

SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report provides an update on a number of matters relating to the 2019/20 Dedicated Schools Grant including initial confirmation of the DSG balances brought forward from 2018/19.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2019/20 DSG on 9 January 2019. An update, which included areas of review, was presented to the Schools Forum on 13 March.

Background / Context

See the details for consideration below.

Details of the Item for Consideration

Reminder - Uncertainty

In previous reports, we have highlighted that we are again entering a period of uncertainty. A key concern is the lack of view or informed insight we have into the shape and value of our DSG and the National Funding Formula at April 2020. We normally begin to receive detailed information from Government on the following's years DSG arrangements in June / July, which enables us to formulate plans for consultation, which we can then begin to discuss with schools and providers early in the autumn term. However, we are currently not clear about the Government's timetable for announcements associated with the 2019 spending review and the 2020/21 DSG. The critical DSG announcements will cover:

- Early Years Block overall settlement.
- Early Years Block nursery school protection after August 2020.
- Schools Block overall settlement.
- Schools Block development of National Funding Formula at factor level including mobility, growth and PFI.
- Schools Block Minimum Funding Guarantee.
- Schools Block permitted framework for de-delegated funds.
- Schools Block flexibility for the movement of funds to the High Needs Block.
- High Needs Block overall settlement and release of damping.
- High Needs Block uplift of the Place-Plus thresholds.
- High Needs Block funding of education in hospital and medical home tuition.
- High Needs Block national re-definition of notional SEND.
- High Needs Block outcomes of the national alternative provision review.
- Central Schools Services Block historic commitments funding.
- The merger ('mainstreaming') of grant streams e.g. teacher pay grant into the DSG and the impact on baselines and protections.

As we set out in the report on 13 March, we have identified areas of formula funding that we wish to review locally for 2020/21 and, although the outcomes of these reviews will be affected by Government announcements, we aim to progress them as best as possible within our normal annual review cycle. As we have now moved to adopt National Funding Formula at local level within the Schools Block, these formula funding reviews are primarily Early Years Block and High Needs Block related. A progress update on a number of review areas will be presented to the Schools Forum in July.

SEND & Alternative Provision Funding – DfE Call for Evidence

The DfE launched on 3 May 2019 a 'call for evidence' on the financial arrangements associated with SEND and alternative provision. The DfE has indicated that responses will inform the DfE's discussions with the Treasury within the autumn spending settlement. The DfE's introductory document is attached at Appendix 1a. The deadline for responses is 31 July 2019 (on-line survey – Appendix 1b). Given the high priority that SEND and AP funding has, it is anticipated that Forum Members will wish to respond to this, alongside the Local Authority. Members are asked to consider how best to pull a combined response this together. It would be anticipated that any combined Schools Forum response could be agreed at the next meeting in July prior to submission by 31 July.

Details of the Item for Consideration

DSG – Initial Confirmation of Balances Brought Forward from 2018/19

Appendix 2 presents:

- **The balances by DSG block that were estimated to be held at the end of the 2018/19 financial year – a total of £14.149m.** This estimate was calculated in November 2018, initially reported to the Schools Forum in Document JS presented December 2018 and updated in Document KA presented January 2019.
- **The equivalent actual balances that have now been confirmed following the closure of the financial year at 31 March 2019 – a total of £16.278m, representing an additional £2.129m on the estimated figure.** Please note that this is an initial confirmation not yet inclusive of the final Early Years Block allocation for 2018/19, which will be confirmed by the DfE in July 2019.

Members are asked to note:

- £1.247m of the confirmed £7.140m Schools Block balance is attached to maintained school de-delegated funds and is ring-fenced. We estimated in November 2018 that the net balance held in de-delegated funds at the end of 2018/19 would be £0.677m; the increase to £1.247m is the result of lower spend than forecasted in the maternity / paternity insurance scheme and the technical delay in the charging of deficits relating to sponsored academy conversions (please see below), which will now take place in the new financial year and will reduce the £1.247m. Members are reminded that the Schools Forum, in its recommendations for the 2019/20 planned budget, also released £0.25m of the forecasted de-delegated funds balance to reduce the cost of the maternity / paternity scheme for maintained primary schools in 2019/20.
- £3.015m of the confirmed £7.140m Schools Block balance is attached to the Growth Fund and is ring-fenced. We estimated in November 2018 that the Growth Fund balance held at the end of 2018/19 would be £2.952m; the small difference is the result of the release of a small contingency that was held in case of further allocations to the secondary phase. The £3.015m includes the £1.700m held for the agreed support model for Beckfoot Upper Heaton Academy (BUHA). Members are reminded that the Schools Forum, in its recommendations for the 2019/20 planned budget, committed £1.390m of the £3.015m to Growth Fund spending in 2019/20; £0.50m to BUHA and £0.89m to support the initial cost of the delegated formula funding allocations of 2 new secondary free schools expected to open 1 September 2019.
- There are a number of moving parts within the Early Years Block and the £0.358m difference between the forecast and the initial confirmed balance is reflective of the difference between the estimate of spring term 2019 delivery numbers (which is calculated using October 2018 Census data) and actuals recorded in the January 2019 Census.
- The difference in the High Needs Block (+ £1.018m) is the result of lower than estimated spend in alternative provision, where the estimate incorporated a number of contingencies held to support review work, and lower spend than forecasted on independent and out of authority placements, where actual spend growth between November 2018 and March 2019 was lower than has been over the same period in previous years. This underspend against forecast on independent / OLA placements may be an issue of the timing of the recording of spending in the new rather than the old year and this is currently being checked.
- There is a very small surplus held at 31 March 2019 in the Central Schools Services Block. It is proposed that this surplus is effectively transferred for allocation within the Schools Block going forward.

Members are reminded more generally:

- It is usual for underspends to be created within the DSG allocation process. This is because certain expenditure is estimated at the start of the year and the Forum has always taken a prudent approach to managing cost pressures. A normal part of the DSG allocation process then in previous years has been a reconciliation of planned vs. actual spending. Any balance from the net position of over / under spends has been added to the DSG headroom. This funding is available on a one off basis only. When previously considering such funds, the Forum has sought to avoid significantly allocating this to meet on-going expenditure.
- In practical terms, under National Funding Formula, it is now useful for the DSG's 'reserves and underspends' to be presented on a Block-specific basis. The starting assumption is that the reserve attributed to each Block is spent on pressures within that Block unless a specific decision is taken to transfer reserves between Blocks. To stress, the DSG Regulations permit reserves to be used across all the Blocks. What we have established is a locally determined informal Block ring-fencing policy for reserves.
- The Schools Forum will receive, as normal in the autumn term, an analysis of the forecasted position of DSG balances at the end of the 2019/20 financial year.

Details of the Item for Consideration

Primary Phase School Re-Organisation Costs Maintained Schools De-delegated Fund – Deficit Balances Related to Sponsored Conversions during 2018-19

The Schools Forum is reminded that primary phase maintained schools Members have established a de-delegated fund specifically to meet the cost of any deficit balances held by maintained primary schools that convert to academy status under sponsored arrangements. A balance of £148,500 from this fund was brought forward into 2018/19, with a further £171,610 brought forward into 2019/20, as no charges against this fund have yet been made. Therefore, a total balance of £320,110 is brought forward into 2019/20 and added to a new budget of £110,600, which has been initially retained in this financial year.

We signalled in autumn and early spring that allocations against this fund were expected before the end of 2018/19 as the Authority was managing the conversion of primary sponsored academies that were likely to close with deficits. The final determination of balances has been a little delayed meaning that charges were not made against this fund during the 2018/19 financial year and will now be made in this year against the £320,110 brought forward.

3 sponsored primary schools are determined to hold deficit balances totalling £252,432. These are:

- Fearnville Primary School £43,854 *
- Nessfield Primary School £158,122 *
- Wycliffe Primary School £50,456

To stress some key points:

- Documents KG, presented on 13 March 2019, set out in more detail the context of academisation, the number of conversions that have been processed during 2018/19, the framework for the charging of deficits budgets, and the on-going assessment of risk.
- Schools that convert under sponsored arrangements are typically very vulnerable, in Ofsted categories, that face a number of operational and financial challenges, many requiring significant additional leadership capacity and support and incurring additional costs from this, as well as seeing reductions in pupil numbers. Typically these schools are the types of school that could overspend in the short term and the Authority would have agreed the terms of a licensed deficit re-payment plan. As discussed with the Schools Forum in initially establishing the de-delegated fund, all overspends crystallise at the point of conversion preventing the Authority from recovering any deficits via a repayment plan.
- This is the first time a charge has been made against the DSG related to a deficit from an academy conversion.
- The financial close of these schools has been carried out on an accruals basis taking into account any pre-payment for goods and services by the maintained school.
- * The very final determination of the balances of Fearnville Primary School and Nessfield Primary School could alter depending on the outcomes of on-going work to recover supply insurance claims and to finalise utility bills up to conversion. The Forum will be notified of any changes from the figures stated in this report.

Implications for the Dedicated Schools Grant (DSG) (if any)

As set out in the report (this is an item for information)

Recommendations

The Schools Forum is asked to consider and to note the information provided in the report.

List of Supporting Appendices / Papers (where applicable)

Appendix 1a & 1b – DfE Call for Evidence SEND & survey questions
Appendix 2 – Initial Confirmation of DSG Balances held 31 March 2019

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