

(BARKING AND DAGENHAM SCHOOLS FORUM)
19 March 2019

Title: Schools' Forum Report	
Open	For Decision / For Information
Wards Affected: All	Key Decision: No
Report Author: Katherine Heffernan - Group Manager for Service Finance	Contact Details: Tel: 0208 227 3262 E-mail: katherine.heffernan@lbbd.gov.uk
Accountable Operational Director: Jane Hargreaves – Commissioning Director for Education Youth and Childcare	
Accountable Strategic Director: Elaine Allegretti – Director for People and Resilience	
<p>Summary: The purpose of this report is to update the Barking and Dagenham Schools Forum on:</p> <ul style="list-style-type: none"> • DSG forecast outturn 2018/19 • High Needs projected out-turn 2018/19 • High needs budget 2019/20 • High Needs Working Group • Growth Fund • Pension - information only • Supplementary Free School Meals Grant – information only • Devolved Formula Capital – information only • AOB 	
<p>Recommendation(s)</p> <p>The schools forum are asked to note:</p> <ul style="list-style-type: none"> (i) DSG forecast outturn 2018/19 (ii) High needs forecast out-turn 2018/19 (iii) High needs budget 2019/20 (iv) And comment on 2019/20 high needs budget (v) Projected growth fund out-turn (vi) pension information (vii) Supplementary Free School Meals Grant information (viii) Devolved Formula Capital - information (ix) 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 The DSG funding for the year is £218,341K after recoupment adjustments. There is no change since the last report to the Schools Forum. The revised high needs budget includes the additional allocation of £672K plus the transfer of £750K from schools block.

2.2 The following table shows the overall forecast outturn position for period 10. The DSG is reporting an overspend of £1,514K representing a favourable net movement of £592K compared to the position reported in January 2019.

	Revised funding forecast £'000	Expenditure forecast £'000	Variance over/(under) £'000	Jan Position
Schools block	167,174	167,033	(141)	108
Early years block	21,319	21,319	0	0
High needs block	27,289	28,944	1,655	1,998
Central block	2,559	2,559	0	0
Total	218,341	219,855	1,514	2,106
Brought forward DSG balance (excl. growth fund)			(3,048)	(3,048)
Growth fund			(500)	(500)
DSG balance forecast for 31st March 2019			(2,034)	(1,442)

Table 1 – Projected DSG out-turn

2.3 There is no change in the projected out-turn for early years, which is reporting a breakeven position. Early years funding would be updated for January 2019 pupil numbers. There is a projected reduction of £1,196k to early years block as a result of falling numbers, and there would be corresponding reduction in expenditure. These changes reflect changes in birth rates and other demographic changes.

Recommendation (i): Schools forum are requested to note 2018/19 DSG forecast outturn.

3. High needs 2018/19 Projected Out-turn

3.1 The in-year un-mitigated High Needs in-year pressure is £3,077K. There has been an in-year additional allocation of £672K from the DFE as part of the national response to the on-going pressures. In addition, there has been a contribution of £750K transfer from the Schools Block to the High Needs block previously agreed by the Schools Forum. The adjusted out-turn forecast is £1,655K .

- 3.2 The main reported pressures includes out of borough placements which is reporting an £950k overspend and continues to be a pressure even though extensive review work has been undertaken and still ongoing in attempts to reduce this. Post 16 top up payments reported £346k overspend, plus special and free school payments reported pressure of £732k. Please see Appendix 1 for detailed breakdown of the forecast position.

	2018/19 Budget	Forecast	Variance +over / (under)
Alternative Provision	3,146,000	3,448,000	302,000
ARP Funding	5,790,000	6,213,615	423,615
DSG - High Needs Education Inclusion	1,634,000	1,634,000	-
Top-ups (inc. OB and NMSS)	5,238,000	6,205,460	967,460
DSG - School Improvement	951,000	951,000	-
High Needs Top Ups - Post 16	1,174,000	1,300,000	126,000
SEN Panel Top Ups	900,000	1,433,000	533,000
Special School Funding	6,643,561	7,375,925	732,364
Early Years & Integrated Youth Services	390,000	383,317	(6,683)
Total	25,866,561	28,944,317	3,077,756
Less: in-year additional allocations from DfE			(672,000)
Less: transfers from Schools Block			(750,000)
Net Position +over/(under)			1,655,756

Table 2: Projected High Needs Forecast

- 3.3 Although there is sufficient funding in the reserve to cover the current projected overspend this will not be sustainable in future years and significant action is required to identify how pressures on this budget can be reduced and contained.

Recommendation (ii): Schools forum are requested to note the projected High Needs out-turn and pressures.

4. High Needs Working Group

- 4.1 The high needs block sub working group met on 7th March and reviewed the latest monitor and individual reporting cost centres, but due to high growth and demand for suitable places the overspend continues. Every effort to reduce the pressure by budget holders is being undertaken and all expenditure is being reviewed. The sub working group also discussed earmarking £200k in-year for initiatives and strategies, for example knife crime.
- 4.2 The Alternative Provision (AP) review continues in attempts to identify services that are statutory and non-statutory and suitable commissioning arrangements.

Additional Resource Provision (ARPs) placements was reported including new provision and in total 2,054 commissioned places including post16.

- 4.3 The provisional budget based on indicative DSG allocations, including the £672K uplift plus the transfer of £1,039K from the DSG is set out below. The detailed budget is set out in Appendix 1.

	2019/20 Budget
2019/20 Grant Funding:	
High needs formula grant allocation	30,166,000
Add: Additional HN allocations	672,000
Less: Academy recoupment (provisional)	(2,685,000)
Total – Indicative grant allocation	28,153,000
Add: Transfers from Schools Block	1,039,000
Total Grant Funding	29,192,000
2019/20 Budget Allocations:	
Alternative Provision	3,544,000
ARP Funding	6,032,800
DSG - High Needs Education Inclusion	1,666,000
Early years & Integrated Youth Services	398,000
Top-ups	9,527,200
DSG - School Improvement	531,000
Special School Funding	7,493,000
Total Budget	29,192,000

Table 3 High Needs Allocations

Recommendation(iii): Schools forum are requested to note and comment on 2019/20 high needs budget.

5. Growth Funding

- 5.1 The growth fund for 2019/20 is £1,536K. This is funding 9 primary and 14 secondary classes at the AWPU rates. In addition, there are 4 new primary and 12 new secondary classes that are being funded through the formula.
- 5.2 In respect of 2018/19, £2,939K was earmarked for growth funding to provisionally fund 12 new primary and 18 new secondary classes. These are funded at AWPU plus 20% premium in respect of pupil led funding factors that schools would have attracted if these were funded through the model. In addition, there were 13 new classes that opened in schools that have opened in the last 7 years and these are funded through the formula.

- 5.3 There are on-going changes to the number of scheduled classes in response to in-year growth in the secondary phase. It is likely that additional classes would be required between now and the end of the current academic year.
- 5.4 The growth fund is projecting an underspend of £549K. This is due to a combination of less than anticipated growth in the secondary phase and reduced requirement for contingency that was set aside to meet in-year growth.
- 5.5 It was reported at the October 2018 Schools Forum that the cost of funding falling rolls was £408K. The revised growth fund underspend of £549K means that all of the falling rolls fund can now be met from in-year growth fund underspend. The balance of £141K on growth fund would be rolled forward into the next financial year.

Recommendation (iv): Schools forum are requested to note the projected growth fund out-turn.

6. Pension – information only

- 6.1 Teachers pension Scheme is valued every four years. The purpose of this is to assess the cost of providing pensions in the long term and to recalculate the employer contributions. A significant factor affecting employer costs, and therefore the contribution rate needed, is the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate. It reflects the important principle that the full costs of pensions are recognised at the point they are earned and are provided for accordingly. The SCAPE rate is being changed to ensure that costs continue to be provided for appropriately.
- 6.2 The estimated employer contribution rate required for the period from 1 April 2019 to 31 March 2023 is 22.8%, (currently 16.28%). To give employers more time, the implementation is being delayed to Sept 2019. As a result, a higher level employer contribution of 23.6% will be required to meet the shortfall arising from the delay.
- 6.3 The DFE consultation document set out that the Department intends to protect schools from the significant pension cost increase by fully funding the increase in employer contribution rate in 2019-20.

Recommendation (v): Schools forum are requested to note pension information

7. Supplementary Free School Meals Grant (SFSMG)

- 7.1 The introduction of Universal Credit means that fewer pupils would be qualifying for Free School Meals (FSM). Therefore, transitional arrangements have been put in place protect pupils who were eligible for free school meals on 1 April 2018, and those who become eligible during the Universal Credit rollout period, will retain eligibility until the end of their current phase of education; this covers until at least summer 2023. This means that schools should not remove free school meals eligibility for pupils over this period, unless the pupil's parent requests that they do so. The purpose of SFSMG is

to fund the cost of free school meals for pupils who are protected, and is expected to be cost neutral.

- 7.2 This protection is being funded by the DfE. Increases in FSM pupil numbers between October 2017 and October 2019 is being funded at £440 per pupil. Likewise, 2019/20 allocations are also funded at the same rate but with reference to movement in FSM pupils between October 2018 and October 2019 FSM pupil numbers. The 2018/19 allocations have been published on DFE website. The amount available for maintained schools sector is £160K, but 19 of the primary schools are not attracting any funding at all. The amount being distributed to academies is £43K.
- 7.3 The purpose SFSMG is to fund the cost of FSM for protected FSM pupils. Schools should ensure that data relating to these pupils appropriately captured in the census. It is also important that schools take action to ensure that all potential eligible FSM pupils are identified and eligibilities assessed in order to ensure FSM take up, and pupil premium and formula funding is maximised.

Recommendation (vi): Schools forum are requested to note **SFSMG** information

8. Devolved Formula Capital (DFC)

- 8.1 DFC is capital funding provided to schools to address their own priorities. The funding can be used for improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment and minor works.
- 8.2 As with most schools funding, the DFC is paid to the local authority which is then passported to schools. In LBB, schools claim the funding in arrears after providing evidence of actual capital spend. The current process of claiming the funding in arrears could result in schools losing track of any unspent amount over the life of the grant (which is 3years) and may also give the impression of the LA micromanaging the funding for schools.
- 8.3 We are therefore proposing a change to the payment process. From next financial year, schools will be paid their full DFC Allocation for the year upfront. We will also passport the full additional DFC funding for “Little Extras” announced by the government during the Autumn 2018 Budget Review. Respective schools will also be paid any unspent DFC that has been accumulated for the past 3 years. We believe that this change in the payment process will enable schools to forward plan their spending, pool resources together for joined up collaborative projects, and monitor any unused DFC without running the risk of a clawback by the DfE.

Capital Grant Conditions By Type

Grant	Paid Under	Payment	Purpose	Time Limit	Assurance Activity
Devolved Formula Capital	Education Act 2002, section 14	Single payment in July	Funding for individual institutions to maintain their buildings and fund small capital projects, or can be pooled across the LA with the schools' agreement.	3 financial years with year one being the year payment is made	The local authority will need to report expenditure as part of ESFA's annual capital grant monitoring exercise.

Additional capital funding in 2018–19	Education Act 2002, section 14	Single payment in early February 2019	One-off funding for individual institutions to spend on capital projects to meet their own priorities, including maintaining and improving buildings and facilities.	3 financial years with year one being the year payment is made	The local authority will need to report expenditure as part of ESFA's annual capital grant monitoring exercise, with their DFC.
Healthy Pupils Capital Fund	Local Government Act 2003, section 31	9 equal instalments May to January	One-off capital investment in facilities for physical activity, healthy eating, mental health, wellbeing and medical conditions	In line with general local government arrangements	As part of the annual capital grant monitoring exercise the S151 will need to confirm the funding has been used for capital purposes.

Recommendation (vii): Schools forum are requested to note the new payment process for DFC

9. AOB

9.1 Schools Facing financial difficulties

The meeting to discuss Schools Facing financial difficulties will be held on 21st March, and schools forum will be updated on the outcome in due course.

9.2 Statement of Accounts – 2018/19

Schools are asked to note the deadlines in respect of closure of accounts. The relevant guidelines have been circulated to schools.

9.3 The Primary Places Group

As part of the on-going work, the group met on 11 February to review the places requirement for future years. This should help to ensure that growth is more compact and vacancies above operating requirement are minimised.

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: