

## SCHOOLS FORUM MEETING

**21<sup>st</sup> May 2020**

**14.00 to 16.30 via Zoom**

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

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

**Officers:** Graham Young, Dan Kennedy, Vikram Hansrani, Kate Boulter (Clerk)

### AGENDA

	Item	Time	Lead	Update
1	Apologies	14.00 – 14.05	<b>KB</b>	
2	Minutes of meeting held on 16 <sup>th</sup> January 2020	14.05 – 14.15	<b>Chair</b>	Report
3	Matters arising from meeting on 16 <sup>th</sup> January 2020 a) Exclusions update b) Secondary School Places c) SEND Strategy Group d) Health Contributions to HN placements	14.15 – 14.30	<b>GY</b> <b>DK</b> <b>VK</b> <b>VK</b>	Verbal Verbal Verbal Defer
4	Feedback from sub-groups/working groups a) Early Years/DSG (i) St Martin’s diseconomies b) High Needs (i) Alternative Provision HN Block	14.30 – 14.45	<b>PH</b>	Verbal
5	Information Items a) COVID-19 discussion b) 2019/20 DSG Provisional Outturn (i) LAC Placements (ii) Alternative Provision (iii) DSG Overheads c) 2019/20 School Balances	14.45 – 15.45	<b>DK</b> <b>GY</b> <b>GY</b> <b>GY</b> <b>GY</b>	Verbal Report Report Report Report
6	DSG Budget 2020/21 a) Comparison of 2020/21 Budget to 2019/20 Outturn b) DSG Deficit Recovery Plan	15.45 – 15.55	<b>GY</b> <b>GY</b>	Report Verbal
7	AOB	15.55 – 16.00		

# HILLINGDON SCHOOLS FORUM

Minutes of the meeting held on Thursday 21 May 2020 at 2pm via videoconferencing

## Voting members

NAME	ORGANISATION	ATTENDANCE
<b>Maintained Nursery (1)</b>		
Ludmila Morris	McMillan Early Childhood Centre	PRESENT
<b>Maintained Primary - Schools (4)</b>		
Rachel Anderson	Dr Triplett's School	APOLOGIES
Duncan Greig	Breakspear Primary School	PRESENT
Kris O'Sullivan	Deanesfield Primary School	PRESENT
Sophia Shaikh	Grange Park Junior School	ABSENT
<b>Maintained Primary - Governors (4)</b>		
Jim Edgecombe (CHAIR)	Whiteheath Junior School	PRESENT
Tony Eginton	Minet Nursery & Infant School and Hillside Junior School	PRESENT
Phil Haigh	Cherry Lane Primary School and Meadow High School	PRESENT
Jo Palmer	Hillside Infant School and Hillside Junior School	PRESENT
<b>Maintained Secondary (1)</b>		
Liz Horrigan	Harlington School	APOLOGIES
<b>Maintained Special (1)</b>		
John Goddard	Hedgewood School	PRESENT
<b>Academies (9)</b>		
Aftab Ahmed	Guru Nanak Sikh Academy	PRESENT
Bob Charlton	Charville Primary School	PRESENT
Tracey Hemming	Middlesex Learning Partnership	APOLOGIES
Robert Jones	Haydon School	APOLOGIES
Helen Manwaring	Swakeleys School	PRESENT
Catherin Modsell	Frays Academy Trust	PRESENT
Peter Ryerson	Guru Nanak Sikh Academy	PRESENT
David Patterson	Queensmead School	PRESENT
Sandra Voisey	Laurel Lane Primary School	PRESENT
<b>Special Academies (1)</b>		
Sudhi Pathak	Eden Academy Trust	PRESENT
<b>Alternative provision (1)</b>		
Laurie Cornwell	The Skills Hub	PRESENT
<b>Private Voluntary &amp; Independent Early Years Providers (2)</b>		
Elaine Caffary	4 Street Nursery	PRESENT
Lesley Knee	Ruislip Methodist Preschool	PRESENT
<b>14-19 Partnership (1)</b>		
(vacant)		

## Other attendees (non-voting)

<b>Independent Non-Maintained Special School</b>		
Debbie Gilder	Pield Heath School	PRESENT
<b>Shadow Representative (Maintained Primary - Schools)</b>		
Rachel Blake	Whiteheath Infant School	NOT REQUIRED
<b>Shadow Representative (Maintained Primary - Governor)</b>		
John Buckingham	Glebe Primary School	PRESENT
Mr Graham Wells	Colham Manor Primary School	NOT REQUIRED
<b>Local Authority Officers</b>		
Kate Boulter	Clerk	PRESENT
Steve Denbeigh	LA Finance	PRESENT
Vikram Hansrani	Assistant Director, SEND & Inclusion	APOLOGIES

Peter Malewicz	Finance Manager - Children and Young People Services	APOLOGIES
Graham Young	Lead Finance Business Partner - School	PRESENT

		ACTION
1.	<p><b>INTRODUCTION &amp; APOLOGIES</b></p> <p>The Chair welcomed attendees to the meeting, which was being held by videoconferencing using Zoom due to Covid-19. The Forum agreed ground rules for the conduct of the meeting to ensure all participants had opportunities to express their views.</p> <p>Apologies were accepted and recorded in the attendance list (above). The Chair confirmed the meeting was quorate and could proceed to business.</p>	
2.	<p><b>MINUTES OF THE MEETING HELD ON 16 JANUARY 2020</b></p> <p>The minutes of the meeting held on 16 January 2020 were agreed as a correct record.</p>	
3.	<p><b>MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 16 JANUARY 2020</b></p> <p><u>Minute 3 – LAC placements</u></p> <p>A report on whether all LAC placements were into registered homes would be provided to the next meeting.</p> <p><u>Minute 5(a) – Exclusions payments following an IRP</u></p> <p>GY confirmed the LA had a system in place to charge schools in accordance with the guidance when a decision to exclude was quashed and the Governing Body did not reinstate. The Admissions Team shared information with the Finance Team, who raised an invoice for academies or deducted the amount from the cash advance for maintained schools. In the 2019/20 financial year there was one occasion when this happened and the school was charged £4,000 as per the guidance.</p> <p><u>Minute 5a – SEND Strategy Group</u></p> <p>VH had sent apologies. In his absence, GY reported that the SEND Strategy Group had met on 15 May 2020 and was well attended by members from the local authority (SEND, finance, social care), education settings (primary, special &amp; secondary, early years, post 16), parent/carer members, CCG colleagues and health providers. The meeting centred around the LA and health partner's response to Covid-19 and how each service was supporting children/young people and schools, as well as key legislative updates from the DfE in regards to SEND. Due to the focus on Covid-19, an update on the SEND Sufficiency group had been deferred for consideration at the next meeting of the SEND Strategy Group, which was likely to be held in June 2020.</p> <p><u>Minute 6(f) – Healthcare contribution</u></p> <p>The LA was exploring employing a Designated Clinical Officer to provide a link between health and education to ensure fair allocation of contributions. The cost of independent placements was being monitored by the High Needs Sub-Group, which had observed that currently there was only a healthcare contribution if a child was in a residential placement.</p> <p><u>Minute 6(b) – Secondary school places</u></p> <p>PH reported that the same secondary schools as last year had vacancies. One school had 41 vacancies on a reduced PAN of 60, and two other secondary schools had over 30 vacancies.</p> <p><u>Minute 6(h) – Disapplication request - MFG</u></p> <p>The Chair had not appealed the decision.</p>	GY
4.	<p><b>FEEDBACK FROM SUB-GROUPS</b></p> <p>The Forum <b>NOTED</b> the minutes of the DSG/EY Sub-Group held on 5 May 2020 and of the HN Sub-Group held on 12 May 2020. The following issues were discussed:</p>	

	<p><b>(a) ST MARTIN'S DISECONOMIES FUNDING</b>  In September 2019, the DSG/EY Sub-Group had considered a report on a school whose draft 2019/20 budget submitted to the LA had indicated a diseconomies requirement of £689K, a significant increase on its previous year's submission of £400K. The Group had considered some areas of the budget to be unrealistic given the school's income and the financial pressures that all schools were having to adapt to, and officers had subsequently met with the school and requested a revised budget. A revised budget plan without many changes was submitted by the school. At its meeting on 21 May 2020, the Group referred the matter to the Schools Forum for consideration, with a recommendation that the diseconomies funding was not approved as the level of funding requested was not reasonable compared with how other schools were managing their budgets.</p> <p>A member of the Forum who was also a representative of the school observed that the school had already made £120K savings, and was continuing to look for further savings.</p> <p>The Forum <b>AGREED</b> to invite the Executive Headteacher to the next meeting of the DSG/EY Group to discuss the matter, with a view to the Schools Forum making a decision at its meeting on 30 June 2020.</p> <p><b>(b) ALTERNATIVE PROVISION</b>  Both the HN Group and the DSG/EY Group had recommended that the cost of Alternative Provision, which currently sat in the Central Services Block, be moved to the High Needs Block. The Schools Forum <b>AGREED</b> the proposal.</p>	<p><b>KB</b></p>
<p>5.</p>	<p><b>INFORMATION ITEMS</b></p>	
	<p><b>(a) COVID-19 DISCUSSION</b>  Neither DK nor VH were present to provide an update.</p> <p>The Forum commented that:</p> <ul style="list-style-type: none"> <li>• VH had given a presentation to the Hillingdon Termly Governors Meeting the previous day, and it was <b>AGREED</b> that the presentation would be appended to the minutes.</li> <li>• The government had asked schools to plan to open to some year groups (Early Years, Year 1 and Year 6) from 1 June 2020 subject to certain test being met. A final decision would be confirmed by the government on 28 May 2020. The government had indicated a desire for other year groups to return before the summer break but had not yet issued further guidance on this yet.</li> <li>• The DfE would reimburse schools for additional costs resulting from Covid-19 where clear records were kept and the school did not have resources of its own to fund it.</li> </ul> <p><b>(b) 2019/20 DSG PROVISIONAL OUTTURN</b>  The Forum considered a monitoring report on the DSG budget 2019/20:</p> <ul style="list-style-type: none"> <li>• The DSG outturn position was an in-year overspend of £6,485K, an adverse movement of £713K on the Month 11 position due to ongoing pressures in the cost of High Needs placements, where growth continued throughout the year.</li> <li>• When the £8,492K deficit brought forward from 2018/19 was taken into account, the cumulative deficit carried forward to 2020/21 was £14,977K.</li> <li>• There was an overspend of £5,816K in the High Needs Block. The adverse movement from Month 11 related to backdated funding for further growth in pupils with SEND.</li> <li>• The Central Services Block had an overspend of £668K predominantly as the result of an increase in the number of pupils accessing Alternative Provision along with an increase in the number of looked after children in high cost, out of borough residential placements. The Forum had agreed that the cost of Alternative Provision should be reported in the High Needs Block in 2020/21 (see minute 4b).</li> <li>• The Early Years Block had a £187K overspend following adjustments to funding to reflect the January 2019 census. An estimated retrospective funding adjustment based</li> </ul>	<p><b>VH/KB</b></p>

on January 2020 census data had been included. An overspend of £42K due to under-achievement of savings targets set by the Schools Forum was offset by vacant posts in the FIS and underspend on the vulnerable children budget and SEN inclusion fund.

- An import/export adjustment data error by the ESFA, notified to the LA in March 2020, had resulted in a £36K income reduction to the DSG for 2019/20.
- There was a £222K underspend in the Schools Block as a result of Schools Forum's decision to withhold growth contingency allocations for two schools due to insufficient projected pupil growth in September 2019, and two basic need academy schools not requiring diseconomies funding in 2019/20.

#### LAC placements and Alternative Provision

The Forum considered reports on the number of LAC placements and exclusions:

- There were 14 LAC placements for children without an EHCP, totalling £493K.
- There had been 60 permanent exclusions across year groups 7 to 11 in financial year 2018/19. This included 8 pupils from outside Hillingdon who attended Hillingdon schools.

The Forum commented that:

- It was surprising there had only been one £4K payment to the LA resulting from an IRP given the total number of exclusions.
- The number of exclusions for 2019/20 was expected to fall as a result of the closure of schools to most pupils, which would impact on The Skills Hub's funding.
- There could be a sharp rise in the number of exclusions and EHCPs when schools opened more widely.
- The total spend on LAC placements appeared high given these figures were for children without EHCPs and did not include health or social care funding. The High Needs Group would look at this in more detail.

#### DSG Overheads

The Forum considered a breakdown of the Overheads recharge to the DSG, which was £1,620K in 2019/20. The recharge had been capped in recent years so that the calculated charge did not exceed the agreed budget. According to the model, the actual charge to the DSG in 2019/20 should have been £1,668k, so the actual charge had been £48K less than the amount calculated by the model. GY confirmed that the Early Years Centres overheads were no longer charged to the DSG.

#### **(c) SCHOOL BALANCES**

The Forum considered a report on the level of revenue and capital balances held by Hillingdon schools as at 31 March 2020 (maintained) and 31 August 2019 (academies).

- 5 of the Borough's 54 maintained schools ended the 2019/20 financial year in deficit, a combined total of £3.6million. The majority of this was in one secondary school.
- 36 of the 54 maintained schools (66.7%) had an in-year deficit.
- Maintained schools ended the 2019/20 financial year with a cumulative closing surplus balance of £10.7m, which represented a £1.6m decrease from the previous year total. A number of schools had low balances and were expected to experience financial difficulties in 2020/21.
- A comparison with maintained schools' budgets set at the start of 2019/20 showed a £6million reduction in balances had been forecast, which compared favourably with the outturn position of £1million reduction. The LA Finance Team was questioning schools which had a marked difference between budget and outturn to encourage realistic forecasts to be made when budgets were set.
- 6 of the Borough's 45 academy schools were in deficit for financial year 2018/19. 21 academy schools had an in-year deficit in 2018/19.

PH/GY

	<ul style="list-style-type: none"> <li>Generally, academy schools appeared to have reasonable balances, totalling £33.7million, and total balances had increased compared with the previous year. However, a number of schools had a lower balance, and 6 of the schools were showing a deficit.</li> </ul> <p>The Forum commented that:</p> <ul style="list-style-type: none"> <li>Some secondary schools had low balances and could encounter problems if the same level of income and expenditure continued.</li> <li>Pupil numbers appeared to be the biggest factor in determining whether a school was able to report a surplus balance.</li> <li>The funding formula calculated lower additional needs funding for some schools and this could be looked at.</li> <li>There were a number of valid reasons why some schools ended the year with a better balance than forecast. When setting budgets, schools had to plan for a ‘worst case scenario’ and were very careful when making in-year decisions regarding resources as it would be irresponsible to take financial risks. Unplanned changes, such as staff members leaving during the year, could affect the budget vs outturn.</li> <li>The Forum continued to have concerns that some schools were benefitting disproportionately from the MFG. The DfE had refused the LA’s disapplication request to amend the formula and officers’ conversations with the ESFA indicated that a further submission would have the same response.</li> <li>The Deficit Recovery Plan submitted to the DfE had highlighted concerns regarding the financial viability of the Studio Colleges, and the data presented showed that two of these had increasing deficits. One had changed ownership and the year end position was more positive than the previous year, but still in deficit. The DfE had not commented on this point.</li> </ul>	<b>GY</b>
6.	<b>DSG BUDGET 2020/21</b>	
	<p><b>(a) COMPARISON OF 2020/21 BUDGET TO 2019/20 OUTTURN</b></p> <p>GY advised that the comparison of outturn position against budget would be deferred to the next meeting. This was due to additional pressure in the High Needs Block at the end of 2019/20 as a result of the SEND Team clearing a backlog of EHCP assessments, some backdated to September 2019.</p> <p><b>(b) DSG DEFICIT RECOVERY PLAN</b></p> <p>GY advised that the LA would be required to submit another Deficit Recovery Plan. Last year the deadline had been 30 June however the deadline for this year had not been announced yet.</p> <p>The cumulative deficit carried forward to 2020/21 was £14,977K, and the 2020/21 budget showed an in-year deficit of £7,175K. The additional High Needs costs identified at the end of 2019/20 would increase the 2020/21 in-year deficit by around a further £1.5million.</p> <p>The Forum commented that:</p> <ul style="list-style-type: none"> <li>There was a significant deficit which was growing because government funding was not keeping pace with the increase in demand for high needs provision. The latest SEN 2 Data analysis indicated that the number of pupils with an EHCP across England had grown from 287,290 plans in 2016/17 to 353,995 plans in 2018/19, an increase of 23%. In the same period, the proportion of the pupil population with an EHCP had increased from 3.31% to 4.1%, and was continuing to increase in 2019/20.</li> <li>Council reserves could not be used to cover the DSG deficit. When agreeing the DSG deficit budget for 2020/21, the Council had acknowledged that the funding gap was a matter for the government and Schools Forum.</li> <li>The LA and Schools Forum had collaborated to carry out a comprehensive review of</li> </ul>	

	<p>potential savings last year when the previous Deficit Recovery Plan had been produced. Some of the suggestions made in the Plan, such as reviewing the MFG formula and clawing back academy balances, had been rejected by the DfE.</p> <ul style="list-style-type: none"> <li>• The LA continued to implement the actions identified in the Deficit Recovery Plan which were within its control.</li> <li>• It would not be possible to reduce the cumulative DSG deficit until an in-year surplus budget could be set. The increasing demand for high needs provision made this unlikely to be achieved without a corresponding substantial increase in government funding.</li> </ul>	
8.	<p><b>DATE OF NEXT MEETING</b> Tuesday 30 June 2020 at 2pm.</p>	

The meeting closed at 3.15pm.

### **LAC Residential Placements (Verbal)**

All Residential placements for LAC are registered. Some are placed with external providers and some are in our own provisions that are also registered.

## **Briefing paper about proposed support for childcare settings**

### ***Proposal***

To offer business support to childcare settings caring for disadvantaged children in order to assist their sustainability in the light of Covid-19.

### ***Background***

From 23 March 2020 childcare settings had to close except for providing places to keyworkers or to vulnerable children. They were allowed to reopen from 1 June for all children. However not all childcare settings have been able to reopen. Those that have reopened are often not operating at full capacity for a number of reasons eg lack of parental confidence in sending their child back to a childcare setting, staff who are shielding, the limitations on numbers from social distancing requirements.

The implications of the lockdown and the reduced places being delivered currently are that many settings are struggling financially and there is concern over how sustainable they will be next term. Even settings who have accessed the available government support schemes (such as the Job Retention Scheme) are experiencing financial difficulties. There is the risk that this will lead to childcare settings closing permanently. This may mean that there are not sufficient places for eligible two, three and four year olds and for vulnerable children who would have received free childcare places.

### ***Proposed business support***

In the Early Years component of the DSG, there is a budget of £138,700 to support childcare for vulnerable children (for the Families in Need Funding scheme). This budget is likely to be underspent in this financial year, given the closure of childcare settings for two months and the continued reluctance of some parents of vulnerable children to use childcare.

It is proposed that up to £40,000 of this budget would be used to assist childcare settings with business planning through the following measures:

- Offering all settings Information sessions to outline the key considerations, risks and possible actions childcare settings can take
- The development of tools for settings to assess financial performance

Once initial support had been offered to all settings, a fuller picture of the sustainability of the childcare sector in Hillingdon would be available and further bespoke support could then be provided in the light of the issues that emerge.



## St Martin's Budget 2019/20

### *Areas for Further Review*

- A similar size school in terms of pupil numbers would generate funding of approximately £1.1m. St Martin's planned expenditure is £1.9m (excluding SRP). Even if all classes were full the funding generated would still result in significant shortfall when compared with planned expenditure. Why is there such a significant shortfall?
- Support staff structure - When I look at the staffing list, it indicates 14 mainstream LSAs for 9 classes (excluding Nursery). This appears to be a lot of LSAs given the number of pupils/classes
- PPA cover – a number of schools are now using high level LSAs (potential cost reduction £10k)
- SRP – The staff structure appears excessive with more staff in the unit than pupils. A similar sized ASD unit with similar cohort is currently costing approx. £204k to run (potential cost reduction £123k).
- Cleaning - £31k spend appears excessive. Has cleaning been reviewed? It could potentially be provided cheaper if contracted out (potential cost reduction £15k)
- SMSAs - £24k seem excessive. I have seen evidence of similar size schools spending just £7k (cost reduction £17k)
- Recruitment costs – £35k seems excessive
- MAT fees - 5% of GAG is about average and this would normally include the costs of Trust Consultants/School improvement partners as part of the top slice, not as an additional cost and I don't consider that these should be funded through diseconomies. In the case of St Martin's the central cost charges are approx. 14% of GAG (5% = approx. £60k, potential cost reduction £90k)
- Income generation – has any effort been made in using the building to generate lettings income?
- Has a restructure of classes been considered? There are six classes across Year groups 1, 2 & 3 but a total of 141 pupils, which may give scope for this?

## **Growth Contingency – Diseconomies Funding (St Martin’s)**

### **1. Introduction**

The DfE places a requirement on the local authority to fund the difference between the funding generated by the school funding formula and the appropriate running costs of new and growing basic need academies. This difference in funding is diseconomies and it is funded from the Schools Block of the DSG, through the Growth Contingency Fund with the actual allocation of pupil growth funding a decision for Schools Forum. The Council is required to calculate an estimated budget for Basic Need Academy schools and work with each school to determine appropriate running costs. In 2019/20 the diseconomies requirement for the three basic need schools was estimated to be £500,000 with the majority of this relating to St Martin's which opened a year later than the other two schools and is still growing up to capacity.

### **2. Recommendation**

That Schools Forum give a view on the request for diseconomies from St Martin’s for 2019/20 and draft a response to The Frays Academy.

### **3. Background**

St Martin’s submitted a 2019/20 (Sep ‘19-Aug ‘20) draft budget to the local authority in July 2019 which indicated a diseconomies requirement of £689k, as detailed in the ‘I&E (original tab)’ at Appendix A. This is a significant increase on the £430k funding provided in the previous year.

Given the significant increase, local authority officers challenged the school on a number of areas of the budget. The DSG Monitoring sub-group were also asked to review the budget proposal in September 2019. This was in order to gain an objective view from Schools Forum members on the reasonableness of the expenditure, given that the allocation of diseconomies is a Schools Forum decision.

Following the sub-group meeting, officers met with representatives from the Trust, to discuss the budget and suggest the following areas that it was felt required further review, as outlined in the document sent to St Martin’s in October 2019 attached at Appendix B;

- Teaching staff structure,
- Support staff structure,
- SRP staff structure,
- Recruitment costs,
- Premises costs,
- MAT central charges

In February 2020 St Martin’s submitted a revised budget, as detailed in the ‘I&E (revised tab)’ at Appendix A. The revised budget reduced the diseconomies requirement by £130k, but the local authority still had concerns that the areas identified for review had not led to a sufficient reduction in the diseconomies requirement. This was outlined in a letter sent to St Martin’s in March 2020.

To date the local authority has not received a response from the school which officers consider reduces the budget gap by a sufficient enough amount.

## 4. Benchmarking

As part of the review of the St Martin's budget submission, benchmarking has been carried out to compare the planned expenditure with that of schools with a similar number of pupils. A summary of this benchmarking is attached at Appendix C.

In order to make the schools more comparable, the income and expenditure for St Martin's has been adjusted to remove any of the SRP related items (this has indicated that the SRP is attributing approximately £130k to the budget shortfall). When considering the results of this benchmarking it should be taken into account that St Martins currently only has pupils up to Year 4, which it could be argued makes the benchmarking slightly skewed. The benchmarking data indicates the following;

- Formula Funding – The funding formula generates more per pupil funding at St Martin's than all three of the other schools. The reasons for this are probably linked to pupil demographics.
- Other Income – Two of the three comparator schools receive more additional income than St Martin's which could indicate that there are opportunities to generate more income which should be explored.
- Teaching staff – with the cost of the SRP teacher removed from the comparison, total teaching costs are still between £300-400k higher at St Martin's. Part of this difference will be as a result of the significant amount of supply employed at St Martin's
- Other staff – When the SRP staff are removed from the analysis, the total cost and per pupil cost is lower at St Martin's than the comparator schools.
- Premises costs – the expenditure on premises appears significant at St Martin's when compared with the other three schools.
- Supplies & Services – expenditure is lower at St Martin's than two of the comparator schools
- MAT fees – the three comparators are all maintained schools and therefore do not have to pay MAT fees. The benchmarking of MAT fees indicates that 5% of GAG is about the average and this would usually cover the cost of all central staff. If St Martin's applied 5%, this would reduce this budget to £60k.

## 5. Summary

Whilst the local authority accepts that there is a requirement to continue funding diseconomies at St Martin's, the amount of funding should be appropriate for the school to set a realistic budget. The current level of diseconomies required is significant and officers do not consider it an appropriate or viable level of funding.

## Business Case for Growth Contingency Funding

<b>School Name</b>	Swakeleys School For Girls
<b>Address</b>	Clifton Gardens Hillingdon UB10 0EJ
<b>Telephone No</b>	<b>01895 251962</b>
<b>E Mail address</b>	hmanwaring@swakeleys.org.uk
<b>School Status</b>	Secondary Academy
<b>Application made on behalf on the school by</b>	Mrs Helen Manwaring
<b>Designation</b>	Business Manager

### **Purpose of application :**

To receive funding for an additional 60 students in Year 7 following the school increase in planned numbers from 180 to 240 from September 2018.

### **Background and context**

Swakeleys School for Girls is and has been an over-subscribed secondary provision for many years and we have a waiting list in excess of 250 for Year 7 each year and over 600 on the waiting list across the remaining year groups. In November 2017, the school took occupation of a purpose built 8 form entry new build with expanded provision at Post 16, funded by the Education Funding and Skills Agency (ESFA). In September 2018, the planned admission numbers for Year 7 increased from 180 to 240. In February 2018, the school made application to the Growth Contingency Fund due to the expansion, of an additional 60 pupils in Year 7 but the application was refused. The school did not receive any funding for the additional 60 pupils in the Academic Year 18-19 which resulted in a loss of revenue in excess of 300k and will carry that loss each year until September 2023, when the school is full.

### **Application**

The school continues to be over-subscribed and is full for September 2020 with 274 applications on the waiting list for Year 7.

We understand that it was necessary for LB Hillingdon to commission "Bulge classes" for 145 places within neighbouring schools for 2020-21 due to a shortage of secondary places in year 7, and that School's Forum has agreed Growth Contingency Funding for these places.

In arriving at the "bulge" place numbers, Swakeley's additional 60 places was taken into account. It is for this reason and only equitable and fair that Swakeley's should receive Growth Contingency funding for the 60 pupils due to arrive in year 7 in September.

We are not seeking to have Growth Contingency back-dated to 2018.

## **Summary**

The school contends that the 60 places are required within the Borough and they should therefore be funded.

## **Secondary Growth Contingency**

### **1. Introduction**

A Growth Contingency Fund is allocated each year by Schools Forum, from the Schools Block of the DSG. This funding is for expanding primary and secondary schools and new basic need academy schools, including schools that have permanently expanded and will take on additional pupils in September 2020 and schools that are planned to expand for the first time in September 2020. Due to significant anticipated growth in secondary pupils, there was a revision made to the policy in 2020/21 to include the allocation of funding to Secondary schools that have agreed to accept pupils in Year 7 above their Published Admission Number (PAN) in September 2020.

Swakeley's school expanded in September 2018, increasing its Year 7 PAN from 180 to 240. The school is now requesting that they receive growth contingency from September 2020 for the subsequent increase in Year 7 pupils.

### **2. Recommendation**

That Schools Forum consider the business case from Swakeley's School for Girls and either;

- (i) Reject the application for funding, or
- (ii) Approve the application for funding. This will require a change to the Growth Contingency Fund Policy

### **3. Background**

#### *Permanent Expansion*

The Growth Contingency Policy outlines when an expanding school is eligible for growth funding and determines that in order to receive funding the following criteria must be met;

- (i) The Local Authority has to agree, in advance, before the start of the financial year, and no later than 31 March of each year, which schools will or are expected to expand,
- (ii) Schools Forum agrees the schools that will be funded from the Growth Contingency Fund as part of the Dedicated Schools Grant budget setting process. This to be agreed in advance, before the start of the financial year, and no later than 31 March of each year,
- (iii) Where a school is expected to expand but has not been agreed by the local authority at the start of the financial year, funds will only be released by the Schools Forum once confirmation from the local authority has been received.

#### *Accepting Pupils above the Year 7 PAN*

Due to the growth in secondary school pupils, Schools Forum agreed to revise the Growth Contingency Fund policy for 2020/21 to include funding for schools that accept pupil numbers above the Year 7 PAN.

The local authority has worked with secondary schools to establish how the expected growth in secondary school pupils might be met. In commissioning extra Year 7 places from 2020 the LA discussed projected growth with HASH and invited proposals - but did not progress them all. Some secondary Headteachers were very disappointed, as they too had waiting lists of over 200 - but their geographical location would not help the

expected numbers and would have impacted on the rolls of nearby schools. It is the LA duty to coordinate necessary extra places that are reasonably accessible - for boys and girls - whilst minimising negative impacts on other schools. This was also true with primary bulge classes.

It was agreed by Schools Forum that the determination of funding for this secondary growth would be as follows;

- (i) Funding will be based on the actual number of pupils accepted by a Secondary school above the relevant Year 7 PAN,
- (ii) Each pupil above the Year 7 PAN will attract the Secondary average AWPU rate for each child (this to be determined by dividing the total AWPU funding by the total number of pupils in Secondary schools),
- (ii) Funding will be calculated pro rata based on a start date of 1 September (7 months), or 1 January (3 months).

### *Swakeley's School*

The expansion of Swakeley's School was at the request of the school and not the Local Authority and the school applied directly to the DfE for funding for new school buildings as part of the Priority School Building Programme. Therefore the expansion at Swakeley's School does not meet the criteria to be eligible for growth contingency funding as an expanding school.

When Swakeley's expanded in September 2018, they increased PAN and therefore the current intake of year 7 pupils is within the new PAN. Therefore Swakeley's School does not meet the criteria to be eligible for growth contingency funding as a school accepting pupils above the year 7 PAN.

The policy indicates that where a school expands without the Local Authority's and Schools Forum consent, the school will have to submit a written request to Schools Forum, providing a business case for the need in the growth and the required release of funds. Swakeley's have now submitted a business case, (attached at Appendix B), requesting funding for the increase in pupil numbers, which Schools Forum need to consider.

## **4. Summary**

If Schools Forum take the decision to agree to fund this expansion then there would be a requirement to further revise the Growth Contingency Policy. This could also result in other primary and secondary schools which have expanded, not at the request of the local authority, to request additional funding. Currently all the secondary and half the primary schools, control their own admissions and so can choose to temporarily or permanently increase their PAN, but know that they will not get funding for the extra pupils until the next October.

If the rules change and any school (primary or secondary) could expand and get funding there could be a free-for all which would unexpectedly decrease the roll of some other schools and affect their budgets and staff planning, leading to a sense of unfairness.

## DSG Month 2 Budget Monitoring Report 2020/21

### Dedicated Schools Grant (£8,333k overspend)

- The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £8,333k at month 2, this is an increase of £1,158k on the budgeted deficit of £7,175k. This overspend is due to ongoing pressures in the cost of High Needs placements, where significant growth continues. The budget for High Needs was increased for 2020/21 to take account of projected growth, but it is projected that when the current backlog in cases is added to the estimated in-year growth, the budget will be exceeded. When the £15,002k deficit brought forward from 2019/20 is taken into account, the cumulative deficit carry forward to 2021/22 is £23,335k.

**Table: DSG Income and Expenditure 2020/21**

Original Budget	Budget Changes	Funding Block	Month 2		
			Revised Budget	Forecast Outturn	Variance
£'000	£'000		£'000	£'000	£'000
(296,926)	0	<b>Dedicated Schools Grant Income</b>	(296,926)	(296,926)	0
231,400	0	<b>Schools Block</b>	231,400	231,331	(69)
25,401	0	<b>Early Years Block</b>	25,401	25,401	0
3,270	0	<b>Central School Services Block</b>	3,270	3,270	0
44,030	0	<b>High Needs Block</b>	44,030	45,257	1,227
<b>7,175</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>7,175</b>	<b>8,333</b>	<b>1,158</b>
		Balance Brought Forward 1 April 2020	15,002	15,002	
		<b>Balance Carried Forward 31 March 2021</b>	<b>22,177</b>	<b>23,335</b>	

### Dedicated Schools Grant Income (nil variance)

- The DSG will be adjusted in June to reflect the actual uptake of the free entitlement for eligible two, three and four year olds. This adjustment will be based on the January 2020 census and will include a retrospective change to the 2019/20 funding, as well as a recalculation of the 2020/21 Early Years block funding.
- There will also be an amendment to the High Needs block allocation following confirmation of the import/export adjustment for 2020/21 which updates funding to reflect the local authority in which pupils with SEND are resident.

### Schools Block (£69k underspend)

- The Schools Block includes all funding paid directly to mainstream schools as part of their delegated budget share, including the funding recouped by the ESFA and paid to mainstream academies.

5. There is also a growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth, receive additional funding to provide financial recompense throughout the relevant financial year to cover the cost of this agreed and planned growth.
6. Schools Forum took the decision to withhold growth contingency allocations for one school due to insufficient projected pupil growth in September 2020 and therefore there will be an underspend relating to this allocation. The growth contingency policy has been amended for 2020/21 in order address the growth in secondary pupils. Schools will be funded for any Year 7 pupils which are above the Published Admission Number (PAN). £480k was set aside for this purpose, with the actual funding requirement will not be known until actual numbers on roll are confirmed.
7. The growth contingency also funds diseconomies of scale funding for new basic need academy schools and officers are still waiting on further details from one school on the level of diseconomies of scale funding that is being requested, which could still affect the final position.

#### **Early Years Block (nil variance)**

8. Two year old funding will be adjusted in July to reflect the number of children accessing the entitlement based on the January 2020 census.
9. The 3 and 4 year old funding for both the universal and the additional free entitlement will also be adjusted in July following the January 2020 census. There is an expectation that the funding allocation will increase as the number of children accessing the additional free entitlement has increased over the past year. The projections will be revised once the impact of the funding adjustments is known.

#### **Central School Services Block (nil variance)**

10. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. This resulted in a £265k reduction in funding, though this was partly off-set by £51k of additional funding for pupil growth. The reduction in funding resulted in a budget shortfall for the services funded by the Central School Services block adding to the pressure which has led to an overall deficit DSG being agreed for 2020/21. At month 2 the Central School Services block is projected to be in line with budget.

#### **High Needs Block (£1,227k overspend)**

11. There continues to be significant pressure in the High Needs Block in 2020/21, with an overspend of £1,227k being projected at month 2. The growth in the number of pupils with an EHCP continued throughout 2019/20 resulting in a £5,229k High Needs overspend at outturn. This is despite a transfer of £3,500k from the Schools Block in 2019/20 to address High Needs pressures.



12. In 2020/21 Schools Forum did not agree a transfer of funding from the Schools Block, a decision supported by the DfE. Therefore, even though High Needs funding increased by £5,289k in 2020/21, there was no alternative but to set a deficit budget for 2020/21. The projected position at month 2 takes into account the full year financial impact of the growth in EHCPs to the end of 2019/20 and an estimate for future growth throughout 2020/21. The assumptions currently indicate that the High Needs growth built into the budget for 2020/21 will be exceeded by £1,227k.
13. The current academic year has seen a further increase in the number of in-borough special schools that are now over their commissioned place number. Where a special school is over its planned place number there is a requirement to fund for the additional places plus the agreed top-up funding which is placing additional pressure on the High Needs block.
14. Due to a continuing lack of capacity in-borough and across other local authority provision, there is a requirement to place pupils in more costly school placements, with an increase in the number of children that commenced new placements in Independent special schools in the current academic year. This is resulting in significant additional pressure on the High Needs block. There is an expectation that this will become the only route that the Council will be able to take until more provision is created locally.
15. There was a further increase in the cohort of post-16 SEN placements in 2019/20 and this has put additional pressure on the 2020/21 High Needs budgets with the potential that placements for young people with SEN can continue to be funded up to the age of 25.
16. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Early Support Funding (ESF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to access funding quicker to enable them to intervene early and have the greatest impact. Whilst the expectation is that this might reduce total costs in the long-term, we are yet to see the financial impact of this.

### **School Academy Conversions**

17. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education & Skills Funding Agency (ESFA). Schools can convert at any point in the year, once they have converted, a number of adjustments are required to realign the DSG income budget and the amount delegated to maintained schools.
18. The local authority has not been made aware of any academy conversions planned for the current financial year. In Hillingdon the last time that a school converted to an academy was in September 2017, when two schools converted.

### **Maintained School Balances & Budgets**

19. Maintained schools ended the 2019/20 financial year with a cumulative closing surplus balance of £10.7 m (£10.0m revenue and £0.7m capital). This was a £1.6m decrease from the previous year total. Despite the relatively healthy total balance, there is a wide spread across individual school balances, with a number of schools having low balances that are

expected to experience financial difficulties in 2020/21 due to reductions in pupil numbers and funding not keeping up with actual year-on-year increases in costs.

20. A review of the balances at the end of the 2019/20 financial year identified five schools which ended the year in deficit. Additionally 36 schools (66.7%) had an in year deficit. Any schools that fall into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation.
21. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2018/19 and 2019/20;

<b>School Type</b>	<b>Total Number of Schools</b>	<b>Number of Schools In Deficit 2019/20</b>	<b>Value of Deficit 2019/20 £000</b>	<b>Number of Schools In Deficit 2018/19</b>	<b>Value of Deficit 2018/19 £000</b>
Nursery	1	0	0	0	0
Primary	49	4	168	1	13
Secondary	2	1	3,466	1	3,233
Special	2	0	0	0	0
<b>Total</b>	<b>54</b>	<b>5</b>	<b>3,634</b>	<b>2</b>	<b>3,246</b>

22. It is known that 6 academy schools out of a total of 45 schools are also in deficit as at 31 August 2019. This is the same number of academy schools which were in deficit in the previous year. Additionally, 21 academy schools had an in year deficit.
23. A full review of 2020/21 budgets for maintained schools is currently underway. The deadline for the submission of these has been extended given the current COVID-19 situation and the difficulties some schools have had in preparing budgets and convening Governing Body meetings to approve budgets. However, the indications are that the majority of maintained schools will submit a budget with an in-year deficit, resulting in an anticipated budgeted reduction in school revenue balances for 2020/21. This is a concern, as the use of balances is one-off and continued in-year deficits are unsustainable in the medium term.
24. There are currently 20 maintained schools that are RAG risk rated red as a consequence of their current financial position and are therefore being more closely monitored. These schools are either in deficit or have managed to set a balanced budget but with very low balances, meaning that any significant unplanned change in expenditure could result in the school being in a deficit position. In addition there are a number of schools which are of concern as they are currently projecting to be in deficit by the end on 2021/22. A full update on the 2020/21 budgeted position for maintained schools will be given as part of the Month 3 monitoring report.

## **Comparison of 2020/21 Budget to 2019/20 Outturn**

### **1. Introduction**

Analysis of the 2019/20 DSG outturn has been carried out in order to compare the expenditure from the previous year to the budget agreed for 2020/21. This has been completed in order to highlight areas where the budget may not be sufficient in 2020/21 along with areas that require additional focus and monitoring.

### **2. Recommendation**

Schools Forum are asked to:

- i) Note the contents of the attached appendix
- ii) Consider which areas of the DSG budget require focus as part of the DSG work-plan for 2021/22

### **3. Background**

The attached appendix compares the 2020/21 budget with the 2019/20 outturn, at cost centre level, within the Central Schools Services, Early Years and High Needs blocks. This identifies areas where the budget has been increased to reflect actual expenditure and projected future growth. It also highlights areas where the budget for 2020/21 may not be sufficient. These areas will require close monitoring and possible management action during the year.

Schools Forum may find this a useful tool in order to determine what areas that they wish to focus for any future review within the DSG work-plan.