

SCHOOLS FORUM

23 October 2018

Commenced: 10.00am Terminated: 11.40am

Present:	Karen Burns (Chair)	Primary Schools – Academies
	Maire Wright	Primary Schools – L/A Maintained
	Jon Murray	Primary Schools – L/A Maintained
	Lisa Gallagher	Primary Schools – L/A Maintained
	Andy Card	Primary Schools – LA/ Maintained
	Simon Wright	Primary Schools - Academies
	Heather Farrell	Primary Schools - Academies
	Susan Marsh	Governor, Primary Schools – L/A Maintained
	Elizabeth Jones	Governor, Secondary Schools – L/A Maintained
	Richard O’Regan	Secondary Schools – L/A Maintained
	Robin Elms	Special Schools – L/A Maintained
	Rebeckah Hollingsworth	Pupil Referral Service
	Elaine Horridge	Diocesan Representative
	Alison Hampson	TCC
	Councillor Fairfoull	Executive Member (Performance and Finance)
	Tim Bowman	Assistant Director, Learning
	Christine Mullins	Finance Business Partner
	Louisa Siddall	Senior Accountant
	Wendy Lees	Senior Finance Officer

Apologies for absence:

Brendan Hesketh	Secondary Schools - Academies
Steve Marsland	Primary Schools – L/A Maintained
Gill McFadden	Secondary Schools - Academies
Anthony McDermott	Governor, Primary Schools – LA/ Maintained
Councillor Feeley	Executive Member Lifelong Learning

1. CHAIR’S OPENING REMARKS

The Chair welcomed everyone to the meeting, in particular, new Members to the Forum; Andy Card, Heather Farrell and Rebeckah Hollingsworth. She also welcomed Tim Bowman the new Assistant Director, Learning.

2. APPOINTMENT OF CHAIR AND DEPUTY CHAIR

RESOLVED

That Karen Burns be appointed as Chair and Susan Marsh be appointed as Deputy Chair of the Schools Forum for the 2018/19 Academic Year.

3. MINUTES

The Minutes of the meeting of the Forum held on 26 June 2018, having been circulated, were approved as a correct record with the following amendments:

Minute 19:

That the first line of the second paragraph read: It was explained that the opening position in 2018/19 of DSG (held in reserve) was a £4.024 million;

That the seventh paragraph read: Details of the known commitments and projected pressures on the DSG were included in the report. However, further work was being undertaken in a number of areas, therefore further pressures could be identified which may result in a further reduction in the DSG reserve; and

That Resolution (ii) read: That the unspent 2017/2018 funding totaling £0.089 million pro rata to the original contribution made by each School for the contingency budget, be allocated back to schools.

4. SCHOOL FUNDING UPDATE AND ANNOUNCEMENTS FROM THE DEPARTMENT FOR EDUCATION

The Assistant Director, Finance, submitted a report, providing an update on the Department for Education's position on the Schools National Funding Formula from 2019/2020 and other relevant announcements.

It was explained that the DfE had used the National Funding Formula (NFF) to calculate the blocks within the DSG. The indicative 2019/2020 figures were based on the October 2017 census information and the high level figures were provided as follows:

	2018/19 £000	2019/20 £000	Increase £000
Schools Block	159,018	160,225	1,207
High Needs Block	19,324	20,032	708
Central School Services Block	897	916	19
TOTAL	179,239	181,173	1,934

As previously confirmed by the DfE, local authorities would continue to set a local schools formula (soft formula) for 2019/2020. The DfE had further confirmed that this would continue to be the case for 2020/2021 due to the significant progress made in moving towards the NFF in its first year of implementation. There was no indication as to when the NFF (hard formula) would be fully implemented.

The information published in July continued to implement announcements from September 2017. Three key aspects of the schools NFF were being updated for 2019/2020:

- The minimum per pupil funding levels will increase to £3,500 for primary school and £4,800 for secondary schools;
- Within the schools block, the government will provide for at least 1% per pupil increase for each school in 2019/20 through the NFF compared with the 2017/18 baseline (so, at least 0.5% increase from 2018/19);
- A 3% gains cap from 2018/19 levels (a total of 6.09% gains against the 2017/18 baselines).

The schools block element of DSG funding would continue to be ring-fenced. This meant that the vast majority of funding for primary and secondary schools allocated to local authorities through the schools NFF must be passed directly to schools. However, local authorities had limited flexibility to transfer funding from the Schools Block to other areas, such as High Needs. Up to 0.5% could be transferred from schools block to other areas with agreement of the Schools Forum, following consultation with schools and academies. Local Authorities wishing to transfer more than 0.5% must submit a disapplication request to the Secretary of State for approval.

No transfer was completed for Tameside in 2018/19 although there was a pressure on the High Needs Block. This was due to the reserves brought forward from previous years which could support the 2018/19 pressure. However, the ability to transfer up to 0.5% of Schools Block funding was an option which may need to be considered during the consultation for the 2019/20 funding formula as the pressure continued and the reserve decreased.

In respect of the Schools Block update, it was reported that the NFF factors and unit values used in 2018/19 largely remained the same for 2019/2020. There were a couple of policy changes to note which were detailed in the report. It was further reported that Growth funding was previously allocated to local authorities on a historic basis. The funding formula had been amended for 2019/2020 and growth would be allocated on a formulaic basis. In 2018/2019 the growth allocation for Tameside was £0.533 million. The same amount had been included within the 2019/2020 indicative schools block allocation.

With regard to the High Needs Block update, it was explained that the gains cap had increased to 6.09% in 2018/2019 compared to 2017/2018 baselines. Tameside's increase before the gap is 7.5%.

The actual allocation for High Needs would change further for changes in pupil and student numbers through the basic entitlement factor (update due December 2018) and any movement between Local Authorities would be adjusted through the import/export factor (due June 2018). The import/export factor was an adjustment made by DfE to move funding between Local authorities where children resided in one borough but were educated in a different one to ensure the funding followed the pupil.

There were also further changes to the High Needs funding formula regarding special free school place funding, Hospital education and Post 16 high needs funding, details of which were given in the report.

In respect of 2019/2020 funding formula, it was reported that, as a local authority, Tameside had already adopted the NFF for the secondary sector and now needed to move towards the NFF in the primary sector. Consultation for the 2019/2020 funding formula was planned in the next couple of months.

A School Funding group was being established which would have representatives for all sectors including Head Teachers, School Business Managers and Governors. The purpose of the group would be to act as an advisory and technical group to Schools Forum. This should allow better consultation with schools regarding any funding formula changes as detailed discussions would take place with the representatives who should then be feeding back to their sectors to assist with responding to any consultation taking place.

In terms of other announcements, it was reported that with effect from 2019/2020, the DfE intended to tighten the rules governing deficits in local authorities' overall DSG accounts, under which local authorities would have to explain their plans for bringing DSG account back into balance. There would be a requirement for a report from any local authority that had a DSG deficit of more than 1% as at 31 March 2019. This report would need to be discussed with the Schools' Forum. The DfE would consult local authority representatives during the autumn of 2018 about the detailed implementation of these new rules. This currently did not effect Tameside.

Free School Meals supplementary grant – due to the roll out of Universal Credit, an income based threshold was introduced. As a result the number of pupils eligible for free school meals would increase. The DfE had introduced this grant for 2018/19 and 2019/20 to provide schools with extra funding to help them meet the higher costs of providing extra meals before the lagged funding system catches up. The grant would be determined by the difference between the number of meals taken by pupils eligible for free school meals in a school as recorded October 2018 and October 2017 census and the first payment would be made to local authorities in February 2019.

Teachers Pay Grant – The government had announced that a grant would be available to support the additional costs due to the increased pay award for teachers agreed in September 2018 (£187 million in 2018/19 and £321 million had been made available). This would support the costs over and above the 1% the government is assuming schools have already budgeted for. The grant would be allocated to schools based on an amount per pupil and final notification was expected from the DfE by the end of October.

In respect of the Scheme of Financing Schools, it was reported that the Local Authority was currently reviewing the Scheme and further information on changes would be reported to the Forum as soon as this work was complete. Two changes to be included were outlined in respect of a directed revision to the Scheme by the Secretary of State in March 2018 regarding Loans and a revision following guidance from Internal Audit and the Schools Framework Act regarding governing body spend of budget shares.

It was explained that from 2019 to 2020 the school resource management self-assessment tool would replace the School Finance Value Standard (SFVS) return that schools completed on an annual basis at the end of March each year. The school resource management self-assessment tool helped to provide trusts, local authorities and school Governors with assurance that they were meeting the basic standards necessary to achieve a good level of financial health and resource management.

Schools would be required to complete the assessment and submit to the LA in the usual way and the LA would still be required to collate and submit a return annually to the DfE. More information would be released over the autumn term and a consultation exercise would take place. Schools would continue to submit the current SFVS assessment at the end of March 2019 and the new assessment would be required by March 2020. A version of the new format was released to academies in September 2018.

Discussion ensued and Members raised concerns with regard to High Needs funding, in particular with regard to the gains cap increase and the complex nature of the calculation.

With regard to the school resource management self-assessment tool, Forum members were informed that the DfE had offered training and it was suggested that this be arranged for 12pm (following the meeting of the Forum scheduled for 12 February 2019) and to include School Business Managers in the invitation.

RESOLVED

- (i) That the content of the report be noted; and**
- (ii) That training on the school resource management self-assessment tool be arranged for 12 February 2019 at 12pm (following the Forum meeting scheduled for 10.00am that day).**

5. DEDICATED SCHOOLS BUDGET UPDATE FOR 2018/19 EARLY YEARS OUTTURN POSITION FOR 2017/18

Consideration was given to a report of the Assistant Director, Finance in respect of the Dedicated Schools Grant budget position for the 2018/19 financial year and update on the Early Years final outturn position for the financial year 2017/18.

It was reported that for 2018/19 the overall allocation for Early Years had increased by £0.551m. A detailed update of the Early Years block for 2018/19 was included in the report.

The DfE had recognised that authorities were likely to have received more disability Access Fund (DAF) funding than they had paid out to providers. The DfE expected authorities to spend any DAF funding not paid to providers in 2017/18 on services that were in line with the principles and aims of DAF. Local Authority officers would discuss how this could be spend in line with the DfE

statement, across the early year's sector. Local Authority officers would discuss the remaining surplus for 2017/18 and what the approach for the surplus would be.

Details of the updated Early Years allocations of the funding compared with projected distribution/spend against the grant was highlighted in the report. As in previous years, the final allocation of Early Years funding would not be announced until June 2019. Therefore, any projected surplus may be recouped by the DfE. The update DSG allocation for 2018/19 and projected use of the grant was also included in the report.

In respect of High Needs Funding, it was reported that the updated DSG settlement for 2018/19 was £19.324 million. The pressure on the high needs budget of £1.072 million included estimated growth across all sectors of approx. £0.9 million. The current projections showed that growth was continuing at expected levels and the £0.9 million was a realistic estimate at this time (following the summer term adjustments). This would continue to be closely monitored and assessed when the next funding update was calculated at the end of the autumn term.

Members were informed that the funding pressures faced in Tameside were being replicated in local authorities across the country. Pressure on schools budgets, (stand still budgets, LA funding cuts), fundamental changes in education policy (children's and families act) and increasing accountability were all impacting. Managing these pressures whilst continuing to support those children most in needs, would require different thinking about practice, provision and places that were commissioned.

The High Needs Funding allocation, places commissioned and how effective services were in support of high needs learners, would continue to be reviewed and progress would be reported at the December meeting of the Forum.

The known commitments and projected pressures on the DSG were also included in the report. This had been updated to reflect the updated surplus on the Early Years block from 2017/18. Ongoing monitoring would continue to review the position of the reserve.

RESOLVED

That the content of the report be noted.

6. BALANCE MECHANISM SCHEME 2018/19

The Assistant Director, Finance, submitted a report giving details of schools balances 2018/19 and the Balance Mechanism Scheme.

It was reported that, from 2018/19, a number of changes were introduced to support the monitoring of surplus balances and these were agreed at Schools Forum in June 2018.

Under the Balance Mechanism, schools classed as having surplus balance (over 8% in primary and special or 5% in secondary schools) are required to submit a return to the Local Authority (LA).

The school needed to identify how they would utilise their projected surplus balance at the end of 2018/19 (after taking into account their planned spend into 2018/19 against their 2018/19 DSG funding including any balances brought forward from 2017/18).

The return should include detail of how the surplus balance would be spent over the 4 specified reasons (listed in the report) and the return should be agreed and approved with Governors before submitting to the LA by 30 June 2018.

Schools Forum had the right to claw back surplus balances under the Balance Mechanism Scheme Schools if the criteria of the scheme had not been followed.

Full details of the scheme were appended to the report.

As previously reported in June 2018, the final school balances 2017/18 were reported as £4.205m across all sectors. 64 schools held surplus balances totalling £8.196 million whilst 10 schools closed the year with deficits totalling £3.992 million.

All schools had now submitted their original budget plan 2018/19 to the LA and a summary of the position schools were projecting at the end of 2018/19 was displayed in the report. This showed schools planning a significant reduction in surplus balances by the end of March 2019.

As the Balance Mechanism stated, schools with a surplus balance (over 8% in primary and special) and 5% in secondary schools must have that balance approved by Governors and submitted to the LA by the 30 June 2018. Details of those schools that sent in returns were given in the report.

Forum members were informed that the Local Authority had worked closely with schools to support them in completing the returns. However, currently only 20 of the 26 schools that were required to submit a return had done so and of the schools that did send in returns only 6 indicated that they had obtained Governor approval. The L/A would continue to work with the schools that hadn't returned their forms.

In respect of the monitoring of surplus balances, schools with a surplus balance (over 8% in primary and & special and 5% in secondary) must earmark their surplus against 1 of the 4 permitted reasons. Anything below these thresholds was classed as a 'Permitted Balance'. The report outlined how schools with surplus balances planned to utilise their balances.

Most schools chose only to indicate what they were using their surplus balance on rather than their whole Balance (surplus and permitted). This was being reviewed for 2019/2020 to further encourage schools to consider the use of their total balance, this would help school leaders and governors with longer term financial strategy plans.

The Chair and members raised concerns particularly in respect of schools who had not returned their form, the apparent lack of Governing Body sign off and the extent of some surplus balances.

RESOLVED

That the content of the report be noted.

7. TAMESIDE PFI SCHOOLS ACCOUNTING REVIEW

Consideration was given to a report of the Assistant Director of Finance providing an update in relation to the review of accounting and charges for the PFI Schools within the Tameside Borough.

Since the start of the review there had been some significant changes with regards to the PFI contracts and associated areas. With the collapse of Carillion there was a new contractor, Robertson Group, providing services to the PFI estate.

A PFI project manager had been appointed by the Investment and Development service, whose role it was to manage the PFI contract on behalf of the Council and schools.

As per the report presented to the June 2018 meeting of the Forum, a review of the LEP arrangements post July 2019 had been commissioned. The outcome of this may impact on these contracts. The Assistant Director of Finance had also commissioned a further review into the Hattersley PFI scheme to look to see if any cost efficiencies could be found from within the contract. There was also ongoing work relating to a benchmarking exercise of the Hattersley contract and outstanding contractual payments.

There were two separate reviews underway with regard to the Samuel Laycock/Greater Academy. The first was a review of the contract and the cost of the contract which would be covered by the same consultant reviewing the LEP arrangements. The second review had been commissioned by the Investment and Development directorate, to look specifically at a condition survey of the equipment on site and to assist in informing an asset replacement, repair programme and lifecycle costs. The outcome of these reviews would be fed back to future meetings.

The Chair thanked officers for the extensive and positive report.

RESOLVED

That the content of the report be noted.

8. DATE OF NEXT MEETING

RESOLVED

To note the date of the next meeting of the Schools Forum as Tuesday 4 December 2018 at 10.00am, Discovery Academy, Porlock Avenue, Hyde.

9. CHAIR'S CLOSING REMARKS

The Chair thanked everyone for their attendance, however raised concerns in respect of persistent non-attendance of some Forum members. She requested that the Clerk to the Forum undertake a review of attendance over the last academic year with a view to including a minimum attendance rate at meetings in the Terms of Reference for the Forum.