**(BARKING AND DAGENHAM SCHOOLS FORUM)**

**(19th June 2018)**

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| **Title:** School Forum Report |
| **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 (DSG) 2017-18 Outturn
3. The DSG Reserve Position at the end of 2017-18
4. Reported School Balances 2017-18
5. 2018-19 Dedicated Schools Grant budget update
6. Support for Schools with Falling Rolls
7. High Needs Update
8. Proposed meeting dates 2018-19
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| **Recommendation(s)**The Schools Forum is asked:1. To note DSG outturn position for 2017-18 and the DSG Reserve Position at the end of 2017-18
2. To note the draft School Balances at the end of 2017-18
3. To give their views on how Schools can be best supported to meet the financial challenges
4. To note that there may be further requests for assistance from the Schools Facing Financial Difficulty Fund which will be considered by the Financial Monitoring Group on 9th July.
5. To approve the establishment of a fund of £300k for Schools With Falling Rolls.
6. To approve the recommended criteria for eligibility for assistance
7. To approve the lump sum of £68k
8. To vote on the preferred definition of “significant fall in roll”.
9. To approve either Option 1 or Option 2 proposals from the HNB working group
10. To appoint a Chair of the High Needs Working Group.
11. To review the draft Constitution and recommend changes before adoption
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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 Outturn Position**

**Table 1: Dedicated Schools Grant 2017-18 Outturn Position after adjustments**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Notes** | **DSG Block** | **2017-18 Budget** | **2017-18 Outturn** | **Year End Variance** |
| **(underspend) / overspend** |
|  |  | **£’000** | **£’000** | **£’000** |
| 2.1 | Early Years Block | 19,681 | 17,210 | -2,471  |
| 2.2 | High Needs Block | 26,190  | 27,802  | 1,612  |
| 2.3 | Schools Block | 165,515  | 164,914  | -601  |
|  | **TOTAL** | **£211,386** | **£209,926** | **-£1,460** |
|  |  |  |  |  |
|  | DfE Allocation 2017-18 | 210,648 |  |  |
|  | Planned Use of Reserves | 756 |  |  |
|  | Adjustment to High Needs Deductions | -18 |  |  |

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| **Table 2 - Dedicated Schools Grant Reserve Position as at 31 March 2018** |
|   | **£’000** |
| 2017-18 DSG brought forward | **3,675**  |
| Planned Drawdown for High Needs Block | **-756** |
| In Year Variance | **1,460** |
| Adjustments (Provisions for Early Years clawback from DfE, SFFD Balance) | **-832**  |
| Growth Fund | **-500** |
| **Final 2017-18 DSG carry forward** | **3,048**  |

Note: The reserve of £3,048k includes £998k clawback from Local Authority Nursery settings for 2016-17 and the overpayment made in 2017-18.

**DSG Reserve Balances**

 Projected DSG Reserve Balance after clawbacks and other commitments at the end of 2017-18 is £3,048k. In addition there is £500k brought forward growth fund.

1. ***Schools Forum are asked to note the final uncommitted DSG reserve at the end of 2017-18 of £3,048k.***

**Early Years Block - an underspend of (£2,471k)**

2.1 There is underspend relating to 2 Year Old funding of £1,277k. There was an underspend on the funding for 3 and 4 year olds of £1,144k. This underspend is as a result of a lower number of hours taken up compared to the hours estimated by the DfE. The DfE will adjust the funding attributable to Early Years when the final allocations relating to 2017-18 are published in June/July 2018. It is estimated that the DfE will clawback approximately £500k. This has been taken into account in the final reserve position.

**High Needs Block - an overspend of £1,612k**

2.2 Reasons for this variance include:

* An overspend of £268 on Alternative Provisions largely due to pressures on the Home Tuition Service and top up payments for Alternative provision pupils;
* An overspend on the primary and secondary school ARPs of £552k due to increases in demand;
* An underspend on Primary Respite of £441k, as a result of delays in the start of the service;
* An underspend of £343k on Placement and Out of Borough Top Ups;
* An overspend on the Post 16 special school (Trinity and Barking and Dagenham) of £449k;
* An overspend on the Pre 16 special school of £606k as a result of an increase in demand;
* There was also an overspend of £533k on SEN Contingency (In Borough Top-Ups) due to demographic pressures and an increasing number of pupils with SEN requirements.

**Schools Block is reporting an underspend of 601k.**

2.3. The Schools Block is reported an underspend of £601k mainly due to less than anticipated need to fund in-year growth. £500k of the Growth Fund is proposed to be carried forward as a ringfenced amount within the DSG. This will be used to fund increased Business Rates costs driven by revaluations (usually linked to growth) and to establish a fund to support Schools with Falling Rolls.

1. **Schools Balances**

3.1 **Appendix A** shows the movement on school balances for 2017-18. As per last year, Non-Oracle schools were closed on estimated Outturn figures. Closing balances for these schools will be updated on the Council’s ledgers during 2018-19 from the final actual outturn as reported from their own systems.

3.2 As at the start of 2017-18, the total amount of School balances stood at **£11.567m.** There was in year movement of £3.996m, leaving a balance of **£7.571m** going forward into 2018-19.

3.3 Although Schools may use their balances to support in year deficits the fact that so may schools have needed to do so may be an early indicator of financial pressures in the system. Schools are currently finalising their 2018/19 onwards budgets which are due to be submitted by **30th June**. This will give more insight into how far schools have been able to resolve their financial issues and which schools may be struggling.

3.4 The Schools Financial Monitoring Group, previously called Schools Facing Financial Difficulties will meet on the 9th July. The first part of that meeting will consider how schools can be best supported to meet these financial challenges. Forum’s views on this matter are welcomed.

3.5 If Schools wish to apply for assistance from the Schools Facing Financial Difficulties fund then applications must be sent to the Schools Finance team by 30th June along with their budget.

3.6 Funding will be extremely limited. The current balance on the fund is £590k and a further £310k of repayments are due in 2018/19 so the funding available should bein the region of £800k to £900k dependent on repayments in 2018/19. Schools seeking assistance must support their application with clear evidence showing why the loan is required and what recovery action they will put in place to ensure that it can be repaid in a timely fashion.

1. ***Schools Forum are asked to note the draft School balances position at the end of 2017-18 amounting to £7.507m.***
2. ***Schools Forum are asked for their views on how Schools can be supported to meet the financial challenges***
3. ***Schools Forum are asked to note that there may be further requests for assistance from the Schools Facing Financial Difficulty Fund. Any requests endorsed by the Financial Monitoring Group will be referred to Schools Forum for financial approval in the Autumn Term.***
4. **Dedicated Schools Grant 2018-19 Budget allocation update**

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| --- | --- |
|  | **Table 3 - Dedicated Schools Grant Funding Blocks Update as June 2018 for 2018-19 allocations** |
|  | **Funding Blocks** | **2018-19 Base Allocation** | **Recoupment** | **High Needs Place Recoupment** | **Base Allocation (Net of Recoupment)** | **Additional Resources (Reserve)** | **2018-19 Amended Budget** |
|  |  |  **£’000** |  **£’000** |  **£’000** |  **£’000** |  **£’000** |  **£’000** |
| Notes |  |  |  |  |  |  |  |
| **4.1** | Early Years block | 22,223 | - | - | 22,223 | - | 22,223 |
| **4.2** | High Needs block  | 28.097 |  | 2.430 | 25.867 | - | 25,867 |
| **4.3** | Schools block | 212,261 | 44,385 |  | 167,876 | - | 167,876 |
| **4.4** | Central Schools Services Block | 2,559 | - |  | 2,559 | - | 2,559 |
|  | **TOTAL** | **265,140** | **44,385** | **2,430** | **218,524** | **-** | **218,524** |

* 1. Local Authorities are allocated Early Years funding on the basis of indicative pupil numbers. Actual allocations are then adjusted retrospectively the following financial year on basis actual headcounts. In 2017/18, the actual pupil numbers were less than the indicative numbers used to allocate the funding and as a result there is expected to be a clawback by the DfE. Local Authorities would be advised of these adjustments in due course.
	2. The High Needs deduction of £2,430K relates to direct place funding of places by the Education Schools Funding Agency (ESFA). This is in respect of high need places at academies commissioned by the local authorities and place funding for post-16.
	3. Funding for academies are recouped from the DSG as these establishments receive funding direct from the ESFA. There is likely to be other minor in-year adjustments in respect of rates and growth funding adjustments for academies that are not captured in the Authority Performa Toolkit (APT)
	4. The Central School Services Block (CSSB) was introduced in 2018 to 2019, to fund local authorities for the statutory duties they hold for both maintained schools, and academies. It brings together funding previously allocated through the retained duties element of the education services grant (ESG), and funding for ongoing central functions, such as admissions, previously top-sliced from the schools block, and residual funding for historic commitments, previously top-sliced from the schools block.
1. **Falling Rolls**
	1. Schools Forum recommended that a sub group meet to consider the issues faced by schools experiencing falling rolls. Meetings of this sub group have taken place since January 2018. Scott Halliwell (chair of this sub group) will provide a verbal update to Schools Forum on areas discussed and issues identified by schools effected by falling rolls. The proposal put forward at Schools Forum in March 2018 was to prepare a strategic plan of implementing a temporary reduction in PAN which would inform the admissions for 2019/20 (using October 2018 census).
	2. However as a short term measure for 2018/19 it is proposed to set up a fund for schools experiencing short term financial difficulties as a result of a temporary fall in roll. This will be funded as additional funding rather than a loan. This be come from the brought forward growth fund and it is proposed to **allocate up to £300k** for this purpose.
	3. The proposed criteria are as follows:
* Only good or outstanding schools (this is a DfE requirement)
* Confirmation from the Schools Planning team that numbers are expected to rise again within three years. This is expected to be the case for all schools in the local area.
* A significant reduction in numbers on roll (see below for more information)
* Either school balances are below a minimum of 3%
* Or the school can evidence that the existing funding cannot support an appropriate curriculum for the children at the school.
	1. It is proposed that the assistance should mirror the growth fund as a lump sum amount of £68k for one year (or a lesser amount if that would be sufficient to support the curriculum.)
	2. It is recommended that the assessment of whether a school can support an appropriate curriculum be delegated to the Schools Financial Monitoring Group as this includes both finance and headteachers.
	3. There are two options for the definition of “a significant reduction” and the opinion of Schools Forum is sought as to which is more relevant.
		1. **Option One -**  where a school has seen a reduction of more than 5% in numbers on roll as measured by the Census except where this is the result of a bulge class having worked through and out (since this should have been planned for.)
		2. **Option Two** – where a school has more than 12% vacancies against their PAN (if in years other than the admissions year the nearest number of whole classes will be used rather than the historic PAN.)
1. ***Schools Forum to approve the establishment of a fund of £300k for Schools with Falling Rolls***
2. ***Schools Forum are asked to approve the recommended criteria***
3. ***Schools Forum are asked to approve the lump sum of £68k***
4. ***Schools Forum are asked to vote on their preferred definition of significant falls in rolls.***

**6. High Needs Block (HNB)**

6.1 The High Needs Working Group met on the 7th June and discussed with representatives the following:

**6.2** The High Needs block (HNB) sub working group have met twice since the last School Forum, 23rd April 2018 including meeting with relevant budget holders managing HNB budgets plus a detailed meeting 7th June 2018. The sub working group identified and propose two options for managing the forecast pressures for 2018-19 and subsequent years:

**6.2.1 Option 1 – do nothing** that includes current expenditure forecast of c£2.3m to c£2.5m pressure, use Dedicated School Grant (DSG) reserves to offset overspends this year and subsequent years until all DSG reserves have been utilised, then top slice from schools’ block any future overspend (not met from reserves) but due to the DSG regulations this would exceed the 0.5% allowance, so submit a dis-application request to the Secretary of State for approval in the reporting financial year.

**6.2.2 Option 2 – proposed action shopping list** that reviews some budget areas and changes in some service deliverables:

1. **Start review of Alternative Provision (AP)** including children who attend this support and are funded on school census, the school will be recharged for Average Weighted Pupil Unit (AWPU), plus 20% pupil characteristics, plus Pupil Premium grant (PPG) *if applicable* and pro-rota for length of provision provided to the child (placement) in accordance with school census funding;
2. **2% and 4% savings on top up payments** consult with all schools, parents and providers;
3. **Establish post16 panel meetings** to align all additional funding decisions in accordance with early years, primary and secondary practices including a full review of post16 current placements;
4. **Dowry funding allocation (budget)** to transfer to top up panel meetings;
5. **Out of borough and SEN(D) placements** continue on-going savings and review work;
6. **Vacant ARP places** review and reduce commissioned unfilled places;
7. **Free school** opening part year savings with some placements returning to in-borough, and proposed new school opening next academic year to assist and support in year savings on existing and future placements;
8. **Use DSG switch funding 750k** approved by School forum 16th January from schools’ block to HNB.

**6.3** In the light of the continuing pressures on this block, the Working Group will need to continue to meet for the foreseeable future. It is therefore requested that a new Chair of the Group be nominated to ensure that the momentum on this important work is maintained.

**Decision (ix) – School Forum to approve either Option 1 or Option 2 proposals from the HNB sub working group.**

**Decision (x) Nominations for the Chair of the High Needs Working Group are requested.**

**7. Early Years - 30-hour childcare update**

7.1 The 30-hour offer provides childcare for working parents. With up to 1,600 families potentially eligible for the 30-hour offer, many families stand to benefit from lower childcare costs. In addition, the offer will act as an incentive for many parents to either take up work or increase working hours.

Childcare and early years providers across Barking and Dagenham also stand to benefit from the offer in that more places will be needed to meet a potentially increased demand for childcare.

7.2 Progress

From September 2017 working parents of 3 and 4-year-olds meeting set eligibility criteria were able to access up to 30 hours of free childcare per week.

During the Autumn term, 572 parents in Barking and Dagenham accessed the 30 hours. This has increased to 838 in the Spring term. 21% of children access a place in school setting with 79% children accessing a place in a private, voluntary and independent (PVI) setting.

To continue to increase awareness of the offer, a new 40 second video has been produced. This is embedded on the 30-hour page on the Barking and Dagenham website and is being shown in the main Post Office and on Barking and Dagenham’s social media pages.

Barking and Dagenham was awarded funding for three capital projects to develop capacity to meet demand for 30 hours. The first extension at Barney Bears in Upney Lane has now been completed. The second capital project at Kingsley Hall was completed in April 2018. The third project, which is a new build 53 place nursery on the Riverside school site is being built off site at the moment and should be completed by June 2018.

In addition, Barking and Dagenham has received funding from the Department for Education’s delivery support fund for 30 hours. Funding was awarded to increase capacity in the early years team, provide staff training, upgrade IT systems and for a small-scale capital project (£10K) at Village Infants. This school was chosen as it was offering the highest number of 30-hour places at the time of the bid. The total amount of funding awarded was just over £79k.

7.3 Challenges

Many parents are still struggling to get their 30-hour eligibility codes due to issues with the Government’s ‘Childcare Choices’ website. It continues to be widely reported that many parents have not been able to get a code to complete their application. It is unknown how many parents have not been able to get their codes and how many applications were aborted half way through, but anecdotal evidence suggests that some parents may have given up applying due to the complexity of the application process. Unfortunately, the local authority has had no way to support parents applying for their eligibility code. The Government established the ‘Childcare Choices’ helpline, which has been criticised by the press and parents alike as not providing the support parents need.

With increased marketing of the offer, it is envisaged that take up will improve and that most eligible parents will wish to take up the offer. This will mean increased funding for the local authority as well as increased occupancy and investment in our early years and childcare sector.

**8. Draft Constitution and Terms of Reference**

8.1 **Appendix B** includes the draft constitution and Terms of Reference for Schools Forum. Members should note that the composition will be reviewed annually and adjusted in line with student numbers in the various phases.

1. ***Decision: Schools Forum are asked to review the draft Constitution and Schools Forum Constitution and make recommend changes before adoption.***

**9. Future Work Plan**

9.1 The following are the proposed dates for Forum meetings next year.

* 23 October 2018
* 15 January 2019
* 19 March 2019
* 18 June 2019

**10. Financial Implications**

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 and all subsequent years including 2018/19

**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 : School Balances

Appendix B: Draft Constitution