

Meeting **Leicestershire Schools' Forum**

Date/Time **Thursday, 9 February 2017 at 2.00 pm**

Location **Beaumanor Hall, Beaumanor Drive, Woodhouse, Leicestershire**

Officer to contact **Karen Brown / Bryn Emerson (Tel. 0116 305 6432) (Tel.)**

E-Mail

AGENDA

<u>Item</u>	<u>Report by</u>	<u>Marked</u>
1. Apologies for absence/Substitutions.		
2. Minutes of the meeting held on 5 December 2016 (previously circulated) and matters arising		2
3. 2017/18 Schools' Budget		3
4. 2018/19 Dedicated Schools Grant and Schools National Funding Formula		4
5. Schools' Forum Self-Assessment		
https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015		
6. Any other business.		
7. Date of Next Meeting		
Monday 12 June 2017, 2.00 – 4.00 pm at Beaumanor Hall		
Proposed dates:		
Monday 25 September 2017		
Monday 4 December 2017		
Both at 2.00 – 4.00 pm at Beaumanor Hall		

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Minutes of a meeting of the Leicestershire Schools' Forum held at Beaumanor Hall on Monday 5 December 2016 at 2.00 pm

Present

Kath Kelly	Secondary Academies Headteacher
Callum Orr	Secondary Academies Headteacher
Sonia Singleton	Secondary Academies Headteacher
Dave Hedley	Secondary Academies Governor
Bill Nash	Secondary Maintained Governor
Jane McKay	Primary Academy Headteacher
Karen Rixon	Primary Academy Headteacher
Jean Lewis	Primary Academy Governor
David Thomas	Primary Academy Governor
Jo Blackburn	Primary Maintained Headteacher
Karen Allen	Primary Maintained Headteacher
Michael Wilson	Primary Maintained Governor
Tony Gelsthorpe	Primary Maintained Governor
Graham Bett	JCC Representative

In attendance

Paul Meredith, Director, Children and Family Services
 Jenny Lawrence, Finance Business Partner, Corporate Resources
 Ivan Ould, Lead Member, Children and Family Services
 David Atterbury, Head of Strategy, Education Sufficiency
 Christine Finnigan, Head of Strategy, SEND and Disabled Children

		Action
1.	<p>Apologies for absence/Substitutions</p> <p>Apologies for absence were received from Chris Davies, Catherine Drury, Suzanne Uprichard, Nick Goforth, Stephen Cotton, Ian Sharpe, Steve McDonald and Heather Sewell.</p> <p>There were no substitutions.</p>	

<p>2.</p>	<p>Minutes and Matters Arising</p> <p>The minutes of the meeting held on Wednesday 5 October 2016 were agreed subject to an amendment on page 10, agenda item 6 (2017/18 School Funding), last paragraph should read “Jean Lewis asked if there was a legal ruling that we must continue to fund special needs in mainstream schools by formula funding”.</p> <p>Jean Lewis made the comment that some schools have notional SEN budgets but no children to spend it on and that funding should be by need as opposed to formula.</p> <p>Matters Arising</p> <p>Jenny outlined the discussions that had taken place at the working group to look at the 2017/18 options to the local authority and said that representatives were not in favour of the £3M being transferred to the high needs block. The working group had also asked if the local authority would consider this again.</p> <p>David Thomas commented that it was unfortunate that the working group met a couple of days after the last Schools’ Forum and not before today’s meeting to look at the 2017/18 options to the local authority.</p>	
<p>3.</p>	<p>High Needs Update</p> <p>Christine Finnigan introduced herself to the Schools Forum and explained her role as Head of Strategy for Special Educational Needs and Disabled Children (SEND).</p> <p>Christine explained there are a number of workstreams in respect of the high needs budget, the aim of which will be to ensure schools are as inclusive as possible and there is the right specialist provision for those pupils that need it. The work streams include:</p> <ul style="list-style-type: none"> • a review of the Specialist Teaching Services • Reviewing areas in the Special Educational Needs Assessment Service • Special Needs Transport, • SEN provision and • Commissioning. <p>A project board is to be set up to bring all these work streams together; this work is being supported by a SEND Project Manager from the Transformation Unit.</p>	

	<p>Chris informed the meeting that work had started on reviewing the SEN panel which in future will focus on looking at the initial requests for assessment. Work has also started to consider the needs of those children and young people in independent provision, particularly those with higher achieving autism, at key transition points, to see if those needs could be met in maintained provision. Effective Year 9 transition planning was key and work had started on considering this year's Year 11 cohort.</p> <p>Extra posts were being put into the Council's commissioning services in order to improve the quality and best value in independent provision.</p> <p>Chris informed the meeting that provision needed to be reviewed strategically, particularly for higher achieving ASD and emotional, social and mental health needs as these were primarily the children and young people in independent provision – however, a free school bid had been submitted for an ASD provision.</p> <p>Jean Lewis referred to Chris' comment regarding the higher achieving autistic children in the secondary area and asked that some provision for those still in primary school was considered as there was very little input from the Outreach Service.</p> <p>David commented that there is one of two free school bids currently being considered: one from Macintyre. In terms of sufficiency there is a great demand for ASD and as well as the free school bid, consideration was being given to more resource provision in mainstream schools across the geographical area but more work needs to be done on identifying future needs. In terms of the Macintyre bid a decision would be known next April.</p> <p>David explained the preferred model for delivery of SEN places concluding that the expense of developing new area special schools was likely prohibitive. Graham Bett enquired if this statement referred to capital or revenue implications. David confirmed that it was in the context of capital allocations.</p>	
4.	<p>School Funding Update</p> <p>Jenny introduced the report which provided an overview of the 2017/18 Dedicated Schools Grant Settlement, 2017/18 School Funding, the redefinition of 'estimated pupils' in respect of the pupil number adjustment arising for schools undertaking or being affected by age range changes and the impact of the Apprenticeship Levy on schools.</p> <p>Jenny reported that the next phase of consultation was expected in the next few weeks but in terms of the national funding formula no information had been published by the Department for Education.</p>	

Jenny updated the Forum on the early years' national funding formula position and one of the areas that schools needed to be aware of was the proposal that local authority funding will be generated by a formula reflecting pupil characteristics and that 95% of the funding should be delegated to providers also based on pupil characteristics.

Jenny referred to the estimated £3M headroom within the Schools Block and said that it remains the local authority's intention to use this to support the high needs block. There were also changes to the education services grant from 1 September 2017 for local authorities and academies which needed to be reflected in academies' financial planning. The DfE had recently announced a £50M fund for local authorities to continue to monitor and commission school improvement for low performing maintained schools. Jenny commented that at this stage it was not clear whether this was a one-off payment. In addition the DfE had announced a £140M 'Strategic School Improvement Fund' for academies and maintained schools but it was not clear who decides where it is needed and how it would be used. Jenny agreed to inform Schools' Forum when she had more information.

In terms of the high needs block the table on page 18 sets out in more detail the financial projections for the current and two subsequent years. Jenny commented that the high needs block for 2017/18 was provisionally set at £61.88m but the grant was not expected to be confirmed until March 2017.

The local authority was still proposing to make no changes to the school funding formula although two areas may require some minor changes. Firstly to IDACI to reflect the new national bandings which was discussed at the working party and the other area of concern nationally was the rateable value of property as many schools have increased.

Jenny said that there had been clarification of the term estimate in the mechanism for adjusting pupils as a result of the age range changes for 2017/18 which had been discussed with the working group.

Jenny informed the meeting that from April 2017 schools will be affected by the national Apprenticeship Levy and outlined how the different category of school would be affected. There was still a lack of clarity in this area and Jenny agreed to update the Schools' Forum when she received further information.

Paul said that the £3M transfer to high needs had been debated for a number of weeks and last week the final decision was made. The views of the Schools' Forum were taken into account but there is a significant problem on SEND and work was required to work on new models to compound the problem.

	<p>Karen Allen urged officers and members to bear in mind the work schools do to support high needs children and the limitation of the £6K.</p> <p>David Thomas referred to the £3M and suggested it would be worth identifying what the cost would be of this decision to schools. Jenny agreed to look at this.</p> <p>In addition to the changes to IDACI and the increases of rateable values which may result in minor changes to AWPU values Kath Kelly asked if this was preparing for more cuts to come. Jenny commented that there is no proposed cut to the 2017/18 budget. In terms of the rateable value issue Jenny commented that an exercise was being carried out on this as information received was unclear.</p> <p>Referring to the chart on page 18 of the report Karen Rixon asked how the savings had been formulated. Jenny said that the savings were being met from the Dedicated Schools Grant which does not have the same measurement as local authority budgets. Jenny outlined particular areas of savings.</p> <p>David Thomas referred to the term “baseline” and suggested that the £7M was part of the high need block for 2017/18 and £3M resulted in the schools block being short by £10m.</p> <p>Mr Ould reported that the F40 had met and it was difficult to know the current position. The group are due to meet with the Secretary of State for Education to discuss concerns about the delayed consultation on a new national funding formula. The area that concerns the group was the lump sum and if it reduces would affect the viability of some smaller schools.</p>	
5.	<p>Any Other Business</p> <p>a) Schools’ Form Self-Assessment</p> <p>Jenny explained that the DfE had issued new guidance and a self-assessment tool for local authorities to assess the strengths and weaknesses of their Schools’ Forum. Jenny proposed that she circulate the information out to members of the Forum for their views and comments. The Schools’ Forum noted this.</p>	
6.	<p>Date of Next Meetings</p> <p>Thursday 9 February 2017 Monday 12 June 2017</p> <p>All dates from 2.00 – 4.00 pm at Beaumanor Hall</p>	

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SCHOOLS FORUM

9 FEBRUARY 2017

2017/18 SCHOOLS BUDGET

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings	X	Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X
Actions arising from the recommendations in this report are for all Schools Forum Members			

Purpose of the Report

1. The purpose of this report is to present the 2017/18 Dedicated Schools Grant Settlement for Leicestershire and the 2017/18 Schools Budget.
2. This report builds upon a number of reports presented through the 2016/17 financial year and specifically those relating to school funding reform and for arrangements for funding schools undertaking or affected by age range changes.

Recommendations

3. That Schools Forum approve the retention of budgets to meet the prescribed statutory duties of the local authority and to meet historic costs (Paragraph 18)
4. That Schools Forum approve the centrally retained early years funding of (Paragraph 18)
5. That Schools Forum notes the number and average cost of commissioned places for children and young people with High Needs (Paragraph 31)
6. That Schools Forum note the 2017/18 school funding rates (Paragraph 40)
7. That Schools Forum approve the action to be taken in respect of schools where the Special Educational Needs (SEN) notional budget is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraph 50)
8. That Schools Forum note the average per pupil funding to be taken into account for recoupment for excluded pupils (Paragraph 51)
9. That Schools Forum note the payment rates for the Early Years Funding formula (Paragraphs 59 / 60)
10. That Schools Forum note the retention of the Dedicated Schools Grant Reserve and the purposes for which it will be used (Paragraph 61)

Background

11. This report builds upon those presented to Schools Forum during 2016 and sets out the local authority's Schools Budget for 2017/18 .
12. The Schools Budget is the term given overall to the services funded from Dedicated Schools Grant (DSG). Local authorities are required to set the Schools Budget at least equal to the amount of DSG received. The local authority makes no contribution to DSG, the Schools budget is therefore set at the level of grant and must contain all its spending pressures within that grant.
13. DSG is provided in three separate funding blocks;
 - Schools Block – funds school delegated budgets and other prescribed local authority areas of expenditure. For 2017/18 this block now includes funding for local authorities retained duties for all pupils previously provided through the Education Services Grant (ESG)
 - Early Years – funds the free entitlement to early education for disadvantaged 2 year olds and 3 & 4 year olds, including the extension to 30 hours of provision for eligible parents from September 2017 and the services that support the early years sector

- High Needs – funds provision for pupils with SEN, the PRU and other services for vulnerable children such as the behaviour partnerships and specialist teaching services
14. The Department for Education (DfE) published the second stage of the consultation on the implementation of the National Funding Formula (NFF) in December. The initial analysis of the proposals is set out in a further report on today's agenda.
 15. There are significant financial challenges over the medium term for both the local authority and its schools. The government's austerity measures have not affected school funding to the same extent as for local government in general, however neither have they kept pace with spending pressures. This requires very challenging decisions to be made on the allocation of funding.
 16. The 2016/17 Children and Family Services Budget was considered by the Children and Family Services Overview and Scrutiny Committee on 16 January 2017 and will be considered by the Cabinet on 9 February 2017 and the County Council on 22 February 2017 and is shown as Appendix A.

Role of the Schools Forum in setting the 2017/18 Schools Budget

17. Schools Block DSG meets the cost of school delegated budgets and also some other areas of expenditure centrally retained by the local authority through provisions contained within the School and Early Years Finance (England) Regulations, these budget are subject to restrictions and some are subject to some decisions for the Schools Forum.
18. The purpose and scope of these budgets is detailed below;

Item	Approval For	Action
1.	De-delegation from mainstream school budgets	No decision to be taken, no budgets are subject to de-delegation. De-delegation affects maintained primary and secondary schools only, all budgets for academies are required to be fully delegated.
2.	To create a fund for significant pupil number growth in order to support the local authority's duty for place planning and agree the criteria for maintained schools and academies to access this fund.	Schools Forum approved the policy for funding school growth at its meeting on 14 January 2016 No revenue budget is proposed for 2017/18 which will see the opening of a further year group at Fossebrook and the pre-opening costs of Hallam Fields which will be met from the DSG reserve.

3.	<p>Funding for the local authority in order to meet prescribed statutory duties placed upon it.</p> <p>This funding now includes funding for local authority statutory duties for all schools previously funded through the retained duties element of ESG</p>	<p>The budgets falling into this category are;</p> <ul style="list-style-type: none"> • Servicing the Schools Forum £8,750 (2016/17 £8,750), this budget meets the cost of operating the Schools Forum. It appears on the Admin and Committees line on the budget statement • Admissions £318,020 (2016/17 £318,020). This meets the local authorities statutory responsibilities for admissions and is funded from both the Schools Block funded from the Schools Block (£279,615 and £38,405 from the High Needs Block. This appears on the Education Sufficiency line of the budget statement • Local Authority Statutory / Regulatory Duties, Asset Management and Central Support Services £2.378m. This is made up of central recharges to DSG budgets (unchanged from £922,000 in 2016-17) plus services previously funded from ESG which is now transferred to DSG (£1.456m). This appears on the Central Charges line of the budget statement <p>Schools Forum are asked to approve the retention of these budgets which have not increased over the 2016/17 budget provision</p>
4.	<p>Funding for historic costs met by the local authority. Following the baselining exercise undertaken to determine the 2017/18 DSG baselines the DfE have set out their expectation that these costs should unwind over time and that funding released in 2018/19 should be recycled to school budgets. This may be the</p>	<ul style="list-style-type: none"> • Premature Retirement Costs £674,900 (2016/17 £674,890), these are historic costs relating to school staff where the commitment remains with the local authority and relates to both maintained schools and academies. This appears on the Human Resources line of the budget statement

	case for the element relating to schools causing concern but no funding will be released from premature retirement for significant periods of time given that the local authority remains supporting such costs arising from pre 1997	<ul style="list-style-type: none"> Miscellaneous £248,000 (2016/17 £248,000). This is the commissioning budget for maintained schools causing concern, whilst the number of maintained schools has reduced overall the number of schools requiring LA support is largely unchanged. This appears on the 5-19 Learning line of the budget statement
5.	Funding for central early years expenditure, which includes funding for checking eligibility of pupils for an early years place and/or free school meals in addition to the local authorities statutory responsibilities in this area. For 2017/18 this must not exceed 7% (5% in 2018/19) of the Early Years DSG	Schools Forum are asked to approve expenditure of £1,604m (2016/17 £1.649m)
6.	Authorising a reduction in the Schools Budget in order to fund a deficit arising in central expenditure that is to be carried forward from a previous funding period	This situation does not exist within the 2016/17 budget so no decision is necessary, the DSG overspend will be funded from the DSG reserve

19. Where the decision making power is vested in the Schools Forum, the local authority may seek adjudication from the Secretary of State should approval not be granted. This would be sought should Schools Forum not approve the centrally funded items, there is no other source of funding for the local authority to meet these commitments.
20. A further budget for school copyright is held centrally under provisions within the School and Early Years Finance (England) Regulations. This funds copyright licences within a nationally negotiated contract by the Secretary of State for all academies and maintained schools, as a result of this national contract individual schools no longer meet these costs directly. The 2017/18 cost for Leicestershire is expected to be £467,875.

Dedicated Schools Grant

21. For 2017/18 the Dedicated Schools Grant (DSG) remains in three separate blocks, the basis for each block however is changed. The Department for Education (DfE) undertook a 'baseline' exercise early in 2016 in preparation for the expected introduction of the schools national funding formula which results

in adjusted school and high needs blocks to reflect actual expenditure rather than historic patterns of spend. The early years block reflects the introduction of the early years national funding formula in April 2017 and the extension of the Free Entitlement to Early Education (FEEE) for eligible parents from September 2017.

Funding Block	Areas Funded	Basis for Settlement
<p>Schools Block £368.28m</p>	<p>This block funds delegated budgets for all Leicestershire primary and secondary schools and academies and also the two studio schools in Leicestershire.</p> <p>The school block is now split into two areas, the first reflects delegated school budgets the second is the Central School Services Block which incorporates those budgets centrally retained by the local authority</p> <p>Some budgets e.g. school copyright licences, school related premature retirement costs are centrally retained by the local authority with the approval of the Schools Forum.</p> <p>For 2017/18 this block includes funding formerly paid through the retained duties element of Education Services Grant in respect of the local authorities statutory duties for all schools.</p> <p>Funding for academies is recouped from the settlement and paid directly to the academy by the EFA.</p>	<p>The Schools Block Unit of Funding (SBUF) is £4,156.59 and based upon the pupil numbers recorded in the October 2016 schools census.</p> <p>Leicestershire is the 3rd lowest funded for SBUF out of 151 authorities and compares to an England average of £4,618.63</p> <p>This block reflects the funding provided through school delegated budgets in 2016/17 and local authority centrally retained budgets</p>

<p>High Needs Block £63.16m</p>	<p>Funds special schools and other specialist providers for high needs pupils and students, the pupil referral unit and support services for high needs pupils including high needs students in further education provision.</p>	<p>The settlement is based upon local authorities expenditure for 2016/17</p> <p>As the settlement is not based upon pupil / student numbers there is no national comparator against which to measure relative funding. However converting the settlement to a per pupil basis using pupil data in the other elements of the DSG settlement places Leicestershire 48th lowest funded at £712.82 against an England average of £863.04</p>
<p>Early Years est £28.01m (3 & 4 year olds)</p> <p>2 year old disadvantaged places £3.2m (est)</p>	<p>Funds the Free Entitlement to Early Education (FEEE) for 2, 3 and 4 year olds and an element of the early learning and childcare service.</p> <p>From September 2017 FEEE will increase from 15 to 30 hours for the parents of eligible children.</p> <p>The introduction of the national early years funding formula in April 2017 requires changes to the formula used to fund providers</p>	<p>The settlement is based upon January 2016 pupil numbers and will be adjusted for January 2017 and 2018 pupil data</p> <p>From April 2017 the early years national funding formula is implemented and the allocation is now based on individual pupil characteristics. Leicestershire is one of 48 local authorities receiving the lowest rate of £4.30 per hour, this however is an increase of 13.5% from the equivalent 2016/17 rate</p>
<p>£462.65m</p>	<p>2017/18 Estimated DSG (Included Early Years estimates)</p>	

Schools Block

22. It was anticipated that the Schools Block DSG and delegated school budgets would be generated through the implementation of the National Funding Formula (NFF) from April 2017. The DfE have confirmed that the NFF has been delayed until April 2018. A consultation launched in December sets out the proposals in more detail, a response to the consultation is being formulated and Schools Forum may wish to consider responding and nominate a lead responsible for its completion or make any comment it may wish the local

authority to consider in its submission. Members should also encourage the schools they represent to submit responses.

23. Funding remains at 2016/17 levels and as such schools will not receive any increase in funding to meet inflationary pressures such as pay, national insurance and pension inflation nor for additional costs such as the Apprenticeship Levy. Both maintained schools and academies are reporting financial pressures, especially where schools are experiencing reducing numbers as a result of age range changes.
24. Details of access to financial support for apprentices through the apprenticeship levy and the Leicestershire County Council Digital Account will be confirmed as soon as they are available. It should be noted however that the levy is in effect a tax and whilst all maintained community schools will be liable for its payment it is unlikely that all schools will see their payment returned, and access to the funding will be aligned to the appointment of eligible apprentices. Voluntary Aided schools and academies will need to consider their individual liability for the levy. The levy contributes to the training costs of apprentices and not the cost of their employment
25. It has been confirmed that the Minimum Funding Guarantee (MFG) will remain at minus 1.5% per pupil for 2017/18, the NFF sets out that this rate will continue for 2018/19 and 2019/20. MFG is calculated at pupil level and provides protection from the change in the underlying data within an individual school budget but does not protect against falls in pupil numbers. School with falling rolls may see cash reductions in budgets in excess of 1.5%.
26. A Schools Funding Formula Review working group consisting of headteachers, governors and school business managers have reviewed the school funding formula within the constraints of the funding settlement and the transition to the NFF and no changes to the formula are proposed for 2017/18. IDACI bandings have been amended following national changes implemented by the Education Funding Agency (EFA)
27. It is confirmed that £2.85m (estimate £3m) of headroom is present within the school block settlement, this will be transferred to meet increased financial pressure in high needs expenditure.
28. The Schools Funding Formula Review Group also considered the allocation of the headroom to high needs. The group did not agree with the proposal to allocate the totality of the headroom to high needs and requested that the local authority use some of this to address a funding disparity at Key Stage 3 where the rates within the Leicestershire school funding formula being significantly below those used by comparator authorities.

High Needs Block

29. The 2017/18 DSG settlement confirms the baselining of the 2016/17 £7.15m transfer from the schools block to high needs, it is also confirmed that the further transfer of £2.85m is permissible and that the decision rests with the

local authority. The County Council's Medium Term Financial Strategy (MTFS) confirms the transfer.

30. The DfE published the high needs settlement in July at £61.88m, the final settlement in December confirmed DSG at £63.16m which includes an uplift to the grant on the basis of population growth, significant financial pressures however remain. The position has been updated for the latest available information and whilst improved from that in October remains a significant concern:

	2016/17 Forecast £,000	2017/18 Budget £,000	2018/19 Budget £,000
Placement Costs	54,015	54,950	56,646
Estimated Placement Growth		1,800	1,900
Other High Needs Expenditure	9,074	10,118	9,672
Total High Needs Expenditure	63,089	66,868	68,218
<u>Funded By:</u>			
Dedicated Schools Grant – High Needs	-52,761	-61,463	-61,463
Dedicated Schools Grant – Schools Block	-7,151	-2,850	-2,850
6 th Form Grants – Special Schools	-860	-860	-860
<u>Proposed Savings</u>			
SEN Placements		-875	-1,645
Other savings		-820	-1,400
Period 9 High Estimated High Needs Overspend	2,317	0	0
Funded from DSG Reserve	-2,317	0	0
Cost to Local Authority Budget	0	0	0

31. The number and location of specialist places commissioned for pupils with high needs is shown at Appendix B
32. The stage 2 consultation regarding the movement to a formulaic basis for high needs DSG was issued by the DfE in December and suggests that Leicestershire would receive £2.8m less under the formula when compared to the 2016/17 baseline; this includes the 2016/17 transfer of £7.15m from the schools block but not the further from 2017/18. The DfE are to undertake a further exercise to determine whether they feel that 2017/18 transfers between blocks is appropriate and should be included in the baseline for 2018/19 funding.
33. The consultation proposes that no local authority will lose funding for 4 years, the 2017/18 decision by the DfE on retaining the £2.85m in the baseline will therefore be a crucial decision. Both this and any further increase in cost and demand will need to be carefully factored into future SEND strategy and specifically the transformation project to reduce the level of SEN expenditure.
34. To respond to the need to reduce high needs expenditure a number of savings are proposed;

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<u>Dedicated Schools Grant Savings</u>				
<u>Transformation</u>				
Review Specialist Teaching Services	-790	-1,350	-1,350	-1,350
Reduced Cost / Demand SEN Placements	-875	-1,645	-1,645	-1,645
	<u>-1,665</u>	<u>-2,995</u>	<u>-2,995</u>	<u>-2,995</u>
<u>Departmental</u>				
Reduce Budget Allocation - Oakfield	-30	-50	-50	-50
	<u>-30</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>
	<u>-1,695</u>	<u>-3,045</u>	<u>-3,045</u>	<u>-3,045</u>

Specialist Teaching Services - £790,000 2017/18 rising to £1,350,000 2020/21

A review of the role and responsibility of the local authority in the provision of these services is being undertaken by external consultants. These are a complex set of services supporting children and young people with hearing and visual impairment, autism, early years inclusion and learning support. It is anticipated that the review will identify deliverable savings for implementation in September 2017/18 given that delivery is based on academic rather than financial years.

Reduced Cost and Demand – SEN Placements - £875,000 in 2017/18 rising to £1,645,000 in 2018/19

The prime focus for the newly appointed strategic led in this area is the reduction in costs. A number of changes have already been made reflecting the change in decision and commissioning processes that have been successful in delivering cost reductions in children's social care. A programme of work is being compiled through the transformation unit which will holistically review the provision of high needs support services and the thresholds at which they are accessed. The savings target is set at a minimum, the expectation is that the planning process should set out to exceed this value to provide capacity to deal with any future issues

Review of Budget Allocation Oakfield Pupil Referral Unit £30,000 2017/18 rising to £50,000 in 2018/19

The funding system introduced nationally in 2013 changed the manner in which Pupil Referral Units (PRU) were funded; locally provision has changed from Key Stages 1, 2 & 3 to primary provision only. The service offer has also changed and now includes support to prevent pupils being excluded rather than making provision after exclusion. Additionally the White Paper included a proposal that schools should become financially responsible for this provision. It is timely to review the funding level and methodology for determining the funding allocation from the local authority.

Schools Causing Concern

A review of this budget was originally planned at £100,000 in 2017/18 rising to £250,000 in 2020/21, however proposed changes by the DfE to funding historic commitments in the schools block announced in December 2016 have resulted

in this saving not being achievable. Its removal is factored into the high needs position presented in this report.

Early Years Block

35. From April 2017 the DfE will introduce the National Early Years Funding Formula (EYFF) which changes both the methodology used to generate local authority funding and the basis upon which nursery education providers are funded. It also establishes a new requirement for local authorities to 'passport' 95% (93% 2017/18) of funding to providers.
36. A further change to the funding mechanism for maintained nursery schools is implemented through the introduction of the EYFF and it will no longer be permissible to fund maintained nurseries at a higher rate than other providers which has reflected a higher cost base, this will result in reduced funding for the Countesthorpe Nursery which currently receives £6.80 per hour compared to £3.58 - £ 3.65 for private, voluntary and independent providers.
37. The nursery is run by the Headteacher and Governors of Greenfield Primary School, Countesthorpe, which is a large 630 place, maintained school located nearby. The Headteacher, Governing Body and staff at the Nursery are keen to relocate and operate the provision as a governor run provision rather than a maintained nursery, they are working with the County Council to implement this through the statutory process which commenced on 3 January with a public consultation on the proposed change. All parties involved see this as a positive step towards safeguarding the future of the Nursery.
38. The Free Entitlement to Early Education (FEEE) for 3 and 4 year olds will increase from 15 to 30 hours for eligible parents in September 2017. The DfE are requesting local authorities to consider whether they will be in a position to make the extended offer available from April and this is being considered. The Early Learning and Childcare Service has been, and continues, working with providers to support this expansion.

2017/18 School Budgets

39. The framework for local authorities to calculate individual school budget is unchanged for 2017/18, albeit there are some national changes to the data within the national dataset issued by the EFA on which school budgets must be based. There has been no review on changes to the school funding formula for 2017/18 and it remains unchanged from 2016/17.
40. School Budgets were submitted to the EFA in accordance with the 20 January deadline, at the time of publication of this report no queries nor approval for the formula had been received. The 2017/18 school funding formula is shown at Appendix C.

41. Local authorities are required to use data provided by the EFA to construct school budgets and are largely unable to use local data. The dataset was issued in December 2016 and reflects the amended IDACI bands introduced by the DfE as set out in the School Funding Update report to Schools Forum on 5 December 2016.
42. The MFG remains nationally set at minus 1.5% per pupil. As MFG is a per-pupil reduction schools with falling rolls may see their budgets reduce by more than 1.5% overall.
43. To moderate the impact of 2013/14 school funding reform a capping factor was introduced to limit the amount of gains as a result of the changes and ensure the reform could be delivered without additional resource. The ceiling is set to meet the cost of the MFG and is set locally at +1.5% in line with MFG.
44. The formula continues to include pupil number adjustments for schools undertaking age range changes or affected by age range changes in other schools. The adjustments were issued to schools in December for comment prior to implementation. The methodology remains unchanged but the definition of 'estimate' has been clarified.
45. The 2017-18 Funding Units for deprivation (IDACI and Free School Meals) have been adjusted from the 2016/17 units so that the total allocated in 2017/18 is the same as the 2016/17 total but increased to allow for the overall growth in Primary and Secondary pupil numbers. The same principle has been applied to Prior Attainment funding, but the funding units and totals for Primary and Secondary have been kept separate, as different measures are used for the 2 phases.
46. Schools unaffected by age range change remain on the national pupil number count and are funded on pupil numbers from the October 2016 school census as required by the school finance regulations.
47. Local authorities are required to fund start-up costs for new schools and for diseconomies of scale there may be until they have a full contingent of year groups. The new Hallam Fields school in Birstall will open for a September 2017 intake and Fossebrook will open to a further year group. The lagged school funding system means that these costs must be met within the current level of DSG and for 2017/18 have been funded from the DSG reserve. Under the proposals for the NFF local authorities will remain responsible for meeting growth in the 2018/19 formula but will receive no additional funding for any increased costs.
48. No inflation is added to individual school budgets for supplies and services, pay awards nor for changes in national insurance and employers pension rates.
49. Business Rates are being reviewed nationally and the change will be implemented from April 2017. Individual Schools receive the full amount but the DSG must provide the funding for this, and this has resulted in an additional £250,000 cost to the DSG.

50. The local authority will continue to assess schools where the notional SEN budget is insufficient to meet commitments to element 2 funding through a comparison of costs and notional SEN budget in October following pupil movements at the commencement of the academic year. Where the budget is shown to be insufficient to meet commitments an additional payment will be made.

Excluded Pupils

51. The arrangements for reclaiming funding from schools excluding pupils no longer solely refer to the deduction being based upon the age weighted pupil unit and refers to the average per pupil funding value for primary, Key Stage 3 and Key Stage 4. These values are detailed in the following table and will be applied as the deduction to school budgets from April 2017;

School Phase	Annual Rate £	Daily Rate £
Primary	3,063.18	16.12
Key Stage 3	4,063.69	21.39
Key Stage 4	4,851.47	25.53

Pupil Premium - Schools

52. The DfE have not formally issued a full pupil premium settlement for 2017/18 although rates for each category of pupil have been released, these are unchanged from 2016/17. Pupil premium will be based on the January 2017 school census and schools will need to make reference to that in order to determine their grant allocation and inform the 2017/18 budget setting process.
53. The allocations are passported by the local authority to maintained schools for eligible pupils on the school roll but are retained by the local authority for children in care, academies receive funding directly from the EFA. The rates for pupil premium are;

Pupil Premium Payable for;	2016/17 £
Primary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	1,320
Secondary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	935
Children from service families	300

Looked after children	1,900
Children adopted from care, left care under a special guardianship or residence order	1,900

2017/18 Early Years Provider Budgets

54. The introduction of the Early Years National Funding Formula in April 2017 for 3 & 4 year olds implements a new funding structure for providers and aligns both local authority and provider funding to the pupil characteristics. There are two new elements of funding:

Disability Access Fund – Nationally £12.5m has been made available to make an annual payment to providers for children in receipt of Disability Living Allowance (DLA) taking a place in their setting. The purpose of the fund is to aid access to free childcare places for disabled children. This is additional to the early years national funding formula

SEN Inclusion Fund – Local authorities from April 2017 are required to establish an inclusion fund funded within the overall early years block DSG to support 3 & 4 year olds to provide specialist support, this will also extend to meet the extension to 30 hours of provision for eligible families. Providers have been consulted over the value of this fund and the criteria in place to access it will be reflected in the Local Offer. The High Needs Grant currently supports this with £298,000, and for 2017/18 an additional £200,000 will be added to this from the Early Years Grant Access arrangements will be supporting children with:

- Low levels of attachment
- At risk of exclusion
- Limited communication skills
- Children with a hearing impairment
- Children with a visual impairment
- Children with a significant learning delay (working approximately 1/3 below age related expectations)
- Distressed behaviour that involves that involves implementing specialist advice
- Ensuring their own safety and that of others

A minimum of £100,000 was required from the Early Years Grant to support SEN for the increase in hours for eligible parents. Consultation feedback was

that a majority were in favour transferring no more. The Local Authority view is that a further £100,000 transfer will give the right level of support for special needs children in the light of the extended settlement and is established at £200,000.

55. The early years national formula also removes the ability to use the OfSTED rating as an indicator of quality but offers the ability to use a supplement for providers with and early years teacher, an early years professional or a qualified teacher. This was set out within the consultation with providers together with options of the balance between the basic rate of funding and the mandatory deprivation indicator. The result of the consultation was to have no Quality top-up, and set the Deprivation top-up at 8p and 4p per hour (depending on the level of deprivation)
56. Overall the average unit rate of funding for 3 & 4 year olds generating the Leicestershire DSG settlement will increase from £3.79 per pupil to £4.30, an increase of 13.5% which will be passed to providers with the exception of 7% of the total for centrally delivered functions and the SEN Inclusion fund. The average rate for providers will be dependant upon the characteristics of the pupils within that provision.
57. Consultation has been undertaken with providers on options for the Early Years National Funding Formula, The consultation is shown at Appendix D.
58. 101 (15%) of providers responded to the consultation, analysis of the responses showed that;
 - 76% of providers agreed that no other supplements should be added
 - 59% of providers felt that they did not want any quality supplements paid but increase the base rate by 4p an hour
 - 74% agreed with the proposed deprivation funding criteria (4p and 8p)
 - 72% agreed that 5% of two year old funding could be used to support central spend
 - 51% no increase to current payment to support Additional Adult funding
 - 34% an increase to the inclusion fund by £100,000
 - 9% an increase to the inclusion fund by £200,000
 - 7% an increase to the inclusion fund by £300,000
 - 61%of providers agreed that an inclusion fund should be established for 2 year olds
 - All providers agreed with the criteria to support children who could access the inclusion fund
59. It is proposed that the 2017/18 rates within the Early Years Funding Formula for 3 and 4 year olds are set out in the following table:

	Per Hour
3 and 4 Year Base Rate	£3.97
3 and 4 Year Deprivation top-up	£0.04 - £0.08
3 and 4 Special Needs top-up	£6.99

60. Local authorities also have the ability to establish a SEN inclusion fund for 2 year olds and consultation was also undertaken on this proposal. The outcome is a fund of £17,000 with the same criteria as the 3 and 4 year old fund. 5% of the 2 year old grant will be retained to support central costs. 2 year old funding rates will be;

	Per Hour
2 Year Old Base Rate	£4.93
2 Year Old Special Needs top-up	£6.99

Dedicated Schools Grant Reserve

61. The Schools Budget must be set at the level of DSG received plus / minus any carry forward from previous years. In Leicestershire the reserve is earmarked to allow the local authority to meet the cost of deficits where schools convert to sponsored academy arrangements and to fund growth arising from new schools.

	£,000	Narrative
DSG Reserve 1/4/16	5,321	Confirmed reserve at close of the 2015/16 financial year
<u>Reserve Utilised 2016/17</u>		
2016/17 Dedicated Schools Grant Budget Overspend	(2,009)	Forecast overspend recorded at Period 9, the overspend largely related to increased cost and volume of SEN placements
New School Growth	(150)	School places and start-up funding for new school growth
Estimated Reserve 31/3/17	3,163	Estimated DSG reserve
<u>Allocations</u>		
School Deficits	(1,000)	Provision for maintained school deficits on sponsorship. No significant deficits are expected in 2017/18, however the implications of coasting school legislation unclear, conversions expected in 2017 will place a call on this funding
Provision for new school growth	(150)	

Available Balance	2,013	Hold as contingency Pending; <ul style="list-style-type: none"> • Confirmation of 2016/17 overspend • Treatment of future school growth
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62. The DSG reserve has been generated by underspends within the Early Years and High Needs Blocks, only minimal contributions are received from the Schools Block which is either delegated to schools or subject to expenditure restrictions yet the reserve is providing funding for school related issues. Delegation of one off funding is not a sustainable option.

The Local Authority Budget

63. In order to set out the full context of the financial challenges facing the department the provisions for growth and savings set out in the Children and Family Services budget for 2017/18 to 2020/21 are summarised below;

Reference		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<u>GROWTH</u>					
Demand & cost increases					
G1	Demographic growth- Social Care Placements	860	1,710	2,550	3,380
G2	Social Work pressures: case load reduction /quality assurance	510	510	510	510
Total		1,370	2,220	3,060	3,890
<u>SAVINGS</u>					
<u>Transformation</u>					
CF1	Eff New Departmental Operating Model	-200	-500	-500	-500
CF2	Eff Reduced cost / demand Social Care Placements	-1,000	-2,100	-3,190	-4,260
CF3	Eff/SR Admin / Business Support Review	-100	-250	-250	-250
<u>Early Help and Prevention (EHAP) Review</u>					
CF4	Eff/SR Review Children's Centre Programme - EHAP Review			-1,000	-1,000
CF5	SR Reprocurement of Contract for Careers Information, Advice & Guidance: EHAP Programme		-340	-340	-340
Total		-1,300	-3,190	-5,280	-6,350
<u>Departmental</u>					
CF6	Eff/SR Review contribution to LSCB	-40	-40	-40	-40
CF7	SR Review LEEP activity	-245	-245	-245	-245
CF8	Inc Education of Children in Care	-95	-95	-95	-95
CF9	Inc Charge for Academy Conversion	-70	-70	-70	-70
CF10	Eff/Inc Review the Educational Psychology Service	-75	-200	-300	-300
<u>Early Help and Prevention (EHAP) Review</u>					
CF11	SR Remodelling Early Help	-110	-110	-110	-110
CF12	SR Review of Departmental Early Help Services		-500	-500	-500
CF13	SR Reprocurement of Contract for Careers Information, Advice & Guidance: Departmental Activity		-360	-360	-360
Total		-635	-1,620	-1,720	-1,720
TOTAL		-1,935	-4,810	-7,000	-8,070

Capital Programme

64. The draft Children and Family Services capital programme totals £37.2m over the next four years including £19.0m in 2017/18. The draft programme and funding are outlined below.

Draft Capital Programme 2017-21

Basic Need grant allocations are confirmed for 2017/18 and 2018/19, the programmes for the final two years of the MTFs will be developed as announcements on future years funding are made by the DfE.

	2017/18 £,000	2018/19 £,000	Total
Provision of additional primary places	4,875	17,214	22,089
Birstall – completion of new primary school	3,248		3,248
Wigston – completion of area special school	4,246		4,246
Structural changes to the pattern of education – 10+ retention	3,020		3,020
OfSTED / Safeguarding works	50		50
School access	50		50
SEND Initiatives		1,000	1,000
School condition*	2,800	TBC	2,800
School Devolved Formula Capital*	700	TBC	700
Total	18,989	18,214	37,203

* Estimates, awaiting government announcement which was expected mid / late December 2016 but remaining unconfirmed.

65. The programme includes s106 funding of £2.195m in 2017/18, further funding will be introduced to the programme as funding become payable, the remaining financing for the programme of £35m is received through government grant from the DfE. The Basic Need Grant for 2017/18 is reduced to £4.525m and increases to £16.938m in 2019/20, an announcement on 2020/21 was expected in December, an update will be provided at the meeting should an announcement be made.
66. The draft programme has been developed on a priority basis and within that schemes are at different stages of development. For some schemes contractors' prices have been obtained for others costs are indicative and based on exemplar and / or similar schemes. In order to minimise risk where contractors prices have not yet been obtained contingency is held to mitigate against any increase in cost, as prices are confirmed schemes will be re-evaluated and re-prioritised as necessary.
67. The programme is largely focused upon the need to provide additional primary school places based on the assessed need through the annual school capacity assessment which also provides the basis for the Basic Need capital grant. The location of the additional places can only be confirmed following the confirmation of school admissions for September 2017 and 2018 primary admissions.
68. 2017/18 Capital Programme
The programme will conclude major schemes such as the new primary school at Birstall, the area special school at Wigston and of 10+ retention in Oadby, Shepshed and Castle Donington. Overall an additional 800 primary school places and 36 special school places will be delivered.
69. 2018/19 Capital Programme

The programme remains under development and is expected to deliver c1,170 additional primary places across Leicestershire District Council areas as follows; Blaby 120, Charnwood 420, Harborough 105, Hinckley & Bosworth 390, Melton 30, North West Leicestershire 105. The programme also retains some funding for the development of initiatives to develop cost effective SEND provision.

70. The proposed programme is based on predicted future pupil numbers for each individual school and academy based on the historic pattern of pupil admissions, schemes may need to be revised should future school admission patterns and / or the expectations of housing growth change. This is particularly relevant to the proposed programme for 2018/19 onwards.
71. The capital programme has been constructed on the assumption that where additional school places will be required as a result of housing developments will be fully funded by s106 contributions. Currently build costs are generally in line with the level of contribution, however where schools are in conservation areas or have significant site restrictions contributions may be insufficient to meet costs. Discussions have commenced with District Councils to determine how such positions may be avoided.

Appendices

Appendix A – 2017/18 Children and Family Services Revenue Budget

Appendix B – Summary of Commissioned High Needs Places

Appendix C – 2017/18 School Funding Rates

Appendix D – Local Authority Consultation with Early Years Providers

Background Papers

Report to the Children and Families Overview and Scrutiny Committee – Medium Term Financial Strategy 2017/18 to 2020/21

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=4847&Ver=4>

Report to Schools Forum 5 December 2016 – School Funding Update

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4696&Ver=4>

Report to Schools Forum 5 October 2016 – School Funding

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4696&Ver=4>

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CHILDREN & FAMILY SERVICES DEPARTMENT

DRAFT REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2017/18 £	Schools	Early Years	High Needs	Dedicated Schools Grant	LA Block
814,500	Directorate	491,780	122,720	0	614,500	0	614,500	18,500	44,230	153,950	216,680	397,820
1,966,300	First Response	1,951,510	47,000	-3,210	1,995,300	-29,000	1,966,300	0	0	0	0	1,966,300
2,379,080	Safeguarding Unit	2,694,650	334,670	-60,500	2,968,820	-481,650	2,487,170	0	0	0	0	2,487,170
176,170	LSCB	212,860	183,770	-40,500	356,130	-219,970	136,160	0	0	0	0	136,160
4,521,550	Total Safeguarding Assurance	4,859,020	565,440	-104,210	5,320,250	-730,620	4,589,630	0	0	0	0	4,589,630
2,195,900	Specialist Assessment & Response Locality 3	2,208,140	563,320	0	2,771,460	-450,560	2,320,900	0	0	0	0	2,320,900
1,684,540	Specialist Assessment & Response Locality 2	1,559,860	249,680	0	1,809,540	0	1,809,540	0	0	0	0	1,809,540
2,103,110	Specialist Assessment & Response Locality 1	1,989,510	238,600	0	2,228,110	0	2,228,110	0	0	0	0	2,228,110
2,725,480	Fostering, Adoption & Placement Team	2,229,720	260,590	0	2,490,310	-50,000	2,440,310	0	0	0	0	2,440,310
3,806,590	Childrens Management	316,240	2,065,110	0	2,381,350	0	2,381,350	0	0	0	0	2,381,350
21,239,050	Operational Children Placements	550,110	21,802,950	0	22,353,060	-54,000	22,299,060	0	0	0	0	22,299,060
2,687,660	Disabled Children Service	1,083,810	1,603,850	0	2,687,660	0	2,687,660	0	0	0	0	2,687,660
1,485,250	Strengthening Families	1,528,210	106,740	0	1,634,950	0	1,634,950	0	0	0	0	1,634,950
37,927,580	Total Social Care	11,465,600	26,890,840	0	38,356,440	-554,560	37,801,880	0	0	0	0	37,801,880
3,800,280	Children's Centre	2,676,710	1,123,810	0	3,800,520	0	3,800,520	0	0	0	0	3,800,520
2,102,640	Supporting Leicestershire Families North	1,971,930	62,700	0	2,034,630	0	2,034,630	0	0	0	0	2,034,630
1,960,690	Supporting Leicestershire Families South	1,800,450	61,430	0	1,861,880	0	1,861,880	0	0	0	0	1,861,880
1,632,220	Early Help Support Services	1,574,520	331,380	-358,800	1,547,100	0	1,547,100	0	0	0	0	1,547,100
-1,469,320	Supporting Leicestershire Families Income	74,660	784,660	-864,600	-5,280	-1,171,940	-1,177,220	0	0	0	0	-1,177,220
1,675,830	Youth Offending Service	2,158,850	606,170	-198,600	2,566,420	-889,960	1,676,460	0	0	0	0	1,676,460
478,670	Community Safety	189,160	324,770	0	513,930	-36,000	477,930	0	0	0	0	477,930
10,181,010	Total Targeted Early Help	10,446,280	3,294,920	-1,422,000	12,319,200	-2,097,900	10,221,300	0	0	0	0	10,221,300
52,630,140	TOTAL CHILDREN'S SOCIAL CARE & EARLY HELP	26,770,900	30,751,200	-1,526,210	55,995,890	-3,383,080	52,612,810	0	0	0	0	52,612,810
1,390,830	Education Sufficiency	1,070,720	537,150	-187,510	1,420,360	-236,720	1,183,640	279,610	0	621,290	900,900	282,740
2,381,970	5-19 Learning	550,910	1,827,030	-131,030	2,246,910	-209,930	2,036,980	248,000	0	0	248,000	1,788,980
4,076,450	Specialist Services to Vulnerable Groups	2,591,650	1,728,140	-333,440	3,986,350	-699,900	3,286,450	0	0	3,286,450	3,286,450	0
3,108,500	Education of Vulnerable Groups	692,300	2,393,190	-15,500	3,069,990	-56,500	3,013,490	0	0	1,998,410	1,998,410	1,015,080
53,111,120	Special Education Needs	630,500	58,237,200	0	58,867,700	-510,640	58,357,060	0	0	57,748,990	57,748,990	608,070
951,800	Psychology Service	1,056,810	41,330	-110,670	987,470	-110,670	876,800	0	0	0	0	876,800
23,592,710	0-5 Learning	1,408,890	29,890,480	0	31,299,370	-203,070	31,096,300	0	30,825,940	0	30,825,940	270,360
88,613,380	TOTAL EDUCATION, LEARNING & SKILLS	8,001,780	94,654,520	-778,150	101,878,150	-2,027,430	99,850,720	527,610	30,825,940	63,655,140	95,008,690	4,842,030
218,010	Commissioning	566,870	26,400	25,520	618,790	0	618,790	0	0	0	0	618,790
4,060	Transformation	326,540	32,990	-355,470	4,060	0	4,060	0	0	0	0	4,060
0	Music Services	1,019,820	387,530	0	1,407,350	-1,407,350	0	0	0	0	0	0
1,351,330	Admin & Committees	959,710	630,370	-57,030	1,533,050	-45,000	1,488,050	8,570	0	0	8,570	1,479,480
1,519,910	Human Resources	0	1,567,380	0	1,567,380	-47,470	1,519,910	674,900	0	0	674,900	845,010
451,380	Schools Copyright	0	467,870	0	467,870	0	467,870	467,870	0	0	467,870	0
3,544,690	TOTAL COMMISSIONING & DEVELOPMENT	2,872,940	3,112,540	-386,980	5,598,500	-1,499,820	4,098,680	1,151,340	0	0	1,151,340	2,947,340
358,358,360	Total Individual Schools Budget	0	376,504,130	0	376,504,130	-14,437,860	362,066,270	362,072,180	0	-5,910	362,066,270	0
1,060,000	Dedicated Schools Grant Recoupment	0	-263,328,800	0	-263,328,800	265,022,800	1,694,000	0	0	1,694,000	1,694,000	0
922,000	Central Charges	0	2,378,700	0	2,378,700	0	2,378,700	1,508,420	210,850	659,430	2,378,700	0
-444,877,850	Dedicated Schools Grant	0	0	0	0	-462,515,680	-462,515,680	-365,278,050	-31,081,020	-66,156,610	-462,515,680	0
-84,537,490	TOTAL DSG ITEMS	0	115,554,030	0	115,554,030	-211,930,740	-96,376,710	-1,697,450	-30,870,170	-63,809,090	-96,376,710	0
61,065,220	TOTAL CHILDREN & FAMILY SERVICES	38,137,400	244,195,010	-2,691,340	279,641,070	-218,841,070	60,800,000	0	0	0	0	60,800,000

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High Needs place numbers 2017/18 academic year

Special School	Category	Total High Needs Places 17/18	Average top up per place	notes
Forest Way	Academy	206	6,665	
Dorothy Goodman	Academy	252	6,135	
Ashmount	Maintained	168	7,775	
Birch Wood	Maintained	146	8,876	
Maplewell Hall	Maintained	190	3,328	
Birkett House	Academy	190	8,105	

Special Unit	Category	Total High Needs Places 17/18	Average top up per place	notes
Brookside Primary School, Oadby	Maintained School	20	1,988	
Hugglescote Community Primary School	Maintained School	7	2,687	
Newbold Verdon Primary School	Maintained School	24	7,763	
Shepshed High School	Maintained School	18	19,983	
Sherard Primary School And Community Centre	Maintained School	32	3,935	
St Denys Church Of England Infant School	Maintained School	10	5,479	
Westfield Infant School	Maintained School	20	3,285	
Westfield Junior School	Maintained School	22	2,587	
Abington Academy	Academy	8	19,983	
Glenfield Primary School	Academy	30	3,236	
Beacon Academy	Academy	38	3,813	
Rawlins Academy	Academy	27	2,089	
The Beauchamp College	Academy	3	3,138	plus HI teachers supplied by STS
Gartree High School Oadby	Academy	6	3,674	plus HI teachers supplied by STS
The Cedars Academy	Academy	30	3,236	

High Needs place numbers 2017/18 academic year

Further Education Provider / Alternative Provision	Category	Total High Needs Places 17/18	Average top up per place	notes
Brooksby Melton College	Further Education	49	2,398	
Leicestershire County Council	Further Education	5	26,166	
Loughborough College	Further Education	35	2,033	
South Leicestershire College	Further Education	21	1,740	
Stephenson College	Further Education	2	2,807	
Oakfield School	Maintained Alternative Provision-Pru	30	10,023	

Post 16 in mainstream	Category	Total High Needs Places 17/18	Average top up per place	notes
Charnwood College (Upper)	Academy	0	NA	
Hind Leys Community College	Maintained School	1	732	
Ashby School	Academy	0	NA	
Bosworth Academy	Academy	1	2976	
Groby Community College	Academy	1	6622	
Guthlaxton College Wigston	Academy	2	8585	
John Cleveland College	Academy	3	8585	
King Edward Vii Science And Sport College	Academy	1	5220	
Lutterworth College	Academy	3	10953	
The Robert Smyth School	Academy	0	NA	
Rawlins Academy	Academy	0	NA	
Wreake Valley Community College	Academy	0	NA	
The Beauchamp College	Academy	3	1854	
Countesthorpe College	Academy	0	NA	
The Cedars	Academy	0	NA	

High Needs place numbers 2017/18 academic year

Special Independent Schools - Primary Need		Number budgeted 17/18	average cost of day place	notes
ASD	Independent	184	64,840	
BESD	Independent	214	54,906	
Dyslexia	Independent	11	20,582	
SLD	Independent	2	68,847	
VI	Independent	2	52,103	
HI	Independent	4	29,551	
Epilepsy	Independent	1	84,943	
Total / Average of all independent schools		418	57,969	

Independent Specialist Provision (16+) 68 27,976

Special School Top up rates incorporating outreach, fixed allowances, split site and satellites	Band 5	Band 6	Band 7	Band 7A	Band 8	Band 9	Band 10
Forest Way	3127	4955	6782	8609	12266	15,921	19,577
Dorothy Goodman	3326	5154	6980	8808	12465	16,120	19,776
Ashmount	3240	5068	6895	8722	12379	16,034	19,690
Birch Wood	3846	5674	7501	9328	12985	16,640	20,296
Maplewell Hall	3123	4951	6778	8605	12262	15,917	19,573
Birkett House	3621	5449	7276	9103	12760	16,415	20,071

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Local Authority Funding Reform Proforma

LA Name:	Leicestershire
LA Number:	855

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00		Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Description	Amount per pupil	Pupil Units		Sub Total				Primary	Secondary
	Primary (Years R-6)	£2,704.57	53,522.88		£144,756,385		£280,991,304	40.06%	4.00%	
	Key Stage 3 (Years 7-9)	£3,587.95	21,677.20		£77,776,710			21.52%	4.00%	
	Key Stage 4 (Years 10-11)	£4,283.50	13,647.30		£58,458,210			16.18%	4.00%	
2) Deprivation	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
	FSM % Primary	£431.42		4,073.81		£1,757,521	£17,791,279	4.92%	0.00%	
	FSM % Secondary		£431.42		2,741.62	£1,182,789			0.00%	
	IDACI Band F	£627.00	£636.00	4,079.49	2,578.64	£4,197,851			67.00%	67.00%
	IDACI Band E	£627.00	£636.00	2,136.43	1,436.78	£2,253,337			67.00%	67.00%
	IDACI Band D	£940.00	£954.00	1,691.79	1,042.20	£2,584,539			67.00%	67.00%
	IDACI Band C	£940.00	£954.00	909.51	805.69	£1,623,568			67.00%	67.00%
	IDACI Band B	£1,255.00	£1,273.00	911.00	1,020.12	£2,441,916			67.00%	67.00%
	IDACI Band A	£1,571.00	£1,599.00	515.74	587.57	£1,749,756			67.00%	67.00%
3) Looked After Children (LAC)	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
	LAC X March 16	£0.00			353.03	£0	£0	0.00%	0.00%	
	N/A					£0		0.00%	0.00%	
	N/A					£0		0.00%		0.00%
4) English as an Additional Language (EAL)	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
	Pupils starting school outside of normal entry dates	£0.00	£0.00	624.54	140.90	£0	£0	0.00%	0.00%	0.00%
								0.00%	0.00%	0.00%
								0.00%	0.00%	0.00%
5) Mobility	Description	Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
	Low Attainment % new EFSP	100.00%		40.40%		£9,895,310	£17,794,576	4.92%	50.00%	
	Low Attainment % old FSP 78		£566.00	16.71%	17,482.88					
	Secondary low attainment (year 7)	48.02%		22.36%						
	Secondary low attainment (years 8 to 11)		£1,020.75	21.80%	7,738.69					
						£7,899,266				50.00%

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)		
7) Lump Sum	£150,000.00	£150,000.00			£41,037,500	11.36%	0.00%	0.00%	
8) Sparsity factor	£0.00	£0.00	£0.00	£0.00	£0	0.00%	0.00%	0.00%	
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.									
Primary distance threshold (miles)		Primary pupil number average year group threshold			Fixed or tapered sparsity primary lump sum?	Fixed			
Secondary distance threshold (miles)		Secondary pupil number average year group threshold			Fixed or tapered sparsity secondary lump sum?	Fixed			
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold			Fixed or tapered sparsity middle school lump sum?	Fixed			
All-through schools distance threshold (miles)		All-through pupil number average year group threshold			Fixed or tapered sparsity all-through lump sum?	Fixed			
9) Fringe Payments					£0	0.00%			
10) Split Sites					£93,164	0.03%			
11) Rates					£3,264,057	0.90%			
12) PFI funding					£0	0.00%			
13) Exceptional circumstances (can only be used with prior agreement of EFA)									
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)		
Additional lump sum for schools amalgamated during FY16-17					£315,000	0.09%	0.00%	0.00%	
Additional sparsity lump sum for small schools					£0	0.00%			
Rent 17/18					£80,430	0.02%			
Exceptional Circumstance4					£0	0.00%			
Exceptional Circumstance5					£0	0.00%			
Exceptional Circumstance6					£0	0.00%			
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)					£361,367,310	100.00%	£30,087,089		

14) Minimum Funding Guarantee (MFG is set at -1.5%)					£1,111,238				
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)					Yes				
Capping Factor (%)	1.50%	Scaling Factor (%)	100.00%						
Total deduction if capping and scaling factors are applied					-£270,814				
					Total (£)	Proportion of Total funding(%)			
MFG Net Total Funding (MFG + deduction from capping and scaling)					£840,424	0.23%			
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)					£0.00				
Additional funding from the high needs budget					£10,000.00				
Growth fund (if applicable)					£125,000.00				
Falling rolls fund (if applicable)					£0.00				
Total Funding For Schools Block Formula					£362,207,734				
% Distributed through Basic Entitlement					77.76%				
% Pupil Led Funding					87.61%				
Primary: Secondary Ratio					1 :	1.21			

Total funding for schools block formula contains funding from outside of the 2017-18 Schools Block allocation?	No
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Early Years New Funding Formula Consultation

We would like your opinion on the modelling of alternative rates for the FEEE proposals below. Please can you complete the following questions using this survey link <https://surveys.leics.gov.uk/snapwebhost/s.asp?k=148430363244> and submit before 12pm on Thursday 19th January. Please read the information below before completing the survey.

The DfE are increasing the funding rates that the County Council receives to £5.20 per hour for 2 year olds and £4.30 per hour for 3 / 4 year olds. These amounts have to pay for central costs, funding supplements (deprivation and quality), and any additional Special Needs Inclusion fund, as well as the basic rate per hour for all children received by providers.

It is possible to fund additional 3 and 4 year old supplements by reducing the base rate per hour. The permitted supplements are:

- Deprivation
- Quality
- Rurality / Sparsity
- Flexibility
- English as an additional language

Only deprivation is mandatory. We currently use deprivation and quality.

All the models in the main table on pages 2 and 3 show the estimated rates per hour if we:

1. Replaced the current Ofsted quality 3 and 4 year old supplement (as per Government Consultation response Dec16) with a 7p per hour supplement for providers with an Early Years Teacher (EYT), Early Years Professional (EYP) or a Qualified Teacher Status (QTS). **If we had no quality supplement, the 3 and 4 year old base rate would increase by 4p per hour in the table on page 2.**

2. Set the 3 and 4 year old deprivation (Income Deprivation Affecting Children Index) funding as follows

IDACI Rank From	IDACI Rank To	Current Deprivation Rate Per Hour £	Proposed Deprivation Rate Per Hour £
1	9744	10p	8p
9745	22737	5p	4p
22738	32482	1p	0p

This reduces the amount allocated for deprivation and increases the amount available for the base rate funding. This is in recognition of the Early Years Pupil Premium targeting those children who are entitled to the deprivation funding.

3. Allocate 5% of the 2 year old funding to support central costs. Currently all central costs are paid for from the 3 / 4 year old funding. The DfE have set a target that 5% will be the maximum proportion of 3 / 4 year old funding that can be used to support central costs. The central costs pay for a number of key activities, such as administering the payments to providers and data collection of FEEE children and their eligibility, providing support, guidance and advice and subsidising training and continuing professional development. It

seems fair that the 2 year old funding should pay for its share of central costs as well on a similar basis.

4. Create a special needs inclusion fund for those children with lower level or emerging SEN for 2, 3 and 4 year olds, in order to increase the current special needs fund, which allocated an additional £5.78 per hour for eligible children. It is a statutory requirement for us to create such a fund for 3 and 4 year olds. Our existing fund is paid for from our High Needs Grant, and we are proposing to increase this by using an element of the Early Years grant. The models on the attached table show the effect of:

- a) Transferring £100,000 into the 3 and 4 year old Special Needs Inclusion Fund to allow for the additional 15 hours undertaken by children with working parents.
- b) Transferring a further £100,000, £200,000 and £300,000 into the 3 and 4 year old Special Needs Inclusion Fund, thereby increasing the top up rate and allowing additional lower need children to receive the top up. In each scenario an equivalent amount has been transferred into the 2 year old Special Needs Inclusion Fund, so that they are funded at the same top up rate as the 3 and 4 year olds.

We would like your opinion on these proposals. Please complete the following questions and submit before 12pm on Thursday 19th January.

Modelling of Alternative Funding Rates for Leicestershire Early Years Providers (effective from 1/4/2017) The tables below shows the current hourly rates for 2, 3 / 4 year olds, and modelled alternatives.

	Current Funding	Proposed Funding (£100,000 transfer to existing Inclusion Fund to allow for additional 15 hours)	Proposed Funding (with a further £100,000 transferred to Inclusion Fund)	Proposed Funding (with a further £200,000 transferred to Inclusion Fund)	Proposed Funding (with a further £300,000 transferred to Inclusion Fund)
3 and 4 year Olds					
Base Rate	£3.58	£3.95	£3.93	£3.92	£3.91
Quality:					
Ofsted Good	£0.05	£0.00	£0.00	£0.00	£0.00
Ofsted Outstanding	£0.07	£0.00	£0.00	£0.00	£0.00
Qualification top up		£0.07	£0.07	£0.07	£0.07
Deprivation:					
Top Group	£0.10	£0.08	£0.08	£0.08	£0.08
Middle Group	£0.05	£0.04	£0.04	£0.04	£0.04
Bottom Group	£0.01	£0.00	£0.00	£0.00	£0.00
Special Needs Top Up	£5.78	£5.78	£6.99	£8.42	£9.85

				Proposed Funding (no further transfer into existing Inclusion Fund)	Proposed Funding (with a further £3,500 transferred to Inclusion Fund)	Proposed Funding (with a further £7,000 transferred to Inclusion Fund)	Proposed Funding (with a further £10,000 transferred to Inclusion Fund)
2 Year Olds		Current Funding					
Base Rate		£3.85		£4.94	£4.93	£4.93	£4.92
Special Needs Top Up		£5.78		£5.78	£6.99	£8.42	£9.85

Note 1: Proposed 2 year old rate assumes 5% contribution to central costs

Note 2: The proposed Inclusion Funds represent an additional transfer from the Early Years Grant to supplement the existing fund which pays for the £5.78 per hour top up

Have your say.

Please can you complete the following questions using this survey link

<https://surveys.leics.gov.uk/snapwebhost/s.asp?k=148430363244> and submit before 12pm on

Thursday 19th January.

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SCHOOLS FORUM

9 FEBRUARY 2017

2018/19 Dedicated Schools Grant and Schools National Funding Formula

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings	X	Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X
Actions arising from the recommendations in this report are for all Schools Forum Members			

Purpose of the Report

1. This report is to set out the high level implications arising from the stage two consultations on the implementation of the National Funding Formula (NFF) and the change in methodology for the calculation of the High Needs Dedicated Schools Grant (DSG) in 2018/19.

Recommendations

Schools Forum is asked to;

2. Note the stage 2 consultations from the Department for Education on the implementation of the National Funding formula (NFF) for schools, and the introduction of a formulaic distribution of the high needs Dedicated Schools Grant (DSG) from April 2018.
3. Note the high level analysis of the proposals and their impact.
4. Consider its approach to the consultations and whether a more detailed workshop is required.

2018/19 Schools Block Dedicated Schools Grant

5. The consultation continues the proposal to split the Schools Block Dedicated Schools Grant (DSG) to two blocks;
 - **Schools Block** – determined by the application of the National Funding Formula (NFF) to pupil characteristics and fully delegated to schools. This is discussed further in the following section of this report. The quantum of this funding will be the aggregate of individual school budgets calculated by the application of the MFF, including transitional arrangements and protection plus the 2017/18 value of the school-led factors
 - **Central School Services Block** – this will include centrally retained school related budgets held by the local authority plus the retained duties element of the former Education Services Grant (ESG) for those duties it is required to fulfil for all maintained schools and academies.

School National Funding Formula

6. The Department for Education (DfE) issued stage1 of the consultation on the implementation of the NFF in March 2016, this set out the principle that every pupil characteristic should be funded the same irrespective of the local authority in which they are being educated.
7. Stage 2 of the consultation was expected in the spring and finally issued on 14 December and closes on 22 March 2017. This consultation confirms that;
 - A 'soft' NFF will be implemented in April 2018. Schools Block DSG will be calculated by the NFF based on pupil numbers and characteristics. Local authorities will remain responsible for determining a school funding formula. Local authorities will be 'encouraged' to work towards the NFF.
 - A 'hard' NFF will be implemented in April 2019 with school funding being fully allocated by the DfE. A further consultation is expected to set this out in due course.

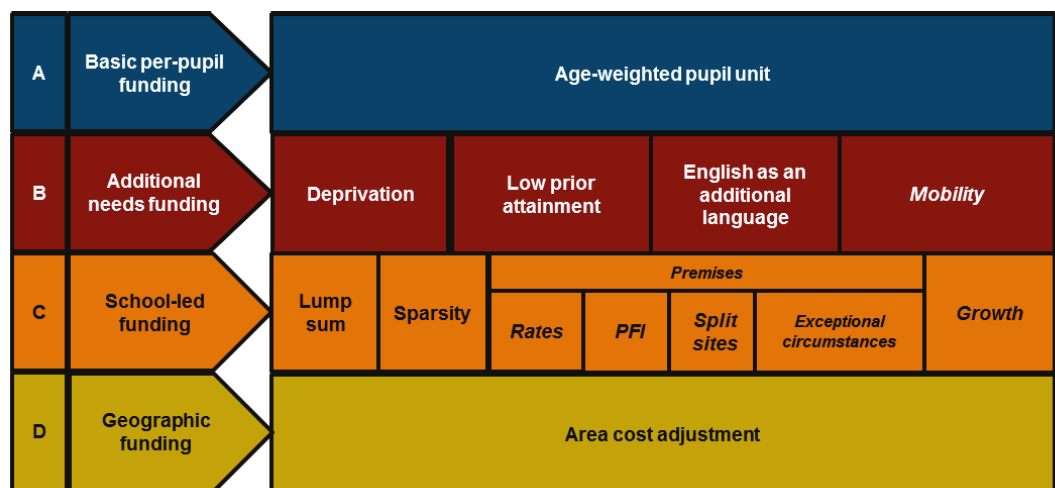
8. Stage 2 of the consultation confirms the outcome of stage 1 and is consulting on the detailed proposals for the design on the formula and specifically three key areas;
- The weightings between formula factors
 - The limits on losses ('funding floors') and gains under the formula
 - Transitional protection.

The consultation includes detailed impact tables for every school and local authority in England. It should be noted that the figures include are for illustrative purposes and compare schools 2016/17 budgets to the budgets expected to be delivered by the NFF. 2018/19 budgets will use 2017/18 as a baseline and October 2017 census data, as such the budgets that school receive in 2018/19 will differ from the published illustrations.

The consultation can be accessed at:

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

9. The 2018/19 formula factors are confirmed as;



10. The application of monetary values to each pupils characteristics will generate the Schools Block DSG for 2018/19. All elements will be funded by pupil data with the exception of those set out in italics which will be provided to local authorities on the basis of historic spend. This will create financial pressures if costs increase as is expected from opening new schools or a further increase in the value of rates occurs.
11. Over the transitional period of the NFF it will not be possible to fund schools at the values set out within the consultation as a result of the transitional protections built into the formula. Furthermore in the 'soft formula' in 2018/19 should the cost of the school driven elements of the formula increase this will need a compensating adjustment to the nationally stated values.

12. In addition to the formula factors the DfE propose the relative weightings between them with 91% of total funding (Leics 87.47%) be delivered through pupil-led factors, to facilitate this deprivation and low prior attainment factors are proposed to increase in weighting.
13. The Minimum Funding Guarantee (MFG) is proposed to continue to be minus 1.5% per pupil for 2018/19 and 2019/20, a 3% funding floor is set to limit the changes arising directly from the introduction of the NFF and the maximum a school can gain will be limited to 3% per pupil in 2018/19 and 2.5% in 2019/20.
14. The DfE propose to undertake a further baselining exercise for the schools and high needs blocks to reflect 2017/18 expenditure levels. The DfE will liaise with local authorities where there have been further movements before determining whether these are appropriate changes to the baseline or to use the 2016/17 baseline position, if this were to be the latter then the c£3m transfer for 2017/18 would be a one year adjustment only and the pressure in the high needs block would increase.
15. For 2018/19 some flexibility will remain to move funding from the schools block to high needs following local consultation and with explicit agreement from the Schools Forum and the majority of primary and secondary schools.

The Impact of the National Funding Formula for Leicestershire Schools

16. As funding will be delivered through pupil characteristics the average funding per pupil for each school will be unique and continue to differ as demonstrated below;

NFF funding on the basis of pupil characteristics		Funding Allocated		
		Primary	Key Stage 3	Key Stage 4
Basic per pupil funding		£2,712	£3,797	£4,312
And if the pupil also has the following characteristics	Ever6 Free School Meals (FSM)	£3,252	£4,582	£5,097
	Current FSM	£3,692	£5,022	£5,537
	English as an additional language (EAL)	£3,227	£5,182	£5,697
	Low prior attainment	£3,762	£5,347	£5,862
	FSM and EAL	£4,207	£6,407	£6,922
	FSM and low prior attainment	£4,742	£6,572	£7,087
	FSM and EAL and low prior attainment	£5,257	£7,957	£8,472

For the 'soft' formula in 2017/18 it may not be possible to fund schools at these levels, this will be dependent upon local decisions on the formula and whether costs for rates and growth exceed that funded through historic cost.

17. There appears to have been any evidence based approach in setting the values used within the NFF, the consultation states that an evidence base has

been used for the relative weightings between them but it isn't explicit on what this is.

18. The DfE has issued exemplifications at individual school level, these are illustrative as 2018/19 budget will be based upon the October 2017 schools census. There are also some concerns about the data which requires further analysis to understand the baselines and the application of the formula. Initial analysis shows;

Full Implementation of National Funding Formula							
	Number Gaining	Number No Change	Number Losing	Greatest Gain	Greatest Loss	Average Change %	Overall Change £
Primary	77	3	146	+8.1%	-2.8%	0.0%	+£85k
Secondary	48	-	5	+9.1%	-1.4%	+5.1%	+ £8.5m
							+£8.6m
2018/19 Funding for First Year of Transition							
Primary	75	3	146	+2.6%	-1.4%	+0.2%	+£0.4m
Secondary	48	-	5	+2.9%	-1.4%	+2.6%	+£4.3m
							+£4.8m

There is no indication within the consultation over the timescale in which schools will be funded by the NFF, however a MFG of minus 1.5% per pupil and a maximum loss over the first two years of the formula of 3% suggests this will be a long term change.

19. The manner in which the DfE have presented the data does not allow schools to be grouped to identify if any particular size or location is a factor in the change of funding position. This analysis will be completed over the next few weeks to inform the consultation response and in the longer term the preferred size of school within the school place planning strategy.
20. It can be seen that the position for primary and secondary schools is very different. The following factors, from the initial analysis of the figures identifies the following contributory factors;
- A lower than average ratio of funding between primary and secondary schools, for 2016/17 this is 1:1.21 in Leicestershire and the NFF sets this at 1:1.29. This effectively moves funding from primary to secondary schools.
 - The reduction in the lump sum to £110,000 from £150,000 within the Leicestershire formula. This has been protected by the Funding Guarantee but a primary school would need 5,700 pupils to fully recover the reduction as primary per pupil funding increases by just £7 per pupil.
 - The low level of funding for Key Stage 3 in the Leicestershire formula, the NFF increases this by £209.05 per pupil (5.8%), this accounts for c£4.5m of the secondary increase

- The greater weighting to deprivation and low prior attainment which total 16.8% of the NFF but 9.8% in Leicestershire.
21. The impact of the factors within the NFF currently unused in the Leicestershire formula i.e. sparsity and EAL cannot be assessed until such time the individual calculations for each school can be accessed.

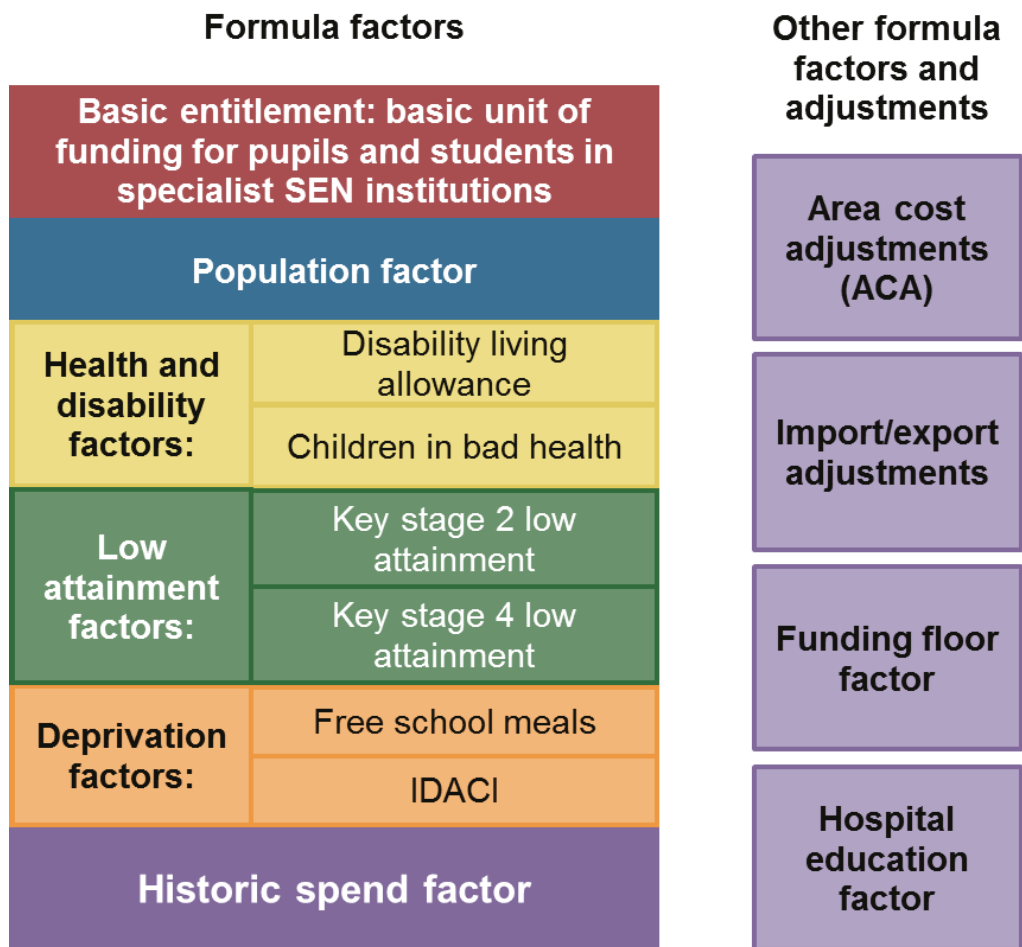
2018/19 High Needs Dedicated Schools Grant

22. In tandem with the consultation on the implementation of the NFF the DfE also issued stage 2 consultation on changes to the methodology to generate high needs DSG for local authorities alongside the outcome of the earlier stage 1 consultation which;
- Confirms the formula factors to be used in the formula and proposes weightings and values.
 - Sets out that local authorities can gain from the changes of up to 3% per annum in 2018/19 and 2019/20
 - Proposes a funding floor so that no local authority will lose funding for four years compared to baseline spend
 - Proposes limited flexibility to address the risks of a schools block ring fence continuing into 2019/20 and beyond

The consultation can be accessed at;

<https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

23. The consultation also confirms modified changes to the funding of special units in mainstream schools and from 2018/19 element 1 pupils within special units will be funded through the mainstream school budget and with place funding reducing from £10,000 to £6,000. This has no overall impact on school budgets
24. The formula factors are confirmed as:



25. Only 15 authorities are expected to see an increase in funding to 2019/20. Leicestershire is expected to receive £2.8m through the floor protection which will ensure that there is no reduction in grant until the next review of the formula in 4 years. It is uncertain from the proposal whether the formula will be updated annually in line with data changes and what impact that will have on the floor, the floor generates 5% on the allocation and it is exceptionally unlikely that the other factors will increase to remove the difference.
26. Should the formula over the 4 years from 2018/19 fail to generate additional funding and the £2.85m transfer from the Schools Block be deemed inappropriate by the DfE which would give rise to a financial pressure, that could be compounded by the further loss of floor protection in £2.9m in 2022/23 or earlier.
27. The Children and Families Act 2014 requires local authorities to keep provision for SEND under review, the consultation sets out a framework local authorities may use to deliver this which aligns with the development of the high needs DSG transformation project. Additionally to support local authorities through this process the DfE have determined a High Needs Strategic Planning Fund as a grant for local authorities, nationally this totals £23m with an allocation for Leicestershire of £0.277m.

Early Years Dedicated Schools Grant

28. Following consultation in August 2016 the DfE confirmed the arrangements for a National Early Years Funding Formula to be implemented from April 2017. The detail can be accessed at:

<https://www.gov.uk/government/consultations/early-years-funding-changes-to-funding-for-3-and-4-year-olds>

29. The changes affect the level of funding for local authorities and the Early Years National Funding Formula will consist of a base rate, an uplift for additional needs based upon measures of free school meals, Disability Living Allowance and English as an additional language.
30. For providers the formula will use a consistent base rate, differentials for different types of providers i.e. maintained nursery schools will no longer be permissible and a factor for additional needs. The formula will use mandatory factors for a basic hourly rate and may use discretionary factors for quality (currently used) and for flexibility, rurality and EAL currently unused.
31. From September 2017 entitlement to free early years provision increases from 15 to 30 hours per week, additionally the hourly rate within the DSG increases from an average of £3.79 per hour to £4.30 per hour and equates to an additional £2.7m for Leicestershire and early years providers.
32. DSG funds both local authority services and early years providers, for 2017/18 local authorities are required to 'passport' 93% of funding to providers rising to 95% in 2018/19. This suggests that a reduction in centrally funded services, an increase in non-grant income, a delegation of current service or a combination will be required as current data suggests that Leicestershire would breach this limit in 2018/19 by c£200k.
33. Local authorities will be required to establish an inclusion fund to support 3 and 4 year olds with SEND and may establish similar arrangements for 2 year olds.

Summary – Key Points

National Funding Formula

- Local authorities will be responsible for approving a 'soft' funding formula for maintained schools and academies for 2017/18
- A 'hard' funding formula will be in place for 2019/20 which will be agreed nationally, this will be subject to further consultation.
- The impact of the formula is unique to each school, however 65% of primary schools will see a reduction in funding whilst 90% of secondary schools will see an increase, gains and losses will be protected in 2018/19
- 2018/19 will be a transitional year

High Needs Dedicated Schools Grant

- High needs DSG allocations will be determined delivered by the application of a formula from 2018/19

- Allocations are protected by a floor set at current funding levels for the first four years of the formula
- Financial risk remains within the settlement. The DfE will assess whether the £3m transfer from school to high needs block transfer should be included in the 2018/19 baseline, should this not be the case the floor would increase. However this would result in a £5.8m pressure at the end of the grant protection period.

Early Years Dedicated Schools Grant

- Leicestershire receives an uplift in funding from April 2017 which equates to an estimated £2.7m for early years providers
- It is necessary to implement an national funding formula for funding nursery education provider from April 2017
- An exceptionally challenging timescale has been set and proposal must be formulated, consulted upon and presented to Schools Forum in February 2017

Next Steps

34. The Cabinet will consider the high level proposals at its meeting on 10 February, following which a County Council consultation response will be compiled. The consultation response will be considered by the Children and Families Overview and Scrutiny Committee on 6 March 2017 following which a further report will be presented to the Cabinet on 10 March 2017.
35. Schools Forum should consider whether it would wish to make its own consultation response or provide comments for inclusion in the County Council response. Members should also encourage individual schools to respond.
36. It is also proposed that an informal Schools Forum workshop be set up to allow greater and more detailed discussions on the proposals and their implications if required.

Resource Implications

37. All resource implications are as set out in the individual sections of the report.

Equal Opportunity Issues

38. None arising directly from the report

Background Papers

None applicable

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