

To Members of the Schools Forum

Commercial Services Directorate

Schools Finance Team
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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 18 March 2020 in rooms 4E and 4F, 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

Andy Cooper

Senior Finance Manager

Agenda

SCHOOLS FORUM

Wednesday 18th March 2020 5.30pm

Rooms 4E and 4F

	<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 15 th January 2019	5 mins	Chair	Attached
3 Dedicated Schools Grant 2019-20 and 2020-21	40 mins	Liz Caygill	Attached
4 Clarifying the Specific Grant and Ring-fenced Status of the Dedicated Schools Grant	15 mins	Andy Cooper	Attached
5 Early Years Consultation	10 mins	Liz Caygill	Verbal update
6 Forward Plan	5 mins	Liz Caygill	Attached
7 Any other Business			

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

Minutes

Meeting of Schools Forum

Wednesday 15 January 2020
at the Civic Centre
at 5.30pm

Present:

Parish Councillor Brian Lord	Saddleworth School Governor (In the Chair)
Mr Graham Quinn	Newbridge School
Ms Bev Harper	The Blue Coat School
Mr Bryan Hurst	Bare Trees Primary School Governor
Ms Suzanne Thompson	Harmony Trust – Finance Director
Mr Iain Windeatt	Trade Union Representative
Mr Rob Higgins	The Blue Coat School
Ms Tracy Wood	Royton Hall Primary School
Ms Tracy Cavanagh	Diocese Representative - Holy Rosary RC Primary
Mr Joe Brownridge	Oldham Academy North

Also Present:

Mr Andrew Sutherland	Director of Education and Early Years
Ms Anne Ryans	Director of Finance
Ms Liz Caygill	Finance Manager
Mrs Vicky Gibbons	Senior Accountant
Mr Andy Cooper	Senior Finance Manager
Ms Debbie Holland	Early Help Service Manager
Mrs Jean Coombs	Clerk

1 WELCOME AND APOLOGIES

- 1.1 Parish Councillor Brian Lord welcomed everyone.
- 1.2 Apologies for absence were received from Mr Mike Aston, Mr Jeremy Sutcliffe and Mr Carl Newall.
- 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 27 November 2019 be approved as a correct record and signed by the Chair.

2.2 Matters Arising

2.2.1 Arising from minute 4 (High Needs Places 2020/21), Ms Liz Caygill reported that additional funding would be needed for Kingsland School, and that she had met with a Special School to discuss their request for additional funding.

2.2.2 Arising from minute 4 (High Needs Places 2020/21), Mr Andrew Sutherland reported that the Children's Alliance had not yet been formed, and that at the moment work is progressing on the recovery plan and budget setting. Mr Sutherland is to report on the progress of the Children's Alliance at the next meeting.

ACTION: Ms Caygill – Agenda item

2.2.3 Arising from minute 5.8 (2020/21 Schools Funding and Responses to the Consultation), Ms Caygill reported that the Special Schools had been sent the consultation documents.

2.2.4 Arising from minute 5.9 (2020/21 Schools Funding and Responses to the Consultation), Ms Tracy Wood reiterated that there had been a poor response reported to the consultation, but that some schools had responded to Ms Wood and others to Ms Caygill. In the future the responses will be co-ordinated by Ms Wood in conjunction with Ms Caygill.

3 2019/20 DSG BUDGET UPDATE AND 2020/21

Ms Liz Caygill presented information on the latest position for the DSG Budget for 2019/20 and provided an update on the funding for 2020/21.

Main points referred to:

3.1 The provisional settlement for 2020/21 shows a significant increase on the 2019/20 budget settlement. The expected increase is in the region of £17m, which has been allocated over the four funding blocks. Funding in two of the blocks is provisional.

3.2 There is an increase in the Schools Block of £11m which will be passported to schools. The Central Services Block of funding has also been confirmed. The provisional blocks of funding are for Early Years, based on census data which will be adjusted for pupil numbers on January census, and for High Needs.

3.3 There has been an increase in the Primary Unit Funding (PUF) and Secondary Unit Funding (SUF), which are based on pupil characteristics, and there has been an increase in pupil numbers resulting in the increase in the Schools Block funding. The High Needs Block funding has increased by £5.5m and this is based on historic

spending (50%) and the Proxy factors allocation, which includes population factors, FSMs, IDACI, health and disability.

- 3.4 The confirmed Schools Block funding is £201m based on the finalised PUF's and SUFs for 2019/20. The number of pupils in the Primary sector increased by 55 and by 511 in the Secondary sector. The PUF and SUF is multiplied by the pupil number and there is additional money for premises.
- Challenge:** A member asked if there was funding for pupils educated at home. Ms Caygill responded that she would look into this and report back.
- ACTION:** Ms Caygill
- 3.5 The Central Schools Block funding has reduced by £310,000, due to a reduction in historic spending and this was built into the Council's 2020/21 revenue budget process.
- 3.6 The Early Years Block includes funding for 2, 3- and 4-year olds. There has been an increase in funding of £0.08 per hour which is included in the base rate. The funding for 3- and 4-year olds is the same for schools and PVI's and 95% of the funding is passported to the providers. The level of funding is revised in July 2020 from the January 2020 census figures and again in July 2021 from the January 2021 census.
- 3.7 The two-year old funding is just under £4m and is £5.30 per hour. Early Years Pupil Premium is 53p per hour for each child. Disability Access Funding of £86,000, which is based on an estimate of 140 pupils at £615 per pupil, is also included in the Early Years Block funding.
- 3.8 Ms Caygill explained that the increase in the High Needs Block Funding would have been greater had there not been a cap set at 17% for the increase in funding over the previous year. The allocation is based on the October census data and takes into account all the Proxy factors which includes FSMs and the Area Cost Adjustment. The import/export of pupils funding is provisional and will be adjusted in the Spring term.
- 3.9 A table showing detailed comparisons between the 2019/20 and 2020/21 DSG Settlement were presented to members. Ms Caygill explained that there were significant changes in the budget required and the income received. In 2019/20 there was a provisional deficit of £6.583m and taking off the savings in the recovery plan this was reduced to £6.033m. In 2020/21, with further savings, based on the recovery plan, the deficit is expected to be £4.000m. The projected surplus in 2021/22 is expected to be £177,000.
- 3.10 Mr Andrew Sutherland explained that the Resource Panel are being more robust in accepting admission requests, which is leading to more tribunals, but this strategy will lead to savings even if they win only 40% of the appeals. He added that the new SEND lead officer will drive the recovery plan and work with schools to make savings.

- 3.11 Health Service budgets are increasing their contributions to the funding for health-related issues, but further increases would be sought.
- 3.12 Ms Caygill reported that for the Schools Block the formula had been run again following receipt of the final settlement and there was sufficient funding to meet the costs of the model agreed at the previous Schools Forum

- RESOLVED:**
- (i) that members note the settlement of the Dedicated Schools Grant 2020/21;
 - (ii) that members approve the deployment of the Dedicated Schools Grant for 2020/21; and
 - (iii) that members note the 2020/21 budget which shows the projected DSG deficit of £4.000m at the end of 2020/21.

3.13 **Central Schools Services Block**

This block includes funding for Schools Forum, Access Admissions, Premature Retirements, School Transport, ICT Strategy and Transforming Learning. The Education Services Grant (ESG), for retained duties, has also been incorporated into the Central Schools Block grant.

- RESOLVED:**
- (i) that members approve the allocation for each service area of £1.966m funding in section 3.3 from the Central Schools Services Block; and
 - (ii) that members approve the retention of £571,211 retained duties funding in the Educational Services Grant.

3.14 Members asked:

- (i) how the transforming learning budget was funded and whether there was council funding as well as school contributions for the service; and
- (ii) what copyright licences are paid for out of the Central Schools Services Block.

ACTION: Ms Caygill

- 3.15 The de-delegated services budget for 2020/21 was presented to members. The four elements of spending, Support for School Improvement and Under Performing Schools, Contingencies, Insurance and Teacher Union Duties, were outlined and Ms Caygill explained that the maintained Primary sector had opted into all four areas last year and the Secondary sector opted to de-delegate the Insurance and Teacher Union Duties elements.

- RESOLVED:**
- (I) that the Primary sector opt to de-delegate all four elements; and
 - (II) that the Secondary sector opt to de-delegate the Insurance and Teacher Union Duties elements.

3.16 Ms Caygill explained to members that the criteria for Growth Funding had not changed, but that growth had slowed in the Primary sector, it is still an issue for Secondary schools.

RESOLVED: that members approve the Growth Funding for 2020/21 of £1,602,477.

3.17 A member commented that the growth in the Special Schools needs to be factored into projections as it is for mainstream Secondary schools.

4 EARLY HELP SERVICE

Ms Debbie Holland presented a briefing paper on the Early Help Service.

Main points referred to:

- 4.1 The Early Help Service is asking for £350,000, which is about 12% of the cost of the service. The costs of the other services to which clients are referred are not included in these calculations.
- 4.2 The service has moved towards working more closely with Children's Social Care, so that there is a single referral point. Child and Adult Mental Health Services (CAMHS) are included in the offer.
- 4.3 The Oldham Family Connect is the hub that pulls together the services as a step down from Social Care Services. There is a district team pilot running in Royton and it is hoped to extend this to go live by October 2020.
- 4.4 External funding has been found to help to grow the service.
- 4.5 Clients who do not hit the criteria for Healthy Young Minds are now helped with a lower level service.
- 4.6 Domestic abuse services sit alongside the Early Help Service.
- 4.7 The number of referrals has increased from 4000 to 4500 over the last year and schools are the second highest referrer.
- 4.8 The other services that clients are referred to were listed in the briefing paper.
- 4.9 The main funding stream is from the Council's Public Health budget.
- 4.10 A member asked whether commissioning on a single generic model was cost effective. Mr Andrew Sutherland replied that the Council will be looking at different commissioning models and the services are to be delivered as part of a team.

RESOLVED: that a contribution of £350,000 is made to the Early Help Service.

5 SCHEME FOR FINANCING SCHOOLS

Ms Liz Caygill informed members that the Scheme for Financing Schools related to maintained schools only. There have been some changes to the wording following the consultation on the Scheme for Financing Schools. The DfE guidance was adapted and sent to schools.

A summary of the main changes was included in the documents circulated to members.

RESOLVED: that the main changes to the Scheme for Financing Schools be noted.

6 FORWARD PLAN

Members were informed of the proposed agenda items, of Early Years Funding and the three-year plan for the Dedicated Schools Grant, for the March 2020 Schools Forum meeting.

The proposed dates of future meetings are:

Wednesday 18 March 2020,
 Wednesday 20 May 2020,
 Wednesday 16 September 2020,
 Wednesday 25 November 2020, and
 Wednesday 13 January 2021.

RESOLVED: that the information be received and noted.

(There being no further business, members were thanked for their attendance and the meeting was declared closed at 18.56pm).

Signed: _____
 Chair

Date: _____

Report of the Director of Finance

Item 3 – Dedicated Schools Grant 2019/20 and 2020/21

Schools Forum – 18th March 2020

1. Purpose of the Paper

- 1.1 To provide members of the Schools Forum with an update on the deployment of the Dedicated Schools Grant (DSG) for 2019/20 and the latest estimated budget for 2020-2021; compared to the position previously reported to the Schools Forum on 15th January 2020. The report also provides members with details of the increasing pressures on the High Needs Block and the latest position in relation to the DSG Recovery plan.

2. 2019/20 Budget Update

- 2.1 Table 1 below shows an improved position for 2019/20, the projected deficit has reduced by £0.985m to £5.048m from the £6.033m that was previously reported to School Forum on 15th January 2020, whilst this reduction is obviously a positive outcome it remains, that a key issue for the DSG is the projected deficit for 2019/20, which then carries through into 2020/21.

Table 1- Comparison between the DSG 2019/20 at 15th January 2020 and 11th March 2020

	2019/20 DSG Settlement @ 19-12-2019 £000's	2019/20 DSG Settlement @ 11-03-2020 £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	14,493	14,493	0
High Needs Block – pre/post 16	34,637	34,637	0
Two Year Olds' Funding	3,805	3,805	0
Early Years Pupil Premium	190	190	0
Early Years Disability Access Fund	87	87	0
Total Grant	245,105	245,105	0
Budget Requirement			
Individual Schools Budgets	189,211	188,517	(694)
Early Year Funding Delegated to Schools	6,289	6,211	(78)
High Needs Funding for Schools (incl Post 16)	28,077	27,331	(746)
Total Delegated to Schools	223,577	222,059	(1,518)
Central Schools Services	3,047	3,047	0
Central Early Years Services	1,297	1,297	0
Central High Needs Services	9,989	9,972	(17)
Three and Four-Year-old PVI's	7,164	7,164	0
Two-Year-Old Funding	3,614	3,614	0
Total Retained Centrally	25,111	25,094	(17)
Early Years Pupil Premium	190	190	0
Early Years Disability Access Fund	87	87	0
Budget Requirement	248,965	247,430	(1,535)
(Deficit)/Surplus	(3,860)	(2,325)	1,535
Balance brought Forward	(2,723)	(2,723)	0
Provisional (Deficit)/Surplus	(6,583)	(5,048)	1,535
Further Anticipated Savings	550		(550)
Revised (Deficit)/Surplus	(6,033)	(5,048)	985

2.2 Table 2 below summarises the key movements between the two periods.

Table 2 – Changes since January 15th, 2020 Schools Forum

Reason	Variance £000	Totals £000
DSG Projected Overspend at January 2020		(6,033)
Adjustments to Special schools	603	
Reduction Statements	120	
Growth funding not required 2019/20	668	
Early Years	78	
Other High Needs Savings	41	
Rates and other	25	
Remove anticipated savings	(550)	
TOTAL SAVINGS	985	985
Estimated Net Deficit 2019/20		(5,048)

2.3 The main changes are:

- The adjustments to Special Schools of £603k including adjustments to top ups (element 3 funding), Special Free School adjustment for base (place) funding Springboard and estimated growth funding not required in 2019/20 for Special Schools
- Reduction in spend on Education Health and Care Plans (EHCP's) of £120k
- Growth funding not required in 2019/20 of £668k. This has been carried forward to 2020/21 and recommitted for growth.
- The anticipated savings of £550k have been removed (£0.200m from long term initiatives from Social Finance and the £0.350m Council contribution to the Early Help Service).

3. 2020/21 Budget Update

3.1 Table 3 shows the updated 2020/21 position, again compared to the December 2019 figures that were reported to Schools Forum on 15th January 2020

Table 3- Comparison between the DSG 2020/21 at 15th January 2020 and 11th March 2020

	2020/21 DSG January 2020 £000	2020/21 DSG Settlement @ 11-03-2020 £000	Change £000
Schools Block (excludes central services)	200,865	200,865	0
Central Schools Services Block	2,689	2,689	0
Early Years Block	14,718	14,718	0
High Needs Block – pre/post 16	39,600	39,600	0
Two Year Olds' Funding	3,960	3,960	0
Early Years Pupil Premium	203	203	0
Early Years Disability Access Fund	86	86	0
Total Grant	262,121	262,121	0
Budget Requirement			
Individual Schools Budgets	200,865	201,533	668
Early Year Funding Delegated to Schools	6,314	6,314	0
High Needs Funding for Schools (including Post 16)	29,000	28,826	(174)
Total Delegated to Schools	236,179	236,673	494
Central Schools Services	2,743	2,743	0
Central Early Years Services	1,313	1,313	0
Central High Needs Services	9,909	9,909	0
Three and Four-Year-old PVI's	7,283	7,283	0
Two-Year-Old Funding	3,767	3,767	0
Total Retained Centrally	25,015	25,015	0
Early Years Pupil Premium	203	203	0
Early Years Disability Access Fund	86	86	0
Budget Requirement	261,483	261,977	494
(Deficit)/Surplus	638	144	(494)
Balance brought Forward	(6,033)	(5,048)	985
Provisional (Deficit)/Surplus	(5,395)	(4,904)	491
Further Anticipated Savings	1,395		(1,395)
Revised (Deficit)/Surplus	(4,000)	(4,904)	(904)

3.2 Despite the forecast reduction in 2019/20 it is now estimated that the previously predicted outturn deficit of £4.000m for 2020/21 will increase to £4.904m, primarily because anticipated savings included in the report to January's Schools Forum have been removed; relating to a reduction in demand and long term improvement strategies for which the preventative work and early intervention strategies has only just begun.

3.3 Table 4 summaries the movement between the two periods.

Table 4 – Changes since January 15th, 2020 Schools Forum

Reason	Variance £000	Total £000
DSG Projected Overspend at January 2020		(4,000)
Increase in underspend 2019/20	985	
Change in Statements	(122)	
Savings in Special Schools	296	
Unspent Growth 2019/20	(668)	
Remove anticipated savings	(1,395)	
TOTAL (PRESSURES)		(904)
Estimated Net Deficit 2019/20		(4,904)

3.4 The main changes are:

- The adjustments to Special schools £296k include adjustments to top ups (element 3 funding and Special free school adjustment for base (place) funding Springboard.
- Increase in spend on EHCP's of £122k
- Growth funding brought forward from 2019/20 of £668k.
- The anticipated savings of £1,395k have been removed, again relating to long term initiatives from Social Finance and the Council contribution to the Early Help Service.

4. The High Needs Block

4.1 Table 5 below details the financial position of the High Needs block before transfers from the Schools Block over the last 4 years together with the estimated outturn position for 2019/20. It highlights the increasing pressure on the High Needs Block and the overall change in spend from 2015/16 to 2019/20

Table 5 - DSG High Needs Block Funding Deficit- Before transfers from the Schools Block

Financial Year	Budget £000	Spend £000	Deficit £000	Cumulative Deficit £000
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 estimate	33,043	37,303	(4,260)	(14,900)

4.2 As can be seen from the table above, the cumulative High Needs Block deficit, before any transfers from the Schools Block would have been £10.640m at the end of 2018/19 and, based on the most up to date estimates is forecast to have increased to £14.900m by the end of 2019/20.

4.3 Table 6 below details the financial position of the High Needs block over the last 4 years after the agreed transfers from the Schools Block and also 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 £8.663m at the end of 2019/20. In total £6.237m has been transferred from the Schools block over the period in question.

Table 6 - DSG High Needs Block Funding Deficit - After transfers from the Schools Block

Financial Year	Original Budget £000	Tfr from Schools Block £000	Revised Budget £000	Spend £000	Deficit £000	Cumulative Deficit £000
2015/16	25,584	0	25,584	26,255	(671)	(671)
2016/17	26,263	385	26,648	29,231	(2,583)	(3,254)
2017/18	27,520	2,380	29,900	31,856	(1,956)	(5,210)
2018/19	31,428	1,878	33,306	34,093	(787)	(5,997)
2019/20 estimate	33,043	1,594	34,637	37,303	(2,666)	(8,663)

4.4 Table 7 below shows the spending trends. It highlights that total spending in 2015/16 was £26.255m, had risen to £34.093m by the end of 2018/19 and is estimated to increase to £37.303m by the end of 2019/20. In overall terms, spending is expected to have increased by £11.048m from 2015/16 to 2019/20, correspondingly funding (excluding transfers from the Schools Block has increased by £7.459m over the same period, clearly demonstrating that funding has not matched spending demands.

Table 7 - Spending Comparisons 2015/16 to 2019/20

	2015/16	2018/19	Change from 2015/16 to 18/19	2019/20 Estimate at March 2020	Change from 2018/19 to 2019/20 at March 20
	£	£	£	£	£
Statements (EHCP'S)	3,880,910	5,957,674	2,076,764	6,330,573	372,899
Special Schools	12,239,764	15,548,719	3,308,955	16,277,254	728,535
Special schools Growth – economies of scale	568,458	0	(568,458)	0	0
PRU	1,337,016	1,687,203	350,187	1,905,094	217,891
Resourced	619,465	524,263	(95,202)	616,810	92,547
High Needs Contingency	79,450	20,183	(59,267)	53,453	33,270
Early Help		0	0	350,000	350,000
OOB	2,363,000	4,429,019	2,066,019	5517,185	1,088,166
Central Education Support Services including HI/VI Services	4,104,650	4,104,649	(1)	4,104,649	0
Post 16	1,061,891	1,820,891	759,000	1743,672	(77,219)
Total Spending	26,254,604	34,092,601	7,837,998	37,302,487	3,209,886
Allocation after Schools Block Transfer	25,584,066	33,306,651	7,722,585	34,636,918	1,330,267
Annual Deficit	(670,538)	(785,950)		(2,665,569)	

Change 2015/16 to 2018/19

(a) £7,837,998

Change 2018/19 to 2019/20

(b) £3,209,886

Total Change

11,047,884

4.5 Table 8 below shows the increase in pupils with an Education, Health and Care plan from January 2015 to January 2020. As can be seen, there is a total increase of 1,154 pupils and a year by year stepped increase.

Table 8- Analysis of Pupils with an EHCP

EHCP PLAN DATA - FROM SEN2 survey	Jan-15	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20	Change from Jan 2015 to Jan 2020 (increase / (decrease))
Under age 5	83	77	89	96	104	120	37
5 to 10	438	439	525	587	716	763	325
11 to 15	531	550	574	636	687	798	267
16 to 19	108	182	260	308	373	384	276
20 to 25		13	50	91	176	249	249
Total	1,160	1,261	1,498	1,718	2,056	2,314	1,154
Registered Early Year Setting	1	3	16	13	21	21	20
Maintained Mainstream	344	306	323	366	425	442	98
Maintained Special	225	222	16	16	8	28	(197)
Maintained Resourced Provision	35	37	12	0	11	12	(23)
Mainstream Academy Resourced Provision	0	0	25	15	28	27	27
Mainstream Academies	184	195	220	241	315	381	197
Mainstream Free Schools	1	8	5	22	0		(1)
Special School - Academy	304	360	634	707	797	836	532
Non - Maintained Special	8	3		16	19	13	5
Independent Special	23	43	51	55	61	91	68
Other Independent	10	3	4	4	4		(10)
Pupil Referral Units	0	2	1	4	7	4	4
Post 16 - colleges/Sixth Form/Alternative Provision	0	60	167	248	280	361	361
Other Arrangements	25	19	24	11	80	98	73
Total	1,160	1,261	1,498	1,718	2,056	2,314	1,154

4.6 The most important driver of the High Needs Block pressure is the rising number of EHCP's 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.

5 DSG Recovery Plan

5.1 It is an important element of the financial management of the Authority that the DSG is not in a deficit position and there has been action to address this. However, this has been more than offset by the increasing numbers of children with special needs entering the education system. Action taken so far includes:

- the revision of Council processes to ensure that EHCP's are issued in a timelier manner and reviewed more frequently with regard to the needs of the child
- changes to the process for the placement of children out of borough

5.2 Work will continue during the remainder of 2019/20 and throughout 2020/21 to address the DSG deficit position building on the work already in train, with the continued monitoring of the detailed DSG recovery plan. Table 9 below extends the workings above over the three-year timescale of the initial recovery plan, showing, a projected deficit of £0.727m at the end 2021/22, compared to a surplus of £0.177m that was previously reported:

Table 9- DSG Recovery Plan Updated

	2019/20 £000	2020/21 £000	2021/22 £000
Variance Brought Forward	(2,723)	(5,048)	(4,904)
Movements Per Original Plan	(3,310)	1,048	5,081
Revised Forecast Variance at Mth9	(6,033)	(4,000)	177
Estimated additional pressures/savings	985	(904)	(4,504)
Additional Funding			3,600
REVISED NET FORECAST VARIANCE	(5,048)	(4,904)	(727)
If the 1% movement is not agreed			1,894
REVISED NET FORECAST VARIANCE	(5,048)	(4,904)	(2,621)

5.3 Following the consultation in November 2019 revised arrangements for the Dedicated Schools Grant will come into effect from the end of the financial year 2019/20. Future arrangements for dealing with overspends are as follows, a separate report on the Agenda considers these changes in more detail:

- the local authority must carry forward the whole of the overspend to the Schools budget in future years;
- the local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so

6. Conclusion

- 6.1 The continued increase in the DSG deficit is obviously a cause for concern particularly considering the regulatory changes arising from the recent consultation (as outlined above and reported in more detail in item 4 on the agenda)
- 6.2 As outlined work is underway to address the current deficit position within the DSG, and targeted resource is being deployed within the Directorate to specifically target the DSG and to accelerate the work that is already in train

7. Recommendations

- 7.1 Schools Forum is requested to note:
 - The current budgeted position for the DSG for 2019/20
 - The current budgeted position for the DSG for 2020/21
 - The increasing pressures on the High Needs Block in tables 5-8
 - The current position in relation to the DSG recovery plan as per table 9

Report of the Director of Finance

Agenda Item 4 – Clarifying the Specific Grant and Ring-fenced Status of the Dedicated Schools Grant

1. Purpose of the Paper

- 1.1 To provide members of the Schools Forum with an update on the outcome of the recent Government consultation on changing the conditions of grant and regulations applying to the Dedicated Schools Grant (DSG).

2. Background

- 2.1 The DSG is a specific grant, and the conditions of the grant made clear that it can only be spent on the Schools Budget, and not on other aspects of local government expenditure. Any underspend must be carried forward to the next year's Schools budget. To date the conditions of grant have provided Local Authorities (LA's) three options in the event of an overspend:

- Not to fund any of the overspend from general resources (in the year in question) and to carry all the deficit forward to the school's budget in the following year (requiring Schools Forum approval, failing which, approval from the Secretary of State)
- To fund part of the overspend from general resources and to carry the remaining deficit forward to the school's budget in the following year
- To fund all the overspend from general resources in the year in question

This has led some LA's to conclude that if their DSG account was in deficit, they need to be able to cover the deficit from the authority's general reserves.

- 2.2 The Department for Education (DfE) recently consulted on changing the above conditions of grant and regulations applying to the DSG, in order to clarify that the DSG is a ring-fenced specific grant separate from the general funding of LA's, and that any deficit an authority may have on its DSG account is expected to be carried forward to the next year's schools budget and does not require to be covered by the authority's general reserves. The consultation took place from 11 October 2019 to 15 November 2019, the findings were published in January 2020, a copy of the full DfE response document is appended to this report.
- 2.3 The consultation sought responses and views from LA's, Schools Forums and 'Other Interested Parties' on the following 3 questions:

Question 1: Do you agree that we should change the conditions of grant so that future arrangements for dealing with DSG overspends are worded as follows:

- the Local Authority must carry forward the whole of the overspend to the school's budget in future years;
- the Local Authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.

Question 2: Do you agree that we should delete regulations 8(6) and 8(10) from the new School and Early Years Finance (England) Regulations for the financial year 2020-21, so that local authorities are able to carry forward any DSG overspend to the school's budget in future years as the new conditions of grant will require?- Note; a mandatory carry forward against school balances removes the requirement for Schools Forum to approve the carry forward.

Question 3: Do you agree that the proposed new conditions of grant and regulations will establish clearly that local authorities will not be required to cover any DSG deficit from general funds?

3. Summary and Outcome of the Consultation Response

- 3.1 The overall response to the consultation was positive especially on the part of LA's. There was a substantial majority among all respondents in favour of all three proposals; 67% on Question 1; 73% on Question 2; and 59% on Question 3. The majority in favour among LA's was even bigger; 84% on Question 1, 91% on Question 2 and 65% on Question 3.
- 3.2 The most common reasons for opposing the first proposal were that it would reduce local authority autonomy and a concern that it might prevent local authorities from meeting the needs of pupils with special education needs and disabilities (SEND). Opposition to proposal 2 came mostly from schools. A number of LA's supported proposal 1 but said this was subject to comments they had made under Question 3 about the need to strengthen the proposed arrangements to satisfy Chief Finance Officers and auditors.
- 3.3 Given the clear majority responses to all three questions the Government has implemented the changes with effect from the end of the 2019/20 financial year, therefore any overspends at the end of the current financial year will fall under the new arrangements. It was however clear from the views of key stakeholders that the proposals needed strengthening in two respects: giving statutory backing to the new ring-fence arrangements, and clarifying that, where LAs were otherwise unable to clear their DSG deficits, the Department would agree a plan of action with them to enable these LAs to pay off their deficit over time.
- 3.4 Therefore, instead of making the changes to the conditions of grant (as proposed in the consultation) the provisions have been included in the School and Early Years Finance (England) Regulations 2020 that came into force in February 2020 (the grant conditions will be also be updated to bring them in line).
- 3.5 The requirement for the preparation of a Recovery Plan if a deficit is over 1% of the total DSG has been removed. In relation to clearing a deficit and the need for financial support the expectation is that in the context of rising high needs funding over the next few years, those LAs with a DSG deficit will first be able to bring their high needs budget into in-year balance, and then go on to recover the deficit by managing their expenditure within the larger DSG total. The DfE recognises that this process may be difficult for some LA's and it will work with these Authorities to help them achieve this and may consider additional support for the most challenged bodies if needed.

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- 3.6 Pages 13 and 14 of the attached document gives further detail in relation to specific 'Responses on other points' that were raised in the consultation.

4 Implications for Oldham

- 4.1 As reported elsewhere, there is an estimated DSG deficit of £5.048m at the end of the current financial year. Historically the Council has not specifically applied general resources to fund, either in part or in total, the DSG deficit and with Schools Forum approval the DSG deficit in any given year has been carried forward in full to the Schools Budget in the following year. To this extent the Council believes it is and has been compliant with the new regulatory requirements.
- 4.2 The balance of the DSG is presented in the Accounts of the Authority within the **Schools Reserve** – which includes the balances held by Schools under the scheme of delegation netted down by the value of the deficit on the DSG. The position at the end of 2019/20 will only be determined when the accounts are closed.
- 4.2 Members of the Schools Forum will also be aware that a DSG recovery plan was submitted to (June 19) and subsequently approved by the DfE (October 2019), by virtue of having triggered the threshold of a deficit that was in excess of 1% of the DSG allocation in the 2018/19 financial year. In its original version the plan showed an anticipated return to a surplus in 2021/22. The update provided elsewhere on the agenda is now predicting a deficit of £0.727m (assuming the 1% transfer from the schools block is retained in 2021/22) at the end of the same time frame. High Needs funding for future years has yet to be confirmed and work to tackle the levels of spending within the High Needs Block is at a relative early stage. The projection does however highlight potential difficulties in complying with the DfE expectations as outlined in section 3.5 above. If this were to be the case the it is highly probable that the DfE will work with the Authority to agree a plan of action with the LA to enable it to recover the deficit over time. The plan will include appropriate additional conditions of grant designed to secure the most efficient use of resources. These would depend on the situation and context, but could include, for example changes to local SEND policy or practice, management change or sign off of budget plans by the Department.

5. Conclusion

- 5.1 The provisions in The School and Early Years Finance (England) Regulations 2020 establish a statutory requirement for any DSG deficit balance to be held within the LA's overall DSG, meaning Authorities cannot fund a deficit from the General Fund without Secretary of State approval. This means they do not need to set aside general fund reserves. The Authority is of the opinion that it is compliant with this requirement, it will consult with its External Auditors to confirm this position and establish any further work that is required in relation to financial management and financial reporting.
- 5.2 It is noted that the DfE will work with Authorities to develop workable recovery plans and may consider additional support for the most challenged organisations if needed. It will look to develop, with the Ministry of Housing Communities and Local Government (MHCLG) and the Chartered Institute of Public Finance (CIPFA) as appropriate, standard disclosure wording for authorities to use in the DSG note to their financial statements from 2020/21.

6. Recommendation

- 6.1 Schools Forum is requested to note the statutory changes to the Dedicated Schools Grant as outlined in the report.

Report of the Director of Finance

Item 6 – Forward Plan

18th March 2020

20th May 2020

Item	Purpose	Officer Responsible
Budget Outturn report 2019-20	To inform members of the final outturn for 2019/20 and the disclosure in the statutory accounts	Finance Team
2019-20 maintained School Balances	To update members on school balances	Finance Team
Schools Financial Value Standard	Inform members of the position of Oldham schools	Finance Team

16th September 2020

Item	Purpose	Officer Responsible
School Forum Constitution	To agree the School Forum Constitution for 2020/21	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

25th November 2020

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

13th January 2021

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 2020/21

20th May 2020
16th September 2020
25th November 2020
13th January 2021

There will be other items presented as appropriate

Action

Schools Forum are requested to note the contents of this report