



Schools Forum

Wednesday, 22 March 2017 4.00 p.m.
Civic Suite, Town Hall, Runcorn

A handwritten signature in black ink, appearing to read 'David W R', written over a light grey rectangular background.

Chief Executive

*Please contact Ann Jones - Tel: 0151 511 8276 or email:
ann.jones@halton.gov.uk for further information.
The next meeting of the Committee is 21 June 2017*

**ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC**

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In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

SCHOOLS FORUM

At a meeting of the Schools Forum on Monday, 23 January 2017 at The Board Room - Municipal Building, Widnes

Present: Councillor T. McInerney, Observer
 A. McIntyre, Education, Inclusion & Provision, HBC
 A. Jones, Financial Management, HBC
 A. Jones, Democratic Services, HBC
 J. Rigby, Secondary Academy Representative (Chair)
 K. Albiston, PVI Representative
 A. Brown, Nursery Schools Representative
 J. O'Connor, PVI Representative
 J. Coughlan, Primary Representative - Infant School (part)
 L. Feakes, Primary School with Nursery Unit Representative
 D. Burke, Secondary Academy Representative (part)
 R. Collings, Primary Representative - Infant School
 N. Hunt, Pupil Referral Unit Representative
 L. Davies, Secondary Academy Governor Representative
 K. Landrum, Primary Representative - VA School
 J. Vincent, All Through Schools Representative (part)
 E. Hall, All Through Schools Representative (Sub)
 E. Haver, Special Academy Representative
 K. Lawton, Primary Academy Representative
 S. Corner, Secondary Academy Representative
 S. Ainsworth, Special Schools Representative (Sub)
 A. Aleksic, EAL Co-ordinator (Minute SCF21)
 G. Crolla, Edsential (Minute SCF22)
 P. Boxall, EFA Observer

*Action***SCF17 APOLOGIES FOR ABSENCE**

Apologies had been received from S. Broxton.

SCF18 MINUTES & MATTERS ARISING

The minutes from the meeting held on 10 October 2016, were agreed as a correct record.

SCF19 FORECAST DSG OUTTURN 2016-17

The Forum received a report with the forecast outturn position of DSG budgets for 2016-17.

It was reported that as part of the budget setting process the forecast outturn position for the current financial year was reviewed, to give an indication of the carry forward available for 2017-18. This was carried out as it became obvious that there would be insufficient grant to cover the needs for 2017-18.

The Forum was presented with the findings for the Schools Block; Early Years Block and High Needs Block, as outlined in the report.

In summary, it was noted that with funds brought forward from previous years it was expected that £1.4m would be carried forward to 2017-18 which would be needed to minimise reductions in budgets. In 2016-17 there was a carry forward of £1.6m, but £171,000 was used to balance the budgets in 2016-17.

The Forum would receive a more detailed outturn report in the Summer Term.

RESOLVED: That the report be noted.

SCF20 SCHOOLS BLOCK BUDGETS 2017-18

The final funding formula for Primary and Secondary schools for 2017-18 was presented to the Forum.

Members were reminded that at the October meeting of the Forum decisions were taken on how the funding formula should be allocated to Halton's Primary and Secondary maintained schools, academies and free school, following a consultation.

The report discussed the following:

- Budget availability for Primary and Secondary Schools;
- De-delegated Budgets;
- Income Deprivation Affecting Children Index (IDACI);
- Minimum Funding Guarantee;
- Finalisation of Schools Block Budgets;
- Indicative Schools Block Budgets;
- English as an Additional Language; and
- Other grants for Primary and Secondary schools;

At the October meeting Schools Forum questioned the impact of using the EAL funding factor in place of the Service Level Agreement with St Chad's (*commentary on the EAL service was provided in paragraph 3.8 of the report*) so the Forum was required to make a decision as to whether the EAL funding factor is used for the 2017-18 budgets.

Officers initiated a supplementary consultation exercise following this, which closed on 18 January 2017 and the responses were tabled at the meeting (Appendix 1).

After considering the consultation results and Officer recommendations, the Forum agreed to use the EAL3 funding factor in 2017-18 at a total value of £146,828.

Officers then referred Members to Appendix 2 which detailed the Schools Block funding formula cash values for 2017-18; and Appendix 3 which gave Indicative Schools Block budgets before ESG delegation.

A further Appendix was tabled (4), which listed the centrally retained schools block budgets, excluding ESG budgets, which required Forum approval. The Forum agreed to this.

RESOLVED: That Schools Forum

- 1) notes the report;
- 2) agrees to the use of the EAL3 Funding Factor in 2017-18 budgets at a total value of £146,828; and
- 3) agrees to the centrally retained schools block budgets as listed in Appendix 4.

SCF21 ENGLISH AS AN ADDITIONAL LANGUAGE (EAL) PRESENTATION

The Forum welcomed Anna Aleksic, the EAL Co-ordinator, who presented details of the EAL Service to the Forum, including information about the latest demand for the Service, which was unprecedented.

She advised that the EAL was now a traded service so a Service Level Agreement (SLA) was required between parties. A draft copy of the SLA was distributed to Forum Members.

The need to encourage schools to use the Service following the introduction of the SLA was stressed, as failure to maintain sufficient numbers could result in the Service being lost.

Following queries it was noted that extra staff would be recruited if demand for the Service dictated. Also, requests from early year's settings for the Service had been minimal so far.

Ann McIntyre informed Members that the costs of EAL support for schools taking in Syrian refugees in the near future would be met by the LA from the grant it had been allocated.

RESOLVED: The Forum agreed to promote the EAL Service Level Agreement being offered by St Chad's.

SCF22 LEARNING OUTSIDE THE CLASSROOM PRESENTATION

The Forum received a presentation, '*Educational visits and all Learning Outside the Classroom*', from Gaby Crolla, Manager for Health, Wellbeing and Learning Outside the Classroom (LOtC), *Edsential*.

She explained that Edsential was a Community Interest Company (CIC) and that any profits made were reinvested into the business. It was stated that the mission of Edsential was to improve the outcomes for children and young people and she explained via the presentation how LOtC worked and how Halton had embraced the programme.

For the information of the Schools Forum, Gaby tabled:

- the LOtC Service Offer for 2017-18 which was available for all early years settings, primary and secondary schools and youth departments;
- leaflets informing of the Conway Centres and the learning experiences available at them; and
- information on the Maths and English Enrichment Programme.

RESOLVED: That Schools Forum notes the presentation.

SCF23 SCHOOLS BLOCK BUDGETS 2017/18 - FORMER EDUCATION SUPPORT GRANT (ESG)

The Forum received a report on the transfer of the Education Services Grant duties and costs to the Dedicated Schools Grant.

It was reported that in the 2015 Spending Review of the Department for Education (DfE), a saving of £600 million was announced by removing the ESG general funding element from 2017-18. It was recognised that local authorities would need to use other sources of funding to pay for education services once the general funding element had been removed. Regulations were therefore being amended to allow local authorities to retain some of their schools block DSG to cover the statutory duties that they carried out for maintained schools.

The report presented the makeup of the Education Services Grant (ESG) up to April 2017 and the two elements that funded two different groups. It went on to explain that the general duties element was ending in August 2017 and funding previously allocated through the retained duties element would be transferred to the Schools Block DSG.

In the report were the responsibilities set out by the DfE which Officers proposed to be funded by DSG for the Retained Duties element and the General Duties element. Schools Forum approval was required for Retained Duties element and maintained schools members approval was required for the General Duties element.

Officers referred Members to Appendix 5 which presented the former ESG transferred to DSG for 2017-18 for retained duties, which totalled £288,514.00. The Forum agreed to this.

Officers then referred Members to Appendix 6 which presented the former ESG transferred to DSG for 2017-18 for general duties, which totalled £1,118,469.00.

Officers informed the Forum that £400,491 of transitional funding would be received (for the April to August 2017 period) for the General duties element, which was being used to offset the total amount needed. Officers were also looking to use £97,094 of School Improvement grant funding recently announced, subject to there being no ring fenced requirements of how it was spent.

This left a balance of £620,884 to be funded. The EFA were allowing local authorities to gain permission for de-delegation of this amount from maintained schools. In Halton, this would equate to roughly £34 per pupil.

Appendix 7 presented the Indicative Schools Block Budgets for 2017-18 after Full ESG delegation, which was not being recommended by Officers. Officers then went on to propose that the Dismissals budget of £127,110 is delegated from maintained schools (primary, secondary and special) and the balance would be funded from the DSG carry forward for 2017-18 only.

Appendix 8 presented the Indicative Schools Block Budgets 2017-18 after part ESG delegation (which was being proposed). Officers pointed out that they were expecting a carry forward balance in the region of £1.4m which would mean there was roughly £900,000 of carry forward monies available for 2017-18 onwards. A Task and

Finish sub group was required to review the services by the general duties grant and how they would be funded from 2018-19 onwards.

The maintained schools representatives agreed to this.

RESOLVED: That Schools Forum

- 1) note the report;
- 2) agree that services previously funded by the Retained Duties ESG are funded by DSG from April 2017;
- 3) agree that the services previously funded by the General Duties ESG are funded by DSG by way of de-delegation from maintained schools less transitional funding; and
- 4) agree to £288,514 Schools Block to be retained centrally to be spent on former ESG duties as listed in Appendix 5.

SCF24 SCHOOL IMPROVEMENT FUNDING UPDATE

The Forum received an update on the recent Government announcement in relation to School Improvement Funding.

It was announced in November 2016 by the Secretary of State for Education that resources would be made available to ensure that the number of school places continued to rise, as they had done in the last year by 420,000.

It was confirmed on 12 January 2017 that Halton would receive £97,094. No conditions of grant had been released to date, however it was indicated that the grant would not be ringfenced. If this was the case the money would be used to support former ESG general duties costs and specifically School Improvement Support.

RESOLVED: That the report be noted.

SCF25 APPRENTICESHIP LEVY

The Forum received a paper which explained the new Apprenticeship Levy being introduced from April 2017.

It was noted that from April 2017 the way in which apprenticeships were funded was changing as part of a series of wider reforms to the apprenticeship system in England. Employers with a payroll of more than £3 million

would be required to pay an apprenticeship levy and would be able to access funding for apprenticeship training and assessment via a new Digital Apprenticeship Service.

The report discussed the Levy and who would pay it; who would not pay; the apprenticeship roles available; the duty placed upon the Public Sector; the funding of the extra cost of the Levy; and Halton's Working Group.

Officers advised the Forum that they would forward any updates on the Apprenticeship Levy as and when they were received.

RESOLVED: That the report be noted.

SCF26 INDICATIVE DSG ALLOCATIONS 2017-18

The Forum received the indicative Dedicated Schools Grant allocations for 2017-18, which were released by the Education Funding Agency (EFA) on 20 December 2016, as follows:

		2017-18	2016-17
Schools Block allocation	=	£83.01 M	£84.71 M
Provisional Early Years allocation	=	£9.08 M	£5.34 M
High Needs Block allocation	=	£15.79 M	£14.50 M
TOTAL		£107.87 M	£104.54 M

The report provided commentary on each allocation and the Forum was referred to Appendices 4, 5, 6, 9 and 12, which provided the breakdown of the budget's allocations.

Members' concerns over the High Needs Block allocation was noted.

RESOLVED: That the report be noted.

SCF27 HIGH NEEDS BLOCK FUNDING UPDATE 2017-18

The Forum received an update on the recent Government announcement in relation to High Needs Block funding for 2017-18.

It was noted that following the Stage 1 consultation over the summer and the subsequent change of Secretary of State for Education, the proposal to implement a formula

basis for the allocation of high needs block funding to local authorities was postponed until April 2018.

Members were referred to Appendix 9 which provided a breakdown of the High Needs Block centrally retained budgets. The following was reported in relation to Halton's High Needs funding:

- Funding would be provided of £444,000 (or 74 places) for Post 16 CCP's and FE colleges;
- Halton's baseline High Needs block was set at £15.12M and with the £0.44M added this came to £15.56M;
- An amount of £1,740,000 has been top sliced for commissioned places in special academies, primary and secondary academies with resource bases and non-maintained special schools, including the £444,000 for FE colleges and CCPs.

The Forum agreed to the above funding in relation to High Needs. It was noted that a Stage 2 consultation on how the High Needs Block funding was allocated to local authorities was announced on 14 December 2016, with a closing date of 22 March 2017. A sub group would be set up to work up a Schools Forum response.

RESOLVED: That Schools Forum

- 1) notes the report; and
- 2) agrees to the centrally retained High Needs budgets as listed in Appendix 9.

SCF28 SPECIAL EDUCATIONAL NEEDS REVIEW

The Forum received an update on the review of Special Educational Needs.

It was noted that since the Schools Forum meeting in October 2016, a further three meetings had been held with the SEN Review Group. One of the first key areas of focus of the group had been the arrangements and funding of enhanced provision / top up funding. The group was provided with a detailed list of the allocations made to each school and setting in 2015-16 which showed the level of funding allocated and also the variation in allocation between the schools / settings.

The following points were noted by the Review Group

following the meetings:

- Concern was expressed about the equity, transparency and sustainability of the current arrangements, particularly given the variation in allocation between schools and settings and the total sum of money allocated. It was suggested that the current allocation methodology linked to additional staffing hours was too rigid and more sustainable support could be provided if schools and settings could use the funding to access training and support or /and purchase resources.
- There needed to be a greater emphasis on supporting and developing young people to be independent.
- The current panel arrangements should continue but the balance of numbers should be changed with more representation from schools and settings.
- It was important to have representatives from Finance at the panel meetings to provide advice and support.

The Forum was advised that a revised model for allocation of Enhanced Provision / Top Up Funding had been circulated which proposed several changes, as outlined in paragraph 3.5 in the report. Officers requested that the Forum support the proposals to revise the approach to the allocation of enhanced provision for a 12 month period.

The consultation document that was sent to schools and academies and their responses were tabled for the information of the Forum.

RESOLVED: That Schools Forum

- 1) agrees to the proposal to alter the allocation of enhanced provision / top up funding for a period of 12 months; and
- 2) agrees the funding methodology for allocation of enhanced provision / top up funding for April 2017.

SCF29 EARLY YEARS FUNDING 2017-18

The Forum received the Early Years National Funding Formula for 2017-18. It was noted that two options had been modelled for Halton's Early Years Funding

Formula and these were appended to the report with the consultation document sent to all Halton providers in early January 2017.

Officers tabled:

- a) Appendices 10 (a) and 10 (b) which presented the responses to the consultation;
- b) Appendix 11 – the proposed Early Years Funding Formula 2017-18; and
- c) Appendix 12 – Early Years Block – centrally retained budgets.

The Forum agreed to the Early Years Funding Formula and the centrally retained budgets.

RESOLVED: That Schools Forum

- 1) notes the report;
- 2) agrees the proposed funding factors for the Early Years Funding Formula for 2017-18 as set out in Appendix 11; and
- 3) agrees the centrally retained Early Years budgets as set out in Appendix 12.

SCF30 THE NATIONAL FUNDING FORMULA

The Forum received the indicative Schools Block budgets for 2018-19 and 2019-20 and the National Funding Formula (NFF).

Appendix A showed the indicative Schools Block budgets using the NFF against the October 2015 census data (as used to set the 2016-17 schools block budgets). The data showed the actual 2016-17 schools block budget, the 2018-19 indicative NFF budget for the transitional year and the 2019-20 indicative NFF budget without the transitional protection.

The Stage 2 National Funding Formula consultation was announced on 14 December 2016 and would close on 22 March 2017. Schools and Academies were encouraged to submit individual responses.

It was agreed that a task group would be set up to put forward the comments of the Forum.

RESOLVED: That the report be noted.

Meeting ended at 6.12 p.m.

REPORT TO: Halton Schools Forum

DATE: 22 March 2016

REPORTING OFFICER: Operational Director – Education, Inclusion & Provision

SUBJECT: Appointment of Vice Chair

1.0 PURPOSE OF THE REPORT

To advise Members of the need to appoint a new Vice Chair to Halton Schools Forum.

2.0 RECOMMENDATION: That

The Forum agrees to the appointment of a Vice Chair for a term of either two years or one suitable to coincide with the length of the term of office of the person taking the role, but not longer than two years.

3.0 SUPPORTING INFORMATION

Due to unforeseen circumstances the present Vice Chair has stepped down from the role with immediate effect, thus creating a vacancy.

Forum Members are therefore requested to identify a replacement, in line with good practice, so that a meeting can take place in the event of the absence of the Chair.

4.0 POLICY IMPLICATIONS

Only Schools Forum Members are permitted to take the positions of Chair and Vice Chair; officers are excluded as they are not members of the Forum and attend the meetings in an advisory capacity only.

5.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
EFA - Schools Forum Operational and Good Practice Guide	7 th floor, Municipal Building, Widnes	Ann Jones

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Finance Officer, Financial Management Division

SUBJECT: Top-Up Funding Levels for 2017-18

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum on the Top-Up Funding Rates for 2017-18

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

The High Needs Block is under increasing pressure, especially the top-up funding costs. It is estimated that in 2016-17 we will spend approximately £289,000 more on High Needs provision than we receive as the High Needs grant.

3.1 Special Schools

These are funded at £10,000 per place plus a top-up dependent upon each pupil's provision.

Appendix A shows the 2017-18 top-up values and agreed Banding Criteria.

3.2 Resource Bases

Also funded at £10,000 per place plus a top-up dependent upon the unit. The full year figures for outreach are included in Appendix B below, this funding is currently under review and initially only 5/12 of this allocation will be allocated in 2017/2018. The final position on outreach will be confirmed once the review has been finalised.

Appendix B shows the 2017-18 top-up values.

3.3 PRU's are funded at £10,000 per place plus a top-up per pupil. Following the review in 2014-15 of provision top-up values are based on bands for each Key Stage, including a Bespoke Service band. Top-up funding cash values will be kept at the 2016-17 levels but we will be undertaking a further review of the top-up funding for the PRU during 2017-18.

Appendix C shows the 2017-18 top-up values.

3.4 **Enhanced Provision funding**

Schools are required to fund the first £6,000 of support for each pupil with SEN. It is only if a pupil requires support in excess of this £6,000 of Notional SEN (equivalent to 13 hours support in Primary schools or 16 hours support in Secondary schools) that a request for top-up funding will be considered.

3.5 As in previous years, the Financial Management Team will circulate details to Head Teachers of pupils in their schools who we believe are eligible for top-up funding each term. It is very important that these details are checked and the Financial Management Team notified whether they are correct or not. Incorrect details will result in incorrect funding.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None

Appendix A

2017-18 Top-up values			
School	Band 1	Band 2	Band 3
Ashley	£7,513.30	£10,089.29	£15,265.12
Chesnut Lodge	£10,026.89	£12,072.51	£15,281.26
Brookfields	£6,082.47	£9,302.60	£15,814.42
Cavendish	£7,681.19	£10,139.17	£15,208.76

Appendix B

Special Unit Calculations 2017-18								
				Feb 17				
	Unit	No places	funding 12-13	Actual nos	1st pupil	subsequent	cash value	difference
Primary								
Weston Point	EBD	7	£90,783.18	7	£5,066.67	£5,066.67	£105,466.70	-£14,683.52
The Brow	Assessment	7	£88,475.62	6.50	£3,002.75	£3,002.75	£89,517.87	-£1,042.25
The Brow	SPL	10	£95,881.82	5	£0.00	£0.00	£100,000.00	-£4,118.18
Woodside	EBD	7	£91,011.75	7	£4,097.92	£4,097.92	£98,685.42	-£7,673.67
Palacefields Acad	SPL	10	£94,404.52	7	£0.00	£0.00	£100,000.00	-£5,595.48
Simms Cross	ASD KS1/2	14	£200,453.36	13	£4,534.70	£4,534.70	£198,951.16	£1,502.20
Oakfield	Assessment	7	£91,069.06	5.50	£4,109.09	£4,109.09	£92,600.02	-£1,530.96
Oakfield	SPL	10	£99,504.39	8	£0.00	£0.00	£100,000.00	-£495.61
The Grange	ASD KS1/2	14	£193,831.94	13	£5,832.69	£5,832.69	£215,825.02	-£21,993.08
The Grange	ASD outreach	5	£63,966.65		£0.00	£0.00	£127,933.30	£63,966.65
Simms Cross	ASD outreach	5	£63,966.65		£0.00	£0.00	£63,966.65	£0.00
	Total budget		£1,173,348.94				£1,292,946.14	£8,336.10
Secondary								
The Grange	ASD KS3/4	6	£94,172.98	7	£6,664.76	£6,664.76	£106,653.31	-£12,480.33
The Grange	SLCN	10	£107,222.50	5	£1,408.60	£1,408.60	£107,043.01	£179.49
OCA	SLCN	10	£107,318.88	5	£1,019.57	£1,019.57	£105,097.86	£2,221.02
Sts Peter & Paul	ASD KS3/4	6	£93,458.39	4	£5,437.82	£5,437.82	£81,751.29	£11,707.10
The Grange	ASD outreach	5	£63,966.65		£0.00	£0.00	£127,933.30	£63,966.65
Sts Peter & Paul	ASD outreach	5	£63,966.65		£0.00	£0.00	£63,966.65	£0.00
	Total budget		£530,106.05				£592,445.42	£65,593.93
			£1,703,454.99				£1,885,391.56	£73,930.03

Appendix C
The PRU top-up values

Top-up Values		For Sept 16 to April 17	
		£ pa per fte	£ per session
KS4 Level 1	AP programme with English, Maths & ICT	£ 8,450.00	£ 22.24
KS4 Level 2	AP + GCSE English, Maths, ICT & Science	£ 13,200.00	£ 34.74
KS4 Level 3	Level 2 plus	£ 17,000.00	£ 44.74
KS4 Level 4	Level 2 with re-integration(6 wks)	£ 20,800.00	£ 54.74
KS4 Level 5	Bespoke	On request	
KS3 Level 1	National Curriculum KS3 offer	£ 11,300.00	£ 29.74
KS3 Level 2	Level 1 plus	£ 15,480.00	£ 40.74
KS3 Level 3	Level 1 with reintegration	£ 19,660.00	£ 51.74
KS3 Level 4	Bespoke	On request	
Standard Engagement Service			£32.50

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: Early Years Funding for 2017-18

1.0 PURPOSE OF REPORT

- 1.1 To report to the School Forum the Early Years National Funding Formula cash values for 2017-18.**

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 Background

Following the Early Years National Funding Formula (EYNFF) consultation in January and subsequent decision to follow the majority of responses, Schools Forum agreed to the proposed funding formula at the January meeting. We have now received the January headcount data in order to calculate the actual cash values for the formula for 2017-18.

We are waiting on the EFA to release a data validation exercise regarding the ring-fenced transitional protection funding for the Maintained Nursery Schools. Until we have a confirmed level of funding for this we are unable to complete the budget calculations. Therefore all figures given below are draft figures and are subject to change.

As long as we have a definite Maintained Nursery School transitional protection funding level by the day of Schools Forum, we will table proposed cash values at the meeting.

3.2 Funding retained by LA's for central spend

For 2017-18 local authorities are required to pass through a minimum of 93% to providers with this figure rising to a minimum of 95% in 2018-19. For 2017-18 our central spend is 3.23%, within the final requirement of the EYNFF.

Local authorities are allowed to hold a contingency fund for in-year demographic growth which would not be counted as central spend as it is eventually shared with providers. Such contingency fund is to be kept at a minimum level to maximise the hourly rate going to providers. Based on the projections of the Early Years Team, we estimate a contingency of £1.3m will be needed for the Additional 15 hours free entitlement for 3 and 4 year olds from September 2017. We are also proposing a contingency for the universal 15 hours free entitlement for 3 and 4 year olds currently in place. At this point in time that contingency is £142,800 which equates to roughly 50 additional

children accessing the free entitlement.

3.3 Funding to providers – the proposed National Funding Formula

The main, mandatory factor is the Universal Base Rate can be the same for all providers or we can have a transitional period for a maximum of two years where the Maintained Nursery Schools are funded at a different rate. The rate (or rates) will also be the base rate(s) for the additional 15 hours per week free entitlement for working parents from September 2017. At this point in time, we are working on all providers receiving the same base rate of £4.67 per hour.

3.4 Supplementary factors

The mandatory supplementary factor is for deprivation. Through the consultation and Schools Forum a decision was taken to continue to use the Income Deprivation Affecting Children Index which is based on children's postcodes. For 2016-17 the total funding passed through the deprivation factor amounted to 5.11%. At this point in time we have set the level at 5%. This is half of the maximum allowed through the supplementary factors and is in line with our current level of funding, it also reflects the high level of deprivation. 25% of children and young people below 16 in the borough live in poverty.

3.5 At this point in time the Quality supplement, again as per the majority of consultation responses and Schools Forum in January, is set at the remaining 5% allowed to be paid as a supplement. This is not yet the proposed level of funding for this supplement but is the maximum given that we have proposed deprivation is set at 5%. The quality supplement is payable to all settings who meet the criteria.

3.6 Transitional protection for Maintained Nursery Schools

It has been announced that the transitional protection for maintained nursery schools will be in place until the end of this parliament. As mentioned in paragraph 3.1 the current level of funding as set by the Education Funding Agency of £62,060 is under review to ensure it is sufficient for our nursery schools.

3.7 Special Educational Needs and Disabilities

The Inclusion Fund, as required by the EYNFF will continue to be funded from the High Needs Block of the Dedicated Schools Grant.

The Disability Access Fund (DAF) will be paid at £615 as set out by the Education Funding Agency and Halton will receive a total of £43,050. We have had no further information detailing at what point in the year this will be paid to Halton.

Two year old funding

The proposed rate for 2 year old provision will see an increase from £4.95 to £5.05 per hour.

4.0 **POLICY IMPLICATIONS**

4.1 None.

5.0 OTHER IMPLICATIONS

None.

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: Schools National Funding Formula Government Consultation – Stage 2

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum on the suggested Schools Forum response to the Stage 2 consultation.

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 The Stage 2 consultation was announced by the Department for Education on 14th December 2016 along with indicative schools block budgets.

The consultation closes on 22nd March 2017 and Schools Forum members were offered the opportunity of meeting as a Sub-Group to decide on their responses.

We drafted responses to the questions as attached and circulated these to Schools Forum members asking for comments. Should no comments be received, we will submit as a local authority response.

Attached are the suggested responses.

4.0 POLICY IMPLICATIONS

4.1 None

5.0 OTHER IMPLICATIONS

5.1 None

Page 2 - overall approach

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?

Please select only one item

- Yes
- No

Please explain your reasoning and any further evidence we should take into account:

No

In an area of higher levels of deprivation where historically additional funding was passed to the LA specifically for secondary schools, we are now seeing all our secondary schools losing a significant amount of funding which with other budgetary pressures (i.e. NI, Superannuation, Apprenticeship Levy etc) is causing questions to be raised regarding their financial sustainability and the likely impact on outcomes for pupils which is not what we are about.

The lower than average lump sum is also detrimental to the smaller primary schools who will also struggle financially over the coming years. We do not wish to see any of our smaller schools (specifically two of our academies and a PFI school) becoming unsustainable.

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

We have decided that the secondary phase should be funded, overall, at a higher level than primary, after consulting on this in stage one. We are now consulting on how great the difference should be between the phases.

The current national average is 1:1.29, which means that secondary pupils are funded 29% higher overall than primary pupils.

Please select only one item

- Yes
- No – the ratio should be closer (i.e. primary and secondary phases should be funded at more similar levels)
- No – the ratio should be wider (i.e. the secondary phase should be funded more than 29% higher than the primary phase)

Please explain your reasoning and any further evidence we should take into account:

No

See answer above.

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

We are proposing to maximise the amount of funding allocated to factors that relate directly to pupils and their characteristics, compared to the factors that relate to schools' characteristics. We propose to do this by reducing the lump sum compared to the current national average (see question 7 on the lump sum value).

Please select only one item

- Yes
- No - you should further increase pupil-led funding and further reduce school-led funding
- No - you should keep the balance between pupil-led and school-led funding in line with the current national average
- No - you should increase school-led funding compared to the current national average

Please explain your reasoning and any further evidence we should take into account:

No

The balance between pupil-led and school-led funding should be kept in line with the current national average. This is because a reduction of the lump sum in particular impacts on a considerable number of schools in Halton where the pupil numbers and cohorts do not fall in line with the Borough and National average.

Page 3 - pupil-led factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right proportions for each factor.

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

Of the total schools block funding, 76% is currently allocated to basic per-pupil funding (AWPU) and 13% is allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language).

The formula will recognise educational disadvantage in its widest sense, including those who are not eligible for the pupil premium but whose families may be only just about managing. It increases the total spent on additional needs factors compared to the funding explicitly directed through these factors in the current system.

We are therefore proposing to increase the proportion of the total schools block funding allocated to additional needs factors to 18%, with 73% allocated to basic per-pupil funding.

Please select only one item

- Yes
- No – allocate a greater proportion to additional needs
- No – allocate a lower proportion to additional needs

Please explain your reasoning and any further evidence we should take into account:

Yes

Halton has high levels of deprivation throughout most of the Borough, and we target more funding towards additional educational factors

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

Deprivation - pupil based at 5.5%

Please select only one item

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The proportion is about right

Deprivation - area based at 3.9%

Please select only one item

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The proportion is about right

Low prior attainment at 7.5%

Please select only one item

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The proportion is about right

English as an additional language at 1.2%

Please select only one item

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The proportion is about right.

In Halton we are only starting to use this factor in 17/18 due to the influx of EAL students to the Borough. However, our schools and academies have asked a question about in-year admissions of pupils with EAL needs and how those costs are being funded.

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

We have decided to include a mobility factor in the national funding formula, following the first stage of consultation. This will be based on historic spend for 2018-19, while we develop a more sophisticated indicator. We would welcome any comments on potential indicators and data sources that could be a better way of allocating mobility funding in future.

Comments:

Halton has never used this factor as the numbers involved have historically always been very low, however, as per the EAL question above we are expecting to see an increase in pupil numbers not coming through in September. As we don't have data to enable us to model the impact that these pupils will have Halton is unable to make a decision at this point in time.

Page 4 - school-led factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right amounts for each factor.

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

This factor is intended to contribute to the costs that do not vary with pupil numbers, and to give schools (especially small schools) certainty that they will receive a certain amount each year in addition to their pupil-led funding.

Please select only one item

Primary

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Allocate a higher amount

Small schools and relatively small schools with low levels of deprivation will suffer due to this reduction in the lump sum figure. If the primary / secondary ratio is kept at the national average then it would make sense for the lump sum to be at the national average also. We have to acknowledge that schools have a set amount of fixed costs no matter how many pupils or the additional educational needs of those pupils and these costs are not always covered by other school led factors.

Secondary

Please select only one item

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Allocate a higher amount

If the primary / secondary ratio is kept at the national average then it would make sense for the lump sum to be at the national average also. We have to acknowledge that schools have a set amount of fixed costs no matter how many pupils or the additional educational needs of those pupils and these costs are not always covered by other school led factors.

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

We have decided to include a sparsity factor to target extra funding for schools that are small and remote. We are proposing that this would be tapered so that smaller schools receive more funding, up to a maximum of £25,000 for primary schools and £65,000 for secondary schools.

Primary

Please select only one item

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Allocate a lower amount

Halton does not believe that this factor is beneficial across the country. It would appear from what we have heard from other LA's that the funding does not seem to be targeted at the schools that would appear to be the most eligible.

Secondary

Please select only one item

- Allocate a higher amount
- This about the right amount
- Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

Allocate a lower amount

Halton does not believe that this factor is beneficial across the country. It would appear from what we have heard from other LA's that the funding does not seem to be targeted at the schools that would appear to be the most eligible.

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

The growth factor will be based on local authorities' historic spend in 2018-19. For the longer term we intend to develop a more sophisticated measure and in the consultation

we suggest the option of using lagged pupil growth data. We will consult on our proposals at a later stage, but would welcome any initial comments on this suggestion now.

Comments:

Lagged funding disadvantages schools where there is significant growth. In Halton, in the secondary sector in particular, we are seeing large increases in pupil numbers while at the same time the budgets are being cut under the NFF proposals. Schools will struggle to provide for the additional pupils.

Page 5 - funding floor

10) Do you agree with the principle of a funding floor?

To ensure stability we propose to put in place a floor that would protect schools from large overall reductions as a result of this formula. This would be in addition to the minimum funding guarantee (see question 13).

Please select only one item

- Yes
- No

Please explain your reasoning and any further evidence we should take into account:

Yes

As it will protect individual school budgets

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

This will mean that no school will lose more than 3% of their current per-pupil funding as a result of this formula.

Please select only one item

- Yes
- No – the floor should be lower (i.e. allow losses of more than 3% per pupil)
- No – the floor should be higher (i.e. restrict losses to less than 3% per pupil)

Please explain your reasoning and any further evidence we should take into account:

Yes

12) 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?

Please select only one item

- Yes

- No

We believe that, to treat growing schools fairly, the funding floor should take account of the fact that these schools have not yet filled all their year groups.

Please explain your reasoning and any further evidence we should take into account:

Yes

We agree otherwise this would overfund new schools for years to come.

Page 6 - transition

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

The minimum funding guarantee protects schools against reductions of more than a certain percentage per pupil each year. We are proposing to continue the minimum funding guarantee at minus 1.5% per pupil per year.

Please select only one item

- Yes
- No – the minimum funding guarantee should be lower (i.e. allow losses of more than 1.5% per pupil in any year)
- No – the minimum funding guarantee should be higher (i.e. restrict losses to less than 1.5% per pupil in any year)

Please explain your reasoning and any further evidence we should take into account:

Yes

Page 7 - further considerations

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

Comments:

Despite extensive efforts to resolve this inequity, schools in the North West region are still forced to pay approximately £16M more per year than an equivalent number of schools and pupils in the South East due to the way in which water drainage charges are applied. Until North West schools are funded for these additional costs, or the water companies forced to apply a consistent charge across the country, North West schools and pupils are immediately put at a disadvantage compared to the South East.

Page 8 - central school services block

The following 3 questions are about the central school services block.

Page 9 - central school services block

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

Please select only one item

- Yes
- No - a higher proportion should be allocated to the deprivation factor
- No - a lower proportion should be allocated to the deprivation factor
- No - there should not be a deprivation factor

Please explain your reasoning and any further evidence we should take into account:

Yes

16) 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?

Please select only one item

- Yes
- No - allow losses of more than 2.5% per pupil per year
- No - limit reductions to less than 2.5% per pupil per year

Please explain your reasoning and any further evidence we should take into account:

No

Limit reductions to less than 2.5% per pupil per year

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

Comments:

For smaller LA's with such significant losses to ESG will directly impact on the level of provision to support schools and academies within the borough. As a small authority with high levels of deprivation, the cuts in our central service funding will have a direct impact on the sustainability of some of our key services that work with our most vulnerable children – for example our Education Welfare Services.

Page 10 - equalities analysis

The question below refers to the equalities impact assessment published with the consultation.

18) 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?

Comments:

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: High needs national funding formula and other reforms, Government Consultation – Stage 2

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum on the suggested Schools Forum response to the Stage 2 consultation.

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 The Stage 2 consultation was announced by the Department for Education on 14th December 2016 along with indicative budgets.

The consultation closes on 22nd March 2017 and Schools Forum members were offered the opportunity of meeting as a Sub-Group to decide on their responses.

The Sub-group met on Friday 3rd March and held discussions on the questions posed and implications for Halton.

Attached are the responses from the Sub-group.

4.0 POLICY IMPLICATIONS

4.1 None

5.0 OTHER IMPLICATIONS

5.1 None

This document is to help groups of individuals collate views before submitting their response to the high needs funding consultation via:

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

Any responses submitted in this form via the consultation mailbox will not be accepted unless special arrangements have been discussed.

Overall approach

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
- No

Please explain your reasoning and any further evidence we should take into account:

No

Formula factors

We are proposing a formula comprising a number of formula factors with different values and weightings.

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think is the right proportion or amount for each factor.

2. Do you agree with the following proposals?

Historic spend factor – to allocate each local authority a sum equal to 50% of its planned spending baseline

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

We think that the proportion is about right.

Basic entitlement – to allocate to each local authority £4,000 per pupil

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

Allocate a higher amount

Based on our assumption that this is the number of learners with SEN, we would prefer an allocation of a higher amount, with the increase coming from the LPA.

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%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

[Allocate a lower proportion](#)

[Allocate a lower proportion, as we have a higher than average number of learners with SEN we cannot support the amount of funding going through this factor. This factor does not recognise the numbers of SEN learners.](#)

Free school meals (FSM) eligibility – 10%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

[Allocate a higher proportion](#)

[Deprivation appears to be a reasonable proxy indicator for SEN so it would be sensible for more funding to be targeted through this factor.](#)

Income deprivation affecting children index (IDACI) – 10%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

[Allocate a higher proportion](#)

[As for FSM eligibility](#)

Key stage 2 low attainment – 7.5%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

[Allocate a lower proportion](#)

[We have said under the basic entitlement factor that we think that should be higher taken from the LPA factor.](#)

Key stage 4 low attainment – 7.5%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

Allocate a lower proportion

We have said under the basic entitlement factor that we think that should be higher taken from the LPA factor.

Children in bad health – 7.5%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The proportion is about right.

We would like to point out that the 2011 census would exclude learners of 16-17 years of age and some additional funding should be included for them.

Disability living allowance (DLA) – 7.5%

- Allocate a higher proportion
- The proportion is about right
- Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The proportion is about right.

Funding floor

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 the consultation document.

- Yes
- No

Please explain your reasoning and any further evidence we should take into account:

Yes

Halton agrees with the funding floor.

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
- No

Please explain your reasoning and any further evidence we should take into account:

Yes

Local budget flexibility

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

- Yes
- No

Please explain your reasoning and any further evidence we should take into account:

Yes

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?

We are developing our proposals on the level of flexibility to allow in the longer term. We will consult fully on our proposals at a later stage, but would welcome any initial comments now.

As the population of children with SEN increases, LA's need to increase their High Needs spend as these learners needs are identified. Without flexibility between Schools Block and the High Needs block LA's we have real concerns about our ability to meet the needs of our most vulnerable learners. Mainstream schools have no incentive to continue their inclusivity and this will worsen if their budgets are protected and they will not be impacted by the pressures on the High Needs block. Mainstream schools are also increasing the numbers of pupils being permanently excluded and the costs of these pupils are falling on the High Needs block by alternative provision or independent schools.

The provision allowing Schools Forum to agree to this flexibility in 17-18 is needed for 18-19 and beyond. If we don't get the funding right for learners with SEN it will impact on their outcomes and future employment.

Further considerations

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

The increase in Mental Health issues amongst learners is requiring a huge amount of support from schools and other providers which have had no increase in funding. There seems to be no recognition of mental health needs within this formula.

There is also no recognition of the inflationary and other increases in the costs of Independent and Non-Maintained Special Schools. Given the increase in demand for places, LA's are having to pay what providers ask and challenges to costs are being undermined by the lack of provision available.

The reduction in the levels of funding means that work on preventative measures is adversely impacting on the level of support needed at later stages which has a significantly higher cost.

Equalities analysis

The question below refers to the equalities impact assessment published with the consultation.

9. 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?

We strongly believe that without the flexibility to move funding between the Schools Block and High Needs block it will become increasingly difficult to continue to comply with the Equality Act due to lack of funding.

As Mental Health is recognised within the disability protected characteristic we are concerned that there appears to be no additional funding or consideration of this particular cohort of learners.

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Operational Director – Education, Inclusion and Provision

SUBJECT: Licenced Deficit Procedure for Schools

1.0 PURPOSE OF REPORT

- 1.1** To consider and agree the Licenced Deficit Procedure for schools.

2.0 RECOMMENDED: That the Licenced Deficit Procedure for Schools is agreed.

3.0 BACKGROUND

- 3.1** It is the responsibility of Governing Bodies to set a balanced budget each year. No school should plan for a deficit budget. Where a school forecasts that it will not be able to set a balanced budget for the forthcoming financial year having taken all steps to make efficiencies and to reduce its costs, it must contact the Operational Director – Education, Inclusion and Provision. The position of the school will then be assessed with Finance and should it be necessary for the school to apply for a licenced deficit the revised procedures will now need to be followed.
- 3.2** The procedures attached outline the revised approach which must be followed by schools in financial difficulty applying for a licenced deficit. In most cases it is expected that the deficit recovery will take place within twelve months. Exceptionally a recovery plan may be agreed up to a maximum of 3 years.
- 3.3** The revised procedures define how a school will be identified in financial difficulty. It outlines how the Local Authority will work with these schools and the application process and how the recovery plan will be monitored and reviewed.
- 3.4** The responsibility for completing and agreeing the recovery plan lies with the Headteacher and the governing body. In drawing up a recovery plan it is suggested that advice is taken from the School's Link Advisor, the appropriate financial support is accessed and HR guidance is sought if there are likely to be implications for the staff at the school.

Halton Borough Council

**Licensed Deficit Procedure
for
Schools**

March 2017

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Revenue Loans Procedure for Schools

Section 1 – Identification of Schools in Financial Difficulty

What does “financial difficulty” mean?

1. A school is defined as being in “financial difficulty” when either or both the following circumstances occur
 - If the school plans to be in cumulative deficit in the current financial year.
 - If the school forecasts that it will be in cumulative deficit in the current or any subsequent financial year unless remedial action is undertaken.

Why is it important?

2. The Schools Financial Regulations require that Schools maintain a balanced budget¹. However, regulations also recognise that circumstances may mean that this is not always possible, so provision is made for the Authority to agree a “**Licensed Deficit**”² with the school.
3. A Licensed Deficit is an agreement between the school and the Authority. The school specifies the actions it proposes to take to return its budget to balance, and the timetable for their implementation. This is known as the **Recovery Plan**.
4. A deficit means that the school may not have the cash available in its bank account to meet its commitments. Bank overdrafts are a form of borrowing, and since schools are not allowed to borrow money except by written permission of the Secretary of State³, this puts a school in deficit in a difficult position. As part of the ‘Licensed Deficit’ agreement, the Local Authority may finance the deficit for the duration of the recovery plan by the granting of a **Loan** (known as a **Deficit Financing Agreement**). Such a loan does not need to be approved by the Secretary of State.
5. Loans arranged in support of a Licensed Deficit will not attract any interest.

¹ See Regulation 3.13 in Schools Financial Regulations.

² See Regulations 3.19 and 3.20 in Schools Financial Regulations

³ See Regulations 8.18 and 8.19 in Schools Financial Regulations

The Process of Identification

6. Ideally the process should start by the School formally notifying the Authority that, as a result of internal budget setting or monitoring, it is planning or forecasting a cumulative deficit position. This notification should be addressed to the Strategic Director – People and should acknowledge the situation and seek an early meeting to discuss the formulation of a Recovery Plan.
7. The Authority has its own arrangements to monitor schools budgets based on the reporting requirements in Schools Financial Regulations⁴. On the basis of these arrangements, the Authority may detect that a School is in financial difficulty, and has neither notified the Authority, nor has an existing Licensed Deficit in place. In this case, the Authority will write to the school .
8. The key to successfully ‘Recovering Your Balance’ is early identification of potential financial difficulties, followed promptly by consideration of what the school needs to do to return its budget to long-term financial balance.

Section 2 – Working with schools in financial difficulty

9. **The ultimate responsibility for formulating a recovery plan proposal lies with the Headteacher and the Governing Body of the school.** Each school has its own arrangement for financial support. When formulating a recovery plan, it is vital that the school engages with its financial support at an early stage in the process.
10. It is also recommended that the school consider involvement from other contacts in the formulation of the recovery plan, their Link Officer for example, so that educational standards are not compromised. Also, if employment issues are involved, advice must be taken from the appropriate HR advisor.
11. Every school will have its own unique circumstances and problems, but in working through the process of formulating a recovery plan, the school and its advisers should cover the range of issues listed below. It is worth noting that the list below broadly corresponds to the issues to be included in the ultimate application to the Authority for a Licensed Deficit and Deficit Financing Agreement, and the criteria the Authority will use to consider the application.

⁴ See Regulations 4.8 to 4.14 in Schools Financial Regulations

- 11.1. A clear understanding of why the budget problem has arisen.
- 11.2. Are the forecasts of income and expenditure underlying the identified deficit robust?
- 11.3. Does the school's expenditure pattern differ significantly from others of similar size and profile? This may inform the areas where cost savings may be sought. This should include an analysis of use of staffing and consideration of alternative ways of organising the school. Does the school maximise income from lettings and other local sources?
- 11.4. Has the school identified a series of proposed actions that will return the budget to balance? Are these specific, measureable, realistic, achievable and time bound?
- 11.5. Has the school robustly projected income and expenditure, incorporating the proposed actions, for each year until the budget returns to balance? In particular are any pupil number forecasts robust?
- 11.6. Will the value of the Loan, taken together with the projected annual cash flows (including repayment of the Loan), prevent the school from overdrawing their bank account?
- 11.7. Has the school identified the risks inherent in their proposed actions, and what steps have been put into place to minimise the impact of these risks?
- 11.8. Have all issues been considered e.g.:
 - Use of devolved capital to fund certain one-off items of expenditure where so allowable
 - Use of staff to support statemented pupils and dates these pupils are leaving school
- 11.9. What specific monitoring arrangements have been put into place so that the Governing Body can monitor the successful fulfilment of the recovery plan?
12. The Governing Body should formally consider and endorse the recovery plan prior to submission to the Authority.
13. The over-riding consideration is to formulate a plan that:
 - Returns the school to a sustainable position of cumulative surplus as soon as possible

- Does not compromise educational standards
 - Generates sufficient cash to repay any loan advanced by the Authority to finance the deficit
14. Guidance on how to process transactions related to loans is attached as Appendix 6.

Section 3 – Applying for a Licensed Deficit

15. To apply for a Licensed Deficit, a school must write formally to the Strategic Director - People. The letter must include an attachment detailing the following information:

- 15.1. A full description of the circumstances leading to the forecast or planned cumulative deficit.
- 15.2. A description of the steps the school intends to take to reduce expenditure and / or increase income so as to return their budget to balance. This should include costings and other relevant calculations. Also, the planned timing of implementation should be made explicit.
- 15.3. An assessment of the risks associated with these planned actions, and the steps taken by the school to mitigate these risks.
- 15.4. The amount of cash required to finance the recovery plan, the repayment schedule (i.e. the number of years over which the cash loan will be repaid, and the start date for repayments)
- 15.5. The standard repayment schedule is:
 - Repayments commence on the first of April in the financial year following the date of the loan.
 - Repayments are made in equal instalments every month over the number of financial years specified in the recovery plan.

For example:

A loan of £180,000 was agreed and paid in August 2015, supporting a recovery plan over 3 financial years.

Thus the first repayment of £5,000 (i.e. $£180,000 \div 3 \div 12$) would be due on April 1st 2016, and the last on 1st March 2019.

- 15.6. If appropriate, a non-standard repayment profile tailored to the specific circumstances may be agreed with the school. Such a profile may vary:
- The start date of repayments – and/or
 - The amount payable in any year of the recovery plan
- 15.7. A financial schedule will be provided by Finance which will show, in full CFR format, the forecast income, expenditure and cash flow for
- a) The previous financial year actual
 - b) The current financial year
 - c) Future financial years up to the end of the loan repayment period.
- Thus, if the loan cash advance is sought in 2016/17, and repayments commence in April 2017 and continue until March 2020, then figures are required up to that date. These forecasts should clearly reflect the savings arising from the proposed actions referred to in paragraph 15.2.
- 15.8. Details of any existing loan agreement in force between the school and the Authority.
- 15.9. A statement confirming that the Governing Body has considered and approved the recovery plan.
- 15.10. Details of how the Governing Body intends to monitor the progress of the recovery plan

Section 4 – Processing the application for a Licensed Deficit

16. The Authority has implemented procedures to manage the processing of each Application for a Licensed Deficit. These procedures have been designed to ensure that:
- Applications are reviewed, and amendments agreed with schools, to ensure that only robust achievable recovery plans are approved.
 - The decision to approve an application is taken without undue delay.
 - The process is managed and transparent.

17. Following the submission of a 'Governor Approved Budget Plan' and recovery plan a number of validation checks will be completed by the Local Authority to ensure that the plans are reasonable. This will be done by: -
- Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences.
 - Checking that the correct balances have been brought forward into the current year and all funding delegated by the LA have been taken in to account.
 - Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.
 - Any areas that are unclear or simply not achievable will be queried with the school and clarification sought.
18. The review process will usually involve a visit to the school by a member of the Local Authority Finance Team.
19. The next step in the process is that the school will receive a Deficit Financing Agreement form from the Authority. An example is attached as Appendix 1. The Agreement Form will be signed on behalf of the Operational Director Finance. The Deficit License will only be activated (and any loan cash advanced) when the Headteacher and the Chair of Governors sign the form on behalf of the School; and then return the original agreement form and a completed bank mandate to the Authority. A standing order mandate form will also need to be completed.
20. When the Authority receives the final signed agreement and the standing order mandate, it will promptly transfer the loan cash to the school's bank account. Repayments will commence on the agreed date and at the agreed amount.
21. It is possible that a School is in deficit yet does not require cash due to payment timelags. This means that the authority may merely license a deficit within the need for repayments or interest. In all other aspects the procedure is the same as that of deficits arranged with a cash advance.

Section 5 - Monitoring and Reviewing Recovery Plans

22. Schools are expected to honour any commitments regarding internal monitoring procedures given in their application for a Licensed Deficit.
23. In addition to this, the Authority will monitor the progress of all live recovery plans.
24. Depending on the perceived level of risk inherent in the recovery plan, and any special reporting conditions imposed when the deficit was licensed, the school will supply the Authority with monitoring information, on a monthly basis, to allow them to assess how closely current year forecasts and / or actual outturns compare with the predictions for the corresponding year in the approved recovery plan.
25. If this monitoring suggests that a significant deviation is becoming apparent between the recovery plan and what is actually happening, then the Head of Schools Finance and the School will review the plan and:
 - 25.1. Where the school is ahead of its plan, determine whether the repayment schedule could be accelerated to so that the license may be declared expired sooner than originally planned.
 - 25.2. Where the school is drifting behind its plan, determine agreed action to get the plan back onto track, within the scope of the existing loan agreement.
 - 25.3. Where it is apparent that the original plan cannot now be achieved, reach an agreement to expire the existing License, and construct a new recovery plan appropriate to the circumstances. In this case, any existing outstanding loan balance will be carried forward to the new Agreement.
26. If this routine monitoring suggests that the recovery plan has achieved its objective, that is, the school is in sustainable cumulative surplus, and the loan has been repaid, then the License will be formally declared expired, and the Authority will notify the school accordingly in writing.
27. Monitoring will continue throughout the life of a Licensed Deficit, until it can be declared to have expired.

GENERAL

Section 6 – Making Payments

Deficit Financing Agreements

28. The standard repayment profile normally commences at the beginning of the Financial Year following the year in which the loan was advanced, unless an alternative arrangement is agreed between the Authority and the school.
29. Repayments (by standing order) will be taken from the school's bank account on the first of each month throughout the agreed repayment period
30. Monthly repayments will normally be equal throughout the repayment period, unless an alternative arrangement is agreed between the Authority and the school.
31. The agreed repayments will continue until the loan is re-paid in full. The agreed re-payments will continue notwithstanding any changes to the School management structure or governing body after the commencement of the loan agreement.

Halton Borough Council

Deficit Financing Agreement Form

Reference Number		
School Name		
Date of Application		
Amount of loan requested		£
Period of loan repayment		
First Repayment instalment due		
Last Repayment instalment due		
Instalment amount		£
Non-standard Repayment Profile requested? <i>(if yes, attach details)</i>	Yes / No	
Existing Loan ? <i>(if yes, quote reference number)</i>	Yes / No	

The following terms and conditions apply to this Financing Agreement

Standard Conditions

- The School will not vary the terms of the Standing Order mandate supporting the repayment plan without prior agreement with the Authority.
- The School will implement the actions detailed in the recovery plan supplied with the Application for a Licensed Deficit.
- The School will monitor the progress of the recovery plan in accordance with the arrangements detailed in its Application for a Licensed Deficit.
- The School will conform to the routine monitoring and reporting requirements set down in Schools Financial Regulations.
- The School will notify the Local Authority of any material error within their Application for a Licensed Deficit, including all related documentation, as soon as they become apparent
- The School will participate in regular reviews of the progress of the recovery plan as required by the Authority.
- Should the School transfer to academy status, the loan balance will be transferred to the Academy.

Special Conditions (at the discretion of the Authority)

- *(to be added as required)*

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Review by the Head of Schools Finance

Comments:

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Signature: _____ Date: _____

Agreement approved on behalf of the Operational Director Finance:

Name:	
Position:	
Signature:	
Date:	

Comments:

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Acceptance of this Agreement (including all terms and conditions) by the School

Headteacher's signature	
Date:	

Chair of Governor's signature	
Date:	

Please return the completed School Loan Agreement to:-

Operational Director – Finance
Municipal Building
Kingsway
Widnes
WA8 7QF

Appendix 2

Guidance Notes – Loans

Receipt of Loan in Bank:

Cash book journal: Debit: Bank
 Credit: Loan Liability

To repay the loan:

Repay by standing order. Each month, process a cash book journal as follows:

Debit: Loan Liability
Credit: Bank

Please contact the Local Authority Finance Team for further guidance.

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Clerk to the Forum

SUBJECT: Schools Forum Meeting Dates for 2017-18

1.0 PURPOSE OF THE REPORT

To advise Forum Members of the meeting schedule for the next municipal year.

2.0 RECOMMENDATION: That

The information is noted.

3.0 SUPPORTING INFORMATION

The following meeting dates have been confirmed for Schools Forum for 2017-18.

Date	Time	Venue
21 June 2017	4 pm	The Boardroom, Municipal Building
11 October 2017	4 pm	Civic Suite, Runcorn Town Hall
17 January 2018	4 pm	The Boardroom, Municipal Building
21 March 2018	4 pm	Civic Suite, Runcorn Town Hall