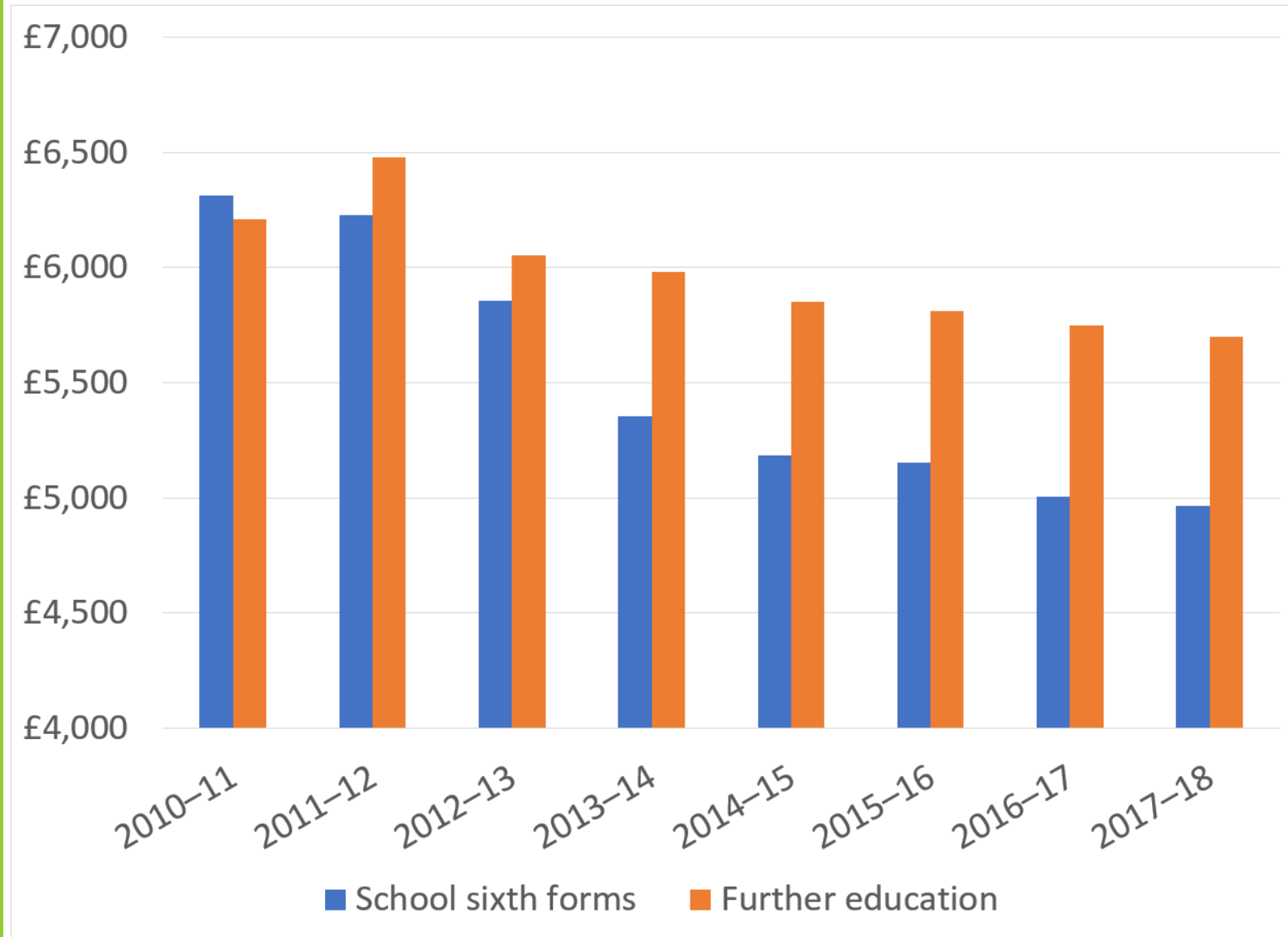
The cost of
Early Years
provision has
risen sharply
because of
the increase
in the
Minimum
Wage

£0.4bn

£0.3bn

The value of the
Pupil Premium
has not
increased with
inflation

16-19
education
has been
hardest hit by
cuts



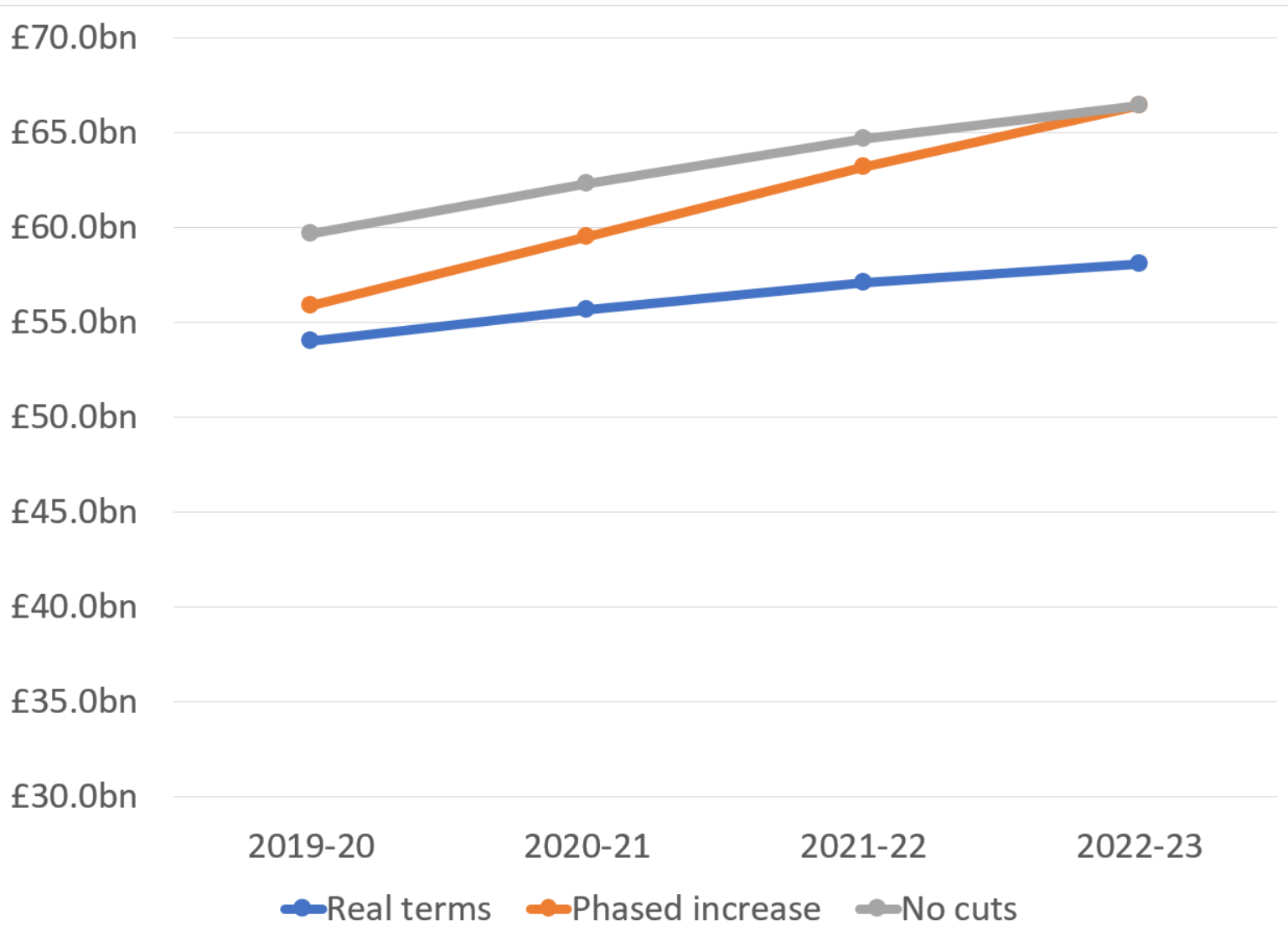
How much
more does the
16 – 19
education
need now?

£1.1bn

How much
more does the
16 – 19
education
need by
2022/23?

£1.7bn

Phased plan to reverse the cuts



£3bn

Additional
investment
needed this
year

3.5%

Investment
needed above
school costs

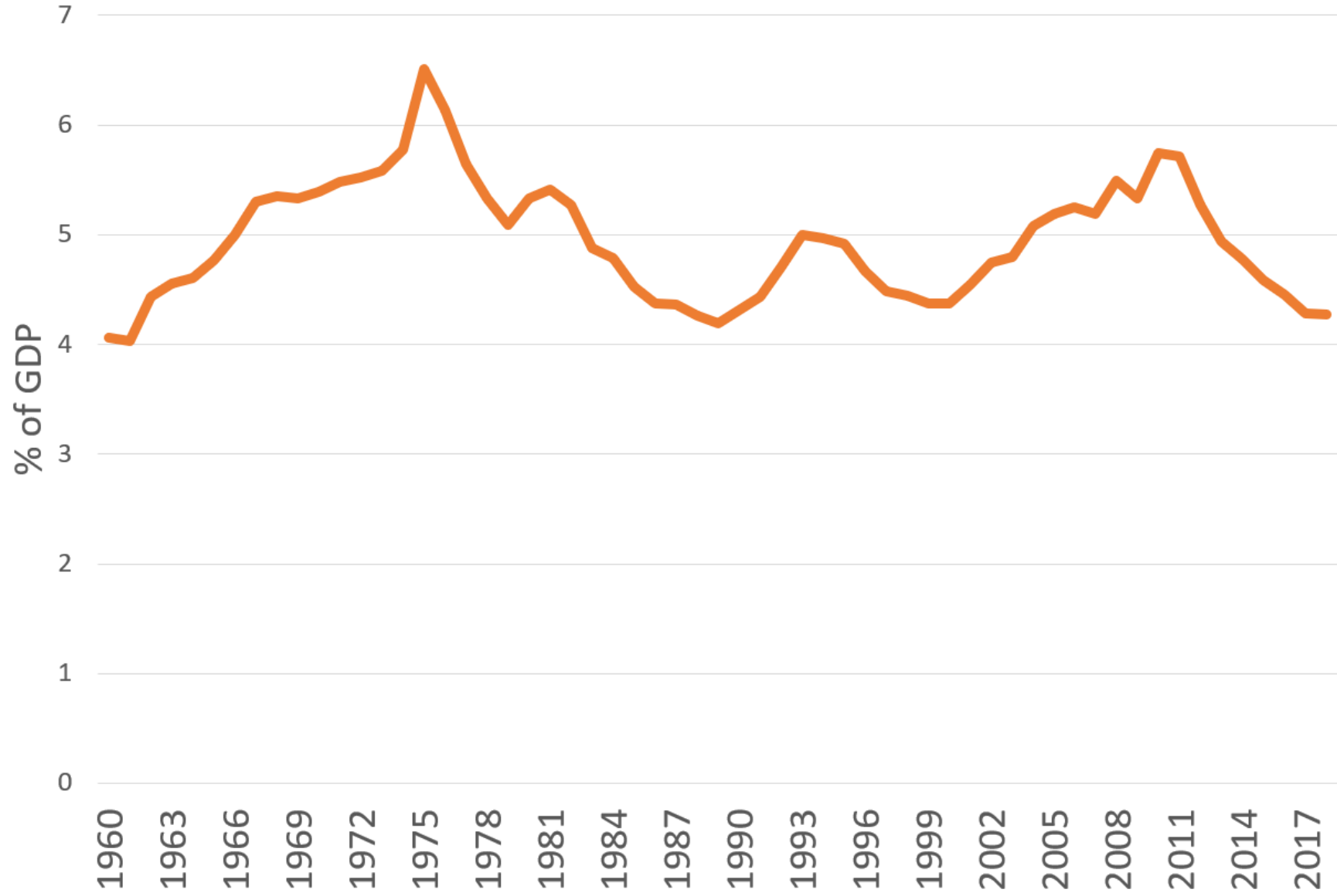
£8.6bn

Spending
needed in
2022/23

£15.1bn

Spending
needed in
2024/25

Education spending as a share of GDP





Media Statement

September 4, 2019

Statement on Government's pledge of extra funding for education

From James McInnes, Chairman of f40 education fair funding campaign group

James McInnes, Chairman of f40 and Cabinet Member for Children's Services and Schools at Devon County Council, welcomed the cash pledge and said the fact that the Prime Minister had also promised to level up funding for those areas historically under-funded and had unveiled a three-year funding proposal - things that f40 had long campaigned for – were particularly appreciated.

"This is an important beginning of Government accepting that education funding needs a long-term plan and is a huge step in the right direction that will go some way to repairing the damage caused by underfunding in recent years," said Coun McInnes.

"We are pleased that the Government has recognised that schools have been underfunded for too long and is injecting much-needed cash into our primary and secondary education during the next three years.

"The extra funding for Special Educational Needs is welcomed as schools and local authorities across the country have struggled to meet the growing need and have found it simply impossible to make their budgets stretch. We envisage Higher Needs continuing to grow for at least another few years, so more funding is required to enable realistic budget management.

"We look forward to further funding announcements, building on this start to enable all our children and young people to thrive in a world class education system."

Ends

For more information about this statement or the f40 group, call:

Karen Westcott, Secretary to the f40 group, on 07545 210067

About f40

The f40 campaign group was launched more than 20 years ago with the central aim of influencing significant change in the way Government allocates funding to local authorities and schools. The group is made up of 42 local authorities who are among the lowest funded for education in England.

f40 seeks fairness and equal opportunities in education for all children, regardless of where they live, and wishes to see schools properly funded and equipped to enable them to provide a quality education to meet the future needs of Britain.

For more information about f40, go to www.f40.org.uk

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
EDUCATION AND SKILLS FUNDING AGENCY (ESFA)
SCHOOLS REVENUE FUNDING 2020 TO 2021 OPERATIONAL GUIDANCE

1. PURPOSE

1.1 To advise the WSF on the issues within the Education and Skills Funding Agency (ESFA) Schools Revenue Funding 2020 to 2021 Operational Guidance and the Schools Revenue Funding Issues to be considered for 2020-21.

2. BACKGROUND

2.1 On 12th September 2019 the ESFA published their Schools Revenue Funding 2020 to 2021 Operational Guidance for 2020-21.

2.2 The details are in the attached link: -

<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2020-to-2021>

3. KEY ISSUES FOR CONSIDERATION IN THE ESFA OPERATIONAL GUIDANCE

3.1 **DSG** issues are: -

- Continuation of the 4 block DSG determined by a separate National Funding Formula (NFF).
- LA level provisional allocations for 2020-21 for the Schools, Central School Services and High Needs Blocks will be published in October 2019. Further provisional DSG allocations for 2020-21 will follow as usual in December 2019 as part of the School Funding Settlement announcement, based on pupil numbers recorded in the October 2019 census and other 2019 DfE data sets.

3.2 **National Funding Formulae (NFF)** issues are: -

- The NFF will continue to determine LAs DSG allocations for Schools, Central School Services, Early Years and High Needs in 2020-21.
- The Schools Block will continue to be ring-fenced, but LAs will be able to transfer up to 0.5% of their Schools Block funding out with the agreement of their Schools Forum.
- A disapplication will be required for transfers above 0.5%, or any amount without Schools Forum approval; this now applies to any transfers over 0.5%, even if the minister agreed the same amount in the past two years.
- Schools Block allocations will continue to be expressed as separate per pupil Primary and Secondary Units of Resource (PUF and SUF) rates for each LA. They will also include funding at LA level for premises and new formula for mobility.
- LAs Schools Block NFF allocations will be calculated by aggregating schools' notional allocations under the NFF.
- The minimum per-pupil levels the Minimum Funding Levels (MFLs) will be set at £3,750 for primary schools and £5,000 for secondary schools. The primary level

will rise to £4,000 in 2021-22. A new methodology will apply to accommodate with non-standard year groups so for middle schools, this will **produce a specific MFL that relates to the number of year groups in each phase.**

- The funding floor will be set at 1.84%, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms. This minimum increase in 2020-21 allocations, will be based on the individual school's NFF allocation in 2019-21.
- The DfE core NFF factors are proposed to increase by 4%. Exceptions to this are that the FSM to be increased at inflation and premises funding will continue to be allocated at LA level based on actual spend in the 2019-20 APT, with an RPIX increase for the PFI factor only.
- There will be no NFF gains cap, so that all schools could attract their full allocations under the formula. However, LAs will still be able to use a cap in their local formulae.
- Growth funding will be based on the same methodology as last year and will have the same transitional protection ensuring that LA whose growth funding is unwinding will lose more than 0.5% of its 2019-20 of its schools' block allocation. There will be no capping or scaling of gains from the growth factor.

3.3 Other Grant issues are: -

- The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21. The DfE will publish the rates that determine the 2020-21 allocations in due course.

3.4 Local Schools Formula Factors (LSFF) issues are as follows: -

- Although the DSG quantum will be determined by the NFF LAs can still use a LSFF in 2020-21. So, the local factor values and parameters may continue to differ from those used in the NFF for this period.
- The condition for mandatory factors relating to AWPU and deprivation is being extended to the NFF MFLs which must be included in the LSFF in 2020-21. This is subject to a separate DfE consultation exercise.
- LAs will no longer have to request approval to vary pupil numbers for school reorganisations and changes in school age ranges and existing approvals can be carried forward.
- LAs have to include pupil estimates for new mainstream free schools in the LSFF calculation. Existing exceptional premises factors already approved can continue providing they still meet the ESFA thresholds.
- LAs are required to submit one Local Authority Proforma Tool (APT) for 2020-21 by 21st January 2020 and must ensure they have built in the relevant statutory consultation and political approvals as required.
- Confirmation by LAs of Schools Block School Budget Shares (SBS) to its maintained schools is required by 28th February 2020.
- Confirmation by the ESFA of General Annual Grant (GAG) statements for academies is required by 31st March 2020.

3.5 Protection Arrangements are as follows: -

- Minimum Funding Guarantee (MFG)
 - LAs will have the freedom to set the MFG in local formulae between +0.5% and +1.84% per pupil.
 - It is a statutory EFA calculation and will be part of the APT calculation but the ESFA will re-calculate for academies.

- LAs will continue to be able to request MFG disapplication for exceptional local circumstances as now by dates set by the ESFA, which is shown in **Agenda Item 10e**).
- Capping and Scaling
 - LAs can use a gains cap even though there is not one in the NFF.
 - So, for gaining schools this will continue to be permitted and can exceed the cash requirement of the MFG and must be set at least as high as the MFG threshold.

3.6 Redetermination of Budget Share issues are as follows: -

- There are no changes here and these are not permitted except for 6th form funding, early years funding, permanently excluded pupils and rates.
- As now any DSG underspend brought forward from the previous year may be used to support: -
 - Schools Block pupil growth or falling rolls funds.
 - Central Services Schools Block expenditure (providing no limits are breached).
 - High Needs Block.
 - Early Years Block.
 - Carried forward to the next funding period and allocated to schools via the LSFF.

3.7 Movement Between Blocks issues are as follows: -

- LAs may transfer up to 0.5% of their Schools Block funding into another block with the approval of their Schools Forum following relevant consultation. **Given the significant High Needs cost pressures, schools and the WSF will be requested to again consider the appropriateness of this for 2020-21 as part of the consultation requirements for all schools both maintained and academies.**
- LAs must submit a disapplication by 28th November 2019 for an amount more than 0.5% or where the Schools Forum has turned down a request of 0.5% if they wish to proceed with a transfer.

3.8 DSG Balances issues are as follows: -

- The DfE recognise an increasing number of LAs are incurring a DSG deficit due in the main to overspends on their High Needs block.
- LAs will be required to report to the DfE if there is a DSG deficit of more than 1% as at 31st March 2020 including discussions with their Schools Forum and plans for bringing the DSG back into balance.

3.9 Central School Services Block (CSSB) issues are as follows: -

- Provides funding for: -
 - Services previously allocated through the retained duties element of the Education Services Grant (ESG) for LA statutory responsibilities for all schools maintained and academies.
 - Ongoing central functions, such as admissions, for all schools maintained and academies.
 - For continuing historic commitments, the DfE intend to publish in October 2019, technical documents setting out a formula for the ongoing responsibilities element of the block. As stated previously, the DfE expect to start to reduce the historic commitments element of the block from 2020-21 and detail of the proposed approach will follow in due course.

- The split of former ESG duties to be funded from the CSSB (for all pupils) has been set out in the ESFA Operational Guidance together with other centrally retained services.

3.10 **De-delegated Services** issues are as follows: -

- The list of current services that can be subject to delegation remains for maintained primary, middle and secondary schools. However, de-delegation is still not an option for special schools, nursery schools and PRUs.
- Funding for de-delegated services must be allocated through the formula but can continue be passed back, or 'de-delegated', for maintained primary, middle and secondary schools with schools forum approval by sector phases as now.
- Any decisions made to de-delegate in 2019-20 related to that year only, so new decisions will be required for any service to be de-delegated in 2020-21.
- For former ESG General Duties for Maintained Schools only: -
 - LAs will continue to be able to fund services for maintained schools – primary, middle, secondary, special and PRUs – previously funded from the general funding rate of the ESG.
 - This can be by de-delegation from maintained school budget shares and will need the agreement of the maintained school members of the Schools Forum. **The WSF is requested to again consider the appropriateness of this for 2020-21, including any consultation requirements for maintained schools only.**
 - If the LA wishes to de-delegate in this instance and Schools Forum do not approve this or are unable to reach a consensus on the level of the DSG to be retained by the LA, the matter will need to be referred to the Secretary of State for a ruling.
- For any de-delegation, the amount to be held by the LA will be determined after the MFG and capping has been applied.

3.11 LAs will continue to be able to retain DSG centrally to support **pupil growth and falling rolls** subject to the parameters set by the DfE and approved local criteria.

3.12 Required Schools Forum Approvals for designated central and de-delegated services for 2020-21 are the same as for those services in 2019-20.

3.13 For **High Needs Block Funding** in 2020-21 issues are as follows: -

- The funding floor will be set at 8% so each LA can plan for an increase of at least that percentage, taking into account changes in their 2 to 18 population (as estimated by the ONS).
- The gains cap will be set at 17%.
- These proposed increases will be required to support the current structural deficit and HN Recovery Plan.
- The DfE will publish provisional high needs block allocations for 2020-21 alongside technical notes explaining the calculations in October 2019.
- Operational aspects of high needs funding and the process for finalising LA ty allocations of high needs funding and institutions' allocations of place funding will remain largely unchanged from 2019-20. These will be explained in the High Needs Operational Guide, to be published in late September.
- LAs will continue to be able to make changes to the number of funded places in maintained schools and PRUs for 2020-21. Any changes for academies will continue to need agreement from the institutions and the ESFA through the annual change to places process later in the Autumn Term 2019.

4. RECOMMENDATION

4.1 The WSF notes and comments on the key issues.

Andy McHale
Service Manager Funding and Policy
Children, Families and Communities

September 2019

CHILDREN, FAMILIES AND COMMUNITIES DIRECTORATE
WORCESTERSHIRE CHILDREN FIRST (WCF)

FAIR FUNDING CONSULTATION PAPER OCTOBER 2019

ISSUES FOR CONSIDERATION FOR: -
THE LOCAL SCHOOLS FUNDING FORMULA (LSFF) AND CENTRALLY RETAINED
SERVICES
FOR WORCESTERSHIRE COUNTY COUNCIL (WCC) IN 2020-21

Section	Subject	Page Numbers
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Part B	Issues for consideration for the Local Schools Funding Formula (LSFF) and Centrally Retained Services for Worcestershire County Council (WCC) in 2020-21	3 - 13
Appendix A	Response Form <i>(separate paper)</i>	
Contact	Andy McHale Service Manager Funding and Policy Resources Directorate Worcestershire Children First County Hall, Spetchley Road Worcester WR5 2YA 01905 846285 Please respond to this consultation by: - <u>2pm on 18 November 2019</u> using the following email address: - amchale@worcschildrenfirst.org.uk	

PART A – INTRODUCTION

1. The purpose of this consultation paper is to seek views from schools and other consultees on the Local Schools Funding Formula (LSFF) and Centrally Retained Services for Worcestershire County Council (WCC) for 2020-21.
2. Consultees are reminded on 17 July 2017, the Education Secretary made an announcement on School Funding for 2018-19 and 2019-20. This detailed several changes and in particular: -
 - The introduction of a new National Funding Formula (NFF) arrangement from 2018-19.
 - For 2018-19 and 2019-20, the NFF set indicative budgets for each school, and the total schools funding received by each LA will be allocated according to the NFF.
 - LAs were able to continue to set a Local Schools Funding Formula (LSFF) for individual schools' budgets in 2018-19 and 2019-20, in consultation with schools in their area to allow longer transition to provide stability for schools.
 - Ring-fence the vast majority of funding provided for primary and secondary schools although LAs, in agreement with their local Schools Forum, will be able to move some limited amounts of funding to High Needs, where this better matches local need.
 - Spending plans for the years beyond 2019-20 will be set out in a future spending review.
3. Consequently, WCC launched a major consultation in October 2017. For the LSFF this requested schools to consider 2 options to either stay with the then current local formula or move towards the NFF. Also, schools were requested to consider arrangements for centrally retained services for schools.
4. Following the consultation and taking account of all the views arising from the consultation on 14 December 2017, WCC Cabinet approved for 2018-19 and 2019-20 for the LSFF for Worcestershire mainstream schools from April 2018 to apply to be consultation Option 2 **based as far as is practicable and affordable upon the NFF.**
5. Also, the Worcestershire Schools Forum (WSF) made their decisions as required on centrally retained services for schools for 2018-19 and 2019-20.

**PART B – ISSUES FOR CONSIDERATION FOR THE LOCAL SCHOOLS FUNDING
FORMULA (LSFF) AND CENTRALLY RETAINED SERVICES FOR WORCESTERSHIRE
COUNTY COUNCIL (WCC) FOR 2020-21**

1. DfE CONFIRMED POLICY DIRECTION FOR 2020-21

1.1 On 3 September 2019, the Secretary of State for Education confirmed to Parliament that the funding for Schools and High Needs will rise by £2.6 billion for 2020-21, a further £2.2 billion for 2021-22 and a further £2.3 billion for 2022-23. This provides for £7.1 billion additional funding **compared to 2019-20 baseline**.

1.2 On 9 September 2019, the Minister for School Standards confirmed in a written statement to Parliament some further details in respect of 2020-21, specifically that in 2020-21, the above funding will be distributed using the Schools and High Needs National Funding Formulae (NFF).

1.3 The following are the key aspects of the Ministerial Statements for 2020-21: -

(a) DSG Funding for Schools and High Needs

- The DfE will be publishing provisional NFF allocations at LA and school level in October 2019, including LAs final Primary and Secondary units of funding (PUF) and (SUF) for the Schools Block.
- The DfE will publish final Schools and High Needs DSG allocations for LAs in December 2019 based upon the October 2019 census and other 2019 national data sets.

(b) DfE Schools NFF

- This will continue to have the same factors as at present, and the DfE will '*continue to implement the formula to address historic underfunding and move to a system where funding is based on need*'.
- The key aspects of the NFF for 2020-21 compared to 2019-20 are: -
 - The per pupil Minimum Funding Levels (MFLs) will be set at £3,750 for primary schools and £5,000 for secondary schools. The following year, in 2021-22, the primary MFL will rise to £4,000.
 - The funding floor will be set at 1.84% per pupil, in line with the forecast GDP deflator, to protect per pupil allocations for all schools in real terms. This minimum increase in 2020-21 allocations will be based on the individual school's NFF allocation in 2019-20.
 - The NFF allocations are proposed to benefit from an increase of 4% to the formula's core factors apart from FSM and historic premises allocations.
 - There will be no gains cap in the NFF, unlike the previous two years, so that schools could attract their full core allocations under the formula. This will depend on affordability.
 - The DfE will make a technical change to the mobility factor so that it allocates this funding using a formulaic approach, rather than based on historic spend.
 - Growth funding will be based on the same methodology as this year, with the same transitional protection ensuring that no LA growth funding is unwinding will lose more than 0.5% of its 2019-20 schools block allocation.

(c) Local Schools Funding Formula (LSFF)

- LAs will continue to have discretion over their LSFF and in consultation with schools, will ultimately determine allocations in their area.

- However, as a first step towards hardening the formula, from 2020-21 the DfE will make the use of the national per pupil MFLs, at the values in the school NFF, **compulsory** for LAs to use in their LSFF. This aspect is subject to a separate DfE consultation exercise.
- In addition, two important restrictions will continue: -
 - LAs will continue to set a Minimum Funding Guarantee (MFG) in the LSFF, which in 2020-21 must be between +0.5% and +1.84%. This allows LAs to mirror the real terms protection in the NFF.
 - LAs can only transfer up to 0.5% of their School Block to other blocks of the DSG, with Schools Forum approval. To transfer more than this, or any amount without Schools Forum approval, LAs will have to make a request to the DfE, even if the same amount was agreed in the past two years.

(d) High Needs NFF

- This will also continue to have the same factors as at present.
- The DfE will use the £700 million of additional funding to: -
 - Ensure that every LA will receive an increase of at least 8% per head of 2 to 18 population through the funding floor.
 - This minimum increase in 2020-21 allocations will be based on LAs High Needs allocations in 2019-20, including the additional £125 million announced in December 2018.
 - Above this minimum increase, the formula will allow LAs to see increases of up to 17%, again calculated based on per head of population.

(e) Other Grants

- The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21.
- The DfE will publish the rates that determine the 2020-21 allocations in due course.

1.4 The Education Secretary also confirmed on 3 September the government's intention to move to a 'hard' NFF for schools – where budgets will be set based on a single, national formula. The DfE recognise that this will represent a significant change and will work closely with LAs, schools and others to make this transition as smoothly as possible.

1.5 Given the above issues, and that Worcestershire's LSFF, based upon the NFF parameters, has only been approved for 2018-19 and 2019-20, there is now a need to again consider the local consultation issues for 2020-21. The timeline is **detailed in Table 1**.

Table 1: Consultation Timeline

DETAIL	DATE
Meeting of the WSF to discuss and agree consultation issues	26 September 2019
Formal consultation for 2020-21 starts	1 October 2019
Formal consultation for 2020-21 ends	18 November 2019
Further Meeting of the WSF to consider the results of the consultation and to formulate recommendations to Cabinet	28 November 2019
Report to Cabinet making recommendations for the Local Schools Funding Formula (LSFF), de-delegated and centrally retained budgets for 2020-21	12 December 2019
Confirmation by the DfE/ESFA of: - <ul style="list-style-type: none"> • October 2019 census data and other 2019 data sets • Final LSFF Authority Proforma Tool (APT) for 2020-21) Late) December

• DSG Allocations for 2020-21) 2019
LA to consider impact of the new October 2018 data sets for LSFF APT submission for 2020-21	Late December 2019/Early January 2020
Meeting of the WSF to: - <ul style="list-style-type: none"> • Consider impact of the new October 2019 data sets • Agree submission for the final LSFF APT 2020-21 to the ESFA) 14 January) 2020
LA to submit final data for Schools Budget DSG LSFF APT for 2020-21	20 January 2020
LA to confirm School Budget Shares 2020-21 for their maintained mainstream schools	By 28 February 2020
LA to confirm initial School Budget Shares 2020-21 for their maintained specialist providers	By 28 February 2020
ESFA to confirm General Annual Grant (GAG) 2020-21 to academies	By 31 March 2020

As in previous years, this consultation process must take place prior to the receipt of the October 2019 data sets and the issue of the final DSG for 2020-21. This is not anticipated until late December 2019.

2. LOCAL SCHOOLS FUNDING FORMULA (LSFF) 2020-21

THIS SECTION IS APPLICABLE TO ALL MAINSTREAM SCHOOLS ONLY BOTH LA MAINTAINED AND ESFA ACADEMIES

2.1 For the last two years 2018-19 and 2019-20, the LSFF in WCC has been introduced in line with the DfE NFF parameters.

2.2 For these two years, WCC has been just about able within the Schools Block Dedicated Schools Grant (DSG) quantum allocated by the DfE as part of their NFF to introduce: -

- All the DfE NFF units of resource.
- The per pupil floors and ceilings through the Minimum Funding Guarantee (MFG) and Capping.
- The DfE national sector MFLs.

2.3 At its meeting on 26 September 2019, the WSF discussed in detail the LSFF issues and any potential for change from the current arrangements. They concluded: -

- Given the current funding pressures in schools, **stability** in line with previous agreements, was still in the best interest of schools.
- For the continuation of the LSFF as far as practicable and affordable using the DfE NFF parameters for a further year in 2020-21.
- Potential future consideration, if there is ever a full introduction by the DfE of their NFF in futures years, was appropriate.

2.4 In considering the NFF and the LSFF for 2020-21 key considerations remain: -

- Will the DfE NFF parameters 2020-21 continue to be affordable within the Schools Block DSG quantum allocated by the DfE?
- Given the pressures on the High Needs DSG does there need to be consideration of transferring some Schools Block DSG to support this area?
- The continuing impact of budget and funding pressures for all schools.
- The NFF policy from 2021-22 not yet being confirmed and being subject to a proposed full Government Spending Review in 2020.

2.5 Given the above issues in sections 2.1 to 2.4 and in line with the previous policy of LSFF stability, **WCC and the WSF feel there is only effectively 1 option to consider and to continue with the NFF parameters as far as is practicable and affordable as the WCC LSFF in 2020-21.**

2.6 In doing this as in 2018-19 and 2019-20, there will be a need to consider the affordability of the DfE NFF parameters in 2020-21 as the LSFF given: -

- The national policy direction for 2020-21 confirmed by the DfE.
- The mandatory requirements of the national per pupil MFLs in the NFF having to be replicated in the LSFF.
- The minimum per pupil increase for the MFG in the NFF.
- The need to use a cap for affordability if required.
- Whether some Schools Block DSG is transferred to support High Needs pressures (please see **Section 3** below).

CONSULTATION QUESTION 1

APPLICABLE TO MAINSTREAM SCHOOLS ONLY BOTH LA MAINTAINED AND ESFA ACADEMIES

Please indicate on the response form at Appendix A.

Q1 – Do you support the LSFF in 2020-21 continuing to be based, as in 2018-19 and 2019-20, upon the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available?

3. SCHOOLS BLOCK DSG QUANTUM 2020-21

3.1 Introduction

(a) In the DfE NFF, the Schools Block DSG provides funding for the mainstream LSFF and the Pupil Growth Fund for the allocation of revenue funding for basic need. The period 2018-19 and 2019-20 has seen this increase due to the DfE NFF and has enabled the WCC LSFF to mirror the national DfE NFF model.

(b) The DfE rules governing the Schools Block are: -

- The schools block is ring-fenced.
- LAs have limited flexibility to transfer up to 0.5% of their schools' block funding into another block, with the approval of their Schools Forum. In proposing this: -
 - LAs should consult with all local maintained schools and academies.
 - The Schools Forum should consider the views of the schools responding before giving their approval.
 - LAs must submit a disapplication request to the Secretary of State in cases where they wish to move more than 0.5% of the schools' block or where the Schools Forum has turned down a proposal to move funding out of the schools' block, but the LA wishes to proceed with the transfer.

3.2 Current position for the HN DSG

(a) In line with most LAs, WCC is experiencing **significant budget pressures on its High Needs Block DSG**. Due to the 2014 national reforms for SEND WCC has been seen: -

- Unprecedented demand for EHCPs in all settings.

- Increases in the complex nature of needs.
- Increased requirements for place and top up funding in all sectors.
- In-county provision being maximised leading to a lot more pupil placements in independent and non-maintained provision.
- Additional pressures at post 16 and post 19 with the national SEND reforms now requiring provision 0-25.

(b) Although WCC has been allocated more High Needs DSG as part of the DfE NFF, the grant has not kept pace with demand. Also, as about 50% of the High Needs DSG continues to be allocated based on LA historic funding levels, WCC as a low funded LA is not seeing the full benefit of the NFF DSG. Consequently, WCC is unable to contain current levels of expenditure within the DSG quantum allocated by the DfE.

(c) At the end of 2018-19, the High Needs DSG budget position was an overspend of £9.0m gross and £7.7m net after applying the additional DSG allocated by the DfE in December 2018. In terms of the DSG overall, this overspend was reduced by other DSG adjustments and additional DSG of £1.9m and drawing down all the DSG reserves from previous years of £5.2m. The net position on the DSG reserve is now a **deficit of £0.6m** as at 31st March 2019.

(d) The ongoing pressures for the new academic year for places and top-up funding for pupils in Special Schools, top up funding in mainstream schools, as well as placements in independent and post 16 provision, means there is at least a **structural gross deficit of £9m** anticipated in 2019-20.

(e) The DfE have also confirmed LAs that are in a position where their DSG deficit is 1% or more of their gross DSG, need to submit to them a formal deficit recovery plan. For WCC, this is approximately £4m, but given the DSG deficit brought forward is £0.6m, a formal submission is not currently required. However, the ongoing structural deficit which has been predicted to be at least £9m, this will require a formal submission by the end of June 2020.

(f) Like all LAs, this is a significant pressure in WCC and requires wholesale changes to SEND practice in the LA and schools before any significant financial recovery impact will be seen. To support the issues the WSF has constituted a Task Group to review the issues and the complex nature of the SEND operational and consequent funding arrangements and pressures. They have been reporting to the WSF during the work programme. However, the level of pressure and future demand indicates this financial recovery will take anywhere between 3 to 5 years and possibly longer.

(g) Also, representations are being made to the DfE directly by WCC through the DfEs July 2019 national 'call for evidence' on SEND and thorough representative groups such as the Society of County Treasurer's and the F40 Group. The focus of the challenge to the DfE is the unfunded impact of the 2014 SEND policy reforms above and this being a national issue requiring a national solution for all LAs.

(h) As part of the funding announcements the DfE have confirmed an additional £700m for the High Needs Block DSG to be allocated to LAs through the NFF and a major review to address problems in the support available for children and young people with special educational needs and disabilities. The DfE will look at how it can use *'incentives and accountability'* to make sure schools provide the best possible support for children with SEND and to endeavour to *'strike the right balance of state-funded provision across inclusive mainstream and specialist places.'*

(i) This sum will be distributed to LAs through the DfE HN National Funding Formula, so WCCs share of this will not be confirmed until later in 2019 based upon the October 2019 census and other data sets. However, any additional funding will be allocated in the 2020-21 HN DSG and although welcome it is unlikely to cover the structural deficit to be carried forward from 2019-20 into 2020-21 but will be able to support the HN deficit recovery plan over the 3-5-year period.

3.3 Issues to Consider for a Potential Transfer from the Schools Block DSG

(a) Part of the Task Group deliberations has had to consider if in the current climate whether there is any scope for transferring some funding from the Schools Block DSG to support the budget pressure. On the current DSG for 2019-20 a transfer of 0.5% is approximately £1.6m, about 20% of the current structural deficit.

(b) The considerations around this include: -

- The current rules for transfers from the Schools Block DSG detailed in paragraph 3.1(b) above.
- If any proposal to transfer funding is not supported by schools would the LA wish to proceed anyway?
- Understanding the current and continuing pressures on the HN Block and although this is a small amount it could help the current and future position.
- This is not something the LA has considered in the past and would normally not do given the significant cost pressures on mainstream schools that have had to absorb and others still to come. However, the current position requires some difficult thinking and decision making.
- Would any transfer impact significantly or not on the ability to continue to set the current LSFF on the NFF parameters – in particular, the MFG, there being no gains cap in the NFF and the mandatory sector MFLs?
- This decision for the LSFF to be based upon the DfE NFF was supported and welcomed by a majority of schools across the range of sectors. To change again would reopen previous debates and challenges being seen potentially as a retrograde step.
- If agreed and approved, how to adjust for any the reduction in the LSFF to account for the 0.5% transfer as this is not a straight forward process. The £1.6m equates to about £20 per pupil or £7,000 on the lump sum but as the MFG and the cap will protect the change adjusting LSFF factors will require changes in the floors and ceilings too possibly to the detriment of the NFF parameters. So, any adjustment is likely to have to be managed just through the MFG and cap.

CONSULTATION QUESTION 2

APPLICABLE TO MAINSTREAM SCHOOLS ONLY BOTH LA MAINTAINED AND ESFA ACADEMIES

Please indicate on the response form at Appendix A.

Q2a) – Do you support the transfer of 0.5% of the Schools Block DSG in 2020-21, to the High Needs Block DSG to support cost pressures?

Q2b) – If your answer to question Q2a) is YES please indicate how this adjustment should be made: -

- **A combination of reducing the AWPU and changing the MFG/Capping percentages.**

- A combination of reducing the Lump Sum and changing the MFG/Capping percentages.
- Changing the MFG/Capping only.

4. CENTRALLY RETAINED SERVICES AND PROVISIONS

4.1 De-delegation for Services

THIS SECTION IS APPLICABLE TO LA MAINTAINED MAINSTREAM SCHOOLS ONLY

- There is a requirement to consider again for 2020-21 the existing arrangements in place for delegation and de-delegation.
- The **de-delegation decisions supported by schools and approved by the maintained school members of the WSF for 2018-19 and 2019-20** are detailed in **Table 2**.
- These will continue to only be able to be de-delegated from maintained mainstream schools.
- De-delegation is not an option for academies, special schools, nursery schools or Pupil Referral Units (PRUs).
- The de-delegation option is again available in 2020-21 and LAs are required by the DfE to review their arrangements with schools.
- Like the LSFF, for **stability** purposes, **is not proposed to change any of these arrangements for 2020-21**. This will mean the current central retention arrangements are proposed to continue to apply.
- Following consultation, it would be for the WSF maintained school's members in the relevant phase (primary or secondary) to decide for each service whether it should be provided centrally. The decision will apply to all maintained mainstream schools in that phase and would mean that the funding for these services will be removed from the LSFF before school budgets are issued as in previous years. There could be different decisions made for each phase. Middle schools must be treated according to their deemed phase.

Table 2: Delegation/De-Delegation Decisions for Maintained Mainstream Schools for 2018-19 and 2019-20

Phase/Service [Formula Factor for De-delegation indicated]	Primary Delegation	Primary De-delegation	Secondary Delegation	Secondary De-delegation
School Specific Contingency (SSC) [Per Pupil (AWPU)]	No	Yes	No	Yes
Support for Schools in Financial Difficulty [Per Pupil (AWPU)]	Yes	No	Yes	No
Behaviour Support Services [Low Prior Attainment]	N/A	N/A	Yes	No
14-16 Practical Learning Options [Per Pupil (AWPU)]	N/A	N/A	Yes	No

Support for Minority Ethnic Pupils/ Underachieving Groups – (See Note 1)	No	Yes	No	Yes
English as an Additional Language [EAL 3 Years] Traveller Children [Low Prior Attainment]	No	Yes	No	Yes
Free School Meal (FSM) Eligibility (See Note 1) [FSM Annual]	No	Yes	No	Yes
Schools Insurance [Per Pupil (AWPU)]	Yes	No	Yes	No
Staff Costs/Duties Supply Cover – Civic Trade Union HR Related [Per Pupil (AWPU)]	No No No	Yes Yes Yes	No No No	Yes Yes Yes
Additional School Improvement Services	No	No	No	No
Former General Duties Previously Funded by the Former Education Services Grant (ESG)	N/A	No	N/A	No

Note 1 – These services are part of the Education & Skills (E&S) Contract with Babcock International PLC from 1st October 2015.

For these above approved arrangements for 2018-19 and 2019-20, it is not proposed to make any changes for 2020-21, so the current delegation and de-delegation will continue to apply. This position will require the approval of the maintained mainstream school members of the WSF.

CONSULTATION QUESTION 3

APPLICABLE TO LA MAINTAINED MAINSTREAM SCHOOLS ONLY

Please indicate on the response form at Appendix A.

Q3 – Do you support the arrangements for delegation and de-delegation for 2018-19 and 2019-20 as detailed in Table 2 to continue for 2020-21?

4.2 Other Central Retention

THIS SECTION IS APPLICABLE TO ALL SCHOOLS BOTH LA MAINTAINED AND ESFA ACADEMIES

- The service **decisions supported by schools and approved by the WSF for 2018-19 and 2019-20** are detailed in Table 3. These services are funded through the Central School Services Block (CSSB) of the DSG.
- Like the LSFF, for **stability** purposes, **it is not proposed to change any of these arrangements for 2020-21**. This will mean the current central retention arrangements are proposed to continue to apply.
- Following consultation, it is for the WSF to approve the central funding for some of these services as indicated below.
- The budget for Contributions to Combined Services Historic Commitments currently funds the Early Intervention Family Support (EIFS) service. The continued central retention for EIFS is fundamental in supporting the delivery of WCCs Early Help strategy delivered within Worcestershire Children First (WCF). In the past has been well supported by schools and the WSF and so is recommended to continue.
- However, for 2020-21, the DfE have indicated they will be introducing a national formula for the funding of Historic Commitments, the details of which have yet to be advised. The outcome could impact on the current amount received by WCC within the CSSB for funding this issue.

Table 3: Centrally Retained Services Decisions for All Maintained Schools and Academies 2018-19 and 2019-20

For the LA to decide WSF approval is not required	<ul style="list-style-type: none"> • High Needs Block provision • Central Licences negotiated by the Secretary of State <p>[Note – the cost is notified to LAs by the DfE – current cost £0.41m]</p>
CSSB WSF approval is required on a line by line basis NOT LIMITED by previous budget provision	<ul style="list-style-type: none"> • School Admissions – current central budget £0.58m • Servicing of Schools Forum – current central budget £0.06m • Services previously funded by the ESG retained duties that LAs hold for all schools – current central budget £1.26m
Other Services WSF approval is required	<ul style="list-style-type: none"> • Central early years block provision – current central budget £0.73m • Any movement of funding out of the schools' block – non-previously proposed but

	<p>see section 3 above regarding High Needs</p> <ul style="list-style-type: none"> Any deficit from the previous funding period that reduces the amount of the school's budget – non-previously but see section 3 above regarding High Needs Any brought forward deficit on de-delegated services which is to be met by the overall school's budget – not currently required
<p>CSSB services</p> <p>WSF approval is required on a line by line basis LIMITED by previous budget provision</p>	<ul style="list-style-type: none"> Contribution to Combined Budgets Historic Commitments (Early Intervention Family Support Service) – current central budget £1.5m [Note – Potentially subject to change as a consequence of DfE national formula review]
<p>Approved to be centrally retained before allocating formula</p> <p>Subject to WSF approval including criteria where appropriate</p>	<ul style="list-style-type: none"> Funding for significant pre-16 pupil growth to meet basic need and to enable all schools to meet the infant class size requirement – current central budget £1.3m [Note – the criteria have been previously agreed by the WSF]
<p>No current provision made as no historic budget commitment or this has now time expired</p> <p>WSF approval is required on a line by line basis LIMITED by previous budget provision where NO NEW COMMITMENTS can be now entered into</p>	<ul style="list-style-type: none"> Back-pay for equal pay claims Remission of boarding fees at maintained schools/academies Places in independent schools for non-SEN pupils Prudential borrowing costs SEN transport costs Funding to support falling rolls to prepare for future population growth meeting specific criteria for good or outstanding schools where growth in pupil numbers is expected within 3 years Capital Expenditure Funded from Revenue (CERA)

	<ul style="list-style-type: none">Existing Termination of Employment/ Redundancy Costs <p>[Note – there is no central budget provision for any of these areas]</p>
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CONSULTATION QUESTION 4

APPLICABLE TO ALL SCHOOLS BOTH LA MAINTAINED AND ESFA ACADEMIES

Please indicate on the response form at Appendix A.

Q4 – Do you support the arrangements for centrally retained services as detailed in Table 3 for 2018-19 and 2019-20 to continue in 2019-20?

DRAFT

CHILDREN, FAMILIES AND COMMUNITIES DIRECTORATE
WORCESTERSHIRE CHILDREN FIRST

FAIR FUNDING CONSULTATION PAPER OCTOBER 2019

RESPONSE FORM

Please fill in the details below and return the response sheets electronically, to:

Andy McHale
Service Manager Funding and Policy
Resources Directorate
Worcestershire Children First
Worcestershire County Council
at

amchale@worcschildrenfirst.org.uk

REPLIES SHOULD BE RETURNED BY 2pm ON 18 NOVEMBER 2019

<u>FULL</u> Name of School or Consultee:	
Name of the person completing this form:	
Position in school or organisation:	
The views recorded on the attached forms are those of:	
Date completed:	

LOCAL SCHOOLS FUNDING FORMULA (LSFF) 2020-21

CONSULTATION QUESTION 1

APPLICABLE TO ALL MAINSTREAM SCHOOLS ONLY BOTH LA MAINTAINED AND ESFA ACADEMIES

Q1 – Do you support the LSFF in 2020-21 continuing to be based, as in 2018-19 and 2019-20, upon the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available?

Yes / No

Please give your comments if you wish on this question.

SCHOOLS BLOCK DSG QUANTUM 2020-21

Q2a) – Do you support the transfer of 0.5% of the Schools Block DSG in 2020-21 to the High Needs Block DSG to support cost pressures?

Yes / No

Please give your comments if you wish on this question.

Q2b) – If your answer to question Q2a) is YES please indicate how this adjustment should be made: -

- A combination of AWPU and changing the MFG/Capping percentages.**
- A combination of reducing the Lump Sum and changing the MFG/Capping percentages.**
- Changing the MFG/Capping only.**

Please give your comments if you wish on this question.

CENTRALLY RETAINED SERVICES AND PROVISIONS

CONSULTATION QUESTION 3

APPLICABLE TO LA MAINTAINED MAINSTREAM SCHOOLS ONLY

Q3 – Do you support the arrangements for delegation and de-delegation for 2018-19 and 2019-20 as detailed in Table 2 to continue for 2020-21?

Yes / No

Please give your comments if you wish on this question.

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CONSULTATION QUESTION 4

THIS IS APPLICABLE TO ALL SCHOOLS BOTH LA MAINTAINED AND ESFA ACADEMIES

Q4 – Do you support the arrangements for centrally retained services as detailed in Table 3 for 2018-19 and 2019-20 to continue in 2019-20?

Yes / No

Please give your comments if you wish on this question.

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School and Early Years Finance (England) Regulations

Local Authority Application to Disapply Regulations Form

Schools Block Movement

APPENDIX A

Please complete this form to apply to the Secretary of State for Education to disapply the School and Early Years Finance (England) Regulations, or to vary conditions in the Dedicated Schools Grant.

**NEEDS TO BE SUBMITTED TO THE DfE BY
28th NOVEMBER 2019**

Please complete all fields. **If sections are not satisfactorily completed, we may request further information or REJECT YOUR REQUEST.**

Return the completed form along with any supporting documentation to LA.DISAPPLICATIONS@education.gov.uk

Any supporting documentation which is attached separately, for example spreadsheet calculations, should be referenced in the relevant box on the form.

Local Authority number	
Local Authority	
Funding year request relates to	2020/21
Type of request	SCHOOLS BLOCK MOVEMENT

What percent of the provisional schools block allocation are you requesting to transfer?	
What is the cash value you are requesting to move? (please specify if this is an estimate in the any further information box below)	
Would you like the request to be based on the percentage or fixed cash value above?	
Where do you propose to transfer funding to? <small>(High needs block, CSS block)</small>	
What do you propose setting your minimum funding guarantee (MFG) at if the transfer is allowed?	

Once actual DSG figures are released in December, the cash value of a given percentage will likely change. Therefore please specify whether you wish the cash value or the percentage to be fixed.

DSG forecast carry forward to 2020/21. Deficits to be shown as a negative value/surplus as a positive	
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Has the schools forum been consulted?	
Does the schools forum agree with this request?	
Was the meeting quorate?	
What was the date of the schools forum meeting?	
Please provide link(s) to the minutes showing schools forum agreement, or details of where this can be found in attached documentation.	
If this has not yet been discussed with Schools forum, what date will this be?	

Have all maintained schools and academies been consulted?	
What was the response rate of the consultation?	
What was the outcome of the consultation?	

Local authorities must consult with all local maintained schools and academies if they propose to allocate schools block money to other items. The schools forum must take into account the outcome of that consultation before deciding whether to give their consent (DSG conditions of grant)

Assessment of the equalities implication

Please provide us with your detailed equality analysis demonstrating your compliance with the public sector equality duty in s.149 of the Equality Act 2010 in relation to your request.

If attached separately, please provide details of where this can be found in supporting documentation.

Should we consider your analysis to be inadequate we may request further information or REJECT YOUR REQUEST.

Stating that there are no equality implications will generally be deemed to be inadequate.

[Section 149](#)

Please complete the table below to provide evidence for your request.

If evidence is attached separately, please provide details of where this can be found in supporting documentation.

Category	Description	Details/documents
Previous block movement	Details of all previous movements between blocks (including those that did not require a disapplication request) and what pressures those movements covered. Include details of why those transfers have not been adequate to counter the new cost pressures.	
2019/20 block movement request	Was there a request for 2019/20? If so, please provide details of this: What was the value of the request? Was it approved? How much (cash and % value) was transferred following the decision? Also provide details if this request represents a longer term plan agreed previously, details of any consultation with schools and voting.	

Breakdown of specific budget pressures that led to the need to transfer	A full breakdown of the specific budget pressures that have led to the requirement for a transfer. This would include the changes in demand for special provision over the last 3 years, and how the LA has met that demand by commissioning places in all sectors. It is particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so those schools can understand both why a transfer of funds from the schools block might be needed, and how future transfers might be avoided.	
Strategic Financial Plan (A) – Balancing and Sustaining the High Needs Block	The local authority should demonstrate an assessment and understanding of why the high needs costs are at a level that exceeds the expected final high needs funding allocation, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways.	
Strategic Financial Plan (B) – DSG Recovery and Schools' Forum	The local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, and how they are planning ahead to avoid such transfers in the longer term. (Note that the schools forum can only give approval for a one-off transfer of funding out of the 2020/21 schools block.) The local authority should also include here the forecasted DSG brought forward figure for the next 3 years. Finally the local authority must provide updated recovery plans following the additional high need funding announced on 30 August 2019.	
Strategic Financial Plan (C) – Collaborative Planning and Partnership working	We expect evidence of effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities.	
Health and social care budget	Details and evidence of any contributions coming from the health and social care budgets towards the cost of specialist places.	
Funding HN pupils in mainstream provision	Details of how any additional high needs funding would be targeted to good and outstanding mainstream primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools. Examples that illustrate how the LA would support such inclusive practice are also useful.	
Impact of transfer on Schools block	Details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula.	

Any further information about the request not included above.

For any references made to documents supplied separately, please provide details (e.g. page numbers) of where relevant information can be found within the supporting documentation.

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Name of requestor	
Job Title	
Telephone number	
Email address	
Date	

For Official use only

Request number	
ID	
Decision outcome	
Details of the Decision (including any conditions)	

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Name	
Date	
Type of Notification	

If this notification type is listed as 'intention to approve' the Department will notify you when the regulations are laid.



School and Early Years Finance (England) Regulations Local Authority Application to Disapply Regulations Form General Requests

Please complete this form to apply to the Secretary of State for Education to disapply the School and Early Years Finance (England) Regulations, or to vary conditions in the Dedicated Schools Grant.

**NEEDS TO BE SUBMITTED TO THE
DfE BY 11th OCTOBER 2019 OR 20th
NOVEMBER 2019**

Please complete all fields. **If sections are not satisfactorily completed, we may request further information or REJECT YOUR REQUEST.**

Return the completed form along with any supporting documentation to LA.DISAPPLICATIONS@education.gov.uk

Any supporting documentation which is attached separately, for example spreadsheet calculations, should be referenced in the relevant box on the form.

Local Authority number	
Local Authority	
Funding year request relates to	2020/21
Type of request	
Which requirement in the Regulations, including the regulation number, is your request made pursuant to?	
Which requirement in the conditions of grant does this request relate to?	

Number of schools directly affected	
Have the schools directly affected by this request been consulted?	
What are the views of the schools directly affected by this request?	

Has the schools forum been consulted?	
Does the schools forum agree with this request?	
Has the schools forum voted?	
Which groups of representatives voted? <small>(maintained schools, academies, etc)</small>	
What was the split in votes?	
What was the date of the schools forum meeting?	
Was the meeting quorate?	
Please provide link(s) to the minutes showing schools forum agreement, or details of where this can be found in attached documentation.	
If this has not yet been discussed with Schools forum, what date will this be?	

Assessment of the equalities implication	
<p>Please provide us with your detailed equality analysis demonstrating your compliance with the public sector equality duty in s.149 of the Equality Act 2010 in relation to your request. If attached separately, please provide details of where this can be found in supporting documentation. Should we consider your analysis to be inadequate we may request further information or REJECT YOUR REQUEST. Stating that there are no equality implications will generally be deemed to be inadequate. Section 149</p>	

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Detailed information about the request not included above.
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For any references made to documents supplied separately, please provide details (e.g. page numbers) of where relevant information can be found within the supporting documentation.

You should include, where appropriate: <ul style="list-style-type: none">• What is the rationale for the proposal?• What is the impact on the schools concerned? Do they benefit from the proposal?• What is the potential impact on other schools in the area?• Will maintained schools and academies be affected in the same way?• What is the potential impact on other educational functions and services in the area?
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Name of requestor	
Job Title	
Telephone number	
Email address	
Date	

For Official use only

Request number	
ID	
Decision outcome	

Details of the Decision (including any conditions)

--

Name	
Date	
Type of Notification	

If this notification type is listed as 'intention to approve' the Department will notify you when the regulations are laid.

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
DfE CONSULTATION ON THE FINANCIAL TRANSPARENCY
OF LA MAINTAINED SCHOOLS AND ACADEMY TRUSTS

1. PURPOSE

1.1 To advise the WSF on the above DfE consultation.

1.2 To request the WSF to make any further comments on the draft consultation response.

2. BACKGROUND

2.1 On 17th July 2019 the DfE issued the above consultation. The details of which are in the following link: -

<https://consult.education.gov.uk/funding-policy-unit/financial-transparency-of-local-authority-mainta/>

2.2 The date for responses is 30th September 2019.

3. CONSULTATION ISSUES

3.1 The DfE have invited interested individuals and organisations to comment on proposed new measures that aim to improve transparency of the financial health of LA maintained schools.

3.2 In doing so, the DfE recognise that some new measures may potentially create additional burdens on LAs and schools, and that aspect is included in the consultation.

3.3 The consultation details are attached at **Appendix A**. It covers several issues including: -

- Making public where LAs are failing to comply with deadlines for completing assurance returns and financial collections.
- Strengthening DSG annual assurance returns.
- Maintained schools are currently not required to provide LAs with 3-year budget forecasts.
- Strengthening Related Party Transaction (RPT) arrangements in maintained schools.
- Maintained Schools internal audit is too infrequent.
- Strengthening arrangements to help schools that are in financial difficulty.
- There is not enough transparency when it comes to reporting high pay for school staff.
- There is not enough transparency when it comes to reporting maintained school income and expenditure.

3.4 Also the DfE state there is one area in which arrangements for maintained schools are currently more rigorous than for academy trusts. Maintained schools are required to

complete annually the Schools Financial Value Standard (SFVS). So, in 2018 the ESFA launched a similar tool for academies, the 'Self-Assessment Tool for Academy Trusts'. Consequently, the DfE have now decided to make this mandatory for academies with effect from the end of the academic year 2018/19.

3.5 Responses are requested by the completion of an on-line questionnaire. The issues raised have been considered by the relevant officers in the LA and a draft response is attached at **Appendix B**.

4. RECOMMENDATIONS

4.1 The WSF are requested to: -

- Note and discuss the DfE consultation issues in **Appendix A**.
- Consider the draft response in **Appendix B** and propose or not any changes.

Andy McHale
Service Manager Funding and Policy
Children, Families and Communities

September 2019

Financial transparency of local authority maintained schools and academy trusts

Government consultation

Launch date: 17 July 2019

Respond by: 30 September 2019

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1. Introduction

1.1 We are inviting interested individuals and organisations to comment on proposed new measures that aim to improve transparency of the financial health of LA maintained schools.

1.2 The purpose of this consultation is to outline the current financial transparency arrangements for maintained schools, and to consider possible changes. In doing so, this consultation also outlines the current arrangements for academy trusts. While both academy trusts and maintained schools are now funded through DfE specific grants – the Dedicated Schools Grant (DSG) for maintained schools and General Annual Grant (GAG) for academy trusts – current financial transparency arrangements are different and provide different levels of assurance. Current arrangements for academy trusts therefore provide a useful comparison against which to consider maintained schools. We believe that the current transparency measures used in academies are generally stronger than those in the maintained school sector, which is why this consultation will focus on using or adapting existing academy measures to help change and improve maintained schools' financial transparency and financial health.

1.3 We would welcome views on the new measures that we are proposing to implement across the local authority maintained schools sector, as well as any other changes to financial transparency that you believe would be of benefit to maintained schools or local authorities. We are interested to hear views from local authorities on whether you believe any of the new measures would constitute a New Burden on authorities and, if so, how much the cost would be. The department will assess the New Burdens issue as part of considering how to go forward after the consultation.

1.4 The questions we would like answers to are set out in a separate online survey. Please respond using this as other forms of response will not be so easy to analyse. Before you respond to the online survey questions, please read the rest of this document. You don't have to answer all the questions, but it would be very helpful if you would answer the initial questions so we can see whether you are responding on behalf of a particular type of organisation.

Who this is for

1.5 This consultation is for:

- Local authorities
- Maintained schools
- Any other interested organisations or individuals

Issue date

1.6 The consultation was issued on 17 July 2019.

Enquiries

1.7 If your enquiry is related to the policy content of the consultation you can contact the team via email:

Lafinancialaccountability.Consultation@education.gov.uk

1.8 If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: consultation.unit@education.gsi.gov.uk or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

Additional copies

1.9 Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

The response

1.10 The results of the consultation and the Department's response will be [published on GOV.UK](#) later in 2019.

2. About this consultation

2.1 Since the start of the academies programme there has been a significant focus on the financial transparency of the academy sector and the department has introduced a number of measures that have improved the transparency and accountability of trusts. It has been reported by a number of trusts that they feel more accountable for their academies' financial position, now that they are in the academy sector, than they did previously as a local authority maintained school. Transparency measures such as the requirement for them to publish independently audited accounts each year, with particular scrutiny on any related party transactions, provide public assurance of the financial health and probity of trusts.

2.2 Maintained schools, like academies, are funded by grant from the Department for Education (the Dedicated Schools Grant). Local authorities (LAs) are the accountable body for maintained schools and, in line with national frameworks and guidance set by the department, monitor and intervene in these schools to reduce the risk of financial failure or misuse of funds. Each local authority has a scheme for financing schools which sets out the financial relationship between it and its maintained schools, and the department publishes guidance setting out what is required or permitted in schemes.

2.3 The table in Annex A outlines current financial transparency arrangements for the academy and maintained school sectors. Current arrangements for academies are generally stronger than those in place for maintained schools. We recognise that many local authorities do a good job in overseeing the financial affairs of their maintained schools, but financial data collected in 2016-17 and 2017-18 showed that across England as a whole a larger percentage of maintained schools had an accumulated deficit compared to academy trusts, and the rise in 2017-18 continued to be higher in maintained schools. For this reason, we believe that there is a strong case to consider whether the current academy transparency measures can be adapted and successfully implemented across the maintained school sector, in order to strengthen the arrangements for maintained schools and so reduce the future likelihood of growing deficits or misuse of funds in those schools.

2.4 We recognise that some new measures may potentially create additional burdens on local authorities and schools, and we are including that aspect in the consultation. We will ensure that the benefits of any new measures introduced outweigh potential burdens on local authorities and schools.

2.5 This consultation outlines the measures we are proposing to implement. In identifying them, we have looked at the financial measures that are already successful in the academy trust sector. Where, following the consultation, new transparency measures are to be introduced, they will be implemented in the financial year 2020-2021.

3. Proposed new financial transparency measures

3.1 This chapter sets out proposals for what we might do to strengthen current maintained school financial transparency arrangements by bringing them more closely in line with the arrangements for academies.

3.2 **Issue 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections**

Background:

3.3 Local authorities, and maintained schools, are obliged to complete the following assurance returns and financial collections:

- Schools Financial Value Standard
- Dedicated Schools Grant

3.4 **Schools Financial Value Standard:** Schools complete the standard at the end of the financial year, with LAs submitting a signed Chief Financial Officer (CFO) statement of assurance to the department to show the number of schools that complied with the standard. For the financial year 2017 to 2018 0.20% of schools (29 out of 14,395) failed to complete/submit the SFVS. The 29 schools were across 11 LAs.

3.5 The Directed Revisions made in 2012 to the [Schemes for Financing Schools](#) make it a mandatory requirement for all LA maintained schools to complete the SFVS assessment form, other than in agreed exceptional cases – for example when a school is about to convert to academy status.

3.6 **Dedicated Schools Grant:** We require local authorities to provide an annual Dedicated Schools Grant (DSG) assurance statement signed by the chief financial officer (CFO). This is a key statement that forms part of our overall management of the DSG. The assurance statements are issued on the 31st July to coincide with the closing and publishing of LA accounts. However, 32 LAs for the 2017-18 collection failed to submit their assurance statement before the deadline of 14th September due to late internal audit.

3.7 In addition to the assurance statements above, we think that we should consider compliance over a range of other annual returns to more closely replicate the ESFA approach to academy trusts. This would include the statutory funding returns such as:

- Section 251 Budget/Outturn

- Consistent Financial Reporting

3.8 We have reviewed the approach to late returns that the ESFA has adopted this year for the academy sector, whereby they publish (on GOV.UK) the names of trusts who are late in submitting more than 2 out of 4 annual returns.

3.9 We have considered whether it would be appropriate to publish the name of schools that failed to comply with the SFVS without a good reason. As local authorities are the accountable body for maintained schools, however, we think it would be more appropriate to consider publishing compliance data at a local authority rather than school level.

Proposal 1:

3.10 Following the same principle as with academy trusts, if a local authority fails to comply with more than two deadlines from the following collections, we propose to publish the name of the local authority on GOV.UK:

- School Financial Value Standard (SFVS)
- Dedicated Schools Grant CFO assurance statement
- Consistent Financial Reporting
- Section 251 Budget
- Section 251 Outturn

This should not involve any cost burden to local authorities.

3.11 Issue 2: Strengthening DSG annual assurance returns

Background:

3.12 Local authorities can withdraw delegation from schools for financial reasons or issue a notice of financial concern. We do not currently collect this information. The department publishes notices of financial concern it issues to academies on the gov.uk website. It would be possible to require local authorities to publish equivalent information on their websites; however, we cannot mandate the format or structure of local authority websites and in practice it would not therefore be particularly easy for the public to find the information.

3.13 Currently, local authorities recover funds from fraud investigations but only publish the number and value of reported cases, not the value of money recovered.

Proposal 2a:

3.14 We propose to collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the local authority CFO at the end of the financial year. This will enable the Department to devote further support to authorities that report a high number of suspended delegations or notices of financial concern.

Proposal 2b:

3.15 We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud. Monies recovered from fraud reported in different financial years would be reflected in the statement. The Department would analyse responses and request further details from local authorities that reported the highest incidence/value of fraud. Further details would include the nature of the case, including the steps the LA has put in place to prevent further misuse of the DSG. We would also challenge those that we think have not made sufficient efforts to recover the DSG.

We do not think that these small additions to the DSG assurance statement would place any significant cost burdens on local authorities.

3.16 Issue 3: Maintained schools are not required to provide local authorities with 3-year budget forecasts

Background:

3.17 Local authorities are required to maintain schemes for financing schools, which set out the financial relationship they have with their maintained schools. These cover areas such as the submission of budget plans, loans and deficits, and procurement rules. We publish statutory guidance which authorities must have regard to when determining or revising their schemes. We can only require them to incorporate specific wording, however, by making a directed revision.

3.18 The scheme guidance currently allows authorities to require multi-year budget plans from maintained schools. Some already do so, and others provide modelling software as part of their traded finance service; schools should in any case be making their own plans over several years.

3.19 We have recently introduced a requirement for academies to send us a three-year budget plan and we propose to extend the requirement to maintained schools in the form of sending a three-year budget plan to their maintaining authority.

3.20 We understand that schools will not have complete information on future levels of funding. This is no different to other parts of the public sector, however, and schools should plan on a range of scenarios. For example, it is usually the case that changes in pupil numbers have a greater effect on budgets than changes in overall levels of per pupil funding, and schools should therefore be considering the range of likely changes to their intake in future years and planning accordingly.

Proposal 3:

3.21 We are proposing a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts. Whilst this might take maintained schools slightly longer to complete than a single year forecast we believe that any costs associated with this would be more than recouped by enabling LAs to have early sight of emerging financial issues, enabling preventive action which is almost always less costly than remedial action.

3.22 Issue 4: Strengthening Related Party Transaction arrangements in maintained schools

Background:

3.23 Academy trusts must report all Related Party Transactions (RPTs) to ESFA in advance of the transaction taking place, using ESFA's on-line form. This requirement applies to transactions made on or after 1 April 2019. Since April 2019, all academy trusts have had to seek approval from the ESFA for RPT payments of more than £20,000 and all transactions below £20,000 must be declared. These changes avoid unnecessary administrative burdens to the sector whilst strengthening accountability and transparency. Any transactions with related parties, over a de minimis level, must be "at cost" (i.e. must not involve any element of profit).

3.24 The arrangements for reporting RPTs in maintained schools are not as stringent as those in academy trusts. The 2019-20 version of SFVS contains only two specific questions in relation to RPTs, so we believe that it would be appropriate to strengthen the arrangements to bring them more in line with what is asked of academy trusts.

Proposal 4:

3.25 We are making a number of alternative proposals for comment that could be added separately or introduced in combination with each other.

Proposal 4a: Making schools append a list of RPTs to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs, so that the information goes to the local authority and can then be passed on to the department

3.26 This option is the least resource intensive for both schools and authorities, as the SFVS must be discussed and agreed by the Governing Body, so there should be little additional burden if a list of RPTs was attached to the completed SFVS. The local authority would then be in a position to analyse the RPTs submitted across all maintained schools, using this information to determine audit requirements.

3.27 We propose also to insert additional columns into the SFVS CFO Assurance Statement to request the number of RPTs and value for each.

Proposal 4b: Making a directed revision to the statutory Scheme for Financing Schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.

3.28 An alternative reporting option would be to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority. The benefit of this option would be that local authorities would have immediate visibility of the RPTs as soon as they had been agreed, though it would be more difficult for authorities to police than if it was in the SFVS, which is an annual return with a set reporting deadline.

Proposal 4c: Making a directed revision to the statutory Scheme for Financing Schools to require schools to seek permission from the local authority to enter into RPTs above a certain amount.

3.29 Academies now have to gain approval from the department for RPTs above £20,000. To mirror this for maintained schools, we would amend schemes to require schools to seek permission from the authority to enter into RPTs above a threshold.

3.30 Issue 5: Maintained Schools internal audit is too infrequent

Background:

3.31 Schools are within the overall audit arrangements determined by the local authority's statutory section 151 officer (CFO). Authorities operate internal audit teams whose work is then relied on by their external auditors. Most audit plans use a risk-based approach with some themed audits.

3.32 We have learned in discussion with local authorities that the cycles for auditing-maintained schools vary a great deal and, in some cases, have fallen into disuse. Consequently, we think there is a case for action.

3.33 We would prescribe a minimum frequency of audit visits by making a directed revision to the scheme guidance.

Proposal 5:

3.34 Making a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.

3.35 Issue 6: Strengthening arrangements to help schools that are in financial difficulty

Background:

3.36 The scheme for financing schools includes a requirement for schools to manage their resources effectively to maximise pupil outcomes. LAs are also required to have a deficit and a surplus policy within their scheme for financing schools and monitor their schools' compliance with these. Across the LA schemes, there is a variance in the levels of deficit that trigger the submission of a recovery plan to LAs. There is currently no requirement for LAs to report to the department their actions to address financial difficulty and effective resource management in specific schools. We consider that this evidence base would help us to increase visibility of best practice across the whole schools sector, highlight any inconsistencies in LAs' approach and target additional support from the department. The department's monitoring of schools' financial health to date has included approaching LAs directly to find out more about their approach to managing schools' financial health. Since the end of 2018 we have also offered LAs the support of a school resource management adviser where they agree that this would help them to support or challenge schools. We have not specified thresholds of deficit that would lead to contact with the department. To ensure we work consistently with LAs, we consider that it would be helpful to clearly communicate to authorities a more structured approach at the beginning of the year.

Proposal 6:

3.37 To strengthen the arrangements to help schools in financial difficulty we propose that we should introduce the following measures, either separately or in combination:

Proposal 6a: Make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their revenue deficit rises above 5%.

Proposal 6b: Collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.

Proposal 6c: Formalise the approach to working with LAs and include a request for high level action plans from some LAs:

- **Data-sharing and monitoring:** share published data on the school balances in each LA - highlighting the number and proportion with a revenue deficit of over 5% - and the available support from the department.
Share published data with LAs on their schools' financial, educational performance and pupil/school characteristics.
Timing: after publication of Consistent Financial Reporting (CFR) data
- **Targeted monitoring and support:** use of the above data and evidence-based requests for help from LAs to ensure support is focused where it is most needed (including school resource management advice) and challenge from the department where it is needed most.
Timing – throughout the year
- **Action plan and increased monitoring:** Request high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level. We would review the thresholds each year, but an example might be LAs that had more than 10 schools or more than 10% of their schools with revenue deficits of over 5% in the previous year. We would consider contextual information - such as the school balances in the LAs in previous years - when deciding the LA action plans required.
Timing: after publication of CFR data

3.38 **Issue 7: There is not enough transparency when it comes to reporting high pay for school staff**

Background:

3.39 Currently there is a disparity between public access to information on high salaries within maintained schools and academies. Salary ranges within the national pay framework are published annually in the School Teachers Pay and Conditions Document – these apply to teachers and leaders in maintained schools and we know that the majority of academies tend to mirror these arrangements. Information on individual leadership salaries is collected annually

through the School Workforce Census and a national summary of salaries is published in the annual statistical release – however, the individual salary information is collected through the census on the understanding that it is not published at an individual level.

3.40 Academy trusts must disclose in their published financial statements information about each individual earning over £100k - specifically (i) their total FTE salary in £10k bandings, e.g. £100k - £110k, (ii) their job role and description and (iii) whether they are predominantly focussed on curriculum and education leadership or school business management leadership.

Proposal 7:

3.41 We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals earning over £100K in £10K bandings.

3.42 Issue 8: There is not enough transparency when it comes to reporting maintained school income and expenditure

Background:

3.43 Local authority school accounts are part of the local authority statements of accounts that are published at a gross level for income and expenditure. .

3.44 While individual schools are not included on the LA balance sheet, individual maintained schools are required to produce annual income and expenditure statements, known as Consistent Financial Reporting (CFR), or else local authorities produce them on the schools' behalf. The department publishes all the information from CFR in a spreadsheet, but we believe it would add significantly to transparency if there were a requirement for individual schools to publish annually on their websites their latest CFR statements.

Proposal: 8:

3.45 We propose that all LA maintained schools should be required to publish annually on their website their latest Consistent Financial Reporting statement of income, expenditure and balances.

Academy Self-Assessment Tool and the Schools Financial Value Standard (SFVS)

4.1 There is one area in which arrangements for maintained schools are currently more rigorous than for academy trusts. Maintained schools are required to complete annually the Schools Financial Value Standard (SFVS) - signed by the chair of governors and returned to the local authority. The SFVS comprises 29 questions in relation to value and governance, and with effect from 2019-20 it also includes a dashboard enabling schools to look at where they stand on a range of measures compared to similar schools. The SFVS has been designed with local authorities and schools to help schools in managing their finances and to give assurance that they have secure financial management in place. In 2018 we launched a similar tool for academies, the Self-Assessment Tool for academy trusts. This has been widely used by academies but is currently not mandatory. We said publicly in the SRM strategy published in August 2018 that we would consider making the use of this tool mandatory for academies.

4.2 We have now decided to make the Self-Assessment Tool mandatory for academies with effect from the end of the academic year 2018/19. This will ensure that there is no area in which we are requiring a weaker accountability of academies than of maintained schools.

5. Annex A: Financial Transparency Comparison Table

	Local Authority Maintained Schools	Academies
Accountable body	<p>LOCAL AUTHORITY = ACCOUNTABLE BODY</p> <p>Departmental frameworks, guidance and conditions of funding agreements apply at LA level. LAs are then responsible for setting local frameworks for their schools. Required to maintain <i>schemes for financing schools</i> (School Standards and Framework Act 1998).</p>	<p>ESFA = ACCOUNTABLE BODY</p> <p>Academies Financial Handbook (AFH) and conditions of individual funding agreements apply.</p> <p>The prime responsibility sits with the board of trustees, but the Secretary of State (SoS) acts as charitable regulator and this regulation is communicated through the ESFA's Academies Financial Handbook and conditions of individual funding agreements apply.</p> <p>The funding agreements set out the overall relationship with the SoS and provide for the AFH to detail financial management and governance the requirements. The AFH is effectively an appendix to the FA.</p>
Annual Accounts	<p>LA submits annual accounts at LA level. These do not contain any details relating to individual schools.</p> <p>Maintained schools, or LAs on their behalf, make annual Consistent Financial Reporting returns to DfE giving details of their income, expenditure and balances.</p>	<p>All academy trusts must produce an annual report and accounts in a format prescribed by the ESFA in its annual Accounts Direction and based on accounting standards which reflect their status as companies and charitable trusts.</p> <p>Academy trusts are also required to submit an annual accounts return, which the ESFA will consolidate into an annual Sector Annual Report and Accounts (SARA).</p>

<p>Annual assurance returns to Department</p>	<p>LA Chief Financial Officers submit signed annual assurance statement and notes to accounts. They gain assurance from schools via the schools financial value standard (SFVS) described below.</p>	<p>The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts</p>
<p>Self-assessment</p>	<p>The ESFA requires all LAs to return a signed CFO statement to confirm the number of schools that have complied with the SFVS.</p> <p>For the 2017/18 cycle LAs had until 31/5/2018 to return their SFVS assurance statements to the ESFA.</p> <p>From 2019 to 2020 the SFVS is being updated to match the academy school resource management self-assessment tool.</p> <p>The new version of the SFVS is split into two sections:</p> <ul style="list-style-type: none"> • A checklist, which asks questions in six areas of resource management to provide assurance that the school is managing its resources effectively. • A dashboard, which shows how a school's data compares to thresholds on a range of statistics that have been identified as indicators for good resource management and outcomes. 	<p>Academy trusts are required to submit Financial Management and Government Self-assessment (FMGS) in their first year followed by annual Accounting Officer value for money statements from there on.</p> <p>Tailored version of the revised self-assessment was developed this year for academies.</p> <p>The academy version of the school resource management self-assessment tool went live in September 2018 and is available here https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool</p>

<p>Budget Setting and Monitoring</p>	<p>Our guidance states that the scheme of finance “should contain a provision requiring each school to submit a plan to the authority by a stipulated date showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The provision may require the submission of revised plans throughout the year.”</p> <p>It also says the school’s formal annual budget plan must be approved by the governing body or a committee of the governing body.</p> <p>LAs may insert in their schemes a requirement that provisional budget plans be submitted by a certain date; but these should be differentiated from the formal budget plan which should not be required before 1 May.</p>	<p>Academies must set a balanced budget and must produce monthly management accounts which must be shared with the chair of trustees each month and other trustees at least six times a year</p>
<p>Forecasts</p>	<p>LAs submit annual forecasts of their planned spend on children’s services including schools. These are published in a statistical release.</p> <p>Our guidance for local authority schemes for financing schools states the LA “may require schools to submit a financial forecast covering each year of a multi-year period.” We ask LAs to consider and explain how forecasts will be used and to ensure requirements are “proportionate to need.”</p> <p>We don’t specify the timelines for forecasts or collect information on what is requested.</p>	<p>It is a requirement for academy trusts to submit three-year financial forecasts. The ESFA, using financial data supplied by trusts, is also generating wider improvements and delivering value for money for the taxpayer by working with trusts to support effective school resource management, three-year financial forecasting and developing buying hubs and national deals for all schools.</p>

<p>Audit</p>	<p><u>Internal Audit</u></p> <p>The LA will determine an annual risk-based audit programme by reviewing the SFVS. Therefore, not all maintained schools will be subject to internal audit each year. The period within which all schools would be audited at least once will vary between LAs.</p> <p><u>External Audit</u></p> <p>Maintained schools are allowed but not required to procure independent external audits. Maintained schools are included in the remit of the LA statutory external audit but will not be individually audited.</p>	<p>All academy trusts must have an audit committee or equivalent.</p> <p>Academies are required to have an annual independent external audit of their annual report and accounts.</p>
	<p>Both academies and maintained schools have a duty to prevent and detect fraud</p>	
<p>Fraud prevention and reporting</p>	<p>Both academies and maintained schools are required to have whistleblowing policies and procedures in place</p>	
	<p>The LA are required to report instances of fraud (no minimum threshold) to the ESFA on an annual basis via the assurance statement. They provide value and description of fraud and action taken to address the issue: they do not report amounts recovered. Amounts reported in the last 5 years are:</p>	<p>The trust must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. They are required to provide full details of the event(s) with dates, the financial value of the loss, measures taken by the trust to prevent recurrence, whether the matter was referred to the police (and if not why), whether insurance or the RPA have offset any loss. Amounts reported in the last 5 years are:</p>

Year	Total (£ million)
2013-14	1.7
2014-15	2.8
2015-16	1.6
2016-17	1.4
2017-18	0.5

Fraud definition – included in footnote in the CFO assurance statement.

“We define fraud as an intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss. We include cases where management authorised action has been taken, including, but not limited to, disciplinary action, civil action or criminal prosecution. Further information about fraud can be found in Cabinet Office guidance”

Year	Total (£ million)
2013-14	2.8
2014-15	1.0
2015-16	1.4
2016-17	1.1
2017-18	0.9

ESFA may conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy trust, and involve other authorities, including the police. ESFA will publish reports about its investigations and about financial management and governance reviews at academy trusts.

ESFA also publishes guidance on reducing fraud in academy trusts. Trusts are required to refer to this and to the findings from ESFA's investigation reports, as part of its risk management approach.

Proven fraud since 2012 totals £4.9m. This involved theft of money by a member of staff over a substantial period.

Last year the value of reported fraud committed against academy trusts was **£778,894** and the amount recovered by academy trusts was £429,681

Reporting of Related Party Transactions (RPTs)

The 2019-20 version of SFVS contains specific questions relating to RPTs:

Question 4: “Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?”

Question 24: “Are there adequate arrangements in place to manage conflicts of interest or any related party transactions?”

Trusts must report all RPTs to ESFA in advance of the transaction taking place, using ESFA’s on-line form. This requirement applies to transactions made on or after 1 April 2019.

From April 2019, all academy trusts have to seek approval from the ESFA for RPT payments of more than £20,000 and all transactions below £20,000 will be declared. These changes will focus on high-risk transactions, but will avoid unnecessary administrative burden to the sector whilst strengthening accountability and transparency. Any transactions with related parties, over a de minimis level, must be “at cost” (i.e. must not involve any element of profit).

Reporting on high pay

LAs are required to list the salaries of all senior officer posts by job title in their statutory accounts. They are also required to list the total number of salaries in pay bands from £50k. Maintained schools are not required to publish salary levels

Academy trusts are required to make an anonymised disclosure of any staff earning over £60,000 in their annual report and accounts. It should be noted that this is a charity accounting requirement rather than something the ESFA has imposed. Effective from the 2018/19 Accounts Return, academy trusts will be required to report the total salary expenditure, broken down into teachers, leadership, and administration and support. For individuals whose full-time equivalent emoluments exceed £100,000, the job title and role description should be disclosed per £10,000 bands; and whether the role is predominantly curriculum and education leadership, (e.g. improving pupil attainment and examination performance), or school business management leadership, (e.g. HR and facilities management functions).

Governance and personal liability

In all types of maintained school the governing body is responsible for selecting, appointing and holding the head teacher to account, and for overseeing the financial performance of the school and making sure its money is well spent.

Individual maintained schools have autonomy over the use of their budgets and their governing bodies are responsible and accountable in law and in practice for all of their schools' major decisions.

It is the overall governing body that in all cases remains accountable in law and to Ofsted for the exercise of its functions.

Academies differ in three key ways:

1. trustees have additional duties under the Companies Act, which reflect their parallel status as company directors, including acting in the public interest, exercising independent judgement and avoiding conflicts of interest.

2. trusts must appoint a senior executive as accounting officer who is personally responsible for the proper stewardship of public funds, including the securing of propriety, regularity and value for money. This is personal responsibility which cannot be delegated. These arrangements ensure that there is a chain of accountability for public money. This chain runs from parliament to the Permanent Secretary as Principal Accounting Officer, through the Chief Executive and Accounting Officer of the Education and Skills Funding Agency to each individual accounting officer of an academy trust.

3. Academies have a greater degree of flexibility in determining the make-up of boards (governed by their Articles of Association) and the prime responsibility for determining the suitability of individuals joining academy trusts rests with trusts themselves.

The Department's Governor's Handbook applies to both academies and maintained schools and sets out in detail the responsibilities and required high standards, behaviours and skills for all members of governing bodies.

Intervention and powers to remove governing bodies

Local authorities can:

- Issue a notice of concern which may place restrictions, limitations and prohibitions on the governing body.
- Require the governing body to appoint additional governors.

Where an academy breaches its terms and conditions the ESFA may issue a Financial Notice to Improve (FNtI). The ESFA can require a trust to dismiss an individual. If the trust refuses to act on such requirements the ESFA ultimately reserves the right to withdraw the academy's funding agreement. Because academy trusts are a charity, they are subject to intervention by the Charity Commission in certain circumstances

- Number of FNtIs issued (Total): 79
- Number of live FNtIs (Total): 42

	<ul style="list-style-type: none"> - Suspend the delegated budget of a school. - Suspend a governing body and appoint an Interim Executive Board <p>The DfE does not collect data on how often LAs use these powers.</p>	<ul style="list-style-type: none"> • Number of FNtIs issued (since October 2013 – last 5 years): 76 • Number of live FNtIs (since October 2013 – last 5 years): 42
<p>Procurement</p>	<p>Both academies and LA schools operate within the public sector and are required to follow public sector procurement rules concerning free and full competition.</p>	

6. Annex B: Consultation Questions

About You

A) Please provide your name:

B) What is your email address?

C) Are you responding as an individual, or as part of an organisation? (Circle)

D) What is your role?

E) What is the name of your organisation?

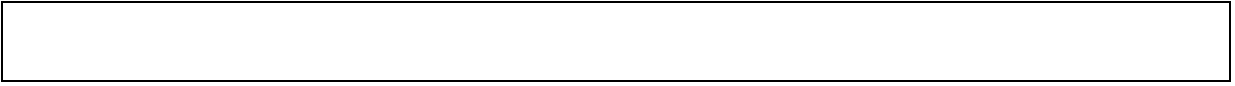
F) What type of organisation is this?

G) Which local authority are you responding from?

H) Are you happy to be contacted directly about your response?

Yes / No

I) How did you hear about the consultation?



Information provided in response to consultations, including personal data, may be subject to publication or disclosure under the Freedom of Information Act 2000, the Data Protection Act 2018 or the Environmental Information Regulations 2004.

If you want all, or any part, of a response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Education will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 2018, and your personal information will only be used for the purposes of this consultation. Your information will not be shared with third parties unless the law allows it.

You can read more about what the DfE does when we ask for and hold your personal information in our [personal information charter](#).

I) Do you wish for your response to remain confidential?

Yes / No

Proposals

Proposal 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections

Please refer to **paragraphs 3.2 - 3.10** of the consultation document before responding to this proposal.

Local authorities, and maintained schools, are obliged to complete the following assurance returns and financial collections:

- Schools Financial Value Standard
- Dedicated Schools Grant

We have reviewed the approach to late returns that the ESFA has adopted this year for the academy sector, whereby they publish (on GOV.UK) the names of trusts who are late in submitting more than 2 out of 4 annual returns and believe similar measures could be used in the LA maintained schools sector.

- 1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
<p>We propose to publish the names of local authorities on GOV.UK who fail to comply in any financial year with more than two deadlines from the following collections:</p> <ul style="list-style-type: none">▪ School Financial Value Standard (SFVS)▪ Dedicated Schools Grant CFO assurance statement▪ Consistent Financial Reporting▪ Section 251 Budget▪ Section 251 Outturn			

Comments

Proposal 2a: Strengthening DSG annual assurance returns: Collecting the number of schools with suspended budgets and notices of financial concern through existing DSG assurance statement

Please refer to **paragraphs 3.11 - 3.14** of the consultation document before responding to this proposal.

- 1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
We propose to collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the local authority CFO at the end of the financial year.			

Comments

Proposal 2b: Strengthening DSG annual assurance returns: Adding a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud

Please refer to **paragraphs 3.11 - 3.15** of the consultation document before responding to this proposal.

Currently, local authorities recover funds from fraud investigations but only inform DfE of the number and value of reported cases, not the value of money recovered

**1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud			

Comments

Proposal 3: Requiring maintained schools to provide local authorities with 3-year budget forecasts

Please refer to **paragraphs 3.16 – 3.21** of the consultation document before responding to this proposal.

Local authorities are required to maintain schemes for financing schools, which set out the financial relationship they have with their maintained schools. We have recently introduced a requirement for academies to send the department a three-year budget plan and we believe that this could be extended to maintained schools in the form of sending a three-year budget plan to their maintained authority.

**1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
We propose a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts			

Comments

Proposals 4 (a,b,c): Strengthening Related Party Transaction arrangements in maintained schools:

Please refer to **paragraphs 3.22 – 3.29** of the consultation document before responding to these proposals. The three proposals are alternatives to one another.

Academy trusts must report all Related Party Transactions (RPTs) to ESFA in advance of the transaction taking place, using ESFA’s on-line form. This requirement applies to transactions made on or after 1 April 2019. Since April 2019, all academy trusts have had to seek approval from the ESFA for RPT payments of more than £20,000 and all

transactions below £20,000 must be declared. The arrangements for reporting RPTs in maintained schools are not as stringent as those in academy trusts.

Proposal 4a: : Making schools append a list of RPTs to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs, so that the information goes to the local authority and can be passed on to the department

**1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
<p>We propose to make schools append a list of RPTs to their response to the new question in the SFVS about their arrangements for managing RPTs.</p> <p>In addition, we would insert additional columns into the CFO Assurance Statement, to request the number of RPTs and value for each to be disclosed.</p>			

Comments

Proposal 4b: Making a directed revision to the statutory Scheme for Financing Schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority

1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.			

Comments

Proposal 4c: Making a directed revision to the statutory Scheme for Financing Schools to require schools to seek permission from the local authority to enter into RPTs above a certain amount.

Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to amend schemes to require schools to seek permission from the authority to enter RPTs above a threshold.			

Comments

Proposal 5: Requiring maintained schools to be subject to internal audit at least every 3 years

Please refer to **paragraphs 3.30 – 3.34** of the consultation document before responding to this proposal.

Schools are within the overall audit arrangements determined by the local authority’s statutory section 151 officer (CFO). Authorities operate internal audit teams whose work is then relied on by their external auditors. Most audit plans use a risk-based approach with some themed audits. We have learned in discussion with local authorities that the cycles for auditing-maintained schools vary a great deal and, in some cases, have fallen into disuse. Consequently, we think there is a case for action.

- 1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.			

Proposals 6 (a,b,c): Strengthening arrangements to help schools that are in financial difficulty:

Please refer to **paragraphs 3.35 – 3.37** of the consultation document before responding to these proposals. These proposals are additive, and we could implement all three together.

There is currently no requirement for local authorities to report to the department their plans for addressing financial difficulty in specific schools. Local authorities include both a deficit and surplus policy within their scheme for financing schools and monitor their schools’ compliance with these. We have not previously collected information from authorities on the number of schools they intervene in but consider that this evidence base would help us to understand any variances in the level of support provided and target additional support from the Department.

Proposal 6a: Requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%

- 1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%.			

Comments

Proposal 6b: Collecting information on the number of recovery plans in each LA through DSG annual assurance returns from the CFO

**1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
We propose to collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.			

Comments

Proposal 6c: Writing to local authorities each year when the end-year data is published, specifying the threshold of deficit that would trigger contact with the Department

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
<p>We propose to formalise the approach to working with LAs and include a request for high level action plans from some LAs. This will be achieved by:</p> <ul style="list-style-type: none"> • Sharing published data on the school balances in each LA • Use this data and evidence-based requests from LAs to ensure support is focused where it is needed • Request high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level. 			

Comments

Proposal 7: Increasing transparency in the reporting of high pay for school staff

Please refer to **paragraphs 3.38 – 3.41** of the consultation document before responding to this proposal.

Currently there is a disparity between public access to information on high salaries within maintained schools and academies. Salary ranges within the national pay framework are published annually in the School Teachers Pay and Conditions Document – these apply to teachers and leaders in maintained schools.

Academy trusts must disclose in their published financial statements information about each individual earning over £100k - specifically (i) their total FTE salary in £10k bandings, e.g. £100k - £110k, (ii) their job role and description and (iii) whether they are predominantly focussed on curriculum and education leadership or school business management leadership. We believe that this measure should be introduced for LA maintained schools and would require them to publish annually on their websites the number of individuals earning over £100K in £10K bandings.

- 1) Please indicate whether you agree or disagree with the proposal below.
Please Tick (✓)**

Statement	Agree	Disagree	Neither agree nor disagree
We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings			

Comments

Proposal 8: Increasing transparency in reporting maintained school income and expenditure

Please refer to **paragraphs 3.42 – 3.45** of the consultation document before responding to this proposal.

Local authority school accounts are part of the local authority statements of accounts that are published at gross level for income and expenditure. While individual schools are not included on the LA balance sheet, individual maintained schools are required to produce annual income and expenditure statements, known as Consistent Financial Reporting (CFR), or else local authorities produce them on the schools' behalf. The department publishes all the information from CFR in a spreadsheet but we believe it would add significantly to transparency if there were a requirement for individual schools to publish annually on their websites their latest CFR statements.

Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose that all LA maintained schools should be required to publish annually on their websites their latest Consistent Financial Reporting statement of income, expenditure and balances.			

Comments

New financial burdens on local authorities

Local authorities are invited to fill in the table below to indicate and quantify any new burdens they believe would arise from the proposals in this document. Please specify in as much detail as possible what costs you believe would arise and provide figures.

Proposal	Yes/No	Details and quantification of cost
2a		
2b		
3		
4a		
4b		
4c		
5		
6a		
6b		
Other proposals (please specify)		

Additional costs for schools

Respondents are invited to fill in the table below to indicate and quantify any additional costs they believe would arise for schools from the proposals in this document. Please specify in as much detail as possible what costs you believe would arise and provide figures.

Proposal	Yes/No	Details and quantification of cost
3		
4a		
4b		

4c		
5		
6a		
7		
8		
Other proposals (please specify)		

7. Respond Online

7.1 To help us analyse the responses please use the online system wherever possible. Visit www.education.gov.uk/consultations to submit your response.

Other ways to respond

7.2 If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, please email or write to the addresses below and we will send you a word document version.

By email

- LAFinancialTransparency.CONULTATION@education.gov.uk

By post

LA Financial Transparency Measures
Department for Education
5th Floor
2 St Pauls Place
125 Norfolk Street

Sheffield
S1 2JF

Deadline

7.3 The consultation closes on 30 September 2019



Department
for Education

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DRAFT RESPONSE TO
DfE CONSULTATION ON FINANCIAL TRANSPARENCY OF LOCAL AUTHORITY
MAINTAINED SCHOOLS AND ACADEMY TRUSTS

Consultation Closes 9.30am on 30th September 2019 on the link: -

<https://consult.education.gov.uk/funding-policy-unit/financial-transparency-of-local-authority-maintained-schools-and-academy-trusts/>

CONSULTATION QUESTIONS

1. We propose to publish the names of local authorities on GOV.UK who fail to comply in any financial year with more than two deadlines from the following collections: -

- School Financial Value Standard (SFVS)
- Dedicated Schools Grant CFO assurance statement
- Consistent Financial Reporting
- Section 251 Budget Section 251 Outturn

Agree Disagree Neither agree or disagree

✓

Further Comments: -

Academies have a stricter regime and as such LAs need to adhere as required.

2. We propose to collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the local authority CFO at the end of the financial year.

Agree Disagree Neither agree or disagree

✓

Further comments: -

There are potential concerns if individual schools were named but this could focus them on the issues required to improve.

3. We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud.

Agree Disagree Neither agree or disagree

✓

Further comments: -

The DfE need to be clear on their definition of a fraud e.g. is it inappropriate use of a credit card by a school? What is classified as fraud, as the LA may suspect this, but only a court can legally say if it is fraud?

If LAs know they must report they can plan for a DfE return. What is normally talked about as fraud would be referred to Governors/Police and would have significant detail behind to support a statement.

There needs to be more clarity on the amount e.g. should this not cover the amount that has not been recovered or an estimate? What if the LA does not get anything back would this be a nil return.

This will result in additional work (new burden).

4. We propose a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts

Agree Disagree Neither agree or disagree

✓

Further comments: -

This needs to be linked to the requirements of the SFVS.

However, would question the need for this to be a DfE direction to the scheme as this will be difficult for schools given the funding uncertainty and there not being currently multi-year budget settlements.

The accuracy given the uncertainty is an issue. What is more important is to get information on schools expected pupil numbers, staffing ratios and use of reserves.

Uncertain on whether this is an additional real burden if LAs draw out key assumptions as the area to focus on, the emphasis is for schools and then LAs is more on analysis.

Will this be a LA or Liberata function?

5. We propose to make schools append a list of RPTs to their response to the new question in the SFVS about their arrangements for managing RPTs.

In addition, we would insert additional columns into the CFO Assurance Statement, to request the number of RPTs and value for each to be disclosed.

Agree Disagree Neither agree or disagree

✓

Further comments: -

This are issues around the process of checking these for accuracy, which could result in a lot of additional work (new burden).

This are issues around the process of checking these for accuracy, which could result in a lot of additional work (new burden).

Suggest LAs require schools to append, then the LA would do sample checking via Internal Audit. The issue will be in the clarification of when a RPT has occurred.

What this should be is reported to Governors and LAs ask them also as part of each school's submission to sign off and inform them that will be part of CFO assurance, as well as Internal Audit.

Is there scope to make this part of the SFVS return and not a separate return or school publish on their website as this could make the SFVS return very long if each amount needs to be recorded unless banded.

6. We propose to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.

Agree Disagree Neither agree or disagree

✓

Further comments: -

There needs to be a nationally set threshold like there is for academies.

Q5 and 6 don't make sense if you must report each and then only report to the LA if possible above a certain threshold. Surely would only need to report if above the threshold if set?

The threshold will be an issue and could be dependent on size of school. Seems academies have £20k to approve but report all. There needs to be a nationally set threshold like there is for academies.

7. We propose to amend schemes to require schools to seek permission from the authority to enter RPTs above a threshold.

Agree Disagree Neither agree or disagree

✓

Further comments: -

However, there are concerns on who will approve the applications and the process could result in a lot of additional work (new burden).

This is one much better placed with Governing Boards with then a higher threshold say at the LAs. If a Governor is directly affected by the RPT then they could declare, leave the meeting and abstain from any discussion and vote.

Concern on how the LA would be able to overrule the governing body if the school has delegated responsibility as you would be expecting them to make these decision in the rules set within their finance policy.

Would this also be applicable to VA school's capital or would this need to be sent to the diocese to give a return?

8. We propose to make a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.

Agree Disagree Neither agree or disagree

✓

Further comments: -

Will depend on the audit scope will this be done locally? The DfE need to be clear what an internal audit means. This should be on a risk basis rather than compliance audit at every school. LAs can also provide cover of several schools by carrying out theme-based audits and the DfE need to confirm if this could be counted.

This is a new burden - a visit to over 150 schools would mean circa 50 a year, at 4 days say that is a FTE auditor post. Now whilst not being judged as adverse that is not best use of resource. LAs can use data analytics to risk assess, self-assessment questionnaires, triggers such as late budget reports or new SBM, etc.

In conclusion, the DfE need to provide much more clarity on this proposal.

9. We propose to make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%.

Agree Disagree Neither agree or disagree

Further comments: -

Any directed revision needs to be for all schools, 100% of those, in deficit not just those above the proposed 5% threshold - to exclude these schools might be too late if they subsequently hit the 5%.

There is also a need for DfE guidance on what is an acceptable recovery plan e.g. use of reserves due to falling rolls, etc and the permitted timescales for recovery plans.

Also, there is scope for challenging at the other end i.e. schools with excessive surplus balances.

10. We propose to collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.

Agree Disagree Neither agree or disagree

Further comments

None.

11. We propose to formalise the approach to working with LAs and include a request for high level action plans from some LAs. This will be achieved by: a) sharing published data on the school balances in each LA, b) using this data and evidence-based requests from LAs to ensure support is focused where it's needed and c) requesting high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level

Agree Disagree Neither agree or disagree

Further comments: -

Yes but see comments previously on the proposed 5% threshold.

Part of this will be the need for the DfE to be sharing academy information with LAs to give a full picture as some of LAs plans link to supporting both maintained schools and academies through LAs statutory duties requirements for all schools.

This will require consolidation of data from a range of LA and outsourced services and will result in a lot of additional work (new burden).

12. We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings.

Agree Disagree Neither agree or disagree

Further comments: -

Reporting within the County Council annual statutory accounts already provides for the numbers of staff, split between teachers and non-teachers, in designated salary banding starting at £50,000 per annum in line with the County Council's member approved pay policy.

Is this proposal suggesting having to report the names and/or posts of such individuals as part of the County Council annual statutory accounts or only on school websites? Currently the County Council only includes named and/or post title reporting for the Chief Executive, Service Directors and Other Designated Senior Post Holders.

There is a need to ensure consistency of the basis for reporting of costs between the County Council annual statutory accounts and on school web sites to ensure the County Council and schools are not reporting on different bases leading to different figures e.g. is it gross pay only or other employer's costs such as NI and pensions?

13. We propose that all LA maintained schools should be required to publish annually on their websites their latest Consistent Financial Reporting statement of income, expenditure and balances.

Agree Disagree Neither agree or disagree

✓

Further comments: -

Schools should publish this anyway as part of best practice. Will there be an expectation on LAs to monitor this?