Dear Colleague

Re: SCHOOLS FORUM

Please find attached the agenda and papers for the next meeting of the Schools Forum, to be held at 5.30pm on Wednesday 18 May 2016 in Lees Suite, Civic Centre, Oldham. Tea and Coffee will be available. On arrival can colleagues report to Rochdale Road reception where there will be someone available to show you to the meeting venue.

Car parking passes will be available as usual from Rochdale Road reception.

If you are unable to attend this meeting could you please send your apologies to Lucinda Stansfield 0161 770 4896 or email to Lucinda.stansfield@oldham.gov.uk

Yours sincerely

Samantha Smith

Senior Finance Manager+
# Agenda

**SCHOOLS FORUM**  
**Wednesday 18th May 2016 5.30pm**  
**Level 2, Lees Suite**

<table>
<thead>
<tr>
<th></th>
<th>Approx duration</th>
<th>Officer</th>
<th>Papers</th>
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<td>1</td>
<td>Welcome and Apologies</td>
<td>Apologies/Declarations of Interest</td>
<td>Chair</td>
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<td>2</td>
<td>Minutes and Matters Arising</td>
<td>Minutes of meeting held on 10th March 2016</td>
<td>Chair</td>
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<tr>
<td>3</td>
<td>Early Help Service</td>
<td>15 mins</td>
<td>Debbie Holland</td>
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<td>4</td>
<td>Budget Out Turn report 2015-16</td>
<td>15 mins</td>
<td>Vicky Gibbons</td>
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<td>5</td>
<td>School Balances 2015-16</td>
<td>15 mins</td>
<td>Clare Roper</td>
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<td>6</td>
<td>Schools National Funding Formula</td>
<td>15 mins</td>
<td>Liz Caygill</td>
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<td>7</td>
<td>High needs funding Formula</td>
<td>15 mins</td>
<td>Wendy Lees</td>
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<tr>
<td>8</td>
<td>Schools financial efficiency</td>
<td>15 mins</td>
<td>Liz Caygill</td>
</tr>
<tr>
<td>9</td>
<td>Apprenticeships</td>
<td>15 mins</td>
<td>Wendy Lees</td>
</tr>
<tr>
<td>10</td>
<td>Forward Plan</td>
<td>5 mins</td>
<td>Liz Caygill</td>
</tr>
</tbody>
</table>

Any other business – Must be notified to Lucinda.Stansfield@oldham.gov.uk or by telephone 0161 770 4896 24 hours before the meeting.

Dates of next meeting: 21st September 2016
Minutes

Meeting of Schools Forum

Thursday 10 March 2016
at the Civic Centre
at 5.30pm

Present:
Mr Mike Aston St Mary’s RC Primary School (Chair)
Councillor Brian Lord Saddleworth School
Mr Dave Mycock Whitegate End Primary School
Mr Greg Oates Beever Primary School
Mrs Bev Harper The Blue Coat Academy
Mr John Meagher Failsworth School

Also Present:
Ms Caroline Sutton Director of Education and Early Years
Ms Anne Ryans Director of Finance
Ms Gill Beaumont Early Help Service
Ms Liz Caygill Finance Manager Commercial Services
Mrs Wendy Lees Senior Accountant Commercial Services
Ms Vicky Gibbons Senior Accountant Commercial Services
Councillor Shoab Akhtar Member for Education and Skills
Mrs Jean Coombs Clerk

1 WELCOME AND APOLOGIES

Apologies for absence were received from Mr Andy Collinge, Mr Kevin Fennelly, Mr Iain Windeatt, Mrs Anne Ostmeier, Mr George Herbert, Mr Joe Brownridge, Mr Graham Quinn, Ms Andrea Skelly and Ms Bev Beaumont.

2 MINUTES AND MATTERS ARISING

2.1 RESOLVED: that the minutes of the meeting held on 13 January 2016 be recommended to be approved as a correct record and signed by the Chair at the next meeting, as the meeting was not quorate.

ACTION: Ms Liz Caygill
2.2 Matters Arising

2.2.1 Arising from minute 3.1 (Minutes and Matters Arising), Ms Liz Caygill reported that the consultation on school funding and school financial efficiencies will be covered as a matter of any other business.

2.2.2 Arising from minute 3.2 (Minutes and Matters Arising), Ms Liz Caygill apologized that funding for admissions to voluntary aided schools had not yet been resolved, but reported that a response would be available at the next meeting and information would be sent out very soon and prior to the meeting in May 2016.

3 EARLY HELP SERVICE

The Early Help Service report had been circulated prior to the meeting.

Main points referred to:

3.1 Ms Gill Beaumont pointed out that the Early Help Service and the options for schools to fund it had been raised at four Schools Forum meetings.

3.2 The document had addressed the issues that had been raised about the size of schools and the suggested contribution to the service.

3.3 Primary and secondary school members expressed the view that their schools, and those of colleagues, could not agree to fund the service as recommended in the report due to current budget pressures and a lack of feedback on the effectiveness of the service.

3.4 There was agreement that if the service could be funded for the first year from central funds and it proved to be an effective service then schools would be more willing to fund it in subsequent years. The local authority representatives assured members of the Schools Forum that they had looked into doing this but the government regulations did not permit it.

3.5 Ms Caroline Sutton informed members that the other partners in the Early Help Service, for example, the police and health service may ask some difficult questions if the schools, who are the main referrers to the service, do not contribute to the service.

3.6 Members of the Schools Forum supported the service, but were not willing to fund it initially on a voluntary basis without data on its effectiveness.

3.7 As the meeting was not quorate Ms Caygill is to contact all members to ask for a response to the recommendation that the schools buy into the existing level of provision from the Early Help Service by informal agreement based on a lump sum and amount per pupil as set out in the report.

ACTION: Ms Caygill
4 ANY OTHER BUSINESS

Ms Liz Caygill reported that the Fairer Schools Funding consultation documents were published this week and the closing date for responses is 17 April 2016. The documents are 60 to 70 pages long and Ms Caygill will put them on the Schools Forum website. The information will also be sent out to schools. The documents include information on the national funding formula, the principles, factors used and the role of the local authority. Funding will continue to be through the local authority in 2017-18 and in 2018-19. In 2019-20 the funding will go straight to schools. There will be some stability through the minimum funding guarantee. The high needs funding will continue to be allocated by the local authority. Responses to the document can be sent directly by schools, or can be sent to Ms Caygill as a Schools Forum or local authority response.

(There being no further business, members were thanked for their attendance and the meeting was declared closed at 6.15pm).

Signed: ________________________  Chair

Date: ___________________________
Report of the Director of Finance

Item 3. Early Help Service

Schools Forum – 18th May 2016

Background – Early Help Contribution

As the last meeting of Schools Forum 10th March 2016 was not quorate members were unable to formally agree an approach on the funding for the Early Help Service 2016-17.

As a consequence, members present requested that all members be contacted for a response to the recommendation in the report on the Early Help Service that schools buy into the existing level of provision from the Service by informal agreement.

There was also an extensive discussion with regard to the Early Help Service. Members present agreed the Service was valuable but were concerned that there was no evidence base upon which to judge its success at an individual school level.

Members were supportive of funding from the High Needs Block. When advised by the Schools Finance Team that this was not felt to be possible for the £350k contribution, Members requested a further review.

The recommendation from members present was they supported the service but did not support the funding mechanism that was being proposed in the paper presented. Therefore there would be no contribution to the Early Help Service.
Further Consideration of High Needs Funding

In response to the request for further consideration of use of the High Needs Block, the Council can demonstrate 10% of high needs pupils and their families have accessed early help.

Of the 491 families with young people with high needs, 47 young people and 163 wider family members have accessed early help during 15-16- this represents 10% of the total high needs cohort.

What issues are faced on entry to early help for those families with children with high needs?

As is common with all early help cases, children with high needs and their families face numerous issues on entry to early help but, primarily, families experience issues with mental wellbeing, relationships, managing behaviour and routines, physical activity and school attendance.

Did early help improve these issues?
When leaving early help, we see very high levels of success for all issues faced by the family – issues are assessed at the start, during and on closure to the service using the Early Help Assessment “bullseye”. The graph below illustrates the proportion of families with children with high needs whose issues were resolved upon leaving early help.

Reducing demand across the wider public sector

Alongside the reductions in assessed issues over the lifetime of the early help intervention, we are also able to demonstrate that following early help, there is a significant reduction in the demand that families place on the wider public sector.

Where families were placing wider and costly demand on public services (police, domestic violence, social care etc.) before early help; 69% reduced their high level demand by 88% following intervention through early help. To quantify this, families placed 108 “demand points” (e.g. a police call, exclusion, a domestic violence incident etc.) in the 6 months prior to accessing early help; this dropped to 13 “demand points” in the 6 months period following early help interventions.

Actions / Recommendations

- School Forum is asked to support the proposal for £350,000 contribution to be met from the High Needs Block for 2016-17.
1 Background

This report sets out:
1) The final outturn for the Dedicated Schools Grant for 2015/2016
2) An explanation of the DSG note within the Oldham Council statutory accounts.

2 Budget 2015/2016 Final Outturn

The final outturn position on the expenditure for the Dedicated Schools Grant in 2015/16 is as follows.

<table>
<thead>
<tr>
<th></th>
<th>2015/16 Budget at 13-01-16 (excluding underspend b/fwd from 2014/15)</th>
<th>Revised budget following adjustment for Early Years &amp; 2 year old funding, including budget virements between blocks and 2014/15 underspend b/fwd</th>
<th>Out turn</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedicated Schools Grant</td>
<td>219.742</td>
<td>220.164</td>
<td>220.164</td>
<td>0</td>
</tr>
<tr>
<td>Brought Forward from 2014/15</td>
<td>1.867</td>
<td>1.867</td>
<td>1.867</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>219.742</td>
<td>222.031</td>
<td>222.031</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2015/16 Budget at 13-01-16 (excluding underspend b/fd from 2014/15)</td>
<td>Revised budget following adjustment for Early Years &amp; 2 year old funding, including budget virements between blocks and 2014/15 underspend b/fd</td>
<td>Out turn</td>
<td>Balance</td>
</tr>
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<td>--------------------------------------</td>
<td>------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>---------</td>
</tr>
<tr>
<td>Individual Schools Budget (ISB) exc Early Years</td>
<td>175.944</td>
<td>176.322</td>
<td>175.651</td>
<td>0.671</td>
</tr>
<tr>
<td>Early Years</td>
<td>5.646</td>
<td>5.684</td>
<td>5.633</td>
<td>0.051</td>
</tr>
<tr>
<td>Early Years Pupil Premium</td>
<td>0.311</td>
<td>0.108</td>
<td>0.108</td>
<td>0.000</td>
</tr>
<tr>
<td>High Needs</td>
<td>18.325</td>
<td>18.752</td>
<td>18.725</td>
<td>0.027</td>
</tr>
<tr>
<td>Post 16 FE (Post Schools)</td>
<td>1.083</td>
<td>1.083</td>
<td>1.062</td>
<td>0.021</td>
</tr>
<tr>
<td><strong>Total ISB</strong></td>
<td><strong>201.309</strong></td>
<td><strong>201.949</strong></td>
<td><strong>201.179</strong></td>
<td><strong>0.770</strong></td>
</tr>
<tr>
<td>Early Years PVIs</td>
<td>3.464</td>
<td>3.464</td>
<td>3.464</td>
<td>0.000</td>
</tr>
<tr>
<td>Early Years 2 year olds</td>
<td>3.005</td>
<td>3.389</td>
<td>3.389</td>
<td>0.000</td>
</tr>
<tr>
<td>Early Years Pupil Premium</td>
<td></td>
<td>203.000</td>
<td>203.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Centrally Retained Budgets (includes OOB &amp; Hospital recoupment)</td>
<td>11.897</td>
<td>12.692</td>
<td>12.692</td>
<td>0.000</td>
</tr>
<tr>
<td>Dedelegated contingencies</td>
<td></td>
<td>0.267</td>
<td>0.267</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Total Retained Centrally</strong></td>
<td><strong>18.366</strong></td>
<td><strong>20.015</strong></td>
<td><strong>20.015</strong></td>
<td><strong>0.000</strong></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>219.675</strong></td>
<td><strong>221.964</strong></td>
<td><strong>221.194</strong></td>
<td><strong>0.837</strong></td>
</tr>
<tr>
<td>(Deficit) / Surplus</td>
<td>0.067</td>
<td>0.067</td>
<td>0.837</td>
<td></td>
</tr>
<tr>
<td>Projected 2015/16 savings to budgets</td>
<td>0.673</td>
<td>0.673</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised (Deficit) / Surplus</td>
<td>0.740</td>
<td>0.740</td>
<td>0.837</td>
<td></td>
</tr>
</tbody>
</table>
The 2015/2016 Dedicated Schools Grant allocation has an overall underspend of £837k which is an increase of £97k when compared to the projected out turn reported to Schools Forum in January 2016

3 Dedicated School Grant Note to the Accounts

Below is an extract from Oldham Council statutory accounts which discloses details of the 2015/2016 Dedicated Schools Grant:

The Council’s expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools’ Budget, as defined in the School Finance (England) Regulations 2014. The Schools’ Budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2015/16 are as follows:

<table>
<thead>
<tr>
<th>Central Expenditure</th>
<th>ISB</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final DSG for 2015/16 before academy recoupment</td>
<td></td>
<td>220,164</td>
</tr>
<tr>
<td>Academy Recoupment Recouped for 2015/16</td>
<td>61,492</td>
<td></td>
</tr>
<tr>
<td>Total DSG after academy recoupment for 2015/16</td>
<td>158,672</td>
<td></td>
</tr>
<tr>
<td>Brought Forward from 2014/15</td>
<td>1,867</td>
<td></td>
</tr>
<tr>
<td>Carry forward to 2016/17 agreed in advance</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>160,413</td>
</tr>
<tr>
<td>Agreed initial budget distribution in 2015/16</td>
<td>19,283</td>
<td>140,708</td>
</tr>
<tr>
<td>In year adjustments</td>
<td>732</td>
<td>(310)</td>
</tr>
<tr>
<td>Final budget distribution for 2015/16</td>
<td>20,015</td>
<td>140,398</td>
</tr>
<tr>
<td>Less: Actual central expenditure</td>
<td>(20,015)</td>
<td></td>
</tr>
<tr>
<td>Actual ISB deployed to schools</td>
<td>(139,687)</td>
<td></td>
</tr>
<tr>
<td>Local authority contribution for 2015/16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carry forward to 2016/17</td>
<td>-</td>
<td>711</td>
</tr>
</tbody>
</table>

It is proposed that the underspend from 2015/16 will be utilised to contribute towards the budget pressures in 2016/17 including:

- Pupil Growth
- Hollinwood Academy – additional funding is not available in the High Needs Block for the increased places at Hollinwood academy over the next two years
- 3 FE School – including lead time, set up costs and diseconomies of scale
- Pupil places at Collective Spirit
- Funding of High Needs pupils Out of Borough
- Growth in general demand for specialist places
- Growth in general high needs pupils/ support costs in mainstream schools
4 Conclusion

Schools Forum are requested to

1) Note the Dedicated Schools Grant outturn for 2015/16.
2) Note the disclosure of the Dedicated Schools Grant within the Council’s statutory accounts.
1. Purpose of the Paper

1.1 The purpose of the paper is to update members on the level of actual school balances for 2015-16.

2. Background

2.1 Schools receive their delegated budget share based upon the Local Funding Formula.

2.2 All schools via their governing body have delegated powers and responsibilities to manage and deploy their financial resources in accordance with their agreed aims and objectives to achieve the best outcomes for pupils.

2.3 Schools are permitted to carry forward any year end surplus/deficit recorded at the 31st March to the following financial year as long as they conform to rules of the Balance Control Mechanism Scheme.

2.4 The Balance Control Mechanism Scheme is included in Oldham’s Scheme for Financing Schools.

3. Oldham Final Position 2015-16

3.1 The tables below summarises school balances for the Financial Year 2015-16 by sector and the change in position from 2014-15.
The table above identifies School balances have increased overall by £0.675m or 9.73% from 2014-15. This excludes the Asset Purchase Scheme which is monies currently loaned to schools.

In 2015-16, 3 primary schools converted to academies. The increase in surplus balances reported above include these balances, which total £0.180m. Therefore the increase, excluding these closing schools, is £0.855m or 12.66%.

“Surplus” school balances are defined as balances which are greater than 5% of the current year’s original school budget share for Secondary Schools or 8% for Primary and Special (excluding pupil premium).

The table below summarizes surplus school balances above the limits and numbers for 2015-16 by sector and the change from 2014-15. The table shows the number of schools holding a surplus balance has decreased overall mainly due to the decrease of surplus balances held in the primary sector. However due to the significant increase of surplus balances held in the secondary sector, there has been a small increase overall in surplus balances from 2014/15 of 3.31%.

One school has closed the 2015/16 year with a deficit budget and the Schools Finance Team is in contact with this school and will support the school during this financial year to recover the deficit.
3.7 We will continue to support schools in managing any surplus balances through medium financial planning and reviewing outturn statements.

3.8 Due to the pending move to the National Schools Funding Formula, the current proposal is that all surplus balances remain with schools for 2015-16. A final decision will be reported to members at the next meeting.

4. **Conclusion**

- Members are asked to note the contents of this report
Purpose of the paper

The purpose of this report is to

- Update members on the progress to date regarding schools national funding formula.

Background

The Department for Education issued the consultation on schools national funding formula on 7th March 2016.

This is the first of 2 planned consultations. The first phase covers the principles to form the basis of the revised funding arrangements. The consultation closed on 17th April 2016 with the details and implications to follow in a stage 2 consultation; the timing of which is to be determined.

The consultation set out 7 principles which were then expanded upon in 22 consultation questions. The principles are:

- Supports opportunity. Fundamentally the funding system should support schools and local authorities to extend opportunity to all pupils to achieve their potential.
- Is fair. It should allocate funding to schools and local authorities on the basis of objective measures of the needs and characteristics of their pupils.
- Is efficient. It should support efficiency within schools and local authorities, and across the system as a whole.
- Gets funding straight to schools. It should maximise the resources available for teaching and learning and enable headteachers and local authorities to achieve value for money.
- Is transparent. It should be easily understood and justified.
- Is simple. It should rationalise funding streams as far as possible.
• Is predictable. It should ensure schools and local authorities can manage and plan for year on year changes.

Why change is needed

• The reason behind the implementation of a national funding formula for schools is the apparent unfairness that a young person with a recognised set of attributes and needs would attract a different sum of money depending where in the country they went to school. Those allocations are driven by the relative spending priorities of those authorities during the early years of local management of schools and the aggregate funding (and assumptions about locally raised resources) that past governments have allocated through national resourcing arrangements. The introduction of the Dedicated Schools Grant (DSG) in 2006 locked-in those historic local priorities as LAs had little or no ability to amend the relative priorities of schools and other local services in the new system. The Government believes that moving to a national funding formula is the only way to address the issue of post codes that is creating concern. The linked document (below) on the case for change sets out the problems with the current funding arrangements for both mainstream schools and High Needs responsibilities.


Proposals of how the 7 principles above might be implemented are expanded upon below:

Reforming the funding system

• This section sets out changes to the structure of the Dedicated Schools Grant. It introduces a fourth block the “Central Schools Block” to include current centrally retained costs such as managing admissions arrangements but adds in the retained rate of education services grant.
• It redefines the calculation of the Schools Block to be the sum of individual schools’ allocations, as determined by a national formula and requires that 100% of the block is delegated to schools. This removes the ability of Schools Forum to vire resources between the DSG Blocks.
• The intention to move to a national funding formula by 2019/20 is set out. However, to ease the transition in 2017/18 & 2018/19 LAs will be allocated the nationally calculated sum for their schools but will use their existing local formula to distribute that sum – the so called ‘soft’ national funding formula. The consultation proposes that LAs might apply a local minimum funding guarantee to impact the transition to the ‘hard’ national funding formula allocation (when all schools are funded directly by a national formula).
• The DfE hope to gain experience from the local implementation of the national formula during 2017/18 and 2018/19 before the final implementation of the ‘hard’ national funding formula in 2019/20.
The building blocks of the national funding formula for schools

The DfE is proposing that the national funding formula should have four blocks that make up the DSG and that relate to the costs and needs that schools face.

1. Per Pupil cost

- The first block would be pupil-led and what schools currently know as the basic entitlement funding. This is to provide certainty to schools as to what sum each pupil would attract. Currently, 76% of available funding is provided to schools in this way. The only consideration is whether each key stage should attract a different level of funding. The proposal is that there should be rates for Reception and Key Stage 1/2 combined, Key Stage 3 and Key Stage 4. There is nothing about the primary to secondary funding ratio but an expectation that the current national calculation of 1:1.28 would continue.

2. Additional Needs

- The second building block would be additional needs and it is proposed that this is calculated using five indicators: the numbers of pupils on Free School Meals (FSM), the numbers who have received Free School Meals in the last six years (FSMEver6), the Income deprivation affecting children index (IDACI - a Government calculated area deprivation index), prior attainment of pupils (using national Curriculum assessments) and the number of children for whom English is an Additional Language (EAL).
- Low attainment and existing prior attainment factors are proposed to be retained. The DfE recognise however changes in assessment arrangements will need to be reflected in the final proposals for the national funding formula.
- An EAL factor is also proposed for retention (EAL3 being the preferred measure) but issues about the robustness of the data are recognised and further work is proposed before a final decision is made.

3. School costs

- The third building block is school or institution based factors. It includes factors for a lump sum, business rates and sparsity. The block also includes pupil growth in relation to expanding schools and providing funding for pupils not included on the census and the recognition of PFI costs.
- The proposal to include in-year demographic growth is on the basis of past expenditure and assumes that growth remains constant year on year or that where there is currently no growth that will be the case in the future.
- On PFI costs these are also proposed for inclusion based on past costs. However, given that the standard Building Schools for the Future (BSF) contracts in place for many of these PFI projects have RPIX clauses, i.e. the annual unitary charges rise by RPI each year, then this proposal as it stands could cause significant problems.
- The value of the lump sum will need some further consideration given the variety of values in use currently. Given that lump sum values may often have been the result of seeking best fit in formulae rather than solely reflecting some of the unavoidable fixed costs of having a school it should be possible to build up an agreed set of fixed costs to be valued which can then constitute the lump sum for the future.
4. Geographic costs

- The fourth building block is geographic costs and recognition in the national funding formula that some areas have a higher cost base than others e.g. London and the South East. The proposal is that an area cost factor is applied to the funding formula factors in building blocks 1 to 3 (with some exceptions for costs that are already being recognised at cost such as rates). The area cost adjustment (ACA) being proposed is the hybrid cost adjustment rather than the General Labour Market (GLM) model used elsewhere in government funding allocations. The hybrid model relates specifically to teaching labour costs and uses GLM calculations for support staff costs.

The DfE propose to exclude from the national funding formula factors for: mobility, LAC, and the legacy post 16 factor. It is proposed to deal with LAC through Pupil Premium funding.

The DFE recognise that there are significant decisions to be made in the Stage 2 consultation as to the weightings that are given to the formula factors in constructing a formula that meets the principles it needs to support and deliver on.

- **Transition to a reformed funding system**
  - The transition to a reformed system is going to take some time, not specified in the consultation, and is to have no additional or temporary funding to support it so that transition costs have to be accommodated within the national total for the DSG.
  - The first stage of transition is for LAs to distribute their national funding formula allocation via their local formula for the period 2017 – 2019. During that period the DfE intend to learn how LAs have supported gainers and losers in order to inform the subsequent period of implementation from 2019/20.
  - Each LA allocation will be the sum of the individual schools’ national formula allocations after application of a national minimum funding guarantee (MFG). As some LA allocations will be smaller than in 2016/17 the DfE is proposing that there could be a different local MFG to allow bigger losses to take place. Alternatively, there may be other local reasons to want to vary schools’ allocations which would require a different MFG to generate the necessary funds.
  - In determining the national pot for the Schools Block, the DfE are to re-baseline each LA’s DSG Blocks to reflect spending in 2016/17 rather than the DfE allocations. The aim is to ensure that DSG Blocks at a national level better reflect the reality on the ground. This should then ensure that the 2017/18 allocations to LAs are a better reflection of their patterns of spending.
  - The DfE are proposing, as a result of having more “accurate” allocations for DSG Blocks, that the LA Schools Block is 100% allocated to schools with no central retention by LAs. The most common transfers of LA’s are between Schools Block and High Needs Block and this is often a result of spending decisions that create High Needs pressures subsequently.
  - The DfE have not proposed a fixed date for full implementation but rather a flexible one which will be driven by how much the losers can manage without each year until they reach their real national formula funding allocation. This means that gainers are unlikely to realise their full gains until the losers are at their final position unless additional resources are applied from elsewhere in the national DSG pot. The DfE recognise that this will be an issue for the gainers, and on 16 March the Chancellor announced additional funds that would help address this issue and enable 90% of gainers get to their hard formula level of funding.
  - In order to support losing schools a lot of financial management advice is being made available through a number of routes to support governors ask the right questions about the use of financial resources. In addition the DfE are to launch an invest to
save fund to support one off expenditure that reduces a school's ongoing costs including the costs of staff restructuring.

• Funding that will remain with local authorities
The new Central Schools Block will be created by combining the retained duties funding of the Education Services Grant (£15 per pupil) and an allocation for centrally retained expenditures.

The responsibilities to be covered are:

- School admissions;
- Servicing of schools forums;
- Fees to independent schools for pupils without SEN;
- Education welfare services
- Asset management
- Statutory and regulatory duties

The DfE propose that funding for this block is determined by a formula but recognises that because of the variation of spend on centrally retained DSG that some transition arrangements are necessary.

In addition to responsibilities set out above some LAs have historic commitments which the DfE expect to end but would in the short term be funded on the basis of evidence provided through the re-baselining data gathering exercise. These are:

- Contribution to combined budgets: costs of providing combined education and children's services
- Termination of employment costs: premature retirement or dismissal costs for maintained school staff.
- Equal pay – back pay: costs of meeting equal pay commitments in schools
- Capital expenditure from revenue (CERA): where the authority uses revenue funding to meet capital costs
- Prudential borrowing costs: for repayment of some authority loans

• The future of the Education Services Grant
It is intended that the remainder of the ESG will be removed in the 2017/18 LA allocation. The DfE expect this will be managed through increased efficiency and the ending of responsibilities. School improvement will cease to be a funded LA responsibility from April 2017. It is expected that there will be an announcement on the future arrangements for school improvement and its funding in the near future. The DfE asked in the consultation if there were other responsibilities that could be ended to assist LAs to manage without the ESG. The reduction will also apply to the equivalent ESG allocated to academies.

LAs will have continuing responsibilities in three main areas:

- Securing that sufficient school places are available, ensuring fair access through admissions and working with schools to develop local transport policies, and taking a lead in crisis management and emergency planning.
- Ensuring the needs of vulnerable pupils are met: identifying, assessing and making provision for all children with SEN and disabilities; promoting attendance; and making sure that alternative provision is available for children and young
people excluded from school or otherwise unable to attend a mainstream school; leading on safeguarding for those pupils in un-regulated settings, educated at home, tracking children missing education as well as those at risk of extremism; working with schools to ensure they understand and discharge their safeguarding duties; acting as a corporate parent for looked-after children and those adopted from care.

- **Acting as champions for all parents and families**: listening and promoting the needs of parents children and the local community; supporting parents in navigating the system and ensuring children do not fall through the gaps; supporting children, young people and parents to navigate local SEND arrangements (such as providing information, advice and support); and championing high standards locally.

The DfE recognises that LAs may have insufficient funding to fulfil these responsibilities and that it may need to agree with maintained schools a top slice of their DSG in order to contribute to the costs of these responsibilities.

Given the loss of funding will be significant there is to be a transitional period for academies that ends in August 2020. During that period academies will not lose annually more than 3% of their total funding through the cut in ESG. In the case of LAs they will have until August 2017 to plan and implement necessary changes and will have funding up to that point in time.

**Next Steps**

- The Stage 1 consultation had a six-week consultation period including the Easter holidays ending 17 April. Early May there was the local government elections in many parts of the country including that for London Mayor and there will be the EU referendum in June. These events are likely to impact on the feedback and decisions flowing from the Stage 1 consultation. A July 2016 publication of Stage 2 proposals might not be possible given the scale of what will need to be included in terms of financial data and its implications.

**Conclusion**

Schools Forum is requested to note the contents of this report and the principles to form the basis of the revised funding arrangements.
Report of the Director of Finance
Item 7. High needs funding formula
Schools Forum – 18th May 2016

• Purpose of the paper

The purpose of this report is to

• Update members on the progress to date regarding the ‘High Needs funding formula and other reforms’ consultation document.

• Background

The Department for Education (DfE) issued the consultation on high needs funding formula and other reforms on 7th March 2016.

This is the first of 2 planned consultations. The first phase covers high level principles, key proposals and options. The consultation closed on 17th April 2016. The consultation sought views on proposed improvements to the way that high needs funding is distributed, and other ways in which the DfE can support the administration of funding for pupils and students with special educational needs (SEN) and disabilities, and for those who are in alternative provision (AP).

• Why change is needed

The DfE states that:

There is a problem with the current distribution of high needs funding to local authorities, and the fact that local authorities with similar characteristics are spending very different amounts. Although a degree of local variation is to be expected when assessment of need is carried out locally, some low funded local authorities have argued persuasively that the distribution of high needs funding does not support them to secure good quality special educational provision in schools, early years providers, colleges and other institutions that meets the needs of children and young people. We
are also concerned that others may be spending more than is needed to achieve good outcomes. Addressing this unfairness is our priority.

Many of the DfE proposals are based on commissioned research from the ISOS partnership published in July 2015 ‘Research on funding for young people with special educational needs: Research report’ which found that high needs funding was being directed to those local authorities which spent the most and not necessarily to those with the highest needs.

- **What high needs funding is used for**

  The majority of high needs funding is for children and young people with SEN and disabilities. The high needs funding block is allocated to local authorities as part of their Dedicated Schools Grant (DSG). Local authorities decide how the funding is used. According to the latest expenditure records

  - About 89% (£4.7b) is spent on SEN and disability placements and services
  - 10% (£0.5b) is spent on Alternative Provision
  - A further 1% (£70m) is spent on Hospital Education.

- **Distribution of high needs funding to local authorities**

  The DfE are proposing the following steps:

  - To introduce a national funding formula for high needs from 2017-18 consisting of a number of factors
  - To use factors in the formula including population; health; disability; low attainment; and deprivation
  - To continue to allocate funding to local authorities for high needs, but on a formula basis
  - To ensure stability by retaining a significant element of funding based on what local authorities are currently spending, and capping the gains and losses of local authorities each year.
  - To provide financial and practical help to authorities to assist them in reshaping their provision, including capital funding for new specialist places and new special free schools

A consequence of these proposals and those on schools funding, is the complete separation of the Schools Block and the High Needs (HN) Block. Currently, local authorities with the support of its Schools Forum has the ability to move funds between these two blocks often to relieve pressures on the HN block. This will not be possible under the new funding arrangements not least because money for schools will go direct to schools from the Education Funding Agency (EFA).

The role of the local authority as set out in the consultation document will continue to include responsibility for services funded from the HN Block including Alternative Provision and Hospital Tuition. The White Paper *Education Excellence Everywhere* confirms that local authorities will remain responsible for “identifying, assessing and making provision for children with special educational needs and ‘disability’ and not only those with an Education, Health and Care (EHC) plan.

The main areas of change involve how each local authorities funding for its HN Block is determined. A number of factors are proposed but past spending will continue to drive the bulk of the allocations to avoid disruption to arrangements for existing high needs pupils. This is intended
to be the case for at least 5 years; thereafter the 2-18 population and assessed needs will be stronger determinants of the funding. It is likely that local authority allocations will be scaled to the size of the national HN Block budget although it is not stated whether there will be the per pupil cash protection that is used for mainstream funding.

- **Changes to the way high needs funding supports institutions**

Post 16 Places:

The existing systems for determining post 16 funding are complex and involved regardless of the numbers placed in educational and training provision. In future small numbers (potentially less than 10 students) will be dealt with through a formulaic route, as in the pre-16 system, rather than the commissioning of planned places. For FE colleges which have a significant proportion or number of students with high needs, an approach similar to special units in mainstream maybe considered more appropriate.

Independent Special Schools:

Independent special schools, but not non-maintained special schools, are outside the EFA’s planned places funding system and local authorities use of such places are fully funded through top up funding. In future it is proposed that these schools can opt into the EFA planned places arrangements and receive base funding (£10k) direct from the EFA on an agreed number of places commissioned by the LA.

Mainstream Schools:

There are no fundamental changes proposed to the way schools are funded for pupils with SEN and disabilities. Mainstream schools will be funded through their mainstream formula, continuing the existing requirement that they meet from their budget the costs of additional support up to £6,000 per annum for all pupils with SEN. Special school places will be funded at £10,000 per place per annum. In all cases top-up funding from the commissioning local authority will be paid to the school in respect of individual pupils with high-level SEN to reflect the costs of the additional support.

Notional SEN:

The current concept of a notional SEN budget for mainstream schools is also being reviewed, because local authorities calculate it in very varied ways which is not particularity meaningful or helpful for schools. It is felt some way of identifying how much of a school’s budget might be appropriate to spend on children with SEN could be helpful to schools as they decide on their spending priorities, but it would be better to offer schools guidance and the tools to do this for themselves, rather than specifying that the LA has to calculate a notional SEN budget for each school.

Specialist & Resourced Units:

A small change to the way special units and resourced provision attached to mainstream schools are funded is being proposed. Currently these units are funded in exactly the same way as special schools, at £10,000 per place, and the pupils educated in those units are excluded from the calculation of the schools’ local formula budget. In future, the DfE is proposing that they receive the per pupil amounts that would be due to the school (these vary but are in the region of £4,000) by including the pupils in the units within the schools’ pupil count and the base funding would be paid £6,000 per place. This would simplify the
mainstream formula but also bring pre 16 in line with how post 16 students in these units are funded. It would still allow LAs to support empty places for late admissions; short term placements or short term fluctuations in pupil numbers.

Alternative Provision (AP):

Apart from including the distribution of funding for AP in the national to local government funding formula, the DfE are not proposing any changes to the way AP is funded locally, but they are keeping it under review and are proposing to include an element of historic spend for at least the first 5 years to allow local authorities time to discuss the implications of this and the way their AP is organised.

Capital Funding:

The DfE is to make £200m of capital funding available which is likely to be distributed on the basis of bids from LAs for expansion of existing schools for new capacity, as well as development of new schools to create specialist provision.

- **Next Steps**

Stage 2 of the consultation will look at the details of the reforms and should provide indicative figures for funding LAs responsibilities for SEN including factor weightings, the impact for LAs and how year on year changes to funding would be carefully phased through transitional protection. There is no timetable yet for the Stage 2 consultation.

- **Conclusion**

Schools Forum is requested to:

Note the contents of this report and the principles to form the basis of the revised funding arrangements.
Purpose of the paper

The purpose of this report is to

- Update members on the DfE financial health and efficiency webpage for schools which brings together relevant information, tools, guidance and links to external resources, existing and new, into one easily accessible place.

Background

Good financial health and maximizing the efficient use of funding is essential to delivering educational excellence. For schools to deliver high standards, they must start from a position of strong financial management.

The role of governors, headteachers, CEO’S of multi-academy trusts, school business managers, and everyone else involved in the financial management of the schools all have an important role.

The webpage will help to find information for improved efficiency.

Introduction to schools financial efficiency

Here you can find an overview of the schools financial efficiency support package and a guide to getting started.

Schools financial efficiency: a guide to getting started

Business cycle and budget planning

A guide to approaching financial planning and information about the EFA Information Exchange – EFA's digital platform for local authorities, academies, maintained schools and other funded providers that includes an online calendar setting out key dates in the school business cycle.

Schools financial efficiency: top tips for financial planning

Financial review and self-assessment

These tools help you assess your current financial position, compare your school's spend with other similar schools, and carry out a review of your budget to identify risks.

Schools financial efficiency: metric tool
Schools financial efficiency: financial benchmarking

Financial management and efficient resourcing

Effective financial management involves the whole school leadership team. These pages provide information to support the leadership team.

Schools financial efficiency: strategic financial planning
Schools financial efficiency: budgeting with a 3 to 5 year plan
Schools financial efficiency: benefits of workforce planning

Guidance for governors

School governors and academy trustees have a key role in ensuring schools manage their finances efficiently. These pages provide information and support to help governors.

Schools financial efficiency: top 10 planning checks for governors
Schools financial efficiency: the role of the school governor

• Commercial and procurement
  Advice about practical buying, effective and collaborative procurement, and tips to help schools get the most value from their budgets.
  Also includes links to information from Crown Commercial Service (CCS), which works closely with DfE to develop better deals for schools.
  DfE has updated its procurement guidance for schools and academies. This provides advice on planning, achieving simpler and more economic routes for buying both products and services, and information on contract management.

Schools financial efficiency: effective procurement
Schools financial efficiency: collaborative procurement
Procurement training for schools

• Sharing best practice
  There is a lot of excellent practice out there – these pages will help you find and use it. This includes links to schools and other providers who are offering support.

Schools financial efficiency: sharing best practice

• Other useful links
  Review of efficiency in the schools system

• Conclusion
  Schools Forum are requested to note the contents of this report
Report of the Director of Finance

Item 9. Apprenticeship Update

Schools Forum – 18th May 2016

- **Purpose of the paper**

  The purpose of this report is to

  - Update members on the results of a recent consultation on Apprenticeship Targets for Public Sector Bodies which closed on 4th March 2016 and the methodology and rationale behind the target set for the number of apprentices in public sector bodies.

- **Background**

  Increasing the number of students starting an apprenticeship was a goal taken up by the Coalition government. Between 2009-10 and 2013-14, there was a 3% increase in people under 19 starting an apprenticeship, a 40% increase in people between 19-24, and a 229% increase in those aged 25 and over.

  The Government is committed to delivering three million apprenticeships by 2020 and is working with public sector bodies to support this commitment.

  It remains an ambitious target. In order to meet it, the government has asked the public sector to make a substantial contribution. Public sector organisations in England will now be required to employ apprentices and will be set targets to increase the number of apprenticeship starts.

  The Enterprise Bill contains provision to amend the Apprenticeships, Skills, Children and Learning Act 2009 so that the secretary of state can set targets for prescribed bodies in relation to the number of apprentices working for them in England.
**Proposals**

The target will be a minimum of 2.3% new apprenticeship starts based on the headcount of employees working for a body in England. In order to be practicable, the duty will apply to public bodies that have 250 or more employees in England.

Schools which are maintained by a LA and where the LA is also the employer are expected to be included in their own local government target.

Other schools such as free schools, foundation schools, and voluntary aided and academies/trusts with 250 or more headcount will be covered by the duty.

Bodies will be asked to provide headcounts (both at the start and end of each year) when reporting against the duty.

There will be a requirement to publish and send additional supporting information to the Secretary of State to understand more about the recruitment and retention of apprentices.

To fund growth in the quantity and quality of apprenticeships the Government is proposing that an apprenticeship levy will be in place from April 2017. This levy will apply to all employers in the UK.

The rate of levy will be set at 0.5% of an employers pay bill and each employer will receive an allowance of £15,000 to offset against their levy payment.

Only employers with a pay bill in excess of £3m will have to pay the levy.

The levy will be paid to HM Revenue and Customs (HMRC) through the Pay as You Earn (PAYE) process.

**Conclusion**

Schools Forum are requested to note the contents of this report and consider the future implications for schools and academies.

## Report of the Director of Finance
### Item 10. Forward Plan
### Schools Forum – 18th May 2016

### 21st September 2016

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### Proposed Meeting Dates 2016-17
21\textsuperscript{st} September 2016  
30\textsuperscript{th} November 2016  
12\textsuperscript{th} January 2017

There will be other items presented as appropriate

**Action**
Schools Forum are requested to note the contents of this report