

(BARKING AND DAGENHAM SCHOOLS FORUM)
10 June 2020

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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Summary: The purpose of this report is to update the Barking and Dagenham Schools Forum on: <ul style="list-style-type: none">• Dedicated Schools Grant (DSG) Outturn for 2019/20• High Needs Block (HNB) Outturn for 2019/20• HNB Budget for 2020/21• DSG Budget for 2020/21• Falling Rolls Applications• School Balances 2019/20• Provision of financial regulations for Schools• Covid19 information & Guidance for schools• Community Music Service delivery model• AOB	
Recommendation(s) The Schools' Forum is asked to: <ul style="list-style-type: none">(i) Note 2019/20 DSG out-turn position(ii) Note HNB Outturn for 2019/20(iii) Note and comment on High Needs Budget for 2020/21	

- (iv) School Forum is asked to note the arrangements and revised cash advance to fund the 2020/21 schools funding model and the DSG funding allocations for 2020/21
- (v) Note the update on the Falling Rolls Fund and (a) agree the revision to the falling roll unit of funding, (b) note the allocations of funds to schools that met the qualifying criteria, (c) agree the release of £292k underspend to fund the cash shortfall on the schools block funding formula.
- (vi) Note the 2019/20 closing school balances
- (vii) Note and approve the set-up of a working group of school business managers and LA officers to produce a draft financial regulation document for LBBB schools to be ratified by Schools Forum.
- (viii) Note information & guidance on Covid 19 for Schools
- (ix) Note the creation of a working group to review new delivery & funding model for Community Music Service

Reason(s)

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.

1. DSG Outturn for 2019/20

- 1.1 The DSG funding and out-turn are set out in table 1 below. The total DSG allocation for the year, after recoument, is £221,539k. The in-year overall outturn position for the Dedicated Schools Grant is an overspend of £1,476k. This the net effect of £1,507k overspend on High Needs, £303k overspend on Early Years, and £334k underspend on Schools Block. This overspend will be funded from the overall Dedicated Schools Grant reserve. There is sufficient funding in the reserve to cover this but it is now reduced to £1.726m. This is less than 1% of total DSG.
- 1.2 High Needs Budget after direct funding for post 16 places and academy schools is £28.714m. The revised budget after transfer of £1,039k from Schools Block equates to £29.753m. The HN outturn for the year is £31.260m, resulting in an overspend of £1.507m.
- 1.1 The early years outturn position of £303k consists of £884k underspend on 2 Years Olds and an overspend of £1,187k on 3&4 Year Olds. The underspend on Schools Block is due to a combination of favourable prior year grant adjustments and an overspend of £76k on centrally retained growth funding.
- 1.2 We have taken a prudent view and assumed that the overspend on 3&4 Year Olds will not be refunded by the DfE. In previous years, adjustment in respect of the January census is passed through in June the following financial year. However, in view of Covid 19 along with the absence of May census, DfE is yet to announce details of if and how retrospective early years funding adjustments would be applied.

	Funding £'000	Block Transfers	Revised Funding	Expenditur e Forecast March 2020	Deficit (surplus) at as March £'000	Outturn forecast as at January 2020
Schools Block – ISB	168,020	(1,039)	166,981	166,646	(334)	0
Early Years Block	22,230		22,230	22,533	303	0
High Needs Block	28,714	1,039	29,753	31,260	1,507	2,201
Central Block	2,575		2,575	2,575	0	0
Total	221,539		221,539	223,014	1,476	2,201
B/f DSG balances					(3,202)	(3,202)
Unallocated DSG reserves (surplus)					(1,726)	(1001)

Table 1 – 2019/20 DSG funding and expenditure Outturn

Recommendation (i): Schools forum are requested to:

Note and comment on the 19/20 DSG Outturn Position.

2. HNB Outturn for 2019/20

- 2.1 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 required the transfer of circa £1.1m (or 5%) from the Schools Block to the HNB. The table below shows the detailed outturn position for High Needs for 2019/20. During

the year a significant overspend was forecast which required a recovery plan to be put in place. This plan was successful in containing the overspend to a greater than forecast effect thus reducing the impact on the overall DSG balance.

	2019/20 Budget	Final Outturn	Variance +deficit / (surplus) March 2020	Variance +deficit / (surplus) January 2020
Alternative Provision	3,544,000	3,367,951	-176,049	48,629
ARP Funding	6,032,800	6,204,955	172,155	(141,397)
DSG - High Needs Education Inclusion	1,666,000	1,482,668	-183,332	(119,564)
Top-ups (inc. OB and NMSS)	6,662,200	6,632,472	-29,728	2,525,508
High Needs Top Ups - Post 16	969,000	1,467,388	498,388	(1,610)
SEN Panel Top Ups	1,418,000	1,183,195	-234,805	(611,357)
LACHES, Language Support	331,000	310,118	-20,882	(96,482)
Initiatives	200,000	44,830	-155,170	(200,000)
Special School Funding	7,493,000	10,224,464	2,731,464	1,986,928
Early Years & Integrated Youth Services	398,000	341,897	-56,103	704,441
Total	28,714,000	31,259,938	2,545,938	4,095,095
Schools Block transfer			(1,039,000)	(1,039,000)
Management Action				(855,000)
Position after successful management actions			1,506,938	2,201,095
19/20 DSG Reserve			(3,202,000)	(3,202,000)
Projected Net DSG Reserve Position after funding HNB overspend (surplus)/+deficit			(1,695,062)	(1,000,905)
Add EY overspend (Net Position)			303,000	
Add Schools Block Underspend			334,000	
Estimated DSG Carry Forward (Reserve)			1,726,062	

Table 2 - High Needs Outturn

- 2.1 The High needs block major reporting overspends for 2019/20 were Special school budgets £2,727m pressure due to lagged funding in support of LA commissioned places in-year to Special Free schools and top up payments. Also, post 16 £498k pressure due to an increase in recoupment in support of place growth from LA commissioned places.
- 2.3 The HNB outturn for 2019/20 of £1,473m overspend is better than originally reported of pressures between circa £2m to £4m. This is due to support from the School Block of a 5% transfer of £1,039m and Management action of in-year savings.

Recommendation (ii): Schools forum are requested to:

Note and comment on the 2019/20 High Needs Outturn position.

3. High Needs Budget 2020/21

- 3.1 The High Needs working group met on 12th March 2020 and discussed the draft HN budget allocation to support ongoing pressure areas, including Special school budgets and top up increases (6%). The working group reviewed other London borough DSG reported reserves and proposed to earmark HN funding to the DSG reserves for future growth and ongoing pressures within the DSG block.
- 3.2 Although additional HNB funding of £5,656m to £37,334m (prior to recoupment) has been announced for 2020/21 it is likely that there will still be some level of pressure on the block in the coming year, due to a growing population and other demographic changes that will still increase demand for services. It is not possible to make another transfer from the Schools Block due to other pressures. For this reason, further options for controlling and reducing spend in the next financial year should continue to be explored, close monitoring and timely mitigation actions may be required to ensure that any risks are managed.
- 3.3 The latest High Needs budget allocation as at 27 March 2020 is £37,334m less recoupment of £3,547m for post16 places and academies, making a net £33,787m received by the LA.
- 3.4 The draft summary High Needs Budget 2020/21 is set out in table 3 below, and the detailed budget breakdown is attached as Appendix A to this report:

Draft 2020/21 High Needs Budget	2019/20 Budget	Final Outturn	Variance +deficit/(surplus)	DRAFT 2020/21 Budget
Alternative Provision	3,544,000	3,367,951	(176,049)	3,574,000
ARP Funding	6,032,800	6,204,955	172,155	6,102,000
DSG – High Needs Education (Inclusion)	1,666,000	1,482,668	(183,332)	1,618,000
Top-ups (Inc. OB and NMSS)	6,662,200	6,632,472	(29,728)	7,635,000
High Needs Top Ups – Post 16	969,000	1,467,388	498,388	1,291,000
SEN Panel Top Ups	1,418,000	1,183,195	(234,805)	1,148,000
LACHES, Language Support	331,000	310,118	(20,882)	335,000
Initiatives	200,000	44,830	(155,170)	150,000
Special School Funding	7,493,000	10,224,464	2,731,464	10,643,000
Early Years & Integrated Youth Services	398,000	341,897	(56,103)	356,000
TOTAL	28,714,000	31,259,938	2,545,938	32,852,000
Schools Block transfer			(1,039,000)	
2019/20 Outturn (pressure)			1,506,938	
2020/21 HN Reserve				934,456
2020/21 HN Recoupment				3,547,500
2020/21 HN Block Budget (March 20)				37,333,956

Table 3 - Draft High Needs Budget 2020/21

- 3.4 The draft HN budget has been reviewed in support of ongoing budgetary pressures including Special school 'top up' increase of 6% to support growth, school running cost pressures but also to address special school budgets and no increase in funding (apart from growth in places) since the introduction of National Funding Reform. It was also discussed at the HN working group meeting that in future years we should aspire to increase Special school budgets from the high needs block by the same percentage increase as mainstream schools and academies funded from the school block but this would depend upon affordability each financial year.

- 3.5 Due to the increase in funding we have been able to set budgets in most areas at a similar or higher level as the outturn. However there has been little scope to provide for further cost inflation or demand growth and so continued close monitoring and control will be required. This will particularly be the case for the Top Up budgets - especially post 16.

Recommendation (iii): Schools forum are requested to:

Note and comment on the draft High Needs budget for 2020/21.

4. DSG Budget for 2020/21

- 4.1 The total DSG funding allocations and updated recoupments as at May 2020 are set out in the table 4 below. The recoupment and direct funded adjustments are only finalised towards the end of each financial year, and is therefore subject to change.

Block	Pre- recoupment £'000s	Recoupment/Direct funding £'000s	Post Recoupment £'000s
Schools block	226,041	54,786	171,255
Central school services block	2,364	0	2,364
High needs block	37,334	3,548	33,786
Early years block	22,542	0	22,542
Total DSG allocation	288,281	58,334	229,947

Table 4: DSG Allocations for 2020/21

- 4.2 It was previously reported that the cost of funding the school formula was expected to be £224,470k, and the overall planned Schools Block expenditure exceeded the Schools Block allocation by £823k. (Please see table 5 below). It was agreed that the net cost of £823k was to be funded as a cash advance from DSG reserves.
- 4.3 There was further refinement to the formula, relating how growing schools are funded for growth through the formula, as a result of which the DSG requirement is reporting a reduction of £371k. This adjustment only impacted on the formula budget of three academy schools. The revised cash shortfall before other adjustments is £452k. The net cash advance requirement after taking into account the unspent of £292k (please see section 5 of this report for details) on falling rolls is £160k. The reinstatement of the £160k contribution will be the first call on the 2021/22 School Block grant allocations.
- 4.4 The revised school funding model for 2020/21 was submitted to the DfE for compliance review and was approved. The maintained schools have now been notified of the final delegated budget allocation for 2020/21. The academies general annual grant allocation statements are issued by the Education and Skills Funding Agency (ESFA), and in respect of 2020 to 2021 academic year allocations the statements are issued by the end of February 2020.

	Total (as at January 2020 Schools Forum) (£'000s)	Revised Position (£'000s)	Variance (£'000s)
Dedicated Schools Grant (Schools Block)	226,041	226,041	0
Total Income (a)	226,041	226,041	
Formula Model	224,470	224,099	371
Centrally held growth	1,894	1,894	0
Falling Rolls	500	500	0
Total Expenditure (b)	226,864	226,493	371
Cash shortfall: (a) minus (b)	823	452	371
Less: Underspend on Falling Rolls		292	
Net cash advance requirement		160	

Table 5: Cost of schools funding formula

- 4.5 The 2020/21 financial year funding statement issued to maintained schools by the local authority included provisional allocations for other funding streams, including Pupil Premium, Teacher Pay Grant, Teachers Pension Grant, PE and Sports grant and Universal Infant Free School Meals. Allocations for these funding streams are published at various points during the financial year. As part of good financial practice, schools should regularly review and confirm these allocations as and when these are published on the DfE website and adjust the corresponding income and expenditure budgets.

Recommendation (iv): School Forum are asked to note the arrangements and revised cash advance to fund the 2020/21 schools funding model, and the DSG funding allocations for 2020/21

5 Falling Rolls Application (2020/21)

- 5.1 The primary phase is facing significant challenges arising from short term drops in funding in 2020/21 as a result of temporary fall in pupil numbers. There are 26 primary schools that are reporting fall in numbers totalling 581 and the remaining 17 are reporting increases in numbers totalling 278.
- 5.2 At the last meeting, Schools Forum agreed to set up a one off £500k falling rolls fund. The purpose of this is to provide timely support to schools that are facing short-term funding turbulence.
- 5.3 The list of schools that have submitted applications for falling rolls fund are as set out in table 6 below. It is a DfE mandatory requirement that the school must be good or outstanding. Other local criteria agreed at the last Forum were:
- (a) reductions of 5% or more in number of rolls after adjusting for impact of bulge classes,
 - (b) reduction in delegated budgets of 2% or more,

- (c) schools reserves not exceeding 2% of delegated budget along with submission of recovery plans. It was agreed that the qualifying schools are funded at 25% of 2020/21 AWPU of £3,375.

Schools	% Reduction in Number On Roll (NOR) (19/20 vs 20/21)	% Reduction in Individual School Budget (19/20 vs 20/21)	Projected LMS as % of ISB +surplus / (deficit)
Dorothy Barley Infants'	(10.14)	(7.56)	(17%)
The James Cambell Primary School	(8.84)	(4.18)	2%
Parsloes Primary School	(7.28)	(5.37)	14%
Eastbury Primary School	(5.87)	(4.12)	(3%)
Ripple Primary School	(5.57)	(3.63)	(14%)
John Perry Primary School	(3.31)	(1.48)	2%
William Ford CofE Junior School	(1.69)	0.2	3%
Richard Alibon Primary	(0.96)	(2.11)	(0.73%)
Roding Primary School	3.26	4.18	11%

Table 6: Analysis of Falling Rolls Application

- 5.4 The number of qualifying schools was not known at the time the criteria was agreed, and the qualifying threshold was set high to enable the falling rolls budget to be managed. The policy that was agreed did not fully consider the magnitude and impact of the drop in pupil numbers. Therefore, it is proposed to use tapered AWPU rates that reflects the percentage drop in pupil numbers, with funding capped at £60k, as set out in table 7 below.

% Drop in NOR	% AWPU Applied (£3,375)	Unit of Funding
5 - < 6%	30%	£1,013
6 – < 8%	40%	£1,350
>= 8%	50%	£1,688

Table 7: AWPU rates applied to falling rolls

- 5.5 The falling rolls fund allocations are set out in table 6. There were five schools that did not meet the funding criteria. The total cost of funding the successful schools is £208k. Therefore, it is proposed that the balance of £292k from the initial falling rolls allocation of £500k is transferred back into DSG reserves.

School Name	Total falling Rolls Fund Allocated £s	Notes
The James Cambell Primary	60,000	
Ripple Primary School	53,663	
Dorothy Barley Infants'	48,938	
Eastbury Primary School	45,563	
John Perry Primary School	0	Do not qualify, drop in numbers below 5%
Parsloes Primary School	0	Do not qualify, reserves exceed 2%
Richard Alibon Primary	0	Do not qualify, drop in numbers below 5%
Roding Primary School	0	Do not qualify, increases in NOR and ISB

William Ford CofE Junior	0	Do not qualify, drop in numbers below 5%
Total	208,164	

Table 7: 2020/21 Allocation of falling rolls fund

Recommendation (v): Schools forum are requested to:

- (a) Agree the revision to the falling roll unit of funding.
- (b) Note the allocations of funds to schools that met the qualifying criteria
- (c) Agree the release of £292k underspend to fund the cash shortfall on the schools block funding formula.

6 Analysis of School Balances 2019/20

- 6.1 Attached to this report is the quarter 4 analysis of schools balances for the year 2019-20. The Local Management of Schools (LMS) reserves are reporting a net increase of £38k to £10,793k. However, there are significant in-year movements between schools. Based on end of year out-turn statements from schools, 20 are reporting in-year surpluses totalling £2,528k. These include Barking Abbey, Robert Clack and Gascoigne which between them is reporting surpluses of £1,450k. In contrast, there are 22 schools that are reporting in-year deficits totalling £2,490k, and includes 3 schools that between them have a total in-year deficit of £910k. These are Ripple Monteagle, Dagenham Park, and Monteagle.
- 6.2 The Local authority and the Financial Monitoring Group (FMG) will continue to monitor and work with schools that are in financial deficit, or on the verge of financial difficulty to provide advice, information and guidance on long term financial sustainability including curriculum and business strategies for a long term recovery plan.
- 6.3 Find attached Appendix B for analysis of Schools Balances as at 31 March 2020.

Recommendation (vi): Schools forum are requested to note the 2019/20 closing school balances

7 Provision of financial regulations for Schools

- 7.1 Schools and local authorities are issued with a generic guidance by DfE on financial monitoring and management of school finance, this guidance can be found in the Scheme of financing schools which is updated periodically.
- 7.2 In addition to this document, most local authorities issue bespoke financial regulations for schools for the running of school business and financial management of schools. The purpose of this document is to serve as a point of reference to ensure that those responsible to carry out their duties in a consistent manner and comply with Statutory and Accounting requirements. The School Financial Regulations allow the Chief

Finance Officer to fulfil his responsibility under The Local Government Act 1972 and The Local Government Finance Act 1982.

- 7.3 The School Financial Regulations provide a framework for Governing Bodies to ensure that their decisions and the conduct of its school ensures:
- Financial Probity and Stewardship
 - Value for Money
 - Accountability by Schools for their actions
 - Protection for all who are involved with the School's finances
 - Clarity in the expectations of the Schools' conduct
- 7.4 We are therefore proposing to set up a working group made up of school business managers and LA representative(s) to produce a draft financial regulation for consultation with schools and internal audit to be ratified by schools forum.

Recommendation (vii): Schools forum are requested to:

Note and approve the set-up of a working group of school business managers and LA officers to produce a draft financial regulation document for LBBB schools to be ratified by schools forum.

8 Covid19 Guidance for Schools

- 8.1. The government have issued guidance and information relating to Coronavirus (COVID-19) for parents, schools, early years settings, colleges and universities: on matters relating to school re-opening & closures, exams, learning, health and wellbeing etc. The key message with regard to funding is that DSG funding will continue to be paid as normal even during any periods of school closure or part closure.
- 8.2 Full details of the guidance can be found at:
<https://www.gov.uk/coronavirus/education-and-childcare>
- 8.3 This guidance gives details on additional funding available to schools to cover costs related to the coronavirus (COVID-19) outbreak. It covers the period up to the end of the 2019 to 2020 summer term. The government will publish further guidance in June with more details of the claims process.
- 8.4 A summary of Covid19 guidance on funding has been attached to this report as appendixes:
Appendix (C) School funding during Covid19
Appendix (D) High Needs funding during Covid19
Appendix (E) Early Years funding during Covid19

Recommendation (viii): Schools forum are requested to Note information & guidance on Covid 19 for schools

9 Community Music Service delivery model

- 9.1 The Community Music Service (CMS) reported an outturn position of c. £31k overspend at the end of 2019/20 financial year. The budget and the narrative outlining the pressures that caused this overspend are detailed in the report on Appendix (F).
- 9.2 The leadership of the CMS have agreed some immediate mitigating actions to be taken in 2020/21 financial year to avoid any further financial deficits including how the service will absorb the DfE reductions to the central services block in the coming years.
- 9.3 CMS would like to initiate a consultation with schools' forum and approve the creation of a working group to consider and support a transition to a new trading model for a long term sustainable financial strategy and delivery model.

Recommendation (ix): Schools forum are requested to:

Approve the set-up of a working group to consider transition to a new trading model and a long term financial sustainability for CMS.

The following headteachers have volunteered to be part of the working group:

1. Cathy Leicester – Dorothy Barley
2. Susan Ball - Trinity School
3. Jamie Bell – Warren Junior
4. Secondary School Headteacher, to be confirmed.

10 Financial implications

As presented in this document.

11 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.

12 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 High Needs Budget
Appendix (B) Analysis of School Balances 2019/20
Appendix (C) School funding during Covid19
Appendix (D) High Needs funding during Covid19
Appendix (E) Early Years funding during Covid19
Appendix (F) Music Service Budget Pressures