

Meeting

of the

London Borough of Barnet

Schools Forum

Tuesday 8th July 2014, 4.00pm

The Oak Room

North London Business Park

**Agenda, Minutes of the last meeting
and Papers**

Schools Forum Agenda

8th July 2014: 4pm – 6pm

Oak Room: North London Business Park

1. Welcome to new members
2. Apologies for absences
3. Declarations of interest
4. Minutes of previous meeting: 7 May 2014
5. Matters Arising
6. Items for Information
 - 6.1. Final Outturn Schools Budget 2013/14 – Catherine Peters
 - 6.2. Revised Schools Budget 2014/15 – Catherine Peters
 - 6.3. Budget pressures for 2015/16 – Ian Harrison
7. Items for Decision
 - 7.1. Schools balances at 31 March 2014 – Catherine Peters & Ian Harrison
8. Draft agenda for next meeting
9. Any other business

Dates of next meetings:

Thursday 9 October 2014 (Conference Room 1)

Thursday 4 December 2014 (Conference Room 1)

Thursday 5 February 2015 (Conference Room 1)

Thursday 14 May 2015 (Conference Room 1)

Thursday 2 July 2015 (Room TBC)

Members of the Schools Forum

| Sector | Type/Position | Name | Representing | Member until |
|-------------------------|---|------------------------|--------------------------------|--------------|
| Nursery Schools (1) | Community –Headteacher | Perina Holness | Moss Hall Nursery | Dec 2016 |
| Primary Schools (12) | Community – Headteacher 1 | Jeanette Adak | Monkfrith Primary | Sep 2016 |
| | Community – Headteacher 2 | Helen Schmitz | Cromer Road | Sep 2016 |
| | Community – Headteacher 3 | Clare Rees | Sunnyfields Primary | Feb 2017 |
| | Community – Headteacher 4 | Sally Lajalati | Colindale Primary | Sep 2014 |
| | Community – Governor 1 | Elizabeth Pearson | Holly Park/ Livingstone | Sep 2016 |
| | Community – Governor 2 | Lesley Ludlow | Moss Hall Infants | Apr 2017 |
| | Community – Governor 3 | Catrin Dillon | Martin Primary | Dec 2016 |
| | Foundation/VA – Headteacher 1 | Dee Oelman | St Mary’s & St John’s | Sep 2016 |
| | Foundation/VA – Headteacher 2 | VACANT | VACANT | n/a |
| | Foundation/VA – Headteacher 3 | Tim Bowden | Holy Trinity CE | Sep 2016 |
| | Foundation/VA – Governor 1 | Anthony Vourou | St Johns CE, N11 | Sep 2016 |
| | Foundation/VA – Governor 2 | Saul Smus | Pardes House Jewish | Apr 2017 |
| Secondary Schools (3) | Community/VA – Headteacher 1 | Seamus McKenna | Finchley Catholic | Nov 2016 |
| | Community/VA – Headteacher 2 | Jeremy Turner | Friern Barnet | Nov 2014 |
| | Community/VA – Governor | Patricia French | St Mary’s CE High | Dec 2016 |
| Special Schools (2) | Community – Headteacher | Jenny Gridley | Oakleigh | Sep 2016 |
| | Community – Governor | Gilbert Knight | Oakleigh | Sep 2016 |
| Pupil Referral Unit (1) | Community – Headteacher | Joanne Kelly | Pavilion PRU | Sep 2016 |
| Academies (7) | School – Representative 1 | Michael Whitworth | Wren Academy | Nov 2016 |
| | School – Representative 2 | Angela Trigg | London Academy | Sep 2016 |
| | School – Representative 3 | Kate Webster | Queen Elizabeth | Sep 2016 |
| | School – Representative 4 | VACANT | VACANT | n/a |
| | School – Representative 5 | Jane Beaumont | Copthall | Jan 2016 |
| | School – Representative 6 | Jack Newton | Grasvenor Infants | Nov 2015 |
| | School – Representative 7 | Derrick Brown | Ashmole Academy | Jan 2016 |
| Stake-holders (3) | Post 16 – Representative | David Byrne | Barnet & Southgate College | Sep 2016 |
| | Private Early Years –Representative | Sarah Vipond | Middlesex Uni. Nursery | Sep 2016 |
| | Union – Representative | Keith Nason | NUT | Sep 2016 |
| EFA Observer | Education Funding Agency | Beverley Pennekett | EFA | n/a |
| Non-voting Observers | Cabinet Member for Education, Children and Families | Cllr Reuben Thompstone | Education, Children & Families | n/a |
| | Director for People | Kate Kennally | LBB | n/a |
| Barnet Officer | Director for Education & Skills | Ian Harrison | LBB | n/a |

Item 1: Welcome to New Members

| No | Name | Representing |
|----|----------------|-------------------|
| 1 | Perina Holness | Moss Hall Nursery |
| 2 | | |
| 3 | | |

Item 2: Apologies for Absence

| | Name | Representing |
|----|------|--------------|
| 1 | | |
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| 3 | | |
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Item 3: Declarations of Interest

| | Name | Interest |
|---|------|----------|
| 1 | | |
| 2 | | |

Item 4: Minutes of the Last Meeting on 7 May 2014

| Attended | Type of Member | Name | Representing | Member until end |
|-----------------------|-------------------------|-------------------|---------------------------------|------------------|
| Members | Nursery School | Jane Chew | St Margaret's Nursery | Dec 2016 |
| | Primary Community HT | Jeanette Adak | Monkfrith Primary | Sep 2016 |
| | Primary Community HT | Helen Schmitz | Cromer Road Primary | Sep 2016 |
| | Primary Community HT | Sally Lajalati | Colindale Primary | Sep 2014 |
| | Primary Community Gov | Elizabeth Pearson | Holly Park/Livingstone | Sep 2016 |
| | Primary Community Gov | Lesley Ludlow | Moss Hall Infants | Apr 2017 |
| | Primary Foundation/VA | Dee Oelman | St Mary's & St John's CE | Sep 2016 |
| | Primary Foundation/VA | Tim Bowden | Holy Trinity CE | Sep 2016 |
| | Primary Foundation/VA | Saul Smus (NEW) | Pardes House Jewish | Apr 2017 |
| | Secondary HT | Seamus McKenna | Finchley Catholic | Nov 2016 |
| | Special School Governor | Gilbert Knight | Oakleigh | Sep 2016 |
| | Academy Representative | Marc Lewis (sub) | Wren Academy | Nov 2016 |
| | Academy Representative | Kate Webster | Queen Elizabeth Girls | Sep 2016 |
| | Academy Representative | Jane Beaumont | Copthall | Jan 2016 |
| | Pupil Referral Unit | Joanne Kelly | Pavilion PRU | Sep 2016 |
| | Unions | Keith Nason | National Union of Teachers | Sep 2016 |
| Non-members | LBB Officer | Ian Harrison | Director for Education & Skills | - |
| | LBB Officer | Val White | Lead Commissioner | - |
| | LBB Officer | Penny Richardson | SEN Asst Director | - |
| | LBB Officer | Catherine Peters | CSG – Head of Finance | - |
| | LBB Officer | Carol Beckman | CSG – School Funding | - |
| | LBB Officer | Cinzana Khan | CSG – School Funding | - |
| | Clerk | Claire Gray | CSG – School Funding | - |
| Did not attend | | | | |
| Members | Primary Community HT | Claire Rees | Sunnyfields Primary | Feb 2017 |
| | Primary Community Gov | Catrin Dillon | Martin Primary | Dec 2016 |
| | Primary Foundation/ VA | Anthony Vourou | St Johns CE N11 | Sep 2016 |
| | Secondary HT | Jeremy Turner | Friern Barnet | Nov 2014 |
| | Secondary Governor | Patricia French | St Mary's CE High | Dec 2016 |

| | | | | |
|-------------|---------------------------|-------------------|--------------------------------|----------|
| | Special School | Jenny Gridley | Oakleigh | Sep 2016 |
| | Academy Representative | Angela Trigg | London Academy | Sep 2016 |
| | Academy Representative | Paul Ferrie | Totteridge Academy | Sep 2016 |
| | Academy Representative | Jack Newton | Grasvenor Infants | Nov 2015 |
| | Academy Representative | Derrick Brown | Ashmole Academy | Jan 2016 |
| | 14-19 Non School Provider | David Byrne | Barnet & Southgate | Sep 2016 |
| | Private Early Years | Sarah Vipond | Middlesex Uni. Nursery | Sep 2016 |
| Non-members | EFA Observer | Beverley | EFA | |
| | Adviser to Schools Forum | Geoff Boyd | Independent Consultant | |
| | Elected Member | Cllr R Thompstone | Education, Children & Families | |
| | LBB Officer | Kate Kennally | Director for People | |
| | LBB Officer | Nick Adams | CSG – Financial Services | |
| | LBB Officer | Sarrosch Malik | CSG – Financial Services | |

1. Welcome to new members

GK welcomed Lesley Ludlow (Moss Hall Infants) and Saul Smus (Pardes House) as new members of the School's Forum.

2. Apologies for absence

GK noted the apologies received from Jeremy Turner, Patricia French, Michael Whitworth, Anthony Vourou, Sarah Vipond, Jack Newton, Paul Ferrie, Geoff Boyd, Derrick Brown (post meeting). Paul Ferrie has resigned from School's Forum as of 8th May 2014 and Tim Bowden was nominated as Vice-Chair to replace Paul; his nomination was unopposed. Geoff Boyd has stepped down as Advisor to the Schools Forum and it was said that his skills and knowledge will be difficult to match and replace. Thank you letters will be sent to both Paul Ferrie and Geoff Boyd for their contribution.

3. Declarations of interest

Dee Oelman and Seamus McKenna – Item 7.1 Funding for new schools, expansions and bulge classes in 2015/2016.

Keith Nason – Objected to meeting being held due to the late arrival of his papers, but has discussed the issue of Trade Union facilities time with IH outside the Schools Forum.

4. Minutes of previous meeting: 4 February 2014

GK asked if anything was incorrectly recorded. TB pointed out that there was an extra 'the' in paragraph 2 of item 5.1 which needed to be removed. He also expressed concern that since the last meeting, the projected 2013/14 budget has moved from coming in on budget to the current projection of an underspend. He asked if tighter in-year monitoring could be achieved to get projections much closer to actual spend, and schools can benefit from the money sooner rather than having to wait until the following financial year. Officers reiterated that it is the unpredictability of High Needs (HN) costs that have invariably caused the majority of recent underspends, and it only takes a couple of high-cost placements to affect the accuracy of the projected outturn.

Members also questioned when the review of current specialist provision being undertaken by David Monger will be completed. Officers advised that completion is due in August 2014, an update would be reported to members at the next meeting in July, and a final summary report would be presented at the Oct 2014 Schools Forum meeting.

5. Matters arising

None.

6. ITEMS FOR INFORMATION

6.1 Schools Budget Monitoring 2013/14

Catherine Peters

CP presented a summary of the month 9 position, and highlighted changes since this was last presented to Schools Forum. This included presentational changes to lines 1.2.1 - 1.2.3 and 1.2.5, removal of the 2013/14 accruals relating to SEN inter-authority recoupment and an update to census pupil numbers.

CP also went on to explain that as at the end of February 2014, the projected underspend is £611k, an overall reduction of £842k in comparison with the projected overspend of £231k presented at the previous Schools Forum meeting.

SM asked whether inter-authority recoupment was expected.

CP responded that now the new HN funding arrangements have been in force for a full financial year, checks have been completed with other LAs which confirm that Barnet will benefit in-year from the previous recoupment arrangements.

GK reiterated that there had been a legacy underspend and posed the question as to whether anyone has benefitted from the prior year accrual of £663k but not paid or conversely, whether Barnet has provided services but not billed other LAs.

PR explained that there had been a lag between provision and recoupment particularly in the area of hospital education, some even dating back to the 2011/12 financial year, but as the hospital formula is now top-sliced, there are now no costs or recharges to LAs.

6.2 Revised Schools Budget 2014/15

Catherine Peters

CP stated that there were no changes to the bottom line, but some presentational changes. However, there was an additional amount of £212k from EFA which has been added to the contingency line. Other changes relate to movements in Section 251 lines.

TB asked why the additional EFA allocation of £212k had been put into contingency.

VW responded that the contingency had previously been reduced in order to set a balanced budget, and the increased EFA allocation partially offset this reduction.

Future monitoring reports will take the Section 251 submission as the starting point, and will report actual 2014/15 variances to income & expenditure against this.

6.3 Update on the development of High Needs Funding Arrangements

Penny Richardson

Updated status report on the distribution of the pupil level elements of the High Needs funding block. The current system has been based on historic practice, and has not been strategically reviewed for a considerable time. The review is more advanced with special schools in regard to draft descriptors and levels of top up funding.

A small working group of Headteachers from mainstream and resource provision schools will be needed to look at coherency and what will form the foundation of future developments.

A number of volunteers offered to assist with this working group

Sally Lajalati

Helen Schmitz

Joanne Kelly

Jeanette Adak

Jane Beaumont- happy to volunteer, but not sure her school is typical in relation to HN pupils

Further Headteachers from both primary and secondary schools are to be canvassed in order to provide a diverse and representative group.

KN asked whether only HTs could be part of this group or whether governors, or unions could be included.

PR responded that although other people were not intended to be excluded, HTs deal with this matter on a day to day basis and therefore would have the level of expertise required for the group.

Schools have been asked to review their list of HN pupils, the top up values, and correct start or leaving dates where necessary. GK commented that this would be a document that school governors might like to see, but are currently not involved in this.

SMcK asked about the timescale for the working group. PR advised that there will be 5 meetings before November.

7. ITEMS FOR DECISIONS

7.1 Funding for new schools, expansion and bulge classes in 2015/16

Val White

The LA now has to take a wider view on different types of strategic changes/school phases opening in the borough, and historically new free schools and academies have been funded by the EFA at a much higher level than the LA is able to provide to maintained schools.

To also add to the confusion, since the Schools Forum paper was written, a consultation from the DfE has been released which would move liability for free schools and non-recouped academy funding calculations to local authorities, and there is a concern that this exacerbates the inequality. To complicate matters further, the EFA funds free schools and non-basic needs academies in advance, whereas the LA receives lagged funding when new settings open. It is unclear from the DfE consultation how this matter would be dealt with, but Barnet has requested further clarification on this.

It was felt that clarity and equality on this is now critical as 2 schools are affected this financial year – St Marys and St Johns all through school, and Millbrook Park.

Barnet's published criteria for commissioning expansions, new schools or additional places is as follows:

Good/outstanding school

Parental demand

Area of need

Cost

and the school must be deemed to 'Meet Basic Needs'. The LA commissions expansion to meet educational need, but will not fund expansions not deemed necessary on the criteria shown above.

SMcK asked where Barnet is currently commissioning places/expansions and was advised that although FCH plans to expand by 90 places, but this is not at Barnet's request so will not be advance funded by the LA.

VW advised that all types of school, Primary, Secondary, Maintained or Recouped Academies are being considered.

Projecting pupil numbers and growth has become more complex, especially as a result of free schools and academies being set up; as an example, CCF, The Compton had been commissioned to expand, but the start-up of the Archer Academy or St Andrews were not known about at that time. TB asked if arrangements for expansion might be planned and then withdrawn. VW advised that in light of on-going changes, some expansions have been mothballed or delayed.

Jane B raised whether there are any alternatives to where places are currently being commissioned. VW responded that there will need to be a mix of secondary expansions and 2 – 3 new secondary schools established between now and 2020.

SS asked if faith schools are viewed as less viable on cost. VW advised that is not the case, provided the LA can determine the number of places required in particular faith settings as a result of education need and parental demand.

VW's paper showed that any increase in the growth fund would mean cuts in other areas of the DSG, such as the AWPU, and might impact any gains that are made over and above the minimum funding guarantee.

JB asked if the current level of funding (£48k) for bulge classes sufficiently covers the additional costs incurred. Headteachers at the Schools Forum who have already accommodated bulge classes confirmed that, although additional funding would be helpful, most primary schools have managed with this amount.

VW requested that Schools Forum consider reshaping the level of pre-opening, growing school support and per pupil funding for the current year, so that the current SMSJ and Millbrook Park projects can be signed off.

TB asked where the additional funding would come from. VW advised that this will have to be decided when the LA knows what funding will be transferred from the EFA into the DSG, but this will be a continuing pressure on the DSG. To cover these proposals for 2015/16, the increase to the growth fund would be £0.5m, with further increases year-on-year.

JB asked if the levels proposed mean that the schools will be viable and provide all the necessary educational services. VW confirmed that these proposals are considered acceptable and manageable by Millbrook. DO commented that more would be better, but the proposals to fund new phases at half the new school rate are fair.

VW proposed that members vote on proposals 7.1a and 7.1b, and the remainder of the proposals could be discussed at a subsequent meeting.

Vote: Items 7.1a New school opening and 7.1b New phase opening – proposals approved unanimously.

Items 7.1c/d/e vote will be deferred.

7.2 Funding for bulge classes which do not fill in 2015/16

Val White

The cost implications on the growth fund for this are not as great as the previous item, as it a far less common occurrence. This factor is only available to 1 or 2FE primary schools.

Vote: Item 7.2 approved - unanimous

8. Agenda for next meeting

Agenda approved – (2nd tabled version)

9. AOB

DO expressed concern that the LA is still advising schools to use Co-op bank accounts and asked if there was any risk as a result of this. She believes there is not due to be a review of this until April 2015. CP advised that she would confirm this with the Treasury Management team and clarify council policy. IH requested that if this is under review, the timing and information should be provided to schools in the weekly School Circular as soon as possible.

Meeting closed 5:50pm

Saul Smus gave his apologies for the July meeting in advance.

Item 5: Matters arising not covered elsewhere on the agenda

6.3 High needs funding arrangements. A working group has been formed from head teachers, including head teachers on the Schools Forum, and at their first meeting was charged with a brief to:

- Provide advice, support and challenge to funding and SEN officers
- Support the development work by enabling a focus group with whom officers can explore specific matters that arise
- Assist in the drafting of guidance to schools and settings
- Assist in the development of structures to support decision making on the distribution of pupil level funding bands to schools

It is expected that there will be no more than 5 meetings between June and November, and that a report will be brought to the Schools Forum in the new academic year to set out progress and recommendations for 15/16 financial year.

7.1 Funding for new schools, expansion and bulge classes in 2015/16. At the last meeting, members asked for forecasts of the likely cost to the growth fund in 2015/16 of the proposed new funding levels for growing schools. In the meantime, further government proposals about LA funding for growing free schools has been announced and until these are clarified we cannot carry out a full analysis. We have therefore deferred this until the next meeting.

8. Agenda for next meeting. The item on nursery funding has been deferred.

Item 6.1 Final Outturn Schools Budget 2013/14

**Authors: Catherine Peters, Head of Finance, Children & Adults
& Carol Beckman, School Funding Manager**

Introduction

The purpose of this report is to inform the Schools Forum of the final outturn position for the Schools Budget for 2013/14.

The final outturn position for the schools budget was reported to the Performance and Contract Management Committee on 11th June 2014 and is presented to Schools Forum to note. Details are contained in Appendix 1.

2013/14 Schools budget

There have been no budget changes since the provisional outturn position was presented to Schools Forum on 4 May 2014.

The council's financial accounts have been submitted to the external auditors and the audit is expected to be completed in July.

The final outturn for the financial year 2013-14 is an underspend of £1.3m. This is a net position of the following main over and underspends:

| S251 Line reference | Main reasons for over/underspend | £'000 |
|----------------------------|---|--------------|
| 1.0.1 | January census for early years higher than originally anticipated and full effect of high needs academy recouplement | 962 |
| 1.1.1 | Lower call on contingency | (450) |
| | Prior years accruals relating to SEN inter-authority recouplement | (708) |
| 1.2.1, 1.2.2 & 1.2.3 | This is the net position relating to top up funding for high needs in <ul style="list-style-type: none"> • maintained provider schools (nursery, primary and secondary) including those who are out of borough • academy and free schools and additional funding for high needs pupils in Academy ARPs and • independent and non-maintained special schools, pre and post 16 as a result of an increased demand and the cost of placements | 430 |
| 1.2.5 | Increasing pressure on therapies budget for children with high needs | 135 |
| 1.2.6 | Making Good Progress - no requirement for the budget this year | (44) |

| | | |
|-------------------|---|---------|
| 1.2.7 | Additional costs to the Home and Hospital Tuition team | 86 |
| 1.3.1 | Underspend on payments to providers for two year olds | (1,417) |
| 1.4.2 | Salary underspend due to staff vacancies in the Schools Admissions team | (30) |
| 1.4.10 | Growth - Underspend based on current commitments | (125) |
| 1.1.3/1.1.8/1.4.1 | Net overspend on salaries | 12 |
| 1.7.1/1.7.3 | Net additional income re London Childcare Grant/Carbon Reduction | (195) |

The provisional outturn position discussed at 4 May Schools Forum projected an underspend of £611k. The reduced spend of £733k between the two periods was mainly due to:

- Reduced commitments on SEN placements and top-ups (-£325k)
- Reduced spend on payments to providers for two year old (-£295k)
- actual expenditure relating to excluded pupils and three and four year old payments lower than anticipated (-£120k)

Recommendation:

The Forum notes the final outturn position for 2013/14.

Previous reports to the Forum:

- 7 May 2013 noted Dedicated Schools Grant 2012/12 provisional outturn
- 16 July 2013 DSG 2014/15 School Budget Changes and Final Outturn 2012/13
- 1 October 2013 noted for information the 2013/14 Schools Budget
- 3 December 2013 noted the budget monitoring position at quarter two for 2013/14
- 4 February 2014 noted the budget monitoring position at quarter three for 2013/14
- 4 May 2014 noted the provisional outturn budget monitoring position for 2013/14

Item 6.2 Revised Schools Budget 2014/15

**Author: Catherine Peters, Head of Finance, Children & Adults
& Carol Beckman, School Funding Manager**

At this early stage of the financial year there are no monitoring reports available but these will be provided at the next meeting of the Schools Forum.

Appendix 1

| 2013/14 Schools Budget Monitoring | | | | | |
|--|--|----------------------|----------------------|----------------------|--------------------|
| Final Outturn 2013/14 for Schools Forum | | | | | |
| Tue 24 Jun 2014 11:21 | | | | | |
| | | Prov Outturn | Month 12 Budget | Final Outturn | Variance |
| 1.0.1 | Individual Schools Budget (before Academy recoupment) | 235,011,609 | 233,929,051 | 234,891,125 | 962,074 |
| 1.1.1 | Contingencies | 175,857 | 615,297 | 165,057 | (450,240) |
| 1.1.2 | Behaviour Support Services | 166,631 | 166,631 | 166,631 | - |
| 1.1.3 | Support to UPEG and bilingual learners (Narrowing the Gap) | 110,124 | 165,117 | 169,258 | 4,141 |
| 1.1.8 | Staff costs supply cover (including TU Duties) | 129,066 | 120,729 | 132,667 | 11,938 |
| | | - | - | - | - |
| 1.2.1 | Top-up funding – maintained schools | 16,150,960 | 17,244,447 | 16,048,863 | (1,195,584) |
| 1.2.2 | Top-up funding – academies and free schools | 4,962,253 | 4,865,958 | 5,020,453 | 154,495 |
| 1.2.3 | Top-up and other funding – non-maintained, independent and further education providers | 10,490,995 | 8,695,616 | 10,166,313 | 1,470,697 |
| 1.2.5 | SEN support services | 3,351,826 | 3,160,337 | 3,295,705 | 135,368 |
| 1.2.6 | Support for Inclusion | - | 44,000 | - | (44,000) |
| 1.2.7 | Hospital Education Services | 864,664 | 819,226 | 904,914 | 85,688 |
| 1.2.x | Inter authority Recoupment | (663,065) | - | (707,868) | (707,868) |
| 1.3.1 | Central expenditure on children under 5 | 2,903,624 | 4,299,128 | 2,882,217 | (1,416,911) |
| | | - | - | - | - |
| 1.4.1 | Contribution to combined budgets | 771,145 | 774,900 | 770,512 | (4,388) |
| 1.4.2 | School admissions | 338,271 | 364,192 | 334,613 | (29,579) |
| 1.4.3 | Servicing of schools forums | 34,680 | 34,680 | 34,680 | - |
| 1.4.5 | Carbon reduction commitment allowances | 291,656 | 291,656 | 291,656 | 0 |
| 1.4.10 | Pupil growth/ Infant class sizes | 1,731,030 | 1,841,454 | 1,716,030 | (125,424) |
| 1.4.11 | SEN transport | 400,000 | 400,000 | 400,000 | - |
| | Total Expenditure | 277,221,326 | 277,832,419 | 276,682,825 | (1,149,594) |
| 1.7.1 | Dedicated Schools Grant 2013/14 | (270,735,402) | (270,735,421) | (270,927,439) | (192,018) |
| 1.7.3 | EFA funding for Post 16 learners | (7,096,998) | (7,096,998) | (7,099,865) | (2,867) |
| | Total Income | (277,832,400) | (277,832,419) | (278,027,304) | (194,885) |
| | Balance | (611,074) | - | (1,344,479) | (1,344,479) |
| 1.8.1 | Academy Recoupment | 70,238,421 | | 70,238,421 | |

Item 6.3 Budget Pressures 2015/16

Author: Ian Harrison, Director for Education and Skills

Pressures on the DSG for 2015/16

This paper forecasts the expected pressures on the Schools Budget in 2015/16

Background

The annual Schools Budget is the planned expenditure by Barnet based on expected income from

1. the Dedicated Schools Grant (DSG),
2. any under or overspend from previous years' DSG,
3. Sixth form learner funding from the Education Funding Agency (EFA), which is simply passported through to schools

Each March the local authority (LA) has to submit a balanced budget for the year ahead (referred to as Section 251 (S251) to the Department for Education, detailing expected expenditure against a list of national categories, broken down by phase of education (early years, primary, secondary, special, PRU, post-school).

Members will remember that balancing the budget for 2014/15 was difficult but was aided by substantial underspends from previous years.

We will start compiling the 2015/16 budget shortly and we have been studying government consultations and announcements that will affect Barnet from April 2015. Current indications are that, despite the Treasury protecting schools funding in comparison with most other areas of government funding, at a local authority level balancing the budget will be harder.

In the table below, which shows a summary of the budget for 2014/15, we see 96.9% of the schools budget is allocated to schools and institutions either directly through the funding formula or via high needs top-ups or fees for individual high needs children. The remaining 3.1% (£8.8m) provides additional school funding for school growth or for core services to schools).

| S251 Line | Area of Expenditure | Amount (£m) | % of total |
|------------------|---|--------------------|-------------------|
| 1.0.1 | Individual Schools budget – formula funding for pupils 2-18 for all schools, including early years providers and special schools . This figure includes funding for academies which is recouped by the EFA. | 243.359 | 84.7% |
| 1.1.1 | Contingencies | 0.597 | 0.2% |
| 1.1.2- | De-delegation by maintained schools (behaviour | 0.256 | 0.1% |

| | | | |
|----------------------------|--|---------|-------|
| 1.1.9 | support, narrowing the gap, salary safeguarding and trade union duties) | | |
| 1.3.1 | Central expenditure on early Years (early years standards team, 2 year old capacity building and early years vulnerable children) | 1.254 | 0.4% |
| 1.2.1- 1.2.3 & 1.2.6 | High Needs top-ups and fees paid to schools, academies, PRUs early years providers, independent special schools and further education institutions | 35.110 | 12.2% |
| 1.2.5 | High Needs services (e.g. advisory team, HIST, therapies, BEAM, area SENCOs and children in care) | 3.074 | 1.1% |
| 1.4.1- 1.4.13 | Central services (growth fund, contribution to combined budgets, admissions, SEN transport, schools forum and hard to place children) | 3.673 | 1.3% |
| | TOTAL | 287.323 | 100% |

In 2015/16 we expect the following changes:

Income

- 1) Following reform of the Schools Block for local authorities, the provisional announcement shows Barnet receiving a £6 per pupil **increase** over 2014/15. This equates to about £200,000
- 2) The Barnet school population aged 3 – 15 is increasing. A 1% increase would generate about £2m extra in the Schools Block and £160,000 in the Early Years Block
- 3) If additional high needs places in special schools and additional resourced provision are approved by the DfE we might receive an **increase** in the High Needs block.
- 4) The High Needs block is not linked to pupil numbers, so no increase apart from 3 above is expected. The DfE recognises that the High Needs block needs reform but has no immediate plans to address this.
- 5) Funding for eligible two year olds will be calculated on participation in 2015/16, whereas until now it was based on target numbers. As Barnet has not yet reached the target of 2,200 funded children, we expect a **decrease** in this funding stream of perhaps £2million.
- 6) DfE funding rates have been frozen for some years with no increases for inflation.

Expenditure

- 1) Higher pupil numbers will result in **higher** funding for schools. However, depending on the average funding per pupil at the schools the extra children attend, the cost may actually exceed the additional income received, particularly at secondary level. For example, the funding per pupil received by the LA is currently £4,988 in the schools block, but all but two of the secondary schools have an average funding per pupil higher than this, with the highest at over £7,000 per pupil.

- 2) The Growth Fund will need to **increase** for the following reasons:
 - a) Higher rates for bulge classes and expansions, if agreed by the Schools Forum
 - b) The requirement to fund new schools and growing schools on projected pupil numbers as they grow. There may be new regulations that mean we can no longer restrict this to schools expanding to meet the basic need for school places in the area.
 - c) Similarly there may be new regulations requiring us to provide additional 'diseconomies of scale' funding for growing schools.
 - d) Start-up grants for new schools and new phases of existing schools.
 - e) The government intends to convert all free schools and non-recouped academies to recoupment academies. This may mean the funding for them will initially come to the Local Authority and be recouped by the DfE, but this will also mean that local authorities will become responsible for the growth funding of all new free schools, whether set up with agreement of the local authority or not, after the first year of opening. This will have a significant impact on Barnet as we currently have 3 growing primary free schools and 2 growing secondary free schools with more new schools and new phases in the pipeline. We are seeking clarification.
 - f) On the other hand JCOSS now has pupils in all year groups so there will be no need to annually advance fund a year group of 180 pupils before they appear on the census which will **reduce** pressure on the growth fund.
- 3) Nursery schools – the Schools Forum has agreed a transitional subsidy of £880,000 for 2014/15. The Council is currently considering options for the funding of nursery school provision.
- 4) The support costs of increasing numbers of pupils with complex needs, linked to a larger population, will continue to put pressure on the Schools Budget. The intention of the current review of SEN funding levels is intended to make the system more rational and consistent, not to save money. Independent schools and FE colleges are beginning to request higher fees and top-ups which will also push up the budget needed to meet demand.
- 5) The Minimum Funding Guarantee remains at -1.5% for 2015/16. This is preventing the movement of money from the 'losers' under the funding formula introduced in 2013, to the 'winners'. In order to balance the budget in 2014/15 Barnet reduced the cap on gains to 0.5% which means a school's per pupil funding can currently only vary between -1.5% and +0.5% of its former funding. The maximum additional funding under the MFG to a secondary school in 2014/15 is +£831,000 and the capped amount a school could lose is £421,000. For primaries the figures are maximum MFG +£340,000, cap on losses £337,000.

Action

- 1) The council will begin work on estimating income and constructing expenditure budgets in July in good time for full discussion with the Schools Forum during the

autumn term and in order to meet the DfE deadlines before the provisional budget submissions in October and the final formula submission in January.

- 2) The DfE will be announcing the results of consultations on the schools block and free schools in July along with LA funding rates for under 5s. Other regulations and guidance will also be issued, all of which will have to be taken into account where it affects Barnet.
- 3) This year, more than ever, we feel that schools need to be more closely involved in the detail of balancing the budget. However, the formal meetings of the Schools Forum do not provide sufficient time to discuss complexities in a sometimes fast changing situation. We would therefore like to set up a working group to meet at least twice between September and December to work with officers on assessing competing priorities in the distribution of the DSG to both schools and services. Training on different aspects of the DSG will be provided and it may be interesting for any members of the schools forum who would like to know more about how the DSG works. We would like to have 5 or 6 forum members who between them can represent the views of the whole range of Barnet provision (maintained/ Academies, all phases, faith and non-faith etc).

Recommendation:

Schools Forum members are asked to:

- 1) Note the issues listed above and bear them in mind when considering the budget for 2015/16 and future reports,
- 2) Approve the establishment of a short term 2015/16 Budget Working Group,
- 3) Appoint members to the working group.

Item 7.1 Schools Balances at 31 March 2014, 2013 and 2012

Author: Nick Adams, Finance Manager

Introduction

This report informs the Forum of the maintained schools balances for 31 March 2014 and provides a comparison with the two earlier years. These are set out in Appendix 2 (separate sheet). It invites the Forum to consider whether any further action is needed in relation to the tendency of some schools to maintain very high balances.

Overall

It should be noted that this report does not include details of the balances of Academies as this information is not provided to the Council.

1. Total balances for maintained schools have remained high and have increased from just below £14m on 31 March 2012 to £15.36m on 31 March 2014.
2. Capital balances have decreased from £816,000 to £125,000, as capital funds have been used by schools and devolved formula capital funding was significantly reduced as part of the government's austerity measures.
3. Revenue balances have increased from £13.15m to £15.24m at a time when other public services have experienced restricted or reduced funding in order to reduce the fiscal deficit.
4. School funding/budget share has been cash limited but the coalition government has introduced the Pupil Premium for pupils who are or have been on free school meals from a low level to a significant level for some schools.
5. Inflationary cost increases on items such as salaries has been limited by nil or small pay awards. General inflationary price increases have been highly variable e.g. high fuel price increases but other goods and services have had small increases or in some cases decreases in prices e.g. ICT equipment.

Nursery Sector

There have been consistently high revenue balances for the four nursery schools over the last 3 years. These rose from a total of £368,000 to £685,000, or an average of £92,000 rising to £171,000 in the current year. Two schools have had balances over 15% of their budget for all three years, whilst the other two have balances over 20% this year.

Primary Sector

This sector accounts for 78% of the total revenue balances for maintained schools at £11.9m. However, within that total there is a range of balances from small deficit balances to a large number of significant balances. The highest amount is £473,310 (Livingstone School). At 25% this is a high percentage of the school's budget share.

With the very limited amount of devolved formula capital given to schools, one reason for high balances that is often given by schools is that they are saving resources for a capital project. However, some schools have had large balances for

all 3 years. Those with balances over 15% for all 3 years are as follows –
Annunciation Infants, Blessed Dominic, Colindale, Livingstone and Northside.
Schools with balances over 20% this year are All Saints NW2 and Hollickwood.

Secondary sector

There are seven maintained secondary schools, only one of which has a significant balance – Finchley Catholic High at £787,000 or 13%. This school has also had a balance of over 10% for all three years.

All other secondary schools have modest balances in relation to their size.

Special sector

There are four special schools with a range of balances currently and over the three years, none of them being consistently very high.

Pupil Referral Units

The three PRUs only received delegated budgets in 2013/14 and have not been in a position to develop and test longer term financial plans.

Control of “Surplus” balances

The financial arrangements between the local authority and its maintained schools are governed by the Scheme for Financing Schools. Until 2011, the Scheme had a claw-back clause which enabled the authority to recover surplus balances from schools. This was deleted at the beginning of the government’s austerity programme when the following guidance was given by the DfE -

4.2 Controls on surplus balances

The scheme may contain a mechanism to claw-back excess surplus balances. 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, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.

The DfE guidance raises a question about whether any action is required in relation to those schools that have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.

Options

The Schools Forum is invited to consider the levels of balances overall and individual schools and whether any of the following options should be pursued:

1. To ask the Council to write to schools with balances over 15% for three consecutive years or with balances of over 20% in 2014 to ask them to explain the reasons for amassing balances and plans for spending them.
2. To amend the Scheme for Financing Schools to re-introduce a “claw-back” clause to enable the recovery of surplus balances.

Item 8: Draft agenda for next meeting: 9 October 2014

1. Welcome to new members
2. Apologies for absences
3. Declarations of interest
4. Minutes of previous meeting: 8 July 2014
5. Matters Arising
6. Items for Information
 - 6.1. Budget Monitoring - Schools Budget 2014/15
 - 6.2. Report from the SEN working group
7. Items for Decision – to be agreed
 - 7.1. Funding for Growth in 2015/16
 - 7.2. Funding for Pupil Referral Units in 2015/16
 - 7.3. School Balances
 - 7.4. Nursery funding in 2015/16
 - 7.5. Funding formula and budget for 2015/16
8. Draft agenda for next meeting: 4 December 2014
9. Any other business