



Schools Forum

Wednesday 12 December 2018 at 6.00 pm

Dining Area 2 - The Village School, Grove Park, NW9 0JY

Membership

Representing

SCHOOL MEMBERS

Nursery

Lesley Benson

Vacancy

Head

Governor

Primary

Martine Clark (Vice-Chair)

Michelle Ginty

Melissa Loosemore

Raphael Moss

Helga Gladbaum

Geraldine Chadwick

Michael Maurice

Narinder Nathan

Tim Jones

Head

Head

Head

Head

Governor

Governor

Governor

Governor

Governor

Secondary

Vacancy

Special Education Needs

Kay Charles

Head

Pupil Referral Unit

Vivien Dean

Head

ACADEMY MEMBERS

Primary

Vacancy

Jo Jhally

Head

Governor

Secondary

Andy Prindiville	Head
Gill Bal	Head
Gerard McKenna	Head
Martin Beard	Governor
Mike Heiser (Chair)	Governor
Titilola McDowell	Governor

Special Education Needs

Jayne Jardine	Head
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NON-SCHOOL MEMBERS**Early Years PVI**

Paul Russell
Sylvie Libson

Trade Union

John Roche

16-19 Provider Representative

Mark Stacey

For further information contact: Nikolay Manov, Governance Officer
Email: nikolay.manov@brent.gov.uk; Tel: 0208 937 1348

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www.brent.gov.uk/committees

The press and public are welcome to attend this meeting.

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:
 - To which you are appointed by the council;
 - which exercises functions of a public nature;
 - which is directed is to charitable purposes;
 - whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Item	Page
1 Apologies for Absence and Membership	
➤ To receive apologies for absence	
➤ To welcome Raphael Moss to the Schools Forum	
➤ To note that there are three vacant seats on the Forum:	
○ Nursery Governor	
○ Academy Primary Head	
○ Maintained Secondary Head	
2 Declarations of Interest	
3 Deputations (if Any)	
4 Minutes of the previous meeting	1 - 12
To approve the minutes of the previous meeting as a correct record.	
5 Actions arising	13 - 14
To consider any actions arising from previous meetings.	
6 Dedicated Schools Grant Support for Central Education Services 2019/20	15 - 24
The purpose of this report is to provide information and explain the rationale behind the Council savings proposal to contribute Dedicated Schools Grant (DSG) funding towards supporting central services for schools.	
Contact Officer: Andrew Ward, Head of Finance Email: andrew.ward@brent.gov.uk Tel: 0208 937 6462	
7 Dedicated Schools Grant Financial Forecast 2017/18	25 - 48
The report updates School Forum Members on the Forecast position of the Dedicated Schools Grant (DSG) 'Schools Budget', including Sixth Form funding grants and planned use of reserves for 2018/19. It also includes a presentation which describes the pan-London pressures on High Needs provision.	
Contact Officer: Andrew Ward, Head of Finance Email: andrew.ward@brent.gov.uk Tel: 0208 937 6462	

8 Any Other Urgent Business

Date of the next meeting: **Wednesday 16 January 2019**



- Please remember to ***SWITCH OFF*** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.

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LONDON BOROUGH OF BRENT

MINUTES OF THE SCHOOLS FORUM

held on Wednesday 10 October 2018 at 6.00 pm

PRESENT

Governors

Mike Heiser (Chair)
Karen Zajdel
Helga Gladbaum
Geraldine Chadwick
Tim Jones
Jo Jhally
Martin Beard
Titilola McDowell

Head Teachers

Lesley Benson
Martine Clark (Vice-Chair)
Michelle Ginty
Melissa Loosemore
Gill Bal
Kay Charles
Vivien Dean
Andy Prindiville
Gerard McKenna

Early Years PVI

Paul Russell
Sylvie Libson

16-19 Partnership Representative

Mark Stacey

Officers

Gail Tolley (for Item 7)
Brian Grady
Andrew Ward
Dena Aly
Nikolay Manov
Amanda Healy (observer)

Lead Member

Councillor Agha

1. **Election of Chair and Vice-Chair**

Mike Heiser was nominated to chair the Schools Forum for a two-year term in line with article 2.5.6.2 of the Schools Forum Constitution. Members of the Forum supported his nomination and it was **RESOLVED** that Mike Heiser be elected Chair of the Schools Forum.

Martine Clark was nominated for the position of Vice-Chair of the Schools Forum for a two-year term in line with article 2.5.6.2 of the Schools Forum Constitution. Members of the Forum supported her nomination and it was **RESOLVED** that Martine Clark be elected Vice-Chair of the Schools Forum.

2. **Apologies for Absence and Membership**

Governors	Michael Maurice Narinder Nathan
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Head Teachers	Jayne Jardine
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Trade Union	John Roche
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Members welcomed Michelle Ginty who had been elected to sit on the Schools Forum as a Primary Maintained Head.

It was noted that there were three vacancies on the Forum - a Primary Maintained Head; a Secondary Maintained Head; and a Primary Academy Head.

3. **Declarations of Interest**

None.

4. **Deputations (if Any)**

None.

5. **Minutes of the previous meeting**

RESOLVED that the minutes of the previous meeting, held on 20 June 2018, be approved as an accurate record of the meeting.

6. **Actions arising**

The Forum examined the Action Log which had been included in the Agenda pack for the meeting and noted that actions 26 and 33 would be considered at the current meeting, while updates on actions 28, 29, 31 and 32 would be provided in December 2018.

7. Council Budget Proposals

Gail Tolley introduced the item and reminded members that the last time she had addressed the Schools Forum in relation to Council budget proposals had been in 2015 when she had presented a consultation on the significant budget savings required at the time.¹ She informed the Forum that the budget proposals would be presented to Cabinet on Monday 15 October 2018 to agree to commence a consultation on ways to achieve half of the required £40 million savings over the next two years i.e. there would be additional consultations on further sums.

Gail Tolley stressed that no decisions had been made and Lead Members and Strategic Directors had examined every area of the Council's operation in order to identify potential savings and focused her presentation on proposals which were going to affect children and young people. Members heard that there were 17 children centres in Brent – 14 of them had been commissioned to Barnardo's and three were run by the Local Authority. Under the 'Difficult' Budget Proposals (Appendix B to Draft Budget Proposals 2019/20 – 2020/21 report), the number of children centres would be reduced by 50% and six family hubs would be created. Furthermore, it was noted that there was an intention to close the Challenge House Children's Centre.² As the building was unsuitable, social work staff currently working at the site would be transferred to the Willesden Centre for Health and Care and the Council would dispose of Challenge House.

Gail Tolley directed the Forum's attention to the 'Most Difficult' Budget Proposals, which included the closure of all children centres and a reduction of the Connexions service to the statutory minimum as these were funded by the only part of the Children and Young People Department's budget that was discretionary. However, Gail Tolley emphasised that implementing the 'Most Difficult' option could be avoided if the 'recommended' proposals were achieved, which on its turn, involved staff reductions and ending Council provision of youth services at Roundwood Youth Centre to allow the site to be transformed to an educational setting with voluntary sector run services.

It was noted that that the consultation on the draft budget proposals would start on 15 October 2018 and would continue until 31 January 2019, following which the budget would be set in February 2019. A Member of the Schools Forum commented that the Early Years Service had been included in the budget proposals outlined in the report that would be presented to Cabinet and enquired about the Council's communication strategy towards Private, Voluntary and Independent (PVI) providers. Gail Tolley directed the Forum's attention to Appendix A to the Draft Budget Proposals 2019/20 – 2020/21 report and said that a sum from the Dedicated Schools Grant (DSG) contribution had been included in the list of 'Recommended' savings, subject to approval by the Forum. She added that she had met with Lead Members, backbench Councillors and senior officers across the Council, while Heads of Service had approached both staff and stakeholders and had informed them about the consultation.

¹ It had been in 2015 when the decisions to commission out children centres and close youth provision had been made.

² Provision at Curzon Crescent Children's Centre and Fawood Children's Centre would continue.

Questions raised by members related to the difference between a family hub and a children's centre and the impact of the proposed cuts on children with Special Education Needs and Disabilities (SEND). Gail Tolley said that the family hub model had been adopted by most local authorities that had kept their children centres open as it allowed them to provide holistic services to support families and including at risk adolescents. The existing contract with Barnardo's expired in 2020 and it would be recommissioned in such way that the new provider would run six family hubs. She emphasised that creating family hubs was the next best solution to retaining the under five provision and providing support to parents. However, it was too early to identify sites that would be affected as this would happen once the concept of family hubs had been fully developed.

It was noted that even if the proposed changes were approved, there would not be a change in expenditure in the High Needs Budget.

The Chair summarised the discussion and said that the Schools Forum would consider the detailed DSG-related proposals once these became available.

RESOLVED that:

- (i) The contents of the discussion on the Council Budget Proposals, be noted; and
- (ii) A detailed report on the proposals relating to the DSG be presented to the Schools Forum at the meeting on 16 January 2019.

8. Dedicated Schools Grant Schools Budget Forecast - 2018/19

Andrew Ward introduced the report which provided an update on the position of the Dedicated Schools Grant (DSG) Schools Budget for 2018/19. He highlighted that the overall forecast as at second quarter of the 2018/19 financial year was that the Schools Budget would break even in 2018/19. There had been a rising pressure on the High Needs provision due to an increase in demand, leading to an overspend of least £2 million on the block. However, underspends on the pupil growth budget were forecast to compensate this overspend, but this would not be confirmed until after December 2018 when final calculations would be made.

Mr Ward informed the Forum that the DSG expenditure budget for 2018/19 was £315 million which had been made up by £312 million of grant income and £3 million of reserves that had been released in consultation with Schools Forum. He explained that one of the reasons for the underspend in the Early Years block in 2017/18 was due to lower take up of the universal 3 and 4 year old entitlement. In addition, there had been changes to the national system of entitlement which had reduced take up in the autumn term. Although, the Early Years Block remained the most self-contained of the four blocks, with 95% of income passed onto providers, officers would review the way it was accounted for.

Mr Ward referred to the Central Block of the DSG and reminded members that it funded central services for schools, which included the pension costs for former school employees. In relation to the Schools Block, it was noted that there was little volatility in the net position of the funds allocated to schools (section 7 of the report, pages 14 and 15 of the Agenda pack). However, there could be variations if

changes were made to the National Non-Domestic Rates following any revaluations.

The Forum heard that the main risk to the DSG Schools Budget was the larger increase in demand for high needs provision – for example, the number of Education Health and Care Plans (EHCPs) was approximately 2,200 compared to 1,650 four years ago, which represented an annual increase of 8%. Furthermore, there had been an increase in the number of post-16 placements and demand for provision for 19-25 year olds was also growing.

Mr Ward summarised the key points presented in the paper, pointing out that it was necessary to monitor the position and officers would continue working on securing the best value for money on the DSG. The High Needs Task Group continued to meet and discuss ways to set a balanced budget and the outcome of discussions would be reported back to the Schools Forum.

Members reported that the Early Years Task Group had not met since the previous meeting of the Schools Forum in June 2018 and Brian Grady said that he would review this. In response to concerns that the DSG budget would not be able to meet the teacher pay rise announced in July 2018, Mr Ward said the topic would be covered under Agenda Item 9 at the present meeting – 2019/20 Funding Announcements and Schools' Budget Position.

RESOLVED that:

- (i) The contents of the Dedicated Schools Grant Budget Forecast - 2018/19 report, be noted;
- (ii) The requirement for an Early Years Task Group meeting would be considered before the next meeting of the Schools Forum on 12 December 2018; and
- (iii) Updates on the Dedicated Schools Grant Schools budget forecast 2018/19 be provided at every meeting of the Schools Forum

9. 2019/20 Funding Announcements and Schools' Budget Position

Andrew Ward introduced the paper which informed members of the Schools Forum about various funding announcements made in the summer of 2018 and provided an assessment of these announcements, taking into the account the financial position of schools and the High Needs Block. The teacher pay rise had been announced in September 2018 (for details, please see paragraph 5.1 of the report on page 20 of the Agenda pack) and it would be funded by a grant separate to the Dedicated Schools Grant (DSG) in 2018/19 and 2019/20. It aimed to fund the difference between the confirmed pay rise and the 1% that had been assumed had been budgeted for. Mr Ward said that the Department for Education (DfE) had published the methodology for the Teachers' Pay grant, but detailed school level allocations had not been made available yet. He reminded members that Brent paid its teachers the inner London rate, but non-teaching members of staff received the outer London one. Estimates for each school for both 2018/19 and 2019/20 were available in the appendices to the report (pages 25-31 of the Agenda pack).

Members of the Schools Forum commented that the teachers' pay rise might not be sustainable in the long term as many schools were in a difficult financial position and were struggling to meet their needs. Brian Grady explained that a number of factors would be taken into account when setting the Schools Budget - planning would start earlier, consideration whether the existing Task Groups were fit for purpose would be given, and officers would be proactive in putting forward transparent proposals. In relation to a question about the way funding allocations would be made, Mr Ward said that the Council would pass the on the Teachers' Pay grant to maintained schools and academies would receive it directly from the Education and Skills Funding Agency (ESFA). The 2018/19 allocation had come into force in September 2018 and it had been based on previous allocations in October 2017. A primary governor noted that as funding was not guaranteed after the initial two years, expanding schools with increased number of teachers could be at net loss. Mr Grady acknowledged the points raised by members and said that officers would be available to address specific concerns.

Mr Ward directed the Schools Forum's attention to section six of the report (pages 20 and 21 of the Agenda pack) and pointed out that the revenue funding for schools would continue to be made via the four-block structure of the DSG and this arrangement would continue until 2021. In the Schools Block, there would be an increase in cash terms (rather than in real terms) to funding allocations in 2019/20 accounting for 0.5% per pupil. Local Authorities would continue to set the local schools formulae for distributing the Block, although allocations would be aggregated from school level calculations using the national funding formula - a key change would be related to accounting for differences in Primary and Secondary Pupil growth as a fall in one would not net off or reduce the other. Mr Ward said that although Brent's growth budget had been reduced, an overspend had been forecast due the sudden change in growth patterns observed in the Borough. Therefore, if the growth pattern in the current year reflects the previous year's one, funding would be lost which could be a problem considering the overspend in the High Needs Block. Nevertheless, the Local Authority would still make the decision how to fund growth within its area.

The Forum heard that there would be a small increase of 0.5% per head of under 19 population in the High Needs Block. This would not be sufficient to contain the projected overspend of approximately £2 million and the growing demand for high needs support. Furthermore, it remained a concern that the national high needs formula had calculated £6 million less than the current allocation for Brent, while no announcements had been made on the Early Years Block. As inflationary pressures continued to exist within the sector, officers would continue monitoring the situation.

Mr Ward referred to the financial position of schools. He said that at the end of the 2017/18 financial year, six schools were in deficit, however, all but one had been successful in setting balanced budgets for the current financial year. He reminded members that the three-year budgets which schools submit to the Local Authority provided a medium-term view on their financial position. The proportion of available income that had been budgeted for employee costs in 2018/19 averaged 80% as predicted which led to a challenge as expenditure on staff costs was increasing, while the proportion of money spent on staffing had not changed. In relation to the use of reserves, Mr Ward highlighted that with reduced funds for growth and rising pressures in the High Needs block, it would not be prudent to continue to supplement the mainstream funding formula from reserves.

A primary governor enquired how officers would manage the process of setting a balanced growth budget. Mr Grady responded that work would be undertaken to ensure that young people with additional needs were funded fairly – additional resources would be made available in secondary provision and commissioning activity related to high-cost placements would be examined as in-borough provision had been considered to be better for young people.³ Furthermore, capacity across the Borough been examined in Brent's School Place Planning Strategy. Mr Ward addressed a concern related to schools which were in deficit by explaining that if they were unable to balance their budgets, they had to apply for a licence to operate in deficit which had to be approved by the Council's Chief Finance Officer. The Schools Finance Team would be available to support them to set a balanced budget by holding thorough discussions about various strategies that could be used to reduce deficit.

RESOLVED that:

- (i) The contents of the 2019/20 Funding Announcements and Schools' Budget Position report, be noted; and
- (ii) That the mainstream funding formula be presented for final approval at meeting of the Schools Forum in January 2019

10. **Primary School Place Demand Update**

Brian Grady introduced the report which provided an update on the latest projections for primary school places. He said that the Council's Cabinet would consider the new School Place Planning Strategy 2019-2023 in November 2018. It would outline the projected need for school places in Brent and how this need would be met and it would also set out the objectives and operating principles underpinning the Council's approach to school organisation. Mr Grady reminded members that a new School Place Planning Strategy was published every four years, following which it was refreshed on an annual basis. He added that the headlines of the new School Place Planning Strategy 2019-2023 had been circulated to Head Teachers and Governors via the Headteachers' and the Governors' bulletins respectively.

Developing the 2019-2023 strategy had been based on an update of the assessment of need for places across the Borough, which had pointed to reducing Reception intakes and a temporary increase in spare places across Brent (section 4.2 of the report on pages 34 and 35 of the Agenda pack). Mr Grady said that although additional Primary provision had not been forecast, growth would come through Secondary provision which meant that the Borough would need 13 forms of entry for the duration of the 2019-2023 strategy. Furthermore, the opening of a new primary free school, Ark Somerville Free School, would be reviewed as long-term forecasts indicated that there would not be sufficient basic need demand until 2021/22.⁴

³ Children and Families Fair Access ... (CAFAI) Protocol is available [here](#).

⁴ The Ark Somerville Free School has been approved by the Department for Education and is expected to open in 2022.

Members of the Schools Forum noted that they were aware that pupil numbers in primary schools were decreasing. Therefore, it would be sensible for the schools to lower their nominal rolls because if classes were not completely filled, this could cause a budget-related problems. Mr Grady acknowledged this suggestion and said that a couple of schools would be reducing their publicised admission numbers. He added that Shirley Parks and her team would discuss it with primary schools in order to consider ways of implementing it.

In response to a question whether the Department for Education (DfE) could override the Council's decision not to open the Ark Somerville Free School until 2022, Mr Grady noted that the Local Authority did not power to decide on the opening year. However, it could provide communication in line with the 2019-2023 strategy – for instance, Mr Grady would be meeting representatives of the DfE in February 2019 and March 2019 to reconfirm Brent's position that there would not be a need for additional primary provision until the end of the strategy. A Secondary Academy Head Teacher asked if a location had been chosen and members heard that a planning permission had been given for a site on Wembley Hill Road in Wembley Park. Furthermore, it was noted that the site could be used for a special school, which would allow the Local Authority to provide additional capacity in this sector.

RESOLVED that the contents of the Primary School Place Demand Update report, be noted.

11. **Options for Financially Supporting Schools with Falling Rolls**

Dena Aly introduced the report which outlined options for financially supporting schools with falling rolls as per Schools Forum's request. She explained that according to the Dedicated Schools Grant (DSG) operational guidance, there were some conditions under which a falling rolls fund could be established. In summary, there had to be a long-term reduction in pupil numbers; the Schools Forum had to agree the value of the fund and the criteria for allocation; the growth fund had to come from the National Funding Formula Schools Block (for details, please see paragraph 3.3 of the report on page 40 of the Agenda pack). Ms Aly pointed out that support would be available only to schools who had been judged to be good or outstanding in their most recent Office for Standards in Education, Children's Services and Skills (Ofsted) inspection. She explained that the Department for Education (DfE) had proposed two different methodologies for allocating falling rolls funding – 'rate per vacant place' and 'lump sum payment'. In order to access funding, schools would need to provide evidence that staff would be made redundant, they should not hold any access surplus balances and they should not qualify for rising rolls funding in another year group.

Ms Aly directed the Forum's attention to sections five and six of the report (pages 41 and 42 of the Agenda pack) which contained some illustrative suggestions for both methodologies. Under 'rate per vacant place', a 15% reduction in pupil numbers would trigger falling rolls funding which would account for 75% of the age-weighted pupil unit (AWPU) rate for the relevant sector and it would be provided as a one-off payment in the year in which the decrease had taken place. As far as the 'lump sum payment' methodology was considered, Members heard that officers would need to decide how to calculate it as they had not been able to locate a Local Authority who had used this methodology.

Ms Aly referred to the last section of the paper (page 42 of the Agenda pack) which contained some advantages and the disadvantages of establishing a falling rolls fund. She emphasised that the disadvantages outnumbered the advantages and noted that there was a risk that no schools in Brent would qualify for the funding.

The Schools Forum welcomed the report. Members discussed the need for Head Teachers to plan ahead and it was emphasised that there were criteria which had been designed to prevent schools from using the falling rolls in the long term, which would not lead to significant expenditure. Furthermore, it was noted that there were schools who had not expanded, but experienced falling rolls. Therefore, it was important to support schools not to fall into deficit.

A Primary Head Teacher pointed out that most schools were struggling to recruit and retain good teachers. Therefore, making staff redundant and asking them to come back later in time would cause significant difficulties and could lead to increased use of agency staff which would be against the objective to invest in developing teachers. A similar view was expressed by a Primary Governor who said that introducing a falling rolls fund would have a positive impact on schools which needed to maintain the same number of teachers despite a reduction in the number of pupils. Furthermore, falling rolls funding could be used as a way to maintain standards – for example, if class sizes were increased significantly, the quality of teaching could decline.

In support of the argument against the introduction of a falling rolls fund, a member of the Forum referred to the reception forecast and capacity table included in the Primary School Place Demand Update report considered earlier at the meeting (page 35 of the Agenda pack) and said that having surplus places would continue to be a trend across the Borough, therefore, primary schools could continue having forms of entry they could not maintain, i.e. the use of a potential falling rolls fund would not be sustainable. Another argument put forward against the proposal was that it was contradicting the principle that funding should follow the pupil. It was also mentioned that schools that had expanded and were in good condition and would be eligible to apply in contrast to schools who had not expanded and were often in bad condition.

A Head Teacher explained that there was difference between a growth fund and a falling rolls fund as the former related to actual pupils who needed funding. They commended the work of the Schools Finance Team in preparing the report, but pointed out that the paper had not been able to convince them of the need to establish a falling rolls funding. Instead, it gave the impression that, if approved, a falling rolls fund would constitute an emergency source of finance for schools. Andrew Ward explained that there was a budget for schools in difficulty that was part of the Schools Block of the DSG and was focused on maintaining standards. Brian Grady added that this funding could be reviewed on the basis that standards in a school could fall due to falling rolls.

The introduction of a falling rolls fund in 2019/20 (as set out in paragraph 2.2.1 of the report (page 39 of the Agenda pack)) was then put to the vote by a show of hands and declared **LOST**.

RESOLVED that:

- (i) The contents of the Options for Financially Supporting Schools with Falling Rolls report, be noted; and
- (ii) A paper examining options and providing specific costs to deploy resources to schools in risk of experiencing a fall in standards due to falling rolls be presented at a future meeting of the Schools Forum.

12. Updated Scheme for Financing Schools and Schools Financial Regulations

Dena Aly presented the report which contained details about the changes implemented to the Scheme for Financing Schools and the Schools Financial Regulations, which had become affective from 1 April 2018. She explained that both documents focused on the financial relationship between maintained schools and the Local Authority. She referred to appendices B and D (pages 93-97 and 141-144 of the Agenda pack respectively) and focused on key sections, pointing out that the ones that had been highlighted in yellow had been changed, while information that had been deleted had been stroked through. Some of the key changes made included changing VAT returns to take place on a monthly basis; changing budget payments; adding guidance on electronic banking; updating the guidance on contract value; and changing the value of debts to be reported to the Local Authority's Cabinet.

While members of the Schools Forum welcomed the report, they questioned officers why a consultation had not taken place prior to the implementation of the changes outlined in the report and the appendices. Andrew Ward said that some of the changes had been directed by Department for Education, while others were so minor that there was not a requirement to conduct a consultation. In addition, the papers for the present meeting had been published five clear working days in advance so members had had time to familiarise themselves with the proposals.

A specific issue that was raised related to the fact that a number of schools had passed debt for collection to the Brent Council's Debt Recovery Team and had not received an update. Andrew Wad and Brian Grady said that they would discuss the situation and it was noted that the matter would be followed up.

RESOLVED that:

- (i) The contents of the Updated Scheme for Financing Schools and Schools Financial Regulations report, be noted;
- (ii) The fact that the Schools Forum had been formally consulted on the Brent Schools Financial Regulations 2018/2019 be noted;
- (iii) The amendments to the Scheme for Financing Schools 2018/2019 be approved; and
- (iv) The issue related to debt passed for collection to the Council's Debt Recovery Team be followed up and update be provided to affected schools.

13. **Any Other Urgent Business**

Andrew Ward informed the Schools Forum that there were two vacancies on the High Needs Task Group. Helga Gladbaum (Primary Maintained Governor) expressed an interest to sit on the Group as a representative of the primary sector. However, as no one volunteered to represent the secondary sector, it was agreed that the matter would be discussed at the termly meeting with Head Teachers.

RESOLVED that:

- (i) Helga Gladbaum be appointed as a primary sector representative on the High Needs Task Group; and
- (ii) Filling the secondary sector representative vacancy on the High Needs Task Group be discussed at the termly meeting with Head Teachers.

Karen Zajdel (Nursery Governor) announced that she was stepping down from her position as a Governor at College Green Nursery School. Members placed on record their appreciation for Ms Zajdel contribution to the Forum through the years and wished her well in her future endeavours.

RESOLVED that the Governance Officer supporting the meeting be authorised to conduct a recruitment campaign to appoint a Nursery Governor to the Schools Forum.


The meeting closed at 7.55 pm

MIKE HEISER
Chair

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No	Meeting Date	Agenda Item	Lead Officer	Action Arising	Due date (if applicable)	To be brought to a future meeting	RAG
28	20/06/18	Agenda Item 6 - Raising the Achievement of Black Caribbean Boys in Brent Schools	Brian Grady	Provide six-monthly updates on the progress in the use and the deployment of the allocated spend, and the resulting impact on securing improvement of this group of pupils	Jan-19	YES	Outstanding
29	20/06/18	Agenda Item 6 - Raising the Achievement of Black Caribbean Boys in Brent Schools	Brian Grady	Provide an update on potential solutions to address information sharing barriers	TBC		Outstanding
30	20/06/18	Agenda Item 7 - Strengthening Leadership Development and Succession Planning in Brent Schools	Brian Grady	Provide six-monthly updates on the progress in the use and the deployment of the allocated spend, and the resulting impact on strengthening leadership and succession planning in Brent Schools	Jan-19	YES	Outstanding
32	20/06/18	Agenda Item 10 - Dedicated Schools Grant Financial Outlook Report	High Needs Task Group	Recommend a balanced High Needs block budget for 2019/20	Jan-19	YES	Outstanding
33	20/06/18	Agenda Item 10 - Dedicated Schools Grant Financial Outlook Report	Early Years Task Group	Recommend a balanced Early Years block budget for 2019/20	Jan-19	YES	Outstanding
34	10/10/18	Agenda Item 7 - Council Budget Proposals	Gail Tolley / Brian Grady	Present a detailed report on the budget proposals affecting the Children and Young People Department	Jan-19	YES	Outstanding
35	10/10/18	Agenda Item 8 - Dedicated Schools Grant Budget Forecast 2018/19	Brian Grady / Andrew Ward	Consider the need to organise a meeting of the Early Years Task Group	Dec-18		Outstanding
36	10/10/18	Agenda Item 8 - Dedicated Schools Grant Budget Forecast 2018/19	Andrew Ward	Provide updates on the Dedicated Schools Grant budget forecast 2018/19		YES	Ongoing
37	10/10/18	Agenda Item 9 - 2019/20 Funding Announcements and Schools' Budget Position	Andrew Ward	Present the mainstream funding formula for final approval	Jan-19	YES	Outstanding
38	10/10/18	Agenda Item 11 - Options for Financially Supporting Schools with Falling Rolls	Dena Aly	Present a paper examining options and providing specific costs to deploy resources to schools in risk of experiencing a fall in standards due to falling rolls		YES	Outstanding
39	10/10/18	Agenda Item 12 - Updated Scheme for Financing Schools and Schools Financial Regulations	Brian Grady / Andrew Ward	Follow up the issue related to debt passed for collection to the Council's Debt Recovery Team and provide updates to affected schools			Outstanding

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	Schools Forum 12 December 2018
	Report from the Strategic Director of Children and Young People
Dedicated Schools Grant Support for Central Education Services 2019/20	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
No. of Appendices:	Two: <ul style="list-style-type: none"> • 2018/19 Central Support Budgets across London • Central Services – Extract from 'Schools revenue funding 2019 to 2020 Operational guide'
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Andrew Ward, Head of Finance Email: andrew.ward@brent.gov.uk Tel: 0208 937 6462

1.0 Purpose of the Report

- 1.1. The purpose of this report is to provide information and explain the rationale behind the Council savings proposal to contribute Dedicated Schools Grant (DSG) funding towards supporting central services for schools.

2.0 Recommendation(s)

- 2.1. Schools Forum is requested to approve the use of £250,000 of Schools Block DSG funding to support central services in 2019/20.

3.0 Summary

- 3.1. The 'School and Early Years Finance (England) Regulations' were amended in 2017/18 to allow local authorities, with School Forum approval, to use the School Block of the DSG to support the cost of central services. This change coincided with the withdrawal of the Education Services Grant and reallocation of some of this grant to the DSG. Most London Boroughs already use this DSG as permitted to support central services.
- 3.2. The Schools Block is approx. £232.775M which averages out at £5,555 of funding for each of the 41,900 children in mainstream provision in Brent. To

protect and maintain the central services that support schools in the borough the budget consultation recommends the DSG contributing £250K. This equates to £5.97 per child in mainstream schools.

- 3.3. The Council is undertaking a budget consultation to find revenue savings of £20M for the next two years. The DSG contribution proposed in this report is one of the recommended savings, totalling £10M, which are viewed as having a limited impact on front line services. The consultation includes other more difficult savings which will have a greater impact on front line services. Further savings proposals will be needed by 2023.

4.0 2019/20 and 20/20/21 Budget Consultation

- 4.1. In October 2018 the London Borough of Brent launched its budget consultation for the 2019/20 and 2020/21 financial years. The consultation centres on the need to find savings from the revenue budget of £20M across the 2 years. It forecasts that £40M of savings will be needed to balance the budget by 2022/23. The consultation contains £28M of savings proposals which range from recommended savings which have limited impact on services, to those that are much more difficult and would have a more profound impact on communities, such as closing all Children's Centres.
- 4.2. The savings proposal, (reference CYP001) for a £250K DSG contribution is recommended in the budget consultation and it requires Schools Forum approval to proceed. Looking ahead, this would need to be an annual decision, though an early decision on this each year would be beneficial for forward planning purposes. Services which are funded by DSG would have a greater degree of protection from future savings as cutting these budgets would no longer create a saving to the Council's General Fund.
- 4.3. If the recommendation is not agreed savings will have to be made from the more difficult proposals listed in the consultation, which have potential impacts for Brent children and families.
- 4.4. The full budget consultation is available on line using the following hyperlink
- 4.4.1. https://brent.objective.co.uk/portal/ce/finance/budget_consultation_201920_202122

5.0 Legislative and Funding Context

- 5.1. The Education Services Grant (ESG) was a grant formerly made to Local Authorities and Academy Trusts, split between an allocation for support services and retained statutory duties. When the ESG was withdrawn by central government, the retained element of the Local Authorities allocation, which was worth £15 per pupil, was added to the DSG.
- 5.2. At the same time the financing regulations which govern the DSG were amended to allow Councils with the approval of their Schools Forums, to use the DSG to contribute towards the cost of central services. Some authorities therefore took the view that using the DSG to contribute towards central services, was in reality a technical adjustment with the £15 per pupil continuing to support central services but that this was now routed via the DSG rather than

the ESG. It was at this point when preparing the 2017/18 budget that maintained schools agreed a contribution of £360K. In addition, the large majority of London councils continued to allocate DSG funding to support central services.

6.0 Section 251 benchmarking

- 6.1. The 2018/19 budgets are now available online for all Local Authorities which receive DSG, as part of the Section 251 budget return. A review of this showed that in 2018/19, 29 of the 33 London Boroughs used DSG to support the central services on lines 1.5.1-3. Brent was one of four boroughs that did not, but is now faced with a budget setting challenge that necessitates this decision. Appendix A provides the central support budgets for all London Boroughs.
- 6.2. Reviewing this information shows that on average London Boroughs use £660K for services to support all schools and £900K, when contributions from maintained schools are also taken into account. For Brent, under the proposed arrangements central support would cost £610K in total once the maintained schools contribution is taken into account. For clarity this is £290K less than the London average, despite Brent being one of the larger London boroughs.
- 6.3. Section 251 benchmarking data also shows that nationally the average charge for lines 1.5.1-3 and lines 1.6.1-6 equates to £18 per capita for the child population. For Brent, including the proposed £250K contribution this would equate to £10 per child.

7.0 Central Services

- 7.1. The central services that can be supported are classed in the Section 251 return under 3 headings:
 - Statutory and Regulatory Duties Line 1.5.3
 - Education Welfare Line 1.5.1
 - Asset Management Line 1.5.2
- 7.2. Appendix B summarises statutory and regulatory duties of the local authority. It is an extract of the operational guide for use of the DSG and details examples of services that benefit all schools in the borough, and those that are of particular benefit to maintained schools. Maintained Schools already contribute £360K towards the cost of these, which equates to £15 per pupil.
- 7.3. The DSG contribution is requested in the first instance in recognition of the costs of statutory and regulatory duties. For example the council must prepare monitor and manage the DSG budget, and manage the capital programme.
- 7.4. The DSG contribution will support the planning for the CYP service as a whole, which includes coordinating with other council services and other public and voluntary organisations and leadership of local partnership working to secure outcomes for children and young people. There is significant benefit to schools from this work, which includes closer working with statutory agencies including the Metropolitan Police, Brent CCG and the health economy, ensuring that schools can influence and shape delivery of wider support for children and families in Brent.

- 7.5. Though the list includes statutory and regulatory duties which the council must carry out, Forum are asked to note the strong partnership of the services provided by Brent and the supportive ethos that this overarching approach has enabled. This can be considered a contributory factor to the achievement of schools in Brent with a high proportion now Good or Outstanding.
- 7.6. Appendix B includes examples of services which it would not be effective or efficient for schools to run on their own. One example is Internal Audit which could theoretically be outsourced and schools charged for each individual audit, but the service might lose consistency and perceived independence as a result.

8.0 Financial Implications

- 8.1. The financial implications have been detailed in the body of this paper.

9.0 Legal Implications

- 9.1. The proposal is in line with the Schools and Early Years Financing Regulations as detailed in the main body of this report.

10.0 Equality Implications

- 10.1. Not applicable.

11.0 Consultation with Ward Members and Stakeholders

- 11.1. Not applicable.

Report sign off:

GAIL TOLLEY

Strategic Director of Children and Young People

Appendix A - 2018/19 Central Support Budgets across London

	1.5.1	1.5.2	1.5.3		1.6.1-6	
LAName	1.5.1 Education welfare service	1.5.2 Asset management	1.5.3 Statutory/Regulatory duties	Total DSG Central Support Budgets	Central Services	Total DSG Central Support Budgets
Barking and Dagenham	106,057	80,111	428,131	614,299	-	614,299
Barnet	305,535	27,144	519,271	851,950	-	851,950
Bexley	96,000	100,000	430,000	626,000	248,000	874,000
Brent	-	-	-		361,785	361,785
Bromley	420,280	184,191	737,949	1,342,420	-	1,342,420
Camden	-	-	-		-	
City of London	7,000	-	100,000	107,000	-	107,000
Croydon	82,336	597,079	82,336	761,752	-	761,752
Ealing	314,000	77,000	354,000	745,000	904,416	1,649,416
Enfield	385,000	90,000	496,000	971,000	-	971,000
Greenwich	700,000	-	-	700,000	-	700,000
Hackney	79,389	68,000	360,844	508,233	-	508,233
Hammersmith and Fulham	-	-	-		3,950,304	3,950,304
Haringey	172,000	-	378,000	550,000	-	550,000
Harrow	195,425	157,491	174,083	526,999	-	526,999
Havering	94,370	31,815	437,700	563,885	341,532	905,417
Hillingdon	480,320	100,560	173,020	753,900	23,900	777,800
Hounslow	-	-	-		-	
Islington	253,761	107,156	423,392	784,309	-	784,309
Kensington and Chelsea	-	-	200,000	200,000	-	200,000
Kingston upon Thames	-	-	345,700	345,700	56,300	402,000
Lambeth	-	-	1,205,000	1,205,000	501,647	1,706,647
Lewisham	583,795	220,325	243,075	1,047,195	-	1,047,195
Merton	64,767	70,720	276,392	411,879	650,001	1,061,880
Newham	233,719	385,000	231,281	850,000	-	850,000
Redbridge	-	-	773,476	773,476	-	773,476
Richmond upon Thames	-	-	398,800	398,800	-	398,800
Southwark	195,000	50,000	992,855	1,237,855	353,000	1,590,855
Sutton	106,100	54,180	349,720	510,000	-	510,000
Tower Hamlets	230,103	43,162	356,735	630,000	841,271	1,471,271
Waltham Forest	67,000	135,000	421,000	623,000	431,600	1,054,600
Wandsworth	110,200	-	189,200	299,400	195,387	494,787
Westminster	-	-	200,000	200,000	-	200,000
Average	160,065	78,150	341,756	659,967	268,459	903,168

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Appendix B – Central Services - Extract from ‘Schools revenue funding 2019 to 2020 Operational guide’

Statutory and regulatory duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> • Director of children’s services and personal staff for director (Sch 2, 15a) • Planning for the education service as a whole (Sch 2, 15b) • Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22) • Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 2, 15c) • Formulation and review of local authority schools funding formula (Sch 2, 15d) • Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e) • Consultation costs relating to non-staffing issues (Sch 2, 19) • Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f) • Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17) • Provision of information to or at the request of the Crown other 	<ul style="list-style-type: none"> • Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 57) • Budgeting and accounting functions relating to maintained schools (Sch 2, 74) • Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 58) • Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 59) • Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 60) • Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 61) • Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 62)

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>than relating specifically to maintained schools (Sch 2, 21)</p>	<ul style="list-style-type: none"> • Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 73) • Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 76) • HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 64); determination of conditions of service for non-teaching staff (Sch 2, 65); appointment or dismissal of employee functions (Sch 2, 66) • Consultation costs relating to staffing (Sch 2, 67) • Compliance with duties under Health and Safety at Work Act (Sch 2, 68) • Provision of information to or at the request of the Crown relating to schools (Sch 2, 69) • School companies (Sch 2, 70) • Functions under the Equality Act 2010 (Sch 2, 71) • Establish and maintaining computer systems, including data storage (Sch 2, 72)

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<ul style="list-style-type: none"> Appointment of governors and payment of governor expenses (Sch 2, 73)

Table 9a: Central services responsibilities held by local authorities (statutory and regulatory duties)

Education welfare

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20) School attendance (Sch 2, 16) Responsibilities regarding the employment of children (Sch 2, 18) 	<ul style="list-style-type: none"> Inspection of attendance registers (Sch 2, 79)


Table 9b: Central services responsibilities held by local authorities (education welfare)

Asset management

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a) General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b) 	<ul style="list-style-type: none"> General landlord duties for all maintained schools (Sch 2, 77a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have: <ul style="list-style-type: none"> appropriate facilities for pupils and staff (including medical and accommodation) the ability to sustain appropriate loads

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<ul style="list-style-type: none"> • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards • General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974) • Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

Table 9c: Central services responsibilities held by local authorities (asset management)

 Brent	<p align="center">Schools Forum 12 December 2018</p>
	<p align="center">Report from the Strategic Director of Children and Young People</p>
<p>Dedicated Schools Grant Schools Budget Forecast – 2018/19</p>	
Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
No. of Appendices:	Four: <ul style="list-style-type: none"> • DSG Forecast 2018/19 • Joint SLT SCT Letter • Annex to the Joint SLT SCT Letter • ALDCS / SLT Presentation - High Needs
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Andrew Ward, Head of Finance Email: andrew.ward@brent.gov.uk Tel: 0208 937 6462 Dena Aly, Senior Finance Analyst Email: dena.aly@brent.gov.uk Tel: 0208 937 2179

1.0 Purpose of the Report

- 1.1. The purpose of this report is to update School Forum Members with the Forecast position of the Dedicated Schools Grant (DSG) 'Schools Budget', including Sixth Form funding grants and planned use of reserves for 2018/19. It also includes a presentation which describes the pan-London pressures on High Needs provision.

2.0 Recommendation(s)

- 2.1. Schools Forum is asked to note this report.

3.0 Summary

- 3.1. The Q2 forecast for the DSG Schools Budget was for a broadly balanced outturn, for Q3 it is clear there are increased pressures in the High Needs Block, but there are other probable underspends which indicate that the overspend can be limited to approximately £0.1M overall. The pressures can be largely offset this year, by

the forecast underspends on early years provision and school growth budgets. Appendix A is the full budget monitoring table.

- 3.2. DSG reserves can however be maintained at the planned level of £3M+ if no new spending commitments are entered into within the earmarked reserves for Early Years and High Needs, and if the balance of these unspent funds is returned to the general DSG reserve. Combined lobbying with other Local Authorities continues to raise the profile of this issue and seek funding from government to meet the demand for High Needs provision.

4.0 Background

- 4.1. Overall the DSG or Schools Budget underspent by £1.8M in 2017/18. Of the 4 blocks of the DSG, the Central block and Early Years block underspent, the High Needs Block overspent by £1.6M, and the pupil growth budgets which sit within the mainstream Schools Block underspent by £2.1M. The £1.8M brought the DSG reserve up to £7.9M, all formed from prior year underspends.
- 4.2. The National Fair Funding reforms introduced a minimum funding guarantee in 2018/19, which increased the High Needs Block by 0.5% per child in the borough, which equated to approximately £1M.
- 4.3. The Dedicated Schools Grant (DSG) expenditure budget for 2018/19 totals £315m which is supported by £312m of grant income and £3m of DSG reserves released in consultation with Schools Forum. The £315m represents the total cost of funding education to early years and school age pupils in the borough before recoupment of funds by the Department for Education to fund the borough's Academies.
- 4.4. For this report the budget monitoring presented in appendix A also includes sixth form funding (due to the interconnectedness to the high needs post 16 funding) and the budgeted use of reserves. It also shows the gross pre-recoupment budgets and includes lines to show the Schools Block and High Needs recoupment figures. This has been done so as to clearly present all variances which affect the DSG.
- 4.5. Net of academy recoupment the DSG expenditure budget is £202.9M supported by £198.5M of income and £4.5M of reserves formed from prior year underspends.

5.0 Income

- 5.1. There are a number of variances of forecast income to that budgeted for. The Early Years adjustment for 2017/18 reduced 2018/19 income by £278K.
- 5.2. There was also a relatively late adjustment to the 'Import/Export' adjustment to Brent's High Needs formula. The formula adjusts each council's block funding to account for whether it is a net importer or exporter of High Needs pupils. Though it was known Brent would be an exporter of pupils, at the time of budget setting this adjustment was thought to be £1.7M. A later DfE update to the data resulted in this increasing to £2M, which consequently means that High Needs block funding is £0.3M less than budgeted for.

- 5.3. The High Needs recoupment figure also increased largely due to more post 16 students with High Needs being educated in the borough, but a significant proportion of this comes back to Brent as part of the element 2 Sixth Form Funding which has now increased compared to the original budget set.
- 5.4. In total forecast income is £0.35M (0.17%) less than the income budget.

6.0 Early Years

- 6.1. The Early Years Block is the most self-contained of the 4 blocks, and totals £24M. 95% of this block income is passed onto providers, and little variance is expected on the remaining 5%. The 95% allocated out should be broadly in balance with the income received. However the amounts actually paid to providers are expected to exceed the income by £310K as part of a planned use of reserves designed to protect existing funding rates, e.g. maintaining 2 year old provision at £6 per hour.
- 6.2. A reduction to the Early Years Block income of £278K has been applied to the income to be received in 2018/19. This actually relates to 2017/18, and is due to lower take up of universal 3 and 4 year old entitlement and 2 year old entitlement as at the January Census compared to the previous estimates upon which the indicative allocations were based on. As per CIPFA guidance on the DSG this was not accrued for in the 2017/18 accounts, but officers will review this decision in future. If an accrual can be estimated for Early Years funding adjustments at year end then this will result in a clearer and more transparent in-year position for the Early Years Block.
- 6.3. The £278K funding reduction for 2017/18 is a pressure on the 2018/19 DSG. However it is also indicative of lower than budgeted participation numbers in Early Years, and so an underspend totalling £0.3M has been forecast for 2018/19. Participation numbers naturally fluctuate through the annual cycle, with low numbers in the autumn term rising to the highest participation levels in the summer term. The total Early Years Block position will continue to be monitored and reported upon.

7.0 Schools Block

- 7.1. There should be little volatility in the net position of the funds allocated to schools (£229M), the funding formula is already set for 2018/19 and in-year academy conversions will have little net impact, with the amount recouped equal to the formula budget share. There is potential for some variance when changes are made to National Non-Domestic Rates allocations following any revaluations. These are adjusted to ensure schools receive funding equal to the rates charged.
- 7.2. It is likely that there will be a large underspend against the growth contingency budgets (£3M) which are prudently set aside for localised primary growth and for the demographic bulge in Secondary phase pupil numbers. Allocations will be known at the end of the autumn term, but the indications from the number of primary place offers made indicate a likely underspend of £2.4M. The rise in secondary pupil numbers is expected to become more evident, and require more funding from this budget from 2019/20 onwards.

8.0 Central Block

- 8.1. The Central Block of the DSG (£2.4M) funds central services for schools. There are some minor variances which are listed in appendix A, which result in an underspend.

9.0 High Needs

- 9.1. The largest variance to budget is in the High Needs Block (£54M). The High Needs block underspent up to 2016/17, but overspent in 2017/18 and, in common with all London Boroughs, is now experiencing growing demand led pressures.
- 9.2. The block supports high needs pupils in specialist provision, in mainstream settings, and provides specialist support services. Although there has been an increase in the amount of in-borough special provision places, which are less costly than places out of borough, the total increase in number of High Needs children, the increased severity of need, and the increase in the rates charged, means there is a forecast overspend in excess of £2M on the total cost of special educational placements.
- 9.3. The number of Education Health and Care Plans (EHCPs) is approximately 2,200, compared to 1,650 statements 4 years ago, an annualised increase of 8%, well in excess of population growth. This growth will continue to be monitored and the current demand for support is expected to remain. Nearly half of EH&C plans are for children in mainstream settings, and additional funding is allocated to schools according to need. This is an additional budget pressure on the High Needs Block.
- 9.4. The rise in demand is also evident in the increased numbers of post 16 places, with growing demand for provision for 19-25 year olds. The High Needs post 16 budget of £1.8M overspent by £0.6M in 2017/18 where approximately 180 young people were supported compared to 150 in the previous year, and this is likely to be repeated in 2018/19. Academies providing for High Needs post 16 students are also funded from recoupment and increasing numbers of students, particularly in mainstream sixth forms is the main reason for the variance on High Needs recoupment.
- 9.5. It is expected that the underspend on growth budgets in the Schools Block will substantially compensate for an overspend on high needs, and DSG reserves can be called on if required. The blocks will continue to be monitored and reported to Schools Forum in addition to Cabinet.
- 9.6. Work is continuing with the Schools Forum sub-group for High Needs on addressing the pressures for the 2019/20 budget, though this will remain challenging. In-house provision is better value for money than either independent provision, or provision in other local authorities, and there has been success in increasing the number of planned High Needs places in borough for September 2019. Work is also continuing to pursue further opportunities to increase the number of Additional Resource Provision (ARPs), within mainstream settings.

- 9.7. The majority of London Boroughs are overspending on High Needs and lobbying efforts to draw attention to the funding issue are continuing. Appendices B and C are included for information. This is a letter to the Secretary of State from the Society of London Treasurers and the Society of County Treasurers requesting additional funding for High Needs provision. This shows this is a national issue and appendix C links the funding pressure to the introduction of the SEND reforms. Other Schools Forums and Headteacher groups have also written to make representations, and Brent Schools Forum may wish to consider this course of action.
- 9.8. Appendix D is also included for Forum's attention. It is a presentation co-produced by ALDCS and the Society of London Treasurers with the support of London Councils, which is a useful explanation of the financial pressures caused by increased demand for High Needs across London. This will be presented to members at the forum.

10.0 Other Expenditure

- 10.1. Sixth Form funding to maintained sixth forms is expected to be on budget in 2018/19.
- 10.2. The Early Years reserve of £1M is included in appendix A. The forecast assumes that the £310K budgeted shortfall on EY provision (as per January 2018 Early Years School Forum report) will be met from this earmarked reserve, plus the £633K development grant made to all Early Years providers in 2018/19. It has also been assumed in the forecast that the small balance of £57K can be returned to the DSG general reserve at year end.
- 10.3. The High Needs reserve of £1M is included in appendix A. The forecast shows that £200K is expected to be allocated for qualifying bids for High Needs Inclusion proposals which can be funded in 2018/19 which aim to sustainably improve inclusivity in mainstream schools in future years reducing some pressure on the High Needs Block.
- 10.4. The Black Caribbean Boys Achievement project and the School Leadership project, which Schools Forum approved in June 2018, will be funded from this earmarked reserve for 2018/19. Funding for these innovative investment projects in subsequent years will be managed from across the available DSG and DSG reserve resources in 2019/20.

11.0 DSG Reserve

- 11.1. Appendix A shows that the current forecast is for DSG reserves to be reduced slightly by around £100K going into 2019/20. However the main risk to this is that it is possible that without government action High Needs pressures will continue to rise and further deplete the reserve.
- 11.2. Given the growing High Needs pressures it is clear that it would be prudent for reserves to be held against these in 2019/20. Beyond that it is clear that real increases in government funding will be needed to maintain the current levels of provision for High Needs pupils.

12.0 Financial Implications

12.1. The financial implications have been detailed in the body of this paper.

13.0 Legal Implications

13.1. There are no legal implications for this report.

14.0 Equality Implications

14.1. Not applicable.

15.0 Consultation with Ward Members and Stakeholders

15.1. Not applicable.

Report sign off:

GAIL TOLLEY

Strategic Director of Children and Young People

S251 Line	Budget Heading	Description	Budget £'000	Actual as at 31/10/2018 £'000	Forecast £'000	Variance £'000	Commentary
Income							
	Early Years Block		24,022	14,028	23,744	(278)	Early years adjustment - clawback of 2017/18 EY funding due to lower actual participation numbers in Jan 2017
	Schools Block		230,585	70,677	230,621	37	Minor budgeting error
	Schools Block Recoupment		(112,543)	0	(112,543)	0	Recoupment Adjustment
	Central School Services Block		2,325	1,417	2,367	43	Minor increase
	High Needs Block		54,817	29,757	54,520	(297)	Late Import/ Export adjustment - Increased HN students in Other LA's
	High Needs Recoupment		(4,316)	0	(4,806)	(490)	Post 16 recoupment adjustment
	Sixth Form Funding		3,581	2,487	4,219	638	Post 16 recoupment adjustment / minor 6th form variations
	Use of Reserves - Mainstream Funding Formula		2,500		2,500	0	
	Use of Reserves - EY Block		1,000		1,000	0	Drawdown required for EY development grant and planned £310 support
	Use of Reserves - HN Block		1,000		1,000	0	Drawdown required to match 'Other Expenditure' below
	Total Income		202,970	118,366	202,622	(348)	£350K total income shortfall
Expenditure: Early Years Block							
1.0.1	Early Years Block	2 year old Nursery Education Grant	3,843	2,503	3,743	(100)	Based on lower participation numbers than budget at per previous year
1.0.1		3 and 4 year old Nursery Education Grant	18,692	11,843	18,492	(200)	Based on lower participation numbers than budget at per previous year
1.0.1		EY Pupil premium	149	41	129	(20)	Indicative underspend
1.0.1		Early Years Panel Funding	498	129	478	(20)	Includes £98k disability access fund
1.3.1		Early Years Central Expenditure	1,149	524	1,124	(25)	
	Total Expenditure: Early Years Block		24,332	15,039	23,966	(365)	If participation numbers are lower than budgeted, EY block will underspend
Expenditure: Schools Block							
1.0.1	Schools Block	Primary Schools	126,521	72,582	126,521	0	Sch Block exp forecast includes £2.5M allocated from reserves
1.0.1		Secondary Schools	78,697	10,919	78,697	0	
1.0.1		All Through Schools	23,411	98	23,411	0	
	Schools Block Recoupment		(112,543)	0	(112,543)	0	
	DSG CONTR	Central Support	362	22	362	0	
1.1.1	De-delegated Items	Contingencies - Schools in Difficulty	200	50	100	(100)	
1.1.4		Free school meals eligibility	28	0	28	0	
1.1.8		Staff costs – supply cover excluding cover for facility	350	84	330	(20)	Indicative underspend
1.4.10	Pupil Growth and Infant Class Sizes	Expansion and rising rolls funding	3,130	273	750	(2,380)	Significantly underspent as demand for expansion funding decreased
	Total Expenditure: Schools Block		120,156	84,028	117,656	(2,500)	
Expenditure: Central School Services Block							
1.4.1	Central School Services Block	Contribution to combined budgets - Schools Effectiv	804	412	763	(40)	
1.4.13		Licences/subscriptions	195	214	195	0	
1.4.2		School Admissions	689	299	689	0	One off staffing restructure costs

S251 Line	Budget Heading	Description	Budget £'000	Actual as at 31/10/2018 £'000	Forecast £'000	Variance £'000	Commentary
1.4.3		Servicing of schools forums	34	0	10	(24)	More realistic budget
1.4.4		Termination of employment costs	604	0	604	0	
Total Expenditure: Central School Services Block			2,325	926	2,261	(64)	
<u>Expenditure: High Needs Block</u>							
1.0.1/1.2.1	School/HN Block	Maintained Special School Funding	9,747	6,743	9,747	0	Planned budget share
		Academy place funding	4,316	0	4,806	490	Academy places and post 16 recoupment
	HN/ Block Recoupment	Academy places and post 16 place funding	(4,316)	0	(4,806)	(490)	Academy places and post 16 recoupment
1.0.1/1.2.1	School/HN Block	Maintained ARPs	1,125	0	1,125	0	Planned budget share
1.0.1/1.2.1	School/HN Block	Maintained Pupil Referral Units	2,997	2,048	2,982	(16)	Planned budget share
1.2.1	HN Block	Planned top-up in mainstream schools	3,890	(211)	3,890	0	Planned budget share
1.2.1	Top up funding	Targeted Funding	30	0	120	90	Low Cost High Incidence Targeted Funding
1.2.1	HN Block	In year top up funding - Maintained & Academies	17,239	11,494	19,755	2,516	All in -year placements to maintained schools and academies including out of borough
1.2.1	HN Block	Early Years Inclusion Fund	1,128	1,128	1,128	0	
1.2.3	Top up funding	Residential and independent settings	8,205	5,039	9,000	795	Increased unit costs
1.2.5	SEN Support	Outreach, Ed Pysch, SEN advisory, SEN Transport	3,180	2,211	3,180	0	high spend to date - to be managed to budget
1.2.6	Hospital Education Services		253	95	253	0	
1.2.7	Other alternative provision services EOTAS - Commissioned Services		235	75	215	(20)	Indicative underspend
1.2.8	Support for Inclusion		1,080	176	1,041	(40)	
1.2.10	PFI / BSF costs	Capital Expenditure from Revenue - Village School	944	729	729	(216)	Lower capital charges than originally budgeted for
1.2.11	Direct Payments		11	0	11	0	
1.2.13	Therapies and other health related	Speech and Language Therapy & TAMHS	512	814	508	(4)	
Total Expenditure: High Needs Block			50,577	30,341	53,683	3,106	Rising financial pressure in High Needs Block
<u>Other Expenditure:</u>							
1.0.1	6th Forms	Secondary Schools	3,581	2,387	3,581	0	
	EY Earmarked Reserves	Balance of £1M approved	1,000	943	943	(57)	£310K reserves to support EY as planned, plus £633K EY Provider Development Grant
	HN Block Earmarked Reserves	£1M approved	1,000	0	200	(800)	Inclusion Support Fund
			0	0	199	199	Leadership Schools Forum Project
			0	0	256	256	BCA Schools Forum Project
Total Other Expenditure			5,581	3,330	5,179	(402)	
Total Expenditure			202,970	133,664	202,745	(225)	Large variances in HN and Growth Budgets largely compensate for each other
Balance			0	15,297	123	123	Forecast minor overspend



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Damian Hinds MP
Secretary of State for Education
Sanctuary Buildings
20 Great Smith St
Westminster
London SW1P 3BT

27 November 2018

Dear Secretary of State

Dedicated Schools Grant (DSG) - High Needs Funding

We are writing in our roles as Presidents of our respective Treasurer Societies, both for the County Councils and London Boroughs, to highlight the continued concern and pressure across the country regarding shortfalls in funding for pupils with Special Educational Needs and Disabilities (SEND), via the High Needs Block of DSG.

The majority of Councils that we represent are in real difficulty with many not only reporting in-year deficits of costs against allocated funding, but also with deficits being carried forward on their balance sheets with no prospect of these positions being improved. Much work is being done by all Councils to jointly share ideas and best practice to try and minimise demand and costs, but this isn't going to be anywhere near enough to recover the position. There is only limited scope for moving money out of direct school budgets to help with this pressure, and in any case with many schools finding it difficult to cope with the new National Funding Formula this isn't an ideal or sustainable solution.

The graph attached gives a very clear indication of the reason for this significant increase in demand. It shows that since the introduction of the Children and Families Act 2014 there has been a 35% increase nationally in the number of Education and Health Care Plans, and yet the eligible child population over the same period has only increased by 1%.

Research recently carried out by both Societies show that 94% of surveyed Counties are expecting a deficit on the DSG high needs block this year and for London the figure is 88%, with 100% expected to be in deficit the following year. Many authorities are already carrying forward cumulative deficits from the previous year, which is predicted to rise to almost £250m for those authorities by the end of this year.

Significant work is being done to try to manage this additional demand and rising costs, but this is not sustainable going forward and is rapidly creating a financial crisis in some Councils. The DfE consultation paper recently issued on consistent accounting for these deficits and proposing three year recovery plans is nowhere near being a sufficient response given the tidal wave of demand that you have created.

We ask that the DfE quickly injects more funding into the system, whilst it carries out a post-implementation review of The Children and Families Act in 2014 to assess whether this was what was intended by the new policy and if it was then to provide a more sustainable level of funding for the longer term in order to properly resource your policy objectives.

We would be happy to work with you to support this review and provide further detailed data and case studies to inform your work. We look forward to hearing from you soon.

Yours sincerely



Gerald Almeroth
President of the Society of London Treasurers



John Betts
President of the County Treasurers

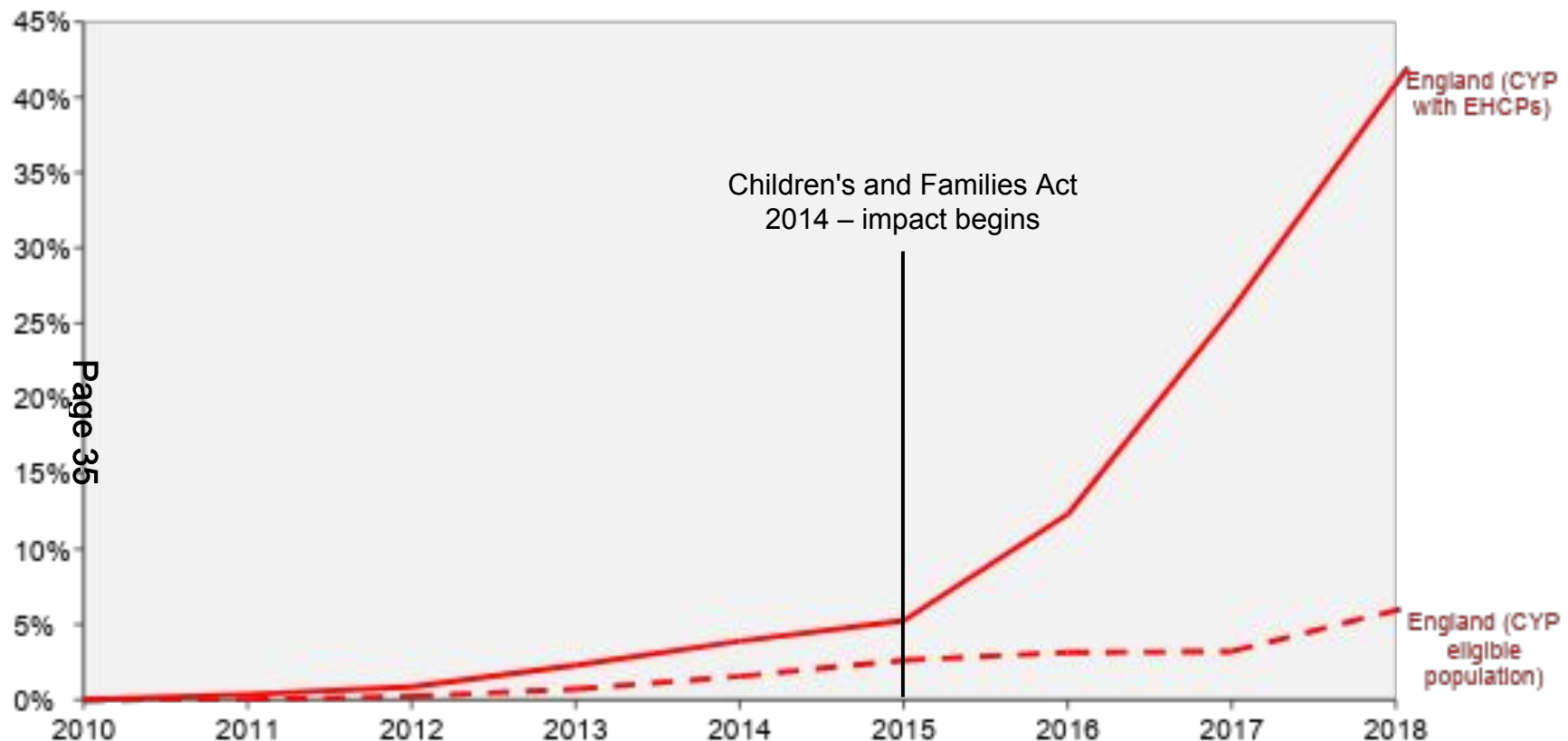
**Cc. James Brokenshire MP, Secretary of State
for MHCLG**

Society of County Councils (SCT): the professional network representing the Directors of Finance for all County Councils.

Society of London Treasurers (SLT): the professional network representing the Directors of Finance for all 32 London boroughs, the City of London Corporation, the GLA and its constituent bodies.

The no. of CYP with an EHCP has risen significantly across England – particularly since 2015

Change in Children and young people (CYP) population and EHCP numbers



Source: ONS (MYE and SNPP) estimates; DfE (SEN2 data)

- The number of children and young people with an EHCP/ Statement has increased by 40% nationally since 2010/11
- The eligible child population has increased by 3% nationally since 2010/11

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ALDCS / SLT Children's Services Finance Survey Initial Findings

October 2018

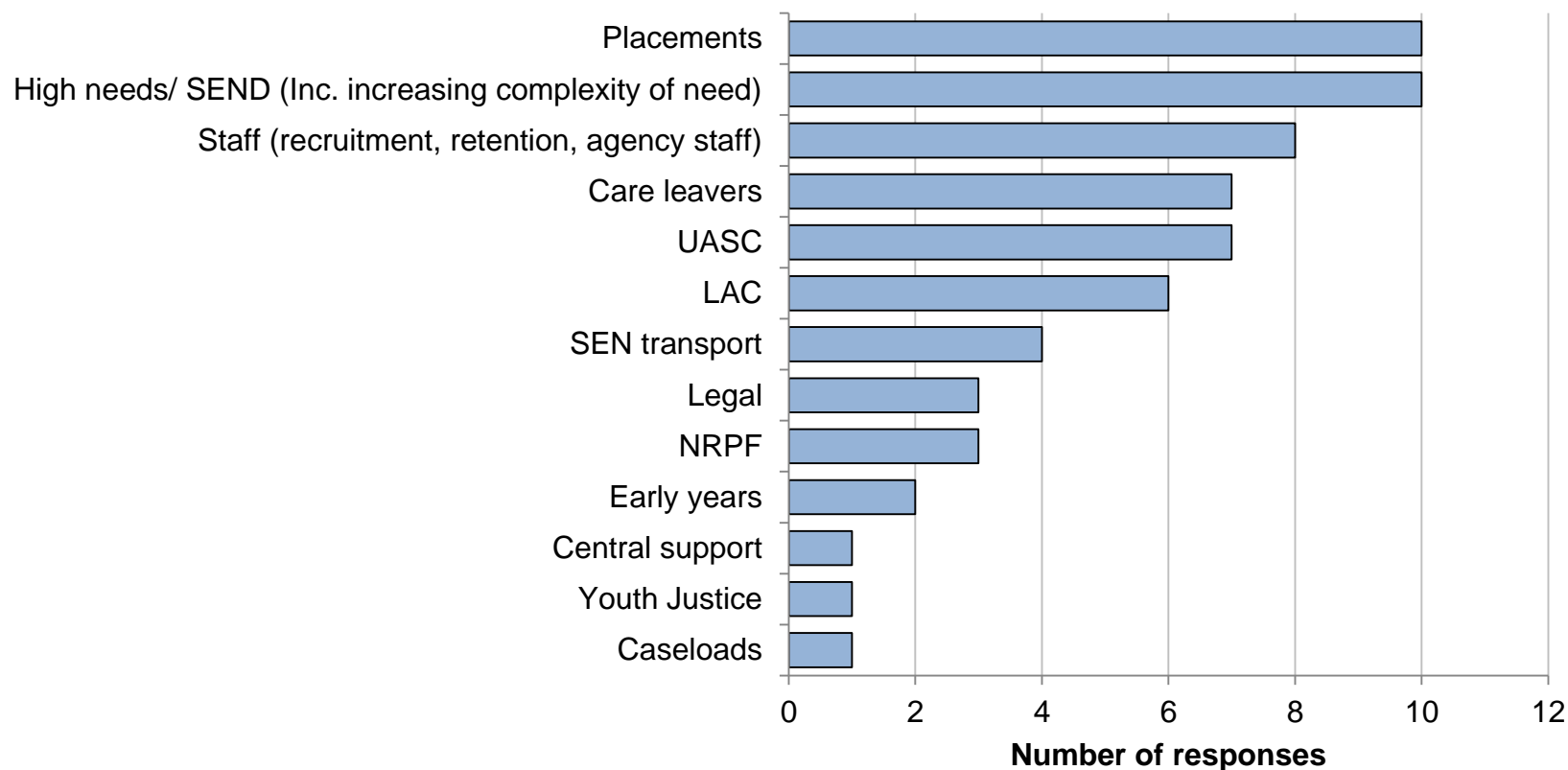
Context

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- A detailed survey on children's social care, High Needs and SEND was circulated to boroughs through ALDCS, SLT and children's finance leads networks in July/August – aiming to gather a stronger evidence base to show pan-London trends and variation between boroughs. This follows a similar survey last summer (2017).
- Responses have now been received from 30 boroughs. The survey is divided into three main sections:
 - Budget v outturn data for children's social care
 - Children's social care activity data
 - High needs

Funding pressures

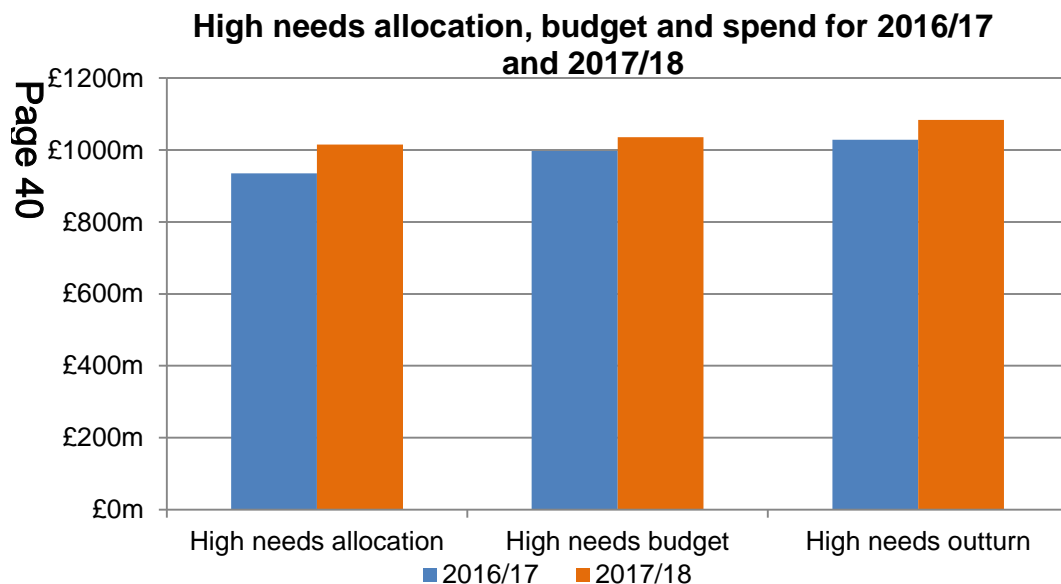
- Boroughs were asked to list their top three pressures on children's services funding:



High needs block – 2017/18 shortfall

	Allocation shortfall	Budget overspend
Total shortfall/overspend (of boroughs overspending)	£68.8m	£50.2m
Overspend as a % of allocation/budget	7%	6%
Number of boroughs overspending	30	26

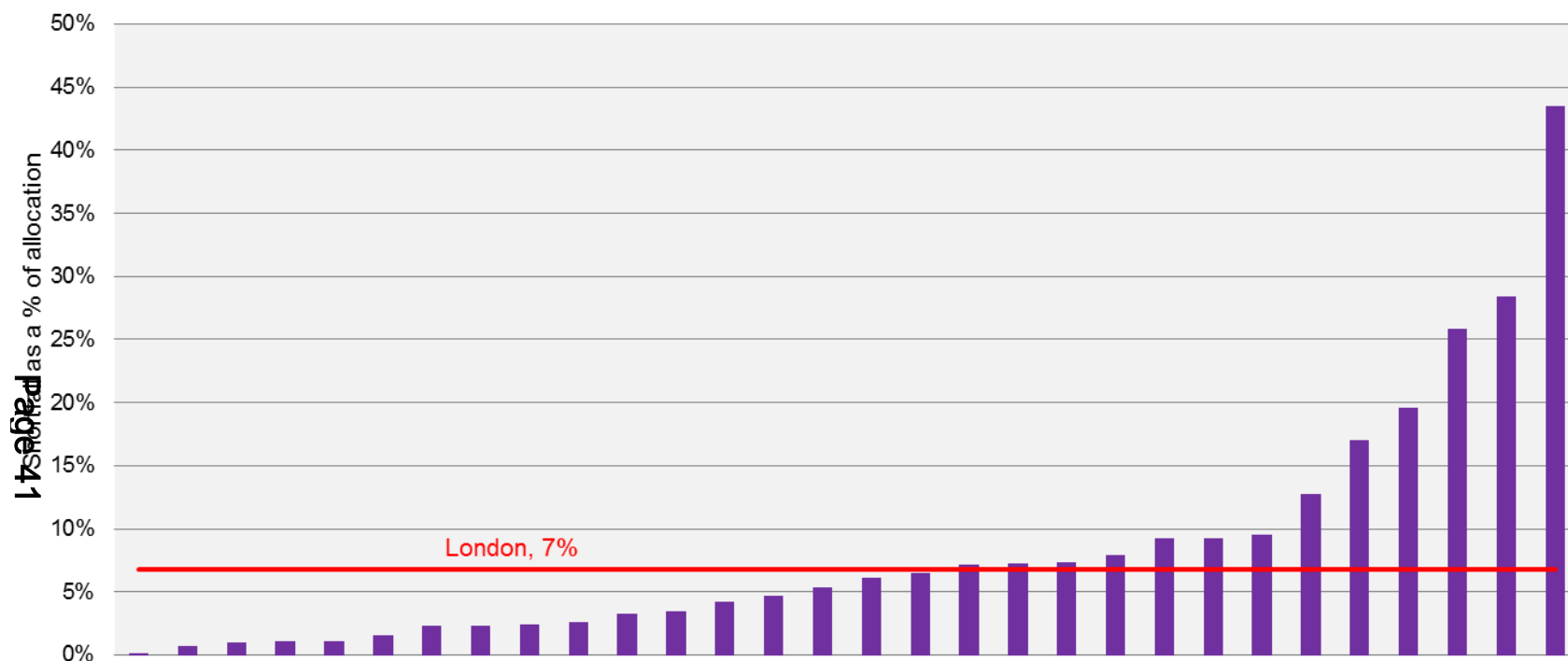
Sample: 30 boroughs



Sample: 30 boroughs

- All LBs reported an overspend vs allocations in 2017/18 (an increase of five since 2016/17)
- The aggregate funding shortfall is **£68.8m** (down by 36% since 2016/17 across those 30 LBs)
- Allocations increased by 8.5% and outturn spend by 5.4% from 2016/17 to 2017/18
- This year (2018-19) allocations have only increased by 2.3%

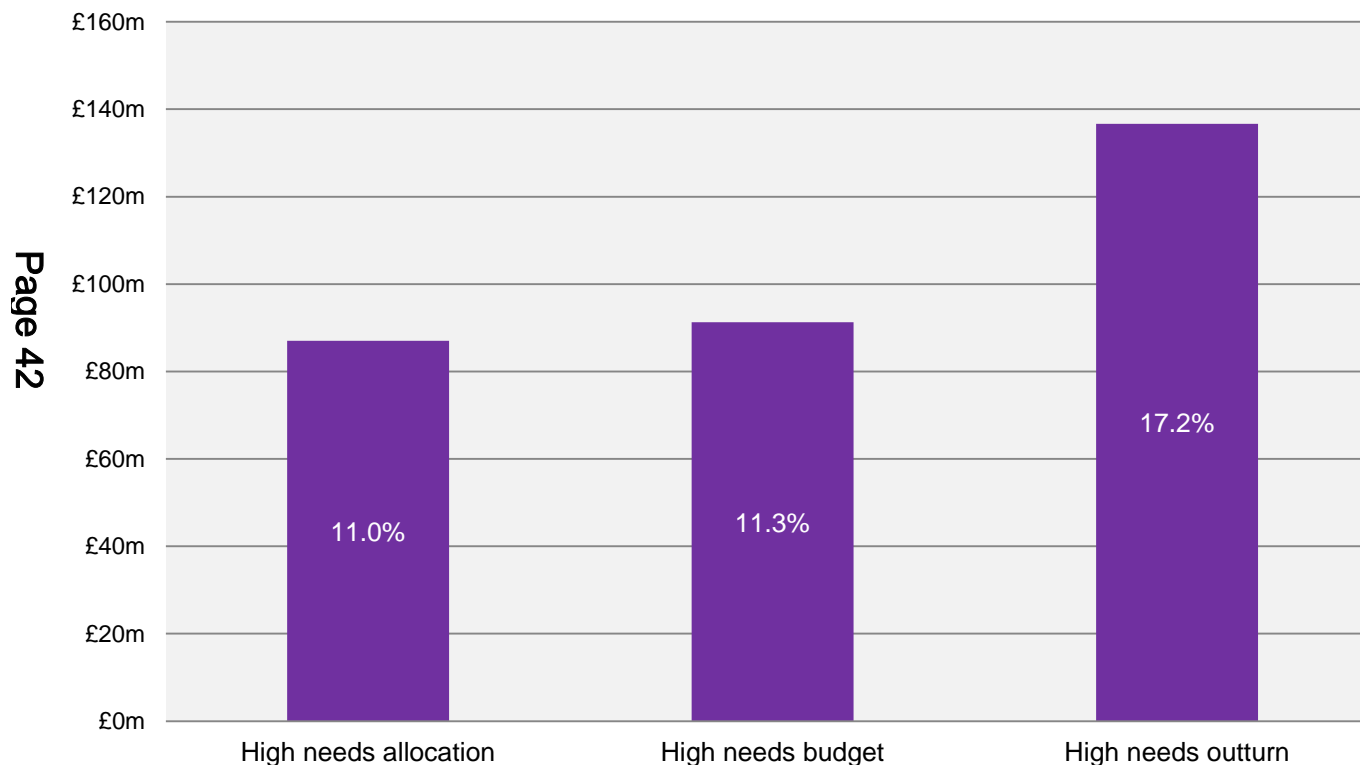
High needs block – 2017/18 outturn v allocation by borough



- Borough shortfalls ranged from 0.2% of allocation to 44% of allocation.
- Six boroughs have a shortfall of over 10%

High needs block – trend since 2013/14

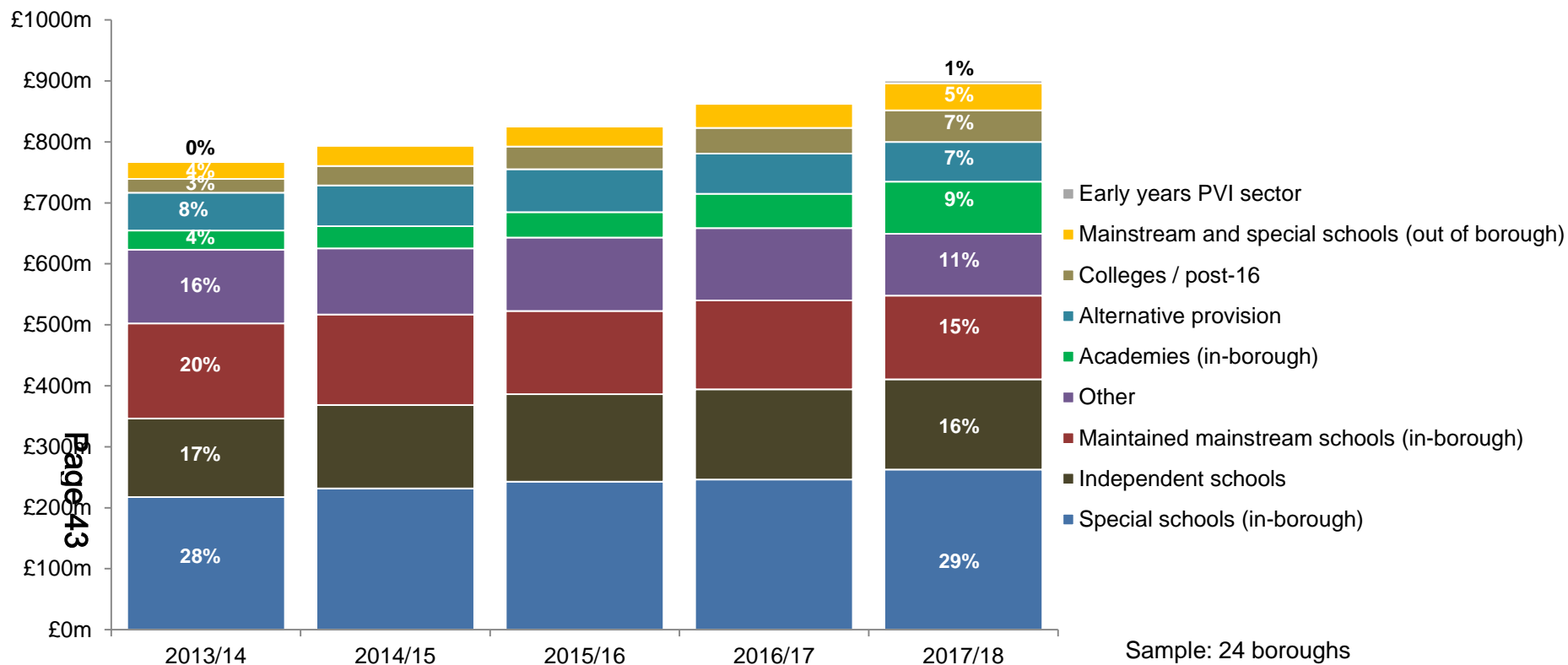
Change in high needs allocations, budget and spend - 2013/14 to 2017/18



Sample: 25 boroughs

- Across 25 boroughs providing high needs data for 2013/14 and 2017/18, high needs allocations have increased by £87.0m (11%), budgets by £91.2m (11%) and outturn by £136.6m (17%)

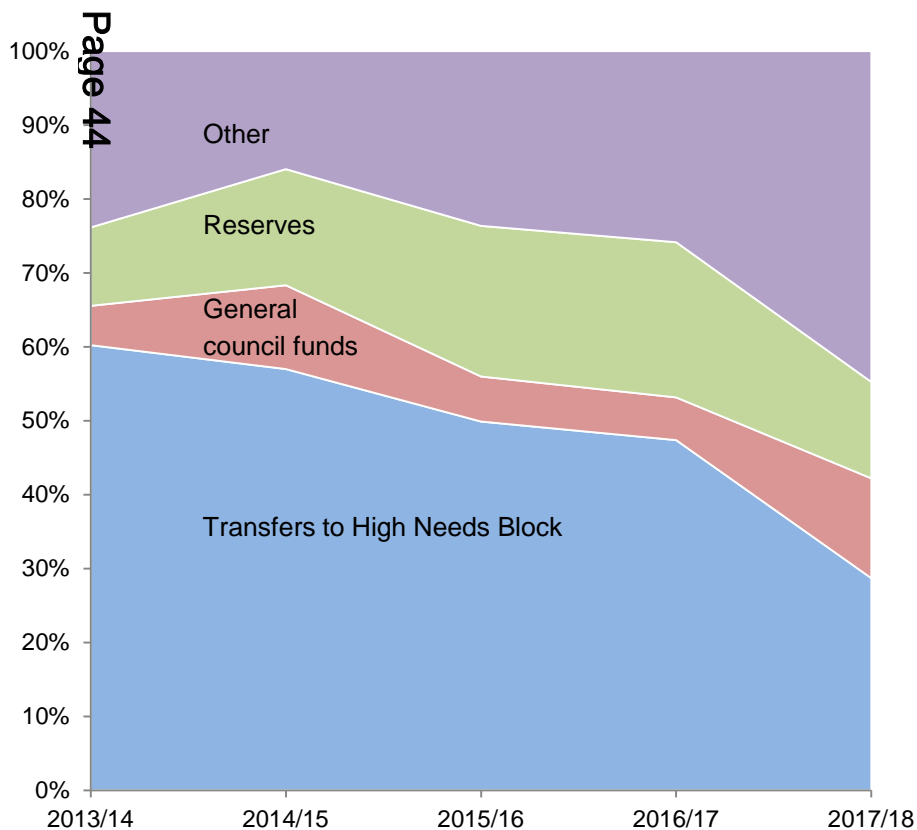
High needs outturn – breakdown of spend



- In-borough special schools (blue) consistently make up a third of high needs spend.
- **In-borough maintained mainstream schools** (purple) make up **6% less** of high needs spend in 2017/18 compared with 2013/14.
- **In-borough academies** (green) make up **5% more** of high needs spend in 2017/18 compared with 2013/14.
- All other categories of spend have remained constant.

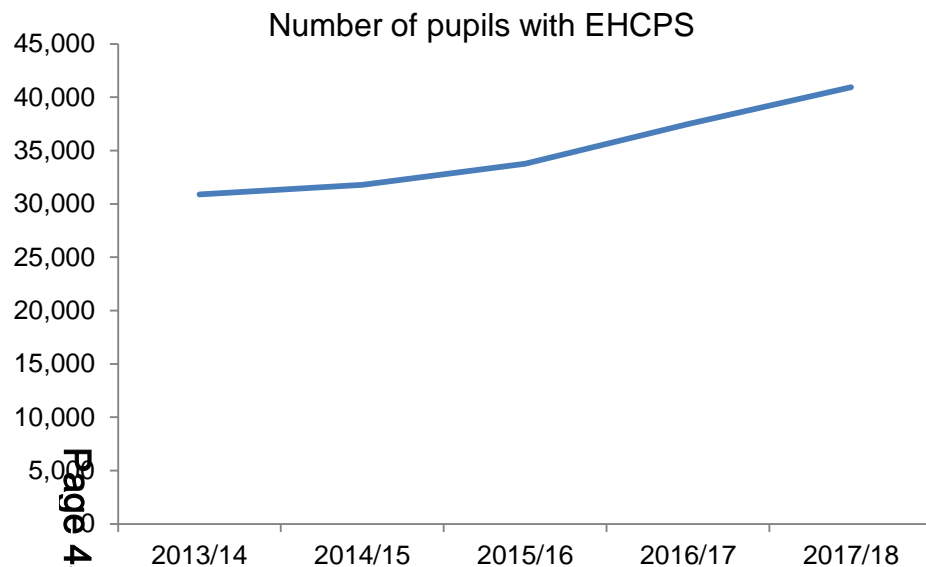
Meeting the high needs shortfall

	2013/14	2014/15	2015/16	2016/17	2017/18
Transfers to high needs block within DSG	£14.3m	£25.0m	£35.9m	£50.6m	£19.9m
General council funds	£1.3m	£5.0m	£4.4m	£6.2m	£9.4m
Use of reserves	£2.5m	£6.9m	£14.7m	£22.4m	£9.1m
Other	£5.7m	£7.0m	£17.0m	£27.6m	£31.1m
Sample	25	27	29	30	30



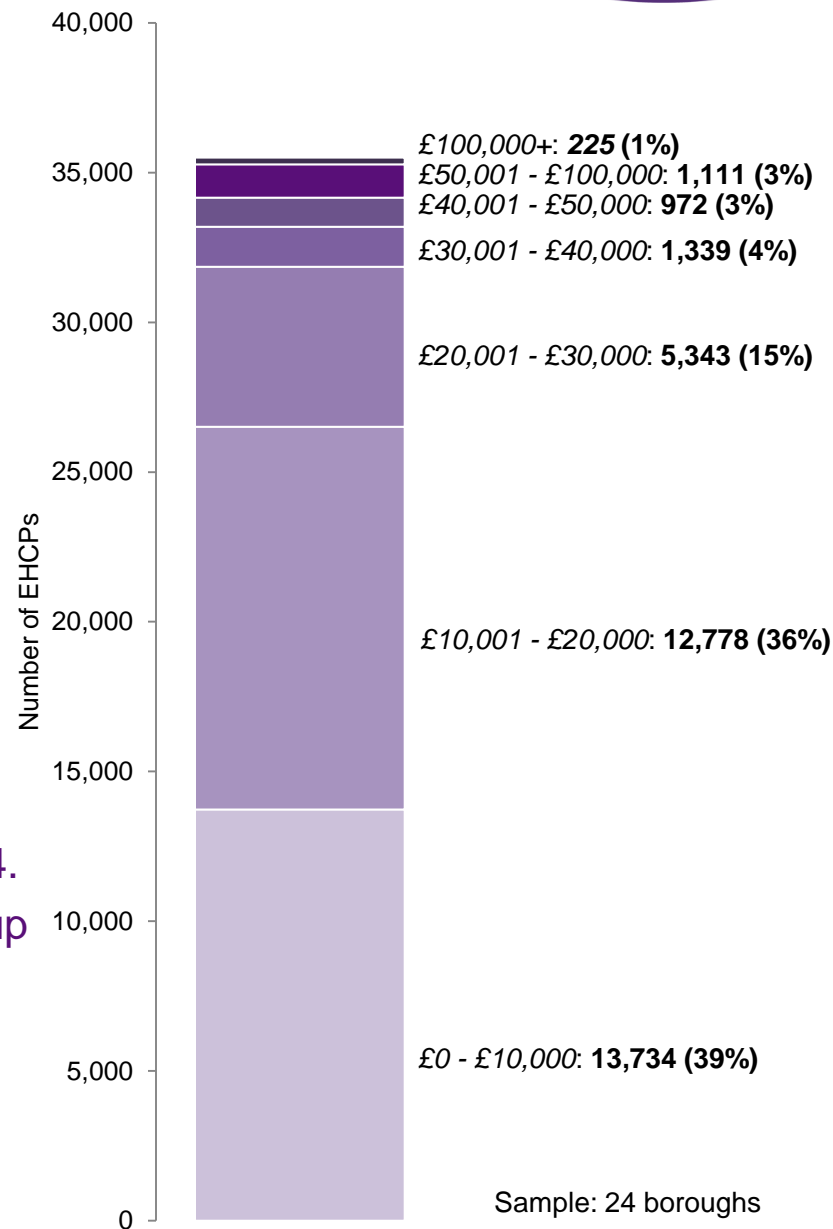
- Following the restriction on transfers to the high needs block, transfers within DSG have made up a decreasing proportion of the shortfall, from funding 60% of the shortfall in 2013/14, to 47% in 2016/17, to 29% in 2017/18.
- Boroughs have relied on other sources of funding.
- Reserves were used to meet 21% of the shortfall in 2016/17, but have decreased to funding 13% of the shortfall in 2017/18.
- Drawing on insight from boroughs, the “other” category is mainly DSG deficits carried forward and use of DSG reserves

High needs demand

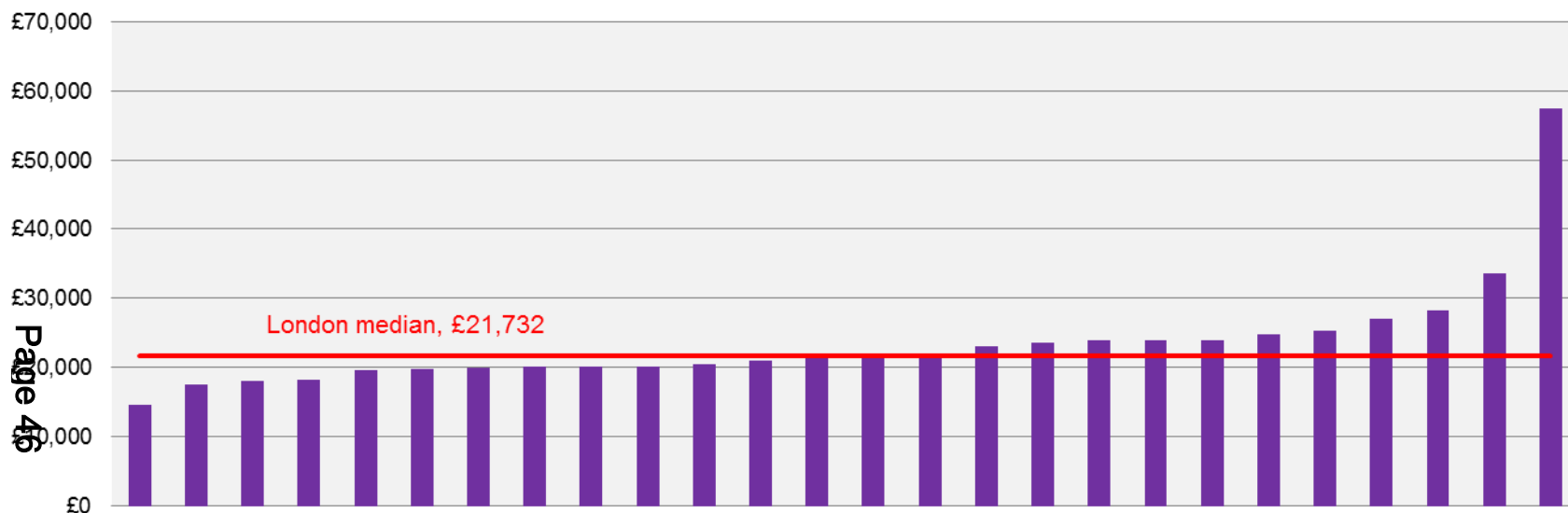


Sample: 23 boroughs

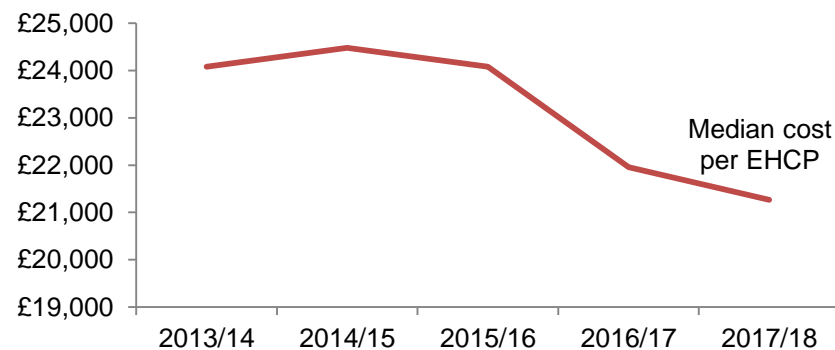
- Across 24 boroughs providing data for all years, pupils with EHCPs has risen by 33% since 2013/14.
- Pupils with an EHCP costing up to £20,000 make up three quarters of all EHCPs.
- 22 boroughs have a total of 225 pupils with an EHCP costing over £100,000 in 2017/18



Average cost per EHCP per borough



- The median cost per EHCP across London is £21,732, with a range of £14,619 to £57,454.
- Across 25 boroughs providing data for 2013/14 and 2017/18, the average cost per EHCP decreased by 6% from 2013/14 to 2017/18
- The average cost per place in independent special schools is over double the average cost per place in maintained/academy special schools



	Maintained Special School	Academy Special School	Independent Special School
Average cost per type of school	£22,025	£22,484	£47,292

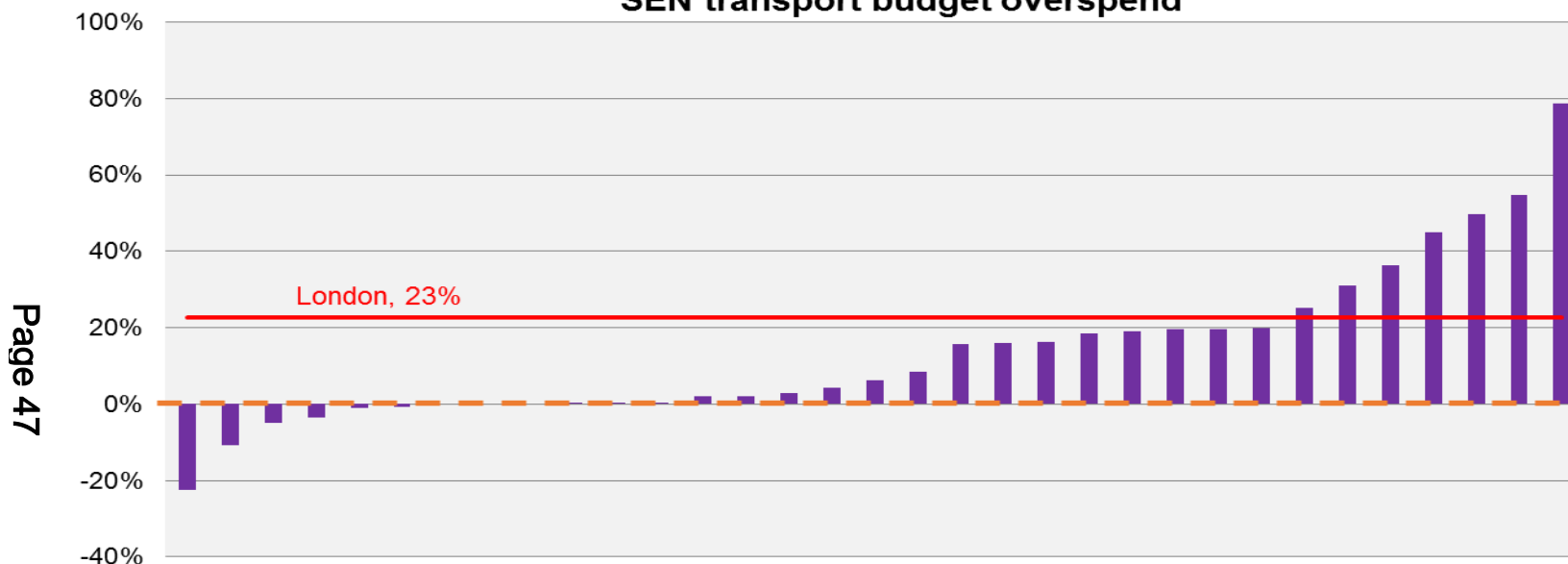
Sample: 21

SEND transport

	Budget	Outturn	Overspend		Number of boroughs overspending
			£	%	
SEN transport (of boroughs overspending)	£76.3m	£93.6m	£17.3m	23%	21

Sample: 28

SEN transport budget overspend



- SEN transport overspend is £17.3m, or 23% of budget, with 21 out of 28 boroughs recording an overspend
- This is equivalent to £0.8 million per borough
- In 2017/18, borough spend on SEN transport ranged from a 22% budget underspend to a 79% budget overspend.
- Across 22 boroughs providing data in 2013/14 and 2017/18, overspends of those boroughs which are overspending have increased by 77% from £8.6 million in 2013/14 to £15.2 million in 2017/18.

High needs summary

- £68.8 million shortfall in high needs – every borough recording a shortfall
- £50.2 million budget overspend across 26 boroughs
- 6 boroughs have a shortfall of over 10% (including one with a 44% shortfall)
- Since 2013/14, spending has increased by 17%, allocations have increased by 11% (across 25 boroughs)
- Fewer resources transferred to the high needs block to fund the shortfall, other methods of making up the shortfall are used
- EHCPs rise by a third
- 75% of EHCPs cost up to £20,000, 25% cost over £20,000
- The average cost per EHCP in independent special schools is more than double the average cost in maintained/academy special schools
- Three quarters of boroughs are overspending in SEN transport averaging £0.8 million per borough