

MEETING

SCHOOLS FORUM

DATE AND TIME

THURSDAY 9TH FEBRUARY, 2017

AT 4.00 PM

VENUE

TRAINING ROOM 3, BEST HUB, LANACRE AVENUE, COLINDALE, NW9 5FN

TO: MEMBERS OF SCHOOLS FORUM (Quorum 11)

Chairman: Gilbert Knight

Vice Chairman: Simon Horne

Members

Andrew McClusky	Hasmonean High	Lesley Burgess	Northway School
Angela Trigg	London Academy	Lesley Ludlow	Moss Hall Infants
Anthony Vourou	St Johns CE N11	Matthew Glenn	St Mary's & St John's
David Byrne	Barnet & Southgate College	Michael Whitworth	Wren Academy
Elizabeth Pearson	Holly Park	Nigel Taylor	Wessex Gardens
Gilbert Knight	Oakleigh	Jodi McCallum	BEYA
Jack Newton	Grasvenor Infants	Robin Archibald	Broadfields Academy
Jeanette Adak	Monkfrith Primary	Sarah Vipond	Middlesex Uni. Nursery
Jo Djora The	Hyde Academy	Simon Horne	Friern Barnet
Joanne Kelly	Pavilion PRU	Keith Nason	National Union of Teachers
Jude Stone	Cromer Road		

Councillors

Reuben Thompstone

Officers

Chris Munday Commissioning Director for Children and Young People

Ian Harrison Education & Skills Director (Cambridge Education)

Val White Lead Commissioner

David Monger Interim SEN Manager (Cambridge Education)

Claire Gray CSG – School Funding Manager (Clerk)

Catherine Peters CSG – Head of Finance

Substitute Members

Beata Felmer (for Angela Trigg)
Cllr Brian Sallinger (for Elizabeth Pearson)
Marc Lewis (for Michael Whitworth)
Ian Stewart (for Andrew McClusky)
Siobhan O'Connell (for Sarah Vipond)

Observers

EFA

You are requested to attend the above meeting for which an agenda is attached.

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3) Minutes of the Previous Schools Forum Meeting
8th December 2016
(4.00 pm, Training Room 4, BEST hub, Colindale)

AGENDA ITEM 3

School Funding Membership

Correction to papers - Nigel Taylor no longer represents Wessex Gardens, now the governor representative for Child's Hill (Community Primary).

Present:

Beata Felmer (substitute for Angela Trigg)
Carol Beckman
Catherine Peters
Claire Gray (clerk)
Debra Davies
Elizabeth Pearson
Gilbert Knight
Ian Harrison
Ian Stewart (substitute for Andrew McClusky)
Jo Djora

JodiMcCallum
Keith Nason
Kim Price (substitute for Joanne Kelly)
Lesley Ludlow
Marc Lewis
Matthew Glenn
Nigel Taylor
Perina Holness
Robin Archibald
Sarah Vipond
Simon Horne
Val White

2) Apologies:

Jude Stone

As the previous meeting was not quorate and the Schools Forum Chair has not yet been elected, IH opened meeting.

3) Declarations of interest:

Keith Nason – Item 7b) de-delegation of Trade Union duties.

4) Election of Chair and Vice Chair

(Last meeting was not quorate).

EP proposed Gilbert Knight.

NT – seconded.

Vice Chair – S Horne (volunteered), EP seconded.

SH appointed unanimously.

GK chaired the meeting from this point forward. He welcomed new members Robin Archibald, Beata Felmer and Jodi McCallum.

GK said farewell to Perina Holness and Carol Beckman, who were both attending their last Schools Forum meeting.

5) Minutes of previous meeting.

Agreed as a true and accurate record of the meeting.

6) Matters arising

All London Councils have questioned the DWP about the Apprenticeship levy, as there is no clear guidance on whether the payroll costs of community schools will count towards the council's salaries total and thus to its liability for the levy. If they are, then it will be necessary to establish whether the levy costs will be passed on to community schools and, if so, how they can then access apprenticeship funding.

Any other matters arising are addressed in the agenda items for this meeting.

7) 2016/17 Budget monitoring

The budget changes presented are mainly net nil effect as a result of academy conversions, only moving income and expenditure between lines. The current position also takes into account reduced Early Years (EY) expenditure and revised allocations for Post-16.

There are also corrections to lines 1.4.10 and 1.7.1 relating to the treatment of recoupment for academy bulge classes, and a further correction between lines 1.3.1 and 1.4.1 (central block/ Early Years central expenditure).

Attached to these minutes is a revised copy of the 2016/17 Q2 budget monitoring summary, as the Total Expenditure shown on Appendix 1 did not add up correctly. The variance of £348,225 remains the same.

Secondary quarter monitoring forecasts an overspend of £431k, compared to the previously reported underspend of £1.5m. This is due to:

- Revised top-up funding based on up to date (autumn term) pupil data
- Increased demand for Post16 top-up funding in FE and the private and independent sector
- Reduced expenditure for EY vulnerable families
- Reduced 2yo income
- Revised Post16 allocations
- No expected call on line 1.1.1 contingency of £147k

There is expected to be an overspend on growth funding, which will be the first call on the carried forward balances from previous years.

EP asked if provision of bulge classes for September 2017 were currently under discussion, and commented that the impact of 'placed pupils' in bulge classes was very challenging for schools. VW advised that demographic changes are being monitored and there are ongoing discussions with schools where bulge classes might be required.

As requested at the previous Schools Forum meeting, a summary of the DSG reserve position is now included in the meeting papers. After the drawdown expected for the 2016/17 financial year, the current carry forward projection is £3.245m.

JD asked if funding for schools with deficit budgets are allocated monies from reserve. CB advised that this is taken from a different budget.

Schools Forum decisions: To agree revisions to the 2016/17 budget; Agreed, unanimous.

To note Q2 position; agreed unanimously

7a) National Funding Formula

2017/18 Draft Schools Budget

IH advised that officers are happy to share current information, but the 2017/18 draft budget will be subject to change as the guidance being released from the EFA is particularly delayed this year.

Announcements so far have confirmed the postponement of a Central Block allocation, but confirmed that as a result of this Schools Forum approval can be sought to transfer funding between blocks.

Overall, the projected 2017/18 DSG will be higher than 2016/17 as a result of:

- Increased pupil numbers
- An increase in the EY block covering both the EY national funding formula and the 30 hour 'working parent' extension
- The transfer of the ESG (retained duties) element from the LA into the DSG = £824k

The High Needs Block has seen an increase as a result of the DfE rebaselining exercise matching expenditure to income.

7b) Authority Proforma Tool (APT)

(Included in the Addendum paper tabled at meeting).

IDACI reprofiling

As a result of the Autumn 2015 deprivation dataset used in the 2016/17 funding formula and the impact of this on all authorities, the DfE has now reprofiled the IDACI deprivation bands so that a similar percentage of pupils now fall into each of the new bands as was the case in 2015/16. Barnet therefore proposes to revert to funding the top 3 bands, now A, B & C rather than bands 3, 4 & 5 that were funded in 2015/16. Although we do not yet have 2016 Census data, we anticipate this option will cause minimal turbulence at school level.

SH asked if this reflects what is being done in other authorities. CG confirmed that this is the option most neighbouring authorities adopted. ML asked if this meant that Barnet would be spending less on deprivation in 2017/18. CG replied that the same overall percentage of the schools budget is distributed through IDACI as in previous years.

It should also be noted that for any schools adversely affected the MFG protects against any significant turbulence.

We are asking Schools Forum to agree this proposal in principle.

Primary:Secondary ratio

The Barnet funding formula has consistently provided a ratio of 1:1.29 between Primary and Secondary funding. As a result of minor changes in the expected dataset, the 2017/18 ratio was reducing to 1:1.28. In order to rectify this, Barnet proposes to add £5 to the Secondary pupil AWPU. We are asking Schools Forum to agree this proposal.

Schools Forum are being asked to agree this proposal in principle.

Minimum Funding Guarantee options

In 2016/17 Barnet applied an MFG top-up amount for schools needing protection, and applied a scaling option for any schools who benefitted from the funding formula. This scaling figure was set so that schools received 20% of their gains as without this the MFG top-up was not affordable within the DSG budget available.

Prior to implementation of the expected National Funding Formula, the council wants to ensure as many schools as possible are on the funding formula rather than receiving the MFG top-up or gains being scaled back. In order to do this, APT modelling for 2017/18 suggests that more schools (66%) would benefit from a cap rather than scaling. Early modelling (but only on 2016/17 data) would suggest that Barnet may be able to offer a cap of 2.25% for 2017/18, meaning schools will be allowed to retain up to 2.25% of any formula funding gains. This may be subject to change once actual October 2016 census data has been received.

The Schools Forum is therefore being asked to agree this proposal in principle so that work on the APT modelling can be continued ready for submission on 20th January 2017.

Decision:

IDACI reprofiling	Agreed in principle	Unanimous
Primary:Secondary ratio	Agreed in principle	Unanimous
MFG capping	Agreed in principle	Unanimous

Section 251 lines 1.4.2 and 1.4.3

Currently the lines shown on section 251 in relation to Schools Admissions and Servicing of Schools Forum cannot be increased year-on-year. In 2017/18 the DfE has permitted these items to be increased subject to line-by-line approval by Schools Forum. As a result of rising school admissions in recent years, Barnet is requesting an increase in line 1.4.2 by the equivalent of one Admissions Officer from 2017/18 (~£40,000).

We are requesting Schools Forum approval for this approval.

Decision:

Agreed in principle

Draft 17/18 schools budget (as at 3pm 8/12/16)

CB tabled a draft 2017/18 schools budget, prepared on 8th December as a result of the most up-to-date information available (See APPENDIX I). This is based on existing Section 251 categories as S251 format and guidance has not yet been confirmed.

This table includes a block analysis showing block income vs. expenditure. This has not been presented previously, but as a result of the baselining exercise this is now possible. However, members are asked to note that growth has not been taken into account in the block reprofiling as growth is not paid for due to the lag between paying out and receiving income on the increased pupil numbers. Growth funding remains the main pressure on the DSG.

The Schools Block GUF (guaranteed unit of funding) has been rebaselined by the DfE so that DSG block income more closely matches the block expenditure. The schools block allocation announcement is expected w/c 19th December 2016.

As a result of the rebaselining exercise, Barnet's HN block increased as money was moved from the Schools Block into High Needs. The HN block announcement is also expected w/c 19th December 2016.

There is a significant increase in the EY block income as a result of the new Early Years National Funding Formula (EYNFF) hourly rate, and the increase to provide funding for the 30 hour 'working parent' entitlement from September 2017 onwards. The actual EY block allocation will be based on the January 2017 census figures, so figures used at the moment are only an estimate.

Section 251 line items to note:

- Expenditure on Line 1.2.3 top-up funding is increasing as this is demand led and now covers 19-25 year old pupils.
- Expenditure on Line 1.4.1 remains static, but this must be approved by Schools Forum each year.

Now the DSG income more closely reflects block expenditure, Schools Forum now has to approve the transfer between blocks if this is required.

The LA is asking members to approve the following budget items:

- Line 1.4.1 Contribution to Combined budgets
- The transfer of funding between blocks to recognise the cost of High Needs and growth in Barnet.

Decision:

Agreed unanimously.

2017/18 De-delegation from maintained schools

Barnet is again requesting de-delegation of the following items from maintained schools in 2017/18 at the same rate as 2016/17

1.1.2 Behaviour support services (HIST team)

1.1.3 UPEG (Narrowing the Gap)

1.1.9 Trades Union duties (supported by additional income from academies buying into the service).

SH asked if secondary schools de-delegated this year, 2016/17. CB confirmed that they did for Narrowing the Gap and Trade Union duties, but not Behaviour Support services.

Decision:

Item	Primary rate	Primary	Secondary rate	Secondary
Behaviour Support	£3.01 per pupil	4 for , 0 against, 0 abstained	Not de-delegated	
Narrowing the Gap	£9.55 per FSM pupil	4 for , 0 against, 0 abstained	£16.34 per FSM pupil	1 for, 0 against/

				abstentions
Trades Union duties	£1.66 per pupil	4 for , 0 against, 0 abstained	£1.02 per pupil	1 for, 0 against/ abstentions

2017/18 High Needs Places

This agenda item includes a table showing the agreed HN places by term at Barnet schools, academies, PRUs and FE providers. This dataset for the 2017/18 financial year was submitted to the DfE in November 2016 and is provided for members' information.

The draft (tabled) 2017/18 budget reflects the cost of these places.

SH asked if the place funding varies to reflect take-up of places by Barnet pupils. CB advised that place funding is guaranteed, but the top-up funding varies based on the number and EHCP band of Barnet pupils placed at the school.

Schools Forum are asked to note the place numbers agreed with the DfE.

7c) 2017/18 Early Years proposals

Following on from the government EY consultation and Barnet's local consultation, this item is to seek the views of Schools Forum to inform proposals for the local 2017/18 Early Years funding formula to providers.

The release of the government response to this consultation has now provided additional detail regarding implementation requirements. LAs will be required to pass 93% of their allocation to providers in 2017/18 (95% in 2018/19), providing a universal base rate to all providers.

A range of supplements are permitted as shown in the table below, but funding through supplements is capped at a total value of 10%.

Supplement	Requirement
Deprivation	Mandatory
Flexibility	Optional
English as an additional Language (EAL)	Optional
Quality	Optional
Rurality/ Sparsity	Optional

There will also be a Maintained Nursery School supplement to support these settings, guaranteed until the end of this Parliament (2019/20); a new Disability Access Funding providing a lump sum per child per year to support disabled children to access their EY entitlement; a requirement that LAs have an Inclusion Fund to provide additional support to children with Special Educational Needs.

The government has announced that a supplement for providing the 30 hour 'working parent' offer is not permitted.

We are seeking Schools Forum's views on which of the optional supplements should be made available to providers in Barnet.

Comments from members suggest there is little appetite for a flexibility supplement, as this has an impact on the quality of provision, but that the most important supplement in their view is 'Quality' – recognising higher qualifications of leaders is the greatest driver of future outcomes for children.

The Rurality/ Sparsity option is not considered necessary in Barnet, and despite being a mandatory data return by schools, EAL was deemed too bureaucratic for small and private providers to collect and an unreliable measure on which to base funding.

JD asked how long this new EY formula would last once implemented. CB advised that this is for implementation in 2017/18 and would be under review thereafter.

DD thanked members for their comments and advised that these views will be taken into account in proposals that are due to go to Chris Munday and Councillor Thompstone shortly.

7d) Removal of the Education Services Grant (ESG)

IH summarised the government announcements in relation to the removal of the Education Services Grant (general funding rate) in March 2017 and the transitional protection that will be allocated in its place from April – August 2017.

The retained duties element of the ESG has been moved into the Schools block of the 2017/8 DSG allocation at a value of £15 per pupil. This is to cover the statutory duties provided to all schools, including Academies and Free schools and amounts to a figure of £824k moving into the Schools block.

The general fund element, which covers services to maintained schools only, will be removed from September 2017. The current (2016/17) ESG general rate element generates £2.8m for Barnet. For the period April – August 2017, the DfE has announced that LAs will receive transitional funding of approx. £20 per pupil, meaning Barnet is likely to receive somewhere in the region of £740k for 5 months, a loss of just over £2m in 2017/18.

LAs will now require the agreement of the Schools Forum to retain funding for the following:

- Central services that were previously funded from the retained duties rate for all schools (the £824k that has been added to the DSG).

They will also require the agreement of the maintained schools members of the Schools Forum to retain funding to pay for services currently funded from the general funding rate for *maintained schools only*.

If the LA and Schools Forum are unable to agree on the level of DSG to be retained by the LA to cover retained duties, the matter has to be referred to the Secretary of State.

School Improvement Grant

LAs will also receive a separate grant for School Improvement, an item that was previously funded from the ESG. This grant will cover statutory intervention functions

and services. Schools Forum can agree to de-delegate further funding for additional school improvement provision.

JD suggested that Headteachers are under the impression that £3.4m will be lost by Barnet, but that there is an expectation that this burden will be carried by schools in the form of a reduction in expenditure on schools from the DSG. IH advised that this is not the case, but the next meeting of the Schools Forum will receive additional information as shown in the recommendation below.

Proposals:

That Schools Forum:

- Approves the LA retention of £824k, the amount that has been transferred into the Schools Block to provide retained duties previously funded from the ESG

Recommendations:

That Schools Forum notes further information will be provided at the next meeting regarding:

- a. The optional de-delegation by maintained schools for additional school improvement support, and any proposals from the council for the Delegation of funds for this purpose
- b. The regulations in relation to retention of DSG funds to pay for services currently funded from the general funding element of the ESG (for services to maintained schools) and any proposals from the council to retain such funds.

Decision:

Approval for Barnet to retain £824k for the provision of statutory retained duties for all schools and academies. Agreed unanimously.

It was agreed that the Schools Forum will await further information from the LA regarding additional school improvement and [previously] general funding rate duties.

GK announced that due to her retirement, it is Carol Beckman's last Schools Forum meeting. He thanked Carol on behalf of past and present members of Schools Forum and thanked her for the work she had done in supporting members.

Meeting closed at 18:05.

Future meeting dates:

9th February 2017

11th May 2017

6th July 2017

It was also noted that there may be a need for an additional meeting on 12th January 2017.

APPENDIX I

Barnet Schools Budget Preparation April 2017 to March 2018-Version 1											
Schools Forum - 8 December 2016											
S251line	S251 Desc	Subgroup	Recoupment			Gross Budget 1617		Proj Outturn 1617 at M6	Net 1516 (Outturn)	Gross Budget Change in 1718 from 1617	Net Budget Change in 1718 from 1617
			Gross 1718	1718	Net 1718	Gross Budget 1617	Net Budget 1617				
1.0.1	Individual Schools Budget before Academy recoupment	2,3&4 year olds	26,278,515	-	26,278,515	19,050,560	19,050,560	19,046,461	18,266,894	7,227,955	7,227,955
		BudgetShares	246,995,209	- 101,215,405	145,779,804	240,578,335	144,769,295	144,766,119	146,195,968	6,416,874	1,010,509
		HighNeedsPlaces	9,427,488	- 4,598,500	4,828,988	8,077,920	6,095,590	6,722,262	6,441,429	1,349,568	- 1,266,602
		1.0.1 Total	282,701,212	- 105,813,905	176,887,307	267,706,815	169,915,445	170,534,842	170,904,291	14,994,397	6,971,862
1.1.1	Contingencies	Contingency	400,000	-	400,000	147,130	147,130	-	77,598	252,870	252,870
1.1.2	Behaviour Support Services	Dedelegation	78,876	-	78,876	79,130	79,130	79,130	77,610	- 254	- 254
1.1.3	Support to UPEG and bilingual learners	Dedelegation	79,997	-	79,997	87,000	87,000	87,000	85,561	- 7,003	- 7,003
1.1.9	Staff costs - supply cover for facility time	Dedelegation	48,174	-	48,174	48,770	48,770	48,770	47,510	- 596	- 596
1.2.1	Top-up funding - maintained schools	HighNeeds	16,404,939	-	16,404,939	16,969,420	16,969,420	16,472,005	15,775,159	- 564,481	- 564,481
1.2.2	Top-up funding - academies, free schools and colleges	HighNeeds	7,745,279	-	7,745,279	7,434,150	7,434,150	7,573,614	6,602,530	311,129	311,129
1.2.3	Top-up and other funding - non-maintained and independent providers	HighNeeds	9,638,811	-	9,638,811	9,084,010	9,084,010	9,320,448	8,797,764	554,801	554,801
1.2.5	SEN support services	Services	3,566,943	-	3,566,943	3,581,850	3,581,850	3,566,151	3,314,558	- 14,907	- 14,907
1.2.6	Hospital education services	HighNeeds	541,146	- 135,287	405,860	530,010	530,010	541,146	530,006	11,136	- 124,151
1.2.11	Direct payments (SEN & Disability)	HighNeeds	300,000	-	300,000	300,000	300,000	300,000	210,003	-	-
1.3.1	Central expenditure on children under 5	Services	1,171,390	-	1,171,390	1,131,390	1,131,390	976,390	1,782,091	40,000	40,000
1.4.1	Contribution to combined budgets	CAF Team	279,262	-	279,262	285,540	285,540	279,662	285,567	- 6,278	- 6,278
		Safer Families	183,720	-	183,720	183,720	183,720	183,720	183,238	-	-
		1.4.1 Total	462,982	-	462,982	469,260	469,260	463,382	468,805	- 6,278	- 6,278
1.4.2	School Admissions	Services	361,200	-	361,200	361,200	361,200	361,200	359,403	-	-
1.4.3	Servicing of schools forums	Services	34,680	-	34,680	34,680	34,680	34,680	34,680	-	-
1.4.10	Pupil growth / Infant class sizes	Growth	1,400,000	-	1,400,000	1,456,322	1,456,322	1,619,234	1,447,107	- 56,322	- 56,322
1.4.11	SEN transport	Services	400,000	-	400,000	400,000	400,000	400,000	400,000	-	-
1.4.13	Other items	FairAccess	106,500	-	106,500	106,500	106,500	106,500	137,500	-	-
1.5.1	Former ESG Expenditure	Retained Duties	824,548	-	824,548	-	-	-	-	824,548	824,548
		Total Expenditure	326,266,677	- 105,949,192	220,317,485	309,927,637	212,136,267	212,484,492	211,052,176	16,339,040	8,181,218
1.7.1	Dedicated Schools Grant	DSG	- 319,553,635	105,949,192	- 213,604,443	- 302,368,347	- 204,576,977	- 204,576,467	- 205,038,940	- 17,185,288	- 9,027,466
1.7.2	Balance b/fwd	Income	- 1,713,042	-	- 1,713,042	- 1,342,390	- 1,342,390	- 1,773,875	163,898	- 370,652	- 370,652
1.7.4	Post 16 allocations from EFA	Post16	- 5,000,000	-	- 5,000,000	- 6,216,900	- 6,216,900	- 6,134,150	6,177,134	1,216,900	1,216,900
		Total Income	- 326,266,677	105,949,192	- 220,317,485	- 309,927,637	- 212,136,267	- 212,484,492	- 211,052,176	- 16,339,040	- 8,181,218
Block Analysis											
		DSG Income	DSG Expenditure	Difference	Status						
	Schools Block	243,954,165	245,792,166	1,838,000	Overspent						
	Early Years Block	28,344,279	27,449,905	- 894,373	Underspent						
	High Needs Block	47,255,191	48,024,606	769,415	Overspent						
	Total DSG	319,553,635	321,266,677	1,713,042	Overspent						

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5) 2016/17 Budget monitoring (Provisional Quarter 3)

Author : Catherine Peters
Position : Head of Finance

AGENDA ITEM 5

Introduction

This report shows the provisional quarter three position which will be reported as part of the Quarter three Budget and Performance Monitoring report 2016/17 to the Performance and Contract Management Committee on 27th February 2017. It is presented to Schools Forum to note.

2016/17 Schools budget

There are no budget changes since reporting to the Schools Forum on 8th December 2016:

2016/17 Schools budget monitoring

The third quarter provisional monitoring position, as at December 2016, forecasts an overspend of £247k. If there is an actual overspend in-year, this will be the first call on the carried forward balances from previous years.

Details of the variations are contained in Appendix 1.

The main over and underspends are as follows:

S251 Line reference	Main reasons for over/underspend	£'000
1.0.1	Mainly due to special 6 th form places not funded by the EFA and NDR adjustments offset by a reduction in projected expenditure for 3&4 year olds and Oak Lodge conversion to Academy status	140
1.1.1	No call on contingency anticipated	(147)
1.2.1, 1.2.2 & 1.2.3	This is the net position relating to top up funding for high needs in <ul style="list-style-type: none">• maintained provider schools (nursery, primary and secondary) including those who are out of borough.• academy and free schools and additional funding for high needs pupils in Academy ARPs and• independent and non-maintained special schools, pre and post 16 <p>The underspend takes account of revised data for the autumn term and is based on current known data. It also reflects the reduction in the net movement of Out of Borough provision</p>	(573)
1.2.11	Increase in the number of personal travel budgets via direct payments for SEN & Disability	50
1.3.1	Early Years Vulnerable families lower than estimated	(44)

1.4.10	Growth – Additional bulge classes	163
1.7.2	Reduction in funding following Oak Lodge Conversion (high needs and post 16 recoupment)	666

Figures in brackets denotes an underspend

There is a net reduction in the projected overspend reported in quarter 2 of £185k. This is mainly due to:

- Reduction in early years funding based on autumn term data, reduction in HN place funding following Oak Lodge conversion offset by increases relating to NDR corrections. (£-479k)
- Reduction in residential special school costs due to tri-partite agreements and revised forecasts for private independent and OOB sectors based on current known data, offset by increases in the use of independent and non-maintained day schools to meet the demand of Education, Care and Health Plans. (-£451k)
- Direct Payments relating to the increase in the number of personal travel budgets for SEN and Disability (+£50k)
- Increased expenditure for early years vulnerable families following the review and change in the eligibility criteria (-£111k)
- Reduced income following adjustments to the DSG mainly for Oak Lodge conversion (+£458k)
- Revised allocation for Oak Lodge post 16 recoupment (+£125k)

2016/17 DSG Reserve position

The estimated position on the DSG reserve is shown below:

DSG Reserve	2016/17
Balance brought forward	5,019,442
Projected drawdown from reserve	(1,342,390)
Estimated drawdown to cover overspend	(246,679)
<i>Estimated Balance to be carried forward</i>	3,430,373

Recommendation:

1. To note the provisional quarter three monitoring position for 2016/17 and agree to receive further budget monitoring reports at future meetings.

Previous reports to the Forum:

- 11 October 2016 noted the 2015/16 outturn and quarter 1 budget adjustments and monitoring position

- 8 December 2016 agreed revisions to the 2016/17 budget and noted the quarter 2 budget monitoring position

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6) Towards a National Funding Formula

6a) 2017/18 Draft budget

Table 1 below shows the 2017/18 Draft Schools budget and incorporates the latest information announced by the government in December 2016. The main changes since the draft budget was last presented to Schools Forum on 8 December are:

AGENDA ITEM 6

1. INCOME

- The gross Schools Block income has been revised in light of actual pupil numbers on the October 2016 school census.
- The net Schools Block total deducts academy/ free school recoupment as calculated on the APT.
- The cost of copyright licensing (a deduction from the DSG) has also been factored into the total.
- Early Years Pupil Premium (EYPP) is included in the DSG income figure.
- The new Early Years Disability Access Fund (EY DAF) is also included in the DSG income total.
- The High Needs block has been slightly increased to cover population growth.
- There remains a call on the reserves held from previous years' underspends in order to fund the cost of growth as pupil numbers continue to increase.

2. EXPENDITURE

- Expenditure is categorised by the new Section 251 structure as released on 22 December 2016
- Line 1.0.1 – school funding. This includes payments to all types of schools via the main funding formula, high needs place funding, post-16 allocations and 2, 3 and 4 year old payments (including EYPP and EY DAF).
- Lines 1.1.1-1.1.9 – dedelegation – these budgets are estimated from the dedelegation on the APT. The budgets fall as more schools convert to academies.
- Lines 1.2.1 – 1.2.3 – high needs top-ups – these have been estimated on the current projections for 2016/17.
- Lines 1.2.4 – 1.2.11 – high needs services – estimated on the current projections for 2016/17
- Line 1.3.1 – early years central services. This line has been increased in light of the changes to the EYNFF for developing the 30hr 'working parent' offer and continued development of 2yo provision.
- Line 1.4.1, 3, 11, 13 – central services - no change from 16/17 budgets
- Line 1.4.2 School Admissions has been increased by £40,000 in line with Schools Forum approval at the last meeting
- Line 1.4.10 – Growth fund (payments to schools not within the APT, e.g. bulge classes) – revised on more accurate detail.
- Line 1.5.1, 1.5.2 and 1.5.3 – Former ESG expenditure (new S251 line numbers) has been broken down into lines covering the Education Welfare service, Asset Management and Statutory/ Regulatory duties. The total

expenditure on these lines has reduced to £797k (from the provisional £824k discussed and agreed at the December Schools Forum).

				SForum 9Feb2017		SForum 8Dec2016			
				Gross 1718 before recoupment	Net 1718 after recoupment	Gross 1718 Draft as reported	Gross Budget 1617 before recoupment	Net Budget 1617 after recoupment	Change since last Schools Forum
Type	S251lin	S251 Desc	Subgroup						
Expenditur	1.0.1	Individual Schools Budget before Academy recoupment	2,3&4 year old	26,640,556	26,640,556	26,278,515	19,050,560	19,050,560	362,041
			BudgetShares	245,560,573	144,465,555	246,995,209	240,578,335	144,769,295	- 1,434,636
			HighNeedsPlac	9,486,488	4,852,988	9,427,488	8,077,920	6,095,590	59,000
			1.0.1 Total	281,687,617	175,959,099	282,701,212	267,706,815	169,915,445	- 1,013,595
	1.1.1	Contingencies	Contingency	400,000	400,000	400,000	147,130	147,130	-
	1.1.2	Behaviour Support Services	Dedelegation	78,609	78,609	78,876	79,130	79,130	- 266
	1.1.3	Support to UPEG and bilingual learners	Dedelegation	84,732	84,732	79,997	87,000	87,000	4,735
	1.1.9	Staff costs - supply cover for facility time	Dedelegation	48,039	48,039	48,174	48,770	48,770	- 135
	1.2.1	Top-up funding - maintained schools	HighNeeds	16,145,946	16,145,946	16,404,939	16,969,420	16,969,420	- 258,993
	1.2.2	Top-up funding - academies, free schools and colleges	HighNeeds	7,693,776	7,693,776	7,745,279	7,434,150	7,434,150	- 51,503
	1.2.3	providers	HighNeeds	9,638,811	9,638,811	9,638,811	9,084,010	9,084,010	-
	1.2.5	SEN support services	Services	3,666,943	3,666,943	3,566,943	3,581,850	3,581,850	100,000
	1.2.6	Hospital education services	HighNeeds	541,146	405,860	541,146	530,010	530,010	-
	1.2.11	Direct payments (SEN & Disability)	HighNeeds	350,000	350,000	300,000	300,000	300,000	50,000
	1.3.1	Central expenditure on children under 5	Services	1,561,167	1,561,167	1,171,390	1,131,390	1,131,390	389,777
	1.4.1	Contribution to combined budgets	CAF Team	279,968	279,968	279,262	285,540	285,540	706
			Safer Families	183,720	183,720	183,720	183,720	183,720	-
			1.4.1 Total	463,688	463,688	462,982	469,260	469,260	706
	1.4.2	School Admissions	Services	401,200	401,200	361,200	361,200	361,200	40,000
	1.4.3	Servicing of schools forums	Services	34,680	34,680	34,680	34,680	34,680	-
	1.4.10	Pupil growth / Infant class sizes	Growth	1,300,000	1,300,000	1,400,000	1,456,322	1,456,322	- 100,000
	1.4.11	SEN transport	Services	400,000	400,000	400,000	400,000	400,000	-
	1.4.13	Other items	FairAccess	106,500	106,500	106,500	106,500	106,500	-
	1.5.1	Education welfare service - Former ESG retained duties	Retained Duties	286,891	286,891		-	-	- 537,657
	1.5.2	Asset management - Former ESG retained duties	Retained Duties	26,000	26,000	824,548	-	-	26,000
	1.5.3	Statutory/ Regulatory duties - Former ESG retained duties	Retained Duties	485,000	485,000		-	-	485,000
			Expenditure Total	325,400,746	219,536,941	326,266,677	309,927,637	212,136,267	- 865,931
Income	1.9.1	Dedicated Schools Grant	DSG	- 318,858,054	- 212,994,249	- 319,553,635	- 302,368,347	- 204,576,977	695,581
	1.9.4	Post 16 allocations from EFA	Post16	- 5,000,000	- 5,000,000	- 5,000,000	- 6,216,900	- 6,216,900	-
	1.9.2	Balance b/fwd	Income	- 1,542,692	- 1,542,692	- 1,713,042	- 1,342,390	- 1,342,390	170,350
			Income Total	- 325,400,746	- 219,536,941	- 326,266,677	- 309,927,637	- 212,136,267	865,931

Table 1 – 2017/18 Draft budget v2 – February Schools Forum

6b) 2017/18 APT submission

The council is required to submit to the DfE annually a completed Authority Proforma Tool (the APT) which shows all the detailed assumptions underpinning the proposals for allocating budgets to schools and early years providers in the following year.

The key factors are as follows:

- The government's minimum funding guarantee (MFG) for schools remains the same as in 2016/17 (-1.5%). This means that the maximum reduction in per pupil funding for any school is 1.5%.
- Barnet's Primary:Secondary funding ratio has remained consistent at 1:1.29 and, in order to maintain this ratio in 2017/18, Schools Forum agreed to increase the secondary age weighted pupil unit (AWPU) by £5 per annum
- To ensure the affordability of the MFG protection offered to schools losing more than 1.5% per pupil in their formula funding, Schools Forum also agreed a change to the amount schools can gain by applying a cap. Schools would keep formula funding gains up to a maximum of 2.25% per pupil.
- As explained last year, the December 2015 IDACI (Income Deprivation Affecting Children Index) release meant that IDACI scores for all Barnet schools (and in London generally) were lower than in the previous year. To reflect the lower deprivation scores, the DfE has redesigned the IDACI bands to return them to a similar size to previous years. In light of this, Barnet has reverted to funding the 3 most deprived IDACI bands, now classified as A, B and C. The total deprivation expenditure as a percentage of total distribution remains consistent with previous years.
- All academies and free schools are treated in the same way as maintained schools in that their pupils are used to determine the Schools Block of the DSG, and the local authority calculates and submits their funding on the authority proforma tool (APT) so the money can be recouped by the Education Funding Agency from Barnet's DSG.
- Local authorities are responsible for pupil growth at all schools, except in the first year of opening a new free school. A total of £3.8m is needed in the growth fund budget for 2017/18 to pay for new year groups opening in academies and free schools as well as expansions at maintained schools.

The funding rates submitted on the APT for the 2017/18 financial year are as follows:

	2017/18		2016/17 Rates	
	Primary Rate £	Secondary Rate £	Primary Rate £	Secondary Rate £
Age Weighted Pupil Unit	3,325.75	4,782.86	3,325.75	4,772.86
Free School Meals (Ever 6)	1,423.56	505.00	1,423.56	505.00
Lump sum per school	122,000.00	122,000.00	122,000.00	122,000.00
Deprivation: IDACI 3	Bands not in use in 2017/18		350.00	1,045.00
Deprivation: IDACI 4			2,100.00	5,225.00
Deprivation: IDACI 5			4,200.00	10,450.00
Deprivation: IDACI C	880.00	2,189.44	Bands not in use in 2016/17	
Deprivation: IDACI B	2,100.00	5,224.80		
Deprivation: IDACI A	4,000.00	9,952.00		
English as Additional Language 2	530.00	1,378.00	530.00	1,378.00
Mobility	422.90	618.53	422.90	618.53

The funding formula rates shown above have been used to calculate the school level funding used in the draft budget build shown at item 6.1

6c) Early Years Funding Formula (EYFF)

Early Years National Funding Formula

1. A new early years national funding formula for 3- and 4- year olds was announced on 1 December 2016. The key points are:
 - The new formula allocates funding to local authorities for the existing 15-hour entitlement for all three- and four-year-olds and the additional 15 hours for three- and four-year children of eligible working parents. The funding rates for both the existing 15-hour entitlement and the additional 15-hour entitlement are the same. Funding in 2017-18 for the additional 15-hour entitlement (the 30 hour childcare policy) is for part of the financial year, reflecting the fact that this policy begins in September 2017.
 - The formula consists of a universal base rate plus factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language.
 - The formula also includes an area cost adjustment multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and Nursery Rates Cost Adjustment (NRCA) to indicate cost of premises.

Allocation of funding to Barnet for 2017/18

2. The amount of funding to the local authority per 3- and 4-year old pupil in the Early Years block has been increased to £5.90 per child per hour as a result of the introduction of the Early Years National Funding Formula, an increase from the £4.80 per hour per child received in 2016/17. Extra funding at the same rate per hour has also been provided to cover the cost of extending free childcare to 30 hours a week for eligible working parents.
3. The Early Years (EY's) Block is estimated using early years numbers taken from the Early Years and Schools census in January 2016. A further update to the 2017/18 DSG allocation will be made once the January 2017 Early Years and Schools census numbers are finalised.
4. In accordance with DfE guidance, the authority must set a universal base rate per hour for all providers and a deprivation supplement in the new formula.
5. A further requirement is that in 2017/18 at least 93% of the funding for 3&4 year olds is passed on to providers through a combination of the formula funding for places and an Inclusion Fund to support children with low level or emerging special educational needs in Early Years settings.
6. All these requirements are met in the draft budget that forms the basis of the APT submission.

Consultation on the formula

7. Following the last Schools Forum meeting in December, and taking account of the responses from the survey and feedback from Schools Forum members, the proposals detailed below have been presented to the Commissioning Director, Children and Young People and the Lead Member for Children's Services.
8. The options were:

- a) Base funding rate and deprivation supplement at 5% (we are required to pay up to a maximum of 10% in supplements)
- b) Base funding rate and deprivation supplement at 7.5%
- c) Base funding rate and deprivation supplement at 10%

5% deprivation	
Target total spend = 17,506,081	
Total Base rate spend = £16,630,777	Total Deprivation spend = £875,304
Hourly Base rate	Deprivation
£5.17	£1.53

7.5% deprivation	
Target total spend = 17,506,081	
Total Base rate spend £16,193,125	Total deprivation spend = £1,312,956
Hourly Base rate	Deprivation
£5.03	£2.30

10% deprivation	
Target total spend = £17,506,081	
Total Base rate spend = £15,755,473	Total deprivation spend = £1,750,608
Hourly Base rate	Deprivation
£4.90	£3.07

9. The lower the percentage of supplements is, the higher the base rate is. It has been agreed to adopt option 1 (supplements of 5%) as impact data shows that Barnet providers (schools, PVI's and childminders) are better off with a higher base rate pass through.

Funding formula

10. As a result, after allowing for central expenditure and the Inclusion Fund the recommended hourly base-rate to providers will be £5.17 and the 'notional' rate to providers in will be £5.44 per hour (compared to £4.30 in 2016/17). This is the

average rate to providers consisting of base rate (the minimum for every child) plus a deprivation supplement based on the IDACI score of each child, which will vary for each child/ setting.

11. The early years pupil premium has been set at the same level as 2016/17 but may be subject to change.
12. Funding for two year olds is calculated in a similar way to that for 3 and 4 year olds. The funding rate will be £5.92 an hour to the local authority, whilst the LA funds providers at the slightly higher rate of £6 per hour.

Nursery Schools

13. The council has paid a subsidy to nursery schools since the introduction of the Barnet Early Years Funding Formula. This was reduced to 50% of the 14/15 subsidy level in 2015/16 and to 25% in 2016/17.
14. Under the National Early Years funding formula, the same funding formula will apply to all providers. Supplementary funding will be paid to some local authorities for up to two years, where this is needed to enable local authorities to maintain their current maintained nursery schools' funding levels.
15. Barnet has not received any supplementary funding – the Maintained Nursery School (MNS) allocation - because the notional hourly rate exceeds the rate that was paid to Barnet nursery schools in 2016/17. Barnet nursery schools will receive a similar level of funding in 2017/18 without the supplementary funding than they did in 2016/17 with the subsidy included.
16. Nursery Schools will therefore no longer receive a subsidy from 2017/18.

Provision for disabled children and children with special educational needs (SEN)

17. Two new measures are being introduced for 2017-18 to support children with disabilities or SEN:
 - the Disability Access Fund (DAF) aids access to early years places by, for example, supporting providers in making reasonable adjustments to their settings and/or helping with building capacity (be that for the child in question or for the benefit of children as a whole attending the setting);
 - the SEN Inclusion Fund requires local authorities to set up a fund to help providers better address the needs of individual children.
18. Three- and four-year olds will be eligible for the DAF provided they are in receipt of child disability living allowance and receive free early education.
19. The purpose of the SEN Inclusion Fund is to support local authorities to work with providers to address the needs of individual children with SEN. The fund is for 3- and 4-year-olds who are taking up any number of hours of free entitlement. 2-year-olds are not eligible to receive this funding. Local authorities are expected to target the fund at children with lower level or emerging SEN. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the high needs block of the DSG.

6d) NFF consultation – stage 2.

The DfE released Stage 2 of the Schools national funding formula and the High Needs funding reform consultations on 14 December 2016, with a closing date for responses of 22 March 2017. The full consultation documents can be viewed online at: <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/> and <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

The headline proposals are:

- a 'soft' formula will apply for 2018/19 where school allocations will be aggregated and allocated to LAs in the Schools Block. There will be an interim local formula for this period, with limited scope for movement between blocks in 2018/19 with the explicit agreement of the Schools Forum.
- From 2019-20, the national funding formula will be used to calculate the vast majority of each individual school's budget, but with local authorities continuing to have flexibility on some parts of the formula, particularly in relation to funding for pupil growth.
- LAs will continue to decide spend from High Needs, Early Years and Central Services blocks, but will have limited flexibility in allocating the Schools Block
- The school level Minimum Funding Guarantee (MFG) will continue at -1.5% per pupil, but there will be additional protection in the form of a school level funding floor – limiting the reduction of overall funding to a school to a maximum of 3% per pupil by 2019/20.
- Schools gaining under the national funding formula will be limited to a maximum gain of 3% per pupil in 2018/19, and a maximum of 2.5% gain in 2019/20.
- Confirmation of the creation of a Central Services Block using a per pupil rate, a deprivation factor (FSM eligibility) and an area cost adjustment.
- The High Needs formula funding proposals will include an area cost adjustment.
- No local authority will lose funding as a result of the HN formula.

The specific proposals in the consultation relate to the permitted formula factors and the relative weightings applied to each.

The main impact on schools in Barnet will be the proposed emphasis on prior attainment; this factor is not currently used in the local formula. With regard to proposals for other deprivation measures, London authorities are likely to gain under the EAL measure and area cost adjustment factors, but are likely to see a reduction in deprivation (IDACI/ FSM) allocations due to a general reduction in deprivation levels in London. It is also proposed to set the lump sum per school at £110,000, which is lower than Barnet's current figure of £122,000 but the difference will be protected within the MFG.

The illustrative allocations provided (based on 2016/17 data) indicate that allocations to schools will reduce and that Barnet's Schools Block would reduce once the

national funding formula is implemented. Individual schools could lose up to 1.5% funding per pupil in 2018/19 and the same in 2019/20.

For the Central services block, the illustrative allocation given (based on 2016/17 data) suggest that Barnet would gain funding under the new proposals, but transitional capping arrangements would mean a maximum gain of 2.4% per pupil in 2018/19.

Under the HN formula funding proposals, the illustrations provided (based on 2016/17 data) suggest that the formula will provide the same level of HN funding as currently received.

The combined effect of the changes to block funding described above are that, if the National Funding Formula had been fully implemented in 2016/17, Barnet would have suffered a reduction in DSG funding of 0.8%. If transitional protection had been applied, the actual reduction would be 0.3%. As these are only proposals at present, it has not been possible to model the expected impact in 2018/19 and 2019/20

Barnet will respond to the both consultations, draft responses shown at Appendices 2a and 2b.

7. Changes to the Scheme for Financing Schools

AGENDA ITEM 7

Introduction

7.1 The Scheme for Financing Schools under s48 of the School Standards and Framework Act 1998, governs the relationship between the LA and the schools it maintains. Any changes to the Scheme must be subject to consultation with school governing bodies and approval of the Schools Forum and the Council.

7.2 Consultation has been undertaken with schools over the period 9 November to 16 December 2016 but no comments were received. Changes are required in four areas. A summary is set out below and details of the change in wording of the Scheme are attached as Appendix 3.

Payment of Salaries

7.3 Paragraph 2.3 of the scheme 'Payment of Salaries' states the following:

"Salaries

All Community school employees must be appointed and paid in accordance with the relevant national conditions of service."

The Council plans to introduce a Unified Reward scheme for Council staff and non-teaching staff in Community schools in April 2017. For this to be implemented the Scheme will need to be amended as follows:

"Salaries

All Community school non-teaching employees must be appointed and paid in accordance with the relevant London Borough of Barnet salary scales and conditions of service. All Community school teaching employees must be appointed and paid in accordance with the relevant national conditions of service."

Submission of Budget Plans

7.4 The Scheme provides that the LA may require schools to submit a budget forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year, in a format prescribed by the CFO.

7.5 The DfE operate on a one year cycle and thus budget shares are not issued beyond a year. A change is required to allow the LA to require schools to prepare 3 year budgets based on reasonable assumptions and present them to the LA when requested.

Medium term plans are required under the Schools Financial Value Standard and LA access to these is essential to enable challenge of schools and prevent deficits or excessive surpluses.

Audit

7.6 The Scheme currently states that each school will be audited on a three year cycle and to give the Council more flexibility it is proposed to change this to

“Each school will be audited on a three *to five* year cycle, *depending on a risk assessment of that school*, unless the circumstances of a school require an audit on a more frequent basis.” In addition, it is proposed to make other minor changes to wording and delete reference to the Audit Commission in respect of external audit.

7.7 Other changes are required in line with proposals made to the council’s Audit Committee in July 2015 to deal with non-implementation of high priority recommendations within agreed timescales or not responding to the request for a follow-up visit. The school may receive a Notice of Concern and further reports to the Audit Committee.

Responsibility for Repairs and Capital Work

7.8 Currently the Scheme for Financing Schools states that building works costing above £5,000 and ICT purchases above £2,000 are capital expenditure. Capital expenditure in Voluntary Aided schools is VA Governors’ or Trustees’ responsibility.

7.9 The level for building works was that set when the Scheme was initiated in 1999. The level for ICT purchases was introduced when schools had significant capital grants (Devolved Formula Capital) and so its funding was not problematic. However ICT purchases of a small amount say £3,000 or £4,000 would not normally meet capital expenditure criteria of long term durability and value.

7.10 It is therefore proposed to increase the level for Building Works to £6,000 and the level for ICT purchases also to £6,000. This would enable all schools including VA schools to pay for building works or purchase ICT equipment etc. up to £6k from revenue funds. This would alleviate the present position which appears to penalise VA schools as VA schools’ governing bodies cannot recover VAT on their capital expenditure.

Decision Required

The Forum is asked to agree the proposed Scheme changes.

8) Draft agenda for next meeting

1. Apologies
2. Declarations of interest
3. Minutes of previous meeting
4. Matters arising
5. Items for information
6. Towards a National Funding Formula
7. Draft agenda for next meeting
8. Dates of future meetings
9. Appendices

AGENDA ITEM 8

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10) Dates of future meetings:

11 May 2017 4pm, BEST hub

6 July 2017 4pm, BEST hub

AGENDA ITEM 9

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2016-17 Quarter 3 - Budget Monitoring (Provisional)					
		Budget	Projection	Variance	Explanation
EXPENDITURE					
Schools Block					
		£	£	£	
1.0.1	Individual Schools Budget	169,915,445	170,055,403	139,958	Overspend mainly due to SEN 6th form places not funded by EFA and further NDR adjustments. This is offset by projected reduction in expenditure for 3 and 4 year olds which has been adjusted to reflect the Autumn census and Oak Lodge conversion
1.1.1	Contingencies	147,130	0	(147,130)	No call on contingency anticipated
1.1.2	Behaviour Support Services	79,130	79,130	0	
1.1.3	Support to UPEG and bilingual learners	87,000	87,000	0	
1.1.9	Staff costs - supply cover for facility time	48,770	48,770	0	
		170,277,475	170,270,303	(7,172)	
High Needs Block					
1.2.1	Top-up funding - maintained schools	16,969,420	15,794,317	(1,175,103)	The forecasts are based on the autumn term adjustments and reflects the reduction in the net movement in Out of Borough provision; increase in demand for places for post 16 further education; place numbers in the private and independent sector
1.2.2	Top-up funding - academies, free schools and colleges	7,434,150	8,020,799	586,649	
1.2.3	Top-up and other funding - non-maintained and independent providers	9,084,010	9,099,262	15,252	
1.2.4	Additional high needs targeted funding for mainstream schools and academies	0	0	0	
1.2.5	SEN support services	3,581,850	3,566,943	(14,907)	
1.2.6	Hospital education services	530,010	541,146	11,136	
1.2.11	Direct payments (SEN and disability)	300,000	350,000	50,000	Increase in the number of personal travel budgets
		37,899,440	37,372,467	(526,973)	
Early Years Block					
1.3.1	Central expenditure on children under 5	1,131,390	1,087,842	(43,548)	Low take up for Early Years Vulnerable families. The Eligibility criteria has been reviewed and with the take up projected to increase
		1,131,390	1,087,842	(43,548)	
Central Block					
1.4.1	Contribution to combined budgets	469,260	464,533	(4,727)	
1.4.2	School Admissions	361,200	361,200	0	
1.4.3	Servicing of schools forums	34,680	34,680	0	
1.4.10	Pupil growth / Infant class sizes	1,456,322	1,619,234	162,912	Increase in bulge classes
1.4.11	SEN transport	400,000	400,000	0	
1.4.13	Other items	106,500	106,500	0	
		2,827,962	2,986,147	158,185	
	TOTAL EXPENDITURE	212,136,267	211,716,759	(419,508)	
INCOME					
1.7.1	Estimated Dedicated Schools Grant for 2016-17	(204,576,977)	(204,118,540)	458,437	Income reduction following Oak Lodge Conversion - increase in high needs recoupment
1.7.2	Dedicated Schools Grant b/f	(1,342,390)	(1,342,390)	0	
1.7.4	EFA funding	(6,216,900)	(6,009,150)	207,750	Income reduction due to Oak Lodge Conversion - Post 16 recoupment
	TOTAL INCOME	(212,136,267)	(211,470,080)	666,187	
GRAND TOTAL		0	246,679	246,679	

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APPENDIX II(A)

Draft Barnet response to the NFF consultation – stage 2

Q1 In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

The principles of fairness, and stability cannot really be challenged, nor the idea that money should go directly to schools, and support opportunity. Barnet has always applied these principles in its own formula.

Q2 Do you support our proposal to set the primary to secondary ratio in line with the current national average?

Yes, and the national average of 1:1:29 matches Barnet’s existing primary to secondary ratio.

Q3 Do you support our proposal to maximise pupil-led funding?

Yes, Barnet has always aimed to maximise devolved funding to schools including as much pupil-led funding as possible. Our current funding formula reflects this.

Q4 Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors?

Yes, as this will direct funding to pupils that need additional support.

Q5 Do you agree with the proposed weightings for each of the additional needs factors?

Deprivation - pupil based at 5.5% (FSM/ FSM6)	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
Deprivation - area based at 3.9% (IDACI)	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion

Low prior attainment at 7.5%	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
English as an additional language at 1.2%	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion

The proposed weightings should be nearer the current national average (2016/17) spend. With regard to FSM/ FSM6 weighting, Barnet has a number of communities where FSM is not claimed and we would prefer a more even weighting between FSM/ FSM6 and IDACI. This weighting also gives an over-reliance on FSM6 funding, when taking into account that this is also used to calculate Pupil Premium allocations.

Q6 Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?

The indicator should be any pupil joining outside the first term of the relevant age range/ year group, still with a threshold of 10% of total cohort, but paid for 2 years only.

School-led factors

Q7 Do you agree with the proposed lump sum amount of £110,000 for all schools?

Primary	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Secondary	Allocate a higher amount	This is about the right amount	Allocate a lower amount

We accept that the proposed lump sum may be reduced to £110,000 provided the difference is protected within the per-pupil Minimum Funding Guarantee calculation as suggested. The figure of £110,000 is slightly below the current lump sum of £122,000 allocated to all schools (primary and secondary) in Barnet.

Q8 Do you agree with the proposed sparsity factor of £25,000 for primary and up to £65,000 for secondary, middle and all-through schools?

Primary	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Secondary	Allocate a higher amount	This about the right amount	Allocate a lower amount

No comment. Not a factor that is required/ relevant in Barnet.

Q9 Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term?

No. As most growth is being delivered by new Free Schools and Academies agreed by the EFA, funding should be based on the projected growth in pupil numbers. Barnet's growth is now reaching secondary schools, so any per pupil growth allocation would need to be similar to NFF secondary pupil funding rates. Two secondary free schools have already opened in Barnet and three more have now been given permission to open. Such a large increase in provision over a short period presents a significant burden on the local schools budget.

Funding floor

Q10 Do you agree with the principle of a funding floor?

Yes. This is needed to minimise turbulence to schools.

Q11 Do you support our proposal to set the funding floor at minus 3%?

No. It should be set at the same level as the floor proposed for the Central Services Block, i.e. -2.5%

Q12 Do you agree that for new or growing schools (i.e. schools that are still filling up and do not have pupils in all year groups yet) the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?

Yes. Growing schools should be treated in the same way as schools with pupils in all year groups otherwise their per pupil funding will be distorted.

Transition

Q13 Do you support our proposal to continue the minimum funding guarantee at minus 1.5%?

Yes. In light of the significant proposed changes upon implementation of the National Funding Formula, the -1.5% MFG is needed to ensure minimal turbulence at school level, although this will obviously mean that movement onto the national formula funding will take some time.

Further considerations

Q14 Are there further considerations we should be taking into account about the proposed schools national funding formula?

No additional comments.

Central school services block

Q15 Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

Yes, it recognises that there is likely to be a greater number of pupils in need of additional support through central services.

Q16 Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

Yes. Otherwise authorities that have managed their central services efficiently/ minimised costs will be penalised and not be able to gain under the central services block formula.

Q17 Are there further considerations we should be taking into account about the proposed central school services block formula?

Further clarification on the s251 lines of the central school services block regarding which items will continue to be permitted and which services will have to become optional/ traded. Also, what flexibility the LA will have to transfer funding between blocks, including how growth funding will be

calculated and allocated, and therefore whether there will be a need to call on the central services block.

Equalities analysis

Q18 Is there any evidence relating to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?

No additional comments.

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APPENDIX II (B)

Question 1

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

Yes, for the time being due to the protection offered. It does not however meet the original principles which proposed that the HN funding system should be simple and predictable.

Question 2

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

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

Yes. We are pleased that historic spend is included in the proposals

Question 3

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

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

In general, yes. But it is difficult to project the impact of these going forward without having access to the full dataset used in the calculations, e.g. children in bad health, DLA etc. LAs would need to be assured that the measures for such factors are reliable and not subject to significant fluctuations.

Question 4

Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula? This is referred to as a funding floor in this document.

Yes. This is critical to ensure current pupils are not affected by reductions in LA allocations.

Question 5

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

Yes, this is critical (see above).

Question 6

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

Yes, this is essential to ensure LAs can manage the impact of changes to both the National Funding Formula to schools and the HN national funding formula.

Question 7

Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?

Yes. The LA should still be able to transfer a limited percentage of funding between the schools and high needs blocks from 2019/20 onwards. The proposal that there is a small charge on schools budgets with schools working collectively and more strategically becomes more difficult as the profile of schools (maintained and academies/ academy chains) gets more diverse. The LA should retain overall responsibility for the strategic direction and therefore needs flexibility in the funding blocks too.

Question 8

Are there further considerations we should be taking into account about the proposed high needs national funding formula?

No additional comments.

Question 9

Is there any evidence relating to the eight protected characteristics as identified in the Equality Act 2010 that is not included in the Equalities Analysis Impact Assessment and that we should take into account?

No additional comment.

APPENDIX III

Proposed Changes to the Scheme for Financing Schools 2016

It is proposed to change the following clauses as indicated.

2.3 Salaries

All Community school non-teaching employees must be appointed and paid in accordance with relevant London Borough of Barnet salary arrangements and conditions of service. All Community schools teaching employees must be appointed and paid in accordance with the relevant national conditions of service.

All school employees must be appointed and paid in accordance with policies and procedures agreed or adopted by the Governing Body. The Governing Body must establish procedures for appointments and setting remuneration rates, it must authorise specific posts/employees to vet and authorise payroll payments and make them responsible for this. Details must be included in the school's Financial Management Policy and Procedures document

All payments connected with employment must be made under arrangements approved by the Chief Finance Officer.

Salaries, wages, pensions, gratuities and all taxable benefits must be paid through payroll administration by direct credit to employees' bank accounts.

2.8 Submission of Budget Plans

Each school will be given an indication of its share of the Individual Schools Budget (ISB) and other funding for the following financial year during February half term.

On the basis of the provisional indication, and other relevant budgetary information supplied by the LA, the Governing Body must then consider the school's requirements for that year and prepare draft estimates of spending and income.

Each school will be given a statement of its actual budget share by the 15 March.

The full Governing Body must consider and approve a budget plan by the 31 March and report it to the Chief Finance Officer by the 1 May.

The budget plan must be in the format and containing those items of income and expenditure prescribed by the Chief Finance Officer and must take account of the estimated deficit/surplus at the previous 31 March.

The LA may require schools to submit a three year budget forecast covering the year for which schools have been notified of budget shares and two years beyond the current year in a format prescribed by the Chief Finance Officer, detailing the planning assumptions used.

2.11 Audit: General

The Chief Finance Officer shall arrange an adequate and effective internal audit, under his/her independent control, to examine the schools' accounting, financial and other

operations. Each school will be audited on a three to five year cycle, depending on a risk assessment of that school, unless the circumstances of a school require an audit on a more frequent basis.

The Chief Finance Officer, and anyone he/she may authorise, shall have authority to:-

1. enter any school premises or land at any time;
2. have access to all records, documents, correspondence, equipment, cash stores and other assets relating to the financial and other transactions of the school;
3. require and receive explanation and answers to questions about anything that is being examined.
4. rRequire anyone in possession of Council property to produce it on request.

The Chief Finance Officer must be told immediately about:

1. anything that involves (or is thought to involve) irregularities concerning cash, stores or other property;
2. any other suspected irregularity in the running of the school and may investigate and report as he/she thinks necessary.

When an audit is completed the Governing Body must, on receipt of a report from the Chief Internal Auditor, respond within three months from that date. The response must:

1. indicate whether or not the reported risks and respective agreed actions have been accepted;
2. state when and how the agreed action have been or will be implemented;
3. explain why any risks or agreed actions are not accepted.

When an audit results in a Limited Assurance opinion, internal audit will confirm, by reviewing appropriate evidence, whether any high priority recommendations have implemented within the agreed timescales.

If high priority recommendations are found not to have been implemented within the agreed timescales, or the school does not respond to the request for a follow-up visit, the school will receive a Notice of Concern warning letter from the Director of Children's Services in line with the DfE Schools Causing Concern guidance. The Audit Committee will receive reports on where in the escalation process each school is if they have not dealt with the issues raised.

The LA's external audit regime will be determined by the Local Audit and Accountability Act 2014 and schools are required to co-operate with any external auditors appointed.

SECTION 12: RESPONSIBILITY FOR REPAIRS & MAINTENANCE AND CAPITAL WORK

12.1 All funding for repairs and maintenance to schools is delegated. Schools are also provided with devolved capital funds and it is expected that these funds are used to implement capital works which have been identified as priority works in the school's Asset Management Plan. Only capital expenditure relating to major schemes at community and foundation schools and the LA liability at VA schools is retained by the LA. Capital expenditure for the

purposes of this scheme is as defined in the CIPFA Code of Practice on local authority accounting.

Annex D – Capital/Revenue Split, sets out the nature of works to be classified as Capital (column 1), Revenue: repairs and maintenance (column 2), in line with the DfE' interpretation of the CIPFA code of practice. The only departure from the description in this annex will be in relation to any works costing below £- 6,000, which will be deemed to be repairs and maintenance and will be required to be met from the schools delegated budget.

The same definition and the £5,000 limit have been used in determining the level of provision to be delegated to schools.

For voluntary aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by the DfE to categorise such works, not the de minimis limit used by the authority.

With regard to the purchase of Information Technology equipment (hardware and where part of a package software, cabling, installation etc but not training or support) the de minimis level to be eligible capital expenditure is £ 6,000.

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