

Schools Forum

Minutes

Tuesday 12 November 2019

PRESENT

Schools Forum Members: Jo Chapman, Alex Parker, Tim Scott, Krishna Purbhoo, Gary Kynaston (Chair), Claire Fletcher, Jane Gleasure, Michelle Barrett, and Kathleen Williams

Officers: Jacqui McShannon (Director of Children's Services), Tony Burton (Head of Finance), Kevin Morris (Secondary Adviser and 14-19 Development), Kevin Gordon (Assistant Director of Assets, Programmes & Operations), and David Abbott (Clerk)

1. INTRODUCTIONS, APOLOGIES, AND MINUTES OF THE PREVIOUS MEETING

The Chair welcomed Jacqui McShannon, Hammersmith and Fulham's new Director of Children's Services, to the meeting.

Minutes - matters arising

Forum members asked for an update on the funding of trade union facilities. Tony Burton advised that it would be covered later in the agenda.

RESOLVED

The minutes of the previous meeting were approved as an accurate record.

2. LENA GARDENS ALLOCATION OF RETURNED FUNDING

Tony Burton introduced the report that proposed a methodology for the allocation of funding to Lena Gardens following the school's closure at the end of the 2018/19 academic year. The Department for Education (DfE) had confirmed that £308,027 will be returned in November 2019 to be allocated to schools that took Lena Gardens pupils.

The table in appendix 1 showed where the Lena Gardens pupils had moved to and what proportion of the money they would receive.

The recommendations were unanimously agreed.

RESOLVED

1. Appendix 1 shows the proposed allocation of funding to all the schools who took Lena Gardens pupils. Information received from colleagues in school admissions and schools themselves indicated that 71 pupils had been relocated to other LBHF schools. This proposal seeks to allocate all the returned funding to schools. The funding is broken down into 3 main elements:
 - Funding for 2 remaining terms of the 2019-20 financial year based on 2/3 of the AWPU rate of £3,565.92 and 2/3 of the pupil led factors.
 - Funding for pupils who transferred during the 2018-19 academic year based on the term they transferred giving a proportion of the AWPU rate.
 - Funding for pupils with EHCPs who transferred in September 2019 based on 2/3 of the £6,000 basic funding plus an allowance for 2.5 hours per week additional LSA hours until 31st March 2020.
2. That the money received from the ESFA is fully allocated to Hammersmith and Fulham Schools who received Lena Gardens pupils and there is no draw on maintained schools contingency reserve as previously agreed at 21st May 2019 Schools Forum.

3. **DEDICATED SCHOOLS GRANT MONITORING - QUARTER 2 2019/20**

Tony Burton introduced the report that set out the following:

- Carry forward balances at 1st April 2019
- Forecast variances in each of the blocks of the Dedicated Schools Grant in 2019/20
- Projected closing balances at 31st March 2020
- Changes in 2019/20 dedicated schools grant allocations advised by Education and Skills Funding Agency (ESFA) in 2019/20
- Proposed use of maintained schools contingency funding in 2019/20 to support schools restructuring costs

Tony Burton highlighted the following elements of the report:

Schools block – a £550k surplus in the schools block will be used for falling rolls protection and support for mainstream schools in financial difficulty and contingency funding.

High needs block – the high needs block was forecast to overspend by £5.85m in 2019/20 and the deficit was forecast to reach £19.81m by 31/03/20. There was a live DfE consultation around how to present this deficit on the balance sheet.

The Chair asked for an update at the next meeting on the work of the pressures group and plans to rebalance the high needs block budget. Tony Burton noted that a recovery plan came to the forum earlier in the year which the ESFA had now considered and officers were anticipating a visit from them in the near future.

Central services block – the central services block was forecast to have a balanced budget (including the proposed transfer to the high needs block).

Early years block – the early years block had a retained deficit from last year as a result of the historic budget model. The 2019-20 budget should bring that back into balance.

Jane Gleasure (PVI sector) noted that inclusion funding for Early Years providers was very low and accessing funding in Early Years settings was challenging. The local authority only had one liaison officer for 71 settings, including maintained settings. She asked that officers removed barriers to funding for providers. Tony Burton said the SEND service were looking into that area.

Falling rolls and funding for schools in financial difficulty

The Chair asked if officers were satisfied that the schools in question had produced workable recovery plans. Tony Burton said they had – officers visited all of the schools and ensured their restructuring plans resulted in balanced budgets.

A forum member asked if the officers analysis looked at any contingency within the schools. Tony Burton said the schools in question had relatively little in the way of contingency funding and were relying on ‘dwindling’ reserves. The process required that schools dealt with their structural budget issues and were sustainable within the current funding formula.

Tony Burton drew the forum’s attention to paragraph 4.3 of the report that detailed some clawback of funding from a census error. The number of two year olds was overstated on the census so the ESFA had requested the funding be returned, however there was a similar underclaim on the same census that the ESFA would not correct – leaving the Council down around £335k. Officers had written to the ESFA requesting that they were even-handed on these issues. The Chair requested that Jacqui McShannon drafted a letter from the forum to the ESFA on the matter.

ACTION: Jacqui McShannon

The recommendations were unanimously agreed.

RESOLVED

1. Agree falling rolls protection of £25,000 from the falling rolls protection fund to Phoenix Academy following their successful Ofsted and to assist with expenditure undertaken by the school to successfully impact their roll.
2. Agree maintained primary school contingency to three schools totalling £185,000 per Table 3 to assist with restructure costs as part of setting a balanced forward budget and to mitigate retained deficit forecast at 31/03/20 as a result of those costs.

4. SCHOOL FUNDING ARRANGEMENTS 2020-23

Tony Burton presented the report that gave an overview of funding arrangements from 2020 to 2023 in light of the Government's Spending Review announcement of a 3-year deal on Schools' Funding. The DfE was the only department to have benefitted from the assurance of funds beyond one year but this applies to the Schools' Block only. Tony Burton noted that there was due to be a national schools block funding increase of £2.6bn in 2020-21 but Hammersmith & Fulham would receive a relatively low amount – an increase of around 0.6 percent.

The Chair commented that this meant a continued squeeze on H&F school budgets – teachers would be getting a 2.75 percent pay rise but the Government was only funding 0.75 percent of that. And other costs were increasing too. Schools, PVI's and other providers would be getting a real-terms cut in their budget.

A forum member commented that on-costs were the real challenge – increases in pensions etc. had a big impact on budgets. Tony Burton recommended that members looked on Schools Zone for information from the Government on how to apply to have the increases fully funded. The ESFA has said this should be done by schools and not coordinated by the local authority but officers were looking at how they could help schools in this area.

The Chair asked for figures on the real terms impact of the budget increase against the cost increases for schools. The forum could then use those figures to form a response to the ESFA / Government.

Tony Burton informed the group that they had been told the central services block would be reducing by £550k from April next year. That change means it won't be able to make further transfers to the high needs block. Officers were drafting a response to the DfE making the case that H&F shouldn't be losing funding when there was still a significant high needs block deficit.

Tony Burton added that there would be an increase of around £2.9m for the high needs block, which was welcome but didn't make a significant impact on the deficit. Early years would also receive around a 1 percent increase. The finance team were working up a draft budget for December and would be holding workshops for the relevant maintained nurseries and PVI settings.

RESOLVED

That the forum noted the report.

5. 2020/21 PROVISIONAL SCHOOLS BLOCK BUDGET SHARE OPTIONS

Tony Burton presented the report on the initial modelling undertaken on the 2020/21 provisional Schools Block allocation of the Dedicated Schools Grant, following the receipt of provisional funding allocations in October 2019. He

noted that the modelling suggested a 0.614 percent year-on-year increase from the 2019-20 allocation.

Tony Burton explained that the initial modelling used the ESFA's Authority Proforma Tool and operational guidance to model two allocation methods for 2020/21. Model 1 used 2019/20 Local factor rates and applied them to 2020/21. Model 2 used area cost adjusted national Schools Block NFF rates and applied them to 2020/21.

A forum member asked what the consequences would be (for the high needs block, schools and the council) if Schools Forum did not agree the proposed transfer of £1.035m to the high needs block.

Tony Burton said the consequences for the high needs block would be a £1m increase in the deficit each year and it would delay rebalancing the high needs block in year. He added that the high needs block's retained deficit of £19m this year represented almost an entire year of high needs block funding and the school system needed to do everything it could to try and rebalance the budget.

Tony Burton noted that the DfE had informed the council that the high needs block deficit needed to be held by the school system, not the Council. It was previously recorded as a council deficit, offset by reserves.

A forum member commented that some schools had a high volume of SEND pupils whereas others had none. They had been told that some services were signposting to schools with high numbers of SEND pupils as they were seen as more inclusive – which was compounding the divide. Another forum member said that at their school there was a £250k gap between the funding they received for SEND and what they spent just to meet the statutory need.

A forum member asked if the £1m transfer was just a 'sticking plaster' – given the size of the deficit would Schools Forum be making these transfers forever or were they making a difference.

Forum members discussed the financial consequences of further transfers – as school budgets were being continually squeezed. Members felt that they needed more information on the consequences of transfers to the high needs block and the plans to tackle the deficit.

Tony Burton said the high needs block overspend peaked at £7m but has since reduced and would continue to reduce. He added that the money from Government was based around population factors which might indicate a better funding settlement from Government in future. He restated that the schools block transfer was an important element of rebalancing the high needs block budget in the short to medium term.

The Chair noted that the forum had to make a decision on this issue in January. He asked officers to produce a briefing on the high level consequences of £0.5m and £1m transfers. Forum members asked for this

briefing as soon as possible (at least 10 days before the meeting) so they could discuss within their schools.

Schools Forum members identified a need for further discussions around the High Needs Block, including current allocations, the overspend and the recovery plan.

ACTION: Tony Burton

Tony Burton noted that a decision was needed at the meeting to agree the transfer in principle because the ESFA required an early request for disapplication. A decision on the final transfer would be made in January. This was agreed.

Schools Forum members identified a need for further understanding and discussions around the make-up of other elements of the DSG.

ACTION: Tony Burton

RESOLVED

1. Schools Forum agreed a proposal to continue to transfer 1% of the total Schools Block to the High Needs Block in 2020/21 in principle – with the final decision being made in January.
2. Schools Forum approved the request to adjust the amount funded through the Minimum Funding Guarantee (MFG) for Ark Burlington Danes Academy (BDA). This adjustment is required as BDA has converted to an all-through school resulting in the MFG being weighted towards the higher per pupil value for secondary phase pupils. This £44,734 adjustment requires the local authority to submit a disapplication request to the ESFA.

6. 2020/21 DRAFT SCHOOLS BLOCK BUDGET CONSULTATION

Tony Burton tabled the draft consultation – noting that it was the same information as presented in Item 5 but in a more accessible format for schools.

7. DRAFT WORK PROGRAMME UPDATE (FOR INFORMATION)

The draft work programme was noted.

8. ANY OTHER BUSINESS

There was no other business.

Meeting started: 2.00 pm
Meeting ended: 4.07 pm