**(BARKING AND DAGENHAM SCHOOLS FORUM)**

**(20th March 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 2250  E-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. Schools Facing Financial Difficulty Update 4. Support for Schools with Falling Rolls - Options 5. High Needs – Proposed Budget 2018-19 and Pressures | |
| **Recommendation(s)**  The Schools Forum is asked:   1. To note DSG outturn position for 2017-18. 2. To note the Schools Facing Financial Difficulty Update 3. Schools with Falling Rolls 4. Note the High Needs High Needs Budget and proposal to manage the pressure. | |
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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 – Forecast Outturn**

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

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| --- | --- | --- | --- | --- |
| **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 | 27,490 | 1,300 |
| 2.4 | Schools Block | 165,515 | 165,515 | 0 |
|  | **TOTAL** | **£211,386** | **£211,841** | **455** |

**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, however 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. 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 an adverse variance of £1,300K**

2.3.1 The High Needs Block is currently forecasting an overspend of £1.3m. Reasons for this variance is due to:

* A projected overspend of £318k from on Alternative Provisions largely due to £102k pressure on Home Tuition Service and £190k for Top for Alternative provision pupils;
* The primary and secondary school ARPs is forecasting an overspend of £384k as a result of an increase in demand;
* The Primary Respite and 6th day care is forecasting an underspend of £397k, resulting from the delays in the start of the service;
* A £301k underspend on Placement and Out of Borough Top Ups;
* The special school Post 16 (Trinity and Barking and Dagenham) is forecasting a projected pressure of £333k;
* The special school Pre-16 is forecasting a projected pressure of £454k as a result of increases in demand;
* There is a projected £510k overspend on SEN Contingency (In Borough Top-Ups) due to demographic pressures with an increasing number of pupils with SEN requirements.

**2.4 Schools Block is reporting a breakeven position.**

2.4.1 The Schools Block is reporting a break-even position. This is the net effect of the following movements. The growth fund is reporting an underspend of £321K as a result of less than anticipated need to fund in-year growth. This takes into account £65K of contribution to support additional growth at Barking Abbey. The underspend on growth fund is being offset by pressures elsewhere. The 2016/17 £173K Year 7 Catch Up funding were paid to schools in 2017/18 but the corresponding grant income was previously reported as part of the DSG carry forward but is now met from in-year resources. There were also other miscellaneous unbudgeted costs including in-year rates adjustments.

1. **Schools Facing Financial Difficulty Update**

3.1 No formal requests have been made. Appendix A provides the support provided and repayments made.

3.2 The 2017-18 in-year loan repayments of £443K – taking into account the 16/17 brought forward balance of £147K. The overall position on the contingency will be a surplus of £590K. There have been delays in payment from Eastbury Primary School. Barking Abbey were awarded additional growth fund monies to cover exceptional in year growth and have agreed to use this to make a further repayment against their loan.

1. **Falling Rolls**

4.1 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.

4.2 It is proposed that the best approach to dealing with the situation of falling rolls is to prepare a strategic plan of implementing a temporary reduction in PAN. This will inform the admissions for 2019/20 (using October 2018 census). However, it is acknowledged that there is an immediate need for support for 2018/19. It is proposed that limited financial support be provided to schools who have exceptional circumstances, until the strategic plan is developed.

4.3 It is recommended that a report be presented by the sub-group at Schools Forum in June 2018. This will establish the criteria to be used when allocating limited funding from the Schools Facing Financial Difficulty Reserve. It is proposed that this would be a one off grant rather than a loan

***Decision: Schools Forum are asked to approve limited funding support for falling rolls from the SFFD fund. This would be via a one off grant.***

4.4 For information, the Department for Education regulations specify that Local Authorities may topslice the DSG in order to create a fund to support good schools with falling rolls where **local planning data show that surplus places will be needed in the near future.** They state that criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations.

4.5 Compliant criteria for a falling rolls fund would generally include some of the features below:

1. Support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement from the DfE); The percentage of schools in Barking and Dagenham that would meet this requirement currently will be included in the minutes.
2. Surplus capacity exceeds an x number of pupils or x% of the published admission number;
3. Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort;
4. The school will need to make redundancies in order to contain spending within its formula budget, only to have to recruit again once numbers increase again.
5. Other options may include situation where a school is an exceptional circumstance.

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

5.1 The High Needs Working Group met on the 8th March and discussed with representatives the following:

* A presentation was made by Ronan Fox from Health. The current plan was discussed as well as issues faced by Schools;
* SEND Capital Fund 2018-2021;
* There was an update on high cost placements, including out of borough;
* The Zero base budget setting exercise was presented for 2018/19, and
* **2017/18 indicative outturn is £1.3m** forecast overspend within the high needs DSG block and options available for recovery plans both short term and long term.

5.2 The longer term solution to manage the indicative pressure of £1.3m is to undertake a review of ARP places, including vacancies, review of external provision and how this can be managed through new provisions currently in the pipeline. There is also continuing work on bringing Out of Borough Placements back to in borough placements to deliver savings. This will deliver savings, but there is also a need to manage pressures arising from demand.

5.3 However, there is an immediate need to manage this pressure in 2018/19. The proposal at the HNWG was to deduct 4% from all SEN top-up payments. This would be for a period of one year, in the first instance. This then provides time for recommendations from the reviews listed at 5.2 to be considered and implemented.

***Decision: Schools Forum are asked to agree to deduct 4% from all SEN top-up payments for one year only.***

**6. Update on Early Closure of Accounts**

6.1 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.

6.2 The Schools Finance Team have received all the Quarter 3 returns from all the Non Oracle Schools and are in the process of collating the draft outturn position based on these returns.

**7. Options Appraisal**

7.1 Not applicable.

**8. Consultation**

Not applicable.

**9. Financial Implications**

The School Funding Formula is contained within the Dedicated Schools Grant

**10 Legal Implications**

10.1 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.

**11. 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 – SFFD update