

## **Schools Forum**

**MONDAY 16<sup>th</sup> DECEMBER 2019 AT 2.30PM  
AT OLDBURY COUNCIL HOUSE, COMMITTEE ROOM 2**

### **Agenda**

*(Open to Public and Press)*

1. Apologies for absence.
2. Members to declare any interest in matters to be discussed at the meeting.
3. To confirm the minutes of the meeting held on 11<sup>th</sup> November 2019.
4. Schools Financial Value Standard
5. DSG Deficits Consultation
6. Risk Protection Arrangement Consultation – extension to maintained schools
7. Pupil Number Growth Monitoring report 2019/20
8. HNB Grant Provision 2020/21
9. HNB Budget Monitoring Report 2019/20 – to be tabled
10. Schools Revenue Budget 2020/21 Consultation responses.
11. AOB

**Next Meeting:**

**13<sup>th</sup> January 2020; Oldbury Council House Room TBC**

**Schools Forum Distribution to Members:**

**Head Teachers Advisory Forum - Primary Schools (6)**

Ms K Bickley, Ms L Gillam, Ms C Walsh, Mr G Linford

**Head Teachers Advisory Forum – Secondary Schools (4)**

Mr P Shone, Mr A Burns, Mr D Irish, M Arnall

**Head Teachers Advisory Forum – Special School (1)**

Mr N Toplass

**School Governors (4)**

Mr B Patel, Ms. C. Gallant, Mr J Smallman, Ms L Howard, Ms A Reyes-Dinoo

**Trade Union (1)**

Mr. D Barton

**Early Years Partnership (1)**

Mr Z Padda

**14-19 Provider (1)**

Ms J Bailey

**Pupil Referral Unit (1)**

K Morgan

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**Minutes of the Schools Forum**

**11 November 2019 at 2.30pm  
at Sandwell Council House, Oldbury**

**Members Present: D Irish (Chair),  
M Arnull, J Bailey, D Barton, A Burns, L  
Howard, G Linford, B Patel, S Ramsey, P  
Shone, J Smallman, N Toplass and C  
Walsh.**

**Officers Present: C Ward, S Lilley, A Timmins and M  
Tallents.**

**Observer: J Kellas and R Fisher.**

**Apologies: L Gillam, R Kerr and J Gill.**

46/19 **Agenda Item 1 – Apologies**

As above

47/19 **Agenda Item 2 – Declaration of Interest**

None

48/19 **Agenda Item 3 - To confirm the minutes of the meeting held  
on 23 September 2019**

**Resolved** that the minutes for the forum held on the 23  
September 2019 be confirmed as a correct record.

49/19 **Agenda Item 4 – Provisional National Funding Formula  
Allocations 2020/21**

Schools Forum received a report in respect of provisional  
allocations for the Dedicated Schools Grant 2020/21.

## Schools Forum – 11 November 2019

The provisional allocations for 2020/21 was displayed in a table on the report and excluded growth funding, notification of this funding would be received in December.

- Schools Block – Funding £265.477 based on October 2018 census of 53,601 pupils.
- High Needs Block – Funding £49.496 a 16.93% increase on 2019.20 allocations.
- Central schools services Block £1.984 based on 53,601 pupils and historic commitment of £0.228m.

The Local Authority had sent a letter to the Secretary of State in respect of High Needs Block funding along with many other authorities and it was reassuring that an increase in this funding had been undertaken.

**Resolved** that Schools Forum noted the report.

50/19

### **Agenda Item 5 - De – Delegated, Education Functions and Centrally Retained Outturn 2018/19**

Schools Forum received a report advising on how de-delegated and centrally retained budget had been used in 2018-19.

Schools had requested more detailed information be presented to Schools Forum in respect to the use of de delegated and centrally retained budgets.

The Union representative questioned the underspend in respect of union facilities and it was considered that this was due to vacancies and A Timmins would investigate and report back.

A Burns queried if allocation of funding was correct due to the overspends and underspends, this would be considered for future funding allocations.

It was suggested that the identified overspend in respect of Health and Safety was due to a double payment in the same financial year for one of the Health and Safety support programmes.

## Schools Forum – 11 November 2019

It was recommended that the under spend be used to reduce any over spend in de-delegated or Education functions in 2019/20.

**Resolved** that Schools Forum agree that the underspend be used to reduce any over spend in the de-delegated or Education functions in 2019/20.

### 51/19 **Agenda Item 6 - Schools revenue funding 2020/21 Consultation**

The Schools revenue funding consultation was presented to Schools Forum to get approval in order that the document could be issued to schools and academies.

It was pointed out that the Department for Education had made some other changes to local formulae.

The authority had found that whilst undertaking the modelling for the different options that there may be instances where it would need greater flexibility on the Minimum Funding Guarantee potentially ranging from -1.5% to + 2.5%. The authority therefore intended to submit an application as a failsafe to cover any formula option which may be agreed.

The authority continued to believe that schools with Building for the Future contracts should be treated on the same basis as those with PFI premises factor and the Department for Education should therefore also uplift their costs in line with Retail Price Index excluding mortgages.

The authority's intention was to continue to press for recognition of Facility Management costs in order to attract RPIX funding. St Michael's High School is a PFI school and the authority intended to include the schools contribution within the schools funding model.

Members asked if Westminster School would be included in the above arrangement as it was on the same site as St Michael's School. It was confirmed that, although it was funded in a different way, the position of Westminster School would be considered.

## Schools Forum – 11 November 2019

**Resolved** that schools forum members approve:-

- (1) that Schools Funding 2020/21 consultation document be issued to schools and academies and other interested stakeholders;
- (2) the submission of Disapplication request to the Department for Education asking for an increase in the flexibility of the Minimum Funding Guarantee to range from -1.5% to + 2.5% in order to cover the range of formula funding options that were being consulted on;
- (3) that the authority works with the Department for Education to enable St Michael's High School facility management contribution's to be included as a PFI factor within the schools funding model and make any technical adjustments necessary to remain cost neutral initially and be eligible to attract RPIX on their contribution.

52/19

### **Agenda Item 7 – Attendance at the National Fair Funding Conference.**

Schools Forum was advised that there would be a National Fair Funding Conference on Tuesday 19 November 2019 in Reading, Berkshire.

Members were asked to nominate a member to attend the conference. The Principal Accountant for Schools would be attending the Conference on behalf of the Local Authority.

**Resolved** that nominations be forwarded to the meeting secretary.

53/19

### **Agenda Item 8 – School in Financial Difficulties**

The sub committee had considered an application for financial assistance from the School Forum support fund. It was considered that sufficient steps had not yet been made in respect of savings. The sub committee recommended that funding

## Schools Forum – 11 November 2019

should not be provided as the submission did not meet the recommended criteria. However, if the school remodels budget expenditure then a second application will be considered.

**Resolved** that Schools Forum approve the decision of the sub committee that no funding from the school's support fund be provided, however the school was able to submit a further application.

### 54/19 **Agenda Item 9 – Any Other Business**

The Chair suggested that a briefing document be sent out to members prior to the Schools Forum in future. The Chair and Vice Chair would meet with the Principal Accountant for Schools two weeks prior to Schools Forum.

Schools Forum was advised that a lot of the challenge in respect of the reports happened in the sub group and should be fed back to this group.

Members requested that the Terms of Reference for the group be distributed along with the forward plan.

**Resolved** that members be provided with Terms of Reference and the forward plan.

(Meeting ended at 3.05pm)

Contact Officer: Shane Parkes Democratic Services Unit 0121 569 3190
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**Schools Forum**

**16<sup>th</sup> December 2019**

**Schools Financial Value Standard (SFVS)**

**This report is for information**

**1. Recommendations:**

That Schools Forum members:

- 1.1 Take note of the contents of the report.

**2. Purpose**

- 2.1 To inform Forum members of the updates to the Schools Financial Value Standard.

**3. Links to School Improvement Priorities**

- 3.1 It is important for school leadership teams, and their governing bodies, to ensure that the school is on a sound financial footing. This includes regular benchmarking of financial data to check that best value for money is being achieved for the services received.

**4. Report Details**

- 4.1 The schools financial value standard (SFVS) helps to provide governing bodies with assurance that the school is meeting the basic standards necessary to achieve a good level of financial health and resource management. The tool can be used to identify possible areas for change to ensure that resources are being used to support high-quality teaching and the best education outcomes for pupils.
- 4.2 The tool is in two parts: and comprises a checklist and a dashboard.



1. The checklist, asks a number of questions of governing bodies in six areas of resource management to provide assurance that the school is managing its resources effectively.
  2. The dashboard, shows how a school's data compares to thresholds on a range of statistics that have been identified as indicators for good resource management and outcomes.
- 4.3 A similar version for academies, the school resource management self-assessment tool, is available for them to use.
- 4.4 The checklist asks a number of questions of governing bodies in 6 areas of resource management to provide assurance that the school is managing its resources effectively.
- 4.5 The dashboard shows how a school's data compares to thresholds on a range of statistics that have been identified by the department as indicators for good resource management and outcomes.
- 4.6 **Using the results from the dashboard**
- 4.7 The dashboard provides ratings against a school's data that indicate how its spend and characteristics compare with similar schools or nationally recognised bandings and recommendations.
- a red rating shows the school's data is significantly out of line with schools with similar characteristics or recognised standards - it does not mean that there is definitely a problem, but that there may be scope for change
  - an amber rating shows that the school's data is considerably out of line with the majority of similar schools or recognised standards
  - a light green rating shows that the school's data is in line with the majority of other schools or recognised standards - it does not necessarily mean that there is no scope for changes
  - a dark green rating shows that the school's data is close to the middle of similar schools or better than recognised standards - not all indicators will generate a dark green rating
- 4.8 Schools should carefully consider the results for each of the indicators in the dashboard, for example:
- reasons why the rating against the threshold is as it is

- if the school is an outlier, what the scope for follow-up actions, like further investigation or other changes, is
- the scope for using the schools financial benchmarking service or school performance service to identify schools, contact and learn from them

**5. Recommendations**

5.1 That Schools Forum

- 1.1 Take note of the contents of the report.

Rosemarie Kerr, Principal Accountant – Schools

Date: 09/12/2019

Contact Officer: Rosemarie Kerr

Tel No: 0121 569 8318

# Checklist

**Schools financial value standard - checklist**

The checklist asks a number of questions of governing bodies in six areas of resource management to help provide assurance that resources are being managed effectively.

The completion of this assessment forms part of the schools financial value standard. Your return must be submitted to your local authority

Guidance on completion of this document can be found [here](#). This guidance also includes examples of good practice and details further support available to assist governing bodies in addressing specific issues. Clicking on the individual questions below will also take you to the relevant section of the guidance.

Schools should answer each question with 'yes', 'no', or 'in part' from the drop down lists provided. They should provide comments, evidence and proposed actions for questions as appropriate.

<b>School name:</b>	
<b>School LA/Estab number:</b>	

	Answer	Comments, evidence and proposed actions
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**A. Governance**

1	In the view of the governing body and senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?	<a href="#">Q1 guidance</a>		
2	Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?	<a href="#">Q2 guidance</a>		
3	Does the governing body board receive clear and concise monitoring reports of the school's budget position at least six times a year?	<a href="#">Q3 guidance</a>		
4	Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?	<a href="#">Q4 guidance</a>		
5	Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, e.g. on sick leave?	<a href="#">Q5 guidance</a>		

**B. School strategy**

6	Does the school have a realistic, sustainable and flexible financial strategy in place for at least the next 3 years, based on realistic assumptions about future funding, pupil numbers and pressures?	<a href="#">Q6 guidance</a>		
7	Is the financial strategy integrated with the school's strategy for raising standards and attainment?	<a href="#">Q7 guidance</a>		
8	Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?	<a href="#">Q8 guidance</a>		

**C. Setting the annual budget**

9	Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?	<a href="#">Q9 guidance</a>		
10	Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?	<a href="#">Q10 guidance</a>		
11	Is the governing body realistic in its pupil number projections and can it move quickly to recast the budget if the projections and the reality are materially different?	<a href="#">Q11 guidance</a>		
12	Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do such variations result from explicitly planned changes or from genuinely unforeseeable circumstances?	<a href="#">Q12 guidance</a>		
13	Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?	<a href="#">Q13 guidance</a>		

**D. Staffing**

14	Does the school review and challenge its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?	<a href="#">Q14 guidance</a>		
15	Has the use of professional independent advice informed part of the pay decision process in relation to the head teacher and is it tightly correlated to strong educational outcomes and sound financial management?	<a href="#">Q15 guidance</a>		
16	Does the school benchmark the size of its senior leadership team annually against that of similar schools?	<a href="#">Q16 guidance</a>		

E. Value for money		
17	Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?	<a href="#">Q17 guidance</a>
18	Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	<a href="#">Q18 guidance</a>
19	Is the governing body given the opportunity to challenge the school's plans for replacing contracts for goods and services that are due to expire shortly?	<a href="#">Q19 guidance</a>
20	Does the School consider collaboration with others, e.g. on sharing staff or joint purchasing, where that would improve value for money?	<a href="#">Q20 guidance</a>
21	Do you compare your non-staff expenditure against the DfE recommended national deals to ensure you are achieving best value?	<a href="#">Q21 guidance</a>
22	Does the school maintain its premises and other assets to an adequate standard and make best use of capital monies for this purpose?	<a href="#">Q22 guidance</a>
F. Protecting public money		
23	Is the governing body sure that there are no outstanding matters from audit reports, internal audit reports or from previous consideration of weaknesses by the governing body?	<a href="#">Q23 guidance</a>
24	Are there adequate arrangements in place to manage conflicts of interest or any related party transactions?	<a href="#">Q24 guidance</a>
25	Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers? (Please note any instance of fraud or theft detected in the last 12 months)	<a href="#">Q25 guidance</a>
26	Are all staff aware of the school's whistleblowing arrangements and to whom they should report concerns?	<a href="#">Q26 guidance</a>
27	Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?	<a href="#">Q27 guidance</a>
28	Does the school have adequate arrangements for audit of voluntary funds?	<a href="#">Q28 guidance</a>
G. SFVS dashboard		
29	Have the results of the dashboard been carefully considered and potential follow-up actions identified?	<a href="#">Q29 guidance</a>

# Dashboard

# Appendix 2

**Schools financial value standard - dashboard**

Effective resource management is about how a school uses its resources to drive outcomes for its pupils. A school can improve outcomes by using its resources more effectively.

The dashboard below is designed to help schools identify areas for improved resource management. It shows how a school compares to thresholds on a range of key indicators.

The completion of this assessment forms part of the annual schools financial value standard.

**Using the dashboard**

Schools should use the most up to date data available to them, and not rely on lagged published data.

Complete all highlighted cells.

Guidance on calculating or collecting the data for the school so that metrics are compared to thresholds consistently can be found [here](#). Clicking on the link next to individual indicators below will also take you to the relevant section of the guidance.

Either input the school's percentages and ratios directly, or complete the [Optional - input raw data](#) form with spending information and school characteristics. The percentages and ratios in the dashboard will then auto-calculate.

**Using the results from the dashboard**

[Click here](#) for explanations of what the red, amber and green (RAG) ratings mean and what do with the results.

**A. Information about your school**

School name:	
School LA/Estab number:	
Phase:	
Region:	
Number of pupils:	
% of pupils eligible for FSM:	

[Click here](#) to see the RAG rating data for this school

Input the school's percentages and ratios directly below, or [click here](#) to input raw spending and characteristics data for your school

To reset the form to draw from the raw spending and characteristics data, [click here](#). Macros must be enabled

This school is being compared to other:

**B. Spending as a percentage of total expenditure**

		The school's data	Rating against thresholds
Spend on <b>teaching staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>supply staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>education support staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>administrative and clerical staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>other staff costs</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>premises (including staff costs)</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>teaching resources</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Spend on <b>energy</b> as a percentage of total expenditure	<a href="#">Guidance</a>		
Other spending as a percentage of total expenditure (balancing line)	<a href="#">Guidance</a>		

**C. Reserves / balances as a percentage of total income**

		The school's data	Rating against thresholds
In-year balance as a percentage of total income	<a href="#">Guidance</a>		
Revenue reserve as a percentage of total income	<a href="#">Guidance</a>		

**D. School characteristics**

		The school's data	Rating against thresholds
Average teacher cost (£)	<a href="#">Guidance</a>		
Senior leaders as a percentage of workforce	<a href="#">Guidance</a>		
Pupil to teacher ratio	<a href="#">Guidance</a>		
Pupil to adult ratio	<a href="#">Guidance</a>		
Teacher contact ratio (less than 1.0)	<a href="#">Guidance</a>		
Predicted percentage pupil number change in 3-5 years	<a href="#">Guidance</a>		
Average class size	<a href="#">Guidance</a>		

**E. Outcomes**

		The school's data	Rating against thresholds
Ofsted rating	<a href="#">Guidance</a>		
Progress 8 score	<a href="#">Guidance</a>		
Progress score in reading	<a href="#">Guidance</a>		
Progress score in writing	<a href="#">Guidance</a>		
Progress score in maths	<a href="#">Guidance</a>		

**F: Optional commentary**

[enter text]

**Schools Forum**

**16<sup>th</sup> December 2019**

**Dedicated School Grant Deficit Consultation**

**This report is for information.**

**1. Recommendations:**

That Schools Forum members:

- 1.1 Take note of the contents of the report.

**2. Purpose**

- 2.1 To inform Forum members of the DSG deficit Consultation proposals.

**3. Links to School Improvement Priorities**

- 3.1 It is important for Schools Forum to ensure that the funding for schools is managed within the DSG funding available on an annual basis so that schools do not receive reductions in funding due to overspends in previous years. With this principle in mind, schools can budget more effectively and plan for improvement activities more consistently.

**4. Report Details**

- 4.1 The Department consulted on changing the conditions of grant and regulations applying to the Dedicated Schools Grant (DSG), so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities, and that any deficit an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves.

- 4.2 The consultation was issued on 11 October 2019. The consultation closed on 15 November 2019
- 4.3 Since 2006 the Department has funded local authorities for their current expenditure on schools, early years and children and young people with high needs through a specific grant; the Dedicated Schools Grant (DSG), made under section 14 of the Education Act 2002. This grant must be spent on the local authority's Schools Budget, which is defined in regulations (currently the School and Early Years Finance (England) (No 2) Regulations 2018).
- 4.4 At the end of each financial year, a local authority may have underspent or overspent its DSG allocation. The conditions of grant for the DSG provide that any underspend must be carried forward to the next year's Schools Budget. To date, the conditions of grant have provided three options for dealing with an overspend:
1. the local authority may decide not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools budget in future years
  2. the local authority may decide to fund part of the overspend from its general resources in the year in question, and carry forward part to the schools budget in future years
  3. the local authority may decide to fund all of the overspend from its general resources in the year in question
- 4.5 Carrying forward an overspend to the schools budget in future years requires the consent of the local schools forum, or if that is not forthcoming the authorisation of the Secretary of State. In practice, schools forums have almost always approved the carrying forward of an overspend.
- 4.6 Until the last few years, few local authorities were recording DSG overspends, and those overspends were small. However, pressures on the high needs budget have led to more and larger overspends in recent years. Local authorities' budget data for 2019-20 shows that at the end of 2018-19, about half of all authorities experienced an overspend, amounting to over £250m in all, while others were still carrying forward surpluses. The national net position was an overspend of £40m, and authorities were forecasting that there would be a net overspend of £230m at the end of 2019-20.

- 4.7 The Government announced at the end of August 2019 that funding for schools and high needs would rise by £2.6bn for 2020-21, £4.8bn for 2021-22, and £7.1bn for 2022-23, compared to 2019-20. This includes £780m extra for high needs in 2020-21: the division of funding between schools and high needs for 2021-22 and 2022-23 has yet to be determined. The DfE expect that this additional funding would help many local authorities to bring their DSG accounts into balance, but they recognise that a number of authorities will already have substantial deficits at the end of 2019-20 and will not be able to recover them immediately.
- 4.8 The DSG is a specific grant, and the conditions of grant make clear that it can only be spent on the Schools Budget, and not on other aspects of local government expenditure. But where there is an overspend on the DSG, local authorities may currently decide to fund that from general resources. This has led some local authority Chief Finance Officers (often referred to as section 151 officers, with reference to section 151 of the Local Government Finance Act 1972) to conclude that if their DSG account is in deficit, they need to be able to cover the deficit from the authority's general reserves. Given the size of some authorities' DSG deficits, and the other pressures on authorities' reserves, there is a risk that covering DSG deficits from general funds may lead authorities to make spending reductions in other services that they would not otherwise make.
- 4.9 The Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process.
- 4.10 The DfE has held discussions with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG) about changes that they wish to make to the DSG conditions of grant and the regulations in order to create certainty that local authorities will not have to pay for DSG deficits out of their general funds. The proposals they DfE were making following these discussions are described below, and are intended for implementation from the start of the financial year 2020/21, so that local authorities would take them into account in setting budgets for 2020-21.

## **Proposals**



- 4.11 The DfE proposal is to change the conditions of grant for the DSG with effect from the end of the financial year 2019/20 (ie, any overspend at the end of 2019/20 will fall under the new arrangements). This is therefore expected to inform and affect budget setting processes for 2020/21, as well as the presentation of reserves in the annual accounts for 2019/20. The DfE have stated that subject to the outcome of consultation, they propose that future arrangements for dealing with overspends will be worded as follows:
- the local authority must carry forward the whole of the overspend to the schools budget in future years;
  - the local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.
- 4.12 The main reason for including the second bullet was that some local authorities have traditionally made small contributions from their general fund to some elements of the schools budget, unconnected to considerations relating to DSG deficits, and the DfE do not wish to prevent this in future.
- 4.13 The questions asked by the DfE in the consultation were as follows;
- 4.14 **Question 1:** Do you agree that we should change the conditions of grant so that future arrangements for dealing with DSG overspends are worded as follows:
- the local authority must carry forward the whole of the overspend to the schools budget in future years;
  - the local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.
- 4.15 **Question 2:** As noted in the context section, carrying forward an overspend to the schools budget in future years currently requires the consent of the local schools forum, or if that is not forthcoming the authorisation of the Secretary of State. This is set out in regulations 8(6) and 8(10) of the School and Early Years Finance (England) (No 2) Regulations 2018. If the conditions of grant are changed so that the local authority must carry forward the whole of any DSG overspend to the schools budget in future years, it will no longer make sense to require the schools forum to agree such a

carry forward. We therefore propose to delete regulations 8(6) and 8(10) from the new regulations for the financial year 2020/21.

- 4.16 Do you agree that we should delete regulations 8(6) and 8(10) from the new School and Early Years Finance (England) Regulations for the financial year 2020/21, so that local authorities are able to carry forward any DSG overspend to the schools budget in future years as the new conditions of grant will require?
- 4.17 **Question 3:** The purpose of making these changes to the conditions of grant and to the regulations is to establish clearly that local authorities will not be required to cover any DSG deficit from general funds, and therefore do not need to have free general reserves available to match the deficit.
- 4.18 Do you agree that the proposed new conditions of grant and regulations will establish clearly that local authorities will not be required to cover any DSG deficit from general funds?
- 4.19 Initially it was stated that the results of the consultation and the Department's response would be published in Winter 2019, however this is likely to be delayed because of the General Election.

## 5. **Recommendations**

That Schools Forum

- 5.1 Take note of the contents of the report.

Rosemarie Kerr, Principal Accountant – Schools

Date: 09/12/2019

Contact Officer: Rosemarie Kerr

Tel No: 0121 569 8318

**Schools Forum**

**16<sup>th</sup> December 2019**

**Extending the Academies Risk Protection Arrangements to Local Authority Maintained Schools**

**This report is for information**

**1. Recommendations:**

That Schools Forum members:

- 1.1 To note the contents of the report

**2. Purpose**

- 2.1 To inform Forum members of the consultation and the DfE proposals for the extension of the Risk Protection Arrangements to local authority maintained schools.

**3. Report Details**

- 3.1 The Department for Education (DfE) is considering extending the risk protection arrangement (RPA) currently operational for academy trusts (ATs) to the local authority maintained school (LAMS) sector, so that sector can benefit from financial savings such as ATs have attained through membership of the RPA.
- 3.2 The consultation was for;
- Local Authorities in England
  - Governing bodies of local authority maintained schools in England
  - Academy trusts
  - Church and other foundation and trust bodies

- The insurance industry and suppliers of insurance services including relevant insurance trade bodies and associations
- 3.3 The consultation was launched on 9 September 2019 and closed on 4 November 2019.
- 3.4 The DfE commenced the risk protection arrangement (RPA) on 1 September 2014, for academies, on an opt-in basis, as an alternative to commercial insurance.
- 3.5 The RPA project was initiated in order to help reduce the cost to the public purse of protecting academies against risk (an outline of the risks covered by the RPA is at Annex B). In 2014 the average cost of commercial insurance for academies was £49.93 per pupil. The RPA launched in September 2014 at a cost of £25 per pupil. In the light of claims experience to date, the RPA has been able to reduce its cost to £18 per pupil in 2019/20.
- 3.6 The DfE are now looking at the potential to extend the RPA to LAMS in England in order to help reduce the cost of protecting them from risk.
- 3.7 The DfE have stated “It is not possible to be precise about the cost of insurance for LAMS. However, the statistical release (SR) on local authority and school expenditure in 2017/18, drawing on Consistent financial reporting (CFR) returns from LAMS, shows £46m spend on staff insurance and £140m on premises and other insurance. The SR counts 4,244k pupils in LAMS, indicating an average annual commercial insurance spend per pupil of £44. Some of this would actually be spent by local authorities to insure LAMS and some by LAMS themselves.”
- 3.8 To date the RPA has realised significant savings to the Academies sector for the areas of risk it covers, which has allowed the savings to be used for other purposes.
- 3.9 The DfE believe that the LAMS sector is similar to Academies in its need for risk cover, since the operations of the schools are similar, and that extending the RPA to LAMS can also realise savings.
- 3.10 Academies are classified by the Office for National Statistics (ONS) as public bodies belonging to the central government sector. Governing bodies of LAMS are also public bodies and are regarded as part of the local government sector. Governing bodies spend money delegated to them by a local authority from their

schools budget as the agent of the local authority (section 49(5) of the School Standards and Framework Act 1998). Consequently the DfE believe that it is appropriate to consider extending the RPA to LAMS.

### **The proposal**

- 3.11 The DfE propose that in principle the coverage of the LAMS arrangement and the cost per pupil should be the same as for the current RPA, since they believe the risks faced by LAMS are similar to those faced by academies. As in the academy arrangement, cost for special schools and alternative provision (pupil referral units) would be expressed per place rather than per pupil. A summary of proposed coverage, corresponding to the academy arrangement, is in the table at Annex B.
- 3.12 The arrangement rules set out the basis of membership, the risks covered and the process for making claims. The DfE propose to have a modified set of rules for LAMS with Trustees, as they do already for Church academies. The academy and Church academy rules can be found at <https://www.gov.uk/government/publications/risk-protection-arrangement-rpa-for-academy-trusts-membership-rules>
- 3.13 The DfE recognise that for other LAMS where the LA owns the premises and employs the staff there will need to be adjustments to the wording of the rules so that the coverage of risks works in the right way. They intend to discuss this with the Local Government Association and local authority representatives. The DfE also sought authority views about what adjustments they thought would be needed (see the questions in Annex A).
- 3.14 Academy trusts in membership of the RPA contribute to the RPA by having an amount deducted from their General Annual Grant before it is paid to them. In line with this approach, The DfE propose that where individual governing bodies of LAMS join the RPA the financial mechanism will be an adjustment to their budget share and a corresponding adjustment to the local authority's Dedicated Schools Grant (DSG). In order to achieve this the Department proposes to amend Parts 2 and 3 of the new School and Early Years Finance Regulations to introduce a new formula factor of membership of the RPA which will result in a negative adjustment to the school's budget share. Local authorities would be required to use this factor. The Department would then make an equivalent negative adjustment to the local authority's DSG.

- 3.15 The DfE propose that it will also be possible for all LAMS in a LA to join collectively by agreeing through the Schools Forum to de-delegate funding, as they currently can for purposes including insurance. The DfE propose the LA would apply for membership on behalf of all of the schools, though LAMS would become individual members and make individual claims. In order to facilitate that the DfE intend to add the RPA to the current paragraph in Part 6 of Schedule 2 to the Regulations that allows schools to de-delegate funding from their budget share for insurance. This means the LA will be holding the money and only an adjustment to its DSG will be needed.
- 3.16 The DfE proposed also to make directed revisions to local authorities' schemes for funding schools so that wherever the scheme refers to insurance it also refers to membership of RPA for LAMS as an alternative.
- 3.17 The DfE had originally planned to publish the responses in the first week in December. As a result of purdah, the publication of the government's response is now expected to be in January 2020, but they have stated they will keep stakeholders updated on progress.

#### **4. Recommendations**

That Schools Forum

- 4.1 Note the contents of the report

Rosemarie Kerr, Principal Accountant – Schools

Date: 09/12/2019

Contact Officer: Rosemarie Kerr

Tel No: 0121 569 8318

## **Annex A: consultation questions**

### **Preliminary Questions**

1. What is your name? (Where you wish to remain anonymous, please leave blank)

2. What is your email address?

If you enter your email address then you will automatically receive an acknowledgement email when you submit your response.

3. Are you responding as an individual or as part of an organisation?

a. Individual

b. Part of an organisation

4. What is the name of your organisation (if applicable)?

5. What type of organisation is this (if applicable)?

a. Mainstream local authority maintained school

b. Special local authority maintained school

c. Academy or free school

d. Multi-academy trust

e. Independent school

f. Independent special school

g. Non-maintained special school

h. Sector organisation

i. Charity

j. Local Authority

k. Commercial Insurance Provider

l. Insurance Body/Organisation

m. Other – Please provide organisation details

6. What is your role?

a. Governor

b. Multi-academy trust member

c. Headteacher/ Principal Teacher

d. Parent

e. Local authority councillor

f. Local authority finance officer

g. School Business Professional

h. Insurance Company Employee

i. Industry Expert

j. Other – Please provide role details

7. Which local authority are you responding from? (where applicable)

8. Are you happy to be contacted directly about your response?

- a. Yes
- b. No

**Questions on the consultation**

(Please use the comments box to give more details for each question where relevant)

9. Does the proposed RPA cover of Local Authority Maintained Schools impact you or your organisation directly or indirectly? Please let us know what the impact would be, and if this would cause any concerns or issues.

- a. Yes
- b. No
- c. Unsure
- d. Comments

10. In principle, do you or your organisation support the proposed extension of RPA cover to Local Authority Maintained Schools?

- a. Yes
- b. No
- c. Unsure
- d. Comments

11. Have you any comments on what adjustments you think would be needed to the rules of the RPA to cover the circumstances of Local Authority Maintained Schools?

- a. Yes
- b. No
- c. Unsure
- d. Comments

12. Have you any comments on the proposed arrangements for adjusting budget shares and DSG and amending the regulations in respect of the RPA?

- a. Yes
- b. No
- c. Unsure
- d. Comments

13. Do you wish for your response to remain confidential?

- a. Yes
- b. No



## Annex B: the proposed RPA LAMS membership rules - what the scheme will cover

The risk protection arrangement for LAMS will cover:

Type of risk	Limit
Material damage	Reinstatement value of the property
Business interruption	£10 million any one loss
Employers' liability	Unlimited
Third party liability	Unlimited
Governors' liability	£10 million any one loss and any one membership year
Professional indemnity	Unlimited
Employee and third party dishonesty	£500,000
Money	Various, including cash on premises or in transit £5,000
Personal accident	Death and capital benefits £100,000
United Kingdom travel	Baggage and money £2,000 per person. Cancellation £1,000 per person
Overseas travel including winter sports	Includes: baggage £2,000 in total per person (inner limits apply), money £750 per person, medical expenses £10,000,000, cancellation £4,000 per person..
Legal expenses	£100,000 any one loss and any one membership year
Cultural assets	£10,000 on any one cultural asset or £250,000 any one multiple loss

**Schools Forum**

**16th December 2019**

**PUPIL NUMBER GROWTH FUNDING – Monitoring Report**

**This report is for Information.**

**1. Recommendations:**

That Schools Forum members:

- 1.1 Note the contents of the report.

**2. Purpose**

- 2.1 To inform Forum members of the expenditure incurred up to November 2019 from the Pupil Number Growth Fund.

**3. Report Details**

- 3.1 The budget for Pupil Number Growth Funding for 2019/20 was set at £2.269m and the authority has received a positive recoupment adjustment of £0.538m, so total funding available is £2.807m. Expenditure to date is £2.009m which gives a current under spend of £0.798m.

- 3.2 There are two reasons for such a significant under spend at this stage:

1. A significant increase in the recoupment adjustment for 2019/20 of £0.538m compared to the recoupment adjustment for 2018/19 of £0.149m.
2. The authority unexpectedly received a grant of £0.250m in relation to the West Bromwich Collegiate Academy to support the revenue costs associated with the opening of the new presumption school.

**Pupil Number Growth Expenditure – November 2019**

<b>School Type/Phase</b>	<b>Total</b>
Maintained Primary	499,310
Maintained Secondary	125,446
Academies	1,384,618
<b>Grand Total</b>	<b>2,009,374</b>

- 3.3 The Pupil Number Growth – Additional Needs Fund carried forward a balance of £393,620 from 2018/19, with no spend to date in 2019/20.

Rosemarie Kerr, Principal Accountant – Schools

Date: 09/12/2019

Contact Officer: Rosemarie Kerr

Tel No: 0121 569 8318

**Agenda Item 8**

**Schools Forum**

**16 December 2019**

**HIGH NEEDS BLOCK GRANT PROVISION 2020/2021**

**This report is for decision**

**1. Recommendations:**

That Schools Forum members:

- 1.1 Note the contents of the report in relation to the 2020/21 increase in the HNB Grant.
- 1.2 Agree the utilisation of the increase in grant as recommended in the report with effect from 1 April 2020 ongoing.

**2. Purpose**

- 2.1 To provide schools forum with details of the HNB Grant for the period 1 April 2020 to 31 March 2021.
- 2.2 To provide schools forum with proposals for the use of the increase in the HNB grant to maintain current levels of support and requested increases in the support service delivery to all schools.

**3. HNB Grant Increase 2020/21**

- 3.1 The 2019/20 HNB Grant settlement is £40.9M following in year adjustments.
- 3.2 The 2020/21 HNB Grant indicative settlement is £48.0M following deductions.
- 3.3 The increase in HNB Grant announced by the Government in October 2019 for the period 1 April 2020 to 31 March 2021 equates to £7.1M

#### **4. Presentations**

4.1 During November presentations were made to the following audiences:

- Joint Executive Group
- Secondary Partnership
- Primary Partnership
- SEND Review Steering Group
- Special School Head Teachers
- Pupil Referral Units including Albright
- Focus Provision Head Teachers

4.2 The presentations highlighted the following areas that had impacted significantly on support services and specialist provision:

- The SEN Reforms in 2014
- The increase in the school population
- Increase in the number of pupils with Education Health and Care Plans (EHCPs) and growing complexity of needs
- Extension of the school age population to 25
- Funding changes
- Impacts on the lack of specialist places in the borough
- Lack of delivery time from Inclusion Support Staff to meet additional demand
- The new free schools / new mainstream schools and the impact on support services.

#### **5. Proposal Service Delivery and School Support**

5.1 The presentations included the following proposals which are costed in Table 1

- Increase the capacity of the Educational Child Psychology Team (ECP)
- Increase the capacity of the Complex Communication Team (CCAT)
- Increase the capacity of the Special Advisory Teaching and Learning Team (SATL)

- Increase the capacity of the Early Years Team
- Retain the temporary staff in the SEN Casework Team
- Increase the capacity and fund the Preventing Primary Exclusions Team (PPE) and the Social Emotional and Mental Health Team (SEMH) from the HNB, removing the requirement to consult with schools as part of the hold back exercise and the requirement for future SLAs to maintain the service.
- Increase the capacity of the Administration functions to support the additional staffing
- Increase the capacity of the Independent Travel Training Team (ITT)
- Joint commissioning of Occupational Therapy (OT) with the Clinical Commissioning Group to support the sensory impact assessments
- Retain the support for Autism West Midlands, Sandwell Parents with Disabled Children (SPDC) and the SEND Information and Advice Support Service. (SENDIASS)

5.2 Additional Proposals by schools during presentations included:

- Increased capacity in the Fair Access and Exclusions Team
- Establish a Preventing Secondary Exclusions Team (PSE)

**6. Proposal to increase “top up funding” for pupils with EHCPs**

- Increase top up funding by 7% for pupils in mainstream schools.
- Increase top up funding by 2% for pupils in special schools.

**Table 1 Full year implications of the above proposals**

<b>Proposal</b>	<b>Details</b>	<b>Current Perm Estab</b>	<b>Proposed Estab</b>	<b>Full Year Estimated Cost £000</b>
ECP Team	4 additional ECPs and retention of 3	11 posts	18 FTE	410

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	Assistant ECPs			
CCAT Team	4 additional Teachers 1 additional Development Support Officer and retention of additional hours	4 FTE	10 FTE	280
SAT L Team	1.6 Additional Teachers	8.4 FTE	10 FTE	82
Early Years Team	1 Area SENCO, 2 Additional Development Officers, and retention of 2 temporary Development Officers	12 FTE	17 FTE	149
SEN Casework	Retention of 4 Temporary Plan writers	17 FTE	21 FTE	164
PPE Team	1 Additional PPE officer	4.8 FTE (6 Posts)	5.6 FTE (7 Posts)	211
SEMH Team	1 Additional Teacher and retention of temporary teachers	7 FTE	10 FTE	546
Administration Teams	2 Additional Administration Assistants and 1 Apprentice	12.5 FTE	15.5 FTE	72

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ITT Team	2 Additional Travel Trainers			47
OT				70
Autism WM				35
SPDC				30
SENDIASS				19
Exclusions	1 Additional Exclusions officer & 1 Social worker	1FTE	2FTE	94
PSE Team	7 Additional PSE Officers		5.6 FTE (7 Posts)	211
Increase in Top up to schools				850
<b>TOTAL</b>				<b>3,270</b>

## 7. Proposals for Specialist Provision

7.1 In addition to the above, funding needs to be made available for the extension of SEN provision within the borough. This includes the below and is costed in Table 2.

- Agreed Expansion of Shenstone Lodge
- Temporary Increase in Focus Provisions places pending new Free Schools
- New SEMH Focus Provision
- Increase in Provision at Albright
- New Primary MLD Focus Provision
- Increase in Provision at the Orchard School
- Expansion of Westminster Post 16



- 7.2 It is assumed that the specialist provision will not just be allocated to all new SEN pupils and 50% of the places will be offset by pupils not being placed out of the borough, in Further Educational Establishments or are currently already being funded in other provisions within the borough.
- 7.3 The Offset costs are based on the highest mainstream band plus mealtime support assistance of £10,610, as it is assumed that those pupils with the highest level of need will access the specialist provision.

**Table 2 Specialist Provision**

<b>Specialist Provision</b>	<b>No of places</b>	<b>Full Year cost assuming full capacity  £000</b>
Expansion SLS	10	342
Temporary Increase in FP Places	20	444
New SEMH FP	5	111
Increase in places at Albright	10	100
New MLD FP	5	93
Increase in Orchard Provision	5	119
Westminster Post 16	30	694
<b>Total</b>	<b>85</b>	<b>1,903</b>
Estimated Offset Costs	<b>40</b>	<b>(424)</b>
<b>Net Cost</b>		<b>1,479</b>

## 8. New Free School Provision

- 8.1 Two new free schools are being built in the borough. Highpoint Specialist Secondary Academy is due to open in 2021 with 90 places and the Free Special Primary School is due to open in 2022 with 126 places. There will be a phased intake with full occupancy estimated by 2024 and 2028 respectively.
- 8.2 The phased cost of these schools is detailed in Table 3. The place funding of £10,000 per place should be funded by the DfE through an increase in the Local Authority's HNB.

**Table 3 Free Schools**

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29
	£000	£000	£000	£000	£000	£000	£000	£000
Highpoint	276	610	847	1,083	1,181	1,181	1,181	1,181
Primary		276	610	847	1,083	1,319	1,556	1,654
<b>Total</b>	<b>276</b>	<b>886</b>	<b>1,457</b>	<b>1,930</b>	<b>2,264</b>	<b>2,500</b>	<b>2,737</b>	<b>2,835</b>
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29
	Place	Place	Place	Place	Place	Place	Place	Place
Highpoint	21	47	65	83	90	90	90	90
Primary		21	47	65	83	101	119	126
<b>Total</b>	<b>21</b>	<b>68</b>	<b>112</b>	<b>148</b>	<b>173</b>	<b>191</b>	<b>209</b>	<b>216</b>

## 9. Summary of Costs and Proposals

- 9.1 Table 4 summarises the cost of the proposals, the new free schools and the impact on the HNB in 2020/21, 2021/22 and the full year effect, assuming all provisions are full and temporary increases in Focus provision cease after 2021/22.

**Table 4 Cost Summary**

	20/21 £000	21/22 £000	Full Year Effect £000
Service Delivery and School Support	3,270	3,270	3,270
Specialist Provision	1,479	1,479	1,267
Free Schools	0	276	2,835
<b>Total</b>	<b>4,749</b>	<b>5,025</b>	<b>7,372</b>
Increase in Grant	7,100	7,100	7,100
<b>Yearly Surplus/(Deficit)</b>	<b>2,351</b>	<b>2,075</b>	<b>(272)</b>

9.2 The full year effect shows an in-year deficit; however, the figures do not take into account, any further uplifts in the HNB grant. In addition, the full costs of the free schools, assuming that the phased intake is as planned, does not impact on the HNB until 2028.

## 10. Recommendations

10.1 The presentations received favourable responses, therefore, it is requested that Schools Forum approve the above recommendations and use of the increased funds available to expand service delivery to schools and increases in specialist provisions.

Date: 6/12/2019

Contact Officer: Moira Tallents

Tel No: 0121-569-8375

**Schools Forum**

**16th December 2019**

**Funding Formula Review 2020-21 – Results of the Consultation**

**This report is for decision**

**1. Recommendation**

1.1 That Schools Forum makes a recommendation on the following consultation proposals:

- The preferred option to use for calculating the school funding formula for 2020/21
- Implementation of an MFG of between +0.5% and +1.84%.

1.2 That Schools Forum makes a decision on the following consultation proposals:

- Schools with significant surplus balances
- The level at which to set the Pupil Number Growth Contingency Fund.
- De-delegation budget proposals.
- The Education Functions budget proposals.
- The Central Schools Services Block proposals.

**2. Purpose**

2.1 To gain approval from Schools Forum members for the basis for the school funding formula for 2020/21 following consultation with schools.

2.2 To make a decision on the Schools with significant surplus balances proposal.

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- 2.3 To make a decision on which de-delegated proposals are approved for 202/21.
- 2.4 To make a decision on which Education Function proposals are approved for 2020/21.
- 2.5 To make a decision on which Central Schools Services Block proposals are approved for 2020/21.

### **3. Links to School Improvement Priorities**

- 3.1 The decisions of the Forum define the budget setting processes for all schools and academies within the borough for the next financial year. Given national government announcements on future funding for schools, this process will assist schools in preparing strategic plans for the next three years, ensuring schools are able to create viable budget, staffing and curriculum plans. All decisions will affect the amount available to be delegated directly with schools and focus on what funding is centrally retained to protect services and schools with falling rolls.

### **4. Report Details**

- 4.1 The Schools Budget Consultation was issued to schools on 12th November 2019 after approval with some amendments at the Schools Forum meeting on 11th November 2019.
- 4.2 The document was issued to all schools on 12th November 2019; with a deadline of noon 4th December 2019 to respond.
- 4.3 A summary of responses to this consultation can be found in **Appendix (1), (2), (3) and (4).**

Consultation with the following stakeholders were held:

- Association Sandwell Governing Bodies – 20<sup>th</sup> November 2019
- Joint Executive Group – 14<sup>th</sup> November 2019
- Secondary Partnership – 21<sup>st</sup> November 2019
- Primary Partnership – 25th November 2019
- Joint Union Panel – 20<sup>th</sup> November 2019

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4.4 A total of 69 responses were received (compared with 76 last year), with 55 from maintained schools, 10 from academies and 4 from unions.

### **Consultation Responses**

4.5 The consultation on the formula funding for schools for 2020/21 includes proposals on the following:

4.6 The funding formula to use for allocating schools budgets;

- Option 1 – Stepped change in the ratio - LA Formula (change in AWP/MFG) with a ratio of 1:1.25 in year 1, 1:1.27 in year 2; and 1:1.29 in year 3.
- Option 2 – Secondary Schools receive 1% more above the overall increase in funding.
- Option 3 – National Funding Formula Factor Values
  - Pupil Number Growth Contingency Fund.
  - Schools with significant surplus balances
  - Central Schools Services Block
  - Education Functions.
  - De-delegation proposals.
  - Minimum funding guarantee and capping of gains.

### **4.7 Funding Options – Consultation responses**

4.8 The authority modelled 3 options for calculating schools revenue budget for 2020/21. There are some general adjustments which applies to all options which are as follows:

- Q3 Langley opened in September 2016 with a PAN of 240 for each year group.
- The Shireland High Technical Primary opened in September 2019 with a PAN of 60 for Reception and this has been reflected in the “Schools funding model” as required by the DfE.
- The West Bromwich Collegiate Academy opened in September 2019 with a PAN of 150 for each year group.

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4.9 The funding formula options were as follows:

**Option 1: Stepped increase to the 2019/20 Local authority model - Increase of the Primary: Secondary Ratio to 1:1.25. (1st Year); 1:1.27 (2nd Year and 1:1.29 (3rd Year)**

4.10 This model uses the same factor values as applied for 2019/20 local authority funding formula, with the primary: secondary ratio set at 1:1.25. The following factors were updated to reflect the changes detailed above in section 4.8 and:

- Basic Entitlement for Primary, KS3 and KS4 pupils
- MFG so as to remain within the total funding available.

4.11 Modelling of a continuation of a stepped increase in future years for ratios of 1:1.27 and 1:1.29 are included for information purposes.

**Option 2: Secondary Schools receive 1% more above the overall increase in funding.**

4.12 This model gives secondary schools 1% more of the additional funding than primary pupils (The 1% is calculated on the basis of funding to primary and secondary schools prior to applying MFG and MPPF).

**Option 3: National Funding Formula Factor Values**

4.13 This model uses the factor values used in the National Funding Formula, without applying the Area Cost Adjustment. In order to maintain the Growth fund at £2.269m to keep in line with the modelling of the other options the MFG had to be set at -0.82% in order to remain within the overall funding available. The pupil characteristics will be updated for the October 2019 census and as a result the MFG as well as the funding available could change.

4.14 The majority of respondents agreed with Option 1.

- Option 1 – 54 Agreed
- Option 2 - 10 Agreed
- Option 3 – 0 Agreed

**4.15 Pupil Number Growth Fund**

4.16 Local authorities may topslice the DSG to create a growth fund. The growth fund is ring-fenced so that it is only used for the  
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purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of necessary new schools. These will include the lead-in costs, post start-up costs and any diseconomy of scale costs

4.17 Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.

- Local authorities must fund all schools on the same criteria.
- Where growth occurs in academies that are funded by ESFA on estimates, the ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

4.18 The Authority has estimated the costs for authority led expansions of schools to cater for the increase in birth rates, pre-opening and diseconomy of scale costs for West Bromwich Collegiate Academy and it has also estimated mid- year admissions costs. The total estimated growth fund required is £2,269,000

4.19 The majority of respondents agreed with a Pupil Number growth fund set at £2,269,000. (54 agreed; 11 against).

### **Schools with significant surplus balances**

4.20 There have been a number of maintained schools with large annual carry forward balances that have stayed high for a number of years. The DfE recommends that Primary schools should operate with a carry forward up to 8% and a secondary school up to 5%.

4.21 With this in mind it was proposed that funding to support schools in financial difficulties should take in to account the large balances of some schools who would be more able to contribute to the £250,000 funding.

4.22 Therefore, it was proposed to consider schools, in the first instance, which are carrying forward more than 10% of their total budget. In those schools their contribution to the de-delegated proposal would be 5% of their extra carry forward. If the total de-delegated from these schools is less than £250,000 then the

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remaining contribution will come from all schools on a reduced cost per pupil basis.

- 4.23 Example: a school with an annual budget of £2,000,000 has accrued over time a carry forward of £440,000. Of the carry forward, £200,000 is equivalent to 10% of the budget leaving £240,000 extra carry forward. The proposal would require 5% of the £240,000 i.e. £12,000, to support schools in financial difficulties. The total budget available to the school would then equal £2,428,000.
- 4.24 In 2018/19 there were 52 schools which carried forward more than 10% of their budget allocation. If this calculation was applied to those schools this would generate £350,930 from the schools with more than 10% carry forward.
- 4.25 The proposal, if agreed, would be calculated based on the 2019/20 outturn balances; and would be used to increase the funds for “schools in financial difficulties” and would be invoiced for during 2020/21.
- 4.26 The majority of respondents disagreed with the “Schools with significant balances proposal”. (13 for; 48 against).

### De-delegation Proposals

- 4.27 There were 7 de-delegation proposals and the details are set out in the table below.

<b>De-delegation Budget Proposals 2020/21</b>				
<b>Ref</b>	<b>Service</b>	<b>Total Budget</b>	<b>Primary Phase Cost</b>	<b>Secondary Phase Cost</b>
		<b>£</b>	<b>£</b>	<b>£</b>
1	Behaviour Support Team	414,300	352,200	62,100
2	Preventing Primary Exclusions Team	152,500	152,500	0
3	Health & Safety Licenses	28,000	22,900	5,100
4	Evolve Annual Licence	6,100	5,000	1,100
5	Union Facilities Time	252,000	202,000	50,000
6	School Improvement	100,000	82,900	19,100

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	Service			
7	School in financial difficulty	250,000	204,700	45,300
	<b>Total De-delegation proposals</b>	<b>1,202,900</b>	<b>1,021,200</b>	<b>181,700</b>

4.28 Schools Forum maintained school members are asked to make a decision on these budgets taking into consideration the responses from schools.(Refer to appendix 2).

### **Education Functions Proposals for maintained schools**

4.29 Local authorities can fund services previously funded from the general funding rate of the ESG (for maintained schools only) from maintained school budget shares, with the agreement of maintained school members of the schools forum.

4.30 The relevant maintained schools members of the schools forum (primary and secondary), should agree the amount the local authority will retain.

4.31 Sandwell, in line with guidance, intend to set a single rate per 5 to 16 year old pupil for all mainstream maintained schools, both primary and secondary. The rate of £14.13 per pupil is based on October 2018 census data, this will be updated to be based on October 2019 census data.

4.32 If the local authority and schools forum are unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.

4.33 There are 3 education function proposals and the details are set out in the table below.

<b>Education Functions Budget Proposals 2020/21</b>		
<b>Service</b>	<b>Total Budget</b>	<b>Amount per pupil</b>
	<b>£</b>	<b>£</b>
Education Benefits Team	172,000	5.29
Children's Clothing Support Allowance	30,000	0.92
Safeguarding & Attendance	257,000	7.91

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<b>Total Education Functions</b>	<b>459,000</b>	<b>14.13</b>
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4.34 Schools Forum maintained school members are asked to make a decision on these budgets taking into consideration the responses from schools. (Refer to appendix 3).

### **Minimum Funding Guarantee**

4.35 The Secretary of State confirmed in July that the national funding formula will provide for at least a 0.5% per-pupil increase in respect of each school in 2019 to 2020.

4.36 Local authorities continue to have the ability to set a pre-16 minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes.

4.37 The DfE have stated there is greater flexibility for the MFG in 2020/21; local authorities are now able to set an MFG between plus 0.5% and plus 1.84% per pupil. Setting the MFG between these rates gives the authority the flexibility to make local decisions about the distribution of funding, and enables the authority to manage any changes in pupil characteristics when characteristics data is updated in December.

4.38 The majority of respondents agreed an MFG of +1.84% if modelling proved this was achievable within the funding given (59 agreed, 7 against).

4.39 The majority of respondents agreed with an MFG of up to -1.5% if it proves necessary and that gains are capped in order to ensure the MFG is cost neutral. (56 agreed, 6 against).

4.40 After submitting the disapplication request to have an MFG between -1.5% and greater than 1.84%, the DfE have responded that they expect the MFG to fall within the parameters outlined in the operational guidance. Therefore the disapplication request has been withdrawn, and the MFG will have to meet the parameters set.

### **4.41 Central School Service Block**

4.42 The Central Schools Service Block (CSSB) was introduced to fund local authorities for the statutory duties they hold for both maintained schools, and academies. The CSSB brings together:

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- funding previously allocated through the retained duties element of the Education Services Grant (ESG).
- funding for ongoing central functions, such as admissions and schools forum costs.
- residual funding for historic commitments, in this case pensions administration.

4.43 Funding for historic commitments is based on the actual cost of the commitment. The DfE have stated they expect these commitments to reduce and cease over time and there will be no protection for historic commitments in the CSSB.

4.44 For 2020/21 the DfE have reduced Historic commitment funding by 20%; this has resulted in a cut for Sandwell from £.285m to £0.228m.

4.45 Schools Forum approval is required each year to confirm the amounts on each line for central school services the detail of which is included in the table below. In the event that schools forum does not agree with the authority CSSB proposal as detailed below, the authority can ask the DfE to adjudicate.

<b>Central School Services Budget Proposals 2020/21</b>	
<b>Service</b>	<b>Total Budget</b>
	<b>£</b>
Statutory & Regulatory, Education Welfare and Asset Management	1,301,000
Schools Forum	3,000
Admission Service	452,600
Pensions Administration	228,000
<b>Total Central School Services</b>	<b>1,984,600</b>

4.46 The majority of respondents agreed with each service element detailed in the table. Schools Forum members are asked to make a decision on these budgets taking into consideration the responses from schools. (Refer to appendix 4).

### **Schools Response**

4.47 The anonymised comments from schools in relation to the consultation are included in Appendix 5.

### **Trade Union Response**

4.48 The authority has consulted with the Joint Union Panel, and 4 unions responded. A brief summary is provided below with more comments included in Appendix 6.

4.49 Two union agreed with Option 1 and two unions agreed with Option 2 to calculate schools funding.

4.50 Where unions have responded to the other consultation questions; one union agreed with all proposals put forward, whilst two unions agreed with all the proposals except the “Schools with significant balances proposals”.

### **Proposed Schools Funding Formula 2020/21**

4.51 The views of all stakeholders will be taken into consideration in relation to the consultation on the schools funding formula for 2020/21. The authority will consider the recommendation of School forum, but ultimately it is a local authority decision.

Contact Officer: Rosemarie Kerr, Principal Schools Accountant

Tel No: 0121 569 8318

Date: 09/12/2019

Consultation Response Summary

Question	Primary		Secondary		Total	
	Yes	No	Yes	No	Yes	No
1. Please indicate the option you prefer to use for calculating school funding for 2020/21						
a) Option 1: LA formula with a stepped increase in the primary: secondary ratio of 1:1.25 (1st year) 1: 1.27 (2nd year) 1:1.29 (3rd year)	48		7		<b>55</b>	
b) Option 2: Secondary Schools receive 1% funding than primaries above the overall increase in funding.	8		2		<b>10</b>	
c) Option 3 – National Funding Formula factor values.	0		0		<b>0</b>	
2. Schools with significant surplus balances	6	46	7	1	13	<b>47</b>
3. Do you agree that we should set the pupil Number Growth Fund for 2020/21 at £2,269,000	47	8	6	3	<b>53</b>	11
4. Which of the De-delegated budget proposals do you agree with (see Appendix 2)	See Appendix (2)					
5. Which of the Education Function budget proposals do you agree with (see Appendix 3)	See Appendix (3)					
6. Please indicate whether you agree with:						
a). MFG of +1.84% if modelling proves this achievable with the funding given.	50	7	9	0	<b>59</b>	7
b) If an MFG of up to -1.5% proves necessary, then gains are capped in order for the MFG to be cost neutral.	49	4	6	2	<b>55</b>	6
7. Do you agree for the authority to provide for the responsibilities it holds for	See Appendix (4)					

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all schools from the “Central School Services Block” funding. The provisional 2020/21 allocation is £1,984,600.	
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## De-delegated Budgets Consultation Responses

Ref	Name	Lead Officer	Primary		Secondary	
			Yes	No	Yes	No
1	Behaviour Support Team	Behaviour support Manager	49	4	3	0
2	Preventing Primary Exclusions Team	Behaviour support Manager	50	3	N/A	N/A
3	Health & Safety Licences & Subscriptions	Group Head – Learning Improvement	49	4	3	0
4	Evolve Annual Licence	Residential Manager	52	1	3	0
5	Union Facilities Time	Group Head – Learning Improvement	40	14	1	2
6	School Improvement Services	Group Head – Learning Improvement	48	5	3	0
7	Schools in financial difficulties	Director – Education, Skills and Employment	38	15	2	1

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**Education Functions Budgets Consultation Responses**

Ref	Name	Lead Officer	Maintained Schools	
			Yes	No
8	Education Functions	Group Head: Education Support	55	3
9	Children’s Clothing Allowance Support	Group Head: Education Support	50	6
10	Safeguarding and Attendance	Attendance & Prosecution Manager	54	2

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## Central Schools Services Block Budgets Consultation Responses

Service	£m	Yes	No
<b>Provisional Allocation 2020/21</b>	<b>1.985</b>		
<b>Expenditure Items:</b>			
Statutory & Regulatory, Education Welfare and Asset Management	1.301	<b>62</b>	2
Schools Forum	0.003	<b>62</b>	2
Admissions Service	0.453	<b>62</b>	2
Historical Commitment – Pensions Administration.	0.228	<b>57</b>	6
<b>Total Central Schools Services Block</b>	<b>1.985</b>		

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**COMMENTS ON SCHOOL FUNDING 2020/21 CONSULTATION**

**Q3. It would not be fair to apply for this to the 19/20 outturn as this was not known when schools set their budgets or indeed throughout the financial year up to now. One of the reasons XXXXXX has higher reserves is that we are trying to be prudent now to eradicate the large deficit (over £250,000) in 21/22. In the 19/20 budget we removed SEN allowances from LSP's, reduced each LSP's hours by 1 hour and made 2.6 LSP posts redundant. The original set budget had only 8.15% reserves. Since the start of September we have not replaced a further LSP post after a resignation, not replaced a LSA post after a resignation and not covered a further LSA maternity leave to reduce the deficit in 21/22. We are really feeling a tight squeeze in teaching and learning. What a travesty it would be if you now take some of the balances of such a prudent school. If this was known at the outset of the financial year or subsequently, we would have covered maternity leave or replaced one of the additional posts lost at least temporarily so as not to have over 10% reserves**

**Can't support any agreement to the second and third year option. The authority are obliged to consult annually anyway and it is impossible to know what will happen in the next few years especially within this political climate at present.**

**Q1 As a school in difficulty, none of the schools support the situation we are in therefore our response is based upon the lowers loss.**

**Q3 We do not agree in principal, with taking money off schools who have managed to retain a balance above 10% as there will, no doubt, be plans to use their money effectively in the future. However, as one of those "schools in difficulty" the possibility of accessing this hardship fund would possibly be our only option as we have already made all the possible cut backs in response to being "in difficulty" due to the low pupil numbers that resulted from the expansion of Ferndale in 2014.**

**Q4 What is the reason for the increase in H & S £28000 in comparison to 2019/20 £13000? Q7 It is possible for governors to view the monitoring of the Admissions Service?**

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Question 1 - We would reluctantly support option 1a in question 1 as the least worse of the options available. A standstill option should have been on offer. What we can't support is any agreement now to the second and third year of the option. The authority is obliged to consult every year on its funding formula so this isn't an option. Additionally, in the current political climate, it is impossible to know what will happen next week let alone in three years time. The government is significantly reducing the differential between primary and secondary sectors over the next two so the timing would be entirely wrong to move Sandwell in the opposite direction. The government, Sandwell MBC and Sandwell secondary schools have given no educational rationale for an average ratio of 1:1.29. Something as significant as this should be based on detailed, considered evidence and not an arbitrary figure that happens to be the average chosen by very different councils around the country. Sandwell is not an average borough in terms of the starting point in education for its children, This was thoroughly discussed and evidence considered when setting the ratio twenty years ago. Since this decision the starting point for primary pupils has become even lower. Any decision should be based on evidence of the likely impact on the children of Sandwell not a national average

Whilst agreeing the 1:1.25 option we do not agree to the further changes in the second and third year for the following reasons: the LA is obliged to consult every year on it's funding formula and with current political climate it is impossible to judge what will happen with school funding in a years time let alone three. The governments agenda is to significantly reduce the differential between primary and secondary sectors over the next 2 years, it therefore seems inappropriate for Sandwell LA to move in the opposite direction where no clear educational rationale has been offered for an average ratio of 1:1.29 in year 3 and the impact this will have on the life's and education of Sandwell primary school children. Given that Sandwell struggles to meet national averages at end of EYFS it would seem logical that priority needs to be given to funding Sandwell children at early points in their education to benefit them the most.

Q1 The primary: secondary ration was never based on any educational rationale but was simply the average funding ratio as far back as five years ago. To move funding from the primary sector to the secondary sector would not recognise the additional expenditure burdens places on primary schools over the last five years. All schools, primary and secondary, have faced additional costs relating to NI and pensions increases. This has had a much more profound impact on primary schools because of the workforce distribution. Nationally, there are 221,100 primary teachers and 204,200 secondary teachers meaning a

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slightly greater burden on primary schools relating to NI and pension increases. Primary schools, however, employ nearly four times as many education support staff as secondary schools (176,000 compared to 47,800). For an average two form entry school in Sandwell this equates to over £20000 per year in additional costs. This amount is similar to the impact of moving money from the primary sector to the secondary sector to match national funding ratios. As the significant majority of Sandwell secondary schools are academies whereas a significant majority of primary schools are not, any movement of funding from the primary sector is potentially moving money out of Sandwell as MAT seek to assist schools in the wider area financially. We also think that, as this is an annual consultation, further consideration needs to be taken year on year about funding charges rather than making this decision now which will impact over the next couple of years.

Q3 The DfE does not recommend that schools should operate with a carry forward of up to 8% for primary schools and 5% for secondary schools and the legislative requirement to measure against 8% and 5% ease removed in 2011, stating at the time that individual schools were in the best position to know what suitable levels of reserves were. The balance control mechanism has existed in Sandwell since 2007 and was retained when the government removed the requirement to include a mechanism in fair funding schemes. In those twelve years Sandwell has never taken money off schools. The timing now, when viewed against cost pressures that schools are facing and taking into account the attached budget projection figures for schools would be extremely poor timing, The DfE and ESFA set out statutory guidance on schemes for financing local authority maintained schools (revised 5/2/19). The statutory guidance is explicit in its expectations in local authorities regarding school carry forward surpluses. It states "any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium term budgeting in a tighter financial climate". The budget consultation is ambiguous with regard to which financial year any balance deductions may be based on. It would be most unfair to schools that have been working towards balancing budgets over a three year period to then change the rules two thirds of the way through the current year.

Q6 a Yes. Schools have been promised at least 1.84% increase in funding b Yes. If gains aren't capped and MFG isn't cost neutral then long schools would be top sliced (along with gaining schools) to provide

their own protection

Q1. Please note that we have chosen to vote in the interest of all schools by choosing this option and we would expect that the proposal will be followed in years 2 and 3 (as a minimum) to ensure progress is made towards NFF.

Q4 (7) School in Financial Difficulties - please provide details of how many schools have benefitted from this support in the last year and for what purpose.


Question 1 - We would reluctantly support option 1a in question 1 as the least worst of the options available. A standstill option should have been on offer. We can't agree to the second and third year of the option. The authority, via schools forum, is obliged to consult every year on its funding formula so this isn't an option. Additionally, in the current political climate, it is impossible to know what will happen next week let alone in three years time. Neither does option 2 present a default position for next year - unless this is made clear it is impossible to support this option. The government is significantly reducing the differential between primary and secondary sectors over the next two so the timing would be entirely wrong to move Sandwell in the opposite direction. The government, Sandwell MBC and Sandwell secondary schools have given no educational rationale for an average ratio of 1:1.29. Something as significant as this should be based on detailed, considered evidence and not an arbitrary figure that happens to be the average chosen by very different councils around the country. Sandwell is not an average borough in terms of the starting point in education for its children, This was thoroughly discussed and evidence considered when setting the ratio twenty years ago. Since this decision the starting point for primary pupils has become even lower, Any decision should be based on evidence of the likely impact on the children of Sandwell not a national average