

To Members of the Schools Forum

Commercial Services Directorate

Schools Finance Team
Level 13, Civic Centre
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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 Tuesday 14 May 2019 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 Vicky Gibbons 0161 770 1104 or email to Vicky.Gibbons@oldham.gov.uk

Yours sincerely

Samantha Smith

Senior Finance Manager

Agenda

SCHOOLS FORUM

Tuesday 14th May 2019 5.30pm
Lees Suite

| | <u>Approx duration</u> | <u>Officer</u> | <u>Papers</u> |
|--|------------------------|----------------|---------------|
| 1 Welcome and Apologies Apologies/Declarations of Interest | | Chair | - |
| 2 Minutes and Matters Arising Minutes of meeting held on 13 th March 2019 | 5 mins | Chair | Attached |
| 3 Budget Outturn report 2018-19 and Budget update 2019-20 | 15 mins | Liz Caygill | Attached |
| 4 School Balances 2018-19 | 10 mins | Vicky Gibbons | Attached |
| 5 Scheme for Financing Schools | 5 mins | Vicky Gibbons | Attached |
| 6 Forward Plan | 5 mins | Liz Caygill | Attached |

Any other business – Must be notified to
Liz.Caygill@oldham.gov.uk or by telephone
 0161 770 1012 24 hours before the meeting

Dates of next meeting: 11th September 2019

Minutes

Meeting of Schools Forum

Wednesday 13 March 2019
at the Civic Centre
at 5.30pm

| | | |
|----------------------|------------------------------|---|
| Present: | Parish Councillor Brian Lord | Saddleworth School Governor (In the Chair) |
| | Ms Bev Harper | The Blue Coat School |
| | Mr Nigel Yeo | Trade Union Representative |
| | Mr Rob Higgins | The Blue Coat School |
| | Mr Hardial Hayer | The Radclyffe School |
| | Mrs Jackie Young | Crompton House School – Business Manager |
| | Mr Damian Harrison | Diocese Representative – St Aidan and Oswald’s RC Primary |
| | Ms Tracy Cavangh | Diocese Representative – Holy Rosary RC Primary |
| | Ms Suzanne Thompson | Harmony Trust – Finance Director |
| | Mr Graham Quinn | New Bridge Academy Trust |
| | Mr Brian Hurst | Bare Trees Primary School |
| | Mr Jeremy Sutcliffe | Kingfisher Special School |
| Also Present: | Councillor Paul Jacques | Cabinet Member for Education, Culture and Early Years |
| | Mr Andrew Sutherland | Director of Education and Early Years |
| | Ms Anne Ryans | Director of Finance |
| | Ms Liz Caygill | Finance Manager |
| | Mr James Postle | Finance Manager |
| | Mrs Samantha Smith | Senior Finance Manager |
| | Mrs Clare Roper | Senior Accountant |
| | Mr Robert Pollock | Social Finance |
| | Mr Tom Davies | Social Finance |
| | Mrs Jean Coombs | Clerk |

1 WELCOME AND APOLOGIES

- 1.1 Councillor Brian Lord opened the meeting and welcomed everyone.

- 1.2 Apologies for absence were received from Mr Mike Aston, Mr Carl Newall, Mr Greg Oates, Mr Iain Windeatt and Mr Peter Moore.

2 MINUTES AND MATTERS ARISING

- 2.1 **RESOLVED:** that the minutes of the meeting held on 17 January 2019 be approved as a correct record and signed by the Chair.

- 2.2 Arising from minute 3.2 (2018-19 DSG Update and 2019-20), Ms Liz Caygill informed members that the retained ICT Strategy money of £125,000 was used for authentication tokens, web servers, investigations for school staff, First Class conferences, managing school address lists, information governance, GDPR and management of the service. A full breakdown of all the costs was available if needed from Ms Caygill.

RESOLVED: that members approve the allocation of £125,000 for ICT Strategy from the Central Schools Service Block.

3 INTRODUCTION – SETTING THE CONTEXT OF THE WORKSHOP

Mr Andrew Sutherland introduced the Social Finance personnel and gave members an overview of the issues to be resolved relating to the High Needs Block spending in relation to outcomes for pupils and families. He outlined the work that had been facilitated by Social Finance in looking at options, for example, considering local partnerships, bringing challenge and identifying the issues from an external viewpoint. Social Finance have analysed local data and intelligence and used that information to present recommendations of options to reduce the deficit and the ongoing spending on High Needs pupils.

- 3.1 Mr Robert Pollock presented background information on Social Finance and its work so far in Oldham.

Main points referred to:

- 3.1.1 Social Finance is a not for profit organisation which endeavours to tackle social problems.
- 3.1.2 Workshops have already been held in Oldham involving schools.
- 3.1.3 There are 80% of local authorities in England with an overspend in their High Needs block.
- 3.1.4 Education Health Care Plans (EHCPs) are increasing in Oldham at twice the rate of the Greater Manchester (GM) average, and in Oldham there was an 11% increase in 2017-18.
- 3.15 The major factors to consider are that school budgets are stretched, accountability for services, the extent of multi-agency work, and the revelation from Ofsted that the standard of SEND provision is falling. The DfE responded

with an extra £250m for schools this year and next year. Other considerations are the new funding formula.

- 3.1.6 The biggest increase in the number of EHCPs is in ASD (Autism), and especially for Social, Emotional and Mental Health (SEMH). In addition, the average cost of an EHCP for SEMH is quite expensive, with a 10% rise over the last two years.
 - 3.1.7 The explanations being offered for these rises are that the partners are identifying pupil needs better, there is an increase in the complexity of the issues, school budgets are squeezed, central services have been reduced and are called in at a later stage, there is an emphasis on attainment and secondary schools are getting larger.
 - 3.1.8 If local authorities are ranked by total revenue expenditure per head of population in education, then Oldham comes well above average, with those above Oldham, in the main, being the London boroughs, but some other GM authorities are close behind Oldham.
- 3.2 Mr Tom Davies gave more detailed information and analysis of the data and intelligence gathered in Oldham and in comparison, with other areas of the country.

Main points referred to:

- 3.2.1 In Oldham the High Needs block has been overspent since 2015-16, and if projected forwards the High Needs spending would become 20% of the total budget.
 - 3.2.2 There is a need for a recovery plan which will be comprehensive in reducing demand and expenditure. There will be a need to continue the transfer of 1% from the Schools Block to the High Needs Block and to make long term improvements in cost reduction.
 - 3.2.3 The current overspend of £2.8m is off-set by the DfE additional money and the transfer from the Schools Block. But there is still an unfinanced deficit of £900,000.
 - 3.2.4 The assumptions made in the projections are that the expenditure will increase by £2.5m per year, growing to a £7.3m deficit in three years. Even with the continued transfer of 1% from the Schools Block there will be a shortfall each year and there would be a need for savings of £12.6m, or about 10% of the total budget.
- 3.3 Mr Sutherland informed members that there is a double challenge of reducing the existing spending and reducing the deficit that currently exists. In order to do this, there would need to be a long-term resolution of the problem.

Challenge: A member asked how demand for EHCPs could be reduced when the numbers coming through are rising significantly. Mr Sutherland replied that if there was better SEND and preventative support there may not be the need for as many EHCPs being sought. In addition, the number of out of borough placements need to be reduced to save some High Needs Block money. He added that it appeared there was a link between the reduction in LA support and the increase in EHCPs.

Challenge: A member asked if the introduction of a preventative service was realistic. Mr Sutherland replied that it would need to be a three-year plan, but it was a factor that would need to be explored. Mr Davies suggested that Element 2 and some of Element 3 funding could be used for preventative work. He added that there is a large range in Element 2 funding that schools receive, and schools do not always fully understand how this money would best be spent.

Challenge: A member commented that when there was a High Needs contingency fund the funding did not fully cover the costs of the EHCPs, as it was a notional amount. It was also pointed out that the LA spending equates to schools' income and there are issues of accountability to children and families and how schools are able to manage with lower levels of income. Mr Sutherland agreed that there would not be a win-win solution.

- 3.3 Mr Davies outlined the proposed short-term solutions. Work had been done to look at what other LAs are doing and how they are using the funding more flexibly.

The examples quoted were:

- 3.3.1 An EHCP framework used to allocate Element 3 top-up funding based on typical costs.
- 3.3.2 Discretionary one-off grants for SEND pupils with additional needs using a small part of Element 3 funding.
- 3.3.3 Pooled services with Element 3 set aside for groups of schools, that had been top-sliced and used to purchase skilled Teaching Assistants and other support.
- 3.3.4 School Clusters were funded for EHCPs, these would be based on geographic clusters and based on the needs in the clusters.
- 3.3.5 Early Years preventative work with families, where teachers can apply to an Early Help fund to support nursery-age children who are experiencing barriers to learning.

Challenge: Members commented that the information provided did not include data on whether other funding or support services were used with these strategies. Members also said that there is a lot of pressure from parents and other professionals to apply for EHCPs for pupils, and schools do not always agree that this is the best way forward. Mr

Sutherland agreed that this was something that needed to be investigated.

Members also commented that information from other local authorities who had not had an increase in the number of EHCPs may be useful. It was noted that it was the complexity and high cost of the plans that was an issue in Oldham.

Challenge: Members asked if those putting the plans in place were consistent with other areas or if there some reaction to parental pressure in Oldham.

Councillor Paul Jacques commented that the out of borough placements were expensive, and that a different accountability model needs to be adopted as central services have been reduced and schools are not able to call on them when facing student needs. In addition, there needs to be a transformation to develop an effective partnership between health and education. He suggested that services could be co-located in schools, so that professionals are located in schools and become part of the solution. Mr Pollock agreed that services are now more joined up with the use of the Early Help service and that it is about targeting the support at the right age.

Mr Sutherland pointed out that a higher number of EHCPs are sought for Early Years and for Year 7 pupils, perhaps indicating that there is a need for more support at transitions. A member suggested that from experience this could be due to new arrivals coming at Year 4 and it taking until Year 7 to assess the needs of the pupil. Mr Sutherland agreed that this should be investigated.

In order to develop a preventative approach, there is a need to consider the capacity and the available resources.

Challenge: A member said that there would be a need to spend before savings could be made with a preventative approach. These ideas have been tried in the past, but the money to do it has now gone from the system, and it has become a challenge for schools.

It was pointed out that the vast majority, 95%, of those consulted had concerns about the proposed reduction in top-up funding.

Members felt that pupils should be educated in the borough and that the money should follow the needs.

4 PRESENTATION/DISCUSSION

4.1 Mr Davies talked through the suggested short-term options.

The options were:

- 4.1.1 To reduce the hourly rate for TA support. The issues with this option were the impact this would have on individual schools and considering the different routes of funding to support children. This option had been considered as unacceptable, but other ways to reduce TA costs could include using the

apprentice levy to train TAs; spend the money allocated more effectively; or pilot local area funding based on the five clusters, with bids being put in for support and also this would involve Health and Social Care agencies.

- 4.1.2 To reduce the out of borough placements, but the savings from this would be quite small.
- 4.1.3 To reduce the funding to Special Schools, but this may result in increasing the out of borough placements.
- 4.1.4 To establish a schools' sub-group to understand the growing demand.

Ms Anne Ryans reminded members that the LA needs to have something to submit to the DfE by June 2019 to show that there is a deficit recovery plan.

Mr Pollock suggested that the challenges could be considered as unique to Oldham in that Oldham has the highest proportion of "Higher Super Output" or most deprived wards. In addition, with the welfare cuts, these factors could be used to make a case for extra funding and in support of the recovery plan.

4.2 The longer-term options were outlined.

Main points referred to:

- 4.2.1 To use a pre-agreed framework to allocate funding for EHCPs so that funding is based on needs.
- 4.2.2 To allocate funding at school, or cluster level, rather than on an individual plan basis and this would involve the same assessment process.
- 4.2.3 To provide flexible grant funding at key phases in a child's life enabling preventative support.
- 4.2.4 To revise Element 2 funding formula to reflect current needs and this would be weighed to prior attainment rather than needs.
- 4.2.5 To create a simple data tool to bring the data together for the authority so that there is transparency about performance and value for money.
- 4.2.6 To increase the number of children retained to the educated in mainstream schools rather than special schools.
- 4.2.7 To improve the regularity of monitoring and review of EHCPs in order to reduce the costs.
- 4.2.8 To employ specialist support centrally that can be accessed on demand.

4.2.9 To implement a “Hub and Spoke” model where schools with strong SEND services mentor other schools to improve skills to support SEND pupils.

4.2.10 To free SENCOs from teaching so that they can focus on SEND work.

5 **FACILITATED REVIEW OF HIGH NEEDS BUDGET REDUCTIONS OPTIONS AND DECISIONS ON PRIORITIES FROM THE HIGH NEEDS BLOCK**

Members were asked to vote on their preferred short term and long-term options.

The results of the votes were that the only votes for the short-term options was to set up a schools’ sub-group to assess the demands.

RESOLVED: that Mr Andrew Sutherland writes to ask for volunteers to be part of the schools’ sub-group.

The long-term options preferred were 3.6.2 to allocate funding more flexibly; 3.6.5 to invest in data and performance; and 3.6.9 to encourage a more consistent approach.

It was acknowledged that a different type of model, with a shared strategy, between schools and the LA needs to be considered.

Mr Andrew Sutherland understood that schools would need information about their budget allocations, taking into consideration the short-term savings that are to be made, in order to set their budgets for the next school year, and members asked for decisions to be made as soon as possible as June was rather late in the school years to effectively plan for the future.

Various short-term suggestions were considered but members were unable to commit to them at this point.

RESOLVED: that Ms Liz Caygill draft a paper with the suggested options to be considered and decided on at the Headteachers’ Conference next week.

ACTION: Ms Caygill

6 **ANY OTHER BUSINESS**

There were no items of Any Other Urgent Business to consider.

(There being no further business, members were thanked for their attendance and the meeting was declared closed at 19.45pm).

Report of the Director of Finance

Item 3. Budget Outturn 2018-19 and Budget Update 2019-20

Schools Forum – 14th May 2019

1. Purpose of the Report

This report is presented to advise School Forum of a number of key changes which impact on the Dedicated Schools Grant (DSG) for 2019/20 and future years and to seek views on the allocation of growth funding. The report therefore sets out:

- 1) The final outturn for the DSG for 2018/2019 (at Section 2)
- 2) An explanation of the DSG Note within the Oldham Council statutory accounts (at Appendix B)
- 3) A budget update for 2019/20 forecast outturn (at Section 4)
- 4) Additional budget pressures anticipated in 2019/20 and 2020/21 (at Section 5)
- 5) Review of criteria for allocating growth funding (Section 5.5)

2. Comparison of the 2018/19 Revised Budget to the Final Outturn

- 2.1 The final DSG outturn position for 2018/19 was a cumulative deficit of £2.723m. This was an improvement of £1.242m (a reduction in expenditure) compared to the projected outturn deficit of £3.965m presented to the Schools Forum meeting on 17th January 2019.
- 2.2 The actual in-year surplus for 2018/19 was £0.309m, which, when added to the deficit brought forward from 2017/18 (£3.031m) resulted in the cumulative deficit of £2.723m. The projected outturn, actual outturn and variance are shown in the following table.

Table 1 – DSG out turn 2018/19

| | 2018/19 Projected Outturn (Jan 2019) | Final Outturn April 2019 | Difference |
|---|---|-------------------------------------|-------------------|
| Resources | £m | £m | £m |
| Schools Block | 185.894 | 185.894 | 0.000 |
| Central Schools Services Block | 3.001 | 3.001 | 0.000 |
| Early Years Block | 15.064 | 15.064 | 0.000 |
| High Needs block – pre/post 16 | 33.307 | 33.307 | 0.000 |
| Two Year Old Funding | 4.145 | 4.145 | 0.000 |
| Early Years Pupil Premium | 0.215 | 0.215 | 0.000 |
| Early Years Disability Access Fund | 0.085 | 0.085 | 0.000 |
| Total Resources Available | 241.711 | 241.711 | 0.000 |
| Expenditure | | | |
| Individual Schools Budgets | 186.621 | 185.582 | (1.039) |
| Early Year Funding Delegated to Schools | 6.093 | 6.036 | (0.057) |
| High Needs Funding for Schools (incl Post 16) | 25.832 | 25.559 | (0.273) |
| Total Delegated to Schools | 218.546 | 217.177 | (1.369) |
| Central Schools Services | 3.045 | 3.045 | 0.000 |
| Central Early Years Services | 1.297 | 1.297 | 0.000 |
| Central High Needs Services | 8.407 | 8.534 | 0.127 |
| Three and Four Year old PVI's | 7.164 | 7.164 | 0.000 |
| Two Year Old Funding | 3.876 | 3.876 | 0.000 |
| Total Retained Centrally | 23.789 | 23.916 | 127 |
| Early Years Pupil Premium | 0.225 | 0.225 | 0.000 |
| Early Years Disability Access Fund | 0.085 | 0.085 | 0.000 |
| Total Budget Requirement | 242.645 | 241.403 | (1.242) |
| Surplus in 2018/19 | (0.934) | 0.308 | 1.242 |
| Overspend b/fd from 2017/18 | (3.031) | (3.031) | 0.000 |
| Deficit/Change | (3.965) | (2.723) | 1.242 |

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- 2.3 The reasons for the reduction in the deficit are shown in detail in Appendix A. However, as can be seen there, are a wide range of changes, some savings and some additional pressures. The overall impact is a reduction of pressures by £1.103m and an increase in savings of £2.345m (a net £1.242m improvement).

The main changes are summarized below:

- (1) Growth funding not required of £0.751m. This extra funding for a change to the Early Years block for 2017/18 was received on 16th July 2018. The report presented to the Schools Forum meeting of 11th September 2018 advised “it is important to note that if this extra funding is not needed during 2018/19, it will be used to offset the deficit”. Subsequent reports also advised of this position. Clearly, the allocation of the funding was not required.
- (2) Growth funding not required in 2018/19 and carried forward for use in 2019/20 of £454k
- (3) Reduction in spend on EHCP’S £0.400m
- (4) Additional agreements for 3 Special Schools (Kingfisher, Hollinwood and Springbrook) totaling a £0.191m increase in funding required
- (5) Additional funding required for Out of Borough £0.477m arising from the continuing trend in this area
- (6) Early Help Budget £0.350m. Although Schools Forum had agreed a contribution of £0.350m towards the cost of the Councils Early Help Service, the final accounts exercise indicated that financial position of the Service was such that this contribution was not required in 2018/19. This therefore released resources back to the DSG.

3. Dedicated Schools Grant Note to the Accounts

- 3.1 The 2018/19 draft accounts were completed on 2nd May 2019 and submitted for external audit. The table in the Note to the Accounts which sets out the deployment of the DSG receivable for 2019/20 is presented at Appendix B. This information complies with the format required by the Local Authority Accounting Code of Practice.
- 3.2 An extract from Oldham Council's statutory accounts (below) discloses details of the 2018/19 Dedicated Schools Grant and its cumulative deficit of £2.723m.

"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 2018. The Schools' Budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget which is divided into a budget share for each maintained school.

4. 2019/20 Budget Update

- 4.1 At the January 2019 meeting, Schools Forum was advised that it was expected that if there were no other revisions to the financial position, there would be an in-year surplus for 2019/20 of £0.372m. This would have the impact of decreasing the cumulative deficit marginally, however, there would still be a requirement to prepare a recovery plan. Table 2 below shows a revised position with instead of a surplus, a deficit of £1.604m being projected (an adverse movement of a £1.976m).
- 4.2 Some important changes between the February and April budget positions are highlighted below:

The key issues to note and referenced to table 2 are: -

- (1) Decrease in the overspend from 2018/19
- (2) Approval of Early Help funding of £0.350m agreed at January 2019 Schools Forum is now included in the High Needs block
- (3) Unspent growth from 2018/19 carried forward to 2019/20
- (4) Increase in EHCP'S
- (5) Increase in Out of Borough costs

- 4.3 The reasons for the overall increase in the projected deficit for 2019/20 are highlighted in detail in Appendix C. Some of the changes increase the pressure (£2.284m) whilst some offset the pressures (£1.550m).

Table 2 – DSG out turn 2019/20

| | DSG Settlement @ January 2019 £000's | DSG 2019/20 @ April 2019 £000's | Change £000's |
|--|---|--|--------------------------|
| Schools Block (excludes central services) | 188,894 | 188,894 | 0 |
| Central Schools Services Block | 2,999 | 2,999 | 0 |
| Early Years Block | 14,381 | 14,381 | 0 |
| High Needs Block – pre/post 16 | 34,433 | 34,433 | 0 |
| Two Year Olds' Funding | 4,067 | 4,067 | 0 |
| Early Years Pupil Premium | 225 | 225 | 0 |
| Early Years Disability Access Fund | 87 | 87 | 0 |
| Total Resources | 245,086 | 245,086 | 0 |
| Budget Requirement | | | |
| Individual Schools Budgets 4.2 (3) | 188,856 | 189,268 | 412 |
| Early Year Funding Delegated to Schools | 6,111 | 6,194 | 83 |
| High Needs Funding for Schools (incl Post 16) 4.2 (4) | 25,996 | 26,648 | 652 |
| Total Delegated to Schools | 220,963 | 222,110 | 1,147 |
| Central Schools Services | 3,045 | 3,047 | 2 |
| Central Early Years Services | 1,297 | 1,297 | 0 |
| Central High Needs Services 4.2 (2) & (5) | 8,057 | 8,884 | 827 |
| Three and Four Year old PVI's | 7,164 | 7,164 | 0 |
| Two Year Old Funding | 3,876 | 3,876 | 0 |
| Total Retained Centrally | 23,439 | 24,268 | 829 |
| Early Years Pupil Premium | 225 | 225 | 0 |
| Early Years Disability Access Fund | 87 | 87 | 0 |
| Budget Requirement | 244,714 | 246,690 | 1,976 |
| Deficit | 372 | (1,604) | (1,976) |
| Balance brought Forward 4.2 (1) | (3,965) | (2,723) | 1,242 |
| Revised Deficit/Change | (3,593) | (4,327) | (734) |

5. Additional Budget Pressures in 2019/20

- 5.1 There may be some further requirements for additional schools funding from the DSG in 2019/20. The **possible additional pressures that are known** and may need to be addressed are set out in Table 3 at £0.255m for 2019/20 with a further £0.068m for 2020/21.

Table 3 – Additional Pressures

| Reason | Pressure Amount (£000) | | DSG Block |
|--|------------------------|-------------|------------|
| | 2019/20 | 2020/21 | |
| Resourced Provision – secondary provision | (25) | (46) | High Needs |
| Pupil Referral Unit – at this stage the amount needed is not known | | | High Needs |
| International new arrivals since census day – 3 schools | (200) | | Schools |
| Diseconomies of Scale | (30) | (22) | Schools |
| TOTAL (PRESSURES) | (255) | (68) | |

- 5.2 Again, there are a number of potential reasons for the pressures as highlighted above. The total additional pressures for both 2019/20 and 2020/21 by DSG blocks are set out below.

| DSG Block | 2019/20 (£000) | 2020/21 (£000) | TOTAL 2019/20 TO 2020/21 (£000) |
|------------------|----------------|----------------|---------------------------------|
| Schools Block | (230) | (22) | (252) |
| High Needs Block | (25) | (46) | (71) |
| TOTAL | (255) | (68) | (323) |

- 5.3 The indicative allocation for the High Needs Block for 2019/20 is £34.433m. Current planned spend for 2019/20 as shown in table 2 (i.e. before the additional pressures at table 3) is £35.532m, resulting in a shortfall of £1.099m in the High Needs Block. This is after the 0.84% transfer from the Schools Block. Incorporating the additional pressures, shown in table 3, would mean the shortfall would increase to £1.124m. The latest shortfall will be included in the recovery plan currently been prepared for Oldham as the DSG was more than 1% in deficit at the end of 2018/19.
- 5.4 A verbal update on the recovery plan will be provided at the Schools Forum meeting and an in principle agreement sought for the next 3 years movements between Schools and High Needs Blocks
- 5.5 A review is also underway of the criteria for Growth funding within Oldham. The current criteria are:
The growth contingency is for planned, phased growth to meet basic need following a decision made by the Local Authority to expand the capacity within that particular school.

Approval has also been granted to expand the growth criteria further to support where a school or academy has agreed with the authority to provide an extra class to meet basic need in the area. It is for an increase in capacity for an increase of 5 pupils or more, rolled out into each year group on a phased annual basis.

The allocation is based on the increase in capacity adjusted for actual September intake numbers multiplied by the Basic Amount per Pupil multiplied by 7/12th (to cover September to March).

- 5.6 *Schools Forum agreed to expand the growth fund criteria further in 2017/18 to “support a school, who at the request of the Council, and to meet Basic Need demand within the authority has a significant number of expected new arrivals in school after the October census date”*
- 5.7 Where a school is currently funded over its PAN in years 6 or 11 (and these pupils would leave in the Autumn Term), these pupil numbers are deducted from any growth allocations for pupils going into Reception or year 7. As the criteria states, growth is currently funded based on the actual increase in pupil numbers from the autumn census rather than funding in full the increase to the planned admission number. This means currently there is no growth funding for empty places (i.e. where pupils do not arrive).

6. Actions/Recommendations

Schools Forum is requested to:

- 1) Note the Dedicated Schools Grant outturn for 2018/19. (See section 2)
- 2) Note the disclosure of the Dedicated Schools Grant within the Council's statutory accounts. (See appendix B)
- 3) Note the budget update 2019-20. (See section 4)
- 4) Note the possible additional budget pressures 2019/20 and the possible impact on 2020/21 funding. (See section 5.1)
- 5) Agreement in principle for movements between schools/High Needs blocks for next 3 years (5.4)
- 6) Consider the funding of growth in future years and the impact on the resources in the school's block. (See section 5.5).

Appendix A

Reasons for the Reduction in the DSG Deficit

| Reason | Pressure Amount (£000) | Savings Amount (£000) |
|--|------------------------|-----------------------|
| Forecast Deficit Reported 17 January 2019 | (3.965) | |
| Early Years termly adjustments | | 21 |
| Early Years spring term adjustments universal 15 hours | | 50 |
| Early Years spring term adjustments additional 15 hours | (79) | |
| Other Early Years adjustments backdates | | 66 |
| Business Rates savings re academies St Johns/Clarksfield | | 21 |
| Growth funding not required in 2018/19 and transferred to 2019/20 | | 454 |
| Growth funding - Early Years block not committed | | 751 |
| Admissions to schools 2019 | (41) | |
| Other Business Rates adjustment | (17) | |
| Business Rates savings re academies Firbank /Thorp and de delegation | | 14 |
| Salary Safeguarding | (4) | |
| Growth – TOAN & Leesbrook | (88) | |
| Growth – Difference to estimate included | (51) | |
| Increase in cost post 16 | (69) | |
| Reduction in cost of EHCP budget | | 400 |
| 1:1 Resourced St Pauls | (12) | |
| Additional agreements – Kingfisher | (21) | |
| Additional agreements – Hollinwood | (108) | |
| Additional agreements - Springbrook | (62) | |
| Spring term adjustments - Springbrook | | 20 |
| Spring term adjustments – Kingfisher | | 2 |
| Spring term adjustments – Newbridge | (10) | |
| Spring term adjustments – Hollinwood | (17) | |
| Early Years notional SEN | (18) | |
| Additional agreements Springbrook not backdated | | 48 |
| Additional agreements Hollinwood | | 76 |
| Additional agreement Resourced St Pauls | (24) | |
| Waterhead - additional agreement | (4) | |
| Adjustments – Hollinwood | | 22 |
| Adjustments – Springbrook | | 7 |
| Post 16 savings | | 9 |
| Resourced over capacity | | 7 |
| EHCP'S | | 27 |
| Out of Borough | (477) | |
| Early Help | | 350 |
| Roundings | (1) | |
| TOTAL (PRESSURES) / SAVINGS | (5.068) | 2.345 |
| Net Deficit 2018/19 | (2.723) | |

Appendix B

Extract from the Councils Statement of Accounts – Note 6 Dedicated Schools Grant

| | 2018/19 | | |
|---|---------------------|---------------------------|----------------|
| | Central Expenditure | Individual Schools Budget | Total |
| | £000 | £000 | £000 |
| Final DSG before academy recoupment | | | 241,711 |
| Academy Recoupment | | | (90,333) |
| Total DSG after academy recoupment | | | 151,378 |
| Balance Brought Forward | | | (3,031) |
| Carry forward agreed in advance | | | - |
| | | | 148,347 |
| Agreed initial budget distribution | 21,830 | 125,032 | 146,862 |
| In year adjustments | (97) | 1,581 | 1,484 |
| Final budget distribution | 21,733 | 126,613 | 148,346 |
| Less: Central expenditure | (23,956) | | (23,956) |
| Less: ISB deployed to schools | | (127,113) | (127,113) |
| Plus Local Council contribution | - | - | - |
| Carry forward | (2,223) | (500) | (2,723) |

Reasons for the Increase in the Deficit

| Reason | Pressure Amount (£000) | Savings Amount (£000) |
|--|------------------------|-----------------------|
| Forecast Deficit 17 January 2019 | (3,593) | |
| Decrease in overspend | | 1,242 |
| Additional agreements Special | (138) | |
| Growth funding re 18-19 | (454) | |
| Change central school services | (2) | |
| Increase in post 16 costs | (166) | |
| Early Help | (350) | |
| Rates Clarksfield | | 20 |
| School formula changes | | 22 |
| Increase in EHCP'S | (450) | |
| Special school changes Spring Term | (39) | |
| Resourced School changes | (8) | |
| Special additional agreements | | 21 |
| St Pauls additional agreements | (83) | |
| Out of Borough increase | (477) | |
| Savings Special School top ups / additional agreements compared to previous estimate | | 244 |
| Early Years budget changes following school census | (83) | |
| Recoupment | (34) | |
| Roundings | | 1 |
| TOTAL (PRESSURES) / SAVINGS | (5,877) | 1,550 |
| Savings Offset against Pressures | 1,550 | |
| Deficit 2019/20 | (4,327) | |

Report of the Director of Finance

Item 4. School Balances 2018/19

Schools Forum – 14th May 2019

1. Purpose of the Paper

- 1.1 The purpose of the paper is to update members of Schools Forum on the level of actual school balances for 2018/19 for maintained schools.

2. Background

- 2.1 All 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 Maintained 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 2018/19

- 3.1 The tables below summarise school balances for the financial year 2018/19 by sector and show the change in position from 2017/18.

| Sector | 2017/18 | 2018/19 | Movement /Increase | Percentage movement from 2017/18 |
|-----------------------|------------|------------|--------------------|----------------------------------|
| Primary | £4,524,234 | £5,065,955 | £541,720 | 11.97% |
| Secondary | £1,134,283 | £1,821,899 | £687,616 | 60.62% |
| Special | (£20,003) | £87,843 | £107,847 | (539.14)% |
| Total Schools | £5,638,514 | £6,975,697 | £1,337,183 | 23.72% |
| Asset Purchase Scheme | (£92,372) | (£50,463) | £41,908 | (45.37)% |
| Total | £5,546,142 | £6,925,233 | £1,379,091 | 24.87% |

- 3.2 The table above identifies that School balances **before** the Asset Purchase scheme movement have increased overall by £1.337m or 23.72% from 2017/18. This excludes the Asset Purchase Scheme which is monies currently loaned to schools.
- 3.3 In 2018/19, 4 primary schools and 1 secondary school converted to academy status.
- 3.4 Although, overall school balances reflected a surplus of £6.976m at the end 2018/19, as a result of the deficit of £2.723m in the DSG, the accounts of the Council must reflect a net balance of £4.253m (excluding the asset purchase scheme).
- 3.5 “*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).
- 3.6 Of the £6.976m school balances above, £0.045m are surplus balances from 2015/16 and 2016/17, where schools had surplus balances above the permitted levels with no approval to carry the amounts forward.
- 3.7 The table below summarises the value of **surplus** school balances above the permitted limits by sector and number for 2018/19 together with the change from 2017/18. The overall increase of £0.817m (569%) is clearly linked to the increase of 7 schools having surplus balances.

| Sector | 2017/18 Surplus Balances | 2017/18 No of schools | 2018/19 Surplus Balances | 2018/19 No of schools | Movement | No of Schools | Percentage movement from 2017/18 |
|-----------|--------------------------|-----------------------|--------------------------|-----------------------|----------|---------------|----------------------------------|
| Primary | £138,432 | 5 | £330,521 | 10 | £192,089 | 5 | |
| Secondary | £5,196 | 1 | £630,533 | 3 | £625,337 | 2 | |
| Special | £0 | 0 | £0 | 0 | £0 | 0 | |
| Total | £143,628 | 6 | £961,054 | 13 | £817,426 | 7 | 569% |

- 3.8 Of the schools holding surplus balances, only 2 schools submitted an official plan to carry the balances forward. It is not, however, intended to take any action arising from non-compliance with requirements.
- 3.9 The Schools Finance Team will continue to support schools in managing any surplus balances through medium financial planning and reviewing outturn statements.

4. Conclusion

- 4.1 It is Council's proposal that surplus balances for 2018/19 are not removed from maintained schools as the Council understands the financial pressures/difficulties faced by schools now and in future years. The Schools Finance team will however be working closely with schools in 2019/20 to ensure schools with surplus balances do have a plan for their use.

5. Recommendation

- 5.1 It is recommended that Schools Forum notes the contents of the report and agrees with the proposed course of action in relation to proposed surplus balances

Report of the Director of Finance

Item 5 – Scheme for Financing Schools – DfE Directed Revisions and LA Revisions

14th May 2019

1. Purpose of the Paper

The purpose of this report is to update Schools Forum on the consultation process re the requirement to update the Oldham Scheme for Financing Schools, effective from April 2018.

2. Background

Local Authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. The DfE has issued revised guidance on Local Authority schemes for financing schools which Local Authorities must take into account when they revise their scheme.

3. Revisions

Changes to some of the wording in the scheme are called ‘directed revisions’. This means that Authorities must incorporate within, or remove from, their schemes the specified wording and no other process is needed in order to make the changes. The power of directed revision is used, to remove outdated provisions and to insert new provisions that are required for the implementation of policy.

The summary of scheme changes is as follows:

- Directed revisions already announced
- The Local Authority has updated Oldham’s scheme in accordance with the specified instructions

4. Updates

A full review of the scheme is currently being carried out and any necessary amendments for 2019 will be made and presented at the next Schools Forum Meeting.

A summary of the Directed Revisions and the Local Authority revisions for 2018 is attached at Appendix A.

A copy of the summary changes and the scheme will be sent to schools for consultation following the Schools Forum meeting with a deadline of the end of May 2019 for the submission of comments.

5. Actions/ Recommendations

To update Schools Forum on the consultation process and share the main changes to the document with members of the forum representing maintained schools.

APPENDIX A

Summary of main changes - Scheme for Financing Schools April 2018

| SECTION(S) | DETAILS | REVISION |
|------------|--|-------------------|
| 4.10 | Loan Schemes – additional wording added as per below: If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school. | Directed Revision |
| 4.8 | Balances of Closing and replacement schools and schools converting to academies – additional wording has been added as per below: Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes. | LA Revision |
| 2.3.1 | Removed reference to budget shares for a multi-year period. | LA Revision |
| 6.2 | “Statement of SEN” has been replaced with “Education Health and Care Plan (EHCP)” | LA Revision |

Report of the Director of Finance

Item 6– Forward Plan

14th May 2019

Proposed agenda items for the next 3 meetings are set out below:

11th June 2019

| Item | Purpose | Officer Responsible |
|-------------------|---------------------------------------|----------------------------|
| DSG Recovery Plan | To agree the recovery plan for Oldham | Finance/Education Teams |

11th September 2019

| Item | Purpose | Officer Responsible |
|---|--|----------------------------|
| School Forum Constitution | To agree the School Forum Constitution for 2019-20 | Finance Team |
| School Funding Update | To discuss the National Funding Formula | Finance Team |
| Proposed amendments to Scheme for Financing Schools | Approval of Scheme | Finance Team |
| DSG Settlement update | To update members | Finance Team |
| School and Early Years Financial Regulations | To update members | Finance Team |

27th November 2019

| Item | Purpose | Officer Responsible |
|--|--|----------------------------|
| School Funding Update | To discuss the National Funding Formula | Finance Team |
| Estimated DSG Budget 2020/2021 | For School Forum members to consider the budget issues from 2020-21 budget | Finance Team |
| Comprehensive Spending Review | To update members | Finance Team |
| School Forum operational and good practice | To update members | Finance Team |

15th January 2020

| Item | Purpose | Officer Responsible |
|--------------------------------|--|----------------------------|
| Pupil Premium 2020/21 | To update members | Finance Team |
| High Needs Funding update | To update members | Finance Team |
| School Funding Update | To discuss any proposed formula changes and update members | Finance Team |
| Formula Modelling | To agree formula changes and update members | Liz Caygill |
| DSG Final Settlement 2020/2021 | To update members | Finance Team |

Proposed Meeting Dates 2019/20

11th June 2019
11th September 2019
27th November 2019
15th January 2020

There will be other items presented as appropriate

Action

Schools Forum are requested to note the contents of this report