

(BARKING AND DAGENHAM SCHOOLS FORUM)
18 June 2019

Title: Schools' Forum Report	
Open	For Decision / For Information
Wards Affected: All	Key Decision: No
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<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 outturn for 2018/19 • High Needs outturn for 2018/19 • High needs budget for 2019/20 • ARP Review • SEND call for evidence • Teacher's Pension Pay & Teacher Pay Grant - information only • Redundancy Cost for School based staff • Free Schools Meal Project • School Balances • Sugar Tax (Healthy Pupil Capital Fund) • AOB 	
<p>Recommendation(s)</p> <p>The schools forum are asked to note:</p> <ul style="list-style-type: none"> (i) DSG outturn 2018/19 (ii) High needs out-turn 2018/19 (iii) High needs budget 2019/20 (iv) And comment on 2018/19 outturn (v) ARP Review (vi) Comments on SEND call for evidence (vii) Comments on Redundancy cost for school based staff (viii) Comments on Free Schools Meal Project (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 total DSG allocations for the year was £218,341k after recoupment adjustments in respect of academies of £46,568K. The revised high needs budget includes the additional allocation of £672K plus the transfer of £750K from schools block.

2.2 The overall final outturn position on the Dedicated Schools Grant was an overspend of £1,902. This is made up as shown in the table below:

Table 1

	Budget	Period 14 Final Out-turn	Period 14 Variance	Previous Forecast
	£'000	£'000	£'000	£'000
Schools block	167,174	166,897	(276)	(141)
Early years block	21,319	20,663	(656)	0
High needs block	27,289	30,287	2,998	1,655
Central block	2,559	2,395	(164)	0
Total	218,341	220,243	1,902	1,514
Brought forward DSG balance (inc. growth fund)			3,548	
Less: Growth fund			(500)	
DSG balance forecast for 31st March 2019			1,146	

Table 1 – 2018/19 Final DSG out-turn

2.3 The overspend on the High Needs block is higher than forecast and is largely driven by demand, and the main pressures on the block are set out under section 3 of this report. These have been partially offset by the transfer from Schools Block, the additional grant funding announced mid year and some underspends in the other DSG blocks. There are approximately £3m of pressures that will need to be offset through a combination of actions including demand management and efficiency savings.

2.4 The level of overspends on the demand/needs driven areas suggest that the pressures will continue into the next financial year.

- 2.5 The underspend on Early Years largely relates to low activity. The 2019/20 Early Years funding allocations were calculated on the basis of January 2018 census. However, the actual allocations will be based on 5/12ths January 2019 and 7/12ths January 2020. Retrospective census adjustments are expected to be confirmed by the DfE in July 2019. The reported Early Years underspend of £656K assumes a clawback of £1,521K arising from the census adjustment.
- 2.6 The underspend on the School block relates to the centrally retained provisions for the growth fund, contingency and de-delegation.
- 2.7 The overspend will be covered by drawing down on the reserve. However this will bring the reserve down to just £1,146K which does not provide much contingency for future overspends, planned investment, and constraints management responses and options in terms of emerging pressures.

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

3. High needs 2018/19 Outturn

- 3.1 The in-year un-mitigated High Needs in-year pressure is £4,420K. 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 £2,998K .
- 3.2 Most areas of the block have incurred overspends. The main reported pressures includes out of borough placements which is reporting an £1,229K overspend and continues to be a pressure even though extensive review work has been undertaken and still ongoing in attempts to reduce this. Also, Special Schools overspent significantly by £1,123K due to children classified on higher bandings, Top Ups overspent by £995k, ARPs overspent by £684K, due to the additional SEMH pilot £508k and other combined movements of 379K. Please see table below for details .

Table 2 High Needs Outturn

	2018/19 Budget	Outturn	Variance +over / (under)
Alternative Provision	3,146,000	3,345,815	199,815
ARP Funding	5,790,000	6,473,918	683,918
DSG - High Needs Education Inclusion	1,634,000	1,711,599	77,599
Top-ups (inc. OB and NMSS)	5,238,000	6,467,299	1,229,299
High Needs Top Ups - Post 16	1,174,000	1,406,921	232,921
SEN Panel Top Ups	900,000	1,661,945	761,945
LACHES, Language Support, Transport	951,000	1,021,803	70,803
Special School Funding	6,643,561	7,767,045	1,123,484
Early Years & Integrated Youth Services	390,000	430,634	40,634
Total	25,866,561	30,238,563	4,420,418

Less: in-year additional allocations from DfE			-672,000
Less: transfers from Schools Block			-750,000
Net Position +over/(under)			2,998,418

- 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 High Needs outturn and pressures.

4. High Needs budget for 2019/20

- 4.1 The high needs block sub working group met on 6th June and reviewed the year end outturn monitor and individual reporting cost centres, but due to high growth and demand for suitable provision the overspend continues. Every effort to reduce the pressure by budget holders is being undertaken and all expenditure is being reviewed monthly. The sub working group discussed the ongoing pressures and growth/demand for Special Educational Needs and Disabilities (SEND) provision and strategies to reduce the overspend and discussed earmarking £200k in-year for initiatives and strategies, for example knife crime.

Reporting strategies from high needs sub working group:

- a) Top up funding to reduce by either 2%, 4% or 5% and a 'cap' of 45k applicable on individual schools- this would have to be part of a wider consultation process;
- b) Additional Resourced Provision (ARP) vacancies to be recovered;
- c) Implementation of the ARPs SLA 30% vacancy factor;
- d) Delegate High Needs budgets directly to schools and no further allocations (top-ups) as part of panel meetings or school requests;

Recommendation (iii): School Forum to consider the above High Needs strategies and decide how to proceed.

- 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 1,133 commissioned places including post16 within the high needs block.
- 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.

Table 3 High Needs Allocation

High Needs Budget	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
Top-ups	6,023,200
High Needs Top Ups - Post 16	1,447,000
SEN Panel Top Ups	1,418,000
LACHES, Language Support, Transport	970,000
Special School Funding	7,493,000
Early years & Integrated Youth Services	398,000
New Initiatives	200,000
Total Budget	29,192,000

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

5. ARP Resources and Staffing Review

- 5.1 Appendix A sets out a draft terms of reference for an overarching review of Additional Resourced Provisions in the Autumn term 2019.
- 5.2 The borough has seen a rapid increase in demand over the past five years for specialist provision, increased complexity of need and a rise in numbers of children with Education, Health and Care (EHC) Plans. This changing local context offers a timely opportunity to carry out an external overarching review of the appropriateness and effectiveness of the ARP model, including how services work in partnership with ARPs to meet children’s needs.
- 5.3 The ARP review has been conducted by the LA due to the increased demand and growth for places and pressures on school budgets and teacher ratios in accordance with SLAs. Savings will need to be achieved against the ARP budget to help manage the on-going pressures on the High Needs block.

6. SEND call for evidence

- 6.1 The DfE opened a consultation on 3rd May 2019 inviting individuals and organisations to consider how the SEND and AP financial arrangements in England could be improved to help local authorities, schools, colleges and other providers in supporting children and young people with special educational needs and disability (SEND) who require alternative provision (AP) or are at risk of exclusion from school.
- 6.2 Views are requested on changes to the funding system that could help in getting the best value from the resources available.
- 6.3 The link is <https://www.gov.uk/government/consultations/send-and-ap-provision-call-for-evidence> and the high needs sub working group discussed this consultation at the meeting 6th June and can reply on behalf of schools' forum. The closing date is 31st July 2019 11:45pm.

Recommendation (v)- School Forum is recommended to delegate the response to the High Needs block sub working group

7. Teachers Pay Grant, Pension Grant and Supplementary Funding (Pensions) - information only

- 7.1. The government is providing financial assistance to maintained schools, maintained nursery schools and high needs settings in the form of the **Teachers' Pay Grant** (TPG) for the financial year beginning 1 April 2019. The purpose of TPG is to provide funding for schools to support the teachers' pay award that came into effect on 1 September 2018. Schools will be funded on a per pupil rate based on October 2018 census. The funding for maintained schools and academies for 2019 to 2020 has now been published.
- 7.2. Schools with Additional Resourced Provision will have a high pupil teacher ratio, which is not recognised in the formula used to calculate TPG allocations, and are disadvantaged in funding terms. Therefore, the local authority will be writing to the DfE to set out the concerns and to lobby for the introduction of a hybrid rate for ARP's.
- 7.3. The employer contribution rate of the **Teachers' Pension Scheme** will increase from 16.4% to 23.6% from September 2019. Therefore, funding is being provided, through the Pension Grant (PG), to help mitigate the impact. This funding is also being based on October 2018 census.
- 7.4. However, the grant calculated on the basis of pupil numbers may fall short of the individual school's actual pension contribution. Where a school faces a shortfall between their grant allocation and their actual increase in pension costs, of more than 0.05% of their overall budget, they will be able to apply to the Supplementary Fund. More details of how schools will be able to apply will be provided in the autumn.

Recommendation (vi): Schools forum are requested to note pension grant and teachers pay grant information

8. Redundancy Costs for School based staff

- 8.1. This guidance summarises the position relating to the payment of redundancy costs for school based staff. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge redundancy costs to:
- an individual school's budget,
 - the central school's budget or
 - local authority's non-schools budget.
- 8.2. Section 37 of the 2002 Education Act states that premature retirement costs must be charged to school's delegated budget, whilst redundancy costs must be charged to the local authority's budget, however such costs will be borne by an individual school if the following applies:
- (a) If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school.
 - (b) If a school is otherwise acting outside the local authority's policy.
 - (c) Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit.
 - (d) Where staffing reductions arise from a deficit caused by factors within the school's control.
 - (e) Where the school has excess surplus balances and no agreed plan to use these.
 - (f) Where a school has refused to engage with the local authority's redeployment policy.
- 8.3 As the borough has been in a period of growth for several years there has been very little call for redundancies. We expect this to remain broadly the case over the next few years. Where schools chose to carry out reorganisations or restructures to make efficiencies or improvements or to change their curriculum offer these are the responsibility of the school.
- 8.4 If in exceptional circumstances school redundancies are eligible to be funded centrally then this will need to be found from within wider DSG funding. Initially this could be from Schools Facing Financial Difficulties Fund (SFFDF). Refer to table 4 below. a more sustainable funding source may be required. Options for funding redundancy costs from DSG are set out below:

- 8.4.1 The local authority can retain a central budget within the schools budget to fund the costs of redundancies by a deduction from maintained school budgets, (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree. (A disapplication to the DfE may be required)
- 8.4.2 A de-delegated contingency could be provided, if the schools forum agree, to support individual schools where “a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share”.

Recommendation (vii): To ensure transparency and fair administration of the above, we are recommending for schools forum to approve:

(a) The use of SFFDF as an initial funding source for any eligible redundancies. And then to indicate a preferred model for future funding (if required.)

(b) set-up a new panel made up of representatives from the local authority and members of schools forum to review requests.

(c) Requests received and reviewed by the new panel will be recommended to the Financial Monitoring Group for approval.

(d) Requests approved by the FMG will then be forwarded to the Commissioning Director for Education & Section 151 Officer for authorisation.

Table 4 - Schools Facing Financial Difficulty Fund

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Balance b/f	489,100	(59,540)	68,579	(497,163)	177,195	523,524	303,440
De-delegated resources	1,250,000	1,000,005	234,258	243,624	0	0	0
Loans	(1,798,640)	(1,071,886)	(800,000)	(58,000)	0	(400,000)	0
Repayments	0	200,000	0	488,734	346,329	179,917	280,000
Balance c/f	(59,540)	68,579	(497,163)	177,195	523,524	303,440	583,440

9 Free Schools Meal (FSM) Project

The local authority has been working in partnership with a number of schools, on a pilot scheme, to increase the take up of FSM. The initial analysis, in terms of increase in take up and additional funding, is encouraging. The details are set out on Appendix B to this report.

10 School balances

- 10.1 The school reserves, based on quarter four actuals, at the end of 2018/19 is reporting a closing balance of £9,815K, reflecting a favourable in-year movement of

£1,095K. This masks the fact that a number of schools have made sizeable in year drawdowns to fund expenditure. In 2017/18, nine schools closed with a combined deficit of £2,688K. Majority of these schools are now in surplus. At the end of 2018/19, there were five schools with a combined deficit £1,128K, including two new. The Local Authority will be working closely with these schools to balance the budgets. (Please see Appendix C)

11 Sugar Tax (Healthy Pupils Capital Fund Programme (HPCF)).

- 11.1 In 2018 the Government set aside revenue generated from the Soft Drinks Industry Levy (sugar tax) to the Healthy Pupils Capital Fund Programme (HPCF). The fund is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions.
- 11.2 £165k has been set aside for school based projects and the Local Authority has invited bids from schools.
- 11.3 Each bid can be up to the value of 10k and schools are able to submit more than one bid. The deadline for the submission of bids is Friday June 7th. The DfE guidelines for suitable projects to be considered for the HPCF are attached as an appendix to this report. Appendix D
- 11.4 The bids will be reviewed by a panel and the intention is to inform successful schools by 28th June 2019.

12 Financial implications

As presented in this document.

13 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.

14 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 - Draft Terms of Reference for Review of ARPs
- Appendix B - Update of Free School Meals Project
- Appendix C - School Balances
- Appendix D - Healthy Pupils Capital Fund Programme DfE Guidelines