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## SCHOOLS' FORUM

**Day:** Tuesday  
**Date:** 25 June 2019  
**Time:** 10.00 am  
**Place:** Discovery Academy, Porlock Avenue, Hyde

Item No.	AGENDA	Page No
1.	<b>APOLOGIES FOR ABSENCE</b>	
2.	<b>DECLARATIONS OF INTEREST</b> To receive any declarations of interest from Forum members.	
3.	<b>MINUTES</b> To consider the minutes of the meeting of the Schools' Forum held on 12 February 2019.	1 - 6
4.	<b>SCHOOLS FUNDING CONSULTATION UPDATE</b> To consider the attached report of the Assistant Director, Finance and the Assistant Director, Education.	7 - 34
5.	<b>SCHOOLS FINANCIAL VALUE STANDARDS</b> To consider the attached report of the Assistant Director, Finance.	35 - 38
6.	<b>SCHOOL BALANCE 18-19 AND BALANCE MECHANISM 19-20</b> To consider the attached report of the Assistant Director, Finance and the Assistant Director, Education.	39 - 48
7.	<b>DEDICATED SCHOOLS GRANT OUTTURN POSITION FOR 2018-19 AND BUDGET UPDATE FOR 2019-20</b> To consider the attached report of the Assistant Director, Finance and the Assistant Director, Education.	49 - 56
8.	<b>HIGH NEEDS FUNDING UPDATE</b> To consider the attached report of the Assistant Director, Finance and the Assistant Director, Education.	57 - 64
9.	<b>DATE OF NEXT MEETING</b> To note that the next meeting of the Forum be held on 22 October 2019	

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From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

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## SCHOOLS FORUM

12 February 2019

**Commenced: 10.00am**

**Terminated: 11.35am**

<b>Present:</b>	<b>Karen Burns (Chair)</b>	<b>Primary Schools – Academies</b>
	<b>Steve Marsland</b>	<b>Primary Schools –L/A Maintained</b>
	<b>Lisa Lockett</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Lisa Gallaher</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Andy Card</b>	<b>Primary Schools – LA/ Maintained</b>
	<b>Simon Brereton</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Simon Wright</b>	<b>Primary Schools - Academies</b>
	<b>Susan Marsh</b>	<b>Governor, Primary Schools – L/A Maintained</b>
	<b>Anthony McDermott</b>	<b>Governor, Primary Schools – LA Maintained</b>
	<b>Donal Townson</b>	<b>Governor, Primary Schools – L/A Maintained</b>
	<b>Elizabeth Jones</b>	<b>Governor, Secondary Schools – L/A Maintained</b>
	<b>Richard O'Regan</b>	<b>Secondary Schools – L/A Maintained</b>
	<b>Gill McFadden</b>	<b>Secondary Schools - Academies</b>
	<b>Robin Elms</b>	<b>Special Schools – L/A Maintained</b>
	<b>Michael Wain</b>	<b>Pupil Referral Unit</b>
	<b>(For Rebeckah Hollingsworth)</b>	
	<b>Elaine Sagar</b>	<b>PVI Representative</b>
	<b>Elaine Horridge</b>	<b>Diocesan Representative</b>
	<b>Alison Hampson</b>	<b>TCC</b>
	<b>Tim Bowman</b>	<b>Assistant Director, Learning</b>
	<b>Christine Mullins</b>	<b>Finance Business Partner</b>
	<b>Louisa Siddall</b>	<b>Senior Accountant</b>
	<b>Wendy Lees</b>	<b>Senior Finance Officer</b>
<b>Apologies for absence:</b>	<b>Councillor Fairfoull</b>	<b>Executive Member, Performance and Finance</b>
	<b>Councillor Feeley</b>	<b>Executive Member, Lifelong Learning</b>
	<b>Heather Farrell</b>	<b>Primary Academy Schools</b>
	<b>Brendan Hesketh</b>	<b>Secondary Schools - Academies</b>

### 16. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting, in particular, new Forum members as follows:

Elaine Sagar – PVI Representative replacing Lorna Meredith; and

Simon Brereton – Primary Schools L/A Maintained, who filled a vacancy in that sector.

She further welcomed Michael Wain – Pupil Referral Unit, attending in place of Rebeckah Hollingsworth, for this meeting.

The Chair also thanked outgoing members; Jon Murray, Andrea Ives and Maire Wright.

The Chair further announced that this was to be the last meeting of Alison Hampson, Tameside Consultative Committee representative, as she was retiring in the near future. She thanked Alison for her hard work for the Forum and wished her well for the future.

It was also confirmed that there were currently vacancies on the Forum, one in the Primary Maintained sector and one in the Primary Academy sector.

## **17. DECLARATIONS OF INTEREST**

There were no declarations of interest submitted by Forum members.

## **18. MINUTES**

The Minutes of the meeting of the Forum held on 18 December 2018, having been circulated, were approved as a correct record, with the following typographical amendment: Minute 12, Resolution (ii), final paragraph should read 'Any elected member or officer of the Council cannot stand as Chair'.

## **19. DEDICATED SCHOOLS GRANT BUDGET UPDATE 2018/19**

The Assistant Director of Finance and the Assistant Director of Education submitted a report updating Forum members on the Dedicated Schools Grant (DSG) position for the 2018/19 financial year.

It was reported that the updated DSG settlement for 2018/19 was received in December 2018. The updated allocations included Additional Pressures funding of £0.517 million for High Needs as announced by the Secretary of State for Education, Damien Hinds, on 16 December 2018. The updated DSG settlement for 2018/19 and projected distribution/spend was detailed in Table 1 of the report. The projected deficit on the schools block related to diseconomies funding of £0.153 million (this would be funded from the reserve as previously agreed) and £0.056 million of business rates adjustments due to the actual charges being higher than estimated. This was partly offset by a small surplus on growth funding of £0.013 million and business rate relief from academy conversions and prior year adjustments of £0.125 million.

In respect of High Needs Funding update for 2018/19, it was explained that the budget had been updated to include the additional funding, as detailed above, and the revised forecast for year-end was an approximate deficit of £1.161 million (original deficit was £1.072 million in December 2018) the breakdown of which was shown in Table 2 of the report. It was noted, however, that there was work ongoing to verify the Independent and Post 16 spend, as well as completing the real time exercise for the Spring Term which could impact on the final outturn figure.

As previously reported to the Forum, the High Needs block was under significant pressure arising from a number of areas:

- The increasing high needs population such as special school places and resourced provision;
- Increase of Education Health Care Plans being issues;
- Increases in the number of Post 16 placements requiring top-up funding; and
- Increased spending in supporting Tameside children in the Independent Sector or Out of Borough placements.

It was explained that the funding pressures faced in Tameside were being replicated in local authorities across the country. As discussed previously, ways to manage these pressures were being considered whilst continuing to support those children most in need.

Table 3 of the report provided updated information in respect of Early Years allocations of the funding compared with projected distribution/spend against the grant. The projections were based on estimates for uptake and would continue to be updated throughout the financial year.

The known commitments and projected pressures on the DSG were detailed in Table 4 of the report. Ongoing monitoring would continue to review the position of the reserve.

## **RESOLVED**

**That the content of the report be noted.**

### **20. DEDICATED SCHOOLS GRANT FUNDING (DSG) FORMULA 2019/20**

Consideration was given to a report of the Assistant Director of Finance and the Assistant Director of Education, which gave information in respect of the arrangements concerning the Dedicated Schools Grant (DSG) funding for 2019/2020.

It was reported that the provisional DSG settlement for 2019/20 of £200.418 million was received on 17 December 2018. All DSG funding must be deployed to schools and/or pupils in accordance with the School and Early Years Finance (England) (No 2) Regulations 2018.

Table 1 of the report provided the breakdown of the provisional settlement for the four blocks within the DSG plus the High Needs additional pressures allocations announced in December 2018, compared with the 2018/19 updated settlement figures.

It was explained that the Schools Block 2019/20 was the largest element of DSG funding which provided the majority of funding for Mainstream Schools and Academies, with additional elements potentially being allocated through the Early Years and High Needs blocks. The schools block settlement from the DfE was made up of the following funding:

- A primary unit of funding of £4,141.62;
- A secondary unit of funding of £5,274.27;  
(These units of funding were based on 2018/19 pupil numbers and characteristics and make up of the vast majority of the schools block);
- Premises – this included PFI and business rates which were based on historical spend; and
- Growth – this was calculated using the difference between the primary and secondary numbers on roll on the October 2017 and October 2018 school censuses.

A breakdown of the schools block settlement from DfE was detailed at Table 2 of the report. The rates used for each sector to allocate the funding to each individual school were included in Appendix A to the report.

In terms of growth, it was reported that the existing policy for the Growth Fund (attached as Appendix B to the report) would continue to be used. Schools Forum was requested to note and approve the inclusion of diseconomies funding to the Growth Fund Policy, (also detailed in Appendix B to the report), to fall in line with DfE recommendations. This would only apply to any new schools opening from 2019/20 onwards. There was an existing funding agreement in place for diseconomies, which Schools Forum had previously agreed to and the Council was not looking to change this historic agreement.

It was further explained that there were two types of growth that were funded from the Growth Fund: Explicit Growth and Implicit Growth and details of both were given in the report.

Forum members were informed that, during a review of the formula for 2019/20, schools had asked for a split site criterion to be established. The purpose of this factor was to support schools that had unavoidable extra costs because the school buildings were on separate sites. The proposed criteria was detailed, along with a proposed funding allocation at Table 5 of the report. There were no schools funded from the Schools block. However, this factor would apply to the Tameside Pupil Referral Service, which was funded by the High Needs Block.

De-delegation was the terminology employed by the DfE in relation to Schools Forum representatives of Council Maintained Schools voting on whether to support mandatory charging to all Council Maintained Schools for certain Council services. The Primary and Secondary sector were asked to vote separately in relation to each of the services, following discussion with their wider stakeholder colleagues.

Academies did not have the option of de-delegating but had the opportunity to procure the service as a traded service. The charge would be on the same basis as de-delegation. Schools Forum was asked to approve the de-delegation of: Trade Union Support and Contingency budgets for 2019/20 as detailed in Table 6 of the report.

As in previous financial years, schools were asked to support safeguarding in the Borough, by agreeing to make a contribution of £0.096 million towards the cost of the Tameside Safeguarding Children Board. All schools were asked to support the continuation of this arrangement in 2019/20. This equated to approximately £2.76 per child.

In respect of High Needs 2019/20, it was reported that in December 2018, the government released the provisional 2019/20 High Needs Block Allocation of £20.854 million. This was an increase in funding of £1.013 million compared to 2018/19 current settlements. In addition to this, the Local Authority received Additional Pressures funding of £0.571 million both in 2018/19 and 2019/20. Table 7 of the report illustrated the changes compared to 2018/19 and Table 8 of the report broke down the settlement into the various factors.

With regard to the Early Years Block, the yearly years block provisional settlement from the DfE was shown in Table 9 of the report. It was explained that the allocations were currently based on Schools, Early Years and Alternative Provision censuses data from January 2018 and would be updated based on January 2019 and January 2020 census data.

In respect of the Central School Services Block (CSSB), it was explained that this block was introduced in 2018/19 to fund statutory duties the Local Authority undertakes for both maintained schools and academies. The CSSB brought together:

- Funding previously allocated through the retained duties element of the Education Services Grant (ESG);
- Funding for ongoing central function such as admissions which were previously top sliced from the schools block; and
- Residual funding for historic commitments of which there were none for Tameside MBC.

The allocation to the Council was based on a per pupil element of £26.99 for ongoing duties (i.e Admissions, Schools Forum, copyright Licenses, former ESG duties) totalling £0.925 million.

The DSG operational guidance for 2019/202 required the Council to formally request Schools' Forum approval for the central retention of the following:

- £0.226 million to support the School Admissions service;
- £0.005 million to support the costs of the Schools Forum; and
- £0.523 million to support elements of the Councils centrally retained duties (formally the retained duties element of the ESG)

Detailed discussion ensued in respect of each aspect of the report and the recommendations to the Forum.

Particular concerns were made in respect of the Split Site criterion and members sought a review of the criteria to form part of a consultation process with schools for 2020/21.

Forum members sought further clarity in respect of de-delegation of Trade Union Support and Contingency budgets and the need for transparency and requested further information regarding the criteria for spend from the Contingency budget.

The Assistant Director of Education, in his response, explained that the Funding Group would decide the criteria and this would be reported back the Forum at a future meeting. He further highlighted the importance of having a plan in place to mitigate against financial pressures.

## **RESOLVED**

- (i) That the content of the report be noted and supported;
- (ii) That the proposed Dedicated Schools Grant 2019/20 proposed funding formula for mainstream schools, as detailed in the report, be approved;
- (iii) That the Growth Fund for 2019/20, as detailed in the report, be approved;
- (iv) That Primary Maintained School Members approve to de-delegate the costs of the following services for financial year 2019/20:
  - Trade Union Support
- (v) That Secondary Maintained School Members approve to de-delegate the costs of the following services for financial year 2019/20:
  - Trade Union Support; and
  - Schools Contingency.
- (vi) That the Split Site criteria, as detailed in the report, be approved for 2019/20 subject to review of the criteria to form part of a consultation with schools for 2020/21;
- (vii) That schools' continued contribution to the Tameside Safeguarding Board for 2019/20 be supported;
- (viii) That the central retention of Early Years funding, as detailed in the report, be approved;
- (ix) That the allocation of the Central Services Schools Block be approved as follows:
  - The retention of £0.226 million to support the cost of the Admissions service;
  - The retention of £5,000 to support the cost of the Schools Forum; and
  - The retention of £0.523 million to support elements of the Councils Centrally Retained duties (formerly the retained duties element of the ESG).

## **21. SCHOOLS' FORUM FORWARD PLAN 2019/20**

A report of the Assistant Director of Finance and the Assistant Director of Education submitted a report outlining the timetable and schedule of meeting and reports to be presented for the upcoming year, forming a forward plan.

## **RESOLVED**

That the meeting dates set out for 2019/20 and the reports to be tabled at each meeting, be noted.

## **22. DATE OF NEXT MEETING**

## **RESOLVED**

To note the date of the next meeting of the Schools Forum as Tuesday 25 June 2019 at 10.00am, Discovery Academy, Porlock Avenue, Hyde.

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<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	25 June 2019
<b>Reporting Officer:</b>	Tim Bowman, Assistant Director, Education Tom Wilkinson, Assistant Director, Finance
<b>Subject:</b>	<b>SCHOOLS FUNDING CONSULTATION UPDATE</b>
<b>Report Summary:</b>	This report provides an overview of work carried out by the Schools Funding group at the request of Schools Forum relating to Split Site, Growth and Early Years.
<b>Recommendations:</b>	Schools Forum approve the proposed changes to the split site factor outlined at 3.3  Schools Forum approve the proposed change in funding for the Growth Factor at <b>Appendix C</b>  Schools Forum agree existing funding arrangements remain in place for the 2 schools being funded for bulge classes on a historic basis.  Schools Forum support Early Years recommendations at Section 6.
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policies and financial regulations.
<b>Financial Implications:</b> (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	As outlined in the body of the report.
<b>Legal Implications:</b> (Authorised by the Borough Solicitor)	The Forum should be satisfied it has considered all factors set out in the report when making its decision.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and closure of accounts to ensure that this is achieved.
<b>Access to Information:</b>	This report does not contain information which warrants its consideration in the absence of the Press or members of the public
<b>Background Information:</b>	The background papers relating to this report can be inspected by contacting Christine Mullins



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## 1. INTRODUCTION

- 1.1 Schools forum requested further work be carried out by the Schools Funding Group in relation to the Split Site Factor and a further review of the Growth Factor at February 2019 Schools Forum Meeting. This report is to feedback the outcome of this work and the proposed changes to the schemes.

## 2. CONSULTATION

- 2.1 On 26 March 2019 the Schools Funding Group met to discuss the Split Site criterion, The Growth Factor and use of the Early Years Funding. The issues were discussed at length and a number of differing options were considered. The group requested a consultation with all schools and academies setting out the options that the group had identified it felt appropriate for consideration.
- 2.2 A full digest of the meeting along with a consultation papers for Split Site and Growth factors were issued on 7 May 2019. The consultation included a link to a Survey Monkey Question for feedback. The consultation ran from 7 May 2019 and ended on 24 May 2019. Of the 99 schools consulted, 9 responses were received to the split site questions 9% of all schools and for the Growth Factor 8 schools 8% responded. The low number of responders should be considered when making decisions.
- 2.3 **Appendix A** shows the results of the survey.

## 3. SPLIT SITE FACTOR

- 3.1 Further to the discussion of the Schools Funding Group which explored the cost drivers for schools on splits sites, 4 options were recommended for consultation.

Option 1 - Remain with the Split Site Factor approved by Schools Forum in February 2019

- The school is recognised as one school by the DfE, and has only one school number.
- The school sites must be at least one mile apart as the crow files.
- The school sites must be separated by an A road.

Option 2 - Change the Split Site Factor to the following;

- The school is recognised as one school by the DfE, and has only one school number.
- The separate sites are effectively operating as separate schools with senior leadership (or a head of centre) being needed at both sites.

Option 3 - Have a Split Site Factor on the High Needs Block Only

Option 4 - Remove Split Site Factor for all schools

- 3.2 The outcome of the survey consultation is schools support option 2 with 70% of schools supporting this option. This is the option that was also favoured by the Schools Funding Group. Specific comments made by schools to support their decisions are

“There is an impact on admin staff requirements when a school essentially has two receptions offices.”

“Split site funding should be used to mitigate against the additional costs faced by schools in such premises. Having to have separate heads of school and/or reception centres is the best way to identify this rather than which type of road intersects both sites.”

”Distance isn't always going to make a difference to costs incurred.”

It is therefore proposed the Split Site Factor outlined at 3.3

### 3.3 Split Site Factor

Tameside split site criteria is applicable to all schools and academies. Schools that meet the criteria will be eligible for split site funding. Schools sharing facilities, federated schools and schools with remote sixth forms or remote early year’s provision are not eligible for split site funding.

- The school is recognised as one school by the DfE, and has only one school number.
- The separate sites are effectively operating as separate schools with senior leadership (or a head of centre) being needed at both sites.

The funding in the table below recognises that operating sites at such a distance would require additional leadership costs, the need for separate reception points and a nominal contribution to additional resources to support this.

Split Site Costs	£
Additional Leader - Leadership point 10 plus on costs	£61,658
Reception - Grade D TTO plus on-costs	£19,556
Additional Resources	£2,000
Total Split Site Allocation	£83,214

## 4. GROWTH FUND

4.1 The Schools Funding Group discussed aspects of the Explicit Growth fund. A number of options were presented to the Schools Funding Group which the group did not feel were appropriate and recommended 3 alternatives for consultation outlined at 4.2.

Option 1 – No Growth Funding

Option 2 – Growth Per Pupil Model - Growth should be funded based on actual numbers pro rata to the period September to March and allocated on AWPU rates for schools dependant on sector. Both one off bulge classes and planned continued growth classes will be funded using the same principles. Schools will be funded on an academic year basis.

Option 3 – Tapered Growth Per Pupil Model – Growth funded on the same basis as option 2 with protected numbers for years 1 and 2.

Full details of all of the options can be found in **Appendix B** with worked examples for reference.

4.2 The outcome of the survey is schools support option 2 with 62.5% of schools (5 schools) supporting this option. 37.50% (3 schools) of respondents voted for option 3.

4.3 Schools Funding Group requested that the growth policy should have a minimum number of pupils where growth is planned in a school acknowledging that if school is expecting to take a growth class. It was felt there should be more than 5 pupils before growth funding is allocated, but a minimum level of funding of 15 pupils funded to ensure that the school did not face financial difficulty. This was consulted upon and 89% respondents supported this approach.

4.4 The Schools Funding group also wanted to consider a cap on pupil numbers funded to limit the amount being top-sliced from the school block to fund this, and recognising that it is

likely there will be some economies of scale that can be made once the class size is over 30. Schools were asked what level of cap if any was reasonable.

- 4.5 The outcome of consultation with 50% of respondents would be to cap funding at 30 pupils, responses are shown below;

Option	Proposal	Percentage	School No's
Option 1	No Cap	25%	2
Option 2	Cap at 30 Pupils	50%	4
Option 3	Cap at 45 Pupils	25%	2
Option 4	Cap at 60 Pupils	0%	0

- 4.6 It is therefore proposed that Schools Forum approve a Growth Factor that should have the following factors;

- Growth based on pupil numbers on actual numbers funded pro rata to the period September to March (based on October census) and allocated on AWPU rates dependant on the schools sector
- Minimum funding of 15 pupils
- Funding capped at 30 pupils

Forum members are asked to approve the Growth Policy outlined in Appendix C to be applied to all future funding of Growth

## 5. HISTORIC GROWTH ARRANGEMENTS

- 5.1 As part of the consultation schools funding group also discussed the funding arrangements for 2 schools that are currently in receipt growth funding on a historic arrangement. The discussion was to agree whether the schools should continue to be funded on the historic arrangements already in place or whether the schools should be moved to whichever new arrangements were put in place. The options presented for consultation were

Option 1: Funding should continue in both schools

Option 2: Funding should continue in school 1 only

Option 3: Funding should continue for school 2 only

Option 4: Schools should be funded under the new growth criteria for 1 April 2020.

- 5.2 The outcome of the survey consultation is schools support option 1 with 75% of schools supporting this option.

Specific comments made by schools to in relation to this are

“I am concerned about being asked to make financial decisions about two specific schools. without knowing the wider financial position and the implications of any future models, it would seem to unfair to the specific schools who will have made commitments to accept additional numbers in good faith.”

“Not answered Q8 as I think a further option should have been available. When the schools agreed to take a bulge class what were they informed of how it should operate? If they were told that it would continue to Year 6 then this should be the case. If it was not then it seems reasonable to move to the new funding criteria - particularly as the schools will now be in receipt of the AWPU”.

- 5.3 It is recommended that these 2 arrangements continue to be funded under the historic Growth Fund Allocation.

## **6. EARLY YEARS**

6.1 As requested at last forum, School Funding Group were to hold discussions regarding the proposals for additional funding being used to strengthen the SEND offer.

6.2 It was agreed to that subject to the affordability of plans the following be supported

- Increase the area SENCO model with – two more posts in to deliver on this.
- Increase capacity in the Quality Team – to include additional capacity in each locality to support speech language and communication needs, the area SENCO role and quality work in good settings, this would also include additional commissioned school to school support,
- Set aside funding for a commissioning fund to enable school to school and PVI sector to support as an Early Years improvement fund. With some specific focus on Speech, Language and Communication

There was also discussion regarding the need in future to consider further the headroom for further central retention (i.e. we currently allocate 96% and retain 4%, however we can retain 5% as 95% is the statutory pass through allocation)

6.3 School Forum Members are requested to support this approach.

## **7. SCHOOLS FUNDING GROUP**

7.1 Schools Funding Group have met again on 21 May 2019 to discuss, High Needs Pressures, Schools Balances and Contingency. A digest has been prepared from the meeting to share with schools; however the detail on High Needs and the School balances are subject to separate agenda items.

7.2 Schools Funding Group have requested discussion at Business Manger Meetings, and Primary Heads Briefing to ensure schools are aware of the issues ahead of the consultation of 2020/21 Funding announcements.

## **8. RECOMMENDATIONS**

8.1 As set out at the front of the report.

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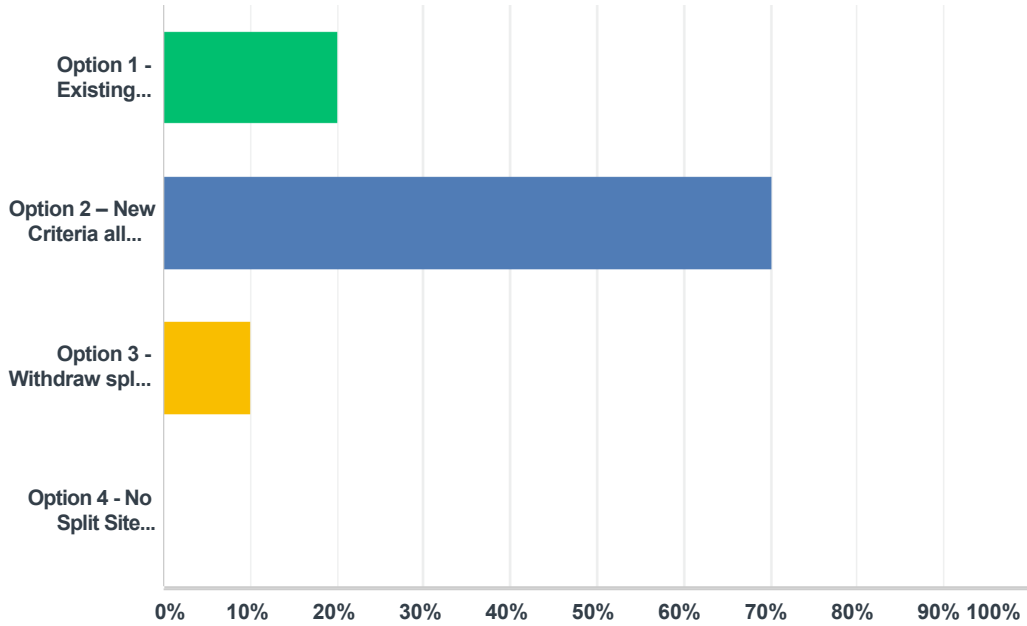
Q1 Please state the name of your school in the box below.

Answered: 16 Skipped: 0

#	RESPONSES	DATE
1		5/24/2019 2:08 PM
2		5/24/2019 11:56 AM
3		5/24/2019 9:19 AM
4		5/23/2019 10:35 PM
5		5/23/2019 1:53 PM
6		5/22/2019 9:43 PM
7		5/15/2019 11:12 AM
8		5/13/2019 1:55 PM
9		5/9/2019 11:27 AM

**Q2 Please indicate which of the above options you would prefer in relation to the Split Site Criteria and the Growth Fund allocation. (Please select one box only)**

Answered: 10 Skipped: 6



ANSWER CHOICES	RESPONSES	
Option 1 - Existing Criteria as agreed at Forum	20.00%	2
Option 2 – New Criteria all Schools	70.00%	7
Option 3 - Withdraw split site criteria for schools block funded schools and retain for High Needs Funded Schools Only	10.00%	1
Option 4 - No Split Site Criteria for any school.	0.00%	0
<b>TOTAL</b>		<b>10</b>



**Q3 Please give your reasoning for your choice in the box below.**

Answered: 3 Skipped: 13

#	RESPONSES	DATE
1	There is an impact on admin staff requirements when a school essentially has two reception offices.	5/9/2019 10:53 AM
2	Split site funding should be used to mitigate against the additional costs faced by schools in such premises. Having to have separate heads of school and/or reception centres is the best way to identify this rather than which type of road intersects both sites.	5/9/2019 8:50 AM
3	Distance isn't always going to make a difference to costs incurred.	5/7/2019 3:04 PM

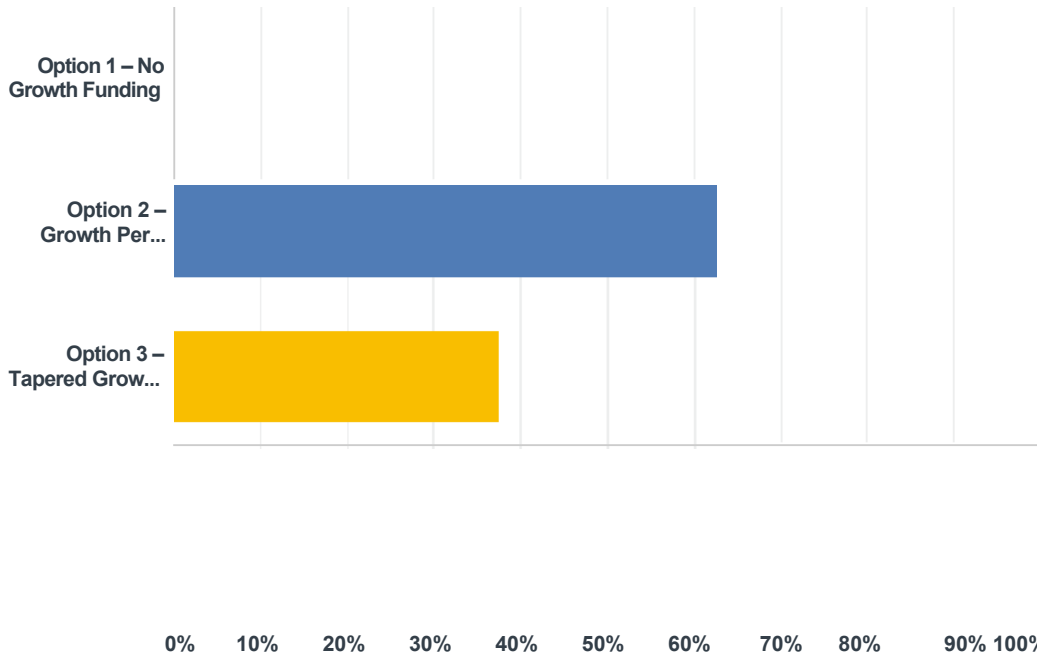
Q4 Are there any other comments you would like to make regarding Split Site Criteria? Please write in the box below.

Answered: 1 Skipped: 15

#	RESPONSES	DATE
1	No	5/9/2019 10:53 AM

**Q5 Please indicate which option in line with consultation document you believe is most appropriate for Tameside Schools.**

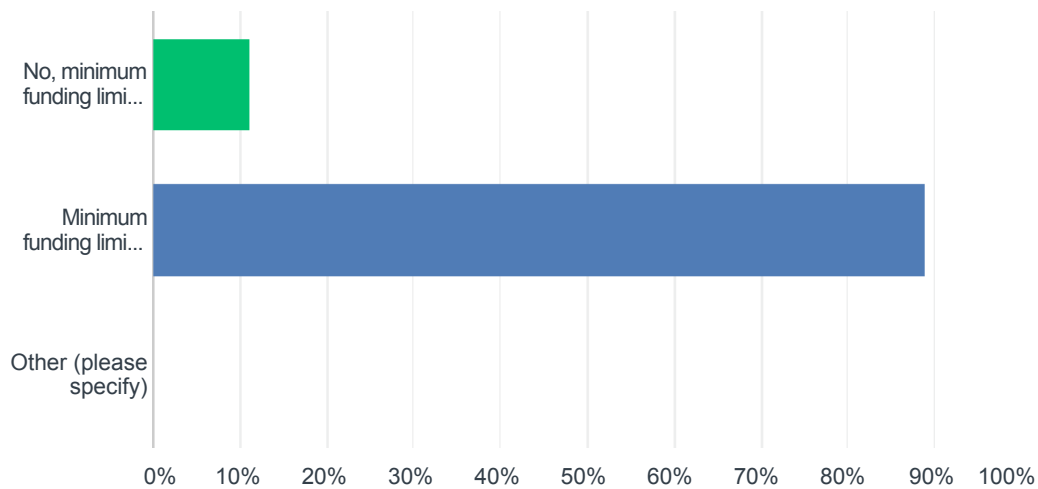
Answered: 8 Skipped: 8



ANSWER CHOICES	RESPONSES	
Option 1 – No Growth Funding	0.00%	0
Option 2 – Growth Per Pupil Model	62.50%	5
Option 3 – Tapered Growth Per Pupil Model	37.50%	3
<b>TOTAL</b>		<b>8</b>

Q6 Schools are asked for their opinion on minimum funding levels for growth classes. Schools who are asked to take a growth class should receive a minimum level of funding where actual numbers of growth are less than planned numbers. To qualify for the growth funding it is considered reasonable that a school should take 5 or more children before they qualify for minimum funding. If a school is asked to take either a bulge class or is taking pupils on a Planned Continued Growth Agreement then pupil number funding may present a funding problem for the school if the class size is too small. There are a number of schools with half class sizes of 15 and therefore it is considered that as a minimum, funding support should be allocated for 15 pupils. Do you agree with minimum funding proposal?

Answered: 9 Skipped: 7

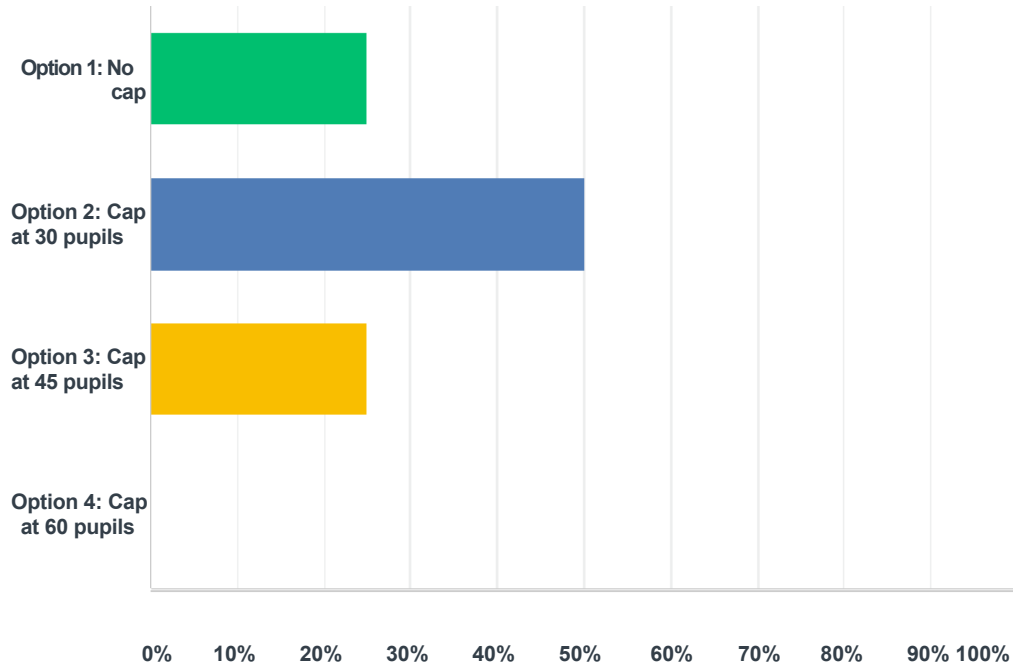


ANSWER CHOICES	RESPONSES	
No, minimum funding limits should be set	11.11%	1
Minimum funding limits should be set at 15 pupils with a growth class having at least an additional 5 pupils	88.89%	8
Other (please specify)	0.00%	0
<b>TOTAL</b>		<b>9</b>

#	OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

Q7 Which of the following options do you feel is most appropriate for Tameside school? Please tick one box only.

Answered: 8 Skipped: 8

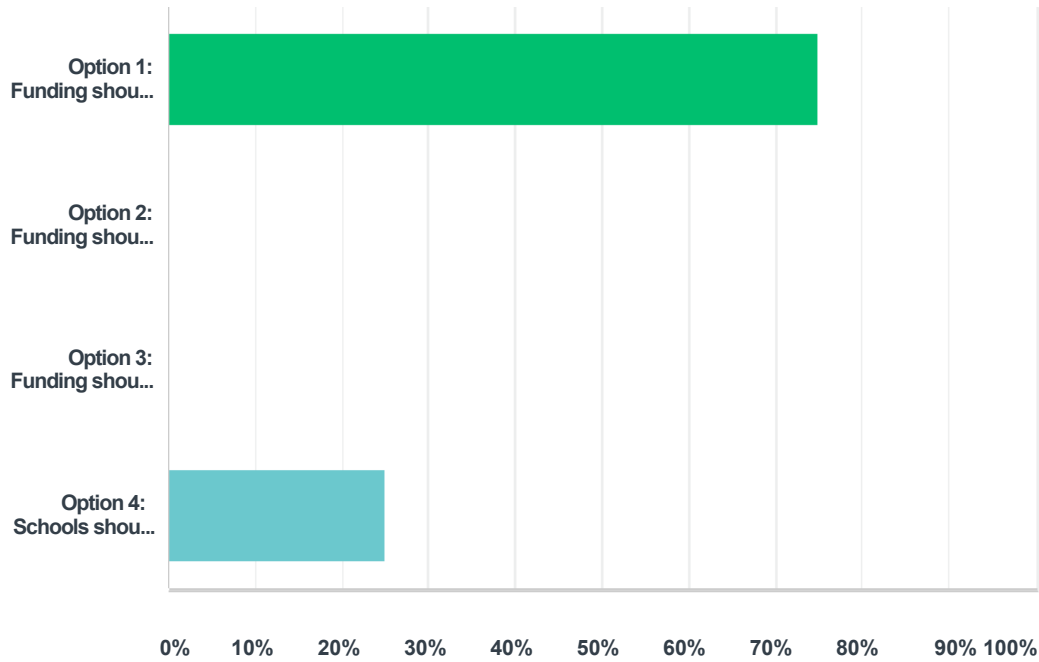


ANSWER CHOICES	RESPONSES	
Option 1: No cap	25.00%	2
Option 2: Cap at 30 pupils	50.00%	4
Option 3: Cap at 45 pupils	25.00%	2
Option 4: Cap at 60 pupils	0.00%	0
<b>TOTAL</b>		<b>8</b>



Q8 Please indicate which of the options you feel is most appropriate regarding how funding should continue for the bulge classes outlined above. Please tick one box only.

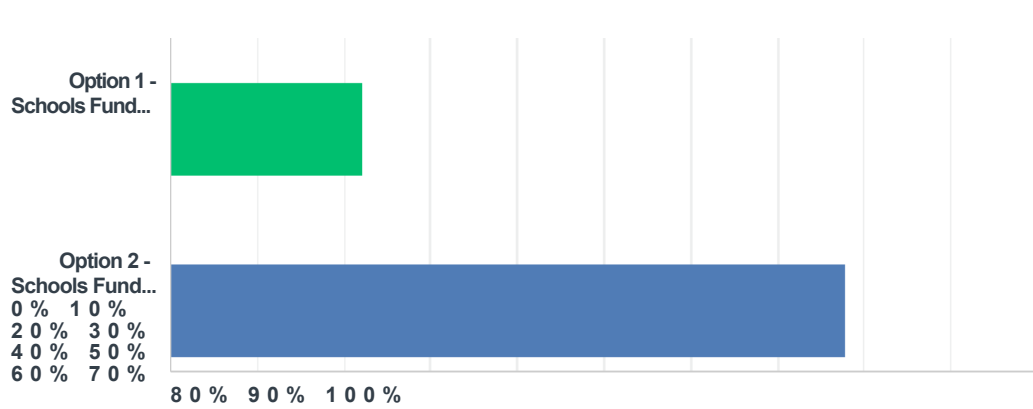
Answered: 8 Skipped: 8



ANSWER CHOICES	RESPONSES	
Option 1: Funding should continue in both schools until the bulge class is in year 6	75.00%	6
Option 2: Funding should continue in school 1 only	0.00%	0
Option 3: Funding should continue for school 2 only	0.00%	0
Option 4: Schools should be funded under the new growth criteria for 1 April 2020	25.00%	2
<b>TOTAL</b>		<b>8</b>

### Q9 Please select your preference for consultation options:

Answered: 9 Skipped: 7



ANSWER CHOICES	RESPONSES	
Option 1 - Schools Funding Group debate the issues and make recommendations for changes to funding on behalf of all schools and academies without further consultation.	22.22%	2
Option 2 - Schools Funding Group debate the issues and make recommendations for changes to funding on behalf of all schools and academies after further consultation with their represented sectors.	77.78%	7
<b>TOTAL</b>		<b>9</b>



## Q10 Do you have any other comments you wish to make regarding the schools funding criteria discussed in this survey?

Answered: 2 Skipped: 14

#	RESPONSES	DATE
1	I am concerned about being asked to make financial decisions about two specific schools. Without knowing the wider financial position and the implications of any future models, it would seem to unfair to the specific schools who will have made commitments to accept additional numbers in good faith.	5/9/2019 9:19 AM
2	Not answered Q8 as I think a further option should have been available. When the schools agreed to take a bulge class what were they informed of how it should operate? If they were told that it would continue to Year 6 then this should be the case. If it was not then it seems reasonable to move to the new funding criteria - particularly as the schools will now be in receipt of the AWPU.	5/8/2019 8:43 AM

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## **Growth Fund Consultation Paper**

### **1. Introduction and Background**

Growth funding enables local authorities to support schools with significant in year pupil growth. In order for a school to receive growth funding there must be prior approval with the Local Authority (LA). The growth fund can only be used to:

- Support planned growth in pre-16 pupil numbers to meet basic need;
- Support additional classes needed to meet the infant class size regulation;
- Meet the cost of new schools – This includes growing schools that have opened in the last 7 years and don't yet have pupils in every year group; and diseconomies funding for new schools that will incur additional start up and diseconomy of scale costs.

### **2. Prior Consultation and Schools Funding Group**

LA officers initially consulted schools in November 2018 on changing the way the LA allocates growth funding. The consultation highlighted a number of concerns in moving to the proposed criteria but it was acknowledged further consideration should be given to amending the current criteria.

The growth criteria have not been updated for a number of years. We need to ensure the criteria meet demand whilst ensuring efficient use of funding. Therefore it was agreed at Schools Forum this was an issue to be discussed at Schools Funding Group.

A paper was taken to SFG to discuss various options for allocating explicit growth, and their recommendations will form the basis of consultation on growth for mainstream schools. It also considers options for funding one off bulge classes.

### **3. All Schools and Academies**

Please complete the Survey Monkey Questionnaire that can be found at the link below providing your views on the most appropriate growth funding models. The consultation will run from 6 May to 24 May.

<https://www.surveymonkey.com/r/schoolsfunding>

### **4. Current Position of Growth Fund**

The Growth Fund at Tameside funds 3 types of growth in mainstream schools. Any growth funding that meets the growth criteria will be top sliced from the schools block prior to setting funding rates for all schools and academies. The areas the growth pot currently funds are;

- Explicit growth – this relates to the specific growth fund and is allocated based on the growth criteria agreed by Schools Forum (See Appendix 1 for current criteria).
- Implicit growth – this relates to adjustments to pupil numbers when calculating the funding; in this case for new and growing schools. There is no proposal to change this method of allocation.
- Diseconomies Funding - This funding is for newly established schools whose costs cannot be met through the normal schools block funding due to not having every year group open. The diseconomies funding provides funding in two elements as the school grows: non-staffing resources, paid on a per-pupil basis; and a leadership grant. The criteria have been agreed by schools forum. There is no proposal to change this allocation basis.

## 5. School Funding Group Discussion and recommendation for consultation

The Growth paper was discussed; there was an agreement that the funding model currently in place does reflect the potential additional costs for the different sectors. Secondary schools may not necessarily see an immediate increase in costs it will depend on individual school circumstances including the existing staffing structure and existing teaching arrangements; however some schools would see an immediate cost increase. It was felt that at year 9 it would start to result in additional costs due to curriculum changes. The group felt that a model to reflect separate funding factors to represent the different educational stages was appropriate.

Place planning was discussed and why when numbers were planned the children placed were different. Place planning happens 2 years in advance, the LA needs to ensure there are sufficient places in the locality to offer children a school place. The numbers of children who apply for the school may be different due to parental choice of schools, pupils parents choosing schools in a different borough or choosing to home educate.

The calculation of the model was not deemed helpful as by funding a Teacher and a TA this was suggesting to schools the model they should adopt in terms of setting up a class, whereas schools should be deciding the best way to achieve the education delivery model appropriate for their school. The suggested model is simply not relevant for Secondary schools. Furthermore the model did not set up a sustainable model for schools in a bulge class as the future funding could be more or less depending on pupil numbers. The group suggested a pupil numbers based solution would be most appropriate going forward. Consideration should be given to whether or not to adjust numbers in the first year i.e. if a school expected 30 and received 15 they would be funded 30, likewise if a school expected 30 and took 33 they would be funded on 30.

The group discussed the current funding model of one off bulge classes on a continuing basis. They discussed the issue of these schools being unfairly advantaged by funding small class sizes where growth had not materialised at the same level as expected, when compared to schools who had taken half classes. It was acknowledged that the schools had taken the class in good faith expecting a larger class size. The group suggested that no on-

going protection should be considered for one year bulge classes in the new model i.e. they should be funded year one in line with the growth policy, then the NFF should fund appropriately for later years.

The group discussed the historic arrangements in place and asked to understand the funding position of schools the above change may affect to consider if the historic arrangements should be honoured and requested that current per pupil funding and the one-off funding be calculated to inform decision making.

	School 1			School 2		
	Bulge Class	Existing PAN	Total Year Group	Bulge Class	Existing PAN	Total Year Group
Number of pupils	20	30	50	13	30	43
Average Funding Per Pupil *	£3,434	£3,434		£3,457	£3,457	
<b>Allocation via formula in 2019/20</b>	<b>£68,680</b>	<b>£103,020</b>	<b>£171,700</b>	<b>£44,941</b>	<b>£103,710</b>	<b>£148,651</b>
Additional Growth Allocation	£32,640		£32,640	£32,640		£32,640
<b>Total Allocation</b>	<b>£101,320</b>	<b>£103,020</b>	<b>£204,340</b>	<b>£77,581</b>	<b>£103,710</b>	<b>£181,291</b>
Total Average Funding Per Pupil			£4,087			£4,216

\* Average funding per pupil is all the pupil led factors including MFG but excluding lump sum and Business Rates.

Schools will be asked as part of consultation whether they believe the funding for these historic arrangements should remain in place or if the funding should follow the new scheme from 1<sup>st</sup> April 2020.

The group discussed various models of growth presented to them and resolved to present a number of options to all schools and academies to consider mostly centred around pupil number options. The group requested further options to be presented including a minimum funding model. They requested a tapered model for all whereby the numbers were set at the levels expected for some initial years then tapering off, this would give schools chance to recruit either fixed term and make some alternative arrangements to manage costs down in line with pupil numbers. They also recommended consulting on a cap on funding and a minimum funding protection also.

## 6. Growth Model Options for Consideration

### Option 1 – No Growth Funding

The growth fund is an optional factor when allocating funding. Some authorities in Greater Manchester do not allocate growth at all as it is a lagged funding issue and funding will catch up with the pupil numbers in the next year's census.

If funding explicit growth funding was ceased, we would need to continue to fund implicit growth for new and growing schools as this is a specified requirement in the DFE Regulations.

### Option 2 – Growth Per Pupil Model

Growth should be funded on AWPU rates for schools in line with the Tameside rates agreed at Schools Forum. This will be a different rate in primary schools and secondary schools. Both one off bulge classes and planned continued grown classes will be funded using the same principles. Schools will be funded on an academic year basis.

Year 1 – Pupils are due in September but not on census until the following October, funding on actual numbers of pupils.

Year 2 – Funding would be on census numbers.

Please see Appendix 2 for worked examples for both bulge and continued planned growth classes.

### Option 3 – Tapered Growth Per Pupil Model.

Growth should be funded on AWPU rates for schools in line with the Tameside rates agreed at Schools Forum. This will be a different rate in primary schools and secondary schools. Both one off bulge classes and continued planned growth classes will be funded using the same principles. Schools will be funded on an academic year basis.

Year 1 Growth – Pupils are due in September but not on census until the following October, therefore funding on planned pupil numbers. i.e. 15 or 30.

Year 2 Growth – Pupils are due in September but not on census until the following October, therefore funding on planned pupil numbers. i.e. 15 or 30.

Year 3 Growth – Pupils will be funded in line with the actual numbers of pupils but not in excess of planned numbers.

Please see Appendix 2 for worked examples for both bulge and continued planned growth classes

### 7. Minimum Funding and Capping

Schools are asked to consider some minimum funding levels for schools taking growth classes. To qualify for the growth funding it is considered reasonable that a school should take 5 or more children before they qualify for minimum funding.

#### Minimum funding

If a school is asked to take either a Bulge class or is taking pupils on a Planned Continued Growth Agreement then pupil numbers funding may present a funding problem for the school if the class size is too small. There are a number of schools with half class sizes of 15 and therefore it is considered that as a minimum, funding support should be allocated for 15 pupils.

Example: based on a school increasing PAN from 210 pupils to 230.

Actual NOR	Growth Numbers	Funding
209	-1	No Growth Funding
212	2	No Growth Funding
222	12	Funding as per model then funded on 15 pupils minimum going forward.
232	22	Funded as per Growth Model
242	32	Funded as per Growth Model limited to planned growth

#### Capping Growth Figures

When looking to fund growth in pupil numbers in a school either planned continued growth or one off bulge classes. Schools are asked to consider if schools should have the number of pupils they receive funding for is capped where numbers are in excess of 30 pupil to limit the amount of funding that is being top sliced from the Schools Block, also recognising that it is likely there will be some economies of scale that can be made once the class size is over 30.

Pupil Numbers	Primary	Secondary
30	£ 48,329.75	£ 67,964.23
45	£ 72,494.63	£101,946.34
60	£ 96,659.50	£135,928.45

Schools are asked to consider which of the following options see most appropriate for Tameside Schools.

- Option 1      No Cap
- Option 2      Cap at 30 Pupils
- Option 3      Cap at 45 pupils

Option 4      Cap at 60 pupils

## Appendix 1

### The Current Growth Criteria

1. Schools who are being asked by the local authority to admit additional classes of children from September will be allocated a Growth allocation. The value of the allocation is a lump sum allocation of £41,045. This figure is based on:
  - The salary costs including on-costs of a Teacher on point 1 of the UPS grade for 7 months;
  - The salary costs including on-costs of a Level 3 Teaching Assistant for 7 months; and
  - £2,000 for resources.
2. Schools that have been built within the last 7 years which have taken over 30 additional pupils in year groups, other than the Reception bulge classes they initially formally agreed to. This would only apply to Schools that agreed the additional intake with the Local Authority in advance. This would not apply where Schools have chosen to admit those children without agreement with the Local Authority. The rationale for this is that the Schools concerned are helping to address an area wide demand for places coordinated through the Council. The value of this growth allocation is £66,935 which is intended to cover the same staffing costs as detailed in criteria 1 above, but for a full year.
3. Schools that agreed to take a one year only Bulge class of 30 children within the last 7 years, where the Bulge class concerned has less than 20 children on roll. This would only apply to Schools that agreed to take the bulge class with the Council in advance and where there is only one Bulge class in the School meaning it was not possible to combine classes across year groups. This would not apply where Schools have chosen to admit additional children without agreement with the Council. The rationale for this is that the Schools concerned are helping to address an area wide demand for places coordinated through the Council. The value of this is £32,640 which is intended to replace the AWPU funding for 10 children.



## Appendix 2

Average Funding Per Pupil	£3,434
Primary Growth APWU Rate - Academic Year	£1,611

### One Off Bulge Funding

School Name	R	1	2	3	4	5	6	Total
2019/20	58	29	30	30	31	28	30	236
2020/21	30	58	29	30	30	31	28	236
2021/22	30	30	58	29	30	30	31	238
2022/23	30	30	30	58	31	30	32	241
2023/24	30	30	30	30	58	31	30	239
2024/25	30	30	30	30	30	58	31	239
2025/26	30	30	30	30	30	30	58	238
2026/27	30	30	30	30	30	30	30	210

### Option 2 - One Off Bulge

		Pupil Numbers			Rates	Funding	
<b>2019/20 (Year 1 of Growth)</b>		Planned	Actual	Funded			
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	28	<b>28</b>	£1,611	£45,108	<b>Actual Bulge</b>
		60	58	58		£148,128	
<b>2020/21 (Year 2 of Growth)</b>		Planned	Actual	Funded	Rates	Funding	
Year 1	Existing Class	30	30	30	£3,434	£103,020	
Year 1	Growth Class	28	28	<b>28</b>	£3,434	£96,152	<b>Actual Bulge</b>
		58	58	58		£199,172	

### Option 3 - One Off Bulge

		Pupil Numbers			Rates	Funding	
<b>2019/20 (Year 1 of Growth)</b>		Planned	Actual	Funded			
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	28	<b>30</b>	£1,611	£48,330	<b>Planned Bulge</b>
		60	58	60		£151,350	
<b>2020/21 (Year 2 of Growth)</b>		Planned	Actual	Funded	Rates	Funding	
Year 1	Existing Class	30	30	30	£3,434	£103,020	
Year 1	Growth Class	30	28	<b>28</b>	£3,434	£96,152	<b>Actual Bulge</b>
Year 1	Growth Class			<b>2</b>	£1,611	£3,222	<b>Planned Bulge</b>
		60	58	60		£202,394	
<b>2021/22 (Year 3 of Growth)</b>		Planned	Actual	Funded	Rates	Funding	
Year 2	Existing Class	30	30	30	£3,434	£103,020	
Year 2	Growth Class	30	28	<b>28</b>	£3,434	£96,152	<b>Actual Bulge</b>
		60	58	58		£199,172	

Average Funding Per Pupil	£3,434
Primary Growth APWU Rate - Academic Year	£1,611

**Continued Planned Growth Model**

	R	1	2	3	4	5	6	Total
2019/20	57	29	30	30	31	28	30	<b>235</b>
2020/21	58	57	29	30	30	31	28	<b>263</b>
2021/22	56	58	57	29	30	30	31	<b>291</b>
2022/23	60	56	58	57	29	30	30	<b>320</b>
2023/24	61	60	56	58	57	29	30	<b>351</b>
2024/25	59	61	60	56	58	57	29	<b>380</b>
2025/26	62	59	61	60	56	58	57	<b>413</b>
2026/27	61	62	59	61	60	56	58	<b>417</b>

**Option 2 - Continued Planned Growth**

		Pupil Numbers			Rates	Funding	
<b>2019/20 (Year 1 of Growth)</b>		Planned	Actual	Funded			
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	27	<b>27</b>	£1,611	£43,497	<b>Actual Growth</b>
		60	57	57		£146,517	
<b>2020/21 (Year 2 of Growth)</b>		Planned	Actual	Funded	Rates	Funding	
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	28	<b>28</b>	£1,611	£45,108	<b>Actual Growth</b>
		60	58	58		£148,128	

**Option 3 - Continued Planned Growth**

		Pupil Numbers			Rates	Funding	
<b>2019/20 (Year 1 of Growth)</b>		Planned	Actual	Funded			
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	27	<b>30</b>	£1,611	£48,330	<b>Planned Growth</b>
		60	57	60		£151,350	
<b>2020/21 (Year 2 of Growth)</b>		Planned	Actual	Funded	Rates	Funding	
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	28	<b>30</b>	£1,611	£48,330	<b>Planned Growth</b>
		60	58	60		£151,350	
<b>2021/22 (Year 3 of Growth)</b>		Planned	Actual	Funded	Rates	Funding	
Reception	Existing Class	30	30	30	£3,434	£103,020	
Reception	Growth Class	30	26	<b>26</b>	£1,611	£41,886	<b>Actual Growth</b>
		60	56	56		£144,906	

### Tameside Growth Criteria

Growth funding at Tameside is provided to support schools with significant in year pupil growth. In order for a school to receive growth funding there must be prior approval with the Local Authority (LA), funding will be provided to Schools that agreed the additional intake with the Local Authority in advance. If schools chose to admit additional pupils without agreement with the Local Authority they will not be eligible to access this funding, the rationale for this is that the Schools concerned are helping to address a Borough wide demand for places coordinated through the LA

The growth fund can only be used to:

- Support planned growth in pre-16 pupil numbers to meet basic need whether this is a continued growth in numbers or a one off bulge class.
- Support additional classes needed to meet the infant class size regulation;
- Meet the cost of new schools – This includes growing schools that have opened in the last 7 years and don't yet have pupils in every year group; and diseconomies funding for new schools that will incur additional start up and diseconomy of scale costs.

#### Implicit Growth

Implicit Growth Is the funding method that is apply for new and growing schools, this requires the LA to adjust pupil numbers when calculating the funding for the expected September intake.

#### Explicit Growth

Growth will be funded on AWPU rates for schools in line with the Tameside rates agreed at Schools Forum. This will be a different rate in primary schools and secondary schools. Both one off bulge classes and planned continued growth classes will be funded using the same principles. The allocation to schools will be based on the increase in capacity adjusted for actual September intake numbers multiplied by 7/12th of the Basic Amount per Pupil (to cover September to March). Actual numbers will be taken form the October census.

#### Diseconomies Funding

This funding is specifically for newly established schools whose costs cannot be met through the normal schools block funding due to not having every year group open. The diseconomies funding provides funding in two elements as the school grows: non-staffing resources, paid on a per-pupil basis; and a leadership grant. These titles reflect the basis on which the funding is calculated, but the grant can be spent on any legitimate purpose of the school.

The first element (resources) is paid each year that the school builds up to capacity for each new pupil *expected* to be on roll and is not revisited to reflect actual pupil numbers and is taken from the admissions data. It is paid at the following rates:

- £250 for each new mainstream pupil in the primary phase (year's R - 6)
- £500 for each new mainstream pupil in the secondary & 16 to 19 phases (years 7 - 13)

The second element (leadership) is paid annually based on the number of year groups that the school will ultimately have that do not yet have pupils. The amount paid to mainstream schools with pupils aged 5 to 15 each year depends on how many year groups (cohorts) are empty, and is set out in the table below.

<b>Empty Years</b>	<b>6+</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Max</b>
Primary	£80,500	£67,500	£54,000	£40,500	£27,000	£13,500	£283,000
Secondary			£125,000	£93,500	£62,500	£31,000	£312,000
All through	£125,000	£93,500	£62,500	£54,000	£40,500	£27,000	£402,500

# Secondary and all through funding is regardless of whether the school plans to have a sixth form

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	25 June 2019
<b>Reporting Officer:</b>	Tom Wilkinson; Assistant Director of Finance
<b>Subject:</b>	<b>SCHOOLS FINANCIAL VALUE STANDARDS</b>
<b>Report Summary:</b>	To provide an update on the requirement for schools to complete the self-assessment process against the Schools Financial Value Standard by 31st March 2019.
<b>Recommendations:</b>	Schools Forum note the contents of the report
<b>Corporate Plan:</b>	Appropriate managed schools finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	<p>Schools spending must be in line with financial policies and financial regulations.</p> <p>Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement.</p>
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>There are no direct implications as a result of this report however the SFVS returns are an assessment of how well school governors are equipped to carry out their financial safeguarding duties</p> <p>To ensure a robust mechanism is in place to support schools in recognises and addressing any weaknesses in their Financial management and allow Internal Audit Team use the information to support the internal audit programme</p>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	Failure to comply with statutory financial assessments on time will put the Council in breach of its statutory duty to comply and therefore in an unlawful position, and therefore at risk of reputational damage and/or judicial/Ombudsman/Ofsted challenge.
<b>Risk Management:</b>	There are no direct risks as a result of this report. Any areas of concern or risk identified in the returns will be reported to Internal Audit to use in their assessment of schools on a rolling audit programme.
<b>Access to Information:</b>	This report does not contain information which warrants its consideration in the absence of the Press or members of the public
<b>Background Information:</b>	The background papers relating to this report can be inspected by contacting Christine Mullins



Telephone: 0161 342 3216



e-mail: [Christine.mullins@tameside.gov.uk](mailto:Christine.mullins@tameside.gov.uk)

## **1. INTRODUCTION**

- 1.1 The schools financial value standard (SFVS) is a mandatory requirement for Local Authority (LA) maintained schools. The SFVS has been designed with schools to help them in managing their finances and to give assurance that they have secure financial management in place.
- 1.2 Governing bodies of maintained schools or management committees of pupil referral units (PRUs) have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors or management committees.
- 1.3 The standard consists of 25 questions which governing bodies or management committees should formally discuss annually with the headteacher and senior staff. It concentrates on the key elements of financial management and efficiency and is aimed mainly at governors as they have a statutory responsibility for financial management in schools. In doing so, governors manage a considerable amount of public money and carrying out the SFVS assessment will assist in this task and give assurance to the LA's that schools have sound financial management in place.
- 1.4 The assessment can be used to identify training requirements for governors which will increase the skills available to the school. The 25 questions are categorised into 4 areas:
  - The Governing Body and School Staff
  - Setting the Budget
  - Value for money
  - Protecting Public Money
- 1.5 The standard itself is self-explanatory and support notes are included to guide schools through the process. If a school answers no or in part to any question governors or management committees are required to outline any remedial actions with specified deadlines and must monitor progress to ensure all actions are cleared with in the deadlines.
- 1.6 There is no prescription of the level of evidence that the governing body or management committee should require. The important thing is that governors and the management committee are confident about their responses.

## **2. THE ROLE OF THE LOCAL AUTHORITY**

- 2.1 The school must send a copy of the signed standard to their local authority's finance department.
- 2.2 Local authorities will use schools' SFVS returns to inform their programme of financial assessment and audit. The SFVS will not be externally assessed. Local authority and other auditors will have access to the standard, and when they conduct an audit can check whether the self-assessment is in line with their own judgment. Auditors should make the governing body, the management committee and the local authority aware of any major discrepancies in judgments. Auditors should also ensure that all actions have been addressed before a SFVS review takes place for another year.

## **3. POSITION OF TAMESIDE SCHOOLS**

- 3.1 Of the 67 schools open at the start of 2018/19, the LA received 63 returns. This is 100% compliance taking into account 6 schools closed in year due academy conversion.

3.2 The Schools Finance Team has been proactive in reminding and chasing schools ahead of the deadline and the returns have now been shared with Internal Audit Team who will use the information to assist in the production of the Annual Audit Plan.

3.3

	<b>Primary</b>	<b>Secondary</b>	<b>Special</b>	<b>PRU</b>
Total number of eligible schools in LA	56	6	4	1
Number of eligible schools that completed the SFVS	52	6	4	1
Number of eligible schools that did not complete SFVS (non-compliant without exemption)	4			
Number of eligible schools that did not complete SFVS (with exemptions)	4			

#### **4. ASSURANCE STATEMENT**

4.1 The LA was required to submit an assurance statement signed by the LA Chief Financial Officer detailing which schools were implementing SFVS to the DfE by 31 May 2018. This statement was signed and sent to the EFA by the deadline as required.



#### **5. RECOMMENDATIONS**

5.1 As set out at the front of the report.

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# Agenda Item 6

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	25 June 2019
<b>Reporting Officer:</b>	Tim Bowman, Assistant Director, Education Tom Wilkinson, Assistant Director, Finance
<b>Subject:</b>	<b>SCHOOL BALANCE 18-19 AND BALANCE MECHANISM 19-20</b>
<b>Report Summary:</b>	This reports provides information relating to balances held by schools at the end of 2018/19.
<b>Recommendations:</b>	Schools Forum notes the current balances. Further analysis of 2019-20 surplus balances to follow October 2019.
<b>Corporate Plan:</b>	Schools spending support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policies and financial regulations
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	As outlined in the body of the report.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement. We need to ensure any approach is maintained and kept under review and perverse incentives do not occur.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and closure of accounts to ensure that this is achieved. These are subject to regular review.
<b>Access to Information:</b>	The background papers relating to this report can be inspected by contacting  Telephone: 0161 342 3216  e-mail: <a href="mailto:christine.mullins@tameside.gov.uk">christine.mullins@tameside.gov.uk</a>



## 1. INTRODUCTION

- 1.1 The purpose of the paper is to update members on the level of actual school balances for 2018-19 for maintained schools.
- 1.2 All schools receive their delegated budget share based on the Local Funding Formula and governing body have delegated powers and responsibilities to manage and deploy their financial resources in accordance with their agreed aims and objectives to achieve the best outcomes for pupils.
- 1.3 Maintained schools are permitted to carry forward any year end surplus/deficit recorded at the 31st March to the following financial year as long as they conform to rules of the Balance Control Mechanism Scheme as at Appendix A

## 2. FINAL POSITION 2018-19

- 2.1 Table 1 below summarises school balances for the financial year 2018-19 by sector and the change in position from 2017-18.

**Table 1 Schools Balances compared 2018/19 balances 2017/18.**

Sector	2017/18	2018/19	Movement	% Change
Primary	£7,353,202	£7,003,697	(£349,505)	(4.75%)
Secondary	(£3,364,149)	(£22,797)	£3,341,352	(99.32%)
Special	£215,718	£408,373	£192,655	89.31%
<b>Total Schools</b>	<b>£4,204,770</b>	<b>£7,389,273</b>	<b>£3,184,503</b>	<b>75.74%</b>

- 2.2 The table identifies that overall school balances have increased by £3.185m or 75.74% 201718.
- In the primary sector the overall surplus balance reduced by -£0.350m, however some of this reduction relates to 3 academy conversions £0.461m meaning the actual movement in year in the maintained sector is an increase £0.111m.
  - In the secondary sector the deficit balances reduced by £3.341m or -99.32%
  - There was an increase in surplus balances in the special sector of £0.193m or 89.31%.
- 2.3 Table 2 below analyses further the overall balances split by those schools in surplus and those school closing the financial year with a deficit balance.

**Table 2 - Schools balances 2018/19 surplus and deficits analysed separately.**

Sector	No	Surplus	No	Deficit	Total
Primary	57	£7,012,753	1	(£9,056)	£7,003,697
Secondary	4	£1,544,295	2	(£1,567,092)	(£22,797)
Special	4	£425,718	1	(£17,344)	£408,373
<b>Total Schools</b>	<b>65</b>	<b>£8,982,765</b>	<b>4</b>	<b>(£1,593,492)</b>	<b>£7,389,273</b>

- 2.4 Table 2 includes 6 primary schools that converted to academy in 2018-19, 1 with a deficit balance and 5 with surplus balances totalling £501,817.
- 2.5 In 2018-19 a review of the PFI contract related to the 6 schools in the Building Schools for the Future (BSF) Project resulted in a rebate to 4 secondary schools and 2 special schools

totalling £3.252m. This included £2.818m that related to previous financial years and £0.434m related to a 2018-19 in-year rebate that will potentially be available each year going forward. In addition to this £0.787m was redistributed to all schools.. This has in some part accounted for the increase in balances in those sectors.

- 2.6 Looking at schools with surplus balances Table 3 shows the schools surplus balance as a % of their funding allocation for 2018-19.

**Table 3 shows the schools with surplus balances and the percentage balances held.**

<b>Actual School Balances 2018/19</b>	<b>Under 5%</b>	<b>5.01% - 8%</b>	<b>8.01% - 10%</b>	<b>10.01% to 15%</b>	<b>15.01% - 20%</b>	<b>Over 20%</b>
Primary Schools	15	10	7	12	10	4
Secondary Schools	3	1	1		1	
Special Schools	3				1	
<b>Total</b>	<b>21</b>	<b>11</b>	<b>8</b>	<b>12</b>	<b>12</b>	<b>4</b>

*Italics - Represent surplus schools exceeding permitted balances 36 in total.*

### **3. BALANCE MECHANISM SCHEME**

- 3.1 A number of schools have seen increases in their balances over and above that approved under the balance mechanism scheme for 2018-19.
- 3.2 The Schools Finance Team has offered more support to work closely with schools to ensure the budget plans being set for 2019-20 are more robust and accurate at the start of the financial year and to support schools in taking a more strategic approach to budget setting. Additional budget monitoring support is also on offer to ensure schools are regularly reviewing their budget and are in a position to review and change budget spending plans within the financial year in order to manage any surplus balances.
- 3.3 Once all the budget plans for 2019-20 (31 May) and approved surplus plans (30 June) have been received and reviewed by the LA a further report on schools spending plans and surplus balances will be reported to Schools Forum in October.
- 3.4 This will also include any recommendations for managing excess surplus balances and the claw back of any balances at the end of 2019-20.
- 3.5 Schools have received the 2019-20 template and guidance on the scheme in April, there is one small change to the scheme this year relating to the funding used to calculate the surplus balance % which is detailed below.
- 3.6 The surplus balance should be calculated by taking 2019-20 Year End Balance on the schools 2019-20 budget plan as a percentage of the 2019-20 DSG Funding (this will include Schools Block, High Needs Block and Early Years Block but not Pupil Premium grant). Pupil Premium grant had been used in previous years.

### **4. CONCLUSION**

- 4.1 Once all the budget plans for 2019-20 (31 May) and approved surplus plans (30 June) have been received and reviewed by the LA a further report on schools spending plans and surplus balances will be reported to Schools Forum in October along with recommendations for managing any claw back in 2019-20.

**5. RECOMMENDATIONS**

5.1 As set out at the front of the report.

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# **The Balance Mechanism Scheme 2018/19**

- 3.1 Following the report submitted to Schools Forum in February 2018 and as agreed with Schools Forum the LA has been working to review the Balance Control Mechanism for balances and a number of changes have been incorporated to monitor schools balances in 2018-19.
- 3.2 The approach this year will move from a backward looking review, of looking back to see what the school should have spent against the 2017/18 funding, to a forward looking approach. The school will need to identify how they will 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).
- 3.3 Schools will still have to gain governor approval to hold balances above permitted levels. For 2018/19, the approach will be to look at the year end balances the school has control over in the current financial year i.e. we will be asking schools to submit plans for their 2018/19 Year End balance (or contingency) so this will include the 2017/18 balance brought forward along with the current in year surplus/deficit for 2018/19.

The permitted levels remain the same and are listed below:

- Primary and special schools can carry forward up to 8% of the 2018/19 school funding allocation as general balances – these are referred to as PERMITTED balances
  - Anything over 8% in primary and special schools will be classed as a SURPLUS balance and can only be held for one of the four 'allowable purposes' specified below
  - In the same way secondary schools can carry forward up to 5% of the 2018/19 School Funding Allocation and these are referred as PERMITTED balances.
  - Anything above 5% in secondary schools will be classed as a SURPLUS Balance.
  - The 2018/19 school funding allocation used to calculate the % Surplus balance will include the Schools Block Funding; High needs Block; Early Years Block; Growth Funding; allocations.
- 3.4 For 2018/19 see the introduction of 4 reasons on which Surplus Balances can be held. This will enable clearer monitoring and reporting of surplus balances to Schools Forum as well as helping schools when planning and forecasting budgets.  
The 4 reasons include:
    1. As a revenue contribution to capital projects within a time limited maximum three year period;
    2. To maintain a reserve to fund staffing levels in the short/medium term due to a verified dip in pupil numbers or as a result of a reduction in funding due to the National Funding Formula. We do not anticipate this will be longer than a maximum of three years;
    3. To provide reasonable and proportionate resources to fund the impact of major changes in Government policy on the curriculum and improvement in multiple subject areas, which can be supported by a plan endorsed by the authority. Any decisions to retain surplus balances for this reason will be subject to review by the Local Authority.
    4. Capital funds set aside for future year's capital / lifecycle provision. Schools will be required to provide a summary business case explaining the reasons and this will be subject to review by the Local Authority. This should be for major items which may be considered unusual (e.g. replacement of 3G pitch) or especially significant building work.



Schools with permitted balances i.e. under 8% in primary and special and under 5% in secondary will not have to fit into the above criteria.

- 3.5 In 2018-19, schools with a Surplus Balance will be required to complete a new template detailing the reasons for holding the surplus balance and when it will be spent. The template requires approval by Governors and returning to the LA by 30 June 2018.
- 3.6 The LA will use the template and information submitted to monitor and report on any surplus balances to Schools Forum. An update regarding the use of 2018/19 Surplus balances will be presented to Forum at the next meeting.
- 3.7 The Blank template that schools should submit is attached at Appendix A.
- 3.8 Attached at Appendix B is an example of a completed form.
- 3.9 Attached at Appendix C is a flow chart to support schools in determining whether they are required to submit a Utilisation of School Balances Return.



APPENDIX A



APPENDIX B



APPENDIX C - School

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<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	25 June 2019
<b>Reporting Officer:</b>	Tom Wilkinson – Assistant Director Finance Tim Bowman – Assistant Director Education
<b>Subject:</b>	<b>DEDICATED SCHOOLS GRANT OUTTURN POSITION FOR 2018-19 AND BUDGET UPDATE FOR 2019-20</b>
<b>Report Summary:</b>	A report on the Dedicated Schools Grant outturn position for the financial year 2018-19 and an update of the budget position for the financial year 2019-20.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note the contents of the report.
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policy and framework.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>The current projection for 2019-20 is expected to be a deficit on the DSG which would require a deficit recovery plan to be submitted by the Local Authority (LA) to the Department for Education (DfE).</p>
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	There is a statutory duty to use resources efficiently and effectively against priorities. In noting the report Members should ensure they understand the outturn and budget positions and that robust challenge is factored into the reporting mechanism.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
<b>Access to Information:</b>	<p style="text-align: center;"><b>NON-CONFIDENTIAL</b></p> <p><b>This report does not contain information which warrants its consideration in the absence of the Press of members of the public.</b></p>
<b>Background Information:</b>	<p>The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions by:</p> <p> Telephone: 0161 342 3216</p> <p> e-mail: <a href="mailto:christine.mullins@tameside.gov.uk">christine.mullins@tameside.gov.uk</a></p>

## 1. INTRODUCTION

1.1 This report is presented to advise Schools' Forum of the outturn position for the overall Dedicated Schools Grant (DSG) for 2018-19, to provide an update on the DSG budget for 2019-20 and the DSG reserve. The report sets out:

- The final outturn position for the DSG for 2018-19 (Section 2)
- The DSG reserve position at 31 March 2019 (Section 3)
- A budget update for the DSG for 2019-20 (Section 4)
- Estimated DSG reserve position at 31 March 2020 (Section 5)

## 2. DEDICATED SCHOOLS GRANT FINAL OUTTIRN FOR 2018-19

2.1 The outturn position against the 2018-19 DSG settlement is shown in table 1.

**TABLE 1 – DSG Outturn 2018-19**

<b>DSG Funding Blocks</b>	<b>DSG Settlement 2018-19 at March 2019 £000</b>	<b>Distribution / Spend 2018-19 £000</b>	<b>Variation Surplus / (Deficit) £000</b>
Schools Block	159,018	159,078	(60)
Central School Services Block	897	890	7
High Needs Block (Pre/Post 16)	19,841	21,295	(1,453)
Early Years Block	16,267	15,698	570
<b>Total</b>	<b>196,024</b>	<b>196,961</b>	<b>(937)</b>

Note: table above does include roundings

2.2 The deficit on the schools block relates to diseconomies funding of £0.153m, (this is funded from the reserve as previously agreed) and £0.056m of business rates adjustments due to the actual charges being higher than estimated. This is partly offset by a small surplus on growth funding of £0.013m and business rate relief from academy conversions and prior year adjustments of £0.135m.

2.3 The surplus on the central school services block (CSSB) relates to the School Forum and SACRE (statutory duty) allocations not being fully utilised.

2.4 The deficit on the high needs block is £1.453m and further information can be found as a separate agenda item.

2.5 The surplus on the early years block is currently £0.570m. Final allocations for the early year's settlement will be provided by the DfE in June/July 2019. The final allocation is affected by early year's census data from January 2019. This is estimated to result in an additional increase in the surplus of £0.109m.

**TABLE 2 - Early Years Breakdown**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2018-19 at March 2019 £000</b>	<b>Distribution / Spend 2018-19 £000</b>	<b>Outturn Surplus / (Deficit) at March 2019 £000</b>	<b>Estimated Final Allocation for 2018-19 £000</b>	<b>Estimated Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,892	12,263	629	13,067	804
Early Years for 2 Year Olds	2,719	2,765	(46)	2,653	(112)
Early Years Pupil Premium	124	161	(37)	124	(37)
Early Years Disability Access Fund	51	28	23	51	23
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	279	260	19	279	19
Early Years Centrally Retained Expenditure (2 Year Olds)	52	52	0	52	0
SEN Inclusion Fund (3 & 4 Year Olds)	150	169	(19)	150	(19)
<b>Total</b>	<b>16,267</b>	<b>15,698</b>	<b>570</b>	<b>16,376</b>	<b>679</b>

Note: table above does include roundings

- 2.6 The surplus on 3 and 4 year olds is reflective of the increase in uptake of the extended entitlement and the potential to retain more funding centrally (5% of the allocation allowable retention is £0.666m and therefore a further £0.387m could have been retained) to support early years services. The deficits on the 2 year old offer and early years pupil premium are more than offset by the surplus on 3 and 4 year olds. An update on the final early years settlement will be reported to the Schools' Forum in October 2019.
- 2.7 As agreed in February 2018, maintained schools in the primary and secondary sectors agreed to de-delegation for the Trade Union Support Service. The de-delegation amount for maintained schools is £0.150m and income from academies is £0.052m. This outturn against this budget was £0.210m resulting in a deficit of £0.08m. The local authority has funded the overspend in 2018-19, however it should be noted that the LA has the right to request schools forum to fund this overspend from the following year's budget. On this occasion the LA has waived the right to do this but will need to consider this option in future years.
- 2.8 The overall DSG in-year deficit of £0.937m has been funded from DSG reserve and further details of the reserve movements are included in Section 3.

### **3. DSG RESERVE AS AT 31 MARCH 2019**

- 3.1 Table 3 provides details of the closing position of the DSG reserve for 2018-19. The DSG note to the accounts is published in the following location:  
<https://www.tameside.gov.uk/statementofaccounts/1819>

**TABLE 3 - DSG Reserve**

	Surplus/ (Deficit) £000
<b>DSG Reserve Brought Forward from 2017-18</b>	<b>3,881</b>
<b>Reserve Commitments from Schools Block 2018-19</b>	
Diseconomies Funding 2018-19	(153)
In year surplus on business rates	79
In year surplus on growth fund	13
<b>Schools Block 2018-19 Subtotal</b>	<b>(60)</b>
<b>In year surplus on Central Services Schools Block</b>	<b>7</b>
<b>In year deficit on High Needs Block</b>	<b>(1,453)</b>
<b>Current in year surplus on Early Years</b>	<b>570</b>
<b>Early Years Block 2017-18 Adjustment</b>	<b>357</b>
<b>Refunds for De-delegated items from 2017-18</b>	<b>(96)</b>
<b>Interest Received</b>	<b>24</b>
<b>DSG Reserve after Commitments</b>	<b>3,228</b>

Note: table above does include roundings

#### 4. DSG BUDGET UPDATE FOR 2019-20

- 4.1 The current DSG settlement for 2019-20 and projected distribution/spend is included in table 4.

**TABLE 4 – DSG Forecast for 2019-20**

DSG Funding Blocks	DSG Settlement 2019-20 at March 2019 £000	Projected Distribution / Spend 2018-19 £000	Variation Surplus / (Deficit) £000
Schools Block	162,369	162,355	14
Central School Services Block	925	925	0
High Needs Block (Pre/Post 16)	20,854	26,360	(5,507)
Early Years Block	16,270	16,270	0
<b>Total</b>	<b>200,418</b>	<b>205,910</b>	<b>(5,492)</b>

Note: table above does include roundings

- 4.2 The projected surplus on the schools block relates to a surplus on growth funding of £0.019m partly offset by £0.005m of business rates adjustments due to the actual charges being slightly higher than estimated.
- 4.3 The CSSB allocation includes funding for the Admissions Services, Schools' Forum and Licences as well as the centrally retained services (formally supported by the Education Services Grant).
- 4.4 The centrally retained service allocation is supporting a proportion of the statutory costs of: the Director of Children's Services; the Assistant Director of Education; Planning for Schools; Asset Management; Health and Safety; SACRE; Education Welfare; Appeals; and statutory functions carried out by Finance and Internal Audit.

- 4.5 The projected deficit on the high needs block is £5.507m and further information on this can be found as a separate agenda item.
- 4.6 The analysis of the projected distribution/spend of the early years block is included in table 5. The early years settlement is based on what we have been notified by DfE but will be subject to change in June/July when the allocation will be updated to reflect January 2019 early years census data. The estimated settlement and projected distribution/spend is included in table 6. The projected distribution/spend is based on the indicative budgets provided to schools and PVI's and will continue to be updated throughout the year.

**TABLE 5 – Current DFE Funding Allocation projection**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2019-20 at March 2019 £000</b>	<b>Projected Distribution / Spend 2019-20 £000</b>	<b>Projected Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,638	12,694	(57)
Early Years for 2 Year Olds	2,719	2,762	(43)
Early Years Pupil Premium	124	124	0
Early Years Disability Access Fund	54	54	0
Early Years Centrally Retained Expenditure (3 & 4 Year Olds) based on 4% Retention	533	434	99
Early Years Centrally Retained Expenditure (2 Year Olds)	52	52	0
SEN Inclusion Fund	150	150	0
<b>Total</b>	<b>16,270</b>	<b>16,270</b>	<b>0</b>

Note: table above does include roundings

- 4.7 Based on the current settlement provided by the DFE, and the projected distribution/spend, it is expected to be a projected deficit which would need to be met from the central retained element of early years funding.
- 4.8 Table 6 provides an estimate of the settlement we anticipate receiving in June/July. This would give a net surplus against the projected distribution/spend. There is potential to retain more funding for central services in this scenario as the central retention is currently 4% of the 3 & 4 year old estimated settlement. The June/July settlement and updated projections will be reported to the Schools' Forum in October 2019.

**TABLE 6 – Estimated Early Years Settlement**

<b>Early Years Funding Block</b>	<b>Estimated Settlement 2019-20 £000</b>	<b>Projected Distribution / Spend 2019-20 £000</b>	<b>Projected Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,927	12,694	232
Early Years for 2 Year Olds	2,608	2,762	(154)
Early Years Pupil Premium	124	124	0
Early Years Disability Access Fund	54	54	0
Early Years Centrally Retained Expenditure (3 & 4 Year Olds) based on 4% Retention	545	545	0
Early Years Centrally Retained Expenditure (2 Year Olds)	50	50	0
SEN Inclusion Fund	150	150	0
<b>Total</b>	<b>16,457</b>	<b>16,379</b>	<b>78</b>

- 4.9 As agreed in February 2019, maintained schools in the primary and secondary sectors agreed to de-delegation for the Trade Union Support Service. The de-delegation amount from maintained schools is £0.114m. Income from special schools and academies is £0.054m. At present the projected annual spend is on target. The spend will be monitored throughout the year.
- 4.10 As agreed in February 2019, maintained schools in the secondary sector agreed to de-delegation for a Contingency Fund. The de-delegation amount is £0.032m and is further discussed in a separate agenda item.

## 5. ESTIMATED DSG RESERVE POSITION AT 31 MARCH 2020

- 5.1 Table 7 provides details of the estimated closing position of the DSG for 2019-20.

**TABLE 7**

	<b>Surplus/ (Deficit) £000</b>
<b>DSG Reserve Brought Forward from 2018-19</b>	<b>3,228</b>
<b>Reserve Commitments from Schools Block 2018-19</b>	
Projected in-year deficit on business rates	(5)
Projected in-year surplus on growth fund	19
<b>Projected Schools Block 2019-20 Subtotal</b>	<b>14</b>
<b>Projected in-year deficit on High Needs Block</b>	<b>(5,507)</b>
<b>Estimated 2018-19 Early Years Block Adjustment</b>	<b>109</b>
<b>Estimated DSG Reserve at 31 March 2020</b>	<b>(2,156)</b>



- 5.2 Should all the projections materialise, there would be a deficit of £2.156m on the DSG. As a result a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover the deficit over the next 3 years. This will require discussions and agreement of the Schools Forum and the position will be closely monitoring throughout the year and updates will be reported to Schools' Forum.

## **6. CONCLUSION**

- 6.1 The in-year deficit in 2018-19 of £0.937m has resulted in the requirement to utilise some of the DSG reserve.
- 6.2 The projected deficit on the DSG for 2019-20 will require a deficit recovery plan to be submitted by the LA to the DfE.

## **7. RECOMMENDATIONS**

- 7.1 As set out at the front of the report.

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# Agenda Item 8

<b>Report To:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	25 June 2019
<b>Reporting Officer:</b>	Tim Bowman, Assistant Director, Education Tom Wilkinson, Assistant Director, Finance
<b>Subject:</b>	<b>HIGH NEEDS FUNDING UPDATE</b>
<b>Report Summary:</b>	A report on the High Needs Budget and options for managing the budget pressure in 2020-21
<b>Recommendations:</b>	<p>Members of the Schools Forum are requested to note and support the contents of the report.</p> <p>Members of the Schools Forum to note that unless there is significant reductions in demand for specialist services that a transfer from the Schools Block to the High Needs block to support the Education of the most vulnerable children in the borough will be required.</p> <p>That an update on this issue be provided to the next meeting for the forum including growth levels and final funding announcements.</p>
<b>Corporate Plan:</b>	High Needs Funding significantly supports the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial and policy framework.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>If the projected deficit materialises as expected, a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years.</p>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	Failure to account for the Grant in accordance with correct accounting procedures will put the Council at risk of auditor and DfE counter action through imposition of sanctions and penalties due to unlawful practices.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and closure of accounts to ensure that this is achieved. These will be subject to regular review.
<b>Access to Information:</b>	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

**Background Information:** The background papers relating to this report can be inspected by contacting Christine Mullins



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## **1. INTRODUCTION**

- 1.1 This report provides an update on the 2018-19 outturn position for the High Needs Dedicated Schools Grant (DSG) funding and projections for the 2019-20 position.

## **2. BACKGROUND**

- 2.1 As previously reported there continues to be a significant and continued pressure on the High Needs Block arising from a number of areas that have been discussed;

- the increasing high needs population such as special school places and resourced provision
- Increase Education Health Care Plans being issued
- Increases in the number of Post 16 placements requiring top up funding
- Increased spending in supporting Tameside children in the Independent Sector or Out of Borough placements

## **3. NATIONAL CONTEXT**

- 3.1 The funding pressures we are facing in Tameside are being replicated in local authorities across the country and we are looking at ways to manage these pressures whilst continuing to support those children most in need, this will require us to think differently about our practice, provision and places we commission.

- 3.2 Recent benchmarking information has shown LA's across the country are in similar positions with the average deficit on the DSG being around £3.4m and 74% of LA's projected a deficit in 2018-19 compared to 34% in 2015-16.

- 3.3 On 16 December 2018, the Secretary of State for Education, Damian Hinds announced £250m of funding across 2 financial years 2018-19 and 2019-20 to address the national pressure on High Needs spending and in response to representations made by Local Government and Schools. Tameside have been allocated an additional £0.517m both in 2018-19 and 2019-20 which will partly offset the projected deficit on this budget.

- 3.4 The DFE has further acknowledged the concern for many schools and local authorities and confirmed the issue will be carefully considered in the forthcoming spending review. To support this a 'call for evidence' was launched on the 3 May 2019 and its focus will be to review how the current available funding is distributed, and what improvements might be made in the future. It seeks information about whether there are aspects of the funding system that are driving up costs without improving outcomes for the young people concerned.

- 3.5 Please find the link below (this has also been brought to the attention of all schools via the schools finance monthly bulletin). The closing date for responses is the 31 July 2019. The LA will be preparing its response and all schools and governing bodies are encouraged to respond.

- 3.6 <https://consult.education.gov.uk/funding-policy-unit/funding-for-send-and-those-who-need-ap-call-for-ev/>

#### 4. HIGH NEEDS OUTTURN POSITION 2018-19

- 4.1 The year-end position resulted in an in-year deficit of £1.453m. As in 2017-18, the 2018-19 deficit will be funded from Dedicated Schools Grant (DSG) reserve which leaves the reserve standing at £3.23m in 2019-20.
- 4.2 The forecast for 2019-20 based on known current commitments as the table shows this could result in an in-year deficit of £1.921m before any in-year growth or developments to the current high needs funding arrangements.

**Table 1 – High Needs 2018-19 Outturn**

High Needs Budget Position	2018-19 Final Position £000's	2019-20 Forecast £000's	Difference £'000's	Difference %
<b>Expenditure</b>				
Mainstream	1,492	1,877	385	26%
Special	9,155	9,440	284	3%
Tameside Pupil Referral Service	2,517	2,538	21	1%
Resourced Units	260	127	(133)	(51)%
Independent Schools	1,824	2,105	281	15%
Non Maintained Special Schools	425	391	(34)	(8)%
Out of Borough (Pre 16)	445	721	276	62%
Post 16	2,378	2,448	70	3%
Hospital Education	66	76	10	16%
SEN Support Services	1,772	1,841	69	4%
Income Out of Borough	(408)	(250)	158	(39)%
<b>Totals</b>	<b>19,925</b>	<b>21,313</b>	<b>1,388</b>	<b>(7)%</b>
<b>Funding Allocation</b>				
Original Funding Allocation	19,324	20,337	1,012	5%
Academy Recoupment	(1,370)	(1,462)	(92)	5%
Additional Pressures Funding	517	517	0	0%
<b>Total Funding</b>	<b>18,471</b>	<b>19,392</b>	<b>921</b>	<b>5%</b>
<b>Overspend before Balance b/w</b>	<b>(1,453)</b>	<b>(1,921)</b>		
<b>Projected in Year Growth</b>		<b>3,586</b>		
<b>Projected Overspend at Year End (Before Reserves)</b>		<b>(5,507)</b>		
<b>DSG Reserves</b>		<b>3,228</b>		
<b>Projected Overspend at Year End (after Reserves)</b>		<b>(2,279)</b>		

#### 5. 2019-20 GROWTH & PRESSURES

- 5.1 The LA has already seen a sharp increase in the number of EHCP's issued and this currently stands at 2.7% of the population aged 2-19 years at April 2019.
- 5.2 There has continued to be a significant numbers of referrals over the last 4 months, averaging at 45 per month. If growth continues throughout the financial year at current levels this would create a potential further pressure on the High Needs budget of which

could exceed £3.5m. We estimate that the number of plans we maintain will increase will by between 300 and 650, bringing the total number of EHCPs Tameside maintains to more than 1800.

### 5.3 Table 2 – EHCP pupils as % of total pupils

<b>EHCP pupils as % of total pupils</b>	<b>No</b>	<b>Mid-2019 age 2-18 ONS population projection*</b>	<b>% of total Pupils</b>
EHCP's Funded April 2018	945	47,002	2.01%
EHCP's Funded April 2019	1,267	47,002	2.70%
EHCP's Funded April 2020 (includes assumed Growth)	1,837	47,002	3.91%

\* DSG allocation tables 2019-20

5.4 The projections do represent a significant increase and at this stage is only a projection based on previous months. It is also recognised these projections represent the maximum growth levels and work is continuing to review and monitor the growth and the budget will be closely monitored and updated.

5.5 If the 2019-20 projections materialise, the High Needs overspend of £5.51m would create a deficit of £2.156m on the total DSG. As a result, a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years. This will require discussions and agreement of the Schools Forum. The position will be closely monitoring throughout the year and updates will be reported to Members.

## 6. DSG BLOCK TRANSFER

6.1 Within the DSG allocation the Schools Block is ring fenced in 2019-20 but LA's retain limited flexibility to:

- Transfer up to 0.50% of their schools block funding into another block, with approval of their schools forum.
- Seek Secretary of State Approval if they require a movement of more than 0.50% by submitting a disapplication request.

6.2 It is anticipated based due to the current pressures on the High Needs Block and the potential growth that the LA will need to carry out a transfer from Schools Block into High Needs Block in 2020-21.

6.3 There are still a number of factors that could affect the 2020-21 funding settlement and these include the results of the call for evidence on SEN and the outcome of the Comprehensive Spending Review.

6.4 The LA is not expecting any further notifications until the Autumn term, but it is not expected that any potential allocation would in isolation fully resolve the High Needs pressure.

6.5 In preparation for the 2020-21 budget it is necessary to look at how any block transfer would be managed. To demonstrate the impact this will have on schools' funding a number of scenarios have been modelled. Please note: for modelling purposes the 2019-20 budget allocations have been used and will subject the change.

- 6.6 Table 3 shows the funding that could be transferred if a decision was made to move 0.50% or 1.00% of the current Schools Block.

**Table 3:**

DSG Schools Block Allocation for 2019-20	£162,368,712
Top Slice of 0.5% for High Needs Block	£811,844
Top Slice of 1% for High Needs Block	£1,623,687

- 6.7 In order to afford the movement between blocks but continue to allocate funding through the National Funding Formula (NFF), adjustments would be required to the current Minimum Funding Guarantee (MFG) and/or Gains Cap. Three scenarios have been modelled to provide some context on the impact to schools allocations which are detailed in **Appendix A**, along with some statistics on the number of schools affected (of a total of 92 schools) and the range of change to the total school allocation
- 6.8 All the proposed scenarios at **Appendix A** are affordable based on the 2019-20 figures. Due to the expected pressures currently in the system the 1% transfer would be necessary which means a 0% MFG and a gains gap of 0.85%. This means that the pupil led values remain the same as the previous year. The LA does have the ability in line with the DFE funding regulations, to use a negative MFG of up to -1.5% to balance the budget.

## **7. SCHOOLS FUNDING GROUP**

- 7.1 The above figures were presented and discussed in detail with the School Funding Group (SFG) at the last meeting.
- 7.2 The Group discussed the 'call for evidence' and requested the LA share their intended response to the consultation with all schools.
- 7.3 The Group discussed the need to transfer funding from schools block to the high needs block and most of the members supported a transfer. It was also acknowledged that a 1% transfer would be needed and in principle supported scenario 3, subject to funding announcements and in year monitoring.

## **8. SUMMARY**

- 8.1 The overspend on the high Needs Block in 2018-19 was £1.46m and will be offset by DSG Reserves.
- 8.2 The projected overspend in 2019-20 of £5.51m includes significant in year growth that will be continually reviewed and monitored.
- 8.3 DSG Reserves of £3.23m are available to support the projected deficit in 2019-20 but may not be sufficient to avoid an DSG deficit at the end of the financial year.
- 8.4 Any decision to move funding from the school block to the high needs block will be a one year decision taken by Schools Forum.

## **9. RECOMMENDATIONS**

- 9.1 As set out at the front of the report.



## APPENDIX A

### Scenario 1: Top Slice 0.50% from Schools Block -

Maintain the current MFG at 0.50% but reduce the Gains Cap by 1.825%

This would result in no change to the MFG allocation but would see a reduction from the 3.4% Gains Cap (2.9% Gains Cap plus 0.5% MFG). This only affects gaining schools by reducing the gain they are set to receive i.e. they can only gain up to 1.575% (1.075% Gains Cap plus 0.5% MFG) of their pupil led funding and anything above this would be retained to allow a balanced budget.

The total funding transferred to the High Needs block would be **£0.812m** and have the following impact on Schools Block allocations:

**Table 4:**

Scenario 1	MFG		Gains Cap	
No. of Schools Affected	0		37	
Highest Reduction to Schools Total Allocation	N/A	N/A	£61,199	0.87%
Lowest Reduction to Schools Total Allocation	N/A	N/A	£943	0.11%
Average Reduction	N/A		£21,735	

### Scenario 2: Top Slice 0.50% from Schools Block:

Reduce the current 0.50% MFG to 0% and reduce the Gains Cap by 0.70%

This would affect all schools currently receiving MFG or Gains Cap. All schools in receipt of MFG would be protected to receive the same level of pupil led funding as they did in 2018-19 and gaining schools would be allowed to gain up to 2.2% of pupil led funding.

The total transfer to High Needs Block would be £0.812m which would include reduction in MFG allocation of £0.360m and reduction in gains held back would be £0.452m.

The impact on the Schools block allocations is shown below:

**Table 5: Impact of reducing the MFG from 0.5% to 0% and reduce the Gains Cap by 0.70%**

Scenario 2	MFG		Gains Cap	
No. of Schools Affected	51		35	
Highest Reduction to Schools Total Allocation	£28,029	0.45%	£27,813	1.10%
Lowest Reduction to Schools Total Allocation	£1,810	0.37%	£269	0.02%
Average Reduction	£7,048		£12,901	

### Scenario 3: 1% Top Slice from Schools Block

Reduce the current 0.50% MFG to 0% and reduce the Gains Cap by 2.05%

This would affect all schools currently receiving MFG or Gains Cap. All schools in receipt of MFG would be protected to receive the same level of pupil led funding as they did in 2018-19 and gaining schools would be allowed to gain up to 0.85% of pupil led funding.

The total transfer to Schools Block would be £1.624m made up of MFG contribution to the of £0.359m and gains held back would be £1.265m.

Impact on Schools Block allocations:

**Table 6: Impact of reducing the 0.50% MFG to 0% and reduce the Gains Cap by 2.05%**

<b>Scenario 3</b>	<b>MFG</b>		<b>Gains Cap</b>	
No. of Schools Affected	51		40	
Highest Reduction to Schools Total Allocation	£28,029	0.45%	£109,984	1.55%
Lowest Reduction to Schools Total Allocation	£1,810	0.37%	£1,794	0.20%
Average Reduction	£7,048		£31,612	