

# **Consultation Document For the 2020/21 Schools and Early Years Funding Formulae**

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November 2019

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**Children, Schools and Families**

Director: Rachael Wardell



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## **1. Introduction and Background**

### **1.1 Introduction**

1.1.1 School funding forms part of the Education Division of the Children, Schools and Families Department at Merton Council. The department is headed by the Director, Rachael Wardell, and it comprises two divisions which are led by Assistant Directors (AD):

- AD for Education – Jane McSherry
- AD for Social Care and Youth Inclusion – El Mayhew

1.1.2 The local authority is required under regulation 9 of The School and Early Years Finance (England) Regulations 2018 to consult their Schools Forum, maintained schools and academies about any proposed changes to the schools formula in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.

1.1.3 The main aim of this consultation is to inform Schools Forum members of the views held by their constituents in order to aid decision making on de-delegation and recommendations in relation to Merton's 2020/21 schools funding formula.

1.1.4 This consultation document is structured into six main sections:

- Section 1 Background
- Section 2 Schools Block funding
- Section 3 Central School Services Block
- Section 4 Early Years Block funding
- Section 5 High Needs Block funding
- Section 6 The Feedback Questionnaire to facilitate schools comments

### **1.2 Background**

1.2.1 The Dedicated Schools Grant (DSG) funds a variety of educational establishments and services. This includes mainstream primary, secondary and special schools and academies, early years, alternative and other high need provision such as Pupil Referral Units.

1.2.2 While it remains the Government's intention that a school's budget should be set on the basis of a single national formula, in 2020/21 local authorities will continue to be allowed to use either the national funding formula values or locally agreed values to determine funding allocations for schools. The National Funding Formula (NFF) sets notional allocations for each school. These allocations are then aggregated and used to calculate the total Schools Block received by each local authority.

1.2.3 The following are the key elements and changes of the schools NFF in 2020/21. These are changes to how Merton's schools block DSG will be calculated:

- The minimum per-pupil levels will be set at £3,750 for primary schools and £5,000 for secondary schools.
- The funding floor will be set at 1.84%, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms. This minimum increase in 2020/21 allocations will be based on the individual school's NFF allocation in 2019/20.
- Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the formula's core factors. Exceptions to this are that the free school meals factor will be increased at inflation as it is intended to broadly reflect actual costs, and premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2019/20 APT.

- There will be no NFF gains cap, so that all schools attract their full allocations under the formula. Local authorities will still be able to use a cap in their local formulae.
  - The Education and Skills Funding Agency (ESFA) will introduce a new formulaic approach to the mobility factor so that it allocates this funding fairly to all authorities, rather than based on historic spend.
  - Growth funding will be based on the same methodology as last year, and will have the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019/20 schools block allocation. There will be no capping or scaling of gains from the growth factor.
  - The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020/21. The ESFA will publish the rates that determine the 2020/21 allocations in due course.
  - For the high needs block the funding floor will be set at 8% so each local authority can plan for an increase of at least that percentage, taking into account changes in their 2 to 18 population (as estimated by the ONS). This will be based on local authorities' high needs allocations in 2019/20, including the additional £483,000 for Merton announced in December 2018.
  - The gains cap will be set at 17%, allowing authorities to see up to this percentage increase under the formula, again calculated on the basis of per head of population.
  - In 2020/21, as in previous years, each local authority will continue to set a local schools formula, in consultation with local schools. The government has confirmed its intention to move to a single 'hard' national funding formula to determine every school's budget, and intends to work closely with local authorities and other stakeholders in making this transition in the future. Further information on that process will follow in due course. **Please note that there has been no announcement of an extension of the local formula into 2021/22.**
  - Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with Schools Forum approval. A disapplication will be required for transfers above 0.5%, or any amount without Schools Forum approval; this now applies to any transfers over 0.5%, even if the minister agreed the same amount in the past two years.
- 1.2.4 As we are moving towards a hard NFF, it is unclear whether de-delegation will continue from 2021/22. We will consult with head teachers around setting up SLAs for previously de-delegated items once we have received more clarity from the ESFA on how this will work in future.
- 1.2.5 The Early Years Block of the DSG funds a variety of early years educational establishments that deliver the funded entitlement as well as core support. This includes mainstream and special schools (including academies and free schools), private and voluntary providers, independent schools, and childminders. This funding is provided in two stages: first Government provides the grant to local authorities, and then the authorities distribute the grant to the local educational establishments.
- 1.2.6 The Early Years Block of the DSG is calculated based on data from the early years and schools censuses, with a mid-year adjustment. Final allocations in July are based on 5/12<sup>th</sup> of the January 2019 child numbers (to cover the period April to August) and 7/12<sup>th</sup> of the January 2020 child numbers (to cover the September to March period), to acknowledge any in-year changes in child numbers.
- 1.2.7 Merton Council will continue to monitor the supply and take up of 2, 3 and 4 year old places to ensure that its sufficiency duties are met, and that there is a good choice of

high quality, flexible and accessible funded early education provision for children aged 2 to 4 years.

## 2. Schools Block funding

### 2.1. Overall school funding

- 2.1.1 The funding to schools comes mainly through four grants as per Table 1 below. The DSG is the largest grant and is the focus of this consultation. The allocation of Pupil Premium, 6<sup>th</sup> form and universal infant free school meals grants are based on central government calculations.

Table 1: Main school grants

Grant	2019/20 Amount £000	2018/19 Amount £000
Dedicated Schools Grant (DSG)	148,002	146,120
Pupil Premium	5,960	5,959
Post 16 mainstream funding (6 <sup>th</sup> form)	5,165	5,499
Universal infant free school meals	2,039	2,188

- 2.1.2 Table 2 below shows how the total DSG is split between the four funding blocks.

Table 2: Split of DSG over the four blocks

Block	2019/20 Amount £000	2018/19 Amount £000
Schools Block	97,989	97,906
Central Schools Services Block	1,041	1,021
Early Years Block	16,147	15,572
High Needs Block	32,825	31,621
<b>Total DSG</b>	<b>148,002</b>	<b>146,120</b>

- 2.1.3 Local authorities have the choice to use the NFF, or set their own local school funding formulae, within parameters set down by the Government. Based on current guidance, 2020/21 is the last year authorities will be able to set local formulae.
- 2.1.4 The ESFA have made a number of smaller changes to the arrangements for calculating local formulae:
- In 2020/21, while local authorities will continue to have discretion over the design of the majority of their funding formulae, the ESFA intend to make the minimum per-pupil funding (MPPF) levels a mandatory factor in local formulae. They ran an MPPF consultation on how best to implement this change, which closed on 22 October. The government response will be published in November 2019.
  - As schools' funding floor baselines will be based on the NFF allocations in 2019/20, in line with the minimum funding guarantee (MFG) methodology, the EFA will remove the 'funding floor factor' that authorities had the option to use in 2019/20 in order to mirror the protection used in the NFF against 2017/18 baselines.
  - Local authorities will have the freedom to set the MFG in local formulae between +0.5% and +1.84% per pupil, as well as to use a gains cap.
  - While we are able to set a local funding formula, we can continue to de-delegate any items permitted within the guidance.
- 2.1.5 As in previous years, this consultation cannot inform schools what their budgets will be for 2020/21, but will use 2019/20 grant data to reflect any proposed formula changes in order to demonstrate how funding will change from 2019/20 to 2020/21.

- 2.1.6 Based on the initial grant estimate provided by the ESFA for 2020/21, we are expecting that we would be able to allocate an additional £5,535,680 through the schools funding formula. This is an initial estimate and could increase or decrease once the final allocation is made in December 2019. The options we ask schools to consider includes this anticipated increase.
- 2.1.7 Merton will consult schools and academies on two schools funding formula options this year. Option A replicates the NFF as close as possible using capping and scaling to balance within the grant envelope. This is Merton's preferred option because:
- the ESFA will make the minimum per-pupil funding (MPPF) levels a mandatory factor in local formulae ensuring a national basic minimum level of funding per pupil
  - due to the increase in funding we are able to apply a 1.84% MFG which will guarantee a minimum level of funding that will protect schools against turbulence which was the original idea behind phasing in the NFF
  - we have already had the two years' phasing through the local formula as originally intended
  - due to the changes over the past two years, the current local formula does not reflect the original any more
- 2.1.8 Option B is Merton's local funding formula. This has been used over the last two years to phase in the movement to a national funding formula and reduce the funding turbulence in individual schools. Over the last two years additional funding was allocated through the free school meals factor, and we would use this approach again in 2020/21 in option B.
- 2.1.9 There will still be a requirement to cap growth due to the following factors:
- Premises factors such as rates and split sites are funded at historic costs (2019/20 values) while Merton will update these for inflation before allocating it out to schools in the 2020/21 formula.
  - The growth fund allocation is based on a formula. Any difference between the growth fund grant and the growth fund expenditure budget will impact on the school growth cap.
  - Authorities are required to fund growing schools on estimated numbers while funding is provided through the DSG on a lagged basis.
  - The NFF assumes no transfer from the Schools Block to the High Needs Block. Merton has assumed that we will transfer the allowable 0.5% (£640,000), which again reduces the amount available to then pay to schools.
  - The NFF uses a 1.84% MFG whilst local formulae can set this between 0.5% and 1.84%.
- 2.1.10 Appendix A provides an illustration of the differences between the two funding options. If you do not agree with Merton's preferred option A, please provide your reasons why you think option B would be better for all Merton schools in section 2.1.7 of the feedback questionnaire.

## **2.2 Minimum Funding Guarantee (MFG)**

- 2.2.1 Local authorities will continue to be able set a pre-16 MFG in their local formulae, to protect schools from excessive year on year changes and to allow changes in pupil characteristics (for example reducing levels of deprivation in a school) to flow through. This can also be used to reduce the turbulence of introducing the NFF through curbing reductions in schools losing funding by capping increases in gaining schools.
- 2.2.2 Merton consulted on what level of MFG to use in the funding formula last year. Based on schools responses, Schools Forum agreed to apply the maximum allowable MFG, which for 2019/20 was 0.5%. Merton will again apply the maximum MFG, which for 2020/21 will be 1.84%. This is to ensure that a minimum level of funding increase to support all schools with their funding pressures. If you do not think that Merton should apply the maximum MFG, please state your reasons in section 2.2 of the feedback questionnaire.

- 2.2.3 It is important to note that when more money is used to fund the MFG, it means less is available to allocate through the other formula factors for Option A and schools that should be gaining will need to be capped at a lower percentage for Option B. This will be considered when the final formula is set in January 2020 in order to balance to the funding available for distribution.
- 2.2.4 The indicative figures provided in Appendix A for Options A and B both assumes a 1.84% MFG. The MFG applies to pupils in reception to year 11. Early years pupils and ESFA funded post-16 pupils are excluded from the calculation.

## 2.3 The allowable formula factors

- 2.3.1 There are three compulsory factors that must be used in the formula:

- Basic per pupil entitlement: Age-Weighted Pupil Units (AWPUs)
- Deprivation: either based on Free School Meals (FSM) data or Income Deprivation Affecting Children Index (IDACI) bands, or both.
- Minimum level of per pupil funding for primary and secondary schools

- 2.3.2 There are also 13 optional factors as detailed below:

Table 3: Optional factors

Prior attainment	Looked After Children (LAC)
English as an additional language (EAL)	Pupil mobility
Sparsity	Lump sum
Split sites	Rates
Private Finance Initiative (PFI) contracts	London Fringe
Exceptional premises factors	

- 2.3.3 Local authorities must allocate at least 80% of the delegated Schools Block funding through pupil-led factors; that is, the two compulsory and the ones highlighted in the table above, with the London fringe uplift where relevant. In Merton this was 91.01% in 2019/20.
- 2.3.4 Values quoted in this document are based on the draft new formula for 2020/21, but using the 2019/20 funding settlement and the October 2018 census data as provided by the ESFA. These are for illustrative purposes only to support the decision making process and will be updated once the 2020/21 funding settlement and the October 2019 census data are available.
- 2.3.5 Any changes to the unit values would necessitate reapportioning of unit values between factors and therefore allocations between schools, in order to balance to the overall Schools Block funding.
- 2.3.6 As 2020/21 is the last year of local discretion before the NFF will be applied at school level, Merton is not proposing any changes to the factors used in the funding formula other than any imposed by the ESFA. The only changes made will be to the unit values of the factors in order to keep the overall funding allocation to schools within the available funding envelope.
- 2.3.7 The main differences between Merton's local formula (paragraph 2.1.7 Option A) and Merton's NFF replications (paragraph 2.1.8 Option B) are:
- The unit value assigned to each of the factors
  - The NFF does not include the reception uplift
  - The local formula uses FSP point 73 for the secondary school prior attainment allocations while the NFF uses FSP point 78.



## 2.4 Optional de-delegation for maintained schools

- 2.4.1 To give school leaders greater choice over how to spend their budgets, the schools funding formula is based on the principle that services in the Schools Block and the funding for these services is delegated to schools in the first instance.
- 2.4.2 Centrally retained services are split into two groups based on different DSG funding streams:-
- De-delegated Services. These have to be allocated through the formula but can be de-delegated for maintained primary and secondary schools with Schools Forum approval.
  - Central school services block. More details on these services can be found in section 3 of this report.
- 2.4.3 De-delegation is not an option for academies, special schools, nurseries or PRUs. Where de-delegation has been agreed for maintained primary and secondary schools, Merton will offer the service on a buy-back basis to those maintained schools in their area which are not covered by the de-delegation. In the case of special schools and PRUs, the funding for such services is included in the top-up.
- 2.4.4 The table below details the requests for de-delegation for 2020/21 compared to 2019/20.

Table 4: Request for de-delegation of funding

Service	2020/21 £000	2019/20 £000
Contingencies	565	565
Primary school meals management	40	20
Licences and subscriptions	119	117
Supply staff cost for parenting cover and public duties	755	882
Support to underperforming ethnic minority groups and bilingual learners	70	101
Behaviour support services	207	203
School improvement	149	146
<b>Total</b>	<b>1,905</b>	<b>2,034</b>

The options for de-delegating these budgets are set out below. For each of these, it will be for the Schools Forum members in the relevant phase (primary or secondary) to decide, taking account of the result of the consultation, whether that budget should be retained centrally. The decision will apply to all maintained schools in that phase and will mean that the funding for these services is removed from the formula before school budgets are issued.

Please note that unit values are estimated based on the 2019/20 formula and will change following the October 2019 census. Values are indicative to support schools in their decision making.

For all the services detailed below, please state in the feedback questionnaire whether you would prefer these services to be delegated (stay with school) or de-delegated (centrally managed by Merton council).

- 2.4.5 **Contingencies- Schools in Challenging Circumstances (SCC):** This budget is used to support schools experiencing specific challenges where there is no school budget available to meet the agreed need. It is used proactively to prevent problems and to secure rapid progress when necessary. It is applied at the discretion of the AD for Education (Jane McSherry) in discussion with the Head of School Improvement Services and the Head of

the school. It is used to respond to specific school level issues and as these change each year, there are no historic spending patterns by phase or school.

Schools contribute towards this fund based on numbers on roll through the AWPU factor. The cost to each school, both primary and secondary, is estimated at £19.23 per pupil on roll to provide an overall de-delegated budget of £400,000 (the same as in 2019/20).

**2.4.6 Contingencies- Attain (formerly Merton Strategic School Effectiveness Partnership):**

The use of this funding will be agreed through the governance arrangements of the Attain board. The fund is used to deliver partnership work with clearly demonstrable education benefits.

Schools contribute towards this fund based on numbers on roll through the AWPU factor. The cost to each school, both primary and secondary phases, is estimated at £4.81 per pupil on roll to provide an overall de-delegated budget of £100,000 (the same as in 2019/20).

**2.4.7 Contingencies- Tree maintenance:** This budget is used for emergency tree work and also supports the provision of advice about the maintenance and safety of trees. This work can be quite costly and is commissioned by Merton's Environment and Regeneration department.

Schools contribute towards this fund based on numbers on roll through the AWPU factor. The cost to each school, both primary and secondary, is estimated at £3.13 per pupil on roll to provide an overall de-delegated of budget £65,000 (the same as in 2019/20).

**2.4.8 Primary school meals management:** This budget only applies to primary and special schools that buy into the council's contract, as secondary schools manage their own meal arrangements or are part of the PFI (Private Finance Initiative) project.

All free school meal funding is delegated to primary and secondary schools and managed by them locally. The current meals contract was awarded to Compass (trading as Chartwells) from 1 August 2016 and, following agreed extensions, will operate until July 2021. Schools will continue to be invoiced directly for all meals including free school meals. In order to treat all residents in the borough the same but also support schools with their budget pressures, Schools Forum agreed as part of the consultation in 2016 to remove the meal subsidy. This enables schools to charge residents the rate for meals they get charged by the provider.

To date the council has retained £20,000 through de-delegation to meet the cost of replacing any kitchen equipment which is beyond economic repair. The catering provider pays for day-to-day maintenance. Primary schools contributed towards this fund based on the numbers on roll through the AWPU factor. The cost to each school is estimated at £1.29 per pupil on roll (the same as in 2019/20).

However, the equipment, much of which was installed over 10 years ago, is now ageing and the budget is not sufficient in 2019/20 leading to a projected overspend; for the same reason it is not expected to be sufficient in 2020/21.

Since working equipment is a necessity to ensure schools can provide hot meals, it is proposed that the sum retained through delegation is increased to £40,000 in 2020/21. This cost to each school is estimated at £2.58 per pupil on roll.

The alternative would be for schools to pay for the equipment as it needs to be replaced, but this would make it more difficult for schools to plan their budgets with unexpected expenditure possible at any time through the year.

- 2.4.9 **Licences and subscriptions:** This budget is estimated to be £119,000 for Schools Information Management System licences (£115,843 for 2019/20). The Education & Skills Funding Agency (ESFA) now arrange all subscription costs and deduct them from the DSG. This is detailed under centrally retained items in section 3.2.1 of this report.

Schools contribute towards this fund based on numbers on roll through the AWPU factor. The cost to both primary and secondary schools is estimated at £5.72 per pupil on roll to provide the overall de-delegated budget (the same as last year).

- 2.4.10 **Supply staff cost for parenting cover and public duties:** This budget includes £700,000 for parenting cover (£816,000 for 2019/20) and £55,000 for public duties (£66,000 in 2018/19). If the parenting cover budget was delegated, schools would have to take individual responsibility for that pay. The public duties budget provides cover for duties such as jury service and trade union cover which is currently being reviewed. If delegated, schools would need to cover these additional costs themselves. Parenting cover underspent last year and is predicted to underspend again this year due to a reduction in the number of claims.

Schools contribute towards this fund based on numbers on roll through the AWPU factor. The cost to both primary and secondary schools is estimated at £36.30 per pupil on roll (£42.41 in 2019/20) to provide an overall de-delegated budget of £755,000.

- 2.4.11 **Support to under-performing ethnic minority groups and bilingual learners:** This budget is £70,000 for the New Arrivals Team that supports newly arrived pupils and their families. The team appoints, trains and manages a large team of bilingual assistants used extensively by Merton schools. If the funding for this service was delegated, schools would have to make individual arrangements to support pupils and their families newly arrived in the UK.

Due to budget pressures on schools, this budget was reduced. Two posts have been made redundant which will mean there is reduced capacity to liaise with local refugee associations, and to provide advice to some refugee families. It is proposed to manage other functions affected by the redundancies (including the collection of racist and homophobic incidents, and the deployment of bilingual assistants) in other ways.

Schools contribute towards this fund based on the English as an Additional Language (EAL) factor. The cost to both primary and secondary schools is estimated at £16.32 per EAL pupil percentage point (£23.54 in 2019/20) to provide an overall de-delegated budget of £70,000.

- 2.4.12 **Behaviour support:** This budget currently funds a range of support to schools to improve behaviour. The DSG budget funds the support for and liaison with CAMHS and support for vulnerable pupils in primary and secondary schools; anti bullying; support for emotional well-being initiatives such as nurture groups, Mental Health support initiatives; all exclusion advice and support; and prevention of exclusion case work support from the team including the work of the Behavioural Support Assistants. This latter provision holds some of our most vulnerable pupils in primary schools. Currently different schools use different services from within the Virtual Behaviour Service (VBS) based on need.

The team is also part of the Language Behaviour and Learning buy back service. This service is widely bought in for a range of support, assessment and training needs by schools. Thus the team is already part delegated. If the team was fully delegated, all services would need to be considered as full buy back which would significantly increase the costs to schools to access services. The consequence would be that support would be targeted based on schools funding rather than pupil needs. If the primary behaviour service was delegated there is a potential to require more expensive primary provision at greater cost to schools.

Schools contribute towards this fund based on the low attainment factor. The cost to both primary and secondary schools is estimated at £33.19 per low attainment pupil percentage point to provide an overall de-delegated budget of £207,000 (£32.54 for 2019/20).

- 2.4.13 **Insurance:** This service is currently delivered through the Service Level Agreement (SLA). Although this budget can be de-delegated, Schools Forum decided that this should not be an option as this would transfer the decision-making process from individual schools to primary and secondary school phases.

- 2.4.14 **School Improvement:** Since September 2017 School Improvement has been funded through the School Improvement Grant (covering statutory intervention functions and services such as monitoring and commissioning of school improvement support), de-delegation (for additional school improvement provision for maintained schools) and some funding from the local authority to fund the balance.

Funding for non-statutory duties for maintained schools through SLAs provide a budgeted income of £133,770. The short of £149,000 is funded through de-delegation (£146,000 in 2019/20). This budget is used to fund the traveller service, inspectors, advisory teachers, some SEND posts as well as the analysis of local authority level pupil outcome statistics.

Schools contribute towards this fund based on numbers on roll through the AWPUP factor. The cost to primary and secondary schools is estimated at £7.16 per pupil on roll to provide an overall de-delegated budget of £149,000 (£7.02 for 2019/20).

- 2.4.15 Schools can buy into any service with funding from their delegated budget. The authority will continue to deliver services to schools through the SLA on a buyback basis.
- 2.4.16 Using the 2019/20 formula data to model the new 2020/21 values, the **ESTIMATED** cost of de-delegating the above funding to each school is shown in Appendix B. These figures are not final as they will change once the October 2019 census and other data is provided from the ESFA. The aim of providing these details is to aid schools in their decision-making process.

## 2.5 Education services for mainstream maintained schools

- 2.5.1 Local authorities are able to fund services previously funded from the general funding rate of the Education Services Grant (ESG) (for maintained schools only) from maintained school budget shares with the agreement of maintained school members of the schools forum.
- 2.5.2 The amount to be retained by the local authority should be agreed by the relevant maintained schools members of the Schools Forum (primary, secondary, special and pupil referral units). If the local authority and Schools Forum are unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.
- 2.5.3 Local authorities should set a single rate per 5 to 16 year old pupil for all mainstream maintained schools, both primary and secondary. In the interests of simplicity, this is deducted from basic entitlement funding. Adjustments to other factors are not allowed and the rate will not include early years or post-16 pupils, who are in any case funded through different formulae. Local authorities may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools. The rate is expressed per place rather than per pupil for special schools and PRUs.
- 2.5.4 The multipliers used in ESG previously were 3.75 for PRUs and 4.25 for special schools. Merton decided to be consistent and use the same rate for all schools and not have a higher rate for special schools or the PRU.

- 2.5.5 As with de-delegation, the amount to be held by the local authority is determined after the MFG has been applied. Funding will also be recouped if a school becomes academy.
- 2.5.6 Until 2017/18, ESG was made up of two rates that funded two different groups of services:
- The **retained duties rate** has gone to local authorities to fund services they provide to all schools, including academies
  - The **general duties rate** has gone to both local authorities and academies to fund services authorities provide to maintained schools but which academies must provide themselves
- 2.5.7 The retained duties rate of the ESG which has previously gone to local authorities to fund services they provide to all schools, including academies, is now allocated through the DSG and is included in the Central Schools Service Block. See section 3.6 for more details.
- 2.5.8 The general duties rate of the ESG has been cut by central government and is what we review in this section. The split of services between the two groups is shown at Appendix C.
- 2.5.9 The table below shows how the ESG funding was reduced over the past five years and how this was replaced. It also shows the cost of the statutory duties that were funded. This comes from the S251 return which is the statutory financial return local authorities complete annually to the DfE.

Table 5: Funding of statutory duties previously funded through the ESG

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
ESG	3,203	2,594	2,350	693	0	0
ESG to DSG (retained duties)	0	0	0	399	411	411
<b>Grant funding</b>	<b>3,203</b>	<b>2,594</b>	<b>2,350</b>	<b>1,092</b>	<b>411</b>	<b>411</b>
School funding required	0	0	0	500	650	650
LA funding required	(32)	322	(197)	810	879	1,611
<b>Total funding</b>	<b>3,171</b>	<b>2,916</b>	<b>2,153</b>	<b>2,402</b>	<b>1,940</b>	<b>2,672</b>
Statutory and Regulatory duties	1,490	1,391	980	1,069	952	1,334
Education Welfare	340	342	334	364	393	251
Asset management	315	285	364	340	385	412
Central support services	133	152	37	72	62	49
Premature retirement and redundancy	347	248	216	431	148	626
Monitoring national curriculum assessment	75	78	0	0	0	0
School improvement	471	420	222	126	0	0
<b>Total cost of duties</b>	<b>3,171</b>	<b>2,916</b>	<b>2,153</b>	<b>2,402</b>	<b>1,940</b>	<b>2,672</b>

- 2.5.10 School improvement has been excluded from the above arrangements since September 2017. Local authorities receive a separate grant covering their statutory intervention functions and monitoring and commissioning of school improvement support. Since 2017/18 Schools Forums have also been able to agree to de-delegate further funding for additional school improvement provision for maintained schools. For more details, please see 2.3.14.
- 2.5.11 The school contribution for 2019/20 is proposed to remain at £650,000. Based on 2018/19 actuals, this equates to schools funding 43% of the costs while the LA will fund 57%.
- 2.5.12 The individual school's contribution is calculated based on numbers on roll through the AWPU factor. The cost to primary, secondary and special schools is estimated to be £31.25 per pupil on roll in 2020/21 to provide an overall de-delegated budget of £650,000 (the same as in 2019/20). The unit cost will be updated once we have the October 2019 census data.

- 2.5.13 Maintaining local authority and school contributions at the current agreed levels ensures that central services supporting schools such as finance, education welfare, education planning etc. continues to be provided.

## **2.6 Growth Fund**

- 2.6.1 This funding is allocated to schools to support the extra costs involved in setting up and providing additional classes in September where they are requested by the local authority to expand above their existing published admission number to meet a shortage of pupil places in the overall area. This is required as there is a time lag before the increased pupil numbers are recognised in any factors of the schools formula.
- 2.6.2 The funds are provided on the same basis for maintained schools, academies and free schools. However, as academies and free schools are funded on the basis of an academic year, the time lag is a full academic year, while for maintained schools it is only 7/12 of the academic year (1 September to 31 March).
- 2.6.3 The funds are allocated at £60,000 per additional primary class and £80,000 per additional secondary class to cover the 7/12 of the academic year time lag for maintained schools. Academies/free schools providing additional classes agreed by the council will receive the further 5/12; so a secondary academy, for example, will receive an additional £137,140 in total (£80,000 plus £57,140). It should be noted that the additional 5/12 to cover the period 1 April to 31 August is provided as a specific sum by the EFA and then passported by the council to the academy/ free school
- 2.6.4 Following agreement by Schools Forum in June 2019, in the case of secondary schools the above is used more flexibly to commission smaller quantities of places to ensure sufficient in-year places can be provided in the context of keeping surplus places as low as possible to protect school budget, and therefore avoiding setting up additional classes wherever possible. This works on the same basis as above under the formula of £80,000/30 X number of places commissioned.
- 2.6.5 We propose to keep the growth fund at £600,000, the same as in 2019/20, to cater for both primary and secondary expansion classes and commissioned places. This will be used to fund the remaining 3 primary bulge classes, 2 definite and 1 possible secondary bulge classes and a possible further 2 X 15 places in secondary. The total growth fund allocation by phase would be split £180,000 for primary and £320,000 for secondary.
- 2.6.6 The growth funding is within local authorities' Schools Block NFF allocations. For 2020/21, as for 2019/20, growth funding will be allocated to local authorities using a formulaic method based on lagged growth data.
- 2.6.7 As it is within the Schools Block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks, but the Schools Forum would still need to agree the total growth fund.
- 2.6.8 With the move to a formulaic method of calculating growth funding since 2019/20, the ESFA will apply protection so that no local authority's growth allocation will fall by more than minus 0.5% of their overall 2019/20 Schools Block funding. As details have not been provided on an estimated growth fund allocation for next year, we have estimated that Merton will lose £300,000 and have built this into the grant estimate. Should the overall funding be higher or lower than anticipated, the difference will be allocated through the schools funding formula.
- 2.6.9 The DSG top-slice is used to allocate revenue funding for additional classes. Capital costs are funded through the devolved capital budgets. A total of £65,000 is available over the 7 year period with a pro-rata cap applying if an additional class is not added to each year group.

- 2.6.10 This fund should also be used to fund start-up cost and diseconomy of scale costs of new schools where they are created with the involvement of the local authority to meet basic need. Due to the expected reduction in funding, the amount set aside for this purpose has been reduced from £160,000 to £100,000.

## **2.7 Transfer between blocks**

- 2.7.1 The Schools Block was ring-fenced from 2018/19, but local authorities are able to transfer up to 0.5% of their Schools Block funding out with the agreement of their schools forum. Local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the Schools Forum should take into account the views of the schools responding before giving their approval.
- 2.7.2 There is an exceptions process, which will require Secretary of State approval, for considering transfers above the 0.5% limit and/or where the schools forum is opposed to the transfer. Whilst the other blocks are not subject to limits on transfers, local authorities are strongly encouraged to consult their schools and agree with their schools forum any other proposal to move funding between blocks.
- 2.7.3 These transfers are not permanent in nature, and will be subject to consultation and agreement by the Schools Forum again in 2021/22 should this be required. For 2019/20, all the schools and academies that responded to the consultation supported the transfer.
- 2.7.4 For 2020/21 Merton propose to transfer 0.5% from the Schools Block to the High Needs Block again. This is estimated to be £640,000 of the indicative 2020/21 Schools Block allocation and will be used to continue to fund the increase in numbers at special schools, the 2% increase in top-up (banding) fees which were agreed for 2018/19 and the prudential borrowing agreed by Schools Forum in 2007 as per paragraph 3.5.2.
- 2.7.5 Based on the total number on roll at October 2018 of 24,836, this transfer equates to about £25.77 per pupil. If this transfer did not happen, the local authority would need to reduce the band funding values for all Education, Health and Care Plans (EHCP) pupils in order to reduce the cost pressure on the High Needs Block.
- 2.7.6 Due to the overall cost pressure of the High Needs Block, it is expected that the full transfer of 0.5% from the Schools Block to the High Needs Block will continue to be required in future years as a minimum.
- 2.7.7 The transfer is required as the HNB funding growth has not been sufficient to cover the growth in cost associated with EHCPs as detailed in section 5.1.4.
- 2.7.8 Section 5.3 provides more detail on Merton's strategic financial plan for addressing the High Needs Block cost pressures.
- 2.7.9 Merton did not consider transferring funding from the early years block to the HNB for 2019/20 as any transfer would be included as part of the retained items in the pass through rate calculation. Savings already had to be identified to cover the reduction in the pass through rate from 7.5% to 5%.

## **2.8 Proforma**

- 2.8.1 Appendix D is a draft of the proforma that will be submitted to the ESFA for agreement in January 2020. This is just an example and is based on Option A of the consultation.

## **2.9 Timetable**

- 2.9.1 The timetable for setting the 2020/21 Schools' Budget is set out in the table below.

Table 6: Timetable

Date		Action
October	30 <sup>th</sup>	Meeting of Schools Forum to discuss and agree the schools consultation document
November	4 <sup>th</sup>	Email electronic copy of consultation document to all Head Teachers
November	15 <sup>th</sup>	Closing Date for the Schools Consultation
December	3 <sup>rd</sup>	Outcome of the consultation considered by the Forum
Mid- December		Publication of DSG Schools Block and High Needs Block allocations for 2019/20 (prior to academy recoupment and HNB adjustments).
January	21 <sup>st</sup>	Submit final data for Schools Budget proforma to EFA
January	30 <sup>th</sup>	Schools Forum review Schools Budgets
February	3 <sup>rd</sup>	Final budgets are distributed to schools



### 3 Central School Services Block (CSSB)

#### 3.1 Introduction

3.1.1 The CSSB was introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- Funding for ongoing central functions, such as admissions, previously top-sliced from the Schools Block
- Residual funding for historic commitments, previously top-sliced from the Schools Block
- Funding previously allocated through the retained duties element of the (ESG)

3.1.2 The table below details the value of items applicable in Merton.

Table 7: Centrally retained funding

Description	2020/21 £000	2019/20 £000
Central licences negotiated by the Secretary of State	127	123
School admissions	287	287
Servicing of school forums	12	12
Prudential borrowing	207	207
Statutory and regulatory duties LAs hold for all schools (including academies & free schools)	412	412
One-off transfer from Schools Block	(30)	
<b>Total Centrally retained funding</b>	<b>1,015</b>	<b>1,041</b>

3.1.3 With the exception of the central licences negotiated by the Secretary of State, Schools Forum approval is required for these services every year on a line-by-line basis. The prudential borrowing budget is also not allowed to exceed the value agreed in the previous funding period.

#### 3.2 Central licences negotiated by the Secretary of State

3.2.1 These agreements are administered and paid for by the ESFA and deducted directly from the DSG. The DfE pays subscriptions on behalf of schools to the following agencies:

- Christian Copyright Licencing International
- Copyright Licencing Agency (CLA)
- Educational Recording Agency (ERA)
- Filmbank Distributors Ltd (for the PVSL)
- Mechanical Copyright Protection Society (MCPS)
- Motion Picture Licencing Company (MPLC)
- Newspaper Licencing Authority (NLA)
- Performing Rights Society (PRS)
- Phonographic Performance Limited (PPL)
- School Printed Music Licence (SPML)

#### 3.3 School admissions

3.3.1 This service covers the cost of the school admissions team. The funding will increase with inflation.

#### 3.4 Servicing of Schools Forum

3.4.1 This budget covers the administration cost of the Schools Forum, including officer and running costs. The funding will continue at £12,200 for 2020/21.

### **3.5 Prudential Borrowing**

- 3.5.1 The prudential borrowing was agreed on 15<sup>th</sup> October 2007 by the Schools Forum to increase the special school places available in the borough. This was agreed as a “spend to saving” initiative due to the high cost of independent provision.
- 3.5.2 This historic cost of £207,240 was agreed for 25 years and repayment started in 2012/13. The ESFA have reduced the funding for this historic cost by 20% from 2020/21. As the high needs block (where this cost would alternatively have been funded from) is overspending, £30,000 of the transfer from the schools block will be used to part fund the £41,448 reduction in grant.

### **3.6 Statutory and regulatory duties LAs hold for all schools**

- 3.6.1 The duties included within the CSSB are included in the left hand column of Appendix C.
- 3.6.2 Where local authorities hold duties in relation to all schools (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2017), all schools must be treated on an equivalent basis. Merton does not treat voluntary aided schools, foundation schools or academies differently from other maintained schools in the services they provide to them and do not charge for services that are provided free of charge to community and voluntary controlled schools and paid for out of the centrally held DSG. This does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7), see section 2.4.
- 3.6.3 The amount of the CSSB that is allocated to these statutory education services for 2020/21 is £410,880, the same as in 2019/20, and will be transferred to Merton’s general fund to execute these duties, as last year.

### **3.7 One-off transfer from the schools block**

- 3.7.1 As previously mentioned in 2.7.4, the cut to prudential borrowing funding will be part funded by the transfer from the schools block. The prudential borrowing arrangement was agreed to be funded from the DSG in 2007. Due to the segregation of the DSG into blocks since then, this block transfer is required to continue the funding.

## **4 Early Years Block funding**

### **4.1 Current overview**

- 4.1.1 This block includes some centrally-retained items, but the majority (95%) is paid directly by LAs to all Early Years providers, including academies and maintained schools, through the EYSFF. Funding via the local formula is calculated by multiplying a base rate by the number of hours of provision counted on a termly basis (a minimum of 3 times a year). Early Years formula funding is based on actual hours of take up, using a headcount for each funding.
- 4.1.2 In Merton, for 3 and 4 year-olds, there is a single base rate applicable across the whole sector, a mandatory supplement for deprivation and a discretionary supplement for sparsity. The EYPP sits outside the formula and is paid through the termly headcount process based on actual take up. The Disability Access Fund (DAF) is paid as a lump sum outside the formula as a lump sum.
- 4.1.3 Funding for eligible 2 year-olds is provided at a fixed hourly rate and is also calculated by multiplying a base rate by the number of hours of provision counted on a termly basis (a minimum of 3 times a year). EYSFF is based on actual hours of take up, using a headcount for each funding period based on actual numbers during the current year, as for 3 and 4 year-olds.
- 4.1.4 On September 4th 2019 the government announced a £66 million increase to the early years national funding budget which will bring a growth in the hourly rate paid to early years providers who deliver the government early education entitlements. We are still waiting for details on these rates.

### **4.2 Overview of funding**

- 4.2.1 The funding to settings comes mainly through three grants: the Early Years DSG is the largest grant and is the focus of this consultation. The allocation of Early Years Pupil Premium (EYPP) and the DAF are based on Central Government calculations and are child (pupil) led.
- 4.2.2 Local authorities set their own local Early Years Funding Formulae, within parameters set down by Government.
- 4.2.3 For 3 and 4 year olds, there are two compulsory factors that must be used in the formula:
- Basic rate per child/pupil based on an hourly rate
  - Deprivation
- 4.2.4 There are also 4 optional supplementary factors as detailed below:
- Rurality/sparsity
  - Flexibility
  - Quality
  - English as an Additional Language (EAL)
- 4.2.5 The total sum of supplements must not be greater than 10% of the high pass through rate to settings, resulting in a “cap” on the total amount within the formula that can be allocated to supplements.
- 4.2.6 Since 2019/20 local authorities must allocate at least 95% of the delegated Early Years block funding through child/pupil-led factors; that is, the two compulsory factors, any optional supplements and the new SEN Inclusion Fund (SENIF). The high pass through rate also includes any contingency funding that has been held back.
- 4.2.7 The 2 year old budget is received as a separate allocation within the DSG, and there is the

requirement to have a single base rate only, with no requirement for compulsory or discretionary elements. There are no SENIF, high pass through requirements, or EYPP and DAF grants.

### 4.3 Formula Factors

- 4.3.1 Appendix E details the factors Merton Council currently uses, and proposes to use, in order to allocate the Early Years block funding through the Funding Formula to arrive at individual provider budgets, and centrally retained items.
- 4.3.2 **Base rate:** The Government has stated that there must be a single base rate by 2019/20 for 3 and 4 year-olds. Merton Council introduced a single base rate in 2017/18.
- 4.3.3 **Supplements in the formula:** Following consultation in previous years, decisions have been taken to keep the formula supplements as simple as possible, minimising turbulence (changes to pupil profiles affects overall funding to providers) and bureaucracy (auditing/compliance).
- 4.3.4 Proposals for this year are to continue to maintain a simple formula with minimal supplements, and Merton Council are not proposing any changes.
- 4.3.5 **Additional elements that make up the high pass through rate:** There are two extra elements that make up the 95% high pass through rate in addition to the formula, these are the Special Educational Needs Inclusion Fund (SENIF) and contingency.
- 4.3.6 LAs are required to have SEN Inclusion Funds for all three and four year olds with special educational needs (SEN) who are taking up the free entitlements. These funds are intended to support local authorities to work with providers to address the needs of individual children with SEN. This fund will also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014. LAs should target SENIF 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. The value of the fund must take into account the number of children with SEN in the local area, their level of need, and the overall capacity of the local childcare market to support these children. Local authorities must consult with early years providers to set the value of their local SENIF.
- 4.3.7 The SENIF, whilst not an allowable supplement within the formula, is included within the 95% high pass through rate. There is a requirement to publish the value of the fund each year. The value of the mandatory SENIF for 2020/21 will be based on:
- Summer 2019 headcount claims (UE and EE and notional SEN allocation towards EHCP)
  - Autumn 2019 headcount claims (UE and EE and notional SEN allocation towards EHCP)
  - January 2020 headcount claims (UE and EE and notional SEN allocation towards EHCP)
  - a new tier (level 1d) of funding for special schools/specialist assessment nursery provision whilst the child is being assessed (no EHCP in place equivalent to 12 places)
- 4.3.8 Contingencies form part of the high pass through rate, and are held centrally to ensure an amount of resource is held back to accommodate any possible growth in SENIF or the deprivation supplement due to an increase in take-up within these cohorts of

children. It is proposed that any funds remaining in the contingency are distributed across the sector at the end of the year.

- 4.3.9 To date, the Government has retained the current funding formula for 2-year-olds, which is a single hourly rate. Local authorities can move funds between allocation blocks for 2 year-old funding and 3 and 4 year-old funding. However, Merton Council currently has no intention of moving funds between blocks.
- 4.3.10 There is no requirement for LAs to have a SENIF for 2 year olds, however, in Merton there is a discretionary 2 year old SENIF. The value of the SENIF for 2019/20 will be based on:
- Summer 2019 headcount claims (UE and EE and notional SEN allocation towards EHCP)
  - Autumn 2019 headcount claims (UE and EE and notional SEN allocation towards EHCP)
  - January 2020 headcount claims (UE and EE and notional SEN allocation towards EHCP)
  - a new tier (level1d) of funding for special schools/specialist assessment nursery provision whilst the child is being assessed (no EHCP in place, equivalent to 8 places)

#### **4.4 Funding outside of the formula for 3 and 4 year olds**

- 4.4.1 Additional funding continues to be provided to LAs in order to support disadvantaged pupils through the EYPP and to support access for children with disabilities via the Disability Access Fund (DAF).
- 4.4.2 The EYPP and DAF are distinct from the NFF and are separate funding streams. Funding is based on actual take up.

#### **4.5 Centrally retained items**

- 4.5.1 A limit for centrally retained items of 5% has been set by the DfE. The items below will continue to be funded via the retained element, based on the anticipated percentage of the total budget.
- 4.5.2 In 2019/20 centrally retained items total £700,880. This is used to fund continuous improvement with a focus on settings requiring improvement, training and workforce development, inclusion and early intervention work with settings supporting children with SEND and/or other additional needs, plus management and administration.
- 4.5.3 LAs have the opportunity to charge for applicable services. Merton Council is not proposing at this stage to charge for support and guidance and inclusion work in settings. We continue to charge for training courses, membership of the Continuous Improvement Framework (CIF) and bespoke on-site provider support, however this is not at full cost recovery.
- 4.5.4 Schools Forum approval is required for the overall centrally retained items of the Early Years block.

#### **4.6 Minimum Funding Guarantee (MFG)**

- 4.6.1 MFG is a prescribed per-pupil formula which protects the reduction in an individual budget on a per-pupil basis. There is no MFG for Early Years due to the introduction of the high pass through rate.

#### **4.7 Administration, data collection and payments**

- 4.7.1 It is the government's expectation that local authorities are able to distribute funding to providers on a monthly basis. Merton's current supplier for their electronic supplier has removed support for the product and therefore we are currently exploring other options and will be going to procurement within the next few months. Providers are currently receiving 80% upfront payment and receive three payments in each funding period-upfront, headcount, adjustment.

#### **4.8 Indicative Budgets**

- 4.8.1 Providers will be allocated an indicative budget based on the previous year's headcounts/claims of May 2019, October 2019 and January 2019. Settings will be asked to confirm their anticipated numbers for all 3 terms to reflect any changes to more accurately reflect the level of funding that is paid up front.

#### **4.9 Responding to the proposals**

- 4.9.1 If you would like to make comments on any of the proposals relating to the Early Years funding, please do so in the appropriate section of the Feedback Questionnaire.

## 5. High Needs Block (HNB) funding

### 5.1 Background

- 5.1.1 The High Needs Block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from their early years to age 25, and alternative provision (AP) for pupils who cannot receive their education in schools.
- 5.1.2 High needs funding is intended to support the most appropriate provision for each individual, taking account of parental and student choice, providing appropriate provision in a range of settings, and to avoid perverse incentives. It is intended to support good quality alternative provision for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.
- 5.1.3 For 2020/21, the following aspects of the high needs NFF have been confirmed:
- The funding floor will be set at 8% so each local authority can plan for an increase of at least that percentage, taking into account changes in their 2 to 18 population (as estimated by the ONS).
  - The gains cap will be set at 17%.
- 5.1.4 As Merton is a loser rather than a gainer under the HNB NFF, we will only see an 8% increase in funding which is not sufficient to fund the historic underfunding of our increases in EHCPs, our 12.8% increase in EHCP caseload from 2018 to 2019 as shown below, or the increase expected from 2019 to 2020 of 17.8%. The table below shows Merton's increase in EHCPs over the past four years.

Table 8: Merton's EHCPs

Type of provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream School (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special School	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Educative	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
<b>Total</b>	<b>1075</b>	<b>100%</b>	<b>1242</b>	<b>100%</b>	<b>1518</b>	<b>100%</b>	<b>1712</b>	<b>100%</b>

- 5.1.5 The table above includes a category at the bottom called "No placement (including NEET)". Children and young people Not in Education, Employment or Training (NEET) were recently added to this description. As we are now responsible for young people up to the age of 25, we would expect this cohort to increase over the coming years. Although we incur staffing costs resulting from the requirement to track these individuals, there should be no associated education placement costs.
- 5.1.6 The table below shows how Merton's High Needs Block funding is distributed. Details of items can be found in section 5.2 of this report.

Table 9: High Needs Block funding

Description	Amount 2019/20 £000	Amount 2018/19 £000
Mainstream settings (Individual SEN statements)	3,830	3,710
Specialist SEN and LDD settings (Including ARP and special schools)	12,015	10,630
Pupil Referral Unit (PRU)	1,768	1,800
Centrally retained High Needs funding for all phases	13,732	13,921
Post 16	2,080	2,060
One-off transfer from Schools Block	(600)	(500)
<b>Total Centrally retained funding</b>	<b>32,825</b>	<b>31,621</b>

## 5.2 High Needs Block details

- 5.2.1 **Mainstream settings:** Schools contribute the first £6,000 of additional educational support for High Needs pupils and students. This additional support is for provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre 16, schools and academies continue to receive a clearly identified notional SEN budget from which to make this contribution.

Top-up funding above this level is agreed between Merton and the school when the individual EHCP is processed. Merton manages top-up funding through a banding model.

Following an increase in 2018/19, Merton will keep its band funding for 2020/21 at the same level. If the £640,000 transfer from the Schools Block to the HNB is not agreed, these banding values will need to be reviewed.

Merton will continue to provide additional funding outside the main funding formula for mainstream schools and academies. During 2019/20 this methodology allocated an additional £332,694 (included in table 10 below) where more than 2.5% of a school's overall pupils had statements.

- 5.2.2 **Specialist SEN and LDD settings:** Specialist SEN, LDD schools and Additional Resource Provision (ARP) settings receive a base level of funding on the basis of an agreed number of places at £10,000 per place. Top-up funding above this level was agreed between Merton and the schools.

The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools. The total budget for 2019/20 is £9,581,460. The total ARP budget for 2019/20 is £2,369,130.

There is a need to meet the forecast increase in SEN pupils including in ASD need coming through from primary schools, and there is provision in the council's capital programme for expansion of existing SEN schools and a new secondary school ASD unit for 20 places. The additional revenue funding requirement will need to be built into the High Needs Block when the extra places are established.

The budget also includes the centrally retained service funding portion for the special schools, similar to that held for the maintained primary and secondary schools. The total for centrally retained High Needs funding for special schools includes £63,920 in 2019/20 for support for schools in challenging circumstances; school meal management; licences and subscriptions; maternity/paternity supply cover, marketing, public duties, ethnic minority support, behaviour support and tree maintenance.



- 5.2.3 **Pupil Referral Unit (PRU):** Merton's PRU, the SMART centre, provides education to pupils out of school by exclusion, medical or otherwise. It takes pupils by permanent exclusion as residents of Merton; by referral based on medical need if residents of Merton, or by referral from schools or the local authority to prevent exclusion or meet need. It has a throughput of approximately 109 pupils per year. This varies based on need. It provides for secondary aged pupils by referral for prevention and exclusion and medical, however it can also support primary aged medical referrals in small numbers.

The exclusion process currently involves a deduction of AWPU against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all maintained secondary schools and academies in Merton and is calculated every term.

In addition, the Smart Centre educates pupils in year 11 as an alternative to placement on secondary school rolls where this placement is deemed by secondary fair access as a more suitable placement than to have not been able to be reintegrated back into mainstream schools. The secondary schools have agreed to pay £10,200 per placement and this cost is divided equally between schools.

Any underspend from the exclusion pot does not go back into the DSG reserve. Instead the collective cost of year 11 placements at SMART are reduced by any amount unspent from the pot. This funding is from the secondary schools and is related to the excluded pupils. In this way it will be used to continue to fund these pupils' education.

- 5.2.4 **Centrally retained High Needs funding for all phases:** These services are retained centrally by the local authority to deliver direct services or procure services from external providers to ensure the most economic use of resources.

Table 10: Centrally retained High Needs funding

Description	2019/20 £000	2018/19 £000
Independent provider placements	9,020	9,235
Cost of Merton pupils in other LA maintained schools	1,941	2,169
Cost of other LA children in Merton maintained schools	(1,159)	(1,159)
Academy placements	680	480
Virtual School	399	396
Sensory Team	393	391
Schools Standards and Quality	360	358
Language and Learning	362	354
Targeted support to schools with high SEN pupil numbers	329	250
Education Psychology	266	266
Behaviour Support	246	240
Education Welfare	171	168
SEN referral & Early help 0-25 team	168	165
Social Inclusion	107	105
Vulnerable Children's Education	125	123
Merton Autism Outreach Service (MAOS)	100	100
SEN support	81	81
Therapy in Special schools	56	112
Independent hospital provision	50	50
Portage	37	37
<b>Total Cost</b>	<b>13,732</b>	<b>13,921</b>

Due to a high number of increases in EHCPs, Merton's education service continues to review and analyse the pressures on Education Speech and Language Therapy. It is a statutory expectation that Speech and Language Therapy is provided to all children where

SaLT is stated in the EHCP. The increased demand on staffing created a situation in 2017/18 when not all primary schools could be covered throughout the year and the buyback was suspended. The buyback service supports work at SEN support.

Not funding this growth means that the only way to access SaLT is to request an EHCP which in turn will drive up demand. In 2019/20 one additional therapist post was recruited to and another one will be recruited in 2020/21 to meet current statutory demand in mainstream schools.

The expansions in special schools as well as an ARP to support the increased number of EHCPs will also require additional speech and language and staffing will be reviewed as these caseload pressures increase.

Merton's SEN inspection raised issues around confidence in diagnosis of as well as support for dyslexia. We are therefore considering the requirement for a new dyslexia teacher that could prioritise identification of dyslexia and advice to meet needs across schools. This would focus on SEN support and meeting needs without an EHCP.

- 5.2.5 **Post 16 SEN and LDD:** Young people aged 16-25 with high-level SEN or LDD are educated in a range of settings, including special and mainstream school sixth forms, Further Education (FE) colleges and Independent Specialist Providers (ISPs).

Mainstream FE providers and school and academy sixth forms, like mainstream schools pre 16, are expected to contribute the first £6,000 to the cost of additional support provision required by a High Needs pupil or student (element 2), in addition to the mainstream per-student funding (element 1) received for each high need student. This funding is provided by the ESFA.

Above this level (elements 1 and 2), top-up funding (element 3) for students placed in either mainstream or specialist settings are provided by Merton from within the High Needs Block. This is paid directly to the provider on a per-pupil or per-student basis.

### 5.3 Strategic financial plan to address the High Needs Block cost pressures

- 5.3.1 The cost pressure on Merton's high needs block at the end of September 2019 was forecast at £9.990m for the 2019/20 financial year. Although government has announced additional funding for 2020/21, this is set to be in the region of an extra £3m. It is therefore clear that the cost pressure is expected to continue.
- 5.3.2 Over the past 3 years Merton has increased its Additional Resourced Provision through the opening of a new ASD Unit at Hatfield and expanded Perseid Special School (primary age and secondary age). The expansion of Cricket Green School by a further 56 places and a new ASD Unit at Stanford Primary School are also being completed.
- 5.3.3 The council is working across South West London to decrease the unit costs of SEN placements, with a dynamic purchasing system across the consortium.
- 5.3.4 However, the expansion plans have not been able to keep up with the unprecedented increase in demand so there has been an increased reliance on more expensive Independent placements. Due to this and the general costs associated with the growth of all EHCPs, the High Needs block was in deficit in 2018/19 and a much larger deficit is forecast for 2019/20.
- 5.3.5 The council is working on the expansion of further SEND provision, including extending the age range of Melrose School and providing substantial further ASD provision to reduce reliance on more expensive Independent School Placements. However, these projects are still at an early stage so there will be a time lag in receiving the financial benefits to the High Needs Block. In any case, while increasing specialist provision to reduce further

independent school placement will assist the High Needs Block expenditure, it will not offset the costs of the significant rise in EHCPs. We are planning to establish a sub group of the Schools Forum to work with the LA on further strategies to address this issue.

- 5.3.6 Merton's directors continue to work with other local authorities and with London Councils to lobby central government about the insufficient funding of the DSG and the impact it has on local government finances and services.
- 5.3.7 Merton has a deficit recovery plan that has more details about the high needs block and the associated pressures. This is a live document, which is updated on a regular basis.

**6 Feedback Questionnaire to Merton's Schools Funding Formula 2020/21**

This questionnaire must be filled in and returned by **Friday 15<sup>th</sup> November 2019** to:

Jayne Ward

London Borough of Merton

7<sup>th</sup> Floor, Merton Civic Centre,

London Road,

Morden, SM4 5DX

Or e-mail to [jayne.ward@merton.gov.uk](mailto:jayne.ward@merton.gov.uk)

**NAME OF SCHOOL**

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**Signature**

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**(Headteacher / Chair of Governors)**

**Date**

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## Options from Section 2 relating to the formula factors

### 2.1.7 Schools Funding Formula options

Please indicate below which schools funding formula option you would prefer Merton to use for the 2020/21 allocation. If your preferred option is B, please provide your reasons why you think this option would be better for all Merton schools

Option A- Replicating the NFF	
Option B- Local Formula with additional funding through Free School Meals	

#### Comments

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### 2.2 MFG percentage

Merton intends to apply MFG at 1.84%. This is in line with last year's Schools Forum decision where it was agreed that the maximum MFG of 0.5% should be used. If you do not think that Merton should apply the maximum MFG, please state your reasons for this in the section below.

Please select below which level of protection you think should be applied to schools.

<b>Option A</b> – Set MFG at maximum of 1.84%	
<b>Option B</b> – Set MFG at a different percentage (Please state reason and percentage below)	

#### Comments

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### Options from Section 2.4 relating to de-delegation

For all of the services below, please state either Yes or No to indicate whether or not you would prefer the services to be de-delegated to the authority to be managed centrally rather than by each individual school. Last year Schools Forum agreed to de-delegate all services.

Paragraph	Service	De-delegate Yes/ No
2.4.5	Contingencies- Schools in challenging circumstances	
2.4.6	Contingencies- Attain	
2.4.7	Contingencies- Tree maintenance	
2.4.8	Primary school meals management	
2.4.9	Licences and subscriptions	
2.4.10	Supply staff cost for parenting cover and public duties	

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2.4.11	Support to under-performing ethnic minority groups and bilingual learners	
2.4.12	Behaviour support	
2.4.14	School Improvement	

**Other de-delegation comments**

Please provide any comments you would like to be considered by the Schools Forum on the de-delegation of budgets for 2020/21.

**Comments**

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**2.7 Transfer between blocks**

For 2020/21 Merton proposes to maintain the transfer from the Schools Block to the High Needs Block. This is estimated to be about £640,000 based on indicative grant allocations and will be used to continue to fund the increase in numbers at special schools, the 2% increase in top-up (banding) fees which were agreed for 2018/19 and maintaining the prudential borrowing agreed by Schools Forum in 2007.

	Yes/No
Please state whether you would support this transfer from the schools to the High Needs Block	

**Comments**

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**Options from Section 4 relating to the EYSFF**

**Questions about the Formula Factors**

**Funding formula for 3 and 4-year-olds**

Merton Council is proposing no change to the existing EYSFF. Do you agree with this proposal?

Yes

☐

No

☐

Don't know

☐

Please provide any comments about this proposal that you would like to be considered by Merton Council and Schools Forum when setting the 2020/21 formula.

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### **Funding formula for 2-year-olds**

Merton Council intends to continue to use the funding allocation for 2-year-olds solely for this purpose and not move any funding between 2 year old and 3 and 4-year-old allocations.

Please provide any comments about this that you would like to be considered by Merton Council and Schools Forum when setting the 2020/21 formula

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### ***Questions about funding outside the formula and within the 95% high pass through rate***

#### **SEN Inclusion Fund (SENIF)**

It is proposed that the value of the SENIF continue to be based on the factors as described in the document on paragraph 4.3.6. Do you agree with this proposal?

Yes

☐

No

☐

Don't know

☐

Please provide any comments about this proposal that you would like to be considered by Merton Council and Schools Forum when setting the 2020/21 formula.

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### **Contingency**

Merton Council continues to propose a contingency as part of the high pass through rate, which is allocated at the end of the year. Do you agree with this proposal?

Yes

☐

No

☐

Don't know

☐

Please provide any comments about this proposal that you would like to be considered by Merton Council and Schools Forum when setting the 2020/21 formula

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### **Early Years retained items**

Merton Council intends to retain 5% of the total budget to fund key statutory duties (administration, information, securing training for staff in the sector) support and advice to the sector, focussing on support to weaker settings and settings working with children with additional needs/SEND.

Please provide any comments about this that you would like to be considered by Merton Council and Schools Forum when setting the 2020/21 formula

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### **Other comments**

Please provide any comments you would like to be considered by the Schools Forum.

### **Comments**

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**Thank you for taking the time to provide your feedback.**



## Merton's two proposed funding formula models

## Appendix A

School Name	2019/20 Post De-delegation and Education functions budget	Option A : National Funding Formula	Option B : Local Formula	Option A : National Funding Formula	Option B : Local Formula
Bond Primary School	£1,818,727	£1,914,639	£1,927,782	£95,911	£109,054
Dundonald Primary School	£1,341,872	£1,375,889	£1,366,979	£34,017	£25,107
Garfield Primary School	£1,669,908	£1,755,528	£1,757,456	£85,620	£87,549
Hatfield Primary School	£1,812,764	£1,858,244	£1,889,303	£45,480	£76,539
Hollymount School	£1,712,757	£1,715,914	£1,719,187	£3,156	£6,430
Joseph Hood Primary School	£1,387,853	£1,437,681	£1,437,111	£49,829	£49,258
Links Primary School	£1,578,484	£1,657,693	£1,634,470	£79,208	£55,986
Lonsome Primary School	£1,671,399	£1,757,387	£1,783,207	£85,988	£111,809
Merton Abbey Primary School	£1,238,453	£1,294,002	£1,313,734	£55,549	£75,281
Merton Park Primary School	£895,358	£911,160	£910,812	£15,802	£15,455
Morden Primary School	£1,019,642	£1,061,319	£1,081,998	£41,677	£62,356
Pelham Primary School	£1,706,145	£1,775,319	£1,749,827	£69,175	£43,682
Haslemere Primary School	£1,833,359	£1,928,504	£1,949,521	£95,145	£116,162
Poplar Primary School	£2,442,957	£2,572,352	£2,529,508	£129,395	£86,551
St Mark's Primary School	£1,027,047	£1,073,307	£1,085,877	£46,261	£58,831
The Sherwood School	£1,664,072	£1,749,832	£1,736,540	£85,760	£72,468
Singlegate Primary School	£2,222,426	£2,345,290	£2,295,335	£122,864	£72,909
Wimbledon Park Primary School	£2,327,643	£2,373,164	£2,372,816	£45,521	£45,174
Abbotsbury Primary School	£1,750,683	£1,841,226	£1,840,781	£90,543	£90,098
West Wimbledon Primary School	£1,919,091	£2,006,268	£1,984,345	£87,177	£65,254
Cranmer Primary School	£2,493,987	£2,626,824	£2,602,456	£132,838	£108,470
Gorringe Park Primary School	£2,112,086	£2,223,968	£2,210,073	£111,883	£97,988
Hillcross Primary School	£2,126,714	£2,175,296	£2,144,532	£48,583	£17,818
Liberty Primary	£1,833,701	£1,929,167	£1,942,666	£95,466	£108,965
William Morris Primary School	£1,617,592	£1,700,760	£1,725,016	£83,168	£107,424
Wimbledon Chase Primary School	£2,491,447	£2,594,254	£2,540,854	£102,807	£49,406
Malmesbury Primary School	£1,892,508	£1,981,858	£2,031,680	£89,350	£139,172
All Saints' CofE Primary School	£1,394,835	£1,469,543	£1,475,961	£74,708	£81,126
St Matthew's CofE Primary School	£830,158	£844,357	£844,306	£14,199	£14,148
Holy Trinity CofE Primary School	£1,631,392	£1,677,842	£1,657,367	£46,450	£25,975
Bishop Gilpin CofE Primary School	£1,571,656	£1,606,915	£1,601,228	£35,259	£29,571
St Peter and Paul Catholic Primary School	£1,600,346	£1,684,371	£1,668,943	£84,026	£68,597
Sacred Heart Catholic Primary School	£1,242,190	£1,273,116	£1,276,305	£30,926	£34,115
St Teresa's Catholic Primary School	£1,701,993	£1,792,086	£1,742,509	£90,094	£40,516
St Mary's Catholic Primary School	£1,650,438	£1,723,846	£1,681,850	£73,407	£31,412
St John Fisher RC Primary School	£1,605,614	£1,648,755	£1,636,593	£43,140	£30,979
The Priory CofE School	£1,425,473	£1,482,367	£1,475,880	£56,894	£50,407
St Thomas of Canterbury Catholic Primary School	£2,261,985	£2,383,793	£2,375,302	£121,809	£113,317
<b>TOTAL MAINTAINED PRIMARY SCHOOLS</b>	<b>£64,524,754</b>	<b>£67,223,838</b>	<b>£67,000,111</b>	<b>£2,699,084</b>	<b>£2,475,357</b>
Ricards Lodge High School	£6,750,117	£7,114,268	£7,137,999	£364,152	£387,883
Raynes Park High School	£5,480,252	£5,782,399	£5,867,314	£302,148	£387,063
Rutlish School	£6,702,032	£7,063,641	£6,996,035	£361,609	£294,003
Wimbledon College	£5,263,393	£5,553,083	£5,456,037	£289,690	£192,644
Ursuline High School Wimbledon	£5,547,778	£5,850,832	£5,757,187	£303,054	£209,409
<b>TOTAL MAINTAINED SECONDARY SCHOOLS</b>	<b>£29,743,572</b>	<b>£31,364,224</b>	<b>£31,214,573</b>	<b>£1,620,652</b>	<b>£1,471,001</b>
Benedict Primary School	£1,325,493	£1,389,524	£1,438,902	£64,031	£113,410
Park Community School	£618,337	£627,306	£636,322	£8,970	£17,986
Harris Primary Academy Merton	£1,956,721	£2,054,625	£2,075,520	£97,904	£118,799
Beechholme Primary School	£882,441	£914,241	£922,751	£31,801	£40,310
Stanford Primary School	£1,022,308	£1,069,937	£1,066,833	£47,629	£44,525
Aragon Primary School	£2,351,569	£2,443,888	£2,437,775	£92,320	£86,206
Harris Academy Morden	£5,053,987	£5,317,960	£5,425,039	£263,973	£371,052
Harris Wimbledon Academy	£1,424,130	£1,493,418	£1,483,937	£69,288	£59,807
Harris Academy Merton	£5,941,142	£6,252,271	£6,377,311	£311,128	£436,169
St Mark's Church of England Academy	£4,413,466	£4,642,780	£4,714,894	£229,314	£301,428
<b>TOTAL ACADEMY AND FREE SCHOOLS</b>	<b>£24,989,594</b>	<b>£26,205,950</b>	<b>£26,579,285</b>	<b>£1,216,356</b>	<b>£1,589,691</b>
Formula Rounding		£-2	£41	£-2	£41
<b>GRAND TOTAL</b>	<b>£119,257,920</b>	<b>£124,794,010</b>	<b>£124,794,010</b>	<b>£5,536,090</b>	<b>£5,536,090</b>

## ESTIMATED cost of de-delegation to each school

## Appendix B

School Name	Contingency			Free School Meals Eligibility	Licences and Subs	Staff Cost - Supply Cover	Equalities and Diversity Service	Behaviour Support	School Improvement	Total Proposed De-Delegation
	Schools Causing Concern	MSSEP	Tree Mtce							
	£	£	£	£	£	£	£	£	£	£
BOND PRIMARY SCHOOL	7,693	1,923	1,250	1,032	2,289	14,521	2,704	4,807	2,866	39,085
Dundonald Primary School	6,347	1,587	1,031	851	1,888	11,980	1,596	2,408	2,364	30,053
GARFIELD PRIMARY SCHOOL	7,059	1,765	1,147	947	2,100	13,323	1,785	4,557	2,629	35,312
HATFEILD PRIMARY SCHOOL	8,117	2,029	1,319	1,089	2,415	15,320	813	4,871	3,023	38,996
HOLLYMOUNT PRIMARY	8,078	2,020	1,313	1,083	2,403	15,247	1,268	2,487	3,009	36,909
Joseph Hood Primary School	6,116	1,529	994	820	1,820	11,544	1,263	3,550	2,278	29,915
LINKS PRIMARY SCHOOL	6,789	1,697	1,103	911	2,020	12,815	2,402	5,298	2,529	35,565
LONESOME PRIMARY SCHOOL	6,866	1,717	1,116	921	2,043	12,960	1,311	4,919	2,558	34,410
Merton Abbey Primary School	4,731	1,183	769	635	1,408	8,931	1,362	3,839	1,762	24,620
MERTON PARK PRIMARY SCHOOL	3,962	991	644	531	1,179	7,478	477	1,864	1,476	18,603
MORDEN PRIMARY SCHOOL	4,039	1,010	656	542	1,202	7,624	800	2,460	1,505	19,836
PELHAM PRIMARY SCHOOL	7,751	1,938	1,260	1,040	2,306	14,630	1,893	4,066	2,887	37,770
Haslemere Primary School	7,693	1,923	1,250	1,032	2,289	14,521	1,832	5,028	2,866	38,435
Poplar Primary School	11,155	2,789	1,813	1,496	3,319	21,056	3,026	6,680	4,155	55,490
St. Mark's Primary School	3,924	981	638	526	1,167	7,406	1,293	2,682	1,462	20,079
The Sherwood School	7,155	1,789	1,163	960	2,129	13,505	1,404	5,513	2,665	36,282
SINGLEGATE PRIMARY SCHOOL	10,502	2,625	1,706	1,408	3,124	19,822	2,077	5,829	3,912	51,005
WIMBLEDON PARK PRIMARY SCHOOL	11,579	2,895	1,882	1,553	3,445	21,855	1,247	3,978	4,313	52,745
ABBOTSBURY PRIMARY SCHOOL	7,347	1,837	1,194	985	2,186	13,868	2,273	5,374	2,737	37,802
WEST WIMBLEDON PRIMARY	8,559	2,140	1,391	1,148	2,546	16,155	1,614	5,890	3,188	42,630
CRANMER PRIMARY SCHOOL	11,290	2,823	1,835	1,514	3,359	21,310	2,532	7,095	4,206	55,962
GORRINGE PARK PRIMARY SCHOOL	9,367	2,342	1,522	1,256	2,787	17,680	2,829	6,113	3,489	47,384
HILLCROSS PRIMARY	9,771	2,443	1,588	1,310	2,907	18,442	1,580	5,687	3,640	47,366
LIBERTY PRIMARY SCHOOL	7,847	1,962	1,275	1,052	2,335	14,812	2,117	4,263	2,923	38,586
WILLIAM MORRIS PRIMARY SCHOOL	6,539	1,635	1,063	877	1,945	12,343	1,742	5,053	2,436	33,634
WIMBLEDON CHASE PRIMARY SCHOOL	12,040	3,010	1,957	1,615	3,582	22,726	3,373	5,836	4,485	58,624
Malmesbury Primary	7,693	1,923	1,250	1,032	2,289	14,521	1,408	6,367	2,866	39,350
ALL SAINTS' C OF E PRIMARY	5,597	1,399	910	751	1,665	10,564	1,144	3,403	2,085	27,518
ST MATTHEW'S PRIMARY SCHOOL	3,654	914	594	490	1,087	6,898	289	2,018	1,361	17,305
HOLY TRINITY C/E PRIMARY	7,943	1,986	1,291	1,065	2,363	14,993	1,298	3,557	2,959	37,456
BISHOP GILPIN C OF E PRIMARY	7,809	1,952	1,269	1,047	2,323	14,739	1,091	3,004	2,909	36,144
S S PETER & PAUL CATHOLIC PRIMARY	7,270	1,818	1,181	975	2,163	13,723	1,929	3,523	2,708	35,290
SACRED HEART CATHOLIC PRIMARY SCHOOL	5,732	1,433	931	769	1,705	10,818	771	2,967	2,135	27,261
ST TERESA'S PRIMARY SCHOOL	8,059	2,015	1,310	1,081	2,398	15,211	2,203	4,062	3,002	39,340
ST MARY'S CATHOLIC PRIMARY SCHOOL	8,001	2,000	1,300	1,073	2,380	15,102	2,040	3,859	2,980	38,737
St John Fisher RC Primary	7,886	1,971	1,281	1,058	2,346	14,884	1,178	3,392	2,937	36,934
The Priory CE Primary School	6,501	1,625	1,056	872	1,934	12,271	1,169	4,035	2,422	31,885
St Thomas of Canterbury RC School	10,271	2,568	1,669	1,378	3,056	19,386	3,138	6,097	3,826	51,387
RICARDS LODGE HIGH SCHOOL	22,792	5,698	3,704	0	6,781	43,019	930	7,025	8,490	98,439
RAYNES PARK HIGH SCHOOL	17,060	4,265	2,772	0	5,075	32,201	1,438	9,887	6,355	79,053
Rutlish School	22,734	5,684	3,694	0	6,763	42,911	1,044	8,868	8,468	100,167
Wimbledon College	18,984	4,746	3,085	0	5,648	35,831	212	5,449	7,071	81,025
Ursuline High School	20,195	5,049	3,282	0	6,008	38,118	441	4,423	7,523	85,039
Expected contribution from Special Schools	9,501	2,375	1,544	1,274	2,827	17,934	1,663	4,917	3,539	45,574
<b>TOTAL</b>	<b>400,000</b>	<b>100,000</b>	<b>65,000</b>	<b>40,000</b>	<b>119,000</b>	<b>755,000</b>	<b>70,000</b>	<b>207,000</b>	<b>149,000</b>	<b>1,905,000</b>

### Former ESG duties may be funded from centrally retained Schools Block funding with agreement of schools forum

Local authorities are able to fund central services previously funded within the retained duties rate (for all schools), with the agreement of schools forum. They are also able to fund services previously funded within the general duties rate (for maintained schools only) from maintained school budgets shares with the agreement of maintained school members of the schools forum. The split of services between the two groups is shown in the table below. References are to the schedules in the current "Schools and Early Years Finance (England) Regulations".

<b>Central Services</b>	
Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)	Responsibilities local authorities hold for maintained schools (funded from maintained schools budgets only with agreement of the maintained school members of the Schools Forum)
<b><u>Statutory and Regulatory duties</u></b>  Director of children's services and personal staff for director (Sch 2, 15a)  Planning for the education service as a whole (Sch 2, 15b)  Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)  Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)  Formulation and review of local authority schools funding formula (Sch 2, 15d)  Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)  Consultation costs relating to non-staffing issues (Sch 2, 19)  Plans involving collaboration with other LA services or public/voluntary bodies (Sch 2, 15f)  Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)  Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)	<b><u>Statutory and Regulatory duties</u></b>  Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 57)  Budgeting and accounting functions relating to maintained schools (Sch 2, 74)  Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 58)  Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 59)  Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 60)  Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 61)  Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the Headteacher or governing body (Sch 2, 62)  Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the Headteacher or governing body (Sch 2, 73)

<p>Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)</p>	<p>Responsibilities local authorities hold for maintained schools (funded from maintained schools budgets only with agreement of the maintained school members of the Schools Forum)</p>
	<p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 76)</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 2, 64); determination of conditions of service for non-teaching staff (Sch 2, 65); appointment or dismissal of employee functions (Sch 2, 66)</p> <p>Consultation costs relating to staffing (Sch 2, 67)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 2, 68)</p> <p>Provision of information to or at the request of the Crown relating to schools (Sch 2, 69)</p> <p>School companies (Sch 2, 70)</p> <p>Functions under the Equality Act 2010 (Sch 2, 71)</p> <p>Establish and maintaining computer systems, including data storage (Sch 2, 72)</p> <p>Appointment of governors and payment of governor expenses (Sch 2, 73)</p>
<p><b><u>Education Welfare</u></b></p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</p> <p>School attendance (Sch 2, 16)</p> <p>Responsibilities regarding the employment of children (Sch 2, 18)</p>	<p><b><u>Education Welfare</u></b></p> <p>Inspection of attendance registers (Sch 2, 79)</p>
<p><b><u>Asset management</u></b></p> <p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</p>	<p><b><u>Asset management</u></b></p> <p>General landlord duties for all maintained schools (Sch 2, 77a &amp; b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p>

Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)	Responsibilities local authorities hold for maintained schools (funded from maintained schools budgets only with agreement of the maintained school members of the Schools Forum)
General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)	<ul style="list-style-type: none"> <li>• appropriate facilities for pupils and staff (including medical and accommodation)</li> <li>• the ability to sustain appropriate loads</li> <li>• reasonable weather resistance</li> <li>• safe escape routes</li> <li>• appropriate acoustic levels</li> <li>• lighting, heating and ventilation which meets the required standards</li> <li>• adequate water supplies and drainage</li> <li>• playing fields of the appropriate standards</li> </ul> <p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
<b><u>Central support services</u></b>	<b><u>Central support services</u></b>
No functions	<p>Clothing grants (Sch 2, 53)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 2, 54)</p> <p>Visual, creative and performing arts (Sch 2, 55)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 56)</p>
<b><u>Premature retirement and redundancy</u></b>	<b><u>Premature retirement and redundancy</u></b>
No functions	Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 78)
<b><u>Monitoring national curriculum assessment</u></b>	<b><u>Monitoring national curriculum assessment</u></b>
No functions	Monitoring of National Curriculum assessments (Sch 2, 75)
<b><u>Therapies</u></b>	<b><u>Therapies</u></b>
No functions	

	This is now covered in the high needs section of the regulations and does not require Schools Forum approval
Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)	Responsibilities local authorities hold for maintained schools (funded from maintained schools budgets only with agreement of the maintained school members of the Schools Forum)
<b><u>Other ongoing duties</u></b>  Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8) – this does not require schools forum approval Admissions (Sch 2, 9) Places in independent schools for non-SEN pupils (Sch 2, 10) Remission of boarding fees at maintained schools and academies (Sch 2, 11) Servicing of schools forums (Sch 2, 12) Back-pay for equal pay claims (Sch 2, 13) Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23).	<b><u>Other ongoing duties</u></b>  No functions
<b><u>Historic commitments</u></b>  Capital expenditure funded from revenue (Sch 2, 1) Prudential borrowing costs (Sch 2, 2(a)) Termination of employment costs (Sch 2, 2(b)) Contribution to combined budgets (Sch 2, 2(c))	<b><u>Historic commitments</u></b>  No functions
<b>Additional note</b>	
Services set out in the table above will also include administrative costs and overheads relating to these services (regulation 1(4)) for: <ul style="list-style-type: none"> <li>• expenditure related to functions imposed by or under Chapter 4 of Part 2 of the 1998 Act (financing of maintained schools), the administration of grants to the authority (including preparation of applications) and, where it's the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions</li> <li>• expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services</li> <li>• expenditure in relation to the investigation and resolution of complaints</li> <li>• expenditure on legal services</li> </ul>	

## EFA draft Proforma

## Appendix D

Local Authority Funding Reform Proforma													
LA Name:	Merton												
LA Number:	315												
Primary minimum per pupil funding level		Secondary (KS3 only) minimum per pupil funding level		Secondary (KS4 only) minimum per pupil funding level		Secondary minimum per pupil funding level		Disapplication number where alternative MPPF values are used					
£3,750		£4,800.00		£5,300.00		£5,000.00							
Pupil Led Factors													
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00								
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)				
	Primary (Years R-6)	£3,274.52		16,762.08		£54,887,810	£93,843,594	42.60%	2.50%				
	Key Stage 3 (Years 7-9)	£4,605.19		5,057.08		£23,288,832		18.07%	2.50%				
	Key Stage 4 (Years 10-11)	£5,227.54		2,997.00		£15,666,951		12.16%	2.50%				
2) Deprivation	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)			
	FSM	£515.76	£515.76	2,412.83	1,375.76	£1,954,013	£11,304,017	8.77%	10.00%	10.00%			
	FSM6	£641.84	£934.10	3,509.55	2,428.66	£4,521,189			10.00%	10.00%			
	IDACI Band F	£240.69	£343.84	1,771.79	1,092.83	£802,211			10.00%	10.00%			
	IDACI Band E	£286.54	£464.19	2,450.88	1,256.84	£1,285,670			10.00%	10.00%			
	IDACI Band D	£429.80	£613.18	1,423.85	773.77	£1,086,436			10.00%	10.00%			
	IDACI Band C	£464.19	£664.76	1,032.54	648.73	£910,542			10.00%	10.00%			
	IDACI Band B	£498.57	£716.34	421.99	391.12	£490,569			10.00%	10.00%			
	IDACI Band A	£687.68	£962.76	180.29	134.41	£253,388			10.00%	10.00%			
3) Looked After Children (LAC)	LAC X March 19			72.97		£0	£3,445,267	0.00%	0.00%				
	4) English as an Additional Language (EAL)	EAL 3 Primary	£613.18		4,330.58					£2,655,448	2.67%	0.00%	
		EAL 3 Secondary		£1,650.44		478.55				£789,820			0.00%
5) Mobility	Pupils starting school outside of normal entry dates			95.08		38.37	£0	0.00%	0.00%	0.00%			
6) Prior attainment	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)			
	Primary Low Attainment		£1,220.64	33.92%	5,685.27	£6,939,657	£10,327,840	8.02%	100.00%				
	Secondary low attainment (year 7)	63.59%	£1,845.29	22.75%	1,836.13	£3,388,183							
	Secondary low attainment (year 8)	58.05%		21.64%									
	Secondary low attainment (year 9)	48.02%		23.66%									
	Secondary low attainment (years 10 to 11)			23.05%									
Other Factors													
Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)						
7) Lump Sum	£131,118.42	£131,118.42			£6,949,276	5.39%							
8) Sparsity factor					£0	0.00%							
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum or the NFF weighting for any of the phases.													
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed, tapered or NFF sparsity primary lump sum?	Fixed								
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed, tapered or NFF sparsity secondary lump sum?	Fixed								
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed, tapered or NFF sparsity middle school lump sum?	Fixed								
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed, tapered or NFF sparsity all-through lump sum?	Fixed								
9) Fringe Payments					£0	0.00%							
10) Split Sites					£85,393	0.07%							
11) Rates					£2,897,764	2.25%							
12) PFI funding					£0	0.00%							
13) Exceptional circumstances (can only be used with prior agreement of ESFA)													
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)						
Additional lump sum for schools amalgamated during FY19-20					£0	0.00%	0.00%	0.00%					
Additional sparsity lump sum for small schools					£0	0.00%							
Exceptional Circumstance3					£0	0.00%							
Exceptional Circumstance4					£0	0.00%							
Exceptional Circumstance5					£0	0.00%							
Exceptional Circumstance6					£0	0.00%							
Exceptional Circumstance7					£0	0.00%							
Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)					£128,853,151	100.00%							

# DRAFT

14) Additional funding to meet minimum per pupil funding level				£0	0.00%	
Total Funding for Schools Block Formula (excluding MFG Funding Total)				£128,853,151	100.00%	
15) Minimum Funding Guarantee			1.84%	£25,236		
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)				Yes		
Capping Factor (%)	5.38%	Scaling Factor (%)	100.00%			
Total deduction if capping and scaling factors are applied				-£1,592,688		
				Total (£)	Proportion of Total funding(%)	Notional SEN (%)
MFG Net Total Funding (MFG + deduction from capping and scaling) (Please note that the total deduction for capping and scaling is greater than the total MFG)				-£1,567,452	-1.23%	
Total Funding for Schools Block Formula				£127,285,699		£13,804,332
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)						
Additional funding from the high needs budget				£0.00		
Growth fund (if applicable)				£600,000.00		
Falling rolls fund (if applicable)				£0.00		
Other Adjustment to 19-20 Budget Shares				£0		
Total Funding For Schools Block Formula (including growth and falling rolls funding)				£127,885,699		
% Distributed through Basic Entitlement				72.83%		
% Pupil Led Funding				92.29%		
Primary: Secondary Ratio				1 :	1.34	



## Early Years Formula Factors

## Appendix E

Factor	Current Formula	Proposed Formula	Mandatory/Discretionary	Proposed change
<b>Base Rate 3 and 4 year olds</b>	1 x base rate applicable across the whole sector	No change	Mandatory	No
Rationale	A single base rate enables equity of funding and supports stabilisation of universal entitlement (15 hours) places and growth in provision of the extended entitlement (additional 15 hours).			
<b>Deprivation</b>	FSM eligibility	No change	Mandatory (3 and 4 year olds only – discretionary on which measure)	No
Rationale	EYPP eligibility enables an increased unit rate for children living in workless households and aims to encourage take up of EYPP.			
<b>EAL</b>	No – is allowable	No change	Discretionary	No
Rationale	This is a discretionary supplement. The existing formula, arrived at after previous consultation, does not include an EAL supplement. Targeting resource via the deprivation supplement, the EYPP, and the new SEN Inclusion Fund is intended to support children who are at risk of poor outcomes. To note: any supplement within a formula must be funded through either a reduction in the base rate, a reduction of the other supplements or from contingency.			
<b>Rurality/sparsity</b> (LAs to frame as they see fit)	Yes	No change	Discretionary	No
Rationale	Due to the mandatory change to a single base rate, childminders experience a drop in their base rate. This supplement is for childminders only, supporting take-up of both the universal and extended entitlement. Applicable to 3 and 4- year-old places only.			
<b>Flexibility</b>	No – is allowable	No change	Discretionary	No
Rationale	This is a discretionary supplement. The existing formula, arrived at after previous consultation, does not include a flexibility supplement. Merton Council does not propose a flexibility supplement in the new local formula as there is sufficient flexible provision across a mixed market. This will be reviewed each year in accordance with the Childcare Sufficiency Assessment. To note: any supplement within a formula must be funded through either a reduction in the base rate, a reduction of the other supplements or from contingency.			
<b>Quality</b> Qualification and systems leadership	No – is allowable	No change	Discretionary	No
Rationale	This is a discretionary supplement. The existing formula, arrived at after previous consultation, does not include a quality supplement. Merton Council does not propose an additional quality supplement in the new formula. Monitoring of the quality premium in relation to qualifications/workforce cannot be audited in a way that is cost-effective or shows evidence for how it improves outcomes. However, a systems leadership approach, utilising outstanding settings, could be considered in the future. To note: any supplement within a formula must be funded through either a reduction in the base rate, a reduction of the other supplements or from contingency			
<b>Base rate 2-year-olds</b>	1 x base rate	No change	Mandatory	No
Rationale	No change proposed in base rate as Merton meets regulations. No intentions to move funding between age groups.			