

## SCHOOLS FORUM MEETING

**13<sup>th</sup> March 2019**

**15.00 to 17.00 Committee Room 4, Civic Centre, Uxbridge**

**Membership:** Jim Edgecombe (Chair), Phil Haigh (Chair of Sub Groups), Ludmila Morris, Duncan Greig, Kris O’Sullivan, Bernie Lloyd, Lisa Corrigan, Tony Eginton, Jo Palmer, Liz Horrigan, John Goddard, Bob Charlton, Joan Greening, Tracey Hemming, Robert Jones, Peter Ryerson, Sudhi Pathak, Laurie Cornwell, Elaine Caffary, Lesley Knee, Helen Manwaring.

**Shadow Reps/Observers:** Rachel Anderson, Rachel Blake, Debbie Gilder, Sophia Shaikh, John Buckingham, Graham Wells, Jenny Rigby.

**Officers:** Peter Malewicz, Graham Young, Dan Kennedy, Tom Murphy, Kate Boulter (Clerk)

### AGENDA

	Item	Time	Lead	Update
1.	Apologies	15.00 – 15.05	<b>KB</b>	
2.	Membership Update	15.05 – 15.10	<b>JE</b>	
2.	Minutes of meetings held on a) 8 <sup>th</sup> January 2019 b) 16 <sup>th</sup> January 2019 c) 12 <sup>th</sup> February 2019	15.10 – 15.20	<b>JE</b>	Report
3.	Matters arising from meetings on 8 <sup>th</sup> January 2019, 16 <sup>th</sup> January 2019 and 12 <sup>TH</sup> February 2019 not on the Agenda a) YPA and Skills Hub Funding Update	15.20 – 15.30	<b>GY</b>	Verbal
4.	Feedback from sub-groups a) High Needs	15.30 – 15.45	<b>PH</b>	Verbal
5.	Information Items a) Month 10 DSG Monitoring Report b) Integrated Therapies Contract	15.45 – 15.55	<b>GY</b> <b>PM</b>	Report Report
6.	DSG Budget a) Final Approved Budget for 2019/20 b) Workplan for 2020/21 i) High Needs Efficiency Plan ii) School Balances Clawback Mechanism iii) Review of Per Pupil Funding Levels iv) Model Impact of Future Pupil Number Growth on the DSG v) Review Centrally Retained Budgets	15.55 – 16.55	<b>GY</b> <b>PM</b>	Report Verbal
7.	AOB	16.55 – 17.00		

## Schools Forum and Sub Group Planned Meetings 2018/2019

<b>School's Forum Meetings 2018-19</b>		
<b>Meeting</b>	<b>Date &amp; Time</b>	<b>Venue</b>
Schools' Forum	Wednesday 13th March 2019 at 14:00	Civic- Committee Room 4
Schools' Forum	Wednesday 15th May 2019 at 14:00	Civic- Committee Room 6
Schools' Forum	Wednesday 26th June 2019 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 26th September 2019 at 14:00	Civic- Committee Room 6
Schools' Forum	Thursday 7th November 2019 at 14:00	Civic- Committee Room 4
Schools' Forum	Thursday 12th December 2019 at 14:00	Civic- Committee Room 6

# HILLINGDON SCHOOLS FORUM

Minutes of the meeting held on Wednesday 13 March 2019 at 3pm at the Civic Centre

## Voting members

NAME	ORGANISATION	ATTENDANCE
<b>Maintained Nursery (1)</b>		
Ludmila Morris	McMillan Early Childhood Centre	PRESENT
<b>Maintained Primary - Schools (4)</b>		
Lisa Corrigan	Highfield Primary School	ABSENT
Duncan Greig	Breakspear Primary School	PRESENT
Bernadette Lloyd	Harefield Infant & Harefield Junior School	APOLOGIES
Kris O'Sullivan	Deanesfield Primary School	PRESENT
<b>Maintained Primary - Governors (4)</b>		
Jim Edgecombe (CHAIR)	Whiteheath Junior School	PRESENT
Tony Eginton	Minet Nursery & Infant School and Hillside Junior School	PRESENT
Phil Haigh	Cherry Lane Primary School	PRESENT
Jo Palmer	Hillside Infant School	APOLOGIES
<b>Maintained Secondary (1)</b>		
Liz Horrigan	Harlington School	PRESENT
<b>Maintained Special (1)</b>		
John Goddard	Hedgewood School	PRESENT
<b>Academies (9)</b>		
Bob Charlton	Charville Primary School	PRESENT
Joan Greening	Northwood Academy	PRESENT
Tracey Hemming	Middlesex Learning Partnership	PRESENT
Robert Jones	Haydon School	PRESENT
Helen Manwaring	Swakeleys School	PRESENT
Peter Ryerson	Guru Nanak Sikh Academy	PRESENT
(three vacancies)		-
<b>Special Academies (1)</b>		
Sudhi Pathak	Eden Academy Trust	PRESENT
<b>Alternative provision (1)</b>		
Laurie Cornwell	The Skills Hub	APOLOGIES
<b>Private Voluntary &amp; Independent Early Years Providers (2)</b>		
Elaine Caffary	4 Street Nursery	APOLOGIES
Lesley Knee	Ruislip Methodist Preschool	PRESENT
<b>14-19 Partnership (1)</b>		
(vacant)		

## Other attendees (non-voting)

<b>Independent Non-Maintained Special School</b>		
Debbie Gilder	Pield Heath School	PRESENT
<b>Shadow Representative (Maintained Primary - Schools)</b>		
Rachel Anderson	Dr Tiplests School	PRESENT
Sophia Shaikh	Grange Park Junior School	NOT REQUIRED
<b>Shadow Representative (Maintained Primary - Governor)</b>		
John Buckingham		NOT REQUIRED
Mr Graham Wells	Colham Manor Primary School	PRESENT
<b>Local Authority Officers</b>		
Steve Denbeigh	LA Finance	PRESENT
Kate Boulter	Clerk	PRESENT
Dan Kennedy	LA	PRESENT
Peter Malewicz	Finance Manager - Children and Young People Services	PRESENT
Graham Young	Lead Finance Business Partner - School	APOLOGIES

		<b>ACTION</b>
1.	<p><b>APOLOGIES AND MEMBERSHIP</b></p> <p>Apologies were accepted and recorded in the attendance list (above).</p> <p>The Chair confirmed the meeting was quorate and could proceed to business.</p> <p>The Forum <b>AGREED</b> that Rachel Anderson and Sophia Shaikh, who had served as Maintained Primary Shadow Reps, would be appointed as Maintained Primary Members, replacing Bernadette Lloyd and Lisa Corrigan. This would take effect from the next meeting.</p>	<b>KB</b>
2.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>None.</p>	
3.	<p><b>MINUTES OF THE MEETINGS HELD ON 8 JANUARY 2019, 16 JANUARY 2019 AND 12 FEBRUARY 2019</b></p> <p>The minutes of the meetings held on 8 January 2019, 16 January 2019 and 12 February 2019 were <b>AGREED</b> as correct records subject to the following amendments:</p> <ul style="list-style-type: none"> <li>• 12 February 2019 - Lesley Knee was not present at the meeting.</li> <li>• 12 February 2019 - item 2 be amended to read "Currently there was no mechanism to claw back academy schools' surpluses".</li> </ul>	
4.	<p><b>MATTERS ARISING FROM THE MINUTES OF THE MEETINGS HELD ON 8 JANUARY 2019, 16 JANUARY 2019 AND 12 FEBRUARY 2019</b></p> <p><u>16 January 2019 - Minute 4 - YPA and Skills Hub</u></p> <p>PM reported that officers had gone through YPA financial data including Skills Hub funding and had identified that a substantial funding increase was needed due to increased pupil numbers. The LA proposed exploring planned place numbers and the per pupil funding rate and sought the Forum's support to continue this work.</p> <p>Members of the Forum commented that:</p> <ul style="list-style-type: none"> <li>• The Skills Hub was funded in the same way schools were, however it had a unique position as the Borough's only genuine alternative provision.</li> <li>• Its pupils had complex needs which were not covered by EHCPs.</li> <li>• Hillingdon's exclusion rate was relatively high compared with other boroughs and the LA was exploring the reasons for this.</li> <li>• The Borough's strategy and capacity for alternative provision should be reported through the High Needs Efficiency Plan.</li> </ul> <p>The Forum <b>AGREED</b> in principle for the LA to continue work on the Skills Hub's planned place numbers and per pupil funding rate, and asked for an update to be provided to the next High Needs Group meeting.</p>	<b>DK</b>

5.	<p><b>ANY OTHER BUSINESS</b></p> <p>None.</p>	
6.	<p><b>FEEDBACK FROM SUB-GROUPS</b></p> <p><b>(a) HIGH NEEDS GROUP</b></p> <p>The Forum received the unconfirmed minutes of the HNG held on 5 March 2019. PH reported that:</p> <ul style="list-style-type: none"> <li>• The Month 10 High Needs Budget monitoring report indicated that, if growth in demand for high needs funding in 2019/20 continued at the same rate as in 2018/19, a further £1 million could be required to support high needs, resulting in the necessity to apply for an even higher disapplication (if permitted) of 2% or £4.5 million to balance the 2020/21 budget. Some growth had been built into the 2019/20 budget however this was unlikely to be sufficient.</li> <li>• The LA was exploring the creation of special school hubs on satellite sites to increase the number of special school places in the Borough. Initially this would be 30 places, however the HNG did not feel this would be enough and was encouraging the LA to seek more sites.</li> <li>• The number of pupils with EHCPs in secondary schools was at planned levels, however the level of EHCPs in primary schools in the current year was 17% above budgeted levels.</li> </ul>	
7.	<p><b>INFORMATION REPORTS</b></p> <p><b>(a) MONTH10 DSG MONITORING REPORT</b></p> <p>The Dedicated Schools Grant (DSG) outturn position showed an in-year overspend of £3,527k at Month 10. This was an adverse movement of £271k from the Month 9 position due to continuing pressures in the cost of High Needs placements. When the £4,125k deficit brought forward from 2017/18 was taken into account, the deficit to carry forward to 2019/20 was £7,652k.</p> <p>In the High Needs Block there was adverse movement of £310K from Month 9 primarily due to a reduction in the assumed Health contribution. There had been an expectation that Health would make a significant contribution to a number of placements going back to 2016/17, however the CCG had disputed the value of these contributions and the projections had been revised to reflect this. The LA was working to improve the process so that funding was apportioned correctly in future. The LA, with the agreement of the CCG, had engaged a consultant to review the healthcare contribution for the 80 highest cost placements in the Borough, and the findings would be reported to the HNG. It was anticipated this would have a positive impact on 2019/20 costs. The HNG had requested that the Forum get reports when the LA wrote off DSG funds.</p> <p>The ten schools which had forecast a deficit in 2018/19 and were being monitored by the LA had remained stable. More schools were reporting challenging financial positions and it was anticipated that a higher number of schools would seek licensed deficits in 2019/20.</p> <p>Members of the Forum commented that:</p> <ul style="list-style-type: none"> <li>• It was not uncommon for schools to employ staff or engage services to deliver the health element of EHCPs.</li> </ul>	<p><b>PM</b></p>

	<ul style="list-style-type: none"> <li>• Noting that the LA had engaged consultants to review a number of areas of High Needs funding, the Forum requested that an update on High Needs service costs be reported to the Forum after consideration by the HNG.</li> <li>• Schools were facing unpredictable funding due to falling pupil numbers and this could cause some schools financial difficulty.</li> <li>• Some academies were in deficit and this was a cause for concern as academy finances were less visible than those of maintained schools.</li> </ul>	<b>PM</b>
	<p><b>(b) INTERGRATED THERAPIES CONTRACT</b></p> <p>The public was excluded from the discussion of this item and it is minuted separately.</p>	
8.	<p><b>DSG BUDGET 2019/20</b></p>	
	<p><b>(a) FINAL APPROVED BUDGET FOR 2019/20</b></p> <p>The Forum <b>NOTED</b> the final budget for 2019/20, approved at the Cabinet meeting on 14 February 2019. Cabinet had agreed to apply the disapplication approval notified by the ESFA on 7 February 2019, to transfer £3,499k from the Schools Block, which had enabled an in year balanced Dedicated Schools Grant (DSG) Budget for 2019/20 to be set</p>	
	<p><b>(b) WORKPLAN FOR 2020/21</b></p> <p>At the Extraordinary Meeting on 12 February 2019, the Forum had agreed to explore a number of areas with a view to identifying savings towards decreasing the DSG deficit, in addition to the work already taking place via the High Needs Efficiency Plan:</p> <ul style="list-style-type: none"> <li>• School balances clawback mechanism</li> <li>• Review of per pupil funding levels</li> <li>• Model impact of future pupil number growth on the DSG</li> <li>• Review centrally retained budgets</li> </ul> <p>Members of the Forum observed that it was not within the Forum's powers to make decisions on some of the issues that could impact the budget, and it would be necessary to seek the support of the Council and/or DfE to pursue changes.</p> <p><u>High Needs Efficiency Plan</u> The HNG was regularly considering the plan and monitoring actions. Areas of focus included reviewing how local provision was managed, the banded funding model and the cost of high cost placement, and a proposal to create satellite sites for special schools to increase the number of special schools places in the Borough. Savings targets would be included in the Plan.</p> <p><u>School balances clawback mechanism</u> At the Extraordinary Meeting on 12 February 2019, Councillor Simmonds, Deputy Leader of the Council and Cabinet Member for Education and Children's Services, had stated that schools held balances of £36.7 million. This was based on maintained school balances as at March 2018, and academies balances as at 31 August 2017. The vast majority of this figure was in academy balances. The Forum felt strongly that any clawback mechanism should be applied to all schools, however it was not clear how this would be achieved as academies were limited companies and did not separate capital and revenue. It would also be</p>	

	<p>necessary to gain a more up to date picture of schools' current balances as the figure of £36.7 million was at least a year out of date.</p> <p><u>Per pupil funding levels</u> A review would be carried out to see if there was a correlation between Minimum Funding Guarantee and school surpluses. If a link was found, the Forum would explore whether it could make a disapplication request to disapply the MFG.</p> <p><u>Pupil numbers</u> In the absence of any growth in education funding, schools were reliant upon growth in pupil numbers to increase income. Pupil numbers in primary had fallen and it was possible there would be negative growth in the DSG if this continued. The LA was carrying out a review of place numbers with a view to limiting the number of surplus places.</p> <p><u>Centrally retained</u> Hillingdon held very little centrally however this would be included in any review to explore whether further efficiencies were possible.</p> <p>The Forum <b>AGREED</b> that a working group comprising Jim Edgecombe, Phil Haigh, Peter Ryerson, Tracey Hemming, Kris O'Sullivan and Duncan Greig would meet to consider taking forward the proposals for reducing the DSG deficit. The Group's first meeting would consider a report on any legal or other constraints and the approval processes for recommending changes.</p>	<b>PM</b>
10.	<p><b>ANY OTHER BUSINESS</b></p> <p>Noting that Tom Murphy would be leaving the Council, the Forum thanked him for his work with the High Needs Group.</p>	
11.	<p><b>DATE OF NEXT MEETING</b></p> <p>The next meeting of the Schools Forum would be held in the Civic Centre on Wednesday 15 May 2019 at 2pm.</p>	

The meeting closed at 4.45pm.

## Month 10 DSG Monitoring Report

### Dedicated Schools Grant (£3,527k overspend, £271k adverse)

- The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £3,527k at month 10. This is an adverse movement of £271k from the month 9 position, due to continuing pressures in the cost of High Needs placements. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £7,652k.

**Table: DSG Income and Expenditure 2018/19**

Original Budget	Budget Changes	Funding Block	Month 10			Variance (as at Month 9)	Movement from Month 9
			Revised Budget	Forecast Outturn	Variance		
			£'000	£'000	£'000		
(275,559)	1,485	<b>Dedicated Schools Grant Income</b>	(274,074)	(274,074)	0	0	0
214,132	0	<b>Schools Block</b>	214,132	213,821	(311)	(311)	0
26,100	(2,238)	<b>Early Years Block</b>	23,862	24,329	467	468	(1)
2,773	0	<b>Central School Services Block</b>	2,773	3,140	367	405	(38)
32,554	753	<b>High Needs Block</b>	33,307	36,311	3,004	2,694	310
<b>0</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>0</b>	<b>3,527</b>	<b>3,527</b>	<b>3,256</b>	<b>271</b>
0	0	Balance Brought Forward 1 April 2018	4,125	4,125			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2019</b>	<b>4,125</b>	<b>7,652</b>			

### Dedicated Schools Grant Income (nil variance, no change)

- The DSG has been updated with the additional High Needs funding recently announced by the DfE. The allocation of this additional funding is based on the 2 to 18 year old population and for Hillingdon this has resulted in a £775k increase to the High Needs block in 2018/19. There will also be an additional £775k of High Needs block funding allocated in 2019/20. There are no further anticipated changes to DSG funding in 2018/19.

### Schools Block (£311k underspend, no change)

- The £311k underspend relates to the growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth, receive additional funding to provide financial recompense to schools throughout the relevant financial year to cover the cost of this agreed and planned growth. Schools Forum took the decision to withhold growth contingency allocations for two schools due to insufficient pupil growth in September 2018, which accounts for the majority of this underspend.
- There is also a mechanism within the growth contingency policy to allow for schools that have experienced significant in year growth and it is currently anticipated that there will be an underspend in this budget allocation.

### **Early Years Block (£467k overspend, £1k improvement)**

5. Two year old funding has now been adjusted to reflect the number of children accessing the entitlement based on the January 2018 census. This has resulted in a £128k increase in 2018/19 funding which should cover the cost of the increase in two year olds accessing the free entitlement.
6. The 3 and 4 year old funding for both the universal and the additional free entitlement has also been adjusted following the January 2018 census and the release of the updated guidance. This guidance clarifies that the funding provided for the new additional 15 hour free entitlement will be adjusted based on actual take up, which is a change to the treatment of previous new initiatives, where the funding provided was not adjusted until sufficient time had been allowed to settle in the initiative. Funding for the universal entitlement has increased slightly, whilst the funding for the additional 15 hour entitlement has reduced significantly as a consequence of lower actual uptake than estimated by the DfE when calculating the original funding allocation. The current projection has been revised following publication of the May census data for early years and the impact of the funding adjustments is estimated to result in a £501k overspend in 2018/19.
7. It has been agreed that the DSG will only fund the Early Years Centres up until 31 August 2018 with any over or underspend at this point to be charged to the DSG. The outturn position for the three centres at the end of August is a £100k overspend, as a consequence of a shortfall in the levels of income being generated. The only additional charges to the DSG in relation to the Early Years Centres will be for overheads which will be calculated at the end of the financial year.
8. There is currently an overspend of £35k in the Early Years Advisory Service where a savings target of £150k has been put in place by Schools Forum which may not be achieved in full in the current year.
9. These overspends are partly offset by a £57k underspend in the Family Information Service where there have been vacant posts for part of the year along with a projected £119k underspend in vulnerable children funding as fewer children are being identified as requiring additional support.

### **Central School Services Block (£367k overspend, £38k improvement)**

10. The overspend partly relates to confirmation from the ESFA that the copyright licences for schools should be charged to the centrally retained DSG. The DSG budget was set with the view that these licenses could be charged to the Schools Block, and therefore no budget was included within the Central School Services Block.
11. There is a £267k overspend as a result of an increase in the number of young people accessing alternative provision. The local authority currently commissions fifty places at the in-borough alternative provision setting and the historic trend is for numbers at the start of the academic year to be below this number before gradually building up. Currently numbers accessing this provision are already in excess of the commissioned number, resulting in an additional cost pressure.

12. The overspend is partly off-set by additional projected income from schools that have excluded pupils, where the local authority is able to recover the Age Weighted Pupil Unit cost for the period following exclusion.
13. Underspends are also being projected in some of the centrally retained Education functions services which offset the total overspend.

### **High Needs Block (£3,004k overspend, £310k adverse)**

14. There continues to be significant pressure in the High Needs Block with an overspend of £3,004k being projected at month 10.
15. The main driver for the overspend is linked to the transfer of pupils from statements to Education, Health and Care plans (EHCPs). As pupils were transferred to an EHCP they moved onto the new banded funding model which often resulted in a higher resource requirement. The transfer process was completed by 31 March 2018, however there are still cases where schools are querying the funding levels allocated. These cases are subject to a further review and following the submission of additional evidence often a higher level of resource is agreed. The 2018/19 budget was increased to reflect this anticipated increase, but the budget is still insufficient.
16. The adverse movement from month 9 is primarily due to a review of the assumptions made regarding contributions from Health towards SEN placements. There was an expectation that health would make a significant contribution to a number of placements going back to 2016/17, however the CCG have disputed the value of these contributions and the projections have now been revised to reflect this.
17. The rise in the number of pupils with an EHCP has also resulted in an increase in the number of schools receiving additional funding through the 2% threshold mechanism. This funding mechanism recognises those schools that have a disproportionate number of pupils with SEN on roll and distributes additional funding to schools that have more than 2% of their total pupil population with an EHCP. The funding is adjusted each term following receipt of confirmed census data, and the adjustments following the October census has resulted in a £157k overspend against budget.
18. There is an increase in expenditure on the placement of pupils with SEN in independent or non-maintained schools. The High Needs budget for 2018/19 includes a savings target within the budget for Independent and non-maintained school SEN placements which is dependent on a number of pupils leaving at the end of the summer term 2018 and new placements not being made. However, due to a lack of capacity in-borough, further placements have been made throughout the year, resulting in an additional pressure on the High Needs block.
19. The current year has seen a further increase in the cohort of post-16 SEN placements from September 2018. The local authority is still negotiating with providers on the level of funding for some of these placements with the current projection based on an estimated increase in cost.
20. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Early Intervention Funding (EIF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to

access funding quicker to enable them to intervene early and have the greatest impact. The current projected spend on EIF in 2018/19 is £176k.

## School Academy Conversions

21. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education & Skills Funding Agency (ESFA). Schools can convert at any point in the year, once they have converted, a number of adjustments are required to realign the DSG income budget and the amount delegated to maintained schools. The local authority has not been made aware of any academy conversions planned for the current financial year.

## Maintained School Balances & Budgets

22. A review of balances at the end of the 2017/18 financial year identified four schools which ended the year in deficit. Any schools that fall into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation.
23. Maintained schools ended the 2017/18 financial year with a cumulative closing surplus balance of £10.1m (revenue & capital). This was a £0.9m decrease from the adjusted previous year total (the two academy converters have been removed from the 2017/18 figures), which is due to one particular school. Despite the relatively healthy total balance, there is a wide spread with a number of schools having low balances that are expected to experience financial difficulties in 2018/19 due to reductions in pupil numbers and funding not keeping up with actual year-on-year increases in costs.
24. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2016/17 and 2017/18.

School Type	Total Number of Schools	Number of Schools In Deficit 2017/18	Value of Deficit 2017/18 £000	Number of Schools In Deficit 2016/17	Value of Deficit 2016/17 £000
Nursery	1	0	0	0	0
Primary	49	3	83	2	35
Secondary	2	1	2,475	1	1,549
Special	2	0	0	0	0
<b>Total</b>	<b>54</b>	<b>4</b>	<b>2,558</b>	<b>3</b>	<b>1,583</b>

25. A significant number of schools submitted budgets for the 2018/19 financial year with an in-year deficit, resulting in an anticipated budgeted reduction in school revenue balances of £4.1m for 2018/19. This is a concern as the use of balances is one-off and continued in-year deficits are unsustainable in the medium term. The table below summarises the budgeted balances position for maintained schools;

<b>School Type</b>	<b>Total Number of Schools</b>	<b>Value of Balances 01/04/2018 £000</b>	<b>Budgeted Balances 31/03/2019 £000</b>	<b>In-year Movement 2018/19 £000</b>
Nursery	1	176	136	(40)
Primary	49	10,240	7,576	(2,664)
Secondary	2	(2,208)	(3,340)	(1,132)
Special	2	1,346	1,041	(305)
<b>Total</b>	<b>54</b>	<b>9,554</b>	<b>5,413</b>	<b>(4,141)</b>

26. There are also two maintained schools that have been unable to set a balanced budget for 2018/19, where the local authority has agreed for them to set a licenced deficit budget. The Schools Finance team will continue to work with all maintained schools to monitor budgets for 2018/19, with particular focus on those schools that are in financial difficulty or have low balances.
27. There are currently 16 maintained schools that are RAG risk rated red as a consequence of their current financial position and are therefore being more closely monitored. Two of these schools have set a deficit budget with the remainder having set a balanced budget but with very low balances, meaning that any significant unplanned change in expenditure could result in the school being in a deficit position.
28. Red rated schools are all subject to monthly monitoring, (the Scheme for Financing Schools requires schools to submit quarterly monitoring reports to the local authority), and closer scrutiny by the Schools Finance team officers, with some receiving additional support and guidance with budget and cash-flow monitoring. Currently indications are that three of the red rated schools are projecting to end the year in a deficit position (two of these are the schools that have a licenced deficit approved by the local authority). This is an improvement of one school from the position reported last month. All red rated schools will continue to receive additional support in order to closely monitor the financial position with the aim of preventing a year end deficit and being in a position to set a balanced budget for 2019/20.

# Cabinet Addendum Sheet

14 February 2019



HILLINGDON  
LONDON

**Classification:** Public

## ITEM 7 - SCHOOLS BUDGET 2019/20

### **REVISED RECOMMENDATIONS**

**That Cabinet amends the following recommendation in the report and agrees:**

**Recommendation 1:**

**To apply the disapplication approval notified by the Education and Skills Funding Agency on 7 February 2019, to transfer £3,499k from the Schools Block to enable an in year balanced Dedicated Schools Grant (DSG) Budget for 2019/20 to be set (as set out in paragraphs 1 to 4 of this addendum).**

**That Cabinet delete recommendation 8, as it is no longer required.**

*Note: all the other recommendations numbers 2 through to 7 remain as set out in the original report.*

### **Reason for Recommendations**

The Secretary of State agreed the disapplication request referenced in the report, which allows the Council to transfer £3,499k from the Schools Block and by doing so allows an in year balanced DSG Budget for 2019/20 to be set.

### **Alternative Options**

- i) To ignore the Secretary of State's decision and agree to set a £3,499k deficit DSG Budget for 2019/20.
- ii) To partially apply the disapplication approval.

### **Supporting information**

The published Schools Budget 2019/20 Cabinet report, seeks agreement to set a Dedicated Schools Grant Budget for 2019/20 with a deficit of £3,499k, acknowledging that on the date of publication, the Council had not received any communication from the Education and Skills Funding Agency (ESFA) with regards to the Council's disapplication request. This request had sought authority to transfer £3,499k from the Schools Block to enable the Council to set an in year balanced DSG Budget for 2019/20.

On the 7 February 2019, the Council received notification from the ESFA that Hillingdon's disapplication request had been approved. As a result, Schools Forum were asked to convene an emergency meeting to discuss the implications of this decision and to provide them with an opportunity to feedback to the Council their views before a final decision is made. This meeting took place on 12 February 2019.

At this meeting, Schools Forum made the following comments:

They appreciated the opportunity to comment on the decision made by the ESFA, but after careful consideration they still had the view that they would not wish to support the transfer of £3,499k from the Schools Block for the following reasons:

- i) They wished to reiterate that this is not addressing the fundamental issue that there is insufficient funding in the DSG and that any transfer of funds would have a direct and detrimental impact on the education of children in the Borough.
- ii) They recognised that a significant proportion of the pressure in the DSG was as a direct result of the introduction of the Children and Families Act 2014 and the extension of the provision to include young people aged 19 to 25, which the National Funding Formula does not appropriately fund. They felt very strongly that pressure needs to be put on the DfE to address the underfunding of this range of young people.
- iii) They expressed concern that they felt more schools would fall into financial difficulties, especially the smaller schools, with a high probability that more schools would be unable to set a balanced budget in 2019/20 and would be seeking to set licensed deficits with little opportunity to recover.

However, Schools Forum did recognise that they had a part to play in trying to address the funding shortfall and proposed to look into the following:

- i) Schools Forum did consider a compromise position and voted on a proposal to transfer 0.5% from the Schools Block, which was not agreed.
- ii) To undertake a review of the range of per pupil funding provided to schools, the link to Minimum Funding Guarantee protection and the level of balances that these schools have including the changes in those balances and consider whether there are any options that will allow the Council and Schools Forum to address this.
- iii) To review the potential to operate a clawback of surplus balances mechanism for all schools including academy schools. This would require lobbying of the DfE, as this approach is not possible under the current Regulations.
- iv) To review the impact of school surplus places and pupil place planning.
- v) To consider opportunities for schools and the Local Authority to work together to procure services at a preferential rate. Schools indicated that their biggest challenge was teacher recruitment, retention and use of agency staff.

### **Proposed DSG Budget for 2019/20**

1. The approval received from the ESFA allows Cabinet to set an in year balanced budget, resulting in a requirement to amend a number of the tables in the original Schools Budget 2019/20 report.
2. The following table summarises the final DSG Budget by funding block for 2019/20 and highlights the changes that need to be made should Cabinet agree to transfer £3,499k from the Schools Block:

		<b>Published Budget £000</b>	<b>Proposed Amendments £000</b>	<b>Revised Budget £000</b>
Schools Block	Income	(218,649)	0	(218,649)
	Expenditure	218,649	(3,499)	215,150
	<b>Net Total</b>	<b>0</b>	<b>(3,499)</b>	<b>(3,499)</b>
High Needs Block	Income	(39,512)		(39,512)
	High Needs Recoupment adjustment	7,879		7,879
	High Needs Recoupment	(730)		(730)
	Expenditure	35,963		35,963
	<b>Net Total</b>	<b>3,600</b>		<b>3,600</b>
Early Years Block	Income	(24,824)		(24,824)
	Expenditure	24,627		24,627
	<b>Net Total</b>	<b>(197)</b>		<b>(197)</b>
Central School Services Block	Income	(2,818)		(2,818)
	Expenditure	2,914		2,914
	<b>Net Total</b>	<b>96</b>		<b>96</b>
<b>Total</b>		<b>3,499</b>	<b>(3,499)</b>	<b>0</b>

3. The following table details the final DSG Budget for 2019/20:

<b>Funding Block</b>	<b>Cost Centre description</b>	<b>Proposed Budget £'000</b>	<b>Proposed Amendments £000</b>	<b>Revised Budget £000</b>
Schools	Schools Block Funding	(218,649)		(218,649)
Schools	Individual Schools Budget	217,195	(3,499)	213,696
Schools	Growth Fund Contingency	1,454		1,454
	<b>Schools Block Total</b>	<b>0</b>	<b>(3,499)</b>	<b>(3,499)</b>
Early Years	Early Years Block Income	(24,824)		(24,824)
Early Years	Early Years Single Funding Formula	17,191		17,191
Early Years	Early Years Single Funding Formula (additional 15 hrs)	3,881		3,881
Early Years	Maintained Nursery School Supplementary Funding	239		239
Early Years	Disability Access Fund	104		104
Early Years	SEN Inclusion Fund	200		200
Early Years	Core Childcare & Early Years (FIS)	251		251
Early Years	Early Years Advisory Teachers	185		185
Early Years	Provision for Vulnerable Children Placements	139		139
Early Years	Early Years Overheads	96		96
Early Years	Early Years Pupil Premium	123		123
Early Years	2YO Funding	2,218		2,218
	<b>Early Years Block Total</b>	<b>(197)</b>		<b>(197)</b>
High Needs	High Needs Block Income	(39,512)		(39,512)
High Needs	High Needs Block Academy Recoupment	7,879		7,879
High Needs	Estimated HN Recoupment adjustment	(730)		(730)
High Needs	Maintained ASB	3,447		3,447
High Needs	Top-up funding	21,256		21,256
High Needs	Independent placement provision (pre-16)	4,561		4,561
High Needs	Independent placement provision (post-16)	1,002		1,002
High Needs	FE college top up funding	2,730		2,730
High Needs	Hospital Tuition	75		75
High Needs	Spec Contingency Spec Needs	1,076		1,076
High Needs	Non-statemented pupils - exceptional funding	32		32
High Needs	Tuition - SEN out of school	93		93
High Needs	SEN Support Services	1,235		1,235
High Needs	High Needs Overheads	456		456
	<b>High Needs Block Total</b>	<b>3,600</b>		<b>3,600</b>
Central Schools	Central Schools Block Funding	(2,818)		(2,818)
Central Schools	DSG Funded Business Support	30		30
Central Schools	Schools Forum	5		5
Central Schools	Admissions	305		305
Central Schools	Hillingdon Virtual School	487		487
Central Schools	Non-statemented LAC placements	300		300
Central Schools	Education Safeguarding	166		166
Central Schools	Pupils Out of School	327		327
Central Schools	Copyright Licences	230		230
Central Schools	ESG Funded Services	754		754
Central Schools	Central Schools Block Overheads	310		310
	<b>Central Schools Block Total</b>	<b>96</b>		<b>96</b>
	<b>Grand Total</b>	<b>3,499</b>	<b>(3,499)</b>	<b>0</b>

4. The following table details the proposed budget movements between 2018/19 and 2019/20:

Cost Centre description	2018/19 Original Budget £'000	Movement £'000	2019/20 Proposed Budget £'000
Schools Block Funding	(215,472)	(3,177)	(218,649)
Individual Schools Budget	212,732	964	213,696
Growth Fund Contingency	1,662	(208)	1,454
<b>Schools Block Total</b>	<b>(1,078)</b>	<b>(2,421)</b>	<b>(3,499)</b>
Early Years Block Income	(26,307)	1,483	(24,824)
Early Years Single Funding Formula	16,993	198	17,191
Early Years Single Funding Formula (additional 15 hrs)	5,353	(1,472)	3,881
Maintained Nursery School Supplementary Funding	236	3	239
Disability Access Fund	101	3	104
SEN Inclusion Fund	200		200
Core Childcare & Early Years (FIS)	245	6	251
Early Years Advisory Teachers	185		185
Provision for Vulnerable Children Placements	209	(70)	139
Early Years Overheads	293	(197)	96
Early Years Pupil Premium	136	(13)	123
2YO Funding	2,218		2,218
Early Years Centres	138	(138)	0
<b>Early Years Block Total</b>	<b>0</b>	<b>(197)</b>	<b>(197)</b>
High Needs Block Income	(36,259)	(3,253)	(39,512)
High Needs Block Academy Recoupment	6,064	1,815	7,879
Estimated HN Recoupment adjustment	(1,068)	338	(730)
Maintained ASB	3,673	(226)	3,447
Top-up funding	19,052	2,204	21,256
Independent placement provision (pre-16)	4,063	498	4,561
Independent placement provision (post-16)	1,002		1,002
FE college top up funding	2,265	465	2,730
Hospital Tuition	75		75
Spec Contingency Spec Needs	871	205	1,076
Non-statemented pupils - exceptional funding	32		32
Tuition - SEN out of school	128	(35)	93
SEN Support Services	1,179	56	1,235
High Needs Overheads	260	196	456
<b>High Needs Block Total</b>	<b>1,337</b>	<b>2,263</b>	<b>3,600</b>
Central Schools Block Funding	(2,781)	(37)	(2,818)
DSG Funded Business Support	65	(35)	30
Schools Forum	5		5
Admissions	304	1	305
Hillingdon Virtual School	487		487
Non-statemented LAC placements	300		300
Education Safeguarding	165	1	166
Pupils Out of School	132	195	327
Copyright Licences	0	230	230
ESG Funded Services	754		754
Central Schools Block Overheads	310		310
<b>Central Schools Block Total</b>	<b>(259)</b>	<b>355</b>	<b>96</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Financial Implications**

It should be noted that the Secretary of States decision is not permanent and only affects the 2019/20 DSG Budget.

Should Cabinet agree to transfer £3,499k from the Schools Block to set an in-year balanced DSG Budget for 2019/20, it is worth noting that the Individual Schools Budget will still increase by £964k. This is on top of the additional funds that schools will receive from the Teachers Pay Award Grant, which is estimated to be £1,983k. Additionally, the DfE are currently consulting on the funding mechanism for the planned increase in the Teachers Pensions contributions that employers will face, where it is understood that any financial impact will be fully funded through a grant.

The latest set of data available (1 April 2018 for Maintained Schools and 31 August 2017 for Academy schools), indicates that schools had total surplus balances of £36,724k (£9,554k for maintained schools and £27,170k for Academy schools). However, there is a wide spread of balances, ranging from a surplus of £5,706k to a deficit of £2,656k. There is currently no mechanism within the Regulations that allows the redistribution of these funds.

The transfer of funds from the Schools Block could result in more schools falling into being at risk of financial difficulty. Currently, the Council has 16 maintained schools on its 'at risk register, where these schools are being closely monitored by the Schools Finance Support Team. This includes two schools that have agreed licensed deficits (one primary with a deficit of £54k and one secondary with a deficit of £3,756k), without any real opportunity to recover the position in the short to medium term. There are also 4 Academy schools that were in deficit as at the end of August 2017.

## **Papers with Report**

Notification from the ESFA

Draft Minutes of the Schools Forum meeting 12 February 2019