**(BARKING AND DAGENHAM SCHOOLS FORUM)**

**(Tuesday 17th October 2017)**

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| **Title:** **School Forum Report** |
| **Report of: DIRECTOR of EDUCATION** |
| **Open** | **For Decision / For Information** |
| **Wards Affected: All** | **Key Decision: No** |
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| **Accountable Director:** Jane Hargreaves – Commissioning Director Education |
| **Summary:** The purpose of this report is to update the Barking and Dagenham Schools Forum on:1. (Background)
2. Elect a Chair and Deputy Chair from within its members
3. The Dedicated Schools Grant 2016-17 final outturn
4. The Dedicated Schools Grant 2017-18 budget update and year end forecast position
5. National Funding Formula 2018 to 2019 update and options
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| Recommendation(s)The Schools Forum is asked:1. To elect a Chair and Deputy Chair from amongst Forum members;
2. To note the updated final funding blocks for 2016-17;
3. To note the updated funding blocks and reserve drawdown position;
4. To note the forecast DSG outturn position for 2017-18;
5. To approve the Central Services Schools Block and each line of the centrally retained services budget;
6. Review the need for special School Forum meeting before 30 November 2017;
7. To note Schools Facing Financial Difficulty update
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| **Reason(s)** |
| The Local Authority and Schools Forum are expected to work together to agree funding arrangements in their local area to best meet locally determined needs and support the education and wellbeing of all children in the local area.  |

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.
	2. The London Borough of Barking and Dagenham School Forum meet five times per academic year and meetings dates were agreed at the last meeting 21 June 2016.

1. **Barking and Dagenham Schools Forum Constitution**

2.1.1 The Barking and Dagenham Schools Forum (“the Forum”) is established in accordance with Section 47 of the School Standards and Framework Act 1998 (as amended) and The Schools Forums (England) Regulations 2012.

2.1.2 The constitution requires a Chair and Deputy Chair to be elected each year from amongst the Forum members. The Forum is asked to nominate and second a Chair and Deputy Chair from within its members.

***(i)*** ***Decision – to elect a Chair and Deputy Chair from amongst Forum members***

2.2 **Schools and Academy Members**

2.2.1 The membership of the Forum shall be broadly proportionate to the total number of schools in each category, subject to the minimum membership requirements under the Regulations.

2.2.2 At a minimum, there must be at least one representative of head teachers and one representative of governors among the Primary and Secondary groups.

2.2.3 At least one academies member must be a representative of mainstream academies, which includes free schools, University Technical Colleges (UTCs) and Studio Schools. In addition, there must be one member for each of the following groups (if such exist in the Local Authority (LA)) area):

* Special academies, including free schools
* Alternative provision academies, including free schools

2.2.4 Appendix A(i) sets out the updated breakdown of Schools Forum members by sector and Appendix A(ii) sets out the current members.

1. **Dedicated Schools Grant 2016-17 Final Outturn**

**Table 1 – Dedicated Schools Grant Outturn 2016-17 (£’000s)**



* + 1. There are no significant movements on Early Years and High Needs compared to previously reported figures. The revised out-turn for the Schools Block is reporting an underspend of £96k. This is the net effect of the underspends on Admissions, NNDR adjustments relating to academy recoupment, schools facing financial difficulty, de-delegated contingency, and overspend on the growth fund. The underspend on Schools Block, along Early Years and High Needs, form part of the DSG reserves carry forward to 2017/18. This amounts to a contribution back to DSG reserves of **£1.030m**

***ii)*** ***Decision – to note the final DSG outturn position for 2016/17***

**3.2 DSG Reserve Balances**

3.2.1 The 2016/17 opening DSG reserve was £8,689k, of which £6,493 was earmarked to support specific additional in-year spend (£1,308k for Early Years and £5,185k for High Needs) as previously agreed by the Schools Forum. The net underspend across the three blocks, after factoring in the contribution from reserve, is £1,030k. The DSG reserve carried forward to 2017/18 is £3,226k. Schools Forum agreed the use of this reserve to support High Needs and Schools block for £1,256k, leaving an estimated DSG Reserve of £1,970k at the end of March 31st 2018. Table 2 summarises this position.

**Table 2 – Dedicated Schools Grant Reserve Position as at 31st March 2017 and Estimated Reserve Position as at 31st March 2018 (£’000s)**



***iii)*** ***To note the 2016/17 DSG reserve drawdown position, the 2017/18 opening DSG reserve and the Estimated DSG reserve as at 31st March 2018.***

**3.3 Schools Balances**

 For Non-Oracle schools, 2016-17 was the first year of closing on estimated Outturn figures taken at quarter 3. Quarter 3 reported a use of reserves of **£6.006m**. Appendix B shows the final movement on school balances for 2016-17 which shows a revised movement of **£3.82m**. Closing balances for these schools will be updated on the Council’s ledgers during 2017-18 from the final actual outturn as reported from their own systems.

1. **Dedicated Schools Grant 2017-18 Budget Allocation Update**

**Table 3 - Dedicated Schools Grant Funding for 2017/18 as at July 2017 DfE update (£’000s)**



**4.1 Schools Block**

* + 1. The total Schools Block funding before adjustments is £206,081k. This is calculated on the basis of October 2016 census, adjusted for pupils in SEN Units, Resources Provisions and Reception uplift. The School Block Unit of Funding (SBUF) is £5,542 for 37,180 pupils. The revised recoupment is £40,656k.

**4.2 Early Years Block**

4.2.1 The Early Years block consists of £13,468k allocation for 3 and 4 Year Olds Universal Entitlement (15 hours), £1,650k for additional entitlement for children of eligible working parents (Plus 15), £4,317 for disadvantaged 2 Year Olds, £166k of Early Years Pupil Premium (EYPP), and £80k of Disability Access Fund (DAF).

The comparative illustrative figures published by ESFA were £13,791k, £1,650k, £4,523k, £199k, and £80k respectively.

4.2.2 The provisional EY allocations for 2017-18, published in December 2016, were based on the January 2016 census. The final funding allocations for 2017-18 for the 3 and 4 Year Olds universal entitlement (15 hours) and 2 Year Olds will be based on 5/12th of January 2017 child numbers (to cover the April 2017 to August 2017 period) and 7/12th of the January 2018 child numbers (to cover the September 2017 to March 2018 period). The funding allocation for EYPP will also be based on the same methodology. The revised July 2017 DSG funding position has been updated for the January 2017 pupil numbers. The final allocations for 2017-18 will be updated for pupil numbers recorded at the January 2018 census. DAF funding allocations are based on the number of 3 & 4 Year Olds, excluding those in Reception, claiming Disability Living Allowance as at February 2016.

**4.3 High Needs Block**

4.3.1 The High Needs Block is funding for pupils / students aged 0-24. The block includes place and top-up funding for pre and post 16 high needs students in maintained schools, maintained special schools, PRUs, maintained academies and free schools, special academies, Alternative Provision (AP) academies, Further Education (FE) Colleges, Commercial and Charitable Providers (CCP), and AP free schools Pre-16 that opened before 2016-17. It also includes top-up funding for students in special post 16 institutions and non-maintained special schools (NMSS). The allocation of 2017-18 funding now incorporates post 16 budgets for FE and CCP plus uplifts for 2-18 year olds population and growth uplifts.

4.3.2 Deductions are then made for places directly funded by the ESFA (including those funded through the Sixth Form Grant), high need places at FE and CCP, academies, places in mainstream free schools and academies, and AP free school (pre-16 places, that opened in 2015-16 or before).

The High Needs deductions for places funded direct is £2,689k, and now includes updated additional place numbers in recoupment academies.

**4.4 Total DSG Funding**

As per the July 2017 updated DSG funding statement, the revised DSG total funding (before schools recoupment and high needs deductions) is £253,885k. Actual funding after recoupments and deduction is £210,631k.

1. **National Funding Formula Update**

5.1 The DfE have confirmed that the national funding formulae for schools, high needs and central school services will be introduced from April 2018. Funding for early years has been allocated through a national funding formula since 2017-18. The schools formula will be “soft” in 2018-19 and 2019-20 whereby local authorities will continue to set local formulae for schools. The main changes are:

1. The central school services block (CSSB) has been created. Local authorities will be allocated funding for central school services through the new CSSB. This will comprise funding for ongoing responsibilities and a cash sum for historic commitments;
2. There will be a funding floor which will provide an increase of at least 0.5% per pupil in 2018-19 and at least 1% per pupil by 2019-20 in respect of all schools, compared to their baselines.
3. There will be a gains cap - 3% per pupil in 2018-19 and a further 3% per pupil in 2019-20, over 2017-18 baselines
4. Within the high needs block, the Government will provide for at least a 0.5% overall increase in 2018 to 2019 through the high needs national funding formula. The high needs block will be protected against 2017 to 2018 baselines, subject to some adjustments.
5. From 2018/19, The Schools block will be ring-fenced from 2018 to 2019, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. Transfers over 0.5% and those not supported by the Schools Forum will require the approval of the Secretary of State.
6. **Provisional NFF schools funding in 2018-19**

6.1.1 Table 4 shows the allocation for Barking and Dagenham and provides the percentage change in funding when compared to the baselines for 2017-18. This shows the funding for 2018-19, indicative funding for 2019-20 and the illustrative funding if the NFF had been implemented in full.

6.1.2 The provisional NFF 2018-19 schools block allocations for each LA is based on 2017-18 pupil numbers (October 2016 census). Actual 2018-19 allocations, will be announced in December, will be based on updated pupil numbers from the October 2017 census.

6.1.3 Actual allocations for future years will reflect updated pupil characteristics and pupil numbers and will be subject to future spending review decisions.

**The Central School Service Block** is funding for ongoing responsibilities and a cash sum for historic commitments. The percentage increase is only applied for ongoing responsibilities as the expectation is that historic commitments will reduce over time.

The aggregated **Schools Block** will provisionally see a 1.4% increase in 2018-19 and an increase of 2.5% in 2019-20 when compared to the baseline of 2017-18. The DfE have not provided the school level detail that makes up the aggregated total.

The **High Needs Block** will see a provisional increase of 5.3% in 2018-19, rising to 8.28% in 2019-20 and 19.75 % if the NFF had been implemented in full. These percentage increases are on the baseline for 2017-18.

**7 Formula Allocation for Barking and Dagenham**

7.1 Barking and Dagenham will see a greater increase than the 3% gains cap for High Needs. This is due to the formula calculating all the elements of the national funding formula, apart from the basic entitlement factor and import/export adjustment in the gains cap. The baseline for applying the funding floor and gains is based on £24,965,242 as opposed to £26,530,440. The basic entitlement factor is based on October 2016 and these numbers will be updated from the October 2017 school census.

**Table 4: National Funding Formula – Barking and Dagenham**



**7.2 Central School Services Block**

7.2.1The central school services block (CSSB) has been created. Local authorities will be allocated funding for central school services through the new CSSB. This will comprise funding for ongoing responsibilities and a cash sum for historic commitments. The detailed breakdown of the allocation can be found in **Appendix C**. This comprises of historic commitments and ongoing responsibilities. The latter also includes what was previously ESG retained duties which supported the on-going statutory duties of the local authority for all pupils in their local area. As previously reported to Schools Forum the local authority no longer receives ESG which amounted to £3.6m in 2016-17. In summary the CSSB is shown in Table 5 below.

**Table 5: 2018-19 Provisional CSSB**

 

 ***(iv)*** ***To approve the funding of historic and ongoing functions on a line by line basis for 2018-19.***

**7.3 High Needs Block**

7.3.1 There is a baseline adjustment between the High Needs Block and the Schools Block as the initial £4,000 of place funding in ARPs will now be funded through the Schools Block. For LBBD this transfer is £1.593m.

7.3.2 The newly baselined **High Needs Block** will see a provisional increase of 5.3% in 2018-19, rising to 8.28% in 2019-20 and 19.75 % if the NFF had been implemented in full. These percentage increases are on the baseline for 2017-18.

7.3.3 Barking and Dagenham will see a greater increase than the 3% gains cap for High Needs. The gains cap is designed to smooth out increases and decreases that arise as a result of the implementation of the formula. However, elements of the funding related to population growth and import/export adjustments are not subject to the cap. This is better than expected – however in practice this is not sufficient to cover the full level of pressures in the High Needs block.

7.3.4 The HNB working sub group met on 5th October and areas discussed and reviewed were the projected outturn for 2017/18 and imminent pressures, including the new planned schools and an update on the Local Authority’s high cost placements work.  The health strands and ongoing partnership work.  The published Governments response on the HNB School Funding Reform and an update on ARP place numbers and funding including a presentation of Alternative Provision (AP).  A brief verbal update will be provided at the meeting.

7.3.5 The provisional outturn for 2017-18 is forecast to be **£26.6m**, leading to a further call on reserves of £300k. However this includes a one off accounting adjustment of £400k so the underlying base expenditure is **£27.0m.**

7.3.6 Modelling of the position for 2018-19 suggests a budget requirement for the High Needs of **£29.156m**. This has been adjusted for the changes to ARP funding and includes £3.12m for academies. The high level estimate of next year’s figures has been made. The spend on ARPs has increased offset by a matching reduction in Out of Borough placements. All other spend has been assumed to be the same as in 2017/18 but a 1% contingency has been added to allow for some growth in demand. In practice this is likely to be a low estimate and will require considerable management action to contain at this level. These estimates would result in a pressure of **£1.221m.**

7.3.7 As detailed above, from 2018/19, the Schools block will be ring-fenced, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. Transfers over 0.5% and those opposed by the Schools Forum will require the approval of the Secretary of State.

7.3.8 These movements are summarised in Table 6.

**Table 6: High Needs Budget and Forecast 2017-18 and 2018-19**



***(v)*** ***Decision - to approve the transfer of 0.5% or £1.197m from the Schools Block to the High Needs Block.***

**7.4 Schools Block**

7.4.1 The provisional schools block funding for 2018/19 is £207,965K, based on the October 2016 census. The actual funding will be based on October 2017 census. In calculating the provisional Individual Schools Budgets (ISB) for 2018/19, the following provisions have been made; £3,719K to meet growth that is not reflected in the October census, £1,197 for HN pressures, £250K for Business Rates, and £84K for PFI uplift. These provisions are currently under review, and any reductions in these estimates will be added to the budget for formula factor. The balance of funding available through the formula factor is £202,715K

7.4.2 The funding allocations modelled on the National Funding Formula (NFF) rates uprated for the Area Cost Adjustment (ACA) yielded a primary secondary ratio of 1:1.43, compared to 1:1.30 in 2017/18, representing a shift in funding away from the primary phase. Three options are being modelled for consultation with Schools. These include:

1. Maintain a ratio of 1:1:30;
2. Phase in the transition to the National Funding Formula to achieve a ratio of 1:1:34; and
3. Full transition to the National Funding Formula.

7.4.3 The outcome of the consultation will be reported to a special schools forum to be scheduled in November.

***(vi) Decision required – A special Schools Forum be scheduled in November to agree the model proposed resulting from the consultation with schools.***

1. **Schools Facing Financial Difficulty Update**

8.1 No formal requests have been made to date. Appendix D(i) and D(ii) provides the support provided and repayments made.

5.2 The surplus carried forward at the end of 2016-17 amounted to £147k. Repayments are due from 5 schools during 2017-18 which will bring the balance at year end to £590k, assuming no further requests are made.

1. **Option Appraisal**
	1. Not applicable.

**10. Consultation**

* 1. Not applicable.

**11. Financial Implications**

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

**12. Legal Implications**

12.1 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.

1. **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 (i) and (ii) – School Forum Membership

Appendix B – Schools Reserve Balances

Appendix C – Central School Services Block 2018 -19

Appendices D(i) and D(ii) – Schools Facing Financial Difficulties Update