



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: 5 September 2019

**Committee:
Schools Forum**

Date: Thursday, 12 September 2019

Time: 8.30 am

Venue: The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Director of Legal and Democratic Services

Members of Schools Forum

Bill Dowell (Chair)

John Hitchings (Vice-Chair)

Phil Adams

Michael Barrett

Mark Cooper

Alan Doust

Sabrina Hobbs

Sandra Holloway

Colin Hopkins

Marilyn Hunt

Shelley Hurdley

Samantha John

Sian Lines

Kerry Lynch

Stephen Matthews

David O'Toole

Alan Parkhurst

John Parr

Greg Portman

Michael Revell

Darren Reynolds

Mark Rogers

Andrew Smith

Charles Thomas

Guy Verling

Your Committee Officer is:

Philip Wilson Service Manager Business Support People

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AGENDA

- 1 **Apologies**
- 2 **Election of Chair**
- 3 **Minutes and Matters Arising - 6 June 2019** (Pages 1 - 4)
- 4 **Information from Spending Round Announcement**
Report to Follow
- 5 **Financial Transparency of Maintained Schools and Academy Trusts Consultation** (Pages 5 - 14)
- 6 **School Resource Management Advisor Support** (Pages 15 - 18)
- 7 **Final Dedicated Schools Grant (DSG) 2018-19** (Pages 19 - 20)
- 8 **Updated Dedicated Schools Grant (DSG) 2019-20** (Pages 21 - 22)
- 9 **Dedicated Schools Grant Monitoring (DSG) 2019-20** (Pages 23 - 28)
- 10 **Communications**
- 11 **Future Meeting Dates**

Future meetings (please note the new venue and diary):

| | | |
|--|---------|--------------------------|
| Thursday 7 November 2019 | 8.30 am | The Guildhall, Frankwell |
| Thursday 5 December 2019 | 8.30 am | The Guildhall, Frankwell |
| Thursday 16 January 2020 | 8.30 am | The Guildhall, Frankwell |
| Thursday 30 January 2020 (provisional) | 8.30 am | The Guildhall, Frankwell |
| Thursday 19 March 2020 | 8.30 am | The Guildhall, Frankwell |

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Agenda Item 3

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|--|--|--|
|  <p>Shropshire Council</p> | <p>Schools Forum</p> <p>Date: 12 September 2019</p> <p>Time: 8.30 am</p> <p>Venue: UCS, Shrewsbury</p> | <p><u>Item/Paper</u></p> <p>A</p> <p>Public</p> |
|--|--|--|

MINUTES OF SCHOOLS FORUM HELD ON 6 JUNE 2019

Present

School Forum Members

Bill Dowell (Chair)
Phil Adams – Academy Headteacher
Mark Cooper – Secondary Headteacher
Sabrina Hobbs – Special Academy Headteacher
Sandra Holloway – Primary Governor
Marylin Hunt – Primary Headteacher
Sian Lines – Diocese of Hereford
Kerry Lynch – Academy Headteacher
Stephen Matthews – Primary Governor (and headteacher)
David O’Toole – Academy Headteacher
Alan Parkhurst – Primary Headteacher
John Parr – Academy Headteacher
Michael Revell – Primary Governor
Mark Rogers – Primary Headteacher
Andrew Smith – 16 -19 Representative
Charles Thomas – Professional Association Rep

Members

Cllr Nick Bardsley
Cllr Ed Potter

Officers

Phil Wilson
Julia Dean
Connor Robinson
Gwyneth Evans
Stephen Waters
Neville Ward
Helen Woodbridge (Minutes)

Observers

Roger Evans – Shropshire Council

1. Apologies

Apologies had been received from Karen Bradshaw, Alan Doust, Shelly Hurdley, Sam John and Jo Jones.

2. Minutes and Matters Arising (Paper A)

The minutes were agreed as a true record.
Mark Cooper had been unable to find a governor representative.
Phil Wilson is to contact Kate Aspinall, MAT regarding identifying representatives for Schools Forum.

3. Allocation of Early Years Block 2019-20

Neville Ward presented Paper B which was for information only.
He advised that the hourly rate paid has remained the same for three years and this is causing pressure.
David O’Toole asked for clarification on the use of retained funds for repairs/buildings. Neville Ward confirmed that this is just for council owned property and it is largely for historic arrangements which are being reduced.
Mark Rogers asked how settings are coping financially. Neville Ward talked about the difficulties in having no control over the market. Only a few providers have closed but more are becoming more flexible in their charging approach (and some are having to be challenged around this).
John Hitchings commented on the heavy reliance on private providers which has both challenges and benefits.

ACTION

PW

Mark Rogers asked what happens to the rental income and was advised that it goes direct to the Corporate Landlord.

4. High Needs Funding Task and Finish Group

John Hitchings as Chair of the Task and Finish Group introduced this item. He stated that the work of the group has been wide and varied.

Julia Dean presented paper C and advised that consultation will take place with CPG too. The group's work had largely been brought about due to the increasing overspending of the high needs funding.

Early consideration was felt to be key, starting with Alternative Provision. Following analysis, it was identified that TMBSS is being largely used for behavior intervention which is not a statutory responsibility of the LA. It is being funded at £17,500 per place. Only 47 of 120 primary schools are using TMBSS. So, a significant proportion of schools are not using TMBSS and may be subsidising more heavy users of TMBSS. It is recognised that TMBSS provide a good service with many children remaining in mainstream following their support. Work is being done on analysing the future of those children.

Julia Dean explained that she had been working with Greg Portman on a variety of possible models, capping the length of placement at one year, and providing more places at no extra cost. Models would also provide a different timetable allowing TMBSS staff to do more preventative work in schools. There would be a change from half day attendance (which causes transport and attendance issues). It is also proposed that there is a contribution from schools to the cost of top up. The LA will continue with £10,000 placement funding but will ask schools to contribute to top up. She added that a High Needs protocol is being produced.

John Hitchings recognised the difficulties around management of behavior and spoke of the need to keep children in contact with their schools but properly supported.

The chair confirmed that the focus of the group has been, and will continue to be, on children and the use of precious resources to support them.

Phil Adams advised that his school receives many referrals of excluded children where there has been very little intervention. He thought there was a need to consider the secondary schools who are excluding a disproportionate number of children.

Stephen Matthews felt that the outreach plan was a good move. However, he cautioned that changing arrangements may not suit all children (eg those with anxiety), and, some children may need four terms.

Julia Dean confirmed that consideration would be on a child by child basis. Full charges could be made after the full year.

The chair reminded the group that their focus is on financial issues.

Mark Rogers felt that some complex and difficult children cannot be coped with. He asked to see cost of TMBSS and of Independent Private Providers.

Julia Dean confirmed that there are some children who will not cope in mainstream schools. Some hubs have been set up and there are more on the way. Also, a SEMH free school is planned.

Phil Adams reminded colleagues of the lack of social services support.

Nick Bardsley advised that Karen Ladd had attended the last T&F Group and had advised that there were only a few referrals to Early Help for excluded children.

David O'Toole explained that the thresholds are not high enough and therefore referrals are being bounced back.

Ed Potter agreed to take this back to Early Help to address.

Alan Parkhurst felt that proposals are not in a position to go to CPG for a decision as some schools would be detrimentally affected.

Marilyn Hunt confirmed that small primary schools would be unable to pay.

Sandra Holloway echoed this, pointing out that budgets have already been set.

JD/SAW

EP

Alan Parkhurst proposed that further work is carried out by the High Needs Task and Finish Group before proposals are taken to CPG for decisions. This was seconded by Marilyn Hunt and agreed by Schools Forum.

5. Growth Fund 2019-20

Gwyneth Evans presented Paper D.

Phil Adams agreed with criteria. However, he advised that sometimes population growth occurs after OOC places are taken.

David O'Toole was frustrated that exponential growth has occurred as his school has become more popular but this is ignored. The chair congratulated David O'Toole on his performance.

Mark Cooper spoke of the frustration of not being able to access funding.

Phil Adams added that CIL funding is also hard to access.

6. School Balances as at March 2019

Gwyneth Evans presented Paper E and circulated confidential papers which were subsequently collected in.

Phil Adams was disappointed that so many academies did not respond. He felt that Schools Forum needed to have a full, (confidential) figure.

John Hitchings clarified that nursery costs and income are included where the school has responsibility.

7. Schools Financial Value Standard

Gwyneth Evans presented Paper F.

8. New School Financial Value Standards Requirements from April 2019

Gwyneth Evans presented Paper G.

She confirmed that information will be made available on the SLG.

Phil Wilson suggested that headteachers/governors consider the dashboard which is comprehensive.

9. Dedicated Schools Grant Update

Gwyneth Evans presented Paper H.

10. Dedicated Schools Grant Monitoring

Stephen Waters presented Paper I.

He went through the final outturn position for 2018-19.

The chair reflected that this is a national trend and spoke of the need to keep pressing for extra funding.

Mark Rogers asked about de-delegated items and any surplus from maintained schools?

Gwyneth Evans confirmed that this is reflected in the following year.

Kerry Lynch confirmed that budget information had not been shared with Unions so they had overspent. Paul Jones had agreed to present information to them in future.

Schools Forum noted the report and approved that the £1.411m overspend reported against central retained DSG in 2018-19 is:

- partially funded from the balance of DSG carried forward from 2017-18 which is £0.531m
- and that the remaining deficit of £0.879m will be carried forward to 2019-20 and be recouped over a realistic timescale.

11. Communications

Work ongoing – nothing significant to report.

12. Future meeting dates:

12 September 2019
7 November 2019
5 December 2019
16 January 2020
30 January 2020
19 March 2020

The chair thanked Phil Adams for his contributions as this is his last meeting.

The meeting closed at 10.32 am.

DRAFT



Schools Forum

Date: 12 September 2019

Time: 8:30 a.m.

Venue: The Guildhall,
Frankwell, Shrewsbury
SY3 8HQ

Paper

C

Public

Financial Transparency of Maintained Schools and Academy Trusts Consultation

Responsible Officer Gwyneth Evans

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Summary

The Department for Education (DfE) has been looking at ways of improving transparency in the financial health of local authority maintained schools and believe that a number of accountability measures currently used in the academy trust sector could be adapted for local authority maintained schools.

The DfE has published a consultation containing proposals aimed at improving transparency across the local authority maintained sector whilst also providing insight into ways the DfE could help local authorities and schools.

The consultation document also highlights that from 2019-20 the Self-Assessment Tool will be mandatory for academies, as it currently is for maintained schools.

This report summarises the issues listed in the consultation document and provides a draft response for Schools Forum's consideration and comment to the DfE's proposals.

The consultation period runs to the 30 September 2019.

Recommendation

Schools Forum is invited to consider the consultation document and offer comment on the draft response to the DfE's proposals.

REPORT

Background

1. Analysis of 2016-17 and 2017-18 financial data by the Education and Skills Funding Agency found evidence of a higher percentage of local authority maintained schools getting into financial difficulty compared with academy trusts, although the situation does vary between local authority areas.

2. As a result, the DfE has been looking at ways of improving transparency in the financial health of local authority maintained schools and believe that a number of accountability measures currently used in the academy trust sector could be adapted for local authority maintained schools.
3. The DfE is inviting comments from interested individuals and organisations on proposed new measures that aim to improve transparency of the financial health of local authority maintained schools.
4. The consultation also highlights that from 2019-20 the Self-Assessment Tool will be mandatory for academies, as it currently is for maintained schools.
5. The consultation, launched on 17th July 2019, outlines the current financial transparency arrangements for maintained schools, and considers possible changes which focus on using or adapting existing academy measures to help change and improve maintained schools' financial transparency and financial health. The consultation closes on 30 September 2019
6. The full consultation document is available at https://consult.education.gov.uk/funding-policy-unit/financial-transparency-of-local-authority-maintained/supporting_documents/LA%20Financial%20Transparency%20Consultation.pdf

Consultation on the Financial Transparency of Maintained Schools and Academy Trusts

7. The consultation document details 8 issues and proposals for change as listed below.

Issue 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections.
8. Local authorities and maintained schools are required to complete the following assurance returns and financial collections on an annual basis:
 - Schools Financial Value Standard (SFVS) – Each year Shropshire has a number of schools that fail to submit a completed SFVS by the 31 March deadline.
 - Dedicated Schools Grant (DSG) Assurance Statement
 - Section 251 Budget
 - Section 251 Outturn
 - Consistent Financial Reporting
9. Each year Shropshire's SFVS assurance statement includes a number of schools that fail to submit a completed SFVS by the 31 March deadline.
10. The DfE has considered whether it would be appropriate to publish the names of schools that failed to comply with the SFVS without a good reason. However, as local authorities are the accountable body for maintained schools the DFE think it would be more appropriate to consider publishing compliance data at a local authority rather than school level.

11. Proposal 1: Following the same principle as with academy trusts, if a local authority fails to comply with more than two deadlines from the collections listed in paragraph 8 above, the DfE propose to publish the name of the local authority on GOV.UK.

Issue 2: Strengthening DSG annual assurance returns

12. Local authorities can withdraw delegation from schools for financial reasons or issue a notice of concern. Where the DfE publishes a notice of financial concern to an academy it publishes details on the gov.uk website. The DfE could require local authorities to publish equivalent information on their websites however as the DfE cannot mandate the format or structure of local authorities websites it may not be easy for the public to find the information. Also, local authorities currently recover funds from fraud investigations but only publish the number and value of reported cases, not the value of money recovered.
13. Proposal 2a: The DfE propose to collect the number of schools with suspended budgets and notices of financial concern through the existing annual DSG assurance statement. This will enable the DfE to devote further support to authorities that report a high number of suspended delegations or notices of financial concern.
14. Proposal 2b: The DfE propose to add a new section to the DSG assurance statement that captures the amounts that local authorities have recovered from investigating fraud. The DfE would analyse responses and request further details such as the nature of the case and the steps put in place to prevent further misuse of the DSG from local authorities that reported the highest incidence/value of fraud.

Issue 3: Maintained schools are not required to provide local authorities with 3 year budget forecasts

15. The DfE expects that maintained schools should be making multi-year budget plans, and many local authorities, including Shropshire, offer support with this through their traded financial support service. The DfE has recently introduced a requirement for academies to provide them with a three-year budget plan and they propose to extend the requirement to maintained schools in the form of sending a three-year budget plan to their maintaining authority.
16. Proposal 3: The DfE is proposing a directed revision to the schemes for the financing of schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts.

Issue 4: Strengthening Related Party Transaction (RPT) arrangements in maintained schools

17. Since April 2019, all academy trusts have had to seek approval from the ESFA for RPT payments of more than £20,000 and all transactions below £20,000 must be declared. A related party is a person or entity that is related to the reporting entity. The arrangements for reporting RPTs in maintained schools are not as stringent as those in academy trusts. The 2019-20 version of the SFVS contains only two specific questions in relation to RPTs so the DfE are seeking

to strengthen the arrangements to bring them more in line with what is asked of academy trusts.

18. The DfE are making a number of alternative proposals for comment that could be added separately or introduced in combination with each other.
19. Proposal 4a: Making schools append a list of RPTs to their response to the new question in the SFVS about their arrangements for managing RPTs, so that the information goes to the local authority and can then be passed on to the DfE via the SFVS assurance statement. The local authority can use the information to determine audit requirements.
20. Proposal 4b: Making a directed revision to the statutory Scheme for the Financing of Schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority. The benefit of this option would be that local authorities would have immediate visibility of the RPTs as soon as they had been agreed, though it would be more difficult for local authorities to police than if it was in the SFVS.
21. Proposal 4c: Making a directed revision to the statutory Scheme for the Financing of School to require schools to seek permission from the local authority to enter into RPTs above a certain amount. This would mirror the requirement for academies.

Issue 5: Maintained Schools internal audit is too infrequent

22. Maintained schools are within the overall audit arrangements determined by the local authority's statutory section 151 officer. Authorities operate internal audit teams whose work is then relied upon by their external auditors. Most audit plans use a risk-based approach with some themed audits.
23. The cycles for auditing maintained schools vary and in some cases have fallen into disuse.

Proposal 5: The DfE propose making a directed revision to the scheme for the financing of schools guidance to require that every maintained school be subject to internal audit at least every 3 years.

Issue 6: Strengthening arrangements to help schools that are in financial difficulty

24. Across local authority schemes for the financing of schools there is a variance in the levels of deficit that trigger the submission of a recovery plan to local authorities. There is currently no requirement for local authorities to report to the DfE their actions to address financial difficulty and effective resource management in specific schools.
25. To strengthen the arrangements to help schools in financial difficulty the DfE propose introducing the following measures, either separately or in combination.
26. Proposal 6a: Make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their revenue deficit rises above 5%.

27. Proposal 6b: Collect information on the number of recovery plans in each local authority through the DSG annual assurance return.
28. Proposal 6c: Formalise the approach to working with local authorities and include a request for high level action plans from some local authorities:
- Data sharing and monitoring: share published data on the school balances in each local authority – highlighting the number and proportion with a revenue deficit of over 5% - and the available support from the DfE. Share published data with local authorities on their schools financial, educational performance and pupil/school characteristics.
 - Targeted monitoring and support: use of the above data and evidence-based requests for help from local authorities to ensure support is focused where it is most needed (including school resource management advice) and challenge from the DfE where it is needed most.
 - Action plan and increased monitoring: request high level action plans from local authorities in which the number or proportion of school revenue deficits over 5% is above a certain level. The DfE would review the thresholds each year, but an example might be local authorities that had more than 10 schools or more than 10% of their schools with revenue deficits of over 5% in the previous year. They would consider contextual information – such as the school balances in local authorities in previous years – when deciding the action plans required.

Issue 7: There is not enough transparency when it comes to reporting high pay for school staff

29. Currently there is a disparity between public access to information on high salaries within maintained schools and academies. Academy trusts must disclose in their published financial statements information about each individual earning over £100,000 – specifically (i) their total fte salary in £10,000 bandings, e.g. £100,000 - £110,000, (ii) their job role and description and (iii) whether they are predominantly focussed on curriculum and education leadership or school business management and leadership.
30. Proposal 7: The DfE propose that all maintained schools should be required to publish annually on their websites the number of individuals earning over £100,000 in £10,000 bandings.

Issue 8: There is not enough transparency when it comes to reporting maintained school income and expenditure

31. The DfE believe it would add significantly to transparency if there were a requirement for individual maintained schools to publish annually on their websites their latest Consistent Financial Reporting (CFR) statements.
32. Proposal 8: The DfE propose that all maintained schools should be required to publish annually on their website their latest CFR statement of income, expenditure and balances.

Academy Self-Assessment Tool and the Schools Financial Value Standard (SFVS)

33. Maintained schools are required to complete annually the SFVS – signed by the chair of governors and returned to the local authority. With effect from April 2019 the SFVS comprises 29 questions in relation to value and governance and a dashboard enabling schools to look at where they stand on a range of measures compared to similar schools.
34. In 2018 the DfE launched a similar tool for academies, the Self-Assessment Tool for academy trusts which is not currently mandatory.
35. The DfE have now decided to make the Self-Assessment Tool mandatory for academies with effect from the end of the 2018/19 academic year to ensure there is no area in which they are requiring a weaker accountability of academies than of maintained schools.

Consultation Response

The consultation deadline is 30 September, individual schools may wish to submit their own responses to the consultation also.

Financial Transparency of Local Authority Maintained Schools and Academy Trusts

Shropshire's draft response to the consultation

Issue 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections.

Draft response:

SFVS – Where the local authority can evidence the steps taken to aim to ensure schools comply with the SFVS requirement, the individual schools rather than the local authority should be named.

Issue 2: Strengthening DSG annual assurance returns

Draft response:

Neither agree nor disagree. Fraud information is already shared on the open data website.

Issue 3: Maintained schools are not required to provide local authorities with 3-year budget forecasts

Draft response:

Agree with proposal although detailed guidance and template needs to be provided to schools to ensure quality of budget forecast information received.

Issue 4: Strengthening Related Party Transaction arrangements in maintained schools

Draft response:

Agree although this will require additional administration resources

Issue 5: Maintained schools internal audit is too infrequent

Draft response:

Disagree. Schools currently complete a self-assessment reflecting their internal control environment and highlighting to them their areas for improvement. That, the SVFS and themed audits help to reflect the control environment.

The proposal is not aligned to risk based auditing which is the expectation of the Public Sector Internal Audit Standards (PSIAS), these are mandatory. This would skew the internal audit arrangements of Shropshire Council, it would not be proportionate nor reasonable. There would be increased resource requirements and additional costs of more than c£50,000k.

(Please add to table at the base of consultation too). Based on salaries/overheads and number of school audits to be completed on a cyclical basis. The Council already has a process of examining school controls based on risk. Compliance is assessed in wider themed audits (payroll/ creditors/ debtors/ budget management, etc) as well as specific school audits. All audit areas examined are reported to a public audit committee, regardless of budget size, and heads can be called to account. The results of all audit reviews are reported to teaching staff and governors and any concerns escalated to the Director of Children's Service and Audit Committee for action with the school, therefore the process is more independent and transparent than academies.

Looking at the scrutiny processes of academies, some descriptions are akin to independent management checks, this is different to a prescribed internal audit review under mandatory standards which is much more robust and independent.

It is interesting to note that the consultation, which has referred to resource requirements elsewhere, was shy of noticing that this proposal would be resource intensive.

Issue 6: Strengthening arrangements to help schools that are in financial difficulty

Draft response:

Agree. In Shropshire a recovery plan at any level of deficit is required from a school before a licensed deficit plan is approved.

Whilst support from the DfE for schools in financial difficulty is welcomed our recent experience of the SRMA support was very disappointing. There must be clear evidence of the cost effectiveness of the SRMA initiative if it is to be continued.

Issue 7: There is not enough transparency when it comes to reporting high pay for school staff

Draft response:

Issue 8: There is not enough transparency when it comes to reporting maintained school income and expenditure

Draft response:

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Schools Forum

Date: 12 September 2019

Time: 8:30 a.m.

Venue: The Guildhall,
Frankwell, Shrewsbury
SY3 8HQ

Paper

D

Public

School Resource Management Advisor Support

Responsible Officer Gwyneth Evans

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Summary

The Department for Education (DfE) has rolled out the deployment of independent School Resource Management Advisors (SRMAs) nationally to work with local authority maintained schools and academies. Their role is to support schools in making effective use of their available resources to provide the best possible education for pupils.

A national pilot programme run during the academic year 2017/18 had identified over £35m of savings and income generation opportunities in schools and academy trusts. Shropshire maintained schools were not part of the pilot programme.

Shropshire local authority was contacted by the DfE and offered the use of an SRMA to work with up to two Shropshire maintained schools during the summer term 2019.

This report provides details of the SRMA work undertaken in Shropshire with one secondary and one primary maintained school.

Recommendation

This report is for information only.

REPORT

Background

1. Over the course of the 2017/18 academic year, the DfE, through the Education and Skills Funding Agency (ESFA), has piloted using School Resource Management Advisors (SRMAs) to support maintained schools and academy trusts. Shropshire maintained schools were not included in the pilot programme.
2. As part of the pilot the ESFA commissioned independent SRMAs to provide impartial, expert business advice to schools and academy trusts. This included

how to make best use of their revenue and capital resources to deliver educational outcomes and contribute to whole-school improvement. SRMAs work through a school's financial information to identify ways to improve how they deploy staff or make more effective use of non-staff resources. SRMAs also consider whether the school or trust uses an integrated curriculum and financial planning (ICFP) approach and how they carry this out.

3. The pilot programme identified £35m of savings and income generation opportunities in schools and academy trusts and therefore the DfE has now rolled the initiative out to schools and academies in all local authority areas nationally.
4. Shropshire local authority was contacted by the DfE in March 2019 and offered the use of an SRMA from MLG Education Services Limited, Warwick, to work with up to two Shropshire maintained schools during the summer term 2019.

School Resource Management Advisor support in Shropshire

5. The local authority approached the Community College Secondary School and Crowmoor Primary School with the offer of support. Both schools welcomed the opportunity for an independent review of their finances and financial management by a SRMA with a view to identifying savings and income generation opportunities. The schools are in different financial situations.
6. The Community College currently achieves around a breakeven in-year budget position each year but a historic deficit remains which needs addressing from identifying further savings or generating additional income.
7. Crowmoor Primary School has historically held healthy surplus balances but their forward financial planning indicated in-year budget deficits and therefore the need to make savings or generate additional income was required to ensure continued financial security.
8. The appointed SRMA visited both schools to gather financial and curriculum planning data, meeting with the School Business Manager, Headteacher/Deputy Headteacher and Local Authority Funding Policy Officer. The review focused on teacher contact ratios, staffing and non-staffing levels of expenditure and used the SFVS dashboard tool to compare levels with national benchmarking data to identify cost saving areas.
9. The SRMA concluded that there were very few opportunities for cost savings from the data reviewed at either school and no opportunities for income generation were identified.
10. The SRMA's final report for the Community College identified a total potential cost saving of £49k being the equivalent of 1fte teacher, based on national expected teacher contact ratios, but stated that 'the school must consider this option carefully if this action results in an issue with delivering its curriculum, especially with fluctuating pupil numbers between 3 and 4 form entry'.
11. The SRMA's final report for Crowmoor School identified a total potential cost saving of between £2k and £5k in relation to premises related costs at the school based on national financial benchmarking data.

12. The potential savings identified in both schools were identified by the SRMA by the use of comparative national benchmarking data. Shropshire schools have been using national benchmarking data to review their costs and identify potential areas for savings for many years and it was disappointing that no creative financial savings or income generation options were offered by the SRMA.
13. The final reports for both schools gave no additional information than the schools had already identified for themselves. The Community College was already aware of the inevitable inefficiency of staffing for four form entry with year groups of around 100 on roll. Likewise, given the nature of the Crowmoor Primary School building, slightly above average premises costs for a school of their number on roll had already been identified and considered by the school.
14. Given the inability of the SRMA to identify sufficient achievable savings at either school the conclusion can be drawn that the financial difficulties experienced in Shropshire schools are as a result of insufficient funding rather than a lack of good financial management. On this basis the need to continue to lobby government for additional funding for all Shropshire schools remains a priority.

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Schools Forum

Date: 12 September 2019

Time: 8:30 a.m.

Venue: The Guildhall,
Frankwell, Shrewsbury
SY3 8HQ

Paper

E

Public

Final Dedicated Schools Grant (DSG) 2018-19

Responsible Officer Gwyneth Evans

e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865 Fax: 01743 254538

Summary

The Department for Education (DfE) announced provisional 2018-19 local authority Dedicated Schools Grant (DSG) allocations in December 2017 and further updates in March 2018 and May 2018 which have previously been reported to Schools forum. In July 2019 the DfE announced final 2018-19 local authority DSG allocations.

This report provides a summary of Shropshire's final 2018-19 DSG allocation comparing it with Shropshire's provisional 2018-19 DSG allocation.

Recommendation

This report is for information only.

REPORT

1. In January 2018 Schools Forum members received a report summarising the funding blocks making up Shropshire's 2018-19 provisional DSG allocation and listing the key financial headlines for each of the blocks.
2. Shropshire's 2018-19 provisional DSG allocation was updated during the financial year to include recouplement for academies and deductions for high needs places funded by the ESFA.
3. A final update to the 2018-19 DSG allocation was received in July 2019. A summary of the provisional 2018-19 DSG (as presented to Schools Forum in June 2018) and the final 2018-19 DSG announced in July 2019, is shown in the table below.

4.

| | Provisional DSG (as at Dec 17) £m | Recoupment / Early Years Adjustment / Deductions for HN places and Import/Export Adjustment £m | Final DSG (as at July 19) £m |
|---------------------------------------|--|---|---|
| Schools Block | 157.872 | -82.475 | 75.397 |
| Early Years Block | 15.001 | +0.399 | 15.400 |
| High Needs Block | 25.077 | -4.169 | 20.908 |
| Central Schools Services Block (CSSB) | 3.160 | 0 | 3.160 |
| Total DSG | 201.111 | -86.245 | 114.865 |

5. The Schools Block adjustment shown in the table above relates to the recoupment of budget shares in relation to 57 Shropshire academies calculated through Shropshire's local funding formula. The funding is recouped from Shropshire's DSG and passed to the individual academies by the Education and Skills Funding Agency (ESFA).
6. The Early Years Block adjustment relates to updated part time equivalent (pte) funded two, three and four year olds to reflect 5/12ths of the January 2018 school census and early years census and 7/12ths of the January 2019 school census and early years census, providing additional funding of £401,102, along with a small decrease to the Early Years Pupil Premium grant of £2,604.
7. The High Needs Block adjustment relates to:
- deductions in relation to direct funding of high needs places by the ESFA totalling £4.808m
 - an increase in funding of £0.627m in relation to Shropshire's share of the extra £250m made available nationally to local authorities over the two years 2018-19 and 2019-20, and
 - a reduction to our import/export deduction of £0.012m to reflect January 2018 school census high needs pupils' data and February 2018 RO6 ILR data (age 16 to 18 and 19 to 24 year olds with EHC plans). The import/export adjustment reflects the net place funding costs of other local authority pupils placed in our high needs settings and Shropshire high needs pupils placed in other local authority settings. Shropshire is a net exporter of high needs pupils and our 2018-19 import/export adjustment has reduced from a provisional deduction of £0.816m to a final deduction of £0.804m in 2018-19.
8. Shropshire's final DSG allocation for 2018-19, after recoupment for academies and deductions for direct funding of high needs places by ESFA, totals £114.865m.



Schools Forum

Date: 12 September 2019

Time: 8:30 a.m.

Venue: The Guildhall,
Frankwell, Shrewsbury
SY3 8HQ

Paper

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Public

Updated Dedicated Schools Grant (DSG) 2019-20

Responsible Officer Gwyneth Evans

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Summary

The Department for Education (DfE) announced provisional 2019-20 local authority Dedicated Schools Grant (DSG) allocations in December 2018, as reported to Schools Forum on 17 January 2019. In March 2019 the DfE announced an update to the DSG allocation for the 2019-20 financial year. A further update was received in July 2019.

This report provides a summary of Shropshire's latest updated 2019-20 DSG allocation comparing it with Shropshire's previous provisional DSG allocation as reported to Schools Forum in June 2019.

Recommendation

This report is for information only.

REPORT

1. In January 2019 Schools Forum members received a report summarising the funding blocks making up Shropshire's 2019-20 provisional DSG allocation and listing the key financial headlines for each of the blocks.
2. Shropshire's 2019-20 provisional DSG allocation was updated in March 2019 to include recoupment for academies and deductions for high needs places funded by the ESFA at that point. This was presented to Schools Forum in June 2019.
3. A further update was received in July 2019 including adjustments to academy recoupment in relation to recent convertors, the early years' provisional allocation and the High Needs import/export adjustment.
4. A summary of the provisional 2019-20 DSG (as presented to Schools Forum in June 2019) and the latest updated 2019-20 DSG announced in July 2019, is shown in the table below.

5.

| | Provisional DSG (as at Dec 18) £m | Recoupment / Deductions for HN places (as at March 19) £m | Provisional DSG (as at March 19) £m | Recoupment / Early Years Adjustment / HN Import/Export Adjustment (as at July 19) £m | Latest DSG (as at July 19) £m |
|---------------------------------------|--|--|--|---|--|
| Schools Block | 160.063 | -99.824 | 60.239 | -0.416 | 59.823 |
| Early Years Block (Provisional) | 15.155 | 0 | 15.155 | +0.409 | 15.565 |
| High Needs Block | 26.056 | -4.800 | 21.256 | -0.288 | 20.968 |
| Central Schools Services Block (CSSB) | 3.190 | 0 | 3.190 | 0 | 3.190 |
| Total DSG | 204.465 | -104.624 | 99.841 | -0.295 | 99.546 |

6. The latest (July 2019) Schools Block adjustment shown in the table above relates to the additional recoupment of the budget share of a school converting to academy status on 1 April 2019, calculated through Shropshire's local funding formula as £416,216. The funding is recouped from Shropshire's DSG and passed on to the academy by the Education and Skills Funding Agency (ESFA). The DSG recoupment will be updated throughout the financial year to reflect any further academy conversions.
7. The latest Provisional Early Years Block adjustment relates to updated provisional part time equivalent (pte) funded two, three and four year olds to reflect the January 2019 school census and early years census, providing additional funding of £400,479, along with a small increase to the Early Years Pupil Premium grant of £8,972.
8. The latest High Needs Block adjustment relates to an update to our import/export adjustment to reflect January 2019 school census high needs pupils' data and February 2019 RO6 ILR data (age 16 to 18 and 19 to 24 year olds with EHC plans). The import/export adjustment reflects the net place funding costs of other local authority pupils placed in our high needs settings and Shropshire high needs pupils placed in other local authority settings. Shropshire is a net exporter of high needs pupils and our 2019-20 import/export adjustment has increased by £288,000 to a total deduction of £1.092m to our High Needs Block funding.
9. Shropshire's latest remaining DSG for 2019-20, after recoupment for academies and deductions for direct funding of high needs places by ESFA, equates to £99.546m.



Schools Forum

Date: 12 September 2019

Time: 8:30 am

Venue: The Guildhall,
Shrewsbury

Item

Public

Paper

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DEDICATED SCHOOLS GRANT MONITORING

Responsible Officer Stephen Waters
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Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of August 2019.

Recommendation

This report is for information only.

REPORT

1. The overall 2019-20 outturn against centrally retained DSG is forecast to be £1.558m in deficit as at the end of August 2019. It should be noted that this figure is the in-year deficit and needs to be added to the £0.879m overspend carried forward from 2018-19 in order to give the overall cumulative deficit position of £2.437m.

Centrally Controlled High Needs Budget

2. The centrally controlled High Needs Block is the largest budget area within central DSG accounting for £19.130m of the £38.273m central DSG budget in 2019-20. The £19.130m budget excludes the place funding element of the High Needs Block totalling £7.035m but does include the transfer of £0.397m funding from the Schools Block to the High Needs Block as approved by Schools Forum.
3. Overall, the High Needs Block forecast to be £1.393m in deficit as at the end of August 2019. Given that the £0.397m of high needs funding represents a one-off transfer of funding from the Schools Block, this indicates that the High Needs Block allocation to Shropshire is insufficient to meet expenditure requirements if current spending levels continue.

4. The main reasons for a variation from budget of greater than £0.100m falling within the High Needs Block are detailed below.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools

5. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a net forecast overspend of £0.181m. This overspend reflects a pressure of £0.036m on top-up funding paid to mainstream schools where the 2019-20 budget has remained at the level budgeted in 2018-19 which is £3.535m. It is noteworthy that the projected 2019-20 expenditure figure of £3.570m is considerably less than the final 2018-19 expenditure figure of £4.191m.
6. A possible explanation for this is that 2018-19 was the second year of a transitional period following the introduction of the Graduation Support Pathway in 2017-18 where there was a short term increase in expenditure required to support this strategy. For context, the Graduated Support Pathway was introduced in 2017-18 as a strategy to support schools to meet the needs of children with low cost, high frequency need (SEND Support). The Graduated Supported Pathway aims to provide additional funding to supplement element 2 funding which comes directly through the Schools Block of DSG. The long term aim is that the local authority will see a reduction in the number of Education Health Care (EHC) plans to bring Shropshire's percentage of EHC Plans per population down in line with the national average. Work has commenced to understand the ongoing cost of this strategy and while the forecasted spend in this report does potentially indicate that spend on mainstream top-up funding is returning to levels experienced prior to the introduction of the Graduated Supported Pathway, more time is needed to review top-up funding levels over the first few months of the new academic year.
7. Within budget lines 1.2.1 and 1.2.2 is the budget for special school top-ups for both maintained and academies. Here, there is a forecast overspend of £0.096m and this relates to the Special School academy where there is a projected expenditure of £2.453m for Pre-16 pupils and £0.489m for Post-16 pupils. This compares to figures of £2.380m and £0.445m in 2018-19.

Line 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

8. An overspend of £1.197m is reported in this budget area. The key budget areas are detailed below:

Independent Special Schools

9. The budget for Independent Special School placement costs has been set at £4.538m. In 2018-19 the outturn figure was a £5.432m which was £0.633m higher than in 2017-18 and a large overspend of £0.913m. Given that the budget has stayed at approximately the same level as in 2018-19 this shows that the budget pressure on Independent Special School placement costs is an ongoing budget pressure that has continued from 2018-19.

10. A placement tracker spreadsheet that tracks costs of individual placements is maintained throughout the financial year. The overall budget for Independent Special Schools is divided into 3 distinct areas. These are; lower cost non-residential placements, higher cost residential placements and joint funded placements where Education is making a contribution to placements where the total cost is also partially funded by Social Care and/or Health budgets.
11. Using the placement tracker spreadsheet that tracks costs of individual placements, the projected overspend against this budget is £1.185m with projected expenditure of £5.722m projected to be £0.290m higher than in 2018-19.
12. This is based on all summer term and some autumn term invoices paid on the Council's financial system, and known projected placement end dates.
13. During the summer term there were 90 Education led placements. Of these, 54 children were placed in either one of 2 low cost non-residential settings where the average cost of placement is relatively low at £0.034m. The budget for these non-residential placements at these 2 settings was based on 50 placements at the cost of £0.033m and the resulting overspend against these placements is £0.215m due to these 4 additional placements. The increase in placement numbers in 2018-19 is explained by increased demand at our lower cost, non-residential providers. Demand for increased placements at these two providers is indicative of a bigger issue around challenging behaviour across the county which reflects the national picture. It is also a direct result of Shropshire's maintained social, emotional and mental health (SEMH) provision being at full capacity.
14. In addition to these non-residential placements at the 2 specific settings, there were an additional 36 children placed at other education led placements. The majority of these placements are at residential settings where the annual cost can exceed £0.200m per child per annum. In relation to these placements the budget was set based on 33 residential placements at a cost of £0.069m per placement, however the projected cost of these placements is £0.259m higher than budgeted due to the 3 additional placements.
15. In addition to the placements above, there are a number of placements where education agrees a contribution towards a joint funded placement alongside Health and Social Care. These are the most complex cases and it is these placements where we have seen the highest growth in numbers with 17 complex cases receiving an education contribution. This is a continuing pressure from 2018-19 and the overspend in relation to these placements is £0.711m.
16. These trends follow the national picture being reported by the f40 group of local authorities during a survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, and higher contributions from education towards joint social care placements.

National Context and Next Steps

17. The Department for Education now requires Local Authorities to submit a financial recovery plan in the event that their cumulative DSG overspend at the end of a financial year, exceeds 1% of their DSG allocation. Given that Shropshire's DSG allocation for 2019-20 is currently £204.587m the 1% threshold is equal to £2.046m and therefore the current cumulative deficit position being reported of £2.437m breaches this limit and triggers the requirement for a detailed financial recovery plan to be submitted to the Department following the close of the financial year.
18. In light of the above, officers are continuing to work to establish a financial plan to bring back to Schools Forum. Any plan will have an impact on policy, therefore a number of options are being identified alongside any associated risks. A High Needs Funding Task & Finish Group has been meeting to explore ways in which the overspend can be brought under control with the minimum of impact on service users.
19. Nationally it has been announced that £700m extra funding for schools pledged by the government next year will form part of the 'high needs block' of the dedicated schools grant. Local Authorities await further announcements on the details but this is good news given the extent of the overspend described above.

APPENDIX

CENTRALLY RETAINED DEDICATED SCHOOLS GRANT FUNDING PERIOD (2019-20)

| | 2019-20 Budget £ | 2019-20 Forecast Spend £ | 2019-20 Variance £ |
|--|--|--------------------------------|--------------------------|
| DEDELEGATED ITEMS | | | |
| 1.1.1 | Contingencies | 100,000 | 0 |
| 1.1.2 | Behaviour Support Services | 0 | 0 |
| 1.1.3 | Support to UPEG and bilingual learners | 0 | 0 |
| 1.1.4 | Free school meals eligibility | 0 | 0 |
| 1.1.5 | Insurance | 0 | 0 |
| 1.1.6 | Museum and Library Services | 0 | 0 |
| 1.1.7 | Licences/subscriptions | 0 | 0 |
| 1.1.8 | Staff costs Maternity supply cover | 260,000 | 0 |
| 1.1.9 | Staff costs Trade Union Duties | 27,770 | -6,186 |
| | DEDELEGATED ITEMS SUB TOTAL | 387,770 | -6,186 |
| CENTRALLY CONTROLLED EARLY YEARS BUDGET | | | |
| 1.3.1 | Central Expenditure on Children under 5 | 316,190 | 0 |
| 1.0.1 | Individual Schools Budget - Early Years PVI's and Maintained Nursery Provision | 15,248,430 | 0 |
| | CENTRALLY CONTROLLED EARLY YEARS SUB TOTAL | 15,564,620 | 0 |
| CENTRALLY CONTROLLED HIGH NEEDS BUDGET | | | |
| 1.2.1 | Top Up funding - Maintained Providers | 4,110,270 | -36,048 |
| 1.2.2 | Top Up funding - Academies, Free Schools and Colleges | 6,473,480 | 217,478 |
| 1.2.3 | Top Up funding - Non-Maintained and Independent Providers | 4,959,730 | 1,196,969 |
| 1.2.4 | Additional High Needs Targeted Funding for Maintained Schools and Academies | 259,450 | 0 |
| 1.2.5 | SEN Support Services | 1,926,390 | 44,494 |
| 1.2.6 | Hospital Education Services | 170,190 | -19,190 |
| 1.2.7 | Other Alternative Provision Services | 99,050 | 0 |
| 1.2.8 | Support for Inclusion | 1,131,600 | 87,869 |
| 1.2.9 | Special Schools and PRUs in Financial Difficulty | 0 | 0 |
| 1.2.10 | PFI / BSF Costs at Special Schools and AP / PRUs | 0 | 0 |
| 1.2.11 | Direct Payments (SEN and Disability) | 0 | 0 |
| 1.2.12 | Carbon Reduction Commitment Allowances (PRUs) | 0 | 0 |
| | CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL | 19,130,160 | 1,491,572 |
| CENTRAL SCHOOL SERVICES BLOCK | | | |
| 1.4.1 | Contribution to combined budgets | 852,110 | -1,490 |
| 1.4.2 | Schools Admissions | 228,340 | 13,350 |
| 1.4.3 | Servicing of Schools Forums | 10,000 | 0 |
| 1.4.4 | Termination of employment costs | 972,920 | 0 |
| 1.4.5 | Falling Rolls Fund | 0 | 0 |
| 1.4.6 | Capital Expenditure from Revenue (CERA) | 0 | 0 |
| 1.4.7 | Prudential Borrowing Costs | 295,350 | 0 |
| 1.4.8 | Fees to independent schools without SEN | 0 | 0 |
| 1.4.9 | Equal Pay - Back Pay | 0 | 0 |
| 1.4.10 | Pupil growth / Infant Class sizes | 0 | 0 |
| 1.4.11 | SEN Transport | 0 | 0 |
| 1.4.12 | Exceptions agreed by Secretary of State (Deficit) | 0 | 0 |
| 1.4.13 | Other Items (Copyright Licensing Agency fee) | 216,630 | 0 |
| | Ongoing duties | 615,130 | 60,520 |
| | CENTRAL PROVISION WITHIN SCHOOLS BUDGET SUB TOTAL | 3,190,480 | 72,380 |
| | TOTAL CENTRAL DSG | 38,273,030 | 1,557,766 |

| | £ |
|---|------------------|
| DEFICIT CARRIED FORWARD FROM PREVIOUS YEARS | 879,465 |
| PROJECTED 2019-20 IN YEAR DEFICIT | 1,557,766 |
| CUMULATIVE CENTRAL DSG DEFICIT | 2,437,231 |

Breakdown of total DSG:

| | |
|--------------------------|-------------------|
| TOTAL CENTRAL DSG | 38,273,030 |
|--------------------------|-------------------|

| High Needs Budget - Place Funding | |
|---|------------------|
| Post 16 FE Colleges | 526,000 |
| Pre and Post 16 SEN Places - Special Academies | 4,050,000 |
| Pre and Post 16 SEN Places - Resourced Provisions | 208,340 |
| Post 16 Mainstream Provision | 16,000 |
| Total deduction to 2018-19 High Needs Block for direct funding of places by ESFA | 4,800,340 |
| TMBS | 1,460,000 |
| Pre and Post 16 SEN Places - Special Mainstream | 774,997 |
| Total deduction to 2019-20 High Needs Block for central funding of places | 2,234,997 |
| HIGH NEEDS BUDGET - Place Funding | 7,035,337 |

| | |
|---|--------------------|
| INDIVIDUAL SCHOOLS BUDGET SHARES | 159,278,450 |
|---|--------------------|

| | |
|------------------|--------------------|
| TOTAL DSG | 204,586,817 |
|------------------|--------------------|

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