

Schools Forum

Tuesday 24th November 2009

4.00pm – Briefing by Geoff Boyd

4:30pm – Schools Forum Meeting

Sapphire Room, Emerald Suite
North London Business Park, London N11 1NP

**Agenda, Minutes and Discussion
Papers**

Agenda

- 4:00pm Training session by Geoff Boyd (not minuted)
Subject: Government review of the Dedicated Schools Grant
4.30pm Schools Forum meeting

- 1. Welcome to new members**
- 2. Apologies for absence**
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- 7. Any other business**

Dates for future meetings:

- | | |
|-----------------------------------|---------------------------------|
| Wed 13 th January 2010 | 4.00pm (Special budget meeting) |
| Tue 2 nd February 2010 | 4.00pm |
| Tue 18 th May 2010 | 4.00pm |
| Tue 13 th July 2010 | 4.00pm |

List of members

Schools Forum Membership

As 6th October 2009

Ms	Anthea	Abery	Rosh Pinah	Head	Primary	VA
Ms	Jo	Djora	Coppetts Wood	Head	Primary	Community
Ms	Jayne	Franklin	Childs Hill School	Head	Primary	Community
Mr		Vacant		Head	Secondary	VA
Ms	Kate	Webster	Queen Elizabeth Girls School	Head	Secondary	Community
Ms	Dee	Oelman	St Mary's & St John's	Head	Primary	VA
Dr	John	Marincowitz (Chair)	Queen Elizabeth's School, Barnet	Head	Secondary	Foundation
Ms	Jeanette	Adak	Monkfrith	Head	Primary	Community
Mrs	Helen	Schmitz	Cromer Road Primary School	Head	Primary	Community
Ms	Lisa	Clarke	Brookhill Nursery	Head	Nursery	Community
Mrs	Lynda	Walker	Oak Lodge School	Head	Special	Community
Mr	Tim	Bowden	Holy Trinity	Head	Primary	VA
Mr	Gary	Tucker	Christ's College Finchley	Head	Secondary	Community

GOVERNORS

Mr	Derrick	Brown	Headteacher, Ashmole	Governor	Secondary	Foundation
Ms	Hazel	Godfrey	Governor, Broadfields	Governor	Primary	Community
Mr	Jonathan	Hewlings	Governor, East Barnet School	Governor	Secondary	Community
Mr	Ken	Huggins	Governor, The Compton	Governor	Secondary	Community
Mr	Gilbert	Knight	Governor, Oakleigh	Governor	Special	Community
Mr	Stephen	Parkin (Vice Chair)	Governor, St Mary's CE High	Governor	Secondary	VA
Ms	Elizabeth	Pearson	Governor, Holly Park & Livingstone	Governor	Primary	Community
Mr	Anthony	Vourou	Governor, St John's N11	Governor	Primary	VA

NON-SCHOOL MEMBERS

Mr	Mick	Quigley	Principal Inspector, Children's Service	Other	Stakeholder – SIPs	
Mr	Alan	Homes	NASUWT	Other	Union	
Ms	Angela	Murphy	Bishop Douglass	Other	14-19 Partnership	
Ms	Sarah	Vipond	Middlesex University Nursery	Other	Private Early Years Providers	

OBSERVERS

Ms	Angela	Trigg	London Academy	Principal	Academies	
Ms	Lucy	Saloman	Learning Skills Council	Other		
Cllr	Fiona	Bulmer	Cabinet Member for Children	Other		

OTHER ATTENDEES

Mr	Robert	McCulloch Graham	Director of Children's Service		Officer	
Ms	Linda	Parker	Joint Head of Finance – Children's Service		Officer	
Ms	Denise	Murray	Joint Head of Finance – Children's Service		Officer	
Mr	Nick	Adams	Schools Finance Services Manager, Children's Service		Officer	
Ms	Carol	Beckman	School Funding Manager – Children's Service		Officer	
Ms	Sarrosh	Malik	School Resources & Support Officer – Children's Service		Officer	Minutes
Mr	Graham	Durham	Assistant Director of Children's Service		Officer	
Mr	Geoff	Boyd	Consultant		Other	

3. Minutes of the last meeting

Meeting of the Schools Forum
Tuesday 6th October 2009
(4.00 pm, Sapphire Room, Emerald Suite at NLBP)

<u>Attended</u>	Members:	Alan Homes (NASUWT) Anthea Aberly (Head, Rosh Pinah) Jo Djora (Head, Coppetts Wood) Elizabeth Pearson (Governor, Livingstone) Gilbert Knight (Governor, Oakleigh) Derrick Brown (Governor, Ashmole) Jayne Franklin (Head, Childs Hill) Jeanette Adak (Head, Monkfrith) John Marincowitz (Head, QE Boys) Johnathan Hewlings (Governor, East Barnet) Kate Webster (Head QE Girls) Ken Huggins (Governor, The Compton) J Goring (Bishop Douglass – sub for Angela Murphy) Mick Quigley (Principal Inspector, Children's Service) Lisa Clarke (Head, Brookhill Nursery) Stephen Parkin (Governor, St Mary's High)
	LA Officers:	Paul Lawrence (Head of Insurance) Carol Beckman (School Funding Manager) Denise Murray (Strategic Finance Manager) Nick Adams (School Services Finance Manager) Linda Parker (Strategic Finance Manager) Val White (Assistant Director, PPP) Graham Durham (Assistant Director, Inclusion) Clare Gray (School Resources and Support Officer)
	Observers:	Lucy Salaman (LSC Partnership Manager) Elaine Runswick (16-18 Commissioning Board)
	Consultant:	Geoff Boyd (Consultant)
	Clerk:	Sarosh Malik (School Resources & Support Officer)
<u>Not Present</u>	Members:	Helen Schmitz (Head, Cromer Road) Gary Tucker (Head, Christ's College Finchley) Hazel Godfrey (Governor, Broadfields) Dee Oelman (Head, St Mary's & St John's) Lynda Walker (Head, Oak Lodge) Anthony Vourou (Governor, St John's N11) Kevin Hoare (Head, Finchley Catholic) Sarah Vipond (Early Years Working Group) Tim Bowden (Head, Holy Trinity)
	LA Officers	Robert McCulloch-Graham (Director of Children's Service)
	Observers:	Cllr Fiona Bulmer Angela Trigg (London Academy)

1. Apologies for Absence

- 1.1 Apologies were received from Cllr Bulmer, Lynda Walker, Dee Oelman, Gary Tucker, Tim Bowden, Sarah Vipond, Helen Schmitz and Anthony Vourou, Robert McCulloch-Graham

2. Minutes of previous meeting (7th July 2009)

SP said that at the last meeting he mentioned he would send a Thank You card to Mary Karaolis of Ravenscroft.

3. Matters Arising

Members were provided information on the following items. No further questions were asked.

- 4.1 – Barnet Catering Service
- 4.2 – Contracts 'not accessible to schools'
- 4.5 – Free milk in schools
- 4.6 – Conditions survey and measurement of schools
- 4.7 – DFC Loans to the LA

4.3 – Insurance

Paul Lawrence (Head of Insurance) introduced himself to the members. He went through the paper he provided to the members before the meeting. He explained that he does not have any flexibility to vary rates during the period.

SP asked if it would be possible to provide figures for the square metre costs of rebuilding. PL explained that the finance officers would be able to provide the figures. PL told the Forum that schools who buy out of Barnet can come back at any time.

JM asked if all schools have the opportunity to get quotes. PL explained that schools do have the opportunity, however a quote they may get directly may only be for a short term policy, whereas Barnet have 3-5 year agreements.

JM wanted to know if the LA is responsible for community schools and where the money comes from. LP said that it is taken from the retained amount of the DSG. JM asked how that would affect VA and Foundation schools. DB added that this would be an unfair allocation of resources for VA and Foundation schools. LP explained that the formula is based on this. She suggested that the formula could be changed at the next review.

AH asked whether Barnet or an external company deal with tree root insurance. PL replied that the LA uses both internal and external insurers but it is mainly self financing. PL said that schools do not have to meet any excess as the authority effectively takes on the risk.

SP asked if schools are approached to see if they would like to buy in. PL said this was done 2 years ago and now it is time to repeat this. He explained that there is no flexibility with prices. AH asked if PVI's would be covered. PL said it would be down to ownership.

JM thanked Paul Lawrence for attending the meeting.

4.4 – Cost of Admissions Section

GD presented the paper on costs of admissions section. He explained that the admissions team have been used a lot this year. They have commissioned 158 new places this September and there is a current challenge with Year 1 and 2 places as well as a need for more reception places because of continuing growth. GD said the admissions team should work very hard and provide good value for money.

SP added that the admissions team should be thanked for their work. Regarding the extra class at Deansbrook, he asked what funding would be available to reinstate facilities when they return to their normal place numbers.

Place Planning

GD said that according to the current population estimates, an extra 24 forms of entry will be needed over the next 4 years. He added that the LA will be meeting with Heads to address this issue. GD thanked the primary schools who have helped already.

VW gave a presentation on Pupil Place Planning. VW said that Barnet's projections are much the same level of expertise as in other LAs.

She explained that West Hendon and Colindale are the pressure area as this is where the regeneration will happen. There are currently no places in any year within a 2 mile radius of Colindale. Housing projects often slip so it is difficult to get the timing right. It is also difficult to

meet parental preference due to religious diversity.

VW used graphs to show trends in birth-rate which started to increase in 2004. She added that the recession may have affected Barnet because the people who often move out of Barnet as they start families have stayed. Approximately 80% of the number of babies born actually starts in schools 4 years later and this percentage is on the increase. VW expressed her concerns about hotspots to the east, west and central areas. There are currently no obvious solutions although eventually there will be 3 new schools opening.

VW said that the gap between demand and supply is getting wider. She wanted to reiterate thanks to the schools that have expanded. Parkfield has a rebuild; Colindale will be rebuilt as a 3 FE and has taken an extra FE in advance. She said that a permanent solution is wanted where possible but this would be very expensive.

JD asked whether schools that have already expanded will be asked to again. VW replied that this would not happen because schools do not have the space. There is demand where there are no school places. VW explained that a site by site analysis would be needed for cost effectiveness.

VW told the Schools Forum that this is a London wide issue. The Government have put up more money but we are not confident of getting anything and even if we did it would only be about £2m. AH asked if the BSF programme could help. VW said the LA would look at this, however there is not a lot of potential. Revenue funding could help if we are given money out of the contingency until PLASC triggers more money.

VW gave details about Year 7 classes in secondary schools. She said that there are surplus places in near future but they would be needed again by 2017, so we would not remove places on a permanent basis.

4.8 – Post 16 Funding (LSC Transfer)

Elaine Runswick talked to the Schools Forum about the Post 16 Transfer. She said the ASCL Bill has not yet got Royal Assent, this is expected in November 2009.

ER explained that all post 16 funding will move to LAs. There is a regional planning group where all 32 boroughs are represented. She said that there had also been local conversations. Last year Martin Baker shadowed the meetings with the 3 providers in Barnet.

ER said that this year is the Transition Year. She said that the Regional Planning Group has issued documents to help with the planning. She added that staff from the LSC will come to the LAs to help. Barnet will have 3 members of staff come from the LSC and money for 2 more which will come in April. The LA has set up a commissioning group to facilitate the transfer.

JM asked whether the formula will change during the transition process. LS replied that there will be no change to the formula, the only change will be the people calculating the funding. JM asked if the schools would receive the money in the same way as before. ER explained that the LSC will be responsible for the 2010/11 allocations and after that the LA would be fully responsible. The funding methodology will still be owned by YPLA, therefore schools will not see any difference from a funding point of view.

GD said that an assistant director would be needed for this work to deal with the many issues. It would need to be discussed at a senior level. AH expressed his concern about additional costs if not fully funded.

5. Items for Agreement

5.1 Nursery funding formula from 2010

CB reported to the Schools Forum that a consultation was circulated to both schools and PVI providers in May requesting response by 31 August. There were questions on each element of the proposed funding formula. CB said that a total of 28 responses were received from 200 providers.

Sheila Abbott is working on the operational issues, initially with the Phase 1 pilot which started in September JD asked if the pilot schools the issues. JF replied that they had met with Sheila Abbott. CB added that all the phase 1 providers were given extra start up money.

CB explained the proposed formula which utilises both DSG and Standards Funds. JD commented that there is an equality issue for settings who are full but need to be flexible. CB replied that additional funding for flexibility is intended to recognize that flexibility impacts on capacity.

EP told the Schools Forum that all LAs nationally have to make these changes and advised they should accept this formula and review it later if need be.

JM asked the Schools Forum if they agreed to the proposal to recommend the formula to elected members.

Schools Forum agreed unanimously.

Proposer – EP

Secunder – KH

6 Items for Information

6.1 Report of the Early Years Working Group (30th Sept 2009)

CB reported back to the Schools Forum after the EYWG met on 30th September. The two items discussed were progress with Phase 1 and the outcome of the consultation on the Single Early Years Funding Formula.

CB said that Sheila Abbott is very pleased with the Phase 1 progress. EP said that the PVIs are concerned about top-up fees and maintained nurseries are concerned about maintaining quality.

6.2 Building Schools For the Future – Update October 2009

VW updated the Schools Forum on the progress of the BSF programme. She said that the LA is now in the programme officially after attending a meeting today. She added that the process will be expedited in case of a Government change. LA hopes to be on site by April 2012.

AH asked if secondary surplus places can be used to help primaries. VW replied that all possibilities are being looked at.

6.3 Mid Year adjustments and comparative school funding

CB explained that to help schools with their September forecasts, we have issued updated budget shares as well as the usual standards funds updates. CB presented a sheet showing the current funding per pupil for all schools compared to their final funding for 2008/09.

7 Any Other Business

None.

8. Dates of future meetings

8.1

Tue 24 th Nov 2009	4.30pm (with briefing at 4pm)
Tue 2 nd Feb 2010	4.30pm (with briefing at 4pm)
Tue 18 th May 2010	4.30pm (with briefing at 4pm)
Tue 13 th July 2010	4.30pm (with briefing at 4pm)

4. Matters Arising from the Minutes of 6th October

3. Matters Arising: 4.5 Free milk in schools	
Author	Val White
Position	Assistant Director, Children's Service
Date	19th November 2009
<p>A further consultation meeting has been held with school staff. The administrative benefits to schools and the LA of the Cool Milk scheme were clear and we propose that Cool Milk will begin administering the scheme in April 2010.</p> <p>However, the new arrangement will mean that, contrary to current practice in some schools, children will no longer receive free milk after their 5th birthday (when government reimbursement for the milk ends). All felt that this element should be introduced at the start of an academic year so that parents have plenty of notice. The cessation of free milk as children reach 5 will therefore start in September 2010, although parents will be offered the option to purchase it. During the summer term of this academic year, the LA would continue to fund milk for all reception children.</p>	

5. Items for agreement

5.1 Pupil Place Planning	
Author	Val White
Position	Assistant Director
Date	18 November 2009
<p>Funding for schools expanding due to increased pressure on Reception places</p> <p>Background</p> <p>As a result of unexpected pressure on Reception and Year 1 places in September 2009, several schools have been asked to open new whole or half classes to accommodate extra children. We have been very grateful to these schools especially as in 2009 the decisions had to be made at very short notice.</p> <p>These schools have been funded in the normal way for expansions, i.e. they receive the AWPU for 30 or 15 extra children for the seven months September to March, covering the autumn and spring terms. The following January the extra children appear on the census which triggers additional funding for the following financial years.</p> <p>Council projections show a continuing need for extra places in the next few years and we wish to ensure suitable funding procedures are in place.</p> <p>Small classes</p> <p>We have found that not all expansions are a success, and children initially placed at an expanding school may leave as soon as a place becomes available at their preferred school. This can result in the number of children on the January school census being too small to fund the teacher and classroom assistant required for a key stage one class. Thus a school which took on the commitment to open the extra class and all the associated disruption could find itself in financial difficulties a few months later.</p> <p>Infant Class Size funding</p> <p>DCSF regulations require schools to be funded according to the census, and we can only diverge from this in exceptional circumstances, such as infant class sizes. Where a one form entry infant or primary school has more than 30 in a KS1 class despite opposing the admission of extra pupils, the school is credited the following year with sufficient 'ghost pupils' to provide enough funding to open an additional class – i.e. the cost of an extra teacher.</p>	

Proposals

Option 1

From April 2010 we propose to expand the eligibility for this funding to those schools which have opened new KS1 classes at the request of the local authority but where numbers in the class are below 21 at the next school census. This would apply only to one form entry schools as two and three form entry schools should have economies of scale and 1½ form entry schools already receive a supplement similar to this.

The additional funding will be available for Reception, Year 1 and Year 2 classes only. Whilst it is receiving this protection, the school should make all efforts to fill the class to the maximum (usually 30). However if it is agreed with the local authority that the class has become unviable it will be allowed to dwindle to zero through natural wastage, and no child may be admitted to that year group until the total number is 29 or less.

Option 2

This is the same as Option 1 except that the additional funding would be available to two and three form entry schools as well. The existing infant class size funding for classes over 30 would still not apply to larger schools.

Neither of these two options would apply to schools with small class sizes simply due to falling rolls.

Recommendation: The Schools Forum considers the proposals and makes recommendations for a change to the funding formula from April 2010.

5.2a Consultation on Changes to the Scheme for Financing Schools – School Balances

Author	Nick Adams
Position	Schools Finance Services Manager, Children's Service
Date	18 November 2009

Introduction

Changes to the Scheme for Financing Schools can be approved by individual authorities after consultation with all its maintained schools and the Schools Forum. In the event of disagreement between the authority and the Schools Forum, the matter has to be referred to the Secretary of State for Children, Schools & Families.

Following consultation with schools the Forum is asked to support a change in the criteria in respect of the claw-back of surplus revenue balances.

Two consultation papers have been circulated to schools. The first on the issue of School Balances was issued on 15 July 2009 for responses to be received by 23 October and this is attached as **Annex 1 including Appendices B and C.**

School Balances

Members of the Forum will recall that there has been a series of reports to the Forum about the level of school balances in particular revenue balances and the results of reviews of "excessive" balances over the levels of 5% (secondary schools) and 8% (other schools) to see if any claw-back was due in accordance with paragraph 4.1 The Right to carry forward Surplus Balances. In each of the reviews carried out to date no revenue balances have been subject to claw-back.

At the meeting of the Forum on 7 July 2009 a number of issues were presented. Details are given in Annex 1 but these included

- A Ministerial announcement about balances and possible action
- The national position of balances decreasing
- The position of Barnet balances increasing significantly
- A summary of measures taken in Barnet to facilitate school financial planning and highlight the "high balances" issue

The Forum agreed that officers should consult on two possible changes to clause 4.1. These are set out in Appendices B and C.

Appendix B sets out a possible version of paragraph 4.1 with changes in the following respects

- Add the word "contractual" before "commitment to pay" in 4.1 paragraph b

- Delete the words “and any unspent Standards Funds grant for the previous financial year” in 4.1 paragraph b.
- Add a paragraph allowing deferred expenditure in respect of reasonable revenue provision to maintain staffing levels in respect of a school which is able to demonstrate a falling roll

This provides clarification of a committed item, does not allow unspent Standards Funds in addition to the % of 5 or 8 of permitted balances; it also provides for a school in exceptional circumstances to allow for a falling roll.

This does mean the school still has until 31 August to spend its Standard Funds but any amount of unspent grants must be subsumed within the allowed %.

Appendix C sets out a further possible version of paragraph 4.1 with changes in the following respects

- All sums above the 5 or 8% revenue balance will be clawed back unless a sum which is legitimately deferred and assigned is approved by a sub committee of the Schools Forum.

This does mean the school still has until 31 August to spend its Standard Funds but any amount of unspent grants must be subsumed within the allowed %.

For both options schools were asked to note that any change in Scheme will be effective from 1 December 2009 and so the “new rules” will affect schools revenue balances held as at 31 3 2010.

Schools are asked to comment on

- What action could be taken to assist schools in financial planning
- What action could be taken to reduce schools revenue balances
- The school’s view on the revision to the Scheme paragraph 4.1 which governs the control of surplus revenue balances as set out in
 - Appendix B
 - Appendix C

Responses were received from 3 schools

1. The Governing Body voted for Appendix C
2. A Head commented that the proposal to include SF in the carry forward be re-thought due to the complexity of planning for an academic year and financial year; funds are often given late; support for allowing deferred expenditure to maintain staffing in context of falling rolls.
3. A bursar commented Barnet should not leave allocation of SF late and out of his school carry forward only a small amount was uncommitted

In the light of the comments from schools and the need to revise clause 4.1 to restrict the level of school revenue balances the Forum is asked to support the revised paragraph set out in Appendix C.

Annex 1

Consultation on Changes in Scheme for Financing Schools

Background statement on School Balances

The Schools Forum considered a report on School Balances at their meeting on 7 July. The following information was presented.

The national position was that there was a Ministerial announcement on 24 February 2009 by Jim Knight who made the following points

- Publication of schools revenue balances 1999/00 to 2007/08
- Surplus balances total £2b and deficits £120m
- Revenue balances are too high
- Revenue funding is expected to be used for current pupils.
- LAs are expected to use claw-back powers & redistribute surpluses to schools in conjunction with Schools Forum
- If balances are not down he will take action from 20011/12 to reduce.

Also on 6 July 2009 the DCSF & LGA announced they were undertaking detailed survey of LA practice on Control of Surplus balances and reported that the general trend re 2008/09 balances was down.

The position in Barnet was that schools revenue balances had increased by £1,779,919, from £8,485,561 (31 3 08) to £10,265,480 (31 3 09), a rise of 21%. Also that at the end of 2007/08 balances had increased by £1.1m from £7,372,440 (31 3 07).

The Forum was also reminded that during 2008/09 it had received three reports on various aspects of school balances and action that had been taken but that in respect of balances as at 31 3 08 and earlier years no sum had been clawed back from a Barnet school because none had been due under the terms of the current clause in the Scheme.

Further that a number of measures were in place or had been taken to facilitate school financial planning, control school balances and highlight the "high balances" issue. Examples were -

- Challenging of schools with high contingency in budget or balance in Forecast.
- Year end forecasts are required as at end of Sept and December
- Learning Network Inspectors and School Improvement Partners are advised of schools revenue balances and the issues around high revenue balances and need to encourage schools to use current resources for current pupils
- FMSiS requires all schools to have medium term financial plan and medium School Improvement Plan with costs
- Budget/ 3 Year Financial Planning spreadsheet has been revised to accommodate references to SIPlan items.
- Some training provided to schools on School Planning.
- Highlighting need to use balances – items in School Circular; Director's report to Governing Bodies.

Previous reports on School Balances to the Forum noted, inter alia, that under the use of the current clause on possible claw-back of surplus balances, no "claw-back" had been required at the end of 2006/07 or 2007/08. It was noted that in the review at the end of 2007/08, 24 schools were reviewed and of their revenue balances of £3.8m, £1m were unspent Standards Funds, which was 17% of their SF allocations giving rise to concerns that schools were deferring spending SF and spending delegated Budget Share first. Concern was expressed that some SF grants were allocated late in the financial year but investigation showed 91% of allocations were done in March and only 1% were allocated in the last quarter.

It was agreed that in the light of the significant increase in balances a review of the Scheme was supported.

Conclusion

The Forum noted action being taken as follows

1. A report on school revenue balances and action required to Governors in next Director's report to Governors. Also School Finance Support Officers and LNIs will be briefed about school revenue and capital balances and reminded of LA's role of challenge re effective use of resources
2. All schools which have revenue balances in excess of 8% (Nursery, Primary & Special) or 5% (secondary) of their 2008/09 Budget Shares have been asked to explain their balance in accordance with the Scheme for Financing Schools
3. All schools with revenue balances over 5% will be required to complete a Planned Use of Revenue Balances form in accordance with the Scheme.

The Forum agreed to consult schools on a change to the Scheme for Financing Schools and two versions of paragraph 4.1 of the Scheme for Financing Schools are attached for consideration

Consultation

Appendix A sets out the existing paragraph 4.1 of the Scheme.

Appendix B sets out a possible version of paragraph 4.1 with changes in the following respects

- Add the word "contractual" before "commitment to pay" in 4.1 paragraph b
- Delete the words "and any unspent Standards Funds grant for the previous financial year" in 4.1 paragraph b.
- Add a paragraph allowing deferred expenditure in respect of reasonable revenue provision to maintain staffing levels in respect of a school which is able to demonstrate a falling roll

This provides clarification of a committed item, does not allow unspent Standards Funds in addition to the % of 5 or 8 of permitted balances; it also provides for a school in exceptional

circumstances to allow for a falling roll.

This does mean the school still has until 31 August to spend its Standard Funds but and amount of unspent grants must be subsumed within the allowed %.

Appendix C sets out a further possible version of paragraph 4.1 with changes in the following respects

- All sums above the 5 or 8% revenue balance will be clawed back unless a sum which is legitimately deferred and assigned is approved by a sub committee of the Schools Forum.

This does mean the school still has until 31 August to spend its Standard Funds but and amount of unspent grants must be subsumed within the allowed %.

For both options schools should note that any change in Scheme will be effective from 1 December 2009 and so the “new rules” will affect schools revenue balances held as at 31 3 2010.

Schools are asked to comment on

- What action could be taken to assist schools in financial planning
- What action could be taken to reduce schools revenue balances
- The school’s view on the revision to the Scheme paragraph 4.1 which governs the control of surplus revenue balances as set out in
 - Appendix B
 - Appendix C

Schools are asked to respond to Nick Adams, Schools Finance Services Manager by Friday 23 October 2009.

Appendix B

Extract from Scheme for Financing Schools with proposed changes – First Revised Clause

4.1 The Right to carry forward Surplus Balances

Whilst schools receive delegated budget shares and other revenue funding to meet the educational needs of pupils in the school at that time, schools are allowed to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

Surplus budget share balances held by schools as permitted under this scheme are subject to the following restrictions with effect from

Add 1 December 2009 delete 1 April 2007:

a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be recurrent balance as defined in the Consistent Financial Reporting Framework;

b. the authority shall deduct from the calculated balance any amounts for which the school already has a prior-year

Add underlined

contractual commitment to pay from the surplus balance.

Delete underlined -

and any unspent Standards Fund grant for the previous financial year;

c. the authority shall then deduct from the resulting sum any amounts which the school declares to be deferred and assigned for specific purposes as permitted under this scheme (set out below) and which the authority is satisfied are properly assigned. To count as properly assigned amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the authority. In considering whether any sums are properly assigned the authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

d. if the result of steps a-c is a sum greater than whichever is the greater of 5% of the

current year's budget share for secondary schools, 8% for nursery, primary and special schools or £10,000 (where that is greater than either percentage threshold), then the authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

The deferred expenditure must be either

Capital expenditure, or

Revenue expenditure that will result in the acquisition of a tangible durable asset or the improvement to the school's facilities within a reasonable timescale.

Add underlined

Proposed expenditure in respect of reasonable revenue provision to maintain staffing levels in respect of a school which is able to demonstrate a falling roll

The reason for deferral must be that the cost of the project is of a size of which it is not reasonable for the school to spend from the budget share of a single year, and/or there is a genuine and documented reason for deferral of expenditure, e.g. time lag between governing body decision to proceed with a project to completion/payment (building design, planning permission etc)

The deferred expenditure must be clearly documented in the school's Improvement Plan and the school's Asset Management Plan.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

The total of any amounts deducted from schools budget shares by the authority under this provision are to be applied to the Schools Budget by the authority.

Appendix C

Extract from Scheme for Financing Schools with proposed changes – Second Revised Clause

4.1 The Right to carry forward Surplus Balances

Whilst schools receive delegated budget shares and other revenue funding to meet the educational needs of pupils in the school at that time, schools are allowed to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

Surplus budget share balances held by schools as permitted under this scheme are subject to the following restrictions with effect from

Add 1 December 2009, delete 1 April 2007:

a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be recurrent balance as defined in the Consistent Financial Reporting Framework;

Delete paragraph b

b. the authority shall deduct from the calculated balance any amounts for which the school already has a prior-year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;

Delete paragraph c

c. the authority shall then deduct from the resulting sum any amounts which the school declares to be deferred and assigned for specific purposes as permitted under this scheme (set out below) and which the authority is satisfied are properly assigned. To count as properly assigned amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the authority. In

considering whether any sums are properly assigned the authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

d. if the result (delete "of steps a-c") is a sum greater than whichever is the greater of 5% of the current year's budget share for secondary schools, 8% for nursery, primary and special schools or £10,000 (where that is greater than either percentage threshold), then the authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Add

Where a school has a revenue balance in excess of the percentage prescribed above, and that excess relates to a sum for expenditure that has necessarily had to be deferred from the previous financial year, it may apply to a sub committee of the Schools Forum (constituted for the purpose of considering such appeals) for that sum to be exempt from claw-back.

For guidance the deferred expenditure must be either

Capital expenditure, or

Revenue expenditure that will result in the acquisition of a tangible durable asset or the improvement to the school's facilities within a reasonable timescale.

Add

Proposed expenditure in respect of reasonable revenue provision to maintain staffing levels in respect of a school which is able to demonstrate a falling roll

The reason for deferral must be that the cost of the project is of a size of which it is not reasonable for the school to spend from the budget share of a single year, and/or there is a genuine and documented reason for deferral of expenditure, e.g. time lag between governing body decision to proceed with a project to completion/payment (building design, planning permission etc)

The deferred expenditure must be clearly documented in the school's Improvement Plan and the school's Asset Management Plan.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

The total of any amounts deducted from schools budget shares by the authority under this provision are to be applied to the Schools Budget by the authority.

5.2b Consultation on Changes to the Scheme for Financing Schools – "Minor" Changes

Author Nick Adams

Position Schools Finance Services Manager, Children's Service

Date 18 November 2009

Consultation on Changes to the Scheme for Financing Schools – "Minor" Changes

Changes to the Scheme for Financing Schools can be approved by individual authorities after consultation with all its maintained schools and the Schools Forum. Following consultation with schools the Forum is asked to support a number of minor changes to the Scheme to allow its updating and improved clarity.

Two consultation papers have been circulated to schools. The first on the issue of School Balances was issued on 15 July 2009 for responses to be received by 23 October. This paper concerns a second consultation on a range of minor changes was issued on 7 October for responses by 13

November and this is attached as **Annex 2**.

Whilst reviewing the Scheme, it became apparent that a number of initials/titles and some clauses were either out of date, did not meet current requirements or their clarity could be improved. It therefore seemed appropriate whilst going through the process of making a change to one area a number of other areas could be "tidied up".

A schedule of additional proposed changes in six areas was therefore sent schools for consideration and comment as set out in Annex 2.

Two comments were received – one supporting the changes, the other stating there were no objections to the changes.

In the light of the comments from schools the Forum is asked to support the proposed "minor" changes as set out in Annex 2.

Annex 2

Consultation on Changes to Scheme for Financing Schools

Changes on the following paragraphs are proposed as set out below -

Change 1 –

1.4 Revision of the Scheme

Any proposed revisions to the scheme will be the subject of consultation with schools and will require approval by the Secretary of State.

Delete
and will require approval by the Secretary of State

Background
This has been changed by regulation.

Change 2 –

2.11 Audit: General

The Chief Finance Officer shall arrange an adequate and effective internal audit, under his/her independent control, to examine the schools' accounting, financial and other operations. Whilst the selection of schools to be audited shall be based on an annual risk analysis on all schools using selected criteria, each nursery, primary and special school shall be audited at least once every 6 years and each secondary school at least once every 4 years.

Delete -
Whilst the selection of schools to be audited shall be based on an annual risk analysis on all schools using selected criteria, each nursery, primary and special school shall be audited at least once every 6 years and each secondary school at least once every 4 years.

Substitute -
Each school will be audited on a three year cycle, unless the circumstances of a school require an audit on a more frequent basis.

Background -
The Financial Management Standard in Schools is based on a three year cycle and it is a requirement of the Standard that schools have responded to issues raised in the last audit report. A three year audit cycle is now more appropriate.

Change 3 –

2.11 Audit: General

When an audit is completed the Governing Body must, on receipt of a report from the Chief Finance Officer, respond within three months from that date. The response must:

1. indicate whether or not the report's recommendations have been accepted;
2. state when and how they have been or will be implemented;
3. explain why any recommendations are not accepted.

Delete –

1. indicate whether or not the report's recommendations have been accepted;
2. state when and how they have been or will be implemented;
3. explain why any recommendations are not accepted.

Substitute -

1. indicate whether or not the reported risks and respective agreed actions have been accepted;
2. state when and how the agreed action have been or will be implemented;
3. explain why any risks or agreed actions are not accepted.

Background -

To embed the risk management process Internal Audit now report weaknesses with related risks and actions agreed with the school's senior management to mitigate reported risks.

Change 4 -

2.15 Purchasing, Tendering and Contracting Requirements

Schools must abide by the Authority's Contract Standing Orders for Schools with Delegated Budgets, subject to schools not being required to:

1. do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
2. seek LEA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
3. select suppliers only from an approved list;
4. to seek fewer than three quotations in respect of any contract with a value exceeding £10,000 in any one year.

Delete

"subject to schools not being required to:

1. do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
2. seek LEA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
3. select suppliers only from an approved list;
4. to seek fewer than three quotations in respect of any contract with a value exceeding £10,000 in any one year."

Background

This clause was inserted as a directed change by the DCSF sometime ago and has caused confusion about purchasing requirements. Barnet's Contract Standing Orders for Schools do not require any of items 1, 2 or 3 so these are superfluous. With regard to the seeking of quotations, the Standing Orders require Contracts between £5,000 & £50,000 to be selected from at least two competitive quotations and contracts above £50,000 to be subject to Tendering procedure. To have a requirement in the Scheme requiring three quotations in respect of any contract with a value exceeding £10,000 in any one year is confusing.

Change 5 –

4.11 Credit Union

Schools are not permitted to lend to any institution or individual except the approved banks/building societies within this scheme.

Delete title of "Credit Union" and substitute "Lending by Schools"

Background

Improves ease of reference and clarity

Change 6 -

Annex A Schools within the Scheme

This has been up dated in the light of changes

Annex C Approved Banks and Building Societies

This has been up dated in the light of changes in the banking sector.

The only banks to be deleted are

Woolwich (taken over by Barclays)

Bradford & Bingley (no longer a deposit bank)

5.3 Re-election of Schools Forum members

Author	Carol Beckman
Position	Schools Funding Manager
Date	13 November 2009

The Schools Forum was set up in 2003. At that time the constitution stated that members should hold office for two years but there is no restriction on re-election.

Although there is an election for the chair and vice-chair each September, there has been no formal process for arranging elections after members have served for two years. We have a low turnover of members but few applications to take up a post when one becomes available. We have a number of long serving members who have developed a good understanding the forum's work and would not wish to lose them, but we should comply with the constitution.

Proposal

1. The LA will review the length of service of all members before the next Schools Forum meeting. We will assume that all those who have stood longer than two years have been re-elected at the end of each two year period and a date will be fixed for the next election for that place.
2. Each term, the LA will invite nominations for approaching elections in the School Circular and Directors Report to Governors. The current member will be automatically nominated unless s/he states that s/he wishes to stand down.
3. If an election is required, it will be held (by email if appropriate) between those schools or organisations represented (e.g. all VA Secondary Heads would vote for a VA Secondary Head member).
4. This process will begin in the summer term 2010.

6. Items for information

6.1 Dedicated Schools Grant 2009/10 – Centrally Retained Budget Monitoring

Author	Linda Parker
Position	Joint Head of Finance, Children's Service
Date	19 th November 2009

Introduction

The purpose of this report is to inform the Schools Forum about the projected outturn of the centrally retained schools budget.

2009-10 Budget and Projected Spend

The Schools Budget and the use of the carry-forward under spend of £271,300 from 2008-9 was approved by the Schools Forum on 7th July 2009.

Officers of the Council have provided end of year projections against each of the centrally retained budgets and these figures were calculated as at the end of September 2009.

The figures are shown in the attached table.

The overall position is an under spend of £323,913 against the Section 52 budgets based on known costs to date.

Main Variances against the Budget:

1. Fees for pupils at independent schools over spend £223,252

Whilst the number of pupils in external placements has decreased from September 2008 to September 2009 the cost per pupil has increased due to the increasing complexity of cases.

2. Inter-authority recoupment under spend of (£422,769)

Agreement has been reached over outstanding long term debts with other authorities. This will result in a one-off under spend in 2009-10.

3. Pupil Referral Units overspend of £54,548

The Pupil Referral Unit budget is forecasting a net overspend of £54,548. This is due to higher staffing costs than anticipated but are not expected to be ongoing in 2010-11.

4. Teams supporting Schools

There are under spends in the teams supporting schools managing behaviour, early years standards and home hospital tuition (£122,784). The under spends are due to staff vacancies.

The Schools Budget funds a number of demand led and volatile services and costs (e.g. funding from the contingency for additional pupil places; payments to early year

providers for free entitlement; SEN top-ups and placements). Accordingly it is not proposed to allocate any of the projected underspend at this stage.

Recommendation:

The Forum notes the budget outturn projections for 2009-10 and agrees to receive further budget monitoring reports at future meetings.

Previous Reports

Report to Schools Forum 7th July 2009 – Dedicated Schools Grant 2008-9 and 2009-10 (Agenda item 4.2)

Schools Budget: Monitoring Report Month 6 2009-10

	Section 52 Description	Section 52 Budget £	Projected Spend for year as at month 6 £	Variance £	Comment
1.0.1	Individual Schools Budget	203,952,383	203,926,921	(25,462)	Projected underspend academy SEN support
1.0.8	Threshold and Performance Pay (Devolved)	742,588	742,588	0	
1.0.9	Expenditure for Education of Children under 5s in Private/voluntary/independent settings	4,504,388	4,492,604	(11,784)	Minor underspend; Demand led budget that may be volatile
1.1.2	School-specific contingencies	1,000,570	1,000,570	0	
1.2.1	Provision for pupils with SEN (including assigned resources)	548,760	548,760	0	
1.2.2	Provision for pupils with SEN, provision not included in line 1.2.1	2,879,461	2,855,856	(23,605)	Staffing underspend
1.2.3	Support for inclusion	300,750	305,441	4,691	Minor overspend in education for children in care
1.2.4	Fees for pupils at independent special schools & abroad	6,825,739	7,048,991	223,252	Increase in complexity and cost of placements
1.2.5	SEN transport	400,000	400,000	0	
1.2.7	Inter-authority recoupmnt	2,209,230	1,786,461	(422,769)	One-off underspend in 2009-10 caused by reaching agreement with other local authorities over outstanding long-term debts
1.2.8	Contribution to combined budgets	280,000	280,000	0	
1.3.1	Pupil Referral Units	1,553,630	1,608,178	54,548	Additional staff costs to meet the requirements of students permanently excluded from schools
1.3.2	Behaviour Support Services	343,198	317,006	(26,192)	Staffing underspend
1.3.3	Education out of school	414,400	373,292	(41,108)	Staffing underspend
1.3.5	Central expenditure on education of children under 5s	495,040	439,556	(55,484)	Staffing underspend
1.4.2	Free school meals - eligibility	3,533	3,533	0	
1.4.3	Milk	17,070	17,070	0	
1.5.1	Insurance	425,000	425,000	0	
1.5.2	Museum and Library Services	42,330	42,330	0	
1.5.3	School admissions	383,037	383,037	0	
1.5.4	Licences/subscriptions	2,858	2,858	0	
1.5.5	Miscellaneous (not more than 0.1% total of net SB)	227,825	227,825	0	
1.5.6	Servicing of schools forums	34,150	34,150	0	
1.5.7	Staff costs - supply cover (not sickness)	100,000	100,000	0	
1.6.2	Other Standards Fund Allocation - Non-Devolved	82,920	82,920	0	
1.7.1	Capital Expenditure from Revenue (CERA) (Schools)	330,340	330,340	0	Budget includes the carry forward underspend of £271,300 from 2008-9
1.8.1	TOTAL SCHOOLS BUDGET	228,099,200	227,775,287	(323,913)	

6.2 Building Schools for the Future

Author	Val White
Position	Assistant Director
Date	24 November 2009
A brief verbal report will be given to the Forum	

6.3 Early Years Working Group

Author	Carol Beckman
Position	School Funding Manager
Date	13 November 2009

The Early Years Working Group (EYWG) of the Schools Forum has been meeting regularly since May 2008. It has now reached a natural break in its work as the Single Early Years Funding Formula (SEYFF) is now ready for presentation to the Cabinet Resources Committee. The meeting this month concentrated on two issues – the practical operation of the formula, including the allocation reports that will be distributed and pattern of payments; and helping private provider remain sustainable within the Code of Practice for Early Education for Three and Four Year Olds (2006).

The Code of Practice has always stated that there should be no charge (direct or indirect) for the free entitlement. Parents are entitled to 12½ hours of early education, not a grant or subsidy towards fees. The LA's suggestion of introducing pricing structures more reflective of the age of the child, the hours attended or the time of day attended was accepted as a possible way forward, although it may not meet the needs of small sessional settings offering only 15-20 hours per week. We have offered to help settings with their pricing structure if they wish.

A small group of private providers have requested a meeting with the Director of Children's Service to discuss the requirement to provide the entitlement free at the point of delivery and this is being arranged.

Some maintained providers are concerned that the practice of home visits and phased admissions will be jeopardised by the new funding arrangements. This issue was discussed at the previous meeting of the EYWG and it was decided not to make special provision at this stage as it is already a widespread practice in both sectors and there would be no additional funding available.

The SEYFF is likely to need refinement as we gather further information over the coming year. The whole school funding formula will be reviewed in the autumn of 2010 prior to the next government spending review and the SEYFF will be part of that review.

6.4 14-19 Education: Machinery of Government changes and National Commissioning Framework

Author	Elaine Runswick
Position	
Date	17th November 2009

The Apprenticeships, Skills, Children and Learning Bill received royal assent on November 12th.

Transition Year

The Regional Planning Group (RPG) is working with representatives from the 32 boroughs to establish the criteria for the allocation of funds, although the responsibility for 2010/11 allocations remains with the LSC.

The RPG is keen to enable LAs to work closely with the LSC in the allocation of 2010/11 funding. It is

recognised that the level of involvement in the commissioning process by individual local authorities will be dictated to some degree by capacity. In Barnet joint LSC/LA teams will aim to meet all providers over the next couple of months

It is intended that the transfer of 16-19 funding responsibilities to local authorities should be cost neutral. In order to achieve this each local authority will have a number of staff transferred across from the LSC in April 2010 to help with the process. Barnet has been allocated five staff members. Three members of staff will transfer across from the LSC; two are at a support level grade and one is an administrator. This leaves two vacant posts one at Director level and one Manager. It has been agreed that where the LSC is unable to fill the vacancies the local authority will receive the associated budget from April 2010.

Funding 2010/11

The timescales for managing the process are exceptionally tight and provide almost no room for manoeuvre see below:

Annual Grant letter/ Statement of Priorities	26th November *(TBC)	Each year the LSC publishes this key policy document, which sets out budgets, planned volumes and policy changes.
Provider letter setting out process in London	By 4th December	Formal letter sent to all heads of institution with a detailed timeline and other useful information from National Statement of Priorities.
Providers submit proposed planning numbers for planning year 2010/11 to Local Authority	11th December	For every provider a completed national template needs to be submitted to their Local Authority
Local Authority to aggregate proposed provider numbers into draft commissioning plan	15th December	Local authority completes TY6a and TY6b and forwards to the Regional Planning Group
Regional Allocations Group (RAG)	17th December	Meeting to update on process so far and baseline position (if available).
National Moderation of Baseline	18th December	National meeting to review outcomes of the sustainable baseline and to consider affordability. An earlier moderation (8th Dec) will consider more technical aspects like SLN ratios etc.
Submission of first Provider Planning Volumes	21st December	For every provider a completed national template needs to be submitted to the regional LSC planning team by this date- the aggregate of these should be consistent with the Local commissioning team's view.

**The date for publication of the annual statement of priorities has slipped. it is now likely to be published early December.*

Growth and Displacement

There was a significant amount of 'over supply' in 2008/09 of post 16 places London with 5,352 learner places not utilised and £15.45million attached to those places. This picture compared to for example the East of England Region where approximately 10,000 learners are in the system and not funded, puts London in a weak position to lobby for further resources and highlights two significant pressures that need effective management – displacement (caused by infrastructure changes e.g. new capital builds opening, new academies opened etc.) and growth.

Displacement can cause learners to choose a different institution or LA in which to study because of these infrastructure changes

The RPG has been working with Local Authorities and will be producing guidance on how to manage these pressures. In Barnet, we are aware that the staying-on rate is steadily increasing, and that there are significant building developments planned. We are therefore anxious to present clear evidence of projected growth, and we have commissioned external consultants to analyse the situation and present it

clearly.

Summary of Progress

The Commissioning Board continues to work to the transition year timetable (TY2) previously circulated.

Members of the Commissioning Board took part in the extra-ordinary meeting of the 14-19-Strategy Group and key stakeholders on Thursday 12th November, when priorities for 14-19 Education were agreed. The outcomes of this event will form the commissioning statement. This statement will set the context for the meetings between the LSC, providers and local authority.

Representatives from the Commissioning Board have agreed to participate in a number of the pan London planning groups that are currently being established by the Regional Planning Group (RPG).

The new responsibilities require local authorities to have a good understanding of where and what their 16-19 resident learners study. Discussions with neighbouring boroughs on the movement of learners are taking place through inter-borough working groups.

Inter-borough working has enabled collaboration on mapping provision and commissioning a research project into LLDD provision in North London.