

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 Wednesday 19 June 2019 in rooms 4d & 4E, 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

Wednesday 19th June 2019 5.30pm
 Rooms 4D & E

	<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 14 th May 2019	5 mins	Chair	Attached
3 Dedicated Schools Grant (DSG) Recovery Plan	60 mins	Liz Caygill	Attached
4 School Balances 2019-20 – Letter from Governing Body . Verbal update	5 mins	Liz Caygill	
5 Funding for SEND and those who need AP: Call foR Evidence consultation	5 mins	Liz Caygill	
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

Tuesday 14 May 2019
at the Civic Centre
at 5.30pm

Present:

Mr Mike Aston	St Mary's RC Primary School (Chair)
Parish Councillor Brian Lord	Saddleworth School Governor
Ms Bev Harper	The Blue Coat School
Mr Carl Newall	Crompton House School
Mr Peter Moores	Diocese Representative – St Edwards RC Primary
Ms Tracy Cavangh	Diocese Representative – Holy Rosary RC Primary
Ms Suzanne Thompson	Harmony Trust – Finance Director
Mr Nigel Woodworth	New Bridge Academy Trust
Ms Andrea Skelly	Pupil Referral Unit
Mr Iain Windeatt	Trade Union Representative

Also Present:

Mr Andrew Sutherland	Director of Education and Early Years
Ms Anne Ryans	Director of Finance
Ms Liz Caygill	Finance Manager
Mrs Samantha Smith	Senior Finance Manager
Mrs Vicky Gibbons	Senior Accountant
Mrs Jean Coombs	Clerk

1 WELCOME AND APOLOGIES

- 1.1 Mr Mike Aston thanked Parish Councillor Brian Lord for chairing the previous meetings and welcomed everyone.
- 1.2 Apologies for absence were received from Mr Hardial Hayer.
- 1.3 Members were requested to declare any business, pecuniary and personal interests. No declarations were made.

2 MINUTES AND MATTERS ARISING

- 2.1 **RESOLVED:** that the minutes of the meeting held on 13 March 2019 be approved as a correct record and signed by the Chair.
- 2.2 Arising from minute 5 Ms Liz Caygill informed members that modelling of the impact of a reduction in top ups had been emailed to schools prior to schools forum.

3 BUDGET OUTTURN REPORT 2018-19 AND BUDGET UPDATE 2019-20

Ms Liz Caygill presented a report comparing the projected outturn figures with the final outturn at April 2019, and an update on the 2019-20 budget.

Main points referred to:

- 3.1 There was an in-year surplus of £308,000 rather than the projected in-year deficit of £934,000. As a result, the deficit carried forward was reduced to £2.723m.
- 3.2 The incoming resources had not changed, but there had been changes to the expenditure. Changes to expenditure included in the individual schools' budget, Early Years budget and the High Needs Block. This included £0.751m re the additional Early Years funding re 17/18 already previously accounted for in expenditure, £0.454m of unused Growth funding transferred to 2019-20 and recommitted for that purpose, and a reduction in the costs, compared to projected, of Education and Health Care Plans (EHCPs) of £0.4m. In addition, the agreed contribution to the Early Help Service had not been taken by the Council. Additional agreements for special schools, resourced provision and costs relating to out of borough placements added to the pressures on the budget.
- Challenge:** A member asked whether the actual costs of EHCPs had reduced. The response to the question was that there had been additional spending on EHCPs due to the backlog, but the projected figure was higher than the actual costs.
- 3.3 The 2018-19 draft accounts were submitted for audit on 2 May 2019. A copy of the note accompanying the accounts, showing a cumulative deficit of £2.723m, was provided to members.
- 3.4 The forecast budget deficit for 2019-20 has increased from £3.6m to £4.3m. The projected in-year deficit of £0.372m has increased to £1.6m. This is in the main, due to the inclusion of the contribution to the Early Help service, the previous underspend on growth from 2018-19 required in 2019-20, increase in EHCPs and Resourced provision, increase in Post 16 provision and the additional costs of out of borough placements.
- 3.5 Ms Caygill informed members that there may be additional budget pressures for resourced provision and for the Pupil Referral Unit from the High Needs Block; and for International New Arrivals and for dis-

economies of scale from the schools' block. It is estimated that these will be £0.255m in 2019-20 and £0.068m in 2020-21.

- 3.6 The allocation for the High Needs Block for 2019-20 is £34.4m (after the 0.84% movement from the schools block) and the planned spending is £35.5m which results in a deficit of £1.099m. With the addition of the additional High Needs budget pressures the shortfall in the High Needs Block increases to £1.124m.

Challenge: A member asked if this shortfall included the contribution to the Early Help service for 2019-20. Ms Caygill indicated that it did and Ms Anne Ryans informed members that it had been her decision not to charge the DSG this year and that the decision for 2019-20 had not yet been made. Mr Andrew Sutherland agreed that it was appropriate to ask questions as to whether the DSG should contribute at each review.

- 3.7 The information provided in the report is included in the Recovery Plan that is to be submitted to the DfE by 30 June 2019. Further work on the Recovery Plan is ongoing and the details will be brought to the Schools Forum on 11 June 2019 prior to submission to the DfE.

- 3.8 Ms Caygill summarised the position by saying that the cumulative deficit for 2018-19 was £2.7m or 1.13%; and this rises to an anticipated £4.3m deficit or 1.77% for 2019-20.

- 3.9 Information from the work of Social Finance, from the early stages of developing proposals for the Recovery Plan, was shared showing the cumulative deficit of £2.72m for 2019-20, plus the additional pressures, and including the Schools Block transfer. The end of year position for 2019-20 would be a cumulative deficit of £4.02m and for 2020-21 the cumulative deficit is £3.12m. These figures include a reduction in the number of EHCPs, reductions to the needs of current High Needs pupils and changes to reduce the cost of out of borough placements. The table presented at the meeting detailing this information will be emailed to members separately.

ACTION: Ms Caygill

- 3.10 There was a discussion about the strategies that have been suggested to meet the needs of pupils funded through the High Needs Block. Mr Sutherland added that creative ideas are being considered to work differently to reduce the overall spending and the budget deficit, but that this was a complex area of work for Social Finance. Ms Ryans emphasised that the Local Authority must demonstrate that the budget deficit is being addressed or the DfE could take action.
- 3.11 Members questioned the historical basis for the allocations for the High Needs Block funding and whether additional monies would be provided in future years. Ms Ryans informed members that there is uncertainty around the timing of the next Comprehensive Spending Review and future additional funding allocations.
- 3.12 **Challenge:** A member pointed out that the transfer from the Schools Block to the High Needs Block was originally suggested as a temporary measure and for just one year, but that now it was being proposed for

the next three years. Ms Ryans agreed that it was initially suggested as a temporary measure but that the significant pressures that required the transfer had not only continued but increased and had therefore resulted in the DSG current deficit position. Members pointed out that they would need to consult with colleagues before agreeing to the transfer for three years.

ACTION: Members

It was asked if the Elected Members were aware of the situation and if they were able to put pressure on central government to address the issues. Mr Sutherland confirmed that Elected Members were aware of the situation and that Social Finance had provided them with a detailed presentation, and that there is a good understanding at the leadership level.

RESOLVED:

- (i) that members note the Dedicated Schools Grant outturn for 2018-19;
- (ii) that members note the disclosure of the Dedicated Schools Grant within the Council's statutory accounts;
- (iii) that members note the budget update 2019-20;
- (iv) that members note the possible additional budget pressures 2019-20 and the possible impact on 2020-21 funding; and
- (v) that the agreement in principle for movements between the Schools and High Needs blocks for the next three years be ratified at the next meeting on 11 June 2019.

3.13 Ms Caygill explained the current criteria for the allocation of Growth funding and added that a review of it is underway. The fund is used to increase capacity within schools and to provide extra classes. The position changed in 2017-18 due to the numbers of International New Arrivals. Funding received for growth in 2019/20 is £1.365m, of which £0.965 is required for explicit growth and £0.591m for implicit growth for Northmoor and Oasis Leesbrook costing £1.55m in total. The Schools block contribution required would therefore be £0.187m. The DfE allocation is based on the comparison of census figures.

RESOLVED: (vi) that members note the consideration of funding for growth in future years and the impact on the resources in the Schools' block.

4 SCHOOL BALANCES 2018-19

Mrs Vicky Gibbons presented information on the level of school balances carried forward from 2018-19.

Main points referred to:

- 4.1 School balances increased from 2017-18 to 2018-19 across all sectors by £1.337m to £6.976 and that this is before any adjustment for the Asset Purchase scheme.
- 4.2 Surplus school balances are those that are more than 5% in secondary and more than 8% in primary and special schools. The number of schools with a surplus increased from 6 in 2017-18 to 13 in 2017-18.
- 4.3 Of those 13 schools, only two had submitted a Utilization of Balances form.
- 4.4 The Finance team are working with the schools to ensure they have plans for their surplus funding through medium term financial planning and review and challenge of projected outturn statements
- 4.5 Members questioned whether schools were preparing for the issues predicted for years ahead. It was agreed that this was probably the case, but it was also noted that if the rules say that the money will be clawed back where there are no utilisation plans for it, then this should be done.

RESOLVED: that members note the information on schools' balances and agree the proposed course of action.

5 SCHEME FOR FINANCING SCHOOLS

Mrs Vicky Gibbons explained the changes to the Scheme for Financing Schools.

Main points referred to:

- 5.1 There is additional wording to be added in section 4.10 (Loan Schemes) referring to schools transferring to an academy.
- 5.2 The LA have changed the wording relating to section 4.8 (Balances of Closing and replacement schools and schools converting to academies).
- 5.3 In section 2.3.1 the reference to budget shares for a multi-year period has been removed.
- 5.4 Statement of SEN has been replaced with Education Health and Care Plan in section 6.2.

RESOLVED: that members note the changes to the Scheme for Financing Schools.

6 FORWARD PLAN

The proposed agenda items for future Schools Forum meeting were provided to members.

The proposed dates of future meetings are Tuesday 11 June, Wednesday 11 September, 27 November 2019 and 15 January 2020.

(There being no further business, members were thanked for their attendance and the meeting was declared closed at 18.39pm).

Signed: _____
Chair

Date: _____

Joint Report of the Director of Finance and the Director of Education, Skills and Early Years

Item 3 – Dedicated Schools Grant (DSG) Recovery Plan

Schools Forum – 19th June 2019

1. Purpose of the Paper

To provide members of the Schools Forum with an update of the proposals for inclusion in Oldham's DSG recovery plan prior to its submission to the Department of Education (DfE) by 30 June 2019

2. Background

- All Local Authorities that have a cumulative DSG deficit of 1% or more at the end of a financial year are required to submit a recovery plan to the DfE by 30 June outlining how they will bring their deficit back into balance in a three – year time frame.
- 29 LAs are in scope for a recovery plan. The Education Skills Funding Agency (ESFA) will liaise with these LAs and each will be assigned an ESFA officer to work through the recovery plan.
- The recovery plan must be discussed with Schools Forum; however the approval of the recovery plan is not a requirement of the Schools Forum.
- The tables below show the increasing pressure on the High Needs Block, increase in pupils with an Education, Health and Care plan from January 2015 to January 2019, overall change in spend from 2015/16 to 2019/20 and the transfers from the Schools block used to fund the deficit in High Needs Block.

- 2.1 Table 1 below details the financial position of the High Needs block over the last 4 years before any transfers from the Schools Block and the estimated outturn position for 2019/20.

Table 1 - DSG High Needs Block Funding Deficit Before any transfer from the Schools Block

Financial Year	Budget £000's	Spend £000's	Deficit £000's	Cumulative Deficit £000's
2015/16	25,584	26,255	(671)	(671)
2016/17	26,263	29,231	(2,968)	(3,639)
2017/18	27,520	31,856	(4,336)	(7,975)
2018/19	31,428	34,093	(2,665)	(10,640)
2019/20 est	32,839	35,532	(2,693)	(13,333)

- 2.2 As can be seen from the table above, the cumulative High Needs Block deficit could have been £10.640m at the end of 2018/19 and, based on the most up to date estimates, would have increased to £13.333m by the end of 2019/20 without a transfer from the Schools Block.

- 2.3 Table 2 below details the financial position of the High Needs block over the last 4 years after any transfers from the Schools Block as shown in Table 5 and the estimated outturn position for 2019/20. As can be seen, the transfers from the Schools Block have resulted in the cumulative deficit on the High Needs Block reducing to £5.997m at the end of 2018/19 and an estimated £7.096m at the end of 2019/20

Table 2 - DSG High Needs Block Funding Deficit - After transfers from the Schools Block

Financial Year	Budget £000's	Spend £000's	Deficit £000's	Cumulative Deficit £000's
2015/16	25,584	26,255	(671)	(671)
2016/17	26,648	29,231	(2,583)	(3,254)
2017/18	29,900	31,856	(1,956)	(5,210)
2018/19	33,306	34,093	(787)	(5,997)
2019/20 est	34,433	35,532	(1,099)	(7,096)

2.4 Whilst the tables above illustrate the changes in the allocations for the High Needs Block, Table 3 shows the spending trends. It highlights that total spending in 2015/16 was £26.255m, had risen to £34.092m by the end of 2018/19 and is estimated to increase to £35.532m by the end of 2019/20. In overall terms, spending is expected to have increased by £9.277m from 2015/16 to 2019/20. As highlighted in Tables 1 and 2, the funding has not matched spending demands.

Table 3 - Spending Comparisons 2015/16 to 2019/20

	2015/16	2017/18	2018/19	Change from 2015/16 to 18/19	2019/20 Estimate at May 19	Change from 2018/19 to 2019/20 at May 19
	£	£	£	£	£	£
Statements (EHCP'S)	3,880,910	5,226,066	5,957,674	2,076,764	6,293,976	336,302
Special Schools	12,239,764	14,475,708	15,548,719	3,308,955	16,081,766	533,047
Special schools Growth - econ of scale	568,458	27,709	0	(568,458)	0	0
PRU	1,337,016	1,511,504	1,687,203	350,187	1,681,094	(6,109)
Resourced	619,465	677,252	524,263	(95,202)	588,631	64,368
High Needs Contingency	79,450	69,529	20,183	(59,267)	50,000	29,817
Early Help		350,000	0	0	350,000	350,000
OOB	2,363,000	3,659,973	4,429,019	2,066,019	4,429,019	0
Central Education Support Services including HI/VI Services	4,104,650	4,104,649	4,104,649	(1)	4,104,649	0
Post 16	1,061,891	1,754,525	1,820,891	759,000	1,952,632	131,741
Total Spending	26,254,604	31,856,915	34,092,601	7,837,998	35,531,767	1,439,166
Allocation after Schools Block Transfer	25,584,066	29,900,419	33,306,651	7,722,585	34,432,918	1,126,267
Annual Deficit	(670,538)	(1,956,496)	(785,950)		(1,098,849)	

Change 2015/16 to 2018/19

(a) £7,837,998

Change 2018/19 to 2019/20

(b) £1,439,166

Total Change

9,277,163

2.5 The most important driver of the High Needs Block pressure is the rising number of EHC plans in mainstream and special schools. This has also meant a rise in the total number of special school places funded from the High Needs Block. This may in turn have pushed up the number of children going out of borough for Special Educational Needs. Table 4 shows the increase in pupils with an Education, Health and Care plan from January 2015 to January 2019. There was a total increase of 896 pupils and a year by year stepped increase.

Table 4 - EHCPs Numbers - SEN2 Survey Jan. 2015 to Jan. 2019

EHCP PLAN DATA - FROM SEN2 survey	Jan-15	Jan-16	Jan-17	Jan-18	Jan-19	Change from Jan 2015 to Jan 2019 (increase / (decrease))
Under age 5	83	77	89	96	104	13
5 to 10	438	439	525	587	716	149
11 to 15	531	550	574	636	687	105
16 to 19	108	182	260	308	373	200
20 to 25		13	50	91	176	91
	1,160	1,261	1,498	1,718	2,056	558
Registered Early Year Setting	1	3	16	13	21	20
Maintained Mainstream	344	306	323	366	425	81
Maintained Special	225	222	16	16	8	(217)
Maintained Resourced Provision	35	37	12	0	11	(24)
Mainstream Academy Resourced Provision			25	15	28	28
Mainstream Academies	184	195	220	241	315	131
Mainstream Free Schools	1	8	5	22	0	(1)
Special School - Academy	304	360	634	707	797	493
Non - Maintained Special	8	3		16	19	11
Independent Special	23	43	51	55	61	38
Other Independent	10	3	4	4	4	(6)
Pupil Referral Units		2	1	4	7	7
Post 16 - Colleges/Sixth Form/Alternative Provision		60	167	248	280	280
Other Arrangements	25	19	24	11	80	55
	1,160	1,261	1,498	1,718	2,056	896

2.6 Schools Forum members will recall that transfers from the Schools Block have been used to part fund the deficit in the High Needs Block in previous years. The value and percentage transfers are shown in Table 5 below. It is important to note that the variance in transfers between years is because the guidance changed from April 2018.

2.7 Prior to April 2018, there was no restriction on the movement between blocks. However, from 2018/19 there was a requirement that funding from the Schools Block had to be

allocated to schools but Local Authorities (LAs) were able to transfer up to 0.5% of their school block funding into another block, with the approval of Schools Forum. Where the LA wanted to move more than 0.5% of the Schools' Block, the LA had to submit a disapplication request to the Secretary of State. With the agreement of Schools Forum, Oldham submitted a successful disapplication request for 2018/19 to move 1% from the Schools Block to the High Needs Block. As Oldham was able to transfer an amount more than 0.5% for 2018/19, the rules applicable for 2019/20 permitted the Council to replicate this movement for 2019/20, again with Schools Forum approval. A 1% movement was planned for and agreed.

- 2.8 Subsequently, the Council received notification on 17 December 2018 of £0.622m of additional High Needs Funding for 2019/20 which allowed a slight reduction in the movement between the Schools and High Needs block of £1.594m rather than £1.900m, or 0.84% rather than 1%.

Table 5- Movement from the Schools Block to High Needs Block by Financial Year

Financial Year	£000	% Movement Between Blocks
2016/17	385	0.21
2017/18	2,380	1.29
2018/19	1,878	1.00
2019/20	1,594	0.84

3 Recovery Plan Draft Options

- 3.1 The above data and the additional analysis that has been provided by Social Finance (who have been commissioned by the Local Authority to carry out a forensic analysis into the high needs block spend) suggests that isolated strategies to reduce demand or an effort towards greater inclusion will not address the overspend.
- 3.2 Demand for EHCPs across all schools and settings is a challenge. Three priority drivers of increased expenditure that the Recovery Plan needs to address are:
- A long term rise in the number of SEN support plans for children with Social, Emotional and Mental Health (SEMH), Speech, Language and Communication Needs (SLCN) and (Autistic Spectrum Disorder (ASD)
 - A rise in demand for EHC plans across all needs types as a result of the 2014 reforms
 - Additional young people aged 18+ with EHC plan as a result of the 2014 reforms
- 3.3 The Local Authority officers and advisers from school leaders continue to work with Social Finance to work up detailed proposals to address this challenge in the medium to long term. The agreed timeline is to have draft proposals ready by the end of the month for consultation through early July. Once finally agreed proposals will begin to be actioned in September 2019 working over a three-year period. Set out below for Schools Forum information is an outline of some of the areas that the earlier analysis and consultation have identified as possible strategies to be put into place to help address the budget challenge.

Objective 1 – Better support SEN Support pupils with the aim of reducing premature escalation to an EHC Plan, particularly for a SEMH diagnosis and try to reduce, where

deemed appropriate, pupils with an EHC Plan escalating into more expensive setting. Strategies to be agreed include: by:-

1. Refocusing the graduated response towards prevention by creating and utilising a preventative resource (see below) and increasing shared accountability between schools and the local authority
2. Supporting school SEN leadership by better sharing of good practice, and facilitating improved overall communication between schools and the local authority
3. Making the Element 3 funding model more flexible by reviewing the Teaching Assistant (TA) hours model of funding and exploring alternative flexible personalised support that meets pupil specific needs (especially within mainstream schools). Linked to this are other options including introducing short –term top-up funding for key transitions and temporary needs without a plan.
4. Introducing targeted preventative measures for SEMH and SLCN by identifying needs before the spike in EHC Plans (typically late in primary school). This could be assisted by a preventative fund outside of the EHC Plan process and ensuring SEN Support is working effectively for these needs.
5. Other specific measures include:-
 - Ensuring that transition is the focus of the 19-25 pathway
 - Review the estimated £4.9m annual top-up funding for ASD to ensure it is working in a preventative way

Financial Targets

- 3.4 Oldham has a higher proportion of pupils in special school than almost all other parts of Manchester and comparable boroughs with resulting additional budget pressures on the high needs block. This has clearly contributed to the deficit DSG position and the requirement to prepare a recovery plan. The financial targets needed for the recovery plan are the cumulative deficit b/forward and the financial targets needed to bring spending back into line with budget over three years
- 3.5 Social Finance considered the overspend drivers and assessed where action could be taken to shift the trend downwards and meet financial targets by focusing on areas which are having the biggest impact in reducing demand for EHC Plans. At this point in time Government policy is unclear about whether they will give increased financial support to the High Needs Block. The National Funding Formula will not be introduced until after 2020-21 and level of funding for 2020/21 and future years is uncertain. It is also not clear if the funding announcement will be for 1 or 3 years at this stage.
- 3.6 **Options to reduce expenditure already considered**

There are short and long term options to reduce current expenditure which have been discussed at Schools Forum/ working groups. These include-

- Reducing the hourly rate for TA support for mainstream schools
- Percentage reduction in funding for Special Schools by no more than the biggest loss in mainstream schools
- Encouraging families of pupils educated Out of Borough to consider moving their child to an Oldham school (e.g. at transition to secondary or post 16) if a suitable option is available

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- Continuing the movement of funds between Schools and High Needs Block
 - Further embedding the graduated response – creating shared marketing materials and reports to embed the revised graduated response - which is set out in the Inclusion Strategy to be launched in September 2019.
 - Using a revised bespoke pre-agreed framework to allocate funding for EHC plans which incorporates suitable support and appropriate costs rather than a continual default to TA hours
 - School clusters – exploring with primary schools (geographically easier to manage than secondary schools) allocations of funding at a cluster level of schools as a whole rather than on an individual school/plan level
 - Providing flexible grant funding so schools can provide a child with some specific support (e.g. Speech and language therapy)
 - Revising the Element 2 formula to more accurately reflect current needs within each school and challenge schools to provide evidence for how this resource is being used to support SEND - including identifying schools who have more pupils in a school year than usual and need more funding for SEN Support pupils.
 - Investing in data capability and performance management and bring together all data the LA holds on each school's SEND budget, the needs of children in the school, and their outcomes. Using the data to have more transparent conversations about performance and value for money.
 - Supporting mainstream schools to educate more children with EHC plans, where possible and appropriate. This will relieve the pressure on the high needs budget, but it is acknowledged it may place additional financial burdens on schools and consideration of the needs of the child/young person need to be the priority in the process.
 - More regularly reviewing EHC plans (e.g. VFM of support, outcomes achieved, to assess whether support still matches current need). This will help broker any issues between parents and schools and ensure the funding reflects up to date support needs. It is noted that there are plans in place which may no longer be required for the pupil. Reviews will be targeted given resource constraints in the team.
 - Supporting schools with greater access to specialist staff (e.g. speech and language specialists) who can provide specific interventions. This could be commissioned directly by the Council, provided in-house or through a brokerage model for schools to purchase directly.
 - Encouraging consistent sharing of good SEND leadership and practice. Special schools or mainstream schools with strong SEND services are partnered with groups of mainstream schools to share good practice and help improve their leadership, culture and skills around supporting SEND children
 - Supporting schools where possible through short term funding to free SENCOs from teaching responsibilities. The Council encourages schools that have relatively high numbers of pupils on SEN support or with EHC Plans to have a SENCO that is full time or only limited teaching responsibilities. This will assist with the review of existing plans and annual reviews. There is the potential for the Council to seed fund this in the short term.

3.7 The above options will be finally agreed through consultation on the final reports led by Social Finance by early July. However, by June 30th the LA has to submit an outline recovery plan to DfE covering a 3 year timeframe and the proposed savings area are set out under each of the headings below are

- Schools block transfer – this will be required for 2020/21 and 2021/22
- Saving – reduce expenditure for current High Needs pupils
- Saving – reduce demand for future EHC plans
- Savings – long term improvement strategies
- Other – (e.g. unfinanced, DfE budget increase)

- Other – additional funding Special School Places
- Early Help

3.8 An option discussed has been a revision to the use of TA's. For illustrative purposes, a breakdown showing the cost of 22.5 hours TA support translated into a number of plans is shown below:-

Number of Plans	Cost £000s
50	384
100	768
150	1,152
200	1,536
250	1,920

For example, a reduction of one hundred plans will save an estimated £768,000.

3.9 The **indicative** recovery plan financial targets are shown below for discussion around two scenarios

Cumulative Deficit Bought forward

The first line of the table in option 1 shows the cumulative deficit brought forward from 2018/19 of £2.723m being the outturn position, 2019/20 of £3.524m and 2020/21 of £2.789m, being the current estimated outturn positions based on current information on pupil numbers, growth and funding allocations. However this will be subject to change as the number of pupils and funding is clarified.

Forecast in year pressures

In year pressures have been highlighted at Schools Forum throughout 2018/19 for 2019/20. These currently total £3.197m (a net of £1.6m after the Schools Block transfer). This figure was reported at Schools Forum on 14th May in table 2 of the Schools Forum papers – DSG outturn 2019/20. The in-year deficit is estimated to continue to increase in future years to £4.219m for 2020/21 and 4.085M for 2021/22.

The cumulative deficit and forecast in-year pressures are the total estimated cumulative deficit which needs to be recovered

Indicative Recovery Plan Options

The potential options for the **three year** recovery plan are shown below around 2 scenarios are:-

- Continuation of the Schools block transfer - based on the current strategy it is assumed it is necessary to continue the 1% transfer for the next 2 years. This equates to c £1.9m per annum.
- A reduction in the expenditure for current High Needs pupils – reduction to mainstream and special top up.
- A reduction in demand for future EHC plans – the table option 1 includes a reduction target of 50 plans in 2020/21 based on the proposed investment on preventative work and is based on 22.5 hours support per plan.

- A review of long term improvement strategies i.e. reduction/changes in Out of Borough provision from 2020/21, once again based on successful implementation of the outline preventative strategies set out above.
- Other / increased sources of funding (e.g. unfinanced, DfE budget increase) – whilst this is out of Oldham Council's control, it has been assumed that additional allocations for High Needs will be given for 2020/21 and 2021/22 based on the amount Oldham received for 2018/19 and 2019/20 of £622k and additional funding for imports/exports.
- Other i.e. additional funding for more Special School Places

Cumulative Deficit – option 1

The bottom line in the table shows the forecast outturn position for the DSG at the end of each year and is the cumulative deficit minus the total savings.

The “Total” column illustrates that the current indicative proposed savings over the 3 years of £13.028m can mitigate the arising in year cumulative pressures of £11.501m. This has reduced the cumulative deficit at 2018/19 of £2.723 by £1.527m so that by 2021/22 it has fallen to £1.196m. Even though these savings / changes are proposed, in practice they do not achieve the balanced position which the DfE require. Therefore further options / savings must be brought forward.

Option 1	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Cumulative Deficit Brought Forward	2.723	3.524	2.789	
Estimated in year pressures	3.197	4.219	4.085	11.501
Options to mitigate deficit and pressures				
Schools block transfer	-1.593	-1.905	-1.905	-5.403
Saving – reduce expenditure for current High Needs pupils	-0.253	-0.651	-0.651	-1.555
Savings – reduce demand for future EHC Plans – 50 EHC plans	0	-0.384	-0.768	-1.152
Savings – long-term improvement strategies – 26 plans increasing to 65	-0.200	-0.500	-0.500	-1.200
Other (e.g. unfinanced, DfE budget increase)	0	-1.200	-1.500	-2.700
Other additional funding Special School places	0	-0.214	-0.254	-0.428
Council contribution	-0.350	-0.100	-0.100	-0.550
Total savings	-2.396	-4.954	-5.678	-13.028
Estimated Cumulative Deficit	3.524	2.789	1.196	

Cumulative Deficit – option 2

This bottom line in the table shows the forecast outturn position for the DSG at the end of each year and is the cumulative deficit brought forward minus the total savings.

The “Total” column illustrates that the current indicative proposed savings over the 3 years of £14.240m can mitigate the arising in year cumulative pressures of £11.501m. This has reduced the cumulative deficit at 2018/19 of £2.723 by £2.739m so that by 2021/22 it has resulted in a surplus of £0.016m. Whilst this is a broadly balanced position, there are quite challenging decisions required to make this a reality.

Option 2	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Cumulative Deficit Bought Forward	2.723	3.524	2.329	
Estimated in year pressures	3.197	4.219	4.085	11.501
Options to mitigate deficit and pressures				
Schools block transfer	-1.593	-1.905	-1.905	-5.403
Saving – reduce expenditure for current High Needs pupils	-0.253	-0.651	-0.651	-1.555
Savings – reduce demand for future EHC Plans – 100 EHC plans	0	-0.768	-1.152	-1.920
Savings – long-term improvement strategies – 75 plans increasing to 100	-0.200	-0.576	-0.768	-1.544
Other (e.g. unfinanced, DfE budget increase)	0	-1.200	-1.600	-2.800
Other additional funding Special School places	0	-0.214	-0.254	-0.468
Council contribution	-0.350	-0.100	-0.100	-0.550
Total savings	-2.396	-5.414	-6.430	-14.240
Estimated Cumulative Deficit	3.524	2.329	-0.016	

4 Recommendations

Schools Forum is recommended to:

- Note the work to date with Social Finance to create in partnership with schools a 3 year recovery plan
- Note the requirement to submit a balanced plan
- Agree to continue to work with the LA and social Finance to fully work up the proposed options into a detailed three-year recovery plan. This would include enabling the plan to balance utilising:
 - a) Continuation of the Schools block transfer for at least the next 2 years
 - b) Saving – reduce expenditure for current High Needs pupils
 - c) Saving – reduce demand for future EHC plans
 - d) Savings – long term improvement strategies
 - e) Other (e.g. unfinanced, DfE budget increase)

Report of the Director of Finance

Item 6– Forward Plan

19th June 2019

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	Finance Team

	budget issues from 2020-21 budget	
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 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