



## WESTMORLAND AND FURNESS SCHOOLS FORUM

9<sup>th</sup> October 2024, Microsoft Teams Meeting, 10.30am

### AGENDA

#### PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

Item	Item name	Papers	Responsible Member
1.	<b>Membership Update - Consideration of Forum Member vacancies</b>  i. Non-Teaching Association ii. Academy Secondary Schools iii. Academy Special Schools iv. Maintained Nursery Schools v. Maintained Primary Schools	Attached	All
2.	<b>Apologies for Absence</b>	Verbal	Clerk
3.	<b>Exclusion of Press and Public</b> To consider whether the press and public should be excluded from the meeting during consideration of any item on the agenda.	Verbal	All
4.	<b>Declarations of Interest</b>	Verbal	All
5.	<b>Minutes of Previous Meeting (12<sup>th</sup> June 2024) and Matters Arising (Action Log)</b>	Attached	Chair/Clerk
6.	<b>Provisional DSG 2023/2024 Outturn</b>	Attached	Susan Milburn
7.	<b>High Needs Budget Monitoring Q1 2024/25</b>	Attached	Susan Milburn

<b>Item</b>	<b>Item name</b>	<b>Papers</b>	<b>Responsible Member</b>
8.	<b>2025/26 School Funding Formula</b>	Attached	Susan Milburn
9.	<b>Update from HNB Working Group</b>	Attached	Dan Hinton
10.	<b>Findings from Internal Audit of Schools</b>	Attached	Peter Usher
11.	<b>Consideration of further Working Groups</b>	Verbal	All
12.	<b>Dates of Future Meetings and Forward Plan</b>	Verbal	Chair/Clerk
	i. The next meeting of the Schools Forum will be held on Wednesday 6 <sup>th</sup> November 2024. The meeting will begin at 9.30am and will be via Microsoft Teams.		
	ii. The next meeting of the HNB Working Group will be held on Wednesday 20 <sup>th</sup> November 2024. The meeting will begin at 9.30am and will be via Microsoft Teams.		
	iii. Westmorland and Furness Schools Forum Forward Plan 2024-25 (Attached)		

**PART 2: ITEMS LIKELY TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC**

## Membership of Westmorland & Furness Schools Forum

Membership category - Schools and Academies	Number of positions	Members
Maintained Primary Schools	5	<ol style="list-style-type: none"> <li>1. David Spruce, Appleby Primary School</li> <li>2. <b>Vacancy</b></li> <li>3. Ian Nicol, Leven Valley Primary</li> <li>4. David Nattrass</li> <li>5. Michelle Hughes, Dalston St Mary's CofE Primary School</li> </ol>
Maintained Secondary Schools	2	<ol style="list-style-type: none"> <li>1. Stephen Gilby, UCC</li> <li>2. Mathew Hardwick, UVHS/Emma Aubrey, Dowdales School</li> </ol>
Academy		
- Primary	1	<ol style="list-style-type: none"> <li>1. Huw Davies, Ghyllside School</li> </ol>
- Secondary	4	<ol style="list-style-type: none"> <li>1. Jon Hayes, Queen Katherine School</li> <li>2. Simon Laheney, Furness Academy</li> <li>3. <b>Proposed: Mark Harris, Kirby Kendal School</b></li> <li>4. <b>Proposed: Nicola Carruthers, Queen Elizabeth School</b></li> </ol>
- Special	1	<ol style="list-style-type: none"> <li>1. <b>Vacancy</b></li> </ol>
Maintained Nursery	1	<ol style="list-style-type: none"> <li>1. <b>vacancy</b></li> </ol>
Special Schools	1	<ol style="list-style-type: none"> <li>1. Dan Hinton, Sandgate School</li> </ol>
PRUs	1	<ol style="list-style-type: none"> <li>1. Lisa Balderstone, Newbridge House</li> </ol>
<b>Total</b>	<b>16</b>	
Membership category - Non-School Members	Number of Members	Expression of Interest
CE Diocese	1	<ol style="list-style-type: none"> <li>1. Charlotte Tudway / Laura Watson</li> </ol>
RC Diocese	1	<ol style="list-style-type: none"> <li>1. Michael Merrick / Julie Jones</li> </ol>
16-19 Providers	1	<ol style="list-style-type: none"> <li>1. Nicola Cove, Furness College</li> </ol>
EY/PVIs	1	<ol style="list-style-type: none"> <li>1. Peter Graveson, Sunny Brow Day Care</li> </ol>
Teaching Associations	1	<ol style="list-style-type: none"> <li>1. Andy Brewerton, NEU</li> </ol>
Non-Teaching Associations	1	<ol style="list-style-type: none"> <li>1. <b>Vacancy</b></li> </ol>
<b>Total</b>	<b>6</b>	
<b>Total Forum Members</b>	<b>22</b>	

## WESTMORLAND AND FURNESS SCHOOLS FORUM

12 June 2024, Microsoft Teams Meeting, 9.30am

### AGENDA

#### Attendees

*Isobel Booler  
Cllr Sue Sanderson  
Jonny Horn  
Susan Milburn  
Katherine Dalglish  
Christina Summerfield  
Marie Barnes  
Amanda Macdonald*

*David Natrass  
Nicola Cove  
Matthew Hardwick  
Andy Brewerton  
Lisa Balderstone  
Daniel Hinton  
Ian Nicol  
Rachel Slattery  
Emma Aubrey*

#### PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

Item	Item name	Papers
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1.	<b>Welcome from Chair</b>	
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*Call began approx. 09:35. Forum noted that the Chair and Vice Chair were absent. Emma Aubrey opened the call as volunteer introductory chair. Forum noted that Stephen Gilby (Chair) was absent with sickness and David Natrass (Vice Chair-VC) was having difficulty joining the call.*

*Forum notes significant absence. 9 attendees with only 8 members, in terms of voting rights, on the call.*

Item	Item name	Papers
	<p><i>Forum paused for confirmation that Forum is quorate with current attendance levels, which was then confirmed. Clerk noted that there seem to be technical difficulties on the call and apologised to all affected.</i></p> <hr/>	
2.	<p><b>Apologies for Absence</b></p> <p><i>Rachel Slattery to leave early. Jon Hayes. Judith Gore. Andrea Herman. Huw Davies. Stephen Gilby. Ruth Webster (Resigned forum post 12<sup>th</sup> June). Amanda Chew.</i></p> <p><i>Clerk asked permission to record the call for benefit of future Clerk. Agreed by all. Clerk then introduced future Clerk and Clerk support for the call today. No objections to their attendance. Call recording began.</i></p>	
3.	<p><b>Exclusion of Press and Public</b></p> <p>To consider whether the press and public should be excluded from the meeting during consideration of any item on the agenda.</p> <p><i>Vice chair chairing in Chairs' absence. Nothing to exclude based on Vice Chair's review of the pack.</i></p>	
4.	<p><b>Declarations of Interest</b></p> <p><i>Vice Chair asked for Declarations of interest. Nothing declared.</i></p>	
5.	<p><b>Minutes of Previous Meeting (01 November 2023) and Matters Arising (Action Log)</b></p> <p><i>No changes noted on previous minutes.</i></p>	Attached
6.	<p><b>DSG Management Plan Update</b></p> <p><i>The Management Plan sets out Westmorland &amp; Furness' forecast DSG income and expenditure for 2023/24 to 2029/30. The forecast includes both a mitigated and unmitigated deficit position with savings initiatives totalling £43.866m included in the mitigated forecast. Despite these mitigations, the DSG deficit is forecast to increase to £37.314m by 2029/30.</i></p> <p><i>Schools Forum is asked to note the DSG Management Plan – Noted</i></p>	Attached

Item	Item name	Papers
	<p><i>Schools Forum is asked to consider establishing a High Needs working group – Noted and Agreed. Forum suggested that S151 Officer should attend working group. No objections. Clerk to follow up with email to members to arrange working group.</i></p>	
7.	<p><b>SEN Inclusion Fund</b></p> <p><i>This paper informs the schools forum members on the proposal to extend the funding period of the SEN Inclusion Fund for those children under an Education, Health and Care Plan (EHCP) assessment and for children with low level or emerging needs, where it can be evidenced, to extend the period of SEN inclusion funding would have a positive impact on the child's progress.</i></p> <ul style="list-style-type: none"> <li data-bbox="357 741 1276 887">• <i>It is proposed to pilot that where a child with low level or emerging needs is identified that require continued and ongoing support, the provider can submit another application to extend the funding period beyond one year.</i></li> <li data-bbox="357 925 1276 1099">• <i>This will enable the provider to have more time to implement strategies to support the child's learning and development and assess the impact of interventions. For some children additional SEN Inclusion Funding may support readiness and transition to school.</i></li> <li data-bbox="357 1137 1276 1283">• <i>The grants panel would ensure that additional funding applications would only be approved where there is clear evidence that the previous funding is having an impact on the child's progress.</i></li> <li data-bbox="357 1321 1276 1536">• <i>It is proposed to pilot the extension of the SEN Inclusion Funding to identify firm criteria for future SEN Inclusion Funding extension applications. It is anticipated, based on current applications that this will not significantly impact on the budget allocation. Based on the 23-24 applications there are low numbers of children where this would have applied.</i></li> </ul> <p><i>School Forum is asked to support the proposed changes in the SEN inclusion fund application process and eligibility criteria – School Forum supported paper.</i></p>	Attached

8. LA Scheme for Financing Schools

Attached

*There is a revised scheme coming into effect from June 2024*

<b>Section</b>	<b>Current</b>	<b>Revised</b>
3.6 <i>Borrowing by schools</i>	<i>Governing bodies may borrow money only with the written permission of the Secretary of State and permission is only likely to be granted in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools to are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.</i>	<i>Governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State and permission is only likely to be granted in exceptional circumstances. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education’s consent.  The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the <u>IFRS16 Maintained Schools Finance Lease Class Consent 2024</u>. Leases not included in this Order will still require the written consent of the Secretary of State. From time to time, however, the Secretary of State may introduce</i>

**Item Item name****Papers**

		<i>limited schemes to meet broader policy objectives.</i>
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*School Forum is asked to note changes to the scheme and acknowledge them. Communications will be shared with schools later this week.*

*School Forum is asked to note and acknowledge the amendments and the revised scheme as detailed in the paper.*

*Vice Chair – it is for maintained schools to note the amendments, noted and accepted.*

*To also note, we are still in the process of year end accounts and will contact schools with surplus balances after the end of Summer term.*

**9. Early Years Budget 2024/25**

Attached

1.1 *This paper sets out the decision on the Early Years Budget 2024/25 which was taken by Cabinet on 13 February 2024.*

1.2 *This decision is in line with the Schools Forum recommendation following consultation with affected schools and academies in Westmorland & Furness and supports the proposed:*

- *centrally retained budget of £0.037m (new entitlements);*
- *allocation of the new 2 year olds and Under 2s funding by using a base rate of £7.04 per hour for 2 year olds and £9.62 per hour for Under 2s;*
- *deprivation supplement of £0.21 per hour for 2 year olds and Under 2s based on children living in IDACI bands A – F;*
- *to adopt the same methodology of using the IDACI Bands A to F to allocate the deprivation supplement funding in the existing 3-4 Year Olds funding formula*

*SF noted the decision taken*



Item	Item name	Papers
10.	<b>High Needs Budget Monitoring Q3</b>	Attached
	<p><i>This report presents the High Needs (HN) Block deficit position as at 31 December 2023 which is forecast to be £18.742m as at 31 March 2024, an decrease of (£0.116m) compared to the forecast position at Q2 of £18.858m.</i></p> <p><i>School Forum is asked to note the projection of the High Needs Budget as at 31 Dec 23. No questions raised projection noted by Forum and Vice Chair.</i></p>	
11.	<b>Contingency Fund Budget Monitoring Q3</b>	Attached
	<p><i>This report presents the forecast outturn position on the de-delegated contingency budget for the 2023/24 financial year as at 31 December 2023. The budget is projected to underspend by £0.259m.</i></p> <p><i>In accordance with the Dedicated Schools Grant (DSG) conditions, the underspend will be carried forward into the Central DSG earmarked reserve.</i></p> <p><i>School Forum is asked to note the underspend. Vice Chair and Forum noted.</i></p>	
12.	<b>Consideration of Forum Member vacancies</b>	Verbal
	<ul style="list-style-type: none"> <li>• <i>Non-teaching association member x1</i></li> <li>• <i>Maintained nursery school member x1</i></li> <li>• <i>Maintained primary school member x1</i></li> <li>• <i>Academy Secondary School member x2</i></li> </ul> <p><i>Rachel Slattery declared that she will be retiring in July and will be replaced. Rachel will send details to the Clerk and the Chair of her potential Schools Forum replacement.</i></p> <p><i>Andy Brewerton will be following up on membership candidates for the NTA member.</i></p> <p><i>Matthew Hardwick will pass details through of potential new member of Academy Secondary School Member.</i></p>	

<b>Item</b>	<b>Item name</b>	<b>Papers</b>
<b>13.</b>	<b>Consideration of Working Groups</b>	Verbal

*School Forum is asked to consider a High Need working group – Clerk to send out canvas for volunteers to join working group, including S151 officer.*

**14. Dates of Future Meetings and Forward Plan**

- i. The next meeting of the Schools Forum will be held on Wednesday 18 September 2024. The meeting will begin at 9.30am and will be via Microsoft Teams.
- ii. Westmorland and Furness Schools Forum Forward Plan 2024-25

**PART 2: ITEMS LIKELY TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC**

## Schools Forum – Action Log 2024/25

Meeting date	Agenda item	Ongoing Actions	Owner	Due date	Update for next meeting
12/6/24	6	Establish HNB Working Group	Clerk	18/9/24	First meeting 18/9/24
01/11/23	2	Vacancy for Maintained Nursery <del>and for 16-19 Provider representative</del> : Clerk to discuss potential candidates with officers, and pass details to Stephen Gilby to contact them.	Clerk / Stephen Gilby	17/01/24	In progress
01/11/23	2	Vacancy for Non-Teaching Associations: Marie Barnes will pass GMB and Unison contacts from a recent JCG meeting to Andy Brewerton to follow up.	Marie Barnes / Andy Brewerton	17/01/24	

(See GREY for completed items)

Meeting date	Agenda item	Completed Action	Owner	Due date	Update for next meeting

**WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM**

**Report Title:** Dedicated Schools Grant Earmarked Reserves Outturn 2023/24

**Meeting date:** 9 October 2024

**Report of:** Isobel Booter, Assistant Director Education & Inclusion

## **1.0 Executive Summary**

- 1.1 This report presents the provisional Dedicated Schools Grant (DSG) earmarked reserves position for financial year 2023/24. The overall DSG earmarked reserves stand a net deficit of £13.983m of which there is a net surplus of (£4.440m) relating to the Early Years and Central Services Blocks offset by a net deficit of £18.423m relating to the High Needs (HN) Block. The overall net deficit has increased by £5.242m during 2023/24.
- 1.2 The outturn position is provisional as work is ongoing to finalise the Statement of Accounts for Westmorland & Furness for 2023/24. Any change to the outturn will be reported to Schools Forum at a future meeting.

## **2.0 Link to Council Plan Priorities**

- 2.1 The value of the reserves is supportive of the Council Plan priorities that “People in Westmorland and Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

## **3.0 Recommendation**

- 3.1 The Schools Forum are recommended to note the provisional 2023/24 outturn position.

## **4.0 Rationale and Evidence for the Recommendation**

- 4.1 Each year, in accordance with the conditions of the DSG, any under or overspend relating to the centrally retained element of the DSG must be transferred to the earmarked DSG reserve to be carried forward for future years.

- 4.2 As at 31 March 2023 the DSG EMR position was a deficit of £8.741m. The DSG had an overall in-year pressure of £5.242m as at 31 March 2024, comprising of a £6.406m pressure on High Needs offset by an underspend of (£1.164m) on Central DSG. The overall cumulative deficit is therefore £13.983m split as a deficit balance on High Needs of £18.423m offset by a surplus balance on Central DSG of (£4.440m).
- 4.3 The provisional outturn represents a decrease in pressure of (£0.820m) compared to the Q3 forecast due to a reduced pressure on the High Needs Block of (£0.319m) and a decreased pressure of (£0.501m) on the Central DSG.
- 4.4 The table below shows the deficit position on both the Central DSG and High Needs Block:

	<b>Central DSG</b>	<b>High Needs Block</b>	<b>Total</b>
<b>DSG Balance as at 31 March 2023</b>	<b>(£3.276m)</b>	<b>£12.017m</b>	<b>£8.741m</b>
Actual over/ (under) spends on DSG in 2023-24	(£1.164m)	£6.406m	£5.242m
<b>DSG Balance as at 31 March 2024</b>	<b>(£4.440m)</b>	<b>£18.423m</b>	<b>£13.983m</b>
<b>Q3 Forecast DSG Balance as at March 2024</b>	<b>(£3.939m)</b>	<b>£18.742m</b>	<b>£14.803m</b>
<b>Movement</b>	<b>(£0.501m)</b>	<b>(£0.319m)</b>	<b>(£0.820m)</b>

#### Central DSG

- 4.5 Central DSG reserve has increased by (£1.164m). The key variances were:
- (£0.936m) underspend on the Early Years Block comprising of net underspends against 2,3, and 4 year olds takes up of free entitlement of provision of (£0.880m), an underspend against the Sustainability Fund of (£0.044m), and an underspend against the SEN Inclusion Fund of (£0.011m).
  - (£0.258m) De-delegated Contingency Fund.

£0.030m individually non-material variances

#### High Needs Block

- 4.6 The deficit on the High Needs Block has increased by £6.406m:

Description	Budget	Forecast	Variance	Previous Qtr	Change in
	£m	£m	£m	Variance	Variance
				£m	£m
Special Schools - High Needs	6.920	7.136	0.215	0.194	0.021
Schools -Resourced Provision	0.358	0.370	0.012	0.012	0.000
Independent & Other Placements	4.740	7.243	2.503	2.560	(0.057)
Central SEN (Equipment, BVI, Audio etc)	0.031	(0.014)	(0.045)	(0.064)	0.019
SEND Residential Placements	1.792	1.703	(0.089)	0.089	-0.178
High Needs - Invest to Save	0.000	0.220	0.220	0.270	(0.050)
High Needs - Post 16 ISPs	1.019	1.879	0.860	0.851	0.009
High Needs - Post 16 FE	0.699	0.931	0.231	0.262	(0.031)
High Needs - Top Up	6.912	9.410	2.498	2.550	-0.051
Virtual School (CLA Inclusion)	0.149	0.149	0.000	0.000	0.000
Inclusion Teams	1.177	1.177	0.000	0.000	0.000
PRU Budget	2.229	2.229	0.000	0.000	0.000
Mobility and Independence Contract	0.008	0.008	0.000	0.000	0.000
Share of de-delegated (special schools)	0.020	0.020	0.000	0.000	0.000
<b>Total DSG to transfer to DSG HNB reserve</b>	<b>26.056</b>	<b>32.462</b>	<b>6.406</b>	<b>6.724</b>	<b>(0.318)</b>

The key variances were:

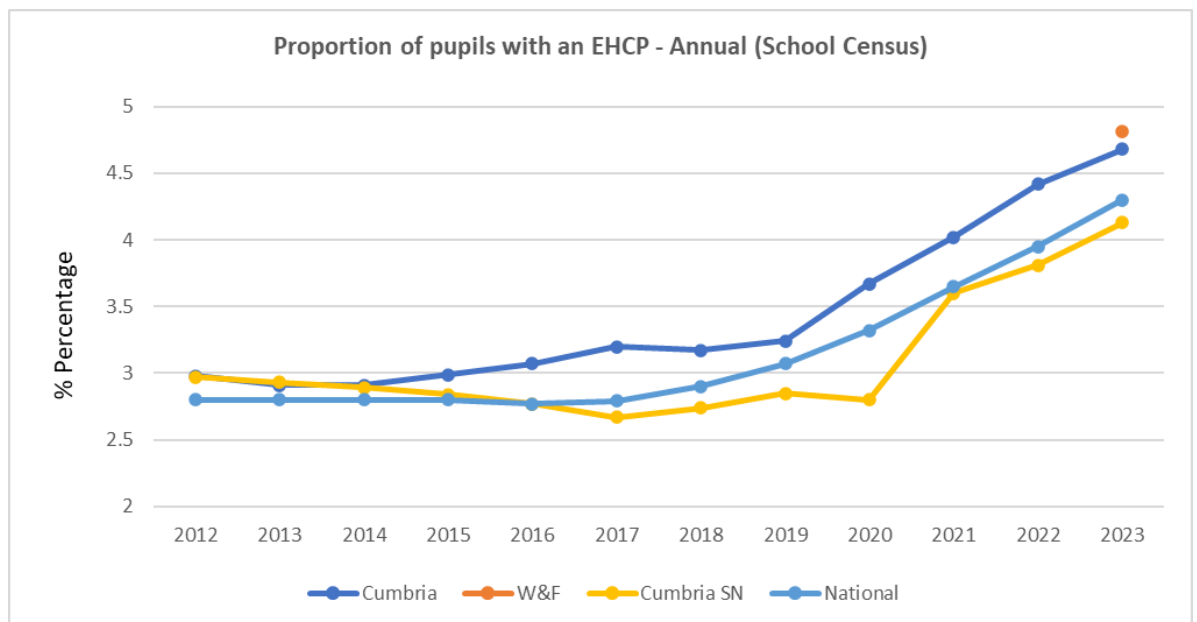
- 4.7 Special Schools £0.215m. This represents a movement of £0.021m compared to Q3. The outturn relates to new and amendments to EHCP top-ups since the start of the year.
- 4.8 Independent Specialist Placements (ISPs) & Other Placements £2.503m.
- 4.9 Residential placements (£0.089m).
- 4.10 Post 16 ISPs £0.860m.
- 4.11 The below table summarises the number of pupils in ISPs by provider type:

Number of Children and Young People with EHCPs in Independent Special Placements 2023/24

Placement Type	Number of Children						Placement Changes			2023/24 Outturn	2023/24 Provisional Outturn £m	Average Annual Cost of Placements		
	2022/23 Outturn	2023/24 Q2	2023/24 Q3	New	Ended	In	Out	Total Change	2023/24 Outturn			2023/24 Provisional Outturn £m	2023/24	2022/23
	£	£	£	£	£								£	£
ISP - Day	88	90	99	8	-14			-6	93	5.678	61,469	65,613		
ISP - Residential	24	25	25	2	-6			-4	21	1.703	73,798	85,258		
ISP - FE Colleges	38	49	47	3	-3			0	47	1.879	41,542	42,244		
<b>Total</b>	<b>150</b>	<b>164</b>	<b>171</b>	<b>13</b>	<b>-23</b>	<b>0</b>	<b>0</b>	<b>-10</b>	<b>161</b>	<b>9.260</b>				

- 4.12 Post-16 Further Education £0.231m.
- 4.13 High Needs Invest to Save Initiatives £0.220m. The forecast expenditure here relates to the Sandgate School Early Intervention and Greengate Junior School Alternative Provision programmes.
- 4.14 EHCP top-ups for pupils in mainstream schools and Early Years Providers £2.498m.

- 4.15 The remaining balance relates to individually non-material variances totalling a net underspend of (£0.032m).
- 4.16 The pressure against the High Needs Block continues to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN. The number of children with EHCPs as March 2024 is 2,213.
- 4.17 The benchmarking chart below shows that Westmorland & Furness' percentage of pupils with EHCPs is higher compared to the national and Cumbria statistical neighbours rates although the rate of increase for Cumbria overall is largely matched by the rate of increase both nationally and against our statistical neighbours:



- 4.18 In 2023/24 local authorities received an increase in their High Needs Block funding of at least 5% per head of population compared to their 2022/23 baseline and additional High Needs funding to reflect cost increases for local authorities and schools of £1.127m resulting in total funding of £26.056m after deductions for directed funding of high needs places by the ESFA. However, 29% of the total allocation is still based on historic 2017/18 actual spend. There has been no transfer of funding from the Schools Block to High Needs Block in 2023/24. Cumbria took part in the Department for Education's Delivering Better Value for SEND programme and successfully applied and received approval for a £1m grant for each new authority to support their improvement plans the impact of which have been incorporated into Westmorland & Furness' DSG management plan which forecasts mitigations totalling £43.866m however despite these mitigations, the DSG deficit is forecast to increase by £37.314m by 2029/30.

## 5.0 Options

- 5.1 The Schools Forum is recommended to note the provisional outturn on the DSG earmarked reserves.

## 6.0 Financial and Other Relevant Implications

6.1 Resource and value for money implications are considered throughout this report. No equality/legal/ implications have been identified.

26 September 2024

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### **REPORT AUTHOR**

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**Westmorland & Furness Council**





<b>WESTMORLAND &amp; FURNESS COUNCIL SCHOOLS FORUM</b>
<b>Report Title:</b> High Needs Budget Monitoring Q1
<b>Meeting date:</b> 9 October 2024
<b>Report of:</b> Isobel Booter, Assistant Director Education & Inclusion

## 1.0 Executive Summary

- 1.1 This report presents the High Needs (HN) Block deficit position as at 30 June 2024 which is forecast to be £25.913m as at 31 March 2025, an increase of £7.490m compared to the provisional closing deficit at the end of financial year 2023/24 of £18.424m.

## 2.0 Link to Council Plan Priorities

- 2.1 The utilisation of the HN Block within the Dedicated Schools Grant (DSG) is supportive of the Council Plan priorities that “People in Westmorland and Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

## 3.0 Recommendation

- 3.1 The Schools Forum are recommended to note the current projection on the HN budget as at 30 June 2024.

## 4.0 Rationale and Evidence for the Recommendation

- 4.1 A balanced High Needs budget has been set for 2024/25 with no planned transfer to or from reserves. The initial budget available for the HN Block, after academy recoupment, was £26.932m of which £26.899m was based on the provisional HN Block allocation from central government as confirmed in December 2023 and £0.033m was transferred in from the Schools Block.

### Budget Revisions

- 4.2 Since the initial budget was set the HN block allocation has been updated to reflect adjusted recoupment for HN places as shown in the table below:

	<b>2024/25</b>
	<b>£m</b>
High Needs allocation before recoupment for place funding in academies and FE institutions	28.747
Less recoupment for high needs places in academies and FE institutions	(1.848)
Transfer from Schools Block	0.033
<b>Initial Budget</b>	<b>26.932</b>
DfE Recoupment adjustment for HN places AY 2024/25	(0.003)
<b>Total High Needs Budget Q1</b>	<b>26.929</b>

### Projected Outturn

- 4.3 Performance against the High Needs Block budget is monitored monthly with reports presented to senior management and to Cabinet on a quarterly basis, as well as to each Schools Forum meeting.
- 4.4 The table below presents the projection against the budget as at Q1. This shows that the budget is projected to overspend by £7.490m at 31 March 2025. The key variances are highlighted in the following paragraphs.

Description	Budget	Forecast	Variance
	£m	£m	£m
Special Schools - High Needs	7.776	8.036	0.260
Schools -Resourced Provision	0.388	0.388	0.000
Independent & Other Placements	4.812	7.124	2.312
Central SEN (Equipment, BVI, Audio etc)	0.032	0.004	(0.027)
SEND Residential Placements	1.819	1.513	(0.306)
High Needs - Invest to Save	0.000	0.369	0.369
High Needs - Post 16 ISPs	1.034	2.476	1.442
High Needs - Post 16 FE	0.710	0.940	0.230
High Needs - Top Up	7.017	10.228	3.211
Inclusion Teams	1.212	1.212	0.000
PRU Budget	2.083	2.083	0.000
Mobility and Independence Contract	0.018	0.018	0.000
Share of de-delegated (special schools)	0.028	0.028	0.000
<b>Total DSG to transfer to DSG HNB reserve</b>	<b>26.929</b>	<b>34.419</b>	<b>7.490</b>

- 4.5 Special Schools £0.260m. The pressure relates to new and amendments to EHCP top-ups since the start of the year and costs associated with the expansion of special school places.
- 4.6 Independent Specialist Placements (ISPs) & Other Placements £2.312m. The forecast is based on current and known new day ISPs coming through the system. The forecast expenditure for day ISPs is predicted to be £6.014m. Also included within this budget line is forecast EHCP top-ups for children placed in Cumberland schools of £0.507m, children placed in other local

authorities of £0.197m and forecast costs associated with children being educated other than at a school (EOTAS) of £0.406m.

4.7 Residential placements (£0.306m). The forecast is based on current and known new placements.

4.8 Post 16 ISPs £1.442m. The forecast is based on current and known new placements.

4.9 The below table summarises the number of pupils in ISPs by provider type:

**Number of Children and Young People with EHCPs in Independent Special Placements 2024/25**

Placement Type	Number of Children								Average Annual Cost of Placements	
	2023/24 Outturn	New	Ended	Placement Changes		Total Change	2024/2 5 Q1	2024/25 Forecast Spend £m	2024/25	2023/24
				In	Out				£	£
ISP - Day	93	13	-18			-5	88	6.014	63,146	61,469
ISP - Residential	21		-4			-4	17	1.513	76,072	73,798
ISP - FE Colleges	47	9	-3			6	53	2.476	40,932	41,542
<b>Total</b>	<b>175</b>	<b>22</b>	<b>-25</b>	<b>0</b>	<b>0</b>	<b>-3</b>	<b>158</b>	<b>10.003</b>		

4.10 Post-16 Further Education £0.230m. The forecast expenditure reflects estimated top-up payments to FE Colleges totalling £0.653m, other FE education providers of £0.248m and EHCP top-up payments to sixth form schools of £0.039m.

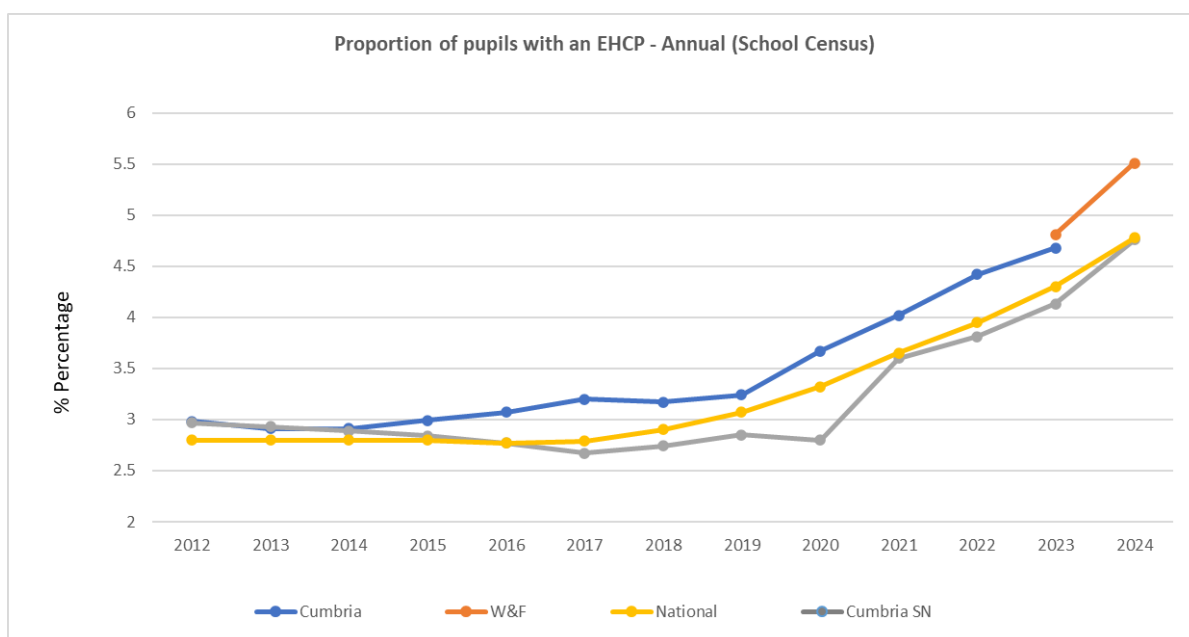
4.11 High Needs Invest to Save Initiatives £0.369m. The forecast expenditure here relates to the Sandgate School Early Intervention and Greengate Junior School Alternative Provision programmes.

4.12 EHCP top-ups for pupils in mainstream schools and Early Years Providers £3.211m. The forecast is based on current EHCP costs and predicted number of new and amended ECHPs in-year.

4.13 The remaining balance relates to individually non-material variances totalling a net underspend of (£0.028m).

4.14 The pressure against the High Needs Block continues to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN. The number of children with EHCPs as June 2024 is 2,254.

4.15 The benchmarking chart below shows that Westmorland & Furness' percentage of pupils with EHCPs is higher compared to the national and Cumbria statistical neighbours rates although the rate of increase for Westmorland & Furness is largely matched by the rate of increase both nationally and against our statistical neighbours:



4.16 In 2024/25 local authorities have seen an increase in their High Needs Block funding of at least 3% per head of population compared to their 2023/24 baseline resulting in total funding of £26.929m as at Q1 after deductions for directed funding of high needs places by the ESFA. However, 28% of the total allocation is still based on historic 2017/18 actual spend. There has been a transfer of £0.033m of funding from the Schools Block to High Needs Block in 2024/25. Cumbria took part in the Department for Education’s Delivering Better Value for SEND programme and successfully applied and received approval for a £1m grant for each new authority to support their improvement plans the impact of which have been incorporated into Westmorland & Furness’ DSG management plan which forecasts mitigations totalling £43.866m however despite these mitigations, the DSG deficit is forecast to increase by £37.314m by 2029/30.

## 5.0 Options

5.1 The Schools Forum is recommended to note the current projection against the High Needs Block budget.

## 6.0 Financial and Other Relevant Implications

6.1 Resource and value for money implications are considered throughout this report. No equality/legal/ implications have been identified.

26 September 2024

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Westmorland  
& Furness  
Council

Working for **Cumberland Council** and  
**Westmorland & Furness Council**

<b>WESTMORLAND &amp; FURNESS COUNCIL SCHOOLS FORUM</b>
<b>Report Title:</b> School Funding Formula 2025/26
<b>Meeting date:</b> 9 October 2024
<b>Report of:</b> Isobel Booter, Assistant Director Education & Inclusion

## 1.0 Executive Summary

- 1.1 In July of each year the Education & Skills Funding Agency (ESFA) usually announce details of the dedicated schools grant (DSG) funding for the next financial year. However, following the general election the indicative allocations for 2025/26 have not yet been published with, at the time of writing, no indication of when these may be published. The Schools Block Operational Guide which is usually published alongside the indicative allocations has also not yet been published meaning policy changes around DSG are not yet known.
- 1.2 In previous years, the Westmorland and Furness school funding formula has mirrored the NFF in full but if there was a shortfall in Schools Block funding after allocating funding on this basis, and after taking into account the Growth Fund budget, a shortfall was managed by reducing the basic per pupil funding factor in the formula.
- 1.3 Similarly, if a balance remained within the Schools Block after applying the NFF in full and after taking into account the Growth Fund budget, up to a maximum of 0.5% was transferred to the High Needs (HN) block to support the ongoing budget pressures. Thereafter, if there was any residual balance remaining it was allocated to schools through the school funding formula by increasing the basic per pupil funding factor.
- 1.4 As the NFF is still a soft formula, LAs are required to consult schools on whether to adopt the NFF in full. The actions set out in paragraphs 1.2 and 1.3 on how to deal with a shortfall or surplus in the NFF are also consulted on annually. The outcome of the consultation is presented to Schools Forum who then make a recommendation to Cabinet who are the statutory decision maker on the Schools Funding Formula.
- 1.5 Cabinet approval is required before submission of the Authority Proforma Tool (APT) to DfE which calculates the budget share for each maintained and academy school.

- 1.6 Due to the lead in timescale for Cabinet and the time needed to consult schools and report to Schools Forum it is proposed that a consultation is undertaken on the principles of applying the NFF in full and the treatment of a shortfall or surplus in the formula, but that no modelling of potential budget shares is included as the data is unavailable.
- 1.7 The paper sets out the rationale behind this proposal and includes an example draft consultation document. If the proposal is supported by Schools Forum, three recommended questions to ask schools are presented. Once finalised the consultation will be launched on 14 October for a period of 2 weeks.
- 1.8 A report will be presented at the next Schools Forum meeting on 6 November to share the outcomes from the consultation; the Cabinet meeting on 17 December will make the final decision on the school funding formula for 2025/26.

## **2.0 Link to Council Plan Priorities**

- 2.1 Ensuring that schools are appropriately funded is supportive of the Council Plan priorities that “People in Westmorland and Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

## **3.0 Recommendation**

- 3.1 The Schools Forum is asked to:

- note that the provisional DSG allocations for 2025/26 are not, at the time of writing, published and the impact of this;
- support the recommendation to consult all schools on the proposal to apply the National Funding Formula in full in 2025/26;
- support the recommendations to
  - a) reduce the basic per pupil funding factor values in the formula if there is a shortfall, after applying the National Funding Formula in full and taking into account the Growth Fund budget
  - b) transfer any remaining balance up to 0.5% to the HN Block and allocate any leftover balance thereafter, to schools by increasing basic per pupil funding factor values in the formula.
- support the draft consultation document at Appendix 1 which includes three recommended questions.

## **4.0 Rationale and Evidence for the Recommendation**

- 4.1 A national funding formula was introduced for schools from 2018/19 and since then local authorities have been able to decide, in consultation with schools and the Schools Forum whether to use the NFF to allocate funding to schools. Alternatively, there remained the option to apply a locally determined schools funding formula, within some restrictive parameters set by the ESFA. In 2023/24 the DfE began the first year of transition towards a direct NFF, whereby all schools (including academies) will be funded using a single NFF and in doing so placed further restrictions on local flexibility.
- 4.2 In 2024/25 Cabinet, on the recommendation of Schools Forum, decided the NFF would be used to allocate funding to schools and academies in Westmorland and Furness, as in previous years and since the introduction of the NFF in 2018/19. When the final DSG Schools Block allocation for Westmorland and Furness was published by the ESFA in December 2023, after applying the NFF in full and taking into account the Growth Fund budget of £0.161m, there was a surplus of £0.033m which was transferred to the High Needs Block.

### Provisional DSG Allocations 2025/26

- 4.3 The Education Skills and Funding Agency (ESFA) usually announce indicative DSG allocations in the July of each year preceding the year the allocation relates to. At the time of writing, allocations have not been published and it is not known when they will be published.
- 4.4 The Schools Block Operational Guide for 2025/26 has also not been published. This guide sets out any changes required by local authorities in setting their funding formula, such as changes required to move closer to the NFF.
- 4.5 In 2024/25 where local factors were within +/- 2.5% of the respective NFF values, the LA was deemed to be mirroring the NFF. The threshold values for 2025/26 are yet to be published.
- 4.6 DfE have announced the Core Schools Budget Grant (CSBG) which is to help schools with the cost of the Teachers pay award and covers the autumn and spring terms of AY 2425. Final allocations are not yet known but a calculator is available for schools to estimate how much they will receive. Using the calculator, it is estimated that schools in Westmorland & Furness will receive £1.858m. This grant will be rolled into the NFF for 2025/26 but as the value of it in 2024/25 is unconfirmed, this adds further uncertainty to the DSG allocations for 2025/26.

### School Funding Formula 2025/26

- 4.7 Given that the DfE have previously said they are moving forward with their plans to transition to a 'hard' formula, it is proposed that schools are consulted on adopting the NFF in full in 2025/26, as in previous years.
- 4.8 It is also proposed that if, after allocating the funding on the basis of the NFF and taking into account the Growth Fund budget requirement, there is a



shortfall in Schools Block funding this will be managed by reducing the basic per pupil funding factor up to a maximum of -2.5% or the allowable value per DfE guidance once published.

- 4.9 If there is a balance remaining in the Schools Block, after allocating the funding using the NFF, it is proposed that a transfer of up to a maximum of 0.5% is transferred to the High Needs block to support budget pressures. This is subject to transfers between blocks still being allowable, to be confirmed once the Schools Block Operational Guide for 2025/26 is published.
- 4.10 Any change to basic per pupil funding, either to increase or decrease it, will not affect every school as some will be protected through the Minimum Per Pupil Funding Levels (MPL) and Minimum Funding Guarantee (MFG) factors.
- 4.11 It is not possible to estimate the value of a 0.5% transfer as the value of the Schools Block allocation is unknown. It is not possible to confirm the actual value of any potential transfer to the HN Block, if any, until the DfE publish the final data set to be used to calculate the school budget shares in December 2024. This takes into account the October 2024 census pupil data and characteristics.
- 4.12 The alternative option is not to transfer any funding to the High Needs Block and allocate any surplus budget, after taking into account the Growth Fund budget, to schools through increasing the basis per pupil unit factor values. This will need to be within the +2.5% factor value threshold range as detailed above. However, this option is not recommended as there is a risk that, due to the proposal requiring local authorities to move their local formula closer to the NFF, 'topping up' the NFF factor values by allocating additional funding through the formula will create greater turbulence for some schools in future years. It may also make applying the NFF in full unaffordable in future years as the additional funding would be built into the schools budget share baselines, but the funding for this is not reflected in the notional school budgets used by the ESFA to calculate local authority level core NFF funding.
- 4.13 A shortfall or balance remaining in the Schools Block after allocating the funding using the NFF can arise due to the way in which local authorities are funded. The actual primary and secondary units of funding at local authority level are based on October 2023 pupil data and changes in pupil characteristics, such as eligibility for FSM or changes in attainment levels, are not reflected in the primary and secondary units of funding used to allocate the core NFF funding to local authorities in 2025/26. Only changes in pupil numbers are taken into account.
- 4.14 The Growth and Falling Rolls factor within the Schools Block is not ring-fenced and local authorities can decide on the level of growth/falling rolls budgets needed locally in consultation with Schools Forum. This funding can be also used to fund the school funding formula if required, which can also impact on whether there is a shortfall or balance remaining to transfer to the High Needs Block.

- 4.15 In anticipation that the Schools Forum support the recommended proposal to allocate funding to schools on the basis described above, a draft consultation document has been prepared at Appendix 1.
- 4.16 The draft consultation asks the following 3 questions:
- 1) Do you agree with your Schools Forum recommendation that the National Funding Formula continues to be used to allocate funding to schools in 2025/26?
  - 2) Do you agree that, if there is a shortfall in Schools Block funding after applying the National Funding Formula in full that this is managed by reducing the basic per pupil funding factor?
  - 3) Do you agree that, if there is any Schools Block funding remaining (up to a maximum of 0.5%) after allocating the school funding formula to schools using the NFF, it should be transferred to the High Needs Block?
- 4.17 Whilst Question 1 must be included in the consultation, Schools Forum can recommend alternative questions to include. Once the outcome of the consultation is known the Schools Forum will be asked to make a recommendation to Cabinet members on school funding formula for 2025/26.

## **5.0 Options**

### **5.1 Schools Forum is asked to:**

- note that the provisional DSG allocations for 2025/26 are not, at the time of writing, published and the impact of this;
  - support the recommendation in principle to adopt the National Funding Formula in full in 2025/26
  - support the recommendation to apply the following principles if there is a shortfall or remaining balance after applying the National Funding Formula in full and after taking into account the growth fund budget:
    - a) if there is shortfall to reduce the basic per pupil funding factor values in the formula;
    - b) if there is a remaining balance transfer up to 0.5% to the HN Block and allocate any leftover balance after that, if available, to schools by increasing the basic per pupil funding factor values in the formula.
  - support the draft consultation document at Appendix 1 and the three recommended questions to ask schools as set out above;
- or
- recommend alternative questions to ask schools

## 6.0 Financial and Other Relevant Implications

- 6.1 Resource and value for money implications are considered throughout this report. No equality/legal/ implications have been identified at this stage.

27 September 2024

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Appendices:

1. Draft Westmorland and Furness School Funding Formula Consultation Document

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Westmorland  
& Furness  
Council

Working for **Cumberland Council** and  
**Westmorland & Furness Council**



**Westmorland  
& Furness  
Council**

## **School Funding Formula for 2025/26**

### **Consultation**

**Consultation between Westmorland & Furness Schools Forum and  
Maintained Schools & Academies within Westmorland & Furness**

**Consultation Commences: Wednesday 14 October 2024**

**Deadline for responding to the consultation at [TBC](#)  
: Friday 25 October 2024**

## **Introduction**

### **National Funding Formula**

1. A national funding formula (NFF) was introduced for schools from 2018/19 and as in previous years, in 2025/26 local authorities will continue to decide, following consultation with their schools and Schools Forum, whether this formula is applied or a locally determined formula is used.
2. This document comprises a consultation with all Westmorland & Furness mainstream schools/academies and Schools Forum to seek views on the proposed changes to the schools funding formula in 2025/26. The consultation also considers some of the continuing challenges around high needs budget.
3. All schools are encouraged to respond to this consultation using the online survey at [TBC](#). The deadline for responding to the consultation is 25 October 2024. The outcome of the consultation will be reported to Schools Forum at their next meeting on 6 November who will, after taking into consideration the consultation results, make a recommendation to Cabinet members who will decide on the final shape of the school funding formula for 2025/26 in December 2024.
4. In July of each year the Education & Skills Funding Agency (ESFA) usually announce details of the dedicated schools grant (DSG) funding for the next financial year. However, following the general election the indicative allocations for 2025/26 have not yet been published with, at the time of writing, no indication of when these may be published. This means that any changes to the funding formula are unknown. However, the timeline for consultation of schools, feedback to Schools Forum, a decision by Cabinet on the formula, and publication of school budget shares for 2025/26 by the LA means that a consultation in principle is required to ensure the deadlines can be met.

### **Westmorland & Furness Schools Funding Formula in 2024/25**

5. Following consultation with schools and Cumbria Schools Forum the school budget shares were calculated using the NFF in 2024/25 and it was recommended by Schools Forum and agreed by Cabinet members that if there was a leftover balance remaining after allocating the school budgets on this basis that up to 0.5% would transfer to the High Needs Block. When the DfE confirmed the final Schools Block funding for 2024/25 in December 2023, the school funding formula was calculated on the basis agreed and there was a surplus of £0.033m. As recommended by Schools Forum and agreed by Cabinet, this was transferred to the High Needs Block to support budget pressures.

### **Shape of the National Funding Formula in 2025/26**

6. It has been assumed that local authorities will continue to have flexibility to set a local school funding formula in 2025/26 and that the government will continue to be committed to moving towards a 'hard' NFF whereby individual school budgets

will be set directly by the DfE rather than independently through a locally agreed funding formula.

7. In 2024/25 local authorities whose factor values were within +/-2.5% of the respective NFF values in 2024/25 were deemed to be mirroring the NFF and could only be allowed to set their 2024/25 local factor values between +/-2.5% of the NFF. As the NFF indicative allocations and guidance has not yet been published it has been assumed that this restriction will continue to apply in 2025/26.
8. It has been assumed that as in previous years, local authorities will be allowed, with the agreement of their Schools Forum, to transfer up to 0.5% of the School Block funding to support the High Needs Block budget. The ability to transfer between blocks will be confirmed when the Schools Block Operation Guide 2025/26 is published.
9. The Westmorland & Furness Schools Forum recommends that the NFF is used as the basis for allocating funding to schools in 2025/26 and that if, after applying the formula on this basis and taking into account any budget required to support growth needs there is shortfall or balance remaining in the Schools Block funding then it is proposed that the following principles are applied:
  - if there is shortfall reduce the basic per pupil funding factor values in the formula;
  - if there is a remaining balance transfer up to 0.5% to the HN Block and allocate any leftover balance after that, if available, to schools by increasing basic per pupil funding factor values in the formula.
10. This would continue be the most prudent method of allocating the school budget shares in 2025/26 given that it is assumed that the government still intend to transition to a 'hard' formula in future years and that the majority of local authorities have either adopted the NFF or moved their own local formulae closer towards the NFF in preparation for this change. It will also provide schools with the full funding due to them under the NFF, subject to affordability.
11. A shortfall or balance remaining in the Schools Block funding can arise after allocating the funding to schools using the NFF due to the way local authorities are funded. The actual primary and secondary units of funding at local authority level are based on October 2023 pupil data and changes in pupil characteristics such as eligibility for FSM or changes in attainment levels are not reflected in the primary and secondary units of funding used to allocate the core NFF funding to local authorities in 2025/26. It is anticipated that the number of children eligible for FSM will have increased between the October 2023 and 2024 census dates and therefore this could mean that applying the NFF in full may be unaffordable in 2025/26.
12. The alternative option would be not to transfer any leftover Schools Block funding to the HN Block but to allocate it, after applying the NFF, to schools through the school funding formula by 'topping up' the AWPU factor values. However, assuming the same restrictions as applied in 2024/25, any increases would be limited to +2.5%. However, it is not yet known how much funding will be available

(if any) after applying the NFF as the final Schools Block funding, which will be based on the October 2024 census data, will not be made available until December 2024.

13. As indicative DSG allocations have not yet been published, it is not possible to model the impact on individual school budgets of either of the above options.
14. If any leftover Schools Block funding were to be allocated to schools through the schools funding formula by increasing the AWPU factor values above the level of the NFF values, not all schools would see an increase in their budget shares. This is because some schools receive protection through the MPL and MFG factors and therefore, unless the increase in APWU takes them over these levels of protection then they will see no change to their budget shares.
15. There is also a risk that, due to the proposal requiring local authorities to move their local formula closer to the NFF, 'topping up' the NFF factor values by allocating additional funding through the formula would create turbulence for some schools, although they would receive protection against year-on-year reductions through the MFG.
16. The proposed school funding formula for 2025/26 will impact on maintained schools with effect from 1 April 2025 and for academies from 1 September 2025.
17. Final allocations for 2025/26 will be based on the December 2024 dataset which will use October 2024 census pupil data.

**Consultation Question 1:**

**Do you agree with your Schools Forum recommendation that the National Funding Formula continues to be used to allocate funding to schools in 2025/26?**

18. As recommended by your Schools Forum, if applying the national funding formula creates an affordability gap within the School Block it is proposed that the basic per pupil funding factor values are reduced down proportionately to a level that it is affordable. It should be noted that if this situation were to arise not all schools would see a reduction in their budget shares. This is because some schools receive protection funding through the MPL and MFG factors and are protected against losses through these factors.

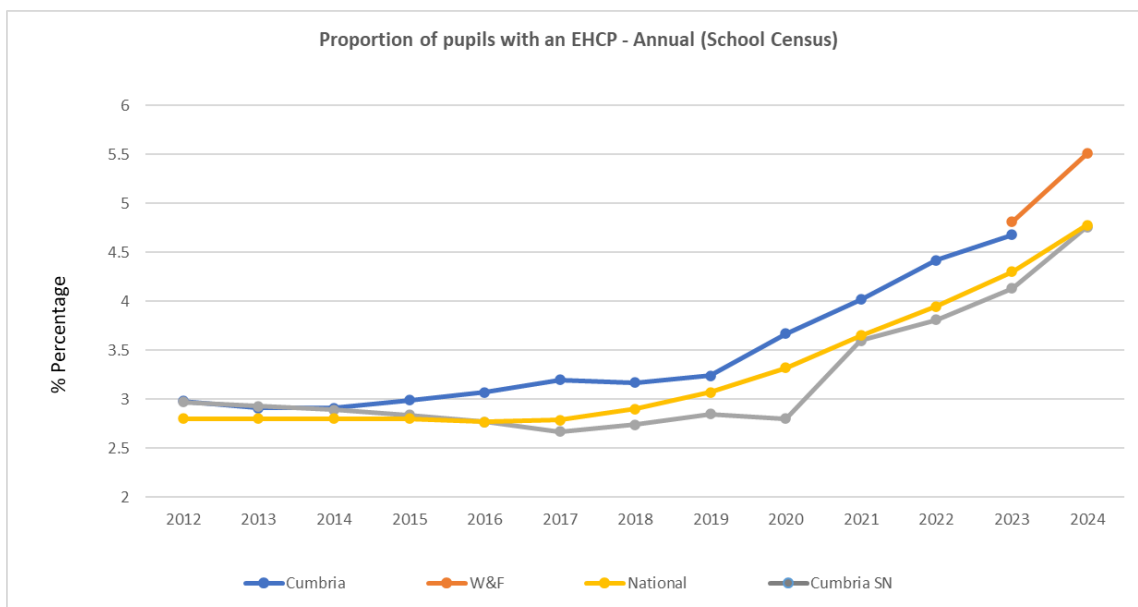
**Consultation Question 2:**

**Do you agree with your Schools Forum recommendation that if there is a shortfall in Schools Block funding after applying the National Funding Formula that this is managed by reducing the basic per pupil funding factor values in the formula?**

**High Needs Funding**

19. As published in last year's school funding formula consultation, schools will be aware that, like many other local authorities, Westmorland & Furness is experiencing significant budget challenges in relation to funding high needs provision.
20. The DfE requires all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit to set out their plans to bring the reserves back to a balanced position. The forecast net deficit for 2024/25 as at Q1 on the DSG reserves is a net deficit of £20.466m. The main pressure on the DSG reserves is the deficit on the HN Block of £25.913m this was offset by a surplus on other DSG blocks of (£5.448m). This figure does not include school balances which are reported on separately.
21. The deficit on the High Needs budget continues to relate to specific pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for pupils with SEN which is directly linked to the SEND reforms of 2014, since which there has been a steep increase in the cumulative numbers of pupils with EHCPs over the last 7 years, which reflects the national picture with many other local authorities also experiencing significant pressure against the High Needs budget.
22. The benchmarking chart below shows that Westmorland & Furness' percentage of pupils with EHCPs is higher compared to the national and Cumbria statistical neighbours rates although the rate of increase for Cumbria overall is largely matched by the rate of increase both nationally and against the Cumbria statistical neighbours.





23. Regular budget monitoring reports on the High Needs Block budget and progress against the deficit recovery plan are discussed at Schools Forum meetings. The minutes and reports are available to download from the [Schools Forum](#) page on the Westmorland & Furness website.
24. Westmorland & Furness is part of the DfE's Delivering Better Value for SEND programme. A DSG Management Plan has been developed alongside this which includes a number of actions with the aim of achieving a balanced in-year position. However, the impact will not be achieved in the first year of the programme.
25. The funding regulations for 2025/26 allow a transfer of a maximum of 0.5% from the Schools Block to the High Needs Block with Schools Forum approval. Your Schools Forum recommends that after applying the NFF to calculate school budget shares, if there is any balance leftover it is transferred to the High Needs Block to support the budget pressures, capped at 0.5%. Any residual balance after transferring up to 0.5% to the High Needs Block would be allocated through the funding formula by increasing the basic per pupil unit factor value, subject to a maximum of +2.5%.
26. It is not possible to confirm the actual value of the transfer to High Needs Block, if any, until the DfE publish the final data set to be used to calculate the school budget shares in December 2024 which takes into account the October 2024 census pupil data and characteristics.

### Consultation Question 3:

**Do you agree that, if there is any School Block funding remaining (up to a maximum of 0.5%) after allocating the school funding formula to schools using the NFF, it should be transferred to the High Needs Block?**

### **Areas not impacted by this Consultation**

27. It should be noted that the following funding streams are not impacted by this consultation:
- Early Years Funding
  - Special School and Pupil Referral Units
  - Post 16 Education
  - Other government grants including Pupil Premium, Universal Infant Free School Meals, Primary Sport & PE grant.

### **Responding to the Consultation**

28. Schools are invited to respond to the 3 questions in this consultation using the online survey at: [TBC](#) by **Friday 25 October 2024**. Returns submitted after this date will not be included.
29. We encourage every school to respond. We kindly ask that there is only one response per school.



**WESTMORLAND AND FURNESS SCHOOLS FORUM  
High Needs Block Working Group**

**18th September 2024, Microsoft Teams Meeting, 9.30am**

**DRAFT MINUTES**

**Apologies:** Simon Laheney (Substitute - Emma Elliott), Marie Barnes, Sandy Todd

<b>1.</b>	<b>Welcome from Isobel Booler Assistant Director of Education and Inclusion</b>  Isobel Booler welcomed everyone and explained the purpose of the meeting. There is a £21M deficit in High Needs Block funding. Westmorland and Furness are disadvantaged by the funding formula which is based on the historic position in 2016/17 and are being asked to save money from an already low-cost system. This working group is asked to explore options and make recommendations to the Schools Forum.
<b>2.</b>	<b>Appointment of Chair of the working group</b>  Daniel Hinton was nominated by Stephen Gilby and seconded by David Nattress. Members of the Working Group approved the appointment of Daniel Hinton as Chair.
<b>3.</b>	<b>Declarations of Interest</b>  No interests were declared.
<b>4.</b>	<b>Approval of working group Terms of Reference</b>  Members reviewed the draft Terms of Reference and requested the following amendments:  Purpose: <ul style="list-style-type: none"><li>• To include union members;</li><li>• To approach the Principals of Kendal College to nominate a representative to join the group; <b>(ACTION – Stephen Gilby)</b></li><li>• Change ‘decisions’ to ‘recommendations’ to reflect that decisions must be made by the full Schools Forum.</li></ul> Responsibilities: <ul style="list-style-type: none"><li>• To include communications to parents and families to explain the challenges with HNB funding via the SEND Newsletter.</li></ul>

	<p>Membership:</p> <ul style="list-style-type: none"> <li>• Change ‘officers’ to ‘colleagues’ to allow the inclusion of relevant skills/knowledge on the working group as required.</li> </ul> <p>Frequency:</p> <ul style="list-style-type: none"> <li>• Change to once per half term;</li> <li>• Include awareness of Schools Forum meeting schedule for reporting.</li> </ul> <p>The Terms of Reference will be amended as above and brought to the next meeting for approval. <b>(ACTION – Katherine Dalgliesh)</b></p>
<p><b>5.</b></p>	<p><b>Delivering Better Value in SEND Overview</b></p> <p>Isobel Booler explained the two types of DfE intervention for local authorities a) ‘Safety Valve’ with a higher level of scrutiny but additional funding provided to reduce deficit; and b) Delivering Better Value (DBV) (applicable to Westmorland and Furness) where there is no additional funding, but local authorities are given a £1M grant. This intervention is predicated on reducing demand which creates tension with the SEND Code of Practice.</p> <p>The DBV programme uses the Dedicated Schools Grant (DSG) Management Plan which demonstrates unmitigated values, and values calculated after the implementation of nine workstreams (presentation slides attached to these minutes).</p> <p>This is a national crisis and high risk to local authority finances.</p> <p>It was noted that, alongside the financial aspect, there is a moral imperative to ‘do the right thing’, to drive forward the value of SEND in schools and celebrate the achievements of children and young people with SEND.</p> <p>Isobel Booler outlined how this funding landscape could be influenced:</p> <ul style="list-style-type: none"> <li>- Increasing uptake of Free School Meals;</li> <li>- Asking politicians to lobby for a change to the funding formula;</li> <li>- Via the quarterly reports on the progress of the DBV programme.</li> </ul> <p>Further information on Free Schools Meals will be brought to the Schools Forum <b>(ACTION – Isobel Booler)</b>.</p> <p>There was a discussion around how HNB funding is used in schools, particularly in relation to the flexibility of staffing. More exploration of this issue is needed as well as discussion with HR providers and unions <b>(ACTION – Isobel Booler)</b>.</p>
<p><b>6.</b></p>	<p><b>High Needs block 23/24 outturn and 24/25 Q1 forecast</b></p> <p>Susan Milburn presented the 23/24 outturn and 24/25 Q1 forecast. A more detailed report will be brought to the full Schools Forum meeting.</p> <p>It was noted that it is unusual to have nearly equivalent number of children and young people with EHCPs in Independent Special Schools and the authority’s own Special Schools.</p>

	<p>Nationally the rate of EHCPs is 4.8%; in Westmorland and Furness it is 5.5%.</p> <p>In the next report it would be useful to have an additional column to provide average spend per head for each category of setting <b>(ACTION – Susan Milburn)</b>.</p>
<p><b>7.</b></p>	<p><b>Affordability and Notional SEN Modelling</b></p> <p>Susan Milburn presented modelling examples for High Needs Top-Up Funding to demonstrate the level and parameters of the challenge. These examples were not offered as proposals. Due to the sensitive nature of the content, the slides will not be shared.</p> <p>The following points were noted:</p> <ul style="list-style-type: none"> <li>- This modelling uses 'hours' as a mechanism for calculating costs for internal purposes only. Hours are not used on EHCPs;</li> <li>- Access to better data would help to understand the detail – this is reflected in the data project in the mitigation workstreams;</li> <li>- When referring to 'hourly rate', this covers staff salary and oncosts;</li> <li>- These examples only cover HN Top-Up Funding and not ISPs which is a separate budget;</li> <li>- How could private Early Years Providers contribute to earlier identification of need and associated reduction of costs?</li> </ul>
<p><b>8.</b></p>	<p><b>Discussion and ideas</b></p> <p>It was agreed that the SEND Taskforce Group held the responsibility for exploring what the most aspirational model for SEND provision should look like, and that this working group would concentrate on the financial aspect of their proposals. Therefore, it will be necessary to work closely with the SEND Taskforce Group. Daniel Hinton will request to attend their meetings to cross-reference the work of both groups. <b>(ACTION – Katherine Dalgliesh)</b>.</p> <p>The Finance Team will be asked to model costs for a prioritised list of proposals from the SEND Taskforce ahead of the next meeting of this group <b>(ACTION – Susan Milburn)</b>.</p> <p>All group members are asked to submit ideas or proposals via Katherine Dalgliesh to be discussed at the next meeting. <b>(ACTION – ALL)</b></p>
	<p><b>Date of next meeting:</b> Wednesday 20<sup>th</sup> November 2024 9.30am via Teams (invite to follow)</p>



<b>WESTMORLAND &amp; FURNESS COUNCIL SCHOOLS FORUM</b>
<b>Report Title: FINDINGS FROM INTERNAL AUDITS OF SCHOOLS</b>
<b>Meeting date: 9<sup>TH</sup> October 2024</b>
<b>Report of: Richard McGahon, Group Audit Manager (Head of Internal Audit)</b>

## **1.0 Executive Summary**

- 1.1 *Internal Audit undertakes a small sample of school audits each year and findings from those completed for 2023/24 and 2024/25 are summarised in the attached report.***
- 1.2 *From the eight schools visited during 2023/24 and 2024/25 six received reasonable assurance and two partial assurance. We made 51 recommendations with either high or medium priority with 5 of the 51 being high priority recommendations and these were within the two reports for schools that received partial assurance opinions.***
- 1.3 *Findings will be disseminated more widely to all schools via the Schools Portal and through CASH and PHA communications. This will allow all schools to consider their own arrangements regarding the common findings and put in place any necessary improvements.***

## **2.0 Link to Council Plan Priorities**

- 2.1 The audit of schools is supportive of the Council Plan priorities that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.**

## **3.0 Recommendation**

- 3.1 *The Schools Forum is asked to note the content of the accompanying report and the intention to distribute this to all schools via the Schools Portal and CASH and PHA communication channels for information.***

## **4.0 Rationale & Evidence for the Recommendation**

4.1 Internal Audit undertakes a small sample of school audits each year as part of the Internal Audit plan agreed by Westmorland and Furness Council's Audit Committee. Internal Audit reports are agreed with the Headteacher at individual schools, including an action plan for improving controls. A copy of the agreed report is also provided to the Chair of Governors / Chair of Finance so that Governors can support Heads in implementing agreed actions. A summary of individual school audit findings is also provided to the Audit Committee as part of Internal Audit's quarterly progress reports.

4.2 As there are only a few school audits undertaken each year, the learning and potential for improvement, is only available to individual schools which have been audited in any given year. Internal Audit has therefore collated the findings from reviews in 2023/24 and 2024/25 and incorporated these into a summary report (see Appendix 1). It is proposed that sharing the findings with all schools, in a suitably anonymised way, will assist schools in helping ensure that they operate appropriate controls in the areas identified.

4.3 The scope of our internal audit of a school is to independently review and evaluate the effectiveness of a school's controls and governance processes relating to financial management. The detail of what is covered falls into five broad categories as follows:

- Governance & Financial Management
- Income
- Payroll
- Purchasing
- Asset / Information Management.

All audits in 2023/24 and 2024/25 involved initial discussions with Heads and Business Managers / Administrators followed by a desktop review of information and then a site visit by Internal Audit staff.

4.4 The key guidance document for schools on financial management is the Financial Regulations for Schools which are an Annex to the Westmorland & Furness LA Scheme for Financing Schools and PRU's. Section 4 of the Financial Regulations refers to audit arrangements and how these may assist the S.151 Officer in meeting statutory responsibilities and School Governing Bodies and managers with an objective view of the standard of their financial management and administration and general performance.

4.5 Schools are not required to formally confirm that they have complied with the Scheme for Financing Schools and PRU's (including Financial Regulations). However, all schools submit an annual SFVS (School Financial Value Standard) return to the Schools Finance Team who review these and follow up any issues. If they are meeting the requirements of the SFVS then by implication they will be complying with the Scheme.

4.6 The general areas where improvements could be made are set out below:

- Financial reporting & minutes
- Terms of reference for Finance Committee (or equivalent)
- Deficit recovery plans
- Policy for Financial Delegation
- Declarations of interest
- Counter Fraud and whistleblowing policies
- Operational financial procedures
- Reconciliations
- School Fund
- Payroll approval
- Purchasing arrangements
- Asset registers

4.7 Details of these are included in the audit summary report at Appendix 1. These findings are based on eight schools audited in 2023/24 and 2024/25.

## **5.0 Options**

5.1 The Schools Forum members are asked to note the content of the accompanying report and the intention to distribute this to all schools via the Schools Portal for information.

## **6.0 Financial & Other Relevant Implications**

6.1 Financial implications are considered throughout this report. No equality / legal implications have been identified.

*October 2024*

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## **REPORT AUTHOR**

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**Westmorland  
& Furness  
Council**

[westmorlandandfurness.gov.uk](http://westmorlandandfurness.gov.uk)

# **Internal Audit Report Summary of School Audit Findings**

**Draft report issued: 28th August 2024**  
**Final report issued: 9<sup>th</sup> September 2024**



## Audit Resources

Title	Name	Email	Telephone
Head of Audit	Richard McGahon	Richard.McGahon@westmorlandandfurness.gov.uk	07917 837416
Audit Manager	Peter Usher	Peter.Usher@westmorlandandfurness.gov.uk	07775 005449

## Audit Report Distribution

For Information:	<p>Pam Duke, Director of Resources (Section 151 Officer)</p> <p>Isobel Booler, Assistant Director - Education &amp; Inclusion</p> <p>Marie Barnes, Senior Manager – Learning Improvement Service</p> <p>Susan Milburn, Group Accountant - Childrens – Education &amp; Inclusion</p> <p>Amanda Chew, Service Accountant - Childrens - Education &amp; Inclusion</p>
Audit Committee:	Summaries of key findings from individual school audits are reported to the Audit Committee once reports are finalised.

*Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.*

## Executive Summary

### Background

The Internal Audit Service undertakes a sample of school visits each year as part of the agreed Audit Plan. Individual audit reports are prepared for all schools visited and action plans agreed with the respective Head. Final reports are provided to the Chair of Governors so they can share findings and agreed actions with the Full Governing Body.

School audits provide independent assurance to the Council's S151 Officer, Corporate Management Team, and the Audit Committee that financial management arrangements are operating effectively. They also provide school managers and Governing Bodies with an independent assessment of the effectiveness of controls and governance processes associated with financial management.

As resources mean only a small number of school audits can be included in the annual Internal Audit plan, and the frequency of visits to an individual school has reduced, we publish a composite report of common findings every couple of years for the benefit of all schools. It is suggested that school managers and Governing Bodies undertake a self-assessment of their own arrangements against the common areas identified to ensure that appropriate controls are in place and operating effectively.

This composite report summarises the main recurring findings from the eight school reviews completed in 2023/24 and 2024/25 (1 Secondary, 5 Primary, 1 Infant and Nursery School, and 1 Pupil Referral Unit).

This report will be made available to all schools via the Schools Portal.

### Audit Approach

#### Audit Objectives and Methodology

The audit objectives for school visits are to independently review and evaluate the effectiveness of the controls and governance processes relating to financial management. The evaluation of controls is undertaken by discussions with Head Teachers and School Administrators to establish the current control environment and then by conducting sample testing to evaluate the effectiveness of the actual controls in place.

## Audit Scope and Limitations

A standard audit scope for Schools has been developed by Internal Audit in consultation with Schools Finance. This is used for all school audits and includes the following areas:

- Governance & Financial Management
- Income
- Payroll
- Purchasing
- Asset / Information Management.

All audits in 2023/24 and 2024/25 involved initial discussions with Heads and Business Managers / Administrators followed by a desktop review of information and then a site visit by Internal Audit staff.

## Assurance Opinion

Of the 8 schools audited, 6 received a reasonable assurance opinion and 2 a partial assurance opinion. Those with a partial assurance opinion (both in 2024/25) will receive a follow up audit.

## Summary of Main Audit Findings

From the 8 schools visited we made 51 recommendations which were either high or medium priority. The main areas where improvements could be made are set out below in the Summary of Audit Findings section. Of the 51 recommendations there were 5 high priority recommendations and these were within the 2 reports for schools that received a partial assurance opinion. Advisory findings are not included in this report as these do not impact on our audit opinion, are low risk and quite often specific to an individual school.

## Summary of Audit Findings

### Governance and Financial Management

#### Audit finding

##### **Governance – financial reporting & minutes**

Clear and comprehensive minutes of Governors' meetings provide evidence that Governing Bodies are carrying out their statutory responsibilities for the financial management of the school. Minutes are an important record, and should provide a comprehensive and accurate summary of the discussions held, information presented, and decisions taken.

Audit testing of Full Governing Body (FGB) and Finance (or equivalent) Committee minutes identified that minutes did not always record key decisions, or include sufficient detail. This was the most common audit finding across the schools reviewed in the last couple of years. Examples included:

- Limited detail of what financial reports and / or copies of Finance Committee minutes had been provided to the FGB
- Minutes did not include details of the school's current budget position and latest forecast
- The annual budget was not approved by the FGB or no evidence of this was recorded in its minutes
- The minutes of governor meetings did not clearly record all decisions made; or refer to the reports / documents provided at the meeting
- Minutes did not record what financial policies / documents had been reviewed / approved.

##### **Governance – terms of reference for Finance Committee (or equivalent)**

Where Governing Bodies have established a separate Finance Committee there is a requirement that the Full Governing Body (FGB) defines in writing the terms of reference (ToR) for the committee and the extent of its delegated authority. The FGB should also review this on an annual basis. Audit testing identified that although ToR had been documented, in some cases there was no evidence that the ToR had been reviewed or approved by the Full Governing Body.

#### **Financial reports**

In general schools were preparing regular financial reports but in one case there was no supporting narrative to explain the figures.

### **Deficit Recovery Plans**

Where schools have incurred a deficit, they are required to restore the budget to a balanced position within a three year period and to support this with a deficit recovery plan. We identified one school which had not completed a deficit recovery plan, resulting in a high priority recommendation, and another where the existing plan needed to be updated. In both cases the plans were delayed pending receipt of further information from Finance.

### **Policy for Financial Delegation**

A Policy for Financial Delegation is important as it sets out Governors' and management's expectations in relation to the delegation of financial responsibilities. The arrangements for delegation should clearly specify the limit(s) upon the authority delegated to individuals, and the circumstances in which a decision must be taken by the Governing Body. The Policy should be approved by Governors and reviewed on an annual basis, and this should be evidenced in the minutes of the relevant governor's meeting.

Audit testing identified that one Policy for Financial Delegation had not been updated for several years and this led to a high priority recommendation. Some other schools also had outdated Policies for Financial Delegation that needed updating.

### **Declaration of Interests**

Governors and staff must avoid any conflict between their business / personal interests and the interests of the school. All schools audited had a register of interests in place, but these were not always complete and up to date.

### **Counter fraud and whistleblowing policies**

Schools are required to have both a counter fraud and whistleblowing policy that is regularly reviewed and approved by Governors and communicated to staff. Three schools audited did not have a documented counter fraud policy. Where schools had the relevant policies, their approval was not always formally recorded in FGB minutes.

### **Operational Financial Procedures**

Governors must ensure that an adequate and effective system of financial controls is operated and regularly reviewed. This includes having adequate and up-to-date written descriptions of all financial systems and procedures. Testing found that there were instances where:

- There were no documented operational financial procedures in place – this led to high priority recommendations at the two relevant schools
- Procedures did not include sufficient detail how as to how each financial activity and process should be undertaken / managed / reviewed
- Procedures were not up to date and limited evidence that they had been considered and approved by the Governors
- No specific policy/procedure on debt recovery process and approval/reporting of any debt written off.

### Reconciliations

For schools that use e5 as their main accounting system it is important that any local accounting records are regularly agreed to e5. Audit testing confirmed that most schools reconcile their local records to the monthly reports from e5 provided by Finance (as schools have no online access to e5) but this reconciliation was not always documented as to who had done it and when. One school did not maintain a comprehensive local record of its transactions, so reconciliation was more difficult.

### School Fund

It is important that school funds are administered in accordance with statutory requirements and to a similar standard as those applicable to the Council generally. Issues identified were as follows:

- There was no evidence to show that that an annual statement of School Fund accounts had been prepared
- The accounts had not been independently audited on an annual / timely basis
- Where the accounts were being audited, the Governors had not been provided with a copy of the audited statement of accounts for information or there was no evidence in the minutes that this had taken place
- The auditor of the School Fund was a governor, so not sufficiently independent
- Sources of income in the School Fund were not always sufficiently detailed
- Income relating to the school's delegated budget was being paid into the School Fund bank account and this was not always promptly transferred to the Council's bank account. Ideally relevant income should be paid direct to the Council's bank account rather than via the School Fund.





## Payroll

### Audit finding

#### Payroll approval

Employee costs are typically the largest element of a school's expenditure and whether the payroll service is delivered by the school or a payroll provider it is important that there are effective controls in place.

Overall payroll was well controlled, but we found instances where there was limited evidence of independent review of payments to be made. We recommend that payroll reports are independently reviewed and approved prior to payments being released and that this is documented. For schools that do not receive payroll pre-run reports, retrospective checks on what has been paid should still be undertaken and evidenced.

## Purchasing

### Audit finding

#### Purchasing arrangements

Schools should have adequately defined and effective controls in place for ordering, checking of goods / services received and approval of payments to suppliers. This includes having systems in place to ensure that all commitments are recorded and that purchasing involves a segregation of duties to mitigate the risk of fraud.

We found that one school did not have any written procedures for purchasing, or an up-to-date Policy for Financial Delegation detailing the responsibilities of individuals involved in purchasing, and 2 errors in payments were identified in audit testing. We raised a high priority recommendation here.

Testing on a sample of purchases identified that a number of schools lack a clear segregation of duties in the purchasing process. This is more challenging in a small school with few staff, but the principle should be applied wherever possible as it is a key control to prevent fraud.

### Purchasing Cards

For schools that don't have their own bank account and use e5, purchasing cards are the recommended method for paying for goods and services provided to the school. The Council has issued a Purchasing Card Manual, and all schools should ensure that they comply with the requirements set out in the manual. Schools were generally compliant but there was one instance where independent review of purchases was not evident or there was no reporting to Governors on card activity.

## Asset management

### Audit finding

#### Asset register

Schools should maintain an inventory of moveable non-capital assets. Governing bodies should ensure that assets are recorded, issued, and held securely, and checked at regular intervals, and that there is a formal procedure for the write-off and disposal of redundant or damaged items.

Audit testing identified one school which did not have an asset register and another where the register was still being completed and had not yet been finalised.

# Westmorland & Furness Schools Forum Forward Plan

WORKING COPY. If additional agenda items are required, please contact the clerk at least 3 weeks in advance of the next meeting.

Meeting details	Item
12 June 2024, 9.30-11.30am MS Teams	1) Sufficiency Strategy findings briefing from First Planner (Action from 01/11/23). 2) Working Groups to be a standing agenda item to consider whether any need has arisen.
9 <sup>th</sup> October 2024, 10.30-12.30pm MS Teams	
06 November 2024, 9.30-11.30am MS Teams	
15 January 2025, 9.30-11.30am MS Teams	

**Items to be scheduled:**

- Officers to discuss a possible Forward Plan item – a briefing on the potential impact of and opportunities arising from Team Barrow developments (Action from 20/09/23).
- Free School Meals
- Traded Services