**(BARKING AND DAGENHAM SCHOOLS FORUM)**

**(16 January 2018)**

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| **Title:** School Forum Report |
| **Report of: CORPORATE DIRECTOR**  |
| **Open** | **For Decision / For Information** |
| **Wards Affected: All** | **Key Decision: No** |
| **Report Author:** Daksha Chauhan – Group Accountant (Finance) | **Contact Details:**Tel: 020 8724 2250E-mail: daksha.chauhan@lbbd.gov.uk |
| **Accountable Operational Director:** Jane Hargreaves – Commissioning Director for Education Youth and Childcare |
| **Accountable Strategic Director:** Anne Bristow – Strategic Director for Service Development and Integration |
| **Summary:** The purpose of this report is to update the Barking and Dagenham Schools Forum on:1. (Background)
2. The Dedicated schools Grant 2017-18 Forecast Outturn.
3. The Dedicated schools Grant 2018-19 Allocations.
4. Update on De-Delegation
5. Final Schools Funding Formula 2018-19
6. High Needs – Proposed Budget 2018-19
7. Early Years National Funding Formula
8. Early Closure of Accounts
 |
| **Recommendation(s)**The Schools Forum is asked:1. To note DSG outturn position for 2017-18.
2. To note DSG allocations for 2018-19.
3. To agree the updated per pupil de-delegated amounts.
4. Agree the final School Funding model.
5. Note the proposed High Needs Budget.
6. Note the impact of the Early Years National Funding Formula.
7. Note the proposals for the early closure of accounts.
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| **Reason(s)** |
| None |

**1. Introduction and Background**

* 1. The School 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.

1. **Dedicated Schools Grant 2017-18**

**Table 1**



**Table 2: Dedicated Schools Grant 2017-18 Forecast Outturn Position after adjustments**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Notes** |  | **2017-18 Budget** | **2017-18 Forecast Outturn** | **Year End Variance****(underspend) / overspend** |
|  |  | **£’000** | **£’000** | **£’000** |
| 2.2 | Early Years Block |  19,681  |  18,836  | (845) |
| 2.3 | High Needs Block |  26,190  |  26,653  |  463  |
| 2.4 | Schools Block |  166,016  |  165,600  |  (416)  |
|  | **TOTAL** | **£211,887** | **£211,089** | **(£798)** |

**2.2 Early Years Block is reporting an underspend of (£845k)**

2.2.1 There is underspend relating to 2 Year Old funding of £775k and an underspend of £70k from the Early Years centrally retained budget. There is a projected underspend on the funding for 3 and 4 year olds of £800k. This has not been factored into the forecast as this funding will be adjusted in June 2018 by the DfE. The underspend is as a result of the low take up of the additional 15 hours. It was estimated that there were 1,600 children eligible, however there has only been a take up of 586, despite efforts to encourage take up. There have been issues with families registering on the HMRC website. The Early Years team are embarking on a marketing campaign to encourage take up.

2.3 **High Needs Block is reporting a variance of £463k**

2.3.1 The High Needs Block is currently forecasting an overspend of £463k. There is a projected overspend on ARP provision and Special School Pre-16 of £200k each due to additional places created and the increase in demand for this service. There is a projected £585k overspend on SEN Contingency (In Borough Top-Ups) due to demographic pressures with an increasing number of pupils with SEN requirements.  This overspend is partially offset by projected underspend of £200k caused by the delay in the SEMH provision. There was also a one off accounting adjustment for Purchase Orders which were over goods receipted in the previous financial year which has reduced the overall budget pressure for 2017-18.

**2.4 Schools Block has a projected underspend of (£416k)**

2.4.1 The Schools Block is reporting an underspend of £416k as a result of lower than anticipated call on the centrally held growth fund. The central growth fund budget is £2,500k against a forecast spend of £2,084k as a result of some of the growth being funded through the Authority Proforma Toolkit (APT). All other areas are expected to be breaking even.

1. **Dedicated Schools Grant 2018-19**

3.1 The Schools Revenue Funding settlement for 2018-19 was announced by the Department for Education(DfE) on 21 December 2017. The Dedicated Schools Grant(DSG) is **£265.014 million** for 2018-19. This figure is the gross amount before Academies Recoupment from the Schools Block(SB) and High Needs Block Deductions. The figures for Early Years are provisional and will be updated based on January 2018 and January 2019 census data.

**Table 3: Dedicated Schools Grant 2018-19**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Notes** |  | **2018-19 DfE Allocation** | **Recoupment** | **High Needs Deduction** | **Base Allocation** | **Transfers between blocks** | **2018-19 Revised Budget** |
|   |  | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** |
| 3.2 | Early Years Block | 22,223 |   |   | 22,223 |   | 22,223 |
| 3.3 | High Needs Block | 27,971 |   | (2,328) | 25,643 | 750 | 26,393 |
| 3.4 | Central Block | 2,559 |   |   | 2,559 |   | 2,559 |
|  | Schools Block | 212,261 | (44,358) |   | 167,903 | -750 | 167,153 |
|   | **TOTAL** | **£265,014** | **(£44,358)** | **(£2,328)** | **£218,328** | **£0** | **£218,328** |

3.2 **Early Years Block** : The EYB is comprised of funding for Universal 15 hours entitlement for all 3 to 4 year olds **(£14.495 million)**; funding for an additional 15 hours for eligible working parents for three and four year olds **(£3.16 million);** funding for the Early Years Pupil premium **(£0.166 million)**; funding for Disability Access **(£0.084m)** and funding for eligible 2 year olds **(£4.317 m).** The total provisional allocation is **£22.223m** for Barking and Dagenham, and would be updated as per the January 2018 and 2019 censuses. The breakdown of the provisional funding is shown in Table 4.

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| **Table 4: Early Years Block DSG Funding 2018-19** |
|   | **Allocation £'000** |
| 3-4 Year olds (Universal-15 Hrs) | 14,495 |
| 3-4 Year olds (Additional 15 Hrs) | 3,160 |
| 2 Year Olds | 4,317 |
| 3-4 Year olds Disability Access Fund | 84 |
| Early Years Pupil Premium | 166 |
| **Total Funding** | **22,223** |

3.3 **The High Needs Block**: A baselining exercise was undertaken by the DfE in 2016 to reflect spending patterns as returned by local authorities. There have been changes in the way the DfE are allocating budgets. Table 5 shows the allocations for the High Needs block in 2017-18 and included £**1.388m** of post 16 funding for the HNB. This additional transfer was previously held by the DfE and represents place led funding for post-16 institutions and providers. From 2017 to 2018 onwards all these places will be funded from the initial high needs block allocations to local authorities. Deductions will then be made to fund institutions directly, based on information collected from local authorities.

3.3.1 The DfE also recognised the cost pressures on the HNB nationally and made additional distributions to the baseline. The growth funding in 2017/18 was **£1.048m**, there is further growth in 2018-19 of **£1.441m**.

3.3.2 In 2018-19, the DfE have transferred **£1.593m** from the High Needs block to the Schools. This is to reflect that the initial £4,000 of place funding in ARPs will now be funded through the Schools Block.

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| **Table 5: High Needs Allocations - 2017/18 and 2018/19** |
|   | **2017/18** | **2018/19** |
|   | **£'000** | **£'000** |
| Base Allocation | 25,687 | 25,687 |
| Post 16 Element 2 transfer (from 2017/18) | 1,388 | 1,388 |
| Population Uplift for HNB | 497 | 497 |
| Growth Uplift for HNB | 551 | 551 |
|   |  |  |
| **Base Allocation** | **28,123** | **28,123** |
| Growth |   | 1,441 |
| Transfer to Schools Block |   | (1,593) |
| **Sub Total** | **28,123** | **27,971** |
| Recoupment | (2,689) | (2,328) |
| **Total** | **25,434** | **25,643** |

**3.4** **The Central School Services Block**: The introduction of the National Funding Formula saw the creation of the Central School Services Block (CSSB) which includes for ongoing responsibilities and a cash sum for historic commitments. Schools Forum agreed the funding of the CSSB at the meeting in October 2017. Schools Forum are asked to note the increase of **£27,940** which is as a result of the increase in pupil numbers.

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| --- | --- |
| **2018-19 CSSB** |  **Allocation** |
| Per pupil rate for ongoing functions | £36.69 |
| 2018-19 schools block pupils |  38,220  |
| Total funding for ongoing functions | £1,402,292 |
| Total funding for ongoing functions | £1,156,948 |
| **Total central school services block funding** | **£2,559,240** |

For information, **Appendix C** provides the updated Central Block.

1. **Schools Block DSG 2018-19**

4.1 **De-Delegation** – the provisional de-delegated per pupil rates were agreed by Schools Forum in November 2017. Table 6 provides the updated rates per pupil based on the October 2017 census numbers for LA maintained schools. Schools Forum are asked to note the revised rates per pupil rates.

**Table 6: De-delegated Budgets and Per Pupil Rates for 2018-19**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **2016/17 Per Pupil (£)** | **2017/18 Per Pupil (£)**  | **2017/18 Total (£)** | **2018/19 Pupil (£)** | **2018/19 Total (£)** |
| Schools in Financial Difficulty | 7.96  | 0 |  |  |  |
| Schools Specific Contingency | 5.02  | 3.49 | 108,490 | 3.57 | 108,600 |
| Free School Meals Eligibility | 1.59  | 0.80 | 24,869 | 0.82 | 25,013 |
| Support for Trade Union Duties | 8.55  | 8.02 | 249,310 | 8.19 | 249,180 |
| Local Children’s Safeguarding Board | 1.36 | 1.33 | 41,344 | 1.36 | 41,477 |
|   | 24.48  | 13.64 | 424,013 | 13.94 | 424,270 |

1. ***Schools Forum to note the revised per pupil rates based on October 2017 census.***

**4.2 Schools Funding Formula 2018-19**

4.2.1 Initial modelling undertaken on the full local implementation of National Funding Formula rates indicated that the current Primary Secondary ratio would change from 1:1.30 (that is secondary schools receive 30% more funding) to 1:1.43 in 2018/19 because of the realignment of factor led funding rates under the NFF, particularly the Age Weighted Pupil Unit (AWPU) rates.

4.2.2 Schools were consulted setting out the possible funding options and illustrative allocations. The consultation outcome was not conclusive between the option to maintain the primary: secondary ratio at 1:1:30 or to phase in the NFF over 3 years. Schools Forum agreed to transition to 1:1.34 in 2018/19, 1:1.39 in 2019/20 and 1:1.43 in 2019/20 in readiness for the changeover to the NFF in 2019-20.

4.2.2 The final schools funding formula has been modelled on the National Funding Formula rates uplifted for Area Cost Adjustments with the exception of Age Weighted Pupil Units (AWPU). The AWPU rates have been flexed to achieve the primary secondary transitional ratio of **1:1.34**. As part of this adjustment, the AWPU for KS4 has been increased by £110 to £4,925, and there are no other changes to the AWPUs compared to the rates previously reported to the Schools Forum.

4.2.3 The Minimum Funding Guarantee (MFG) offers protection from significant movement in per pupil funding. MFG protection in the formula for 2018/19 has been set at 0%, so that schools will see no cash reductions on a per pupil basis. The protection for 2017/18 was set at minus 1.5%. The final model also allows for schools to gain just over **1%** on a per pupil basis. **Appendix A** provides details of the rates applied to the formula for Primary and Secondary Schools. **Appendix B** provides a comparison of funding to schools between 2017-18 and 2018-19. Funding for National Non-Domestic Rates (NNDR) has been excluded to allow for like for like comparisons.

4.2.4 There is a NNDR pressure of **£583K** arising from business rates revaluation. However, the corresponding funding from ESFA is received on a lagged basis, creating an inherent pressure.

4.2.5 The 2018 - 19 DSG grant allocations are based on the October 2017 headcount. Any growth from September 2018 has to be managed within the DSG allocations for the year. The operational guidance requires growth relating for new and growing schools to be funded through the Authority Pro Forma Tool (APT). Other expansions are to be funded from the centrally held growth fund.

4.2.6 It is proposed that growth not funded through the APT will be funded at 2018-19 AWPU rates plus a 20% uplift. Growth fund previously retained in respect of new and growing schools has been put back into the formula. The revised requirement for centrally retained growth fund is £2.939m. No provisions have been made unplanned in-year growth.

1. ***Decisions required:***
2. ***Schools Forum are asked to agree a growth fund of £2.939m;***
3. ***Growth for expanding schools to be funded at AWPU plus 20%.***
4. ***Decision required:***

***Schools Forum are asked to agree the final funding model with the proposed factors included in Appendix A. This maintains a ratio of 1:1:34.***

**5. Needs Block Proposed Budget (HNB)**

5.1 The High Needs Working Group met on 4th January 2018, where it was proposed that the High Needs Budget be set from a zero base and that it should set a budget based on the DfE allocation **£27.971m** (before recoupment). At the October 2017 meeting, Schools Forum agreed the transfer of **£0.5% or £1.197m** from the schools block to the high needs block. Modelling the funding to schools has necessitated reducing this to £750k. It is proposed that this is held as a contingency budget rather than allocate to a specific area of spend within the High Needs.

5.2 The other actions arising from the HNWG relate to the review of ARPS. The proposal is to:

1. Review the ARP placements (numbers and provision) due to the new school opening in September 2018 and undertake strategic mapping of requirements over the next 3 years;
2. The implementation of the NFF funds vacant ARP places at £10k and therefore there is a need to review vacant places and link to (i);
3. To update the exercise undertaken 2 years ago to recoup ‘top ups’ from establishments with vacant places on a termly basis;
4. To fund census ARP places at the following rates:



1. Undertake a benchmarking exercise to inform the review of top up bands and rates.
2. ***Decision required: Approve that the proposed actions (i) to (v) in 5.2.***

**6. Early Years National Funding Formula**

6.1 The Early Years National Funding Formula for 3 and 4 year olds was announced on 1 December 2016. This imposed a requirement to allocate at least 93% of funding (universal and additional) for 3 to 4 year olds in 2017-18. This is known as the high pass-through requirement. This has risen to 95% in 2018-19.

6.2 Prior to 2017-18 the local authority held **£1.9m (12%)** as centrally retained, the Government set a central spend limit of 7% in 2017-18 **(£1,080,867).** The provisional amount for 2018-19 was **£772,048 (5%).** The increase in funding received for 2018-19 means that the centrally retained for 2018-19 is now **£882,785**.

6.3 The DSG allocation for Early Years in 2017-18 saw a significant uplift in the funding rate to early years providers including nursery classes in schools. There was an uplift of £1.50 to £4.50 per hour for the base rate in 2017-18. The funding for the authority has further increased for 2018-19.

6.4 Modelling the early years national funding formula for 2018-19 will mean that an increase of £0.20 per hour is affordable. Therefore, it is proposed that the base rate is increased to £4.70 per hour. It is proposed that the deprivation rates remain at the same levels of between £0.22 and £0.30 per hour based on IDACI bandings. It is also proposed that the formula remains at £0.21 per hour for a flexibility factor for PVI providers. There has been no increase in funding for 2 Year Olds, therefore no change is proposed to the funding rate of £5.35 per hour to settings with eligible 2 year olds.

6.5 With the implementation of the EYNFF in 2017-18, there was a requirement for local authorities to establish a special education needs (SEN) inclusion fund where the local authority did not have one set up previously. Barking and Dagenham continued to hold £284k in 2017-18. The Early Years Team are consulting on whether this should be increased to £400k and whether support for 2 Year Olds should also be managed from this fund.

6.6 Allocations for 2, 3 and 4 year olds are indicative based on January 2017 census and will be updated to reflect the January 2018 (5/12ths) and January 2019 (7/12ths) census data. The first update will take place in July 2018 and final census adjustment will be made to the DSG in 2019-20.

6.7 The finance team have reviewed the central spend with the Service Manager for Early Years and this is summarised in the table below. The changes to the previous proposal is that £58k will now be managed from income generated in the general fund rather than through 2 Year Old funding and that the early years teachers will continue to be managed as part of central spend until there is possibility to trade this service.



1. ***Note: – Schools Forum is requested to note the proposed early years national funding formula for 3 and 4 year olds; approve the proposed hourly rates for providers.***
2. ***Note: – Schools Forum is requested to note the proposed increase in the SEN inclusion fund.***
3. ***Decision required: – Schools Forum is requested to approve the Early Years centrally retained budget for 2018-19.***

**7. Early Closure of Accounts**

7.1 The Local Authority has to meet the early statutory deadline for the closure of maintained schools accounts for 2017-18. The change is included within The Accounts and Audit Regulations 2015, paragraph 10 (1) requiring authorities and Chief Finance Officers to sign off the accounts by 31 May (previously 30 June), subject to Audit.

7.2 Currently, the early closedown only affects the production of the Local Authority accounts. It is expected that the DfE will move the CFR timetables to coincide with the Local Authority accounts in due course.

7.3 For 2017-18 closure of accounts Schools will be required to provide a budget monitoring report for Quarter 3 (Q3) which sets out the actual income and expenditure for April to December and a forecast for the last three months. It is important to ensure that the information reported in the School’s Q3 budget monitoring returns are a complete and accurate record of the school’s position at the time of preparation. The reports will need to be signed off by the Head Teacher and Schools Business Manager. In making the Outturn Forecast for 2017-18, schools need to ensure that for the period from 1 January 2018 to 31 March 2018 that all anticipated income and expenditure is projected, considering all information and inputs available at the time.

7.4 Please note that the revenue and capital closedown timetable within all maintained schools is unaffected and will take place as usual as at 31 March 2018, and CFR uploads as normal in June 2018, unless otherwise informed by the DfE. The timetable for Revenue and Capital closedown and School Summary Outturn Template will be issued in due course, together with the closedown guidance on all information requests.

**8. Options Appraisal**

8.1 Not applicable.

**9. Consultation**

Not applicable.

**10. Financial Implications**

* 1. The School Funding Formula is contained within the Dedicated Schools Grant

**11 Legal Implications**

11.1 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, for the financial year 2013/14.

**12. Other Implications**

* 1. **Risk Management -** None
	2. **Contractual Issues** - None
	3. **Staffing Issues** – None
	4. **Customer Impact** – None
	5. **Safeguarding Children-** None
	6. **Health Issues** - None
	7. **Crime and Disorder Issues** – None
	8. **Property / Asset Issues** – None

**Background Papers Used in the Preparation of the Report:**

None.

**List of appendices:**

Appendix A – Summary of Final Model’s Key figures

Appendix B – Final School Funding Model 2018-19

Appendix C – Central Schools Services Block