

(BARKING AND DAGENHAM SCHOOLS FORUM)
26 November 2019

Title: Schools' Forum Report	
Open	For Decision / For Information
Wards Affected: All	Key Decision: No
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Accountable Operational Director: Jane Hargreaves – Commissioning Director for Education Youth and Childcare	
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<p>Summary: The purpose of this report is to update the Barking and Dagenham Schools Forum on:</p> <ul style="list-style-type: none"> • Updated DGS Outturn for 2018/19 • Update on DSG funding for 2019/20 • HNB Outturn Forecast for 2019/20 • Provisional DSG block allocations for 2020/21 • Proposals for the Local Funding Formula for 2020/21 • Early Years Funding Rates • Financial Transparency and Risk Protection Assessment in schools DfE consultations • Arrangements for Redundancy Cost for Schools • BACS – update / pilot • Teachers Pension Supplementary Fund • Update on the Sugar Tax Fund • AOB 	
<p>Recommendation(s)</p> <p>The schools forum are asked to note:</p> <ul style="list-style-type: none"> (i) Update on DSG funding for 2019/20 (ii) High needs forecast for 2019/20 (iii) Agree the funding model for 2020/21 (iv) DfE consultation on financial transparency in schools and RPA (v) Arrangements for redundancy costs for schools (vi) Pilot for the introduction of BACS payment in schools (vii) AOB 	
<p>Reason(s)</p> <p>The Schools Forum Regulations 2012 requires that the schools forum meets regularly and is consulted by the local authority concerning the dedicated schools budget and various related matters.</p>	

1. Introduction and background

- 1.1 The schools forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the school finance (England) regulations 2012 and the schools forums (England) Regulations 2012. The forum is required to meet at least four times a year.

2. DSG outturn for 2018/19

- 2.1 Table 1 sets out the projected DSG out-turn for 2018-19. The total DSG allocations for the year was £218,341k after recoupment adjustments in respect of academies of £46,568k. The final high needs budget includes the additional allocation of £672k plus the transfer of £750k from schools block. An overall overspend of £1,902k was previously reported for Dedicated Schools Grant based on Early Years full clawback of £1,520k.
- 2.2 The Early Years block grant allocations were finalised by DfE in July to take account of the January 2019 census. The July announcement confirmed a grant uplift of £536k rather than the anticipated clawback of £1,520k. The provision for clawbacks and the increased allocations, totalling £2,056k, have been released back into the DSG reserve balances. This has improved the DSG reserve balances considerably.

	Budget	Period 14 Final Out-turn	Period 14 Variance +over/ (under)
	£'000	£'000	,£'000
Schools block	167,174	166,897	(276)
Early years block	21,319	20,663	(656)
High needs block	27,289	30,287	2,998
Central block	2,559	2,395	(164)
Total	218,341	220,243	1,902
Brought forward surplus DSG balance (inc. growth fund)			(3,548)
Less: Growth fund			500
DSG balance previously reported			(1,146)
Add: EY clawback contingency			(1,520)
Add: Final EY grant adjustment			(536)
Revised DSG Reserves as at 31 March 2019			(3,202)

Table 1: Revised 2018/19 DSG out-turn

Recommendation (i): Schools forum are requested to note the revised 2018/19 DSG out-turn

3. Update on DSG funding for 2019/20

- 3.1 The DSG funding and expenditure forecasts are set out in table 2 below. The total DSG allocations for the year, after recoupment, is £223,749k. This includes High needs budget of £28,714k after high needs recoupment for academy schools. The HN budget with the transfer of £1,039k from Schools Block equates to £29,753k.
- 3.2 The projected in-year outturn position based on current expenditure and commitments on the Dedicated Schools Grant is an overspend of £3,056. This mainly relates to High Needs Block overspend. The available DSG reserves are expected to reduce to £146k after offsetting the in-year over-spend.
- 3.3 The main change since the last Schools' forum is a change to the level of recoupment from the High Needs Block. The budget approved in June was £29,192k but the funding available is now £29,753k.

	Funding Pre-recoupment	Recoupment Adjustment	Funding Forecast £'000	Block Transfers	Revised Funding Forecast	Expenditure Forecast August 2019	Variance over/(under) £'000
Schools Block - ISB	216,640	(46,410)	170,230	(1,039)	169,191	169,191	0
Early Years Block	22,230	0	22,230		22,230	22,230	0
High Needs Block	31,678	(2,964)	28,714	1,039	29,753	32,809	3,056
Central Block	2,575	0	2,575		2,575	2,575	0
Total	273,123	(49,374)	223,749		223,749	226,805	3,056
B/f DSG balances							(3,202)
DSG reserves (surplus)							(146)

Table 2 – 2019/20 DSG funding and expenditure forecast

- 3.4 The overspend on DSG relates mainly to pressures on the High Needs block, details of which are set-out under the next section of this report. There are approximately £4m of pressures that will need to be offset through a combination of actions including demand management and efficiency savings.
- 3.5 The level of overspends on the demand/needs driven areas suggest that the pressures will continue into the next financial year.

Recommendation (ii): Schools forum are requested to note 2019/20 DSG out-turn forecast.

High needs 2019/20 Outturn Forecast

	2019/20 Revised Budget	Forecast	Variance +over / (under)
Alternative Provision	3,544,000	3,592,629	48,629
ARP Funding	6,032,800	5,891,403	-141,397
DSG - High Needs Education Inclusion	1,666,000	1,546,436	-119,564
Top-ups (inc. OB and NMSS)	6,662,200	9,187,708	2,525,508
High Needs Top Ups - Post 16	969,000	967,390	-1,610
SEN Panel Top Ups	1,418,000	806,643	-611,357
LACHES, Language Support	331,000	234,518	-96,482
Initiatives	200,000	0	-200,000
Special School Funding	7,493,000	9,479,928	1,986,928
Early Years & Integrated Youth Services	398,000	1,102,441	704,441
Total	28,714,000	32,809,095	4,095,095
Schools Block transfer			(1,039,000)
Less: Management Actions & Savings			(855,000)
Position after successful management action			2,201,095
DSG Reserve available			(3,202,000)
Projected Net DSG Reserve Position after funding HNB overspend			(1,000,905)

Table 3 - High Needs Outturn

3.6 The High Needs block (HNB) sub working group met on 10th October 2019 and analysed the £4m forecast pressures reported for the remainder of the financial year. A short-term reduction in some budget areas was discussed to deliver some savings and analysed forecasting a potential saving of approximately £855k. Relevant discussions with budget holders was to take place in support.

Reported strategies from high needs sub working group:

- Top up funding to reduce by either 2%, 4% or 5% and a 'cap' of 45k applicable on individual schools- this would have to be part of a wider consultation process;
- Implementation of the ARPs SLA 30% vacancy factor;
- High Needs top up (element 3) payments from panel meetings no further allocations (top-ups) as part of panel meetings or school requests once budget is spent and post16 budget;
- Notional budgets to be reported and utilised as part of (top ups) element 3 payments;
- Pupils placed within Alternative Provision (AP) and supporting provision, funding paid by school to AP (Template discussed) and EPP team to administer process;

- f) LBBB internal scheme of allocating high need funding as per census reporting of SEN(D) children above threshold of 1.5% of school population ends due to funding pressures. It should be noted this is a local strategy in support of schools and recognised by the DfE but not statutory;
- 3.7 There is a risk that management actions may fail to deliver the potential savings, either in full or part, if demand continues to outpace savings delivered through management action, or if there are hurdles or delays in implementing actions given the very short timescale to year-end. Therefore, close monitoring and timely mitigation actions are required to ensure that these risks are managed. The projected DSG reserve position of £1,001k is contingent on these savings being delivered.
- 3.8 Although additional HNB funding has been announced for 2020/21 (see below) it is still likely that there will still be some level of pressure on the block in that year. For this reason, further options for controlling and reducing spend in the next financial year should still be explored.
- 3.9 Alternative options/strategy for 2020/21
- a) Matrix (top ups/element 3) reviewed in line with statistical neighbours and mapped in accordance with high needs funding envelope – this would have to be part of a wider consultation process;
 - b) Special school budgets to be calculated and MFG protection applied as part of matrix review but using comparable statistical neighbours;
 - c) Non statutory services discontinued – again, this would have to be part of a wider consultation process;
 - d) Review all ARP provision and those with vacancies, reduce commissioned places – 12 months’ notice would have to be provided in accordance with SLA’s;
 - e) As part of ARP review - close provisions that are not demonstrating value for money and no longer suitable for SEN(D) children;
 - f) 4% or 5% blanket reduction (saving) across all budget areas for new financial year and earmarked towards DSG reserve/HNB pressures;
 - g) All bandings of children reviewed;
 - h) Post16 commissioned places reviewed and commissioned in accordance with funding envelope, and only spend budget allocation;
 - i) Post 16 element 2 clawback on any vacancies;
 - j) LBBB scheme of census allocations of SEN(D) children above threshold of 1.5% ceases with effect from new financial year;
 - k) Notional budgetary reporting from schools termly to LA;
 - l) Collaboration with statistical neighbours on independent placements and cost analysis shared;
 - m) Out of Borough fees – administration fee (if applicable) not paid by LA, or 5% reduced due to LA’s internal processing (legal process would have to be explored;

Recommendation (iii): School Forum is asked to note:

- (a) the projected High Needs out-turn forecast,
- (b) the continued pressure on the High Needs Block and
- (c) risks associated with the management actions to achieve in-year savings of £855k
- (d) the strategies being taken forward to address these pressures.

4 Provisional 2020/21 Dedicated Schools Grant Allocations

4.1 The provisional pre-recoupment DSG allocations published in October 2019 are set out in the table 4 below. The schools block allocations are based on the October 2018 census, and will be updated for October 2019 census in December 2019. Provisional allocations for EY are the current year allocations and the 2020/21 allocations would be finalised in June 2021 as it is based on January 2020 and January 2021 census results. (Detailed analysis of DSG grants allocations for London Boroughs are set out on Appendix A)

Block	2019/20 Allocations	2020/21 Provisional Allocations	Movement +Favourable / (Unfavourable)	% Movt
Pupil Numbers (Schools Block)	38,661	38,661		
	a	b		
	£000s	£000s	£000s	
Schools Block	213,657	218,885	5,228	2.4
Growth Fund	2,983	2,549	(434)	(14.5)
High Needs	31,678	37,253	5,575	17.6
CSSB – On-going	1,418	1,413	(5)	(0.4)
CSSB - Historic	1,157	926	(231)	(20)
EY	22,230	22,230	0	0
Total Funding	273,123	283,256	10,133	3.7

Table 4: Provisional DSG allocations before recoupment

Recommendation (iv): Schools forum are requested to note the provisional funding allocations for 2020/21

Schools Block

4.2 2020/21 is the third and, expected to be, the final transitional year before the implementation of the 'hard' National Funding Formula (NFF) in 2020/21. The 2020/21 NFF remains largely unchanged with some limited modifications set out below.

- The mandatory use of Minimum Per-Pupil Funding (MPPF) levels to ensure that primary and secondary schools attract at least £3,750 and £5,000 through the formula respectively. This will not have any impact on any of the schools in Barking and Dagenham as all of our schools attract funding significantly above these levels.
 - Funding floor is set at 1.84% baselined 2019/20 NFF allocations before block transfers are applied.
 - The gains by schools under the formula are not capped.
 - Introduction of a formulaic approach to the mobility factor rather than on the basis of historic spend basis, and the local schools gain marginally as a result of this switch.
 - The protection for growth funding, allocated on a formulaic basis from 2019/20 onwards, will continue at 0.5% of the Schools Block.
 - in 2020 to 2021, the school block allocations will be based on the individual school's NFF allocations baselined to 2019 to 2020.
- 4.3 The NFF calculations for 2020-21 are based on school and pupil characteristics data from October 2018. This is used to calculate the notional school level allocations, which is then aggregated to determine the School Block allocations and the relevant Primary and Secondary Units of Funding (PUF and SUF). The relevant unit rates are then applied to the October 2019 census to determine the final allocations in December 2019. Funding is calculated on October 2018 pupil profile whereas the actual funding to be distributed to schools is based on the October 2019 pupil profile. Any inherent funding pressures arising from this mis-match in pupil profiles will have to be contained with the overall Schools Block grant allocations.
- 4.4 If the national funding formula were fully implemented as a hard formula based on the illustrative figures published by the Department of Education all primary schools in Barking and Dagenham bar one (Marks Gate Junior) would be on the funding floor receiving only the minimum increase in per pupil funding of 1.84%. Of the ten secondary and all through schools, two also receive an 1.84% per pupil increase and the other eleven would receive an average per pupil increase of 3.34%. This reflects greater levels of need as measured by the formula among secondary pupils.

Growth Fund

- 4.5 Since 2019/20, growth funding has been allocated based on a formula and not based on lagged actual costs. which has resulted in a reduction in the growth funding available to this borough. The formula is based on the observed differences between the primary and secondary number on roll between the October 2018 and October 2019 school censuses. Under this approach, the authority has seen significant reduction in funding. The movement in growth fund allocations are set out in table 5 below.

Financial Year	Growth Fund Allocations (in 000s)	Reduction Compared to Previous Year
2018/19	4,044	-
2019/20	2,983	(1,061)
Estimates 2020/21	2,549	(434)

Table 5: Growth Fund Allocations

- 4.6 Despite the changes in the way growth funding is allocated to schools, the estimated funding of £2,549k is well short of the requirement of £3,780k. The growth fund requirements are set out in table 6 below. The shortfall of £1,231 will have to be funded from the top-slicing the Schools Block allocation, thus reducing the amount available for distribution through the formula. The growth numbers are based on preliminary estimates of new classes opening in September 2020, i.e. these are not in the October 2019 census, and would only appear in the October 2020. Any surplus in growth fund estimates would be released back into the formula for distribution when these numbers are finalised.

	Estimated Sept. 2020 Growth	Total Growth Fund Requirement (000s)
New and Growing Schools (at 7/12th AWPU plus 20% pupil led)	510	1,457
Centrally held (outside the APT) (at 7/12 AWPU)	945	2,188
Contingency	60	135
Total Growth Fund Requirement		3,780
Estimated Growth Fund Allocation		2,549
Shortfall		(1,231)

Table 6: Growth Fund Requirement

Central Block

- 4.7 The Central Block has been created in 2018/19 by combining the residual Education Services Grant of £0.6m and £1.9m of funding allocations for central services previously agreed by Schools Forum. The latter is made up of specific continuing statutory functions (Admissions and running a Schools Forum) and local arrangements for historically agreed services. The Government's clear intention is to move the ESG and statutory functions elements towards a per head funding regime and to taper off historically agreed services over time.
- 4.8 The funding for these historic services has been reduced by 20% in line with the previously announced taper strategy. Services impacted by this reduction is set out in Table 6 below. This will require the services funded from these allocations to either reduce their costs or to increase income through increased trading or charging. This is likely to impact on schools. Further information on this will be brought to the Schools Forum in January.

Services	Historic Central Contribution	Indicative 2020/21 allocation (-20%)
School Improvement	108	87
Trewern Outdoor Education Service	209	167
Community Music Service	310	248
Advisory Teachers	330	264
School Games Organiser Funding	50	40
School Estates	150	120
Total	1157	926

Table 6: Use of Historic CSSB

High Needs block

- 4.9 The High Needs Block provides funding for Local Authorities (rather than for delegation to schools) and is made available to meet the additional costs of supporting students with special educational needs aged 0 to 25 years. The funding was previously based on historical allocations with very little linkage to actual levels of need in an area. Over recent years it has become clear that the national quantum of funding was not sufficient to meet the true levels of need. The allocation to individual areas varies reflecting the pre-existing gap between historic funding and the local level of need as defined in the HNB funding formula. LBBB had one of the largest existing funding gaps (in the region of £5.6m) and so received the maximum possible uplift of 17%.
- 4.10 As a reflection of the historic underfunding and the high levels of demand in previous years there have been severe financial pressures on the High Needs Block which have required the transfer of £1.1m (or 0.5%) from the Schools Block to the HNB. This is not expected to be required in 2020/21 due to the increased funding allocation in that year, so allowing this to be passed through to school through the formula. However, there will still be a requirement for HNB expenditure to be strictly controlled and reduced.

Early Years Block

- 4.11 Early years allocations for 2020/21 have not been announced. Current year allocation provides the indicative allocations for the following year. The 2020/21 allocations will not be finalised until June 2021 taking into account the January 2020 and January 2021 census results.
- 4.12 The allocation basis has been increased in 2020/21 by an additional £0.08 per child per hour. It is proposed to passport this increase through to providers.

	2019/20 Overall Hourly Rates	2020/21 Hourly Rates
2 Year Olds	5.66	5.74
3 & 4 Year Olds	5.50	5.58

Table 7: Hourly rates for 2, and 3 and 4 year olds funding rates

- 4.13 The proposed hourly rates to be paid to providers for children in LBBB are set out in table 8 below. These rates take into account the flexibility supplements and deprivation funding.

	2019/20 Hourly Rates	2020/21 Hourly Rates
2 Year Olds	£5.35	£5.43
3 & 4 Year Olds	£4.92-£5.21	£5.00-£5.28

Table 8: Proposed provider rates

<p><u>Recommendation (v):</u> Schools forum are requested to note</p> <p>(a) the provisional funding allocations for 2020/21</p> <p>(b) Changes to National Funding Formula for 2020/21</p> <p>(c) The projected shortfall in growth fund allocations for 2020/21</p> <p>(d) Impact of CSSB reductions</p>

5 Schools Funding Formula for 2020/21

- 5.1 The funding allocations and distributions are set out in table 9 below. The provisional Schools Block allocation is based on the October 2018 census of 38,661. The funding model for 2019/20 is based on an additional 257 pupils to take account of new and growing schools. The provisional model is based on 38,918 to allow schools to make year on year comparisons as the additional pupil would be captured in October 2019 census and reflected in the December Schools block allocations update. Hence, the movement between 2019/20 and provisional 2020/21 model are the result of changes in unit rates and formula.

	NOR	Total (000s)
Schools Block Budgeted Grant Income		
Provisional SB Allocation	38,661	218,885
Additional 2019/20 APT Pupil No Adjust.	257	1,585
Expected GF DSG Allocation (estimate)		2,549
Total funding Available		223,019
Schools Block Budgeted Expenditure		
APT Model (exc NNDR and PFI increases)	38,918	218,381

Provisional for NNDR increase		225
Provision for PFI increase		121
Growth Fund - APT		1,457
Growth Fund - Centrally Held		2,324
Falling rolls		511
Total budgeted Expenditure		223,019
Net Cost		0

Table 9: Budgeted Income and Budgeted Expenditure

- 5.2 The overall cash limit for funding formula and growth is £223,010k. The balance available for formula after setting aside requirements for growth and falling rolls is £218,727 including provisions for NNDR and PFI cost increases.
- 5.3 The provisional October 2019 census is showing that across 25 primaries Numbers on Roll (NOR) are falling 514, and 16 are reporting combined growth of 217 pupils. This is in marked difference to the secondary phase which is reporting growth of 619 across 7 seven schools, and 1 reporting negative growth, and 3 All-through schools are reporting growth of 302 across both phases. It was assumed no growth in 4 schools where provisional data was not yet available.

Phase		Negative Growth	Positive Growth	Net
Primary		(514)	217	(297)
All-through	Primary	0	129	129
Secondary		(40)	691	651
All-through	Secondary	0	173	173
Total		(554)	1210	656

Table 10: set out movement in pupil numbers between Oct 2018 and Oct 2019 census.

- 5.4 The provisional funding formula assumes no change in pupil numbers. In reality, there is significant drop in primary pupil numbers which is likely to translate into substantial reductions in funding for schools. This reduction in funding, due to falling numbers, is predominantly a significant issue for the primary sector. Whilst this is expected to be a temporary drop, schools would require some lead in time make the necessary adjustments. It is therefore proposed that hold back a small allocation to support primary schools that would see large reductions in funding as a result of falling rolls. If this is not agreed, the earmarked funding would be returned for distribution through the formula.
- 5.5 For a number of years, it has been a local principle that the overall funding ratio between the two sectors should be 1:1.30 (or as near as technically possible.) The operation of the national funding formula however results in a ratio of 1:1.40.
- 5.6 In the previous two years it was agreed that the local formula would be adjusted in order to bring the funding balance approximately one third of the way towards the national formula ie to a ratio of 1:1.34. This would allow a gentler transition towards

the eventual funding balance and would offer some protection to primary schools. In practice this was further dampened down by the requirement to offer funding floor protection so in practice the final ratio was in the region of 1:1.31.

- 5.7 The proposed local funding formula for 2020/21 is based on the following principles:
- Funding should be set aside to support premises factors, the full growth fund requirement and a fund to support schools with falling rolls
 - The national funding formula factors should be used for all the additional needs
 - The AWPU factors should be adjusted in order to meet the funding available.
 - All schools should receive the minimum funding per pupil amounts set out in the national formula
 - All schools should receive a minimum uplift of 1.84% uplift (or close to it in the final funding formula as is possible within the total funding available.)
 - Additional funding above this level should be allocated to secondary schools so long as it does not move the ratio above 1:1.35 (midway between the current formula and the impact of the NFF.)
- 5.8 The impact of the funding formula model based on these principles are set out in Appendix B. This assumes no reductions in NOR. However, it is already known that there are significant reductions in NOR in the primary phase, and this is likely to translate into significant reduction in funding which is unprotected by MFG. Under the proposed model, all of the schools make gains in their overall budget. However, all except 2 of the primaries and 3 secondaries remain on plus 1.84% MFG funding floor. The remaining secondaries and all through schools would make gains of over 2.7%.
- 5.9 The unit rates for 2019/20, NFF rates for 2020/21 along with actual local rates applied are set out in Appendix C. The NFF rates have been applied in full to the funding model with the exception of AWPU's. These have been flexed to achieve the MFG funding floor protection and the primary secondary target ratio of 1:1.35.
- 5.10 Schools are to be consulted on the proposed funding model for their views and comments, and these will be reported to the next Schools Forum.
- 5.11 The funding allocations through the different formula factors are set out Appendix D to this report.
- 5.12 The DfE will release updated census data and revised funding allocations based on that in December. When this is published it may be necessary to adjust some factor weightings or other aspects of the calculation. This will be done in line with the principles approved and in consultation with Schools Forum and local schools.
- 5.13 It is proposed to keep the de-delegation quantum the same as in 2019/20. Details of delegation will be presented to the next Schools Forum report for approval.

Recommendation (vi): Schools forum are requested to

- (a) Agree the Principles applied to the funding model (including MFG protection levels and
- (b) Agree the target Primary Secondary ratios of 1:1.35 as the basis for the final model.
- (c) Note the issues regarding falling rolls and agree the allocation of funding for falling rolls
- (d) Agree the provision for growth fund for classes opening in September 2020.

6 DfE consultation on (a) extension of risk protection arrangement and (b) financial transparency

Extension of risk protection arrangement

- 6.1 The Department is considering extending the risk protection arrangement (RPA) currently operational for academy trusts (ATs) to the local authority maintained school (LAMS) sector in England, with the hope that sector can benefit from financial savings such as ATs have attained through membership of the RPA. The RPA project was initiated in order to help reduce the cost to the public purse of protecting academies against risk. In 2014 the average cost of commercial insurance for academies was £49.93 per pupil. The RPA launched in September 2014 at a cost of £25 per pupil. The RPA has reduced its cost to £18 per pupil in 2019/20.
- 6.2 The DfE is looking at the potential to extend the RPA to LAMS in England with the hope of helping to reduce the cost of protecting them from risk. They launched a public consultation on 9 September 2019 to allow schools and individuals to express their views, comments or concerns. The Government will then make a decision on whether to extend the RPA to LAMS in England.
- 6.3 The consultation will be open for comments until 4 November, the government is therefore encouraging all maintained schools to give their views on the proposal by completing the online survey at www.education.gov.uk/consultations. The Local Authority has already responded giving its views.

Financial transparency in schools

- 6.4 The DfE has completed a consultation on financial transparency in schools and interested parties including schools, LA's and other interested organisations we invited to comment on proposed new measures that aim to improve transparency of the financial health of LA maintained schools. The purpose of the consultation was to outline the current financial transparency arrangements for maintained schools, and to consider possible changes.
- 6.5 The DfE believes that the current transparency measures used in academies are generally stronger than those in the maintained school sector, hence the consultation was focused on using or adapting existing academy measures to help change and improve maintained schools' financial transparency and financial health.

6.6 There were 8 proposals requiring responses which includes the following areas

- Publishing the names of local authorities on GOV.UK who fail to comply in any financial year with more than two deadlines regarding the following returns:
 - School Financial Value Standard (SFVS)
 - Dedicated Schools Grant CFO assurance statement
 - Consistent Financial Reporting
 - Section 251 Budget
 - Section 251 Outturn
- Collecting the number of schools with suspended budgets and notices of financial concern through existing DSG assurance statement.
- Collecting data on amounts that LAs have recovered from investigating fraud.
- Revising the scheme for financing schools to make it a requirement for maintained schools to provide local authorities with 3-year budget forecasts
- Making schools append a list of Related Party Transactions (RPT) to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs, so that the information goes to the local authority and can be passed on to the DfE.
- Proposal to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.
- Proposal to amend the scheme to require schools to seek permission from the authority to enter into RPTs above a threshold.
- Proposal to make a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.
- Requiring schools to submit a recovery plan to the LA when their deficit rises above 5%

The results of the consultation and DfE's response will be published on GOV.UK later in 2019.

Recommendation (vii): Schools forum are requested to note these DfE consultations.

7 Arrangements for redundancy costs for schools

School forum recommended the following steps during the summer meeting for the payment of redundancy costs for school-based staff:

- (a) The use of Schools Facing Financial Difficulty Funding as an initial funding source for any eligible redundancies. And then to indicate a preferred model for future funding (if required.)
- (b) Set-up a new panel made up of representatives from the local authority and members of schools forum to review requests.
- (c) Requests received and reviewed by the new panel will be recommended to the Financial Monitoring Group for approval.
- (d) Requests approved by the FMG will then be forwarded to the Commissioning Director for Education & Section 151 Officer for authorisation.

Recommendation (viii): Schools forum is asked to set-up the new panel mentioned above at (b)

8 Pilot for the introduction of BACS payment in schools

- Majority of schools are currently in a transition to introduce BACS payment as a replacement for the use of cheques.
- The use of BACS are also being encouraged by banks as a modern faster payment solution for businesses.
- Moreover, some of our schools are also experiencing increasing fraudulent activities on their bank accounts due to the use of cheque. This has been brought to the attention of Internal Audit, who are providing support, advice and guidance to the individual schools concern.
- Although the use of BACS is not devoid of online fraud, banks are encouraging the use of BACS payment due to it's inherit benefits and cost savings to banks and their customers.
- We are therefore inviting schools who are interested to be part of a pilot scheme this autumn term for the introduction of BACS payment in our schools. The plan is to roll out the scheme next summer to more schools who wish to move from the use of cheques to BACS.
- The pilot will be led by schools who are already using BACS payment, advice, information and guidance will be provided by LBBD schools finance team and internal audit

Recommendation (ix): Schools forum are requested to note and comment on this proposal

9 Teachers Pension Supplementary Grant

- 9.1 The pension supplementary fund provides additional support alongside the teachers' pension employer contribution grant (TPECG), for the cost to schools due to the increase in the employer contribution rate to the Teachers' Pension Scheme from September 2019.
- 9.2 If a school's TPECG allocation falls short of the cost increase for Sept 19 to Mar 20 by more than 0.05% of their budget, based on actual costs from November 2019 pay bill, the DfE will provide funding for costs above that threshold. There will be two separate windows for the online application process. The window for mainstream schools will open between 02 December 2019 and 17 January 2020. For maintained and academy special schools, and Pupil Referral Units this is during April 2020. Please see refers to Appendix E for further details.

10 Sugar Tax levy

- 10.1 In 2018 the Government set aside revenue generated from the Soft Drinks Industry Levy (sugar tax) to the Healthy Pupils Capital Fund Programme (HPCF). The fund is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions.
- 10.2 The Local Authority invited bids from schools, from the £165k that was set aside, for eligible projects not exceeding 10K. The deadline for the submission of bids was 7 June. An update is to be provided at the schools forum meeting.

11 Financial implications

As presented in this document.

12 Legal implications

The schools forums (England) regulations 2012 govern the constitution and conduct of meetings of the forum. The schools finance (England) regulations 2012 determine those matters on which the local authority must or may consult the schools forum and those in respect of which the schools forum can make decisions. These regulations make provision for the financial arrangements of local authorities in relation to the funding of maintained schools and providers of prescribed early years provision in England.

13 Other implications

- a. **Risk management** - None
- b. **Contractual issues** - None
- c. **Staffing issues** – None

- d. **Customer impact** – None
- e. **Safeguarding children** - None
- f. **Health Issues** - None
- g. **Crime and Disorder Issues** – None
- h. **Property / Asset Issues** – None

Background papers used in the preparation of the report:

None.

List of appendices:

- Appendix A - Detailed analysis of DSG grants allocations for London Boroughs
- Appendix B - School budget allocations, proposed 2020/21 funding formula model compared to 2019/20 model.
- Appendix C - Unit rates used in 2019/20 model, NFF rates for 2020/21, and actual rates used in the proposed model for 2020/21.
- Appendix D - Total funding allocations through the different factors, proposed 2020/21 model versus 2019/20 model.
- Appendix E - Teachers Pension Supplementary Grant – application process.