

MEETING OF THE SCHOOLS FORUM

Wednesday 15 June 2016 at 8:30am

BETHNAL GREEN CENTRE, 229 Bethnal GREEN ROAD, E2 6AB

AGENDA

| | | |
|-----|--|-------------------------------|
| 1. | Apologies for absence | |
| 2. | Minutes of the meeting on 20 April 2016 and matters arising | Chair |
| 3. | Schools Budget 2015/16 – Outturn position | Bharat Jashapara |
| 4. | Budget Report for 2016/17 | Sailesh Patel |
| 5. | School Surplus Balances Analysis | Sailesh Patel |
| 6. | Schools Financial Value Statement | Sailesh Patel |
| 7. | National Funding Formula Consultation and Government White Paper Update – Verbal Update | Bharat Jashapara |
| 8. | FSM Eligibility Pilot | James Coumbe/ Benn Huntley |
| 9. | THE Partnership – Verbal Update | Kate Bingham / Cath Smith |
| 10. | Any other business | |
| 11. | <ul style="list-style-type: none">Next meeting 8:30am, 28 or 29 September 2016 at the PDC, Bethnal Green (TBC) | |

MINUTES OF THE SCHOOLS FORUM – 20 APRIL 2016

Present:

School Members

Governors: Jill Cochrane (Chair), Bob Stevenson, Md Shahanur Khan, Pip Pinhorn and Bridget Cass.

Headteachers: Cath Smith (Vice-chair), Gillian Kemp, Lorraine Flanagan, Sarah Helm, Sheila Mouna, Remi Atoyebi, Matthew Rayner, Gerry McDonald and Brenda Landers.

Non School Members

Kim Arrowsmith (PVI EYs Providers), Alex Kenny (Trade Union Rep)

Officers in attendance

Terry Parkin, Kate Bingham, Sajeed Patni, Sailesh Patel, Eimear Hurley (clerk).

| 1. Apologies for absence | Action |
|--|--------|
| Apologies were received from Dave Lake, Ann O'Reilly, Kim Arrowsmith, Veronica Kennard, Dennis Jenner, Jemima Reilly, Joe Prendville, Mahmud Choudhury, Joan Harte, Lynn Cottle, Terry Bennett and Debbie Jones | |
| 2. Minutes of the meeting on 2 March and matters arising | |
| Minutes agreed. | |
| 3. School Budget 2015/16 (verbal update) | |
| Sajeed Patni reported that the final outturn figures for 2015/16 are being collected from schools. The projections estimate the in-year position will result in an underspend on retained activities of £2.7m, which would supplement the £1.7m unallocated DSG / EFA grant to give a forecast year-end carry-forward of c. £4.4m. | |
| 4. National Funding Formula Consultation and Government White Paper update (report circulated) | |
| <u>National Funding Formula Consultation</u> Sajeed Patni reported on the LA's response to the National Funding Formula (NFF) consultation and Government White paper (appendix 2). A presentation at the next Director's meeting with Governors will be made, the paper has been circulated to Heads and an article has also been included in the Director's report to Governors. The projections suggest a drop in funding of 12-18% for Tower Hamlets schools, London Councils modelling suggests a 14.2% reduction for Tower Hamlets schools which amounts to c.£1000 per pupil. However, full proposals including the financial impact of the | |

NFF at school and local authority level will not be published until a second consultation later this year. Simultaneously a consultation has also been issued for a national funding formula for the High Needs element of the DSG. A consultation for the Early Years element will be issued later in the year.

The schools funding formula will have four blocks. There will be basic per pupil funding cost which will be the same for all children set at 3 rates for primary, KS3 and KS4. The second block will form additional needs funding (deprivation, FSM, low prior attainment, EAL). The third block will be for schools costs which will be allocated at historic levels of spend based on growth, PFI, exceptional premises circumstances and rates. The fourth block will be set according to geographic costs. Again, the finances and weighting have not yet been published.

The Council currently receives an education services grant of £92 per pupil and within that allocation there is a general funding rate per pupil which equates to £3.1million for the Council. The DfE's proposal is to take that away from September 2017. The central services block, including the remaining educational services grant and the additional funding that the LA gets from schools through Schools Forum currently fund services such as admissions and redundancies. In terms of implementing the NFF the DfE will fund schools directly and neither Schools Forum nor LAs will be involved.

The consultation proposes a Minimum Funding Guarantee (MFG) at a school level. In the past this has been set at 1.5% and means no school would lose more than 1.5% of its funding from year to year. There is no information on what the MFG will be in this consultation, although it is expected to be much higher than 1.5%.

Government White Paper update

The government's White Paper, *Educational Excellence Everywhere*, was issued on 17 March 2016.

The White Paper sets out the government's plans for all schools to either become academies, or be in the process of converting to academy status, by the end of 2020 or 2022 at the latest. In the future, the LA's duties will include ensuring every child has a school place, ensuring the needs of vulnerable pupils are met and acting as champions for all parents and families.

Alex Kenny, NUT, said that he thought that the LA's response to the consultation was very good. He said that it is important that members assert that Schools Forum should continue to exist. He said that the proposal to remove parents from Governing Bodies is a key issue within the White Paper and one that Governors should be made aware of. When an academy becomes part of a Multi-Academy Trust (MAT) it is possible for Governing Boards to be removed altogether and for the MAT to be managed by the Trust. Terry Parkin said that Governing Boards should conduct a skills audit when determining its members and the contribution

of parents would form an important part of that audit process.

Alex said that it is the view of the NUT that details within the White Paper are not yet fixed, and it is therefore important for schools, Governors and parents to make their voices heard. Alex offered to circulate information about parent groups that are emerging to Heads, which was agreed. Two petitions have raised over 100k signatures online so the matter will have to be debated in Parliament.

Terry Parkin said the academy conversion process is complex – issues around land and pensions need to be established, for example. A number of LAs have written to schools to inform them that they will be charged £25k to convert to an academy. LBTH have calculated that the cost of conversion will be between £25-50k per school and £100k for PFI schools.

Statistical analysis of school performance by district authority level has been published on the DfE website but has not been well publicised. The analysis does not support the view that inner city schools benefit from becoming an academy.

Cath Smith said that it was important to recognise that the climate is very destabilising and the impact that all the uncertainty is having. A discussion was had about what the LA and schools could do. It was agreed that it should become a standing item on the agenda at Schools Forum so that issues around funding are discussed regularly. Members discussed the possibility of forming a working party to respond to the second phase of the consultation. It was also agreed that schools, Governors and community members should be encouraged to write to the DfE and voice their concerns.

Alex Kenny said that he has met with Rachel Saunders to discuss the NUT's plans to hold a series of meetings around the borough in different neighbourhoods, called by local Councillors to inform the community about the impact of the proposals.

5. Tower Hamlets Education Partnership update

Cath Smith said that the discussions around the Partnership have evolved considerably over the past few months. Working parties have been developing the proposal further and plan to launch it fully at the Director's meeting with Governors on 26 April and the Heads Forum on 27 April. The Partnership will be seeking to work with the existing School Improvement team to continue to drive standards in all schools across Tower Hamlets, not just those who are struggling. The Partnership will also look at what else it can offer, looking at what is provided currently and what could move over from the LA. This could be both statutory School Improvement services plus traded ones, as well as peer reviews, development programmes, CPD, innovation and research. This would be for the benefit of pupils in all age groups and settings.

| | |
|---|--|
| <p>The intention is to go through an interim phase, launch and have an interim board and advisory council to take the shape of the Partnership forward.</p> <p>The Regional Schools Commissioner has been very supportive of the Partnership and is interested in the school to school support and improvement service that it can provide.</p> <p>The Local Authority remains very supportive of the Partnership.</p> <p>Kate Bingham said that the irrespective of the White Paper, elected members remain keen to support education and is mindful of Tower Hamlets' journey over the past 20 years. The LA have proposed the Cabinet support the formation of the Partnership and provide seed funding in the form of a grant – that the Commissioners must approve – that would enable the Partnership to grow and seek opportunities without worrying about fixed costs. The grant sum is being negotiated at the moment and will go to Cabinet in early May.</p> <p>Cath said that the Partnership offers a central voice and a forum for information to be shared. Integrated services working effectively together have contributed to the success of Tower Hamlets schools and there is a risk that schools would lose the benefits of that work if there is no entity to pull services together.</p> <p>At the Director's meeting with Governors, a prospectus will be shared that will provide a summary of the Partnership's proposal. A website is also going to be launched that will have more information available.</p> <p>Terry said that there is tremendous support within the current School Improvement teams for the Partnership and that colleagues are keen to be involved.</p> <p>Alex Kenny said that the trade unions are also supportive and consider the Partnership to be more important now than ever.</p> <p>Md Shahanur Khan asked what plans are in place to involve parents. Cath said that in addition to the Partnership being launched and shared with Governors, including parent Governors at the next Director's meeting, a flyer is being developed that can be circulated to all parents.</p> <p>Cath Smith and Kate Bingham were thanked.</p> | |
| <p>6. Schools Surplus Balances – Verbal update</p> <p>Sajeed said that following the report at the March meeting of the Schools Forum, the LA have decided to commission consultancy service from Mazars to do some detailed work on the surplus balance of the 33 identified schools. The scope of the work is being finalised and is estimated to cost between £10-£20k. The timeframe will be brought to the next meeting of the Schools Forum.</p> | |

| | |
|--|--|
| <p>7. Tower Hamlets Education Award (Higher Education) (circulated)</p> <p>Terry Parkin gave some historical detail to the Tower Hamlets Education award – a scheme that awarded £750 to eligible Sixth Formers going to university. The money had not been tracked or monitored and the Commissioners highlighted it as an area for review. Mayor Biggs has made a commitment to continue the awards but in such a way that is targeted and has a measurable impact. Establishing a way forward has been complex and involved consultation with secondary Heads and the 14-19 partnership board. The LA knows that students select universities close to home for a number of reasons. There is anecdotal evidence that students are not taking up apprenticeships as it impacts on their family incomes through the changes to the bedroom tax system. A proposal has been drawn up for how the award could be distributed, and that paper has been through the internal process, the Cabinet and to the Commissioners. It has been decided that £600k will be made available to be paid to schools for them to determine how they can promote post 16 and post 18 education with students who live in Tower Hamlets who qualify for FSM. A brief has been written on how the money should be spent, and the Commissioners are in agreement that this is an appropriate process. The new system will be more inclusive with students from Special schools eligible for the first time, as well as those from Tower Hamlets College and academies. Schools will have oversight of the money and will be asked to provide information on impact. In response to questions about how schools will manage this, Secondary Heads said that they already track and monitor students when they leave so being accountable for the award will not form an additional burden.</p> <p>Members were asked to agree that Schools’ Forum provides a useful adjunct to monitoring the impact of the awards.</p> <p>AGREED – unanimously</p> <p>Members were asked to agree that existing DSG pathways should be utilised for paying the awards, but that these would be offset by a transfer of an equivalent amount from earmarked monies in the Council’s General Fund.</p> <p>AGREED – unanimously</p> | |
| <p>8. Any other business</p> <p>It was announced that today would be Sajeed Patni’s last meeting as he will be leaving to lead the finance team at Mulberry. Members thanked him for his work and wished him all the best for the future.</p> | |

Next meeting: Wednesday, 15th June

AGENDA ITEM 3

Title of report: Schools Budget 2015/16

Author of the paper: Bharat Jashapara

Officer to present the paper to Schools Forum: Bharat Jashapara

Details on who has been consulted with on this paper to date:

Kate Bingham, Sailesh Patel

Executive Summary

This report explains the key points about the outturn position for the Schools Budget for 2015/16.

The previous report to Schools Forum in March 2016 had indicated that there would be an in-year underspend of £2.684m on top of unallocated funding of £1.698m during 2014/15, suggesting a cumulative carry-forward of £4.382m for 2015/16.

The outturn position has confirmed that there is an improvement of £1.692m on the in-year position meaning that **the unallocated retained DSG at 31st March 2014 is £6.074m.**

The anticipated underspend is largely attributable to Early Years and the target for 2 year old participation being unmet, which has been reported to Schools Forum during the course of the year. Since the last report, there have also been underspends in High Needs and Central Provision.

Schools' individual surplus balances have decreased in aggregate by **£3.518m** to **£30.705m.**

Details of recommendations and timescales for decisions:

Schools Forum is asked to:

- a) note and comment on the information in this report.

1. 2015/16 Schools Budget outturn- overview

1.1 **Table 1** below sets out the total available funding for the 2015/16 Schools Budget, how much was spent during the year and how much was left at the end of March 2016 to carry forward into 2016/17.

1.2 This confirms that the combined DSG for 2015/16 (including the amount deducted by the EFA for Academy Recoupment), the DSG brought forward from 2014/15, the LA Contribution for 2015/16 and the funds provided for EFA Post 16 grant all amount to £349.419m. As only **£343.345m** was spent, there is £6.074m to carry forward into 2016/17.

Table 1:

| Component | Amount £m |
|--|------------------|
| Final net DSG 2015/16 provided to the Local Authority (confirmed by DfE) | £298.658m |
| Plus the cost of Academy Recoupment deducted at source by Education Funding Agency | £20.525m |
| Plus LA Contribution 2015/16 | £3.818m |
| Plus DSG brought forward from 2014/15 | £7.912m |
| Plus EFA Post 16 Funding | £18.506m |
| Total available funding for 2014/15 | £349.419m |
| Less net spend in 2015/16 | (£343.345m) |
| Unspent Schools Budget 2014/15 | £6.074m |
| | |
| Analysis of carry forward | |
| DSG c/f | £6.074m |
| Total | £6.074m |

1.3 During 2015/16 a total of **£1.698m** was not allocated to budgets, so this combines with the underspend against allocated budgets (see **Table 2**) of **£4.376m** to produce the cumulative underspend of **£6.074m**. The reported position improved by **£1.692m** since the last report on this to Schools Forum with much of that underspend being attributed to Central Provision and in High Needs. The latter having fewer SEN pupils placed with independent providers than had been projected throughout the year.

| | Original Budget | Revised Budget | Actual to date | Forecast | Actual v revised budget |
|--|------------------------|-----------------------|-----------------------|------------------|--------------------------------|
| Maintained Schools | 270,784 | 250,246 | 250,250 | 268,230 | 4 |
| De-delegated items | 1,774 | 1,901 | 1,756 | 1,865 | (145) |
| High Needs | 38,550 | 39,756 | 38,527 | 39,680 | (1,229) |
| Early Years | 31,709 | 29,848 | 26,970 | 27,133 | (2,878) |
| Central Provision | 7,117 | 7,143 | 5,317 | 8,976 | (1,826) |
| Schools Budget managed by LA | 349,934 | 328,894 | 322,820 | 345,884 | (6,073) |
| plus Academy Recoupment recovered at source by EFA | 0 | 20,525 | 20,525 | 0 | 0 |
| Grant Total Schools Budget Expenditure | 349,934 | 349,419 | 343,345 | 345,884 | (6,073) |
| | | | | | |
| DSG | (301,160) | (298,658) | (292,585) | (296,709) | 6,073 |
| DSG brought forward | (6,327) | (7,912) | (7,912) | (6,327) | |
| EFA Grants Post 16 | (18,104) | (18,506) | (18,506) | (18,506) | |
| LA Contribution | (3,818) | (3,818) | (3,818) | (3,818) | |
| Academy Recoupment | (20,525) | (20,525) | (20,525) | (20,525) | |
| Grand Total income | (349,934) | (349,419) | (343,345) | (345,884) | 6,073 |

1.4 Schools Forum will recall that the 2016/17 Schools Budget has been set on the basis of applying the majority of the estimated brought forward funding from 2015/16, so that **£4.260m** has already been committed. It is recommended that the carry forward balance of **£ 1.813m** be held pending the announcement of the DfE's Phase 2 of the National Funding Formula Consultation and an assessment to be done after the announcement.

2 Consideration of outturn position for 2015/16

2.1 **Appendix 1** sets out the detailed outturn position. The important point to note is that the retained DSG is underspent against the approved budget; the DSG regulations require formal considerations of how to treat overspends, but the basic principle with underspends is that they are carried forward and made available for the following financial year or the one immediately following. This is with the exception of the de-delegated funds and pupil growth funds from maintained primary and secondary schools, where the level of underspend may be carried forward on that same line into the next financial year. This keeps the funds available to the same set of schools, may result in a one-off abatement of contributions to those factors for 2017/18 and avoids a complex in-year repayment exercise for what are modest sums on a school by school basis.

2.2 There are some variances that point to issues that need to be monitored during 2016/17 and may need to be taken into account when considering the 2017/18 budget. These are briefly considered below.

- **De-delegated budgets** for contingencies for maintained Schools underspent by £0.145m and DfE regulations require these to be carried forward on the specific lines for 2016/17.
- **Early Years.** There are significant underspends on 2 year old provision because of a lack of capacity; this was highlighted during the course of the year. Funding has moved away from target funding to actual place funding in 2015/16, so this will reduce over time as the capacity increases during this year.
- **Non-SEN Independent Special Schools.** This area has underspent during 2014/15 and 2015/16 but no change has been made to the budget for 2016/17, so there may be some scope for scaling back this budget (although recognising that it is a volatile area) in the future

3 Schools carry forwards

3.1 The year-end position for individual schools is set out in a separate report, including the extent to which they had surplus balances in excess of 5% (secondary) or 8% (nursery, primary and special) and why. Overall devolved school balances now stand at **£34.424m**.

3.2 The overall change in balances is that for maintained schools balances have decreased by **£3.925m**. The capital balances have decreased by **£0.407m**, while revenue balances have decreased by **£3.518m**. Table 3 sets out the comparison.

Table 3. Comparison of 2015/16 Revenue and Capital School opening and closing balances

| Sector | Revenue | | | Capital | | |
|---------------------|------------------|------------------|--------------|------------------|------------------|-------------|
| | b/f | c/f | Change | b/f | c/f | Change |
| | 2015/16 £'000 | 2015/16 £'000 | | 2015/16 £'000 | 2015/16 £'000 | |
| Pre-Primary Schools | 347 | 342 | -5 | 98 | 123 | 25 |
| Primary Schools | 12,420 | 12,653 | 233 | 1,745 | 1,599 | -146 |
| Secondary Schools | 16,615 | 12,874 | -3741 | 1,130 | 850 | -280 |
| Special Schools | 4,841 | 4,836 | -5 | 1,153 | 1,147 | -6 |
| Total | 34,223 | 30,705 | -3518 | 4,126 | 3,719 | -407 |

Schools Budget 2015/16 – outturn position and comparison with S251 revised budget

| SF Category | DSG sub-heading | Revised Budget (£'000) | Actual to date (£'000) | Actual v revised budget (£'000) | Comment on significant variances |
|------------------------|--------------------------------|------------------------|------------------------|---------------------------------|---|
| 1.0 ISB | 1.0.1a Primary | 148,311 | 148,317 | 6 | Rounding |
| 1.0 ISB | 1.0.1b Secondary | 122,975 | 122,975 | 0 | |
| 1.0 ISB | 1.0.1c PRU | 4,816 | 4,816 | 0 | |
| 1.0 ISB | 1.0.1c Special Schools | 5,407 | 5,407 | 0 | |
| 1.0 ISB | 1.0.1g Pupil Premium | -31,263 | -31,263 | 0 | |
| 1.1 De-delegated items | 1.1.1 Contingencies | 619 | 592 | -27 | Lower claims for maintained contingency than forecast, To be carried forward specifically for 2016/17 |
| 1.1 De-delegated items | 1.1.2 Behaviour | 287 | 250 | -37 | Efficiencies achieved in service area |
| 1.1 De-delegated items | 1.1.3 UPEG and bilingual | 522 | 522 | 0 | |
| 1.1 De-delegated items | 1.1.4 FSM Eligibility | 127 | 158 | 31 | Demand increase in service for Checking. |
| 1.1 De-delegated items | 1.1.7 Licences and Subs | 26 | 26 | 0 | |
| 1.1 De-delegated items | 1.1.8 Staff costs | 42 | 42 | 0 | |
| 1.1 De-delegated items | 1.1.9 Staff costs – facilities | 278 | 166 | -112 | |

| SF Category | DSG sub-heading | Revised Budget (£'000) | Actual to date (£'000) | Actual v revised budget (£'000) | Comment on significant variances |
|-----------------------|--|------------------------|------------------------|---------------------------------|--|
| | | | | | |
| 1.2 High Needs | 1.2.1 Top-up funding - maintained | 23,541 | 23,104 | -437 | Original estimates were difficult to assess |
| 1.2 High Needs | 1.2.2 Academies and Free Schools | 1,725 | 865 | -860 | Demand from free schools hasn't realised in 2015-16. |
| 1.2 High Needs | 1.2.3 Independent providers | 6,250 | 1,945 | -4,305 | Offset by overspend on other High Needs SEN lines.(some coding issues to be resolved here) |
| 1.2 High Needs | 1.2.4 Other AP provision | 2,790 | 2,997 | 207 | |
| 1.2 High Needs | 1.2.5 SEN Support Services | 4,801 | 8,967 | 4,166 | Offset by underspend on other High Needs SEN lines.(some coding issues to be resolved here) |
| 1.2 High Needs | 1.2.6 Support for Inclusion | 50 | 50 | 0 | |
| 1.2 High Needs | 1.2.8 Hospital Education | 460 | 460 | 0 | |
| 1.2 High Needs | 1.2.9 PFI and BSF costs at special schools | 139 | 139 | 0 | |
| 1.3 Early Years | 1.0.1a Nursery | 21,937 | 22,590 | 653 | Increase in 3 and 4 years old provision mainly in the PVI sector. |
| 1.3 Early Years | 1.3.1 EY Central | 7,911 | 4,380 | -3,531 | As explained throughout the year, the number of places available for two year olds was lower than the targets set for Tower Hamlets. |
| 1.4 Central Provision | 1.4.1 Combined budgets | 1,716 | 1,105 | -611 | BSF provision not required |

| SF Category | DSG sub-heading | Revised Budget (£'000) | Actual to date (£'000) | Actual v revised budget (£'000) | Comment on significant variances |
|---------------------------|--|------------------------|------------------------|---------------------------------|--|
| 1.4 Central Provision | 1.4.2 Admissions | 729 | 570 | -159 | |
| 1.4 Central Provision | 1.4.3 Schools Forum | 30 | 30 | 0 | |
| 1.4 Central Provision | 1.4.4 Termination costs | 1,117 | 1,229 | 112 | More claims were applied in the termination costs |
| 1.4 Central Provision | 1.4.8 Fees to ISS (Not SEN) | 510 | 12 | -498 | 2015/16 underspend because of having fewer pupils placed. |
| 1.4 Central Provision | 1.4.10 Pupil growth/ Infant class sizes | 2,866 | 2,195 | -671 | Claims for growth contingency from free schools was not required in the first year of opening school. |
| | | | | 0 | |
| 1.4 Central Provision | 1.4.12 Exceptions agreed by Secretary of State | 0 | | 0 | |
| 1.4 Central Provision | 1.4.13 Other items (DfE Licences) | 175 | 175 | 0 | |
| 1.0.1h Academy Recoupment | 1.0.1h Academy Recoupment | 20,525 | 20,525 | 0 | This is not spent directly by the LA – it is deducted at source by EFA |
| TOTAL EXPENDITURE | | 349,419 | 343,346 | -6,073 | |
| | | | | | |

| SF Category | DSG sub-heading | Revised Budget (£'000) | Actual to date (£'000) | Actual v revised budget (£'000) | Comment on significant variances |
|--------------------------|----------------------------------|------------------------|------------------------|---------------------------------|---|
| 1.7.1 DSG | 1.7.1 DSG | -298,658 | -292,585 | 6,073 | This is the net effect of all the underspends above |
| 1.7.2 DSG b/f | 1.7.2 DSG b/f | -7,912 | -7,912 | 0 | |
| 1.7.3 EFA Grants | 1.7.3 EFA Grants | -18,506 | -18,506 | 0 | The balance has not been applied and is available to be used to support the Schools Budget for 2016/17. |
| 1.7.4 LA | 1.7.4 LA Additional Contribution | -3,818 | -3,818 | 0 | |
| 1.7.5 Academy Recoupment | 1.7.5 Academy Recoupment | -20,525 | -20,525 | 0 | This is not spent directly by the LA – it is deducted at source by EFA |
| TOTAL INCOME | | -349,419 | -343,346 | 6,073 | |

AGENDA ITEM 4

Title of report: Schools Budget 2016/17 update

Author of the paper: Sailesh Patel

Officer to present the paper to Schools Forum: Sailesh Patel

Details on who has been consulted with on this paper to date:
Kate Bingham

Executive Summary

At the previous meeting, Schools Forum agreed the final Schools Budget for 2016/17 of **£347.175m**.

The Education Funding Agency confirmed the 2016/17 Post 16 allocations in late April 2016 and there are minor changes arising from that notification.

The schools outturn 2015-16 brought forward balance has increased to **£6.074m**.

The Schools Budget income is now £348.004m and now has an unallocated amount of **£1.814m**.

Details of recommendations and timescales for decisions:

Schools Forum is invited to:

Note and comment on the contents of this report.

INTRODUCTION / SUMMARY

- 1.1. The Department for Education introduced School Funding Reform from April 2013 and the Authority has worked closely with schools and the Schools Forum to implement these changes effectively.
- 1.2. Schools Forum at the previous meeting in March 2016 considered the projected outturn position for 2015/16 and the draft position for 2016/17. Decisions were made about Primary and Secondary core budgets, de-delegation and pupil growth provision. The approach for the rest of the budget was agreed by Schools Forum.
- 1.3. Education Funding Agency Post 16 Grant was confirmed in April 2016, the revised allocations for 2016-17 are shown in Table 1. The reduction mainly relates to a drop in sixth form pupils and Bow school previously received funding on an estimate, which has now changed to actuals.
- 1.4. The 2015/16 Outturn position was discussed in the earlier paper which showed the improved picture with the final brought forward balance of **£6.074m**, this changes from the budget figure used in March 2016 and leaves an unallocated balance of **£1.814m**.
- 1.5. The March budget report showed that £4.260m was used to prepare the 2016/17 Schools Budget, out of the projected underspend of £4,382. The difference of £0.122m plus the additional underspend of £1.692m makes up the £1.814m unallocated balance.
- 1.6. There is no change in the funding available, other than some changes to the funding source for Early Years activities and Non-recoupment Academy costs (that are technical in nature) for 2016/17.
- 1.7. Schools Forum formally agreed the Schools Budget for 2016/17 in March.

2. SCHOOLS BUDGET 2016/17

- 2.1. The overall funding available for 2016/17 following the minor changes is set out in **Table 1**.

Table 1: Schools Budget Income 2016/17

| March | June | Diff |
|-------|------|------|
|-------|------|------|

| Schools income 2016-17 | £'000 | £'000 | £'000 |
|---|----------------|----------------|--------------|
| Dedicated Schools Grant 2016/17 as at 17 Dec 2015. | 323,859 | 323,859 | 0 |
| Brought balance from 2015/16 | 4,260 | 6,074 | 1,814 |
| Post 16 EFA 2016/17 | 18,156 | 17,170 | -986 |
| Additional Estimated income for Early Years 2016/17 | 900 | 900 | 0 |
| Schools Budget income 2016/17 | 347,175 | 348,004 | |

- 2.2. The funding for 2 year olds is now based on participation (actual take up of hours) rather than place funding. The DfE will notify LA's in July 2016 of the actuals in the January 2016 census data for 2 year olds. The value per hour received from the DfE will continue to be £6.07, in order to predict the budget required to resource this provision an estimate of the income based on average take up of 2 year olds in 2016/17 has been made. It is estimated that average take up will be **835 pte** which would result in an income of **£2.89m**, this represents an increase of £900k from the 2015/16 position.
- 2.3. **Table 2** summarises the proposed Schools Budget for 2016/17. **Appendix 1** shows the detail based on s251 submission.

Table 2: Summary of Proposed Schools Budget 2016/17

| Schools Forum Summary | | 2016-17 |
|------------------------------------|----------------------------|-----------------|
| 1.0 ISB | | 273,147 |
| 1.1 De-delegated items | | 1,795 |
| 1.2 High Needs | | 38,703 |
| 1.3 Early Years | | 25,730 |
| 1.4 Central Provision | | 6,815 |
| Total Schools Budget | Expenditure 2016-17 | 346,190 |
| 1.7.1 DSG | | -301,250 |
| 1.7.2 DSG B/F 2015-16 | | -6,074 |
| 1.7.3 EFA Grants | | -17,170 |
| 1.7.4 Local Authority Contribution | | -900 |
| 1.7.5 Academy Recoupment | | -22,610 |
| Total funding | Income 2016-17 | -348,004 |
| 1.7.6 unallocated Reserves | | -1,814 |

- 2.4. It is anticipated that Schools Budgets will get tighter over the next few years and the balanced budget position presented above may need further contingency planning to allow some scope for absorbing any adverse movements in government revised funding formula due in 2017/18 onwards.

3. HIGH NEEDS BLOCK 2016/17

3.1 There are no significant changes to the structure of this budget. Special Schools, Academies and Free Schools, Pupil Referral Units (PRUs) and SEN statement funding provided to schools within their budget shares, are all funded from the High Needs Block. Detailed work is ongoing to calculate the commitments for 2016/17. Inherently within the High Needs block there are many fluctuating and high risk/spend areas and there is a consequent need to monitor this area very closely.

4. EARLY YEARS BLOCK 2016/17

4.1 The value of the Early Years Block in the settlement is based on a Guaranteed Unit of Funding of £5,766.50 per pupil for 2 year olds and £7,804 per pupil for 3 and 4 year olds. The announcement for the Early Years Block is provisional as the figures are based on the January 2015 census and will be revised when the January 2016 census data is available. The actual allocation for 2016/17 will be based 5/12^{ths} on the January 2016 census and 7/12^{ths} on the January 2017 census. However the cash adjustment to reflect January 2017 pupil numbers will not be received until 2017/18. The total DSG stated in Table 2 includes an **estimate of £900k** to reflect this in-year adjustment, giving a total Early Years block estimate of **£25.730m**.

4.2 The DSG settlement will be adjusted once the January 2016 Early Years census data has been verified by the DfE (expected in July 2016)

4.4 From 1st April 2016 LA's are required to pay Early Years Pupil Premium (EYPP) to providers of the free entitlement. Eligible children aged 3 or 4 include those whose parents are in receipt of qualifying benefits for free school meals, or are looked after, have been adopted from care or have left care under a special guardianship order. The EYPP is child specific and will be paid at a rate of 53p, in addition to the EYSFF hourly rate, for eligible pupils included in headcount returns. There is a budget allocation of £575k within the EYDSG to fund these payments.

| Appendix 1:DSG Budget 2016-17 Amended June 2016. | | |
|---|---|-----------------------|
| DSG heading | DSG sub-heading | Budget 2016-17 |
| 1.3 Early Years | 1.0.1a Nursery | 20,500,000 |
| 1.0 ISB | 1.0.1a Primary | 138,204,801 |
| 1.0 ISB | 1.0.1b Secondary | 127,965,377 |
| 1.0 ISB | 1.0.1c PRU | 2,000,000 |
| 1.0 ISB | 1.0.1c Special Schools | 4,976,666 |
| 1.0 ISB | 1.0.1g Pupil Premium | - |
| 1.1 De-delegated items | 1.1.1 Contingencies | 498,000 |
| 1.1 De-delegated items | 1.1.2 Behaviour | 290,000 |
| 1.1 De-delegated items | 1.1.3 UPEG and bilingual | 528,000 |
| 1.1 De-delegated items | 1.1.4 FSM Eligibility | 127,000 |
| 1.1 De-delegated items | 1.1.7 Licences and Subs | 27,000 |
| 1.1 De-delegated items | 1.1.8 Staff costs | 42,809 |
| 1.1 De-delegated items | 1.1.9 Staff costs - facilities | 282,191 |
| 1.2 High Needs | 1.2.1 Top-up funding - maintained | 23,043,500 |
| 1.2 High Needs | 1.2.2 Academies and Free Schools | 1,637,524 |
| 1.2 High Needs | 1.2.3 Independent providers | 6,025,000 |
| 1.2 High Needs | 1.2.5 SEN Support Services | 4,800,000 |
| 1.2 High Needs | 1.2.6 Hospital Education | 460,000 |
| 1.2 High Needs | 1.2.7 Other AP provision | 2,647,953 |
| 1.2 High Needs | 1.2.8 Support for Inclusion | 50,000 |
| 1.2 High Needs | 1.2.9 Special Schools and PRUs in financial diffi | - |
| 1.2 High Needs | 1.2.10 PFI and BSF costs at special schools | 39,000 |
| 1.2 High Needs | 1.2.11 Direct Payments (SEN and disability) | - |
| 1.2 High Needs | 1.2.12 Carbon reduction (PRU) | - |
| 1.3 Early Years | 1.3.1 Central Expenditure on Under 5 | 5,230,179 |
| 1.4 Central Provision | 1.4.1 Combined budgets | 1,665,000 |
| 1.4 Central Provision | 1.4.2 Admissions | 699,000 |
| 1.4 Central Provision | 1.4.3 Schools Forum | 30,000 |
| 1.4 Central Provision | 1.4.4 Termination costs | 1,117,000 |
| 1.4 Central Provision | 1.4.8 Fees to ISS (Not SEN) | 510,000 |
| 1.4 Central Provision | 1.4.10 Pupil growth/ Infant class sizes | 2,610,000 |
| 1.4 Central Provision | 1.4.12 Exceptions agreed by Secretary of State | - |
| 1.4 Central Provision | 1.4.13 Other items(Dfe licences) | 184,000 |
| Total Schools Budget | Expenditure 2016-17 | 346,190,000 |
| 1.7 Funding Source | 1.7.1 DSG | - 301,250,000 |
| 1.7 Funding Source | 1.7.2 DSG b/f | - 4,260,000 |
| 1.7 Funding Source | 1.7.3 EFA Grants | - 17,170,000 |
| 1.7 Funding Source | 1.7.4 LA Additional Contribution | - 900,000 |
| 1.7 Funding Source | 1.7.5 Academy Recoupment | - 22,610,000 |
| Total Schools Budget | Income 2016-17 | - 346,190,000 |
| 1.7 unallocated Reserves | 1.7.6 Unallocated Reserves 2015-16 | - 1,814,000 |

AGENDA ITEM 5

Title of report:

School Surplus Balances Analysis

Author of the paper:

Sailesh Patel

Officer to present the paper to School Forum:

Sailesh Patel

Details on who has been consulted with on this paper to date:

Kate Bingham, Bharat Jashapara

Exec Summary:

The purpose of this report is to inform Schools Forum of the final cumulative school balances as at 31st March 2016 including an update on the progress to date on the schools' surplus balances. Surplus balances need to be in line with the School Balances Control Mechanism. Schools need to provide commitment information and supporting evidence on the schools' excess surplus balances and how these funds are planned to be used.

Action required:

Schools Forum is invited to **discuss and comment on** any of the issues raised in the report.

1. Purpose of Report

- 1.1 To provide School Forum members with the final detailed analysis of the total school balances position recorded as at 31st March 2016.
- 1.2. To provide details of the application of the excessive school surplus balance mechanism process which is applied to schools reporting a surplus balance above the 5% and 8% threshold level, as per the Scheme for Financing Schools document.

2. Background

- 2.1. Schools receive their delegated budget share based upon the formula factors and components as agreed within the local formula governed by the Local Scheme for financing schools document.
- 2.2. All schools via their governing body have delegated powers and responsibilities to manage and deploy their financial resources at a local level in accordance with the locally agreed aims and objectives as outlined in the School Development Plan (SDP), aimed at achieving the best outcomes for pupils.
- 2.3. Within the above framework, schools are permitted to carry-forward any year-end surplus/deficit recorded at 31st March, to the following financial year.

3. Schools Position

- 3.1 School balances at the end of the 2015/16 financial year has **decreased** by **£3.926m** and total school balances as at 31st March 2016 are **£34.424m**. The year-end position is illustrated in Table 1 below on a school sector basis.

Table1. Balances carried forward by sector

| sector | 14/15 Capital | 15/16 Capital | 14/15 Revenue | 15/16 Revenue | Total 2015-16 | Movement between years |
|-----------|---------------|---------------|---------------|---------------|---------------|------------------------|
| Nursery | 97.925 | 122.848 | 346.596 | 340.690 | 463.538 | 19,018 |
| Primary | 1,745.195 | 1,598.961 | 12,420.129 | 12,653.415 | 14,252.376 | 87,052 |
| Secondary | 1,130.364 | 849.911 | 16,615.177 | 12,874.437 | 13,724.348 | -4,021,194 |
| Special | 1,153.050 | 1,146.942 | 4,841.068 | 4,836.361 | 5,983.303 | -10,815 |
| | 4,126.533 | 3,718.662 | 34,222.971 | 30,704.903 | 34,423.565 | -3,925,939 |

4. Scrutiny / Challenge

- 4.1 The Department for Education (DfE) published a new Financial Management Framework document in 2013 outlining how the DfE were going to challenge and scrutinise local authorities and schools in certain areas. The framework focuses on three key aspects:
 - The reported year-end position of the total Dedicated Schools Grant (DSG);
 - The reported position of schools completing the Schools Financial Value Standard (SFVS); and
 - The reported position of surplus school balances held.
- 4.2. The latter aspect specifically will result in the DfE challenging via the Local Authority (LA) schools that repeatedly hold a surplus balance at year-end at 15% or above of their delegated budget share. Those schools with a surplus

balance at or above 15% will be required to demonstrate that the surplus balance reported is held for assigned purpose(s) and has been reported to and agreed with the governing body.

- 4.3 Table 2 shows the 13 schools that are above 15% that have repeatedly held surplus balances.

| Type | School | 11/12 C/F Revenue | 12/13 C/F Revenue | 13/14 C/F Revenue | 14/15 C/F Revenue | 15/16 C/F Revenue | Above 15% |
|-----------|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------|
| Special | Beatrice Tate | 1,544,409 | 1,677,570 | 1,657,813 | 1,870,626 | 1,784,025 | 71% |
| Primary | Ben Jonson | 246,236 | 46,929 | 69,975 | 264,999 | 696,152 | 16% |
| Secondary | Bishop Challoner Girls | 480,393 | 940,768 | 965,481 | 1,471,985 | 1,241,486 | 25% |
| Special | Bowden House | 365,310 | 492,278 | 574,916 | 624,163 | 710,152 | 44% |
| Nursery | Columbia Market | 56,099 | 44,476 | 10,706 | 54,462 | 114,962 | 16% |
| Secondary | George Green | 2,459,711 | 2,397,206 | 2,177,973 | 1,924,310 | 2,164,973 | 21% |
| Primary | Harbinger | 514,970 | 341,689 | 355,824 | 443,416 | 446,619 | 19% |
| Nursery | Rachel Keeling | 69,593 | 40,669 | 42,515 | 54,595 | 118,412 | 16% |
| Primary | Redlands | 411,936 | 591,659 | 507,151 | 607,317 | 584,701 | 19% |
| Primary | Seven Mills | 429,253 | 600,770 | 657,354 | 735,634 | 644,474 | 38% |
| Special | Stephen Hawkings | 446,804 | 617,162 | 445,212 | 753,298 | 803,830 | 27% |
| Secondary | Swanlea | 1,779,267 | 2,267,605 | 3,199,205 | 2,744,540 | 2,476,610 | 22% |
| Primary | William Davis | 347,800 | 308,278 | 337,480 | 274,885 | 268,008 | 16% |

5. Excessive Surplus Balance Control Mechanism

- 5.1 Under the LBTH Balance Control Mechanism schools may deduct any unspent devolved capital balance and any commitments at 31st March 2016 from the reported carry forward before calculating if they are over the 5% or 8% trigger. Schools had until Wednesday 1st June 2016 to notify ESCW Finance of these amounts and submit proposals on how they intend to spend their surplus, which will then be reviewed by the Local Authority.
- 5.2 In the case of schools failing to meet the deadline of 1st June 2016, the balance control mechanism may be invoked. This states that "In accordance with the process for the clawback of surplus balances, cash advances may be suspended from June onwards, pending the assessment of the appropriateness of the schools' budget plans".
- 5.3 All Schools have met the requirement to supply their plans on or before the 1st June 2016 date.
- 5.4 **Appendix 1** provides detail of the schools with a year-end surplus balance exceeding the threshold level and the level of claw-back that could be applied by the LA.
- 5.5 The number of schools above the threshold is currently 35, this compares to 36 schools at the end of 2014/15.
- 5.6 The LA are currently reviewing all 2016/17 plans with a view to assessing whether balances have been assigned properly. This process involves officers from Finance, Building Development, and School Improvement. Officers consider links between school development plans and their surplus balance plans, as well as considering OFSTED ratings and value for money.
- 5.7 The outcomes of the assessment of schools' surplus balance plans will be reported to the next meeting of Schools Forum.

Appendix 1- Schools Excessive Balances Above 5% and 8%.

| Appendix 1 | | | | | | | | | |
|------------|-----------|------------------------|-------------------|-------------------|------------|-------------------|---------------------|------------------------|-----------|
| DSF | Type | School | 15/16 C/F Capital | 15/16 C/F Revenue | ISB 15-16 | Allowable 5% OR £ | Allowable Deduction | Excess surplus Balance | above 15% |
| 1040 | Nursery | Alice Model | 30,774 | 68,001 | 625,731 | 50,058 | | 17,943 | 10% |
| 7168 | Special | Beatrice Tate | 24,641 | 1,784,025 | 2,502,700 | 200,216 | | 1,583,809 | 77% |
| 2917 | Primary | Ben Jonson | 16,973 | 696,152 | 4,356,553 | 348,524 | | 347,628 | 14% |
| 4726 | Secondary | Bigland Green | 0 | 371,719 | 3,053,782 | 244,303 | | 127,416 | 15% |
| 4298 | Secondary | Bishop Challoner Boys | 2,334 | 521,558 | 6,871,752 | 343,588 | | 177,971 | 31% |
| 7084 | Special | Bishop Challoner Girls | 1,430 | 1,241,486 | 4,885,670 | 244,284 | | 997,203 | 40% |
| 2091 | Primary | Bowden House | 668,058 | 710,152 | 1,620,447 | 129,636 | | 580,516 | 12% |
| 2097 | Primary | Canon Barnett | 174,731 | 261,179 | 2,051,565 | 164,125 | | 97,054 | 20% |
| 2118 | Primary | Cayley | 106,326 | 350,748 | 3,647,916 | 291,833 | | 58,915 | 11% |
| 2893 | Primary | Clara Grant | 2,787 | 543,855 | 3,516,083 | 281,287 | | 262,568 | 11% |
| 2144 | Primary | Columbia Market | 44,249 | 114,962 | 726,340 | 58,107 | | 56,855 | 19% |
| 4505 | Secondary | Cubitt Town Infants | 15,566 | 200,675 | 1,992,423 | 159,394 | | 41,281 | 19% |
| 2281 | Primary | Cubitt Town Junior | 98,680 | 280,277 | 2,521,798 | 201,744 | | 78,533 | 18% |
| 2999 | Primary | George Green | 65,349 | 2,164,973 | 10,179,176 | 508,959 | | 1,656,014 | 21% |
| 2910 | Primary | Guardian Angels | 0 | 159,805 | 1,358,140 | 108,651 | | 51,154 | 14% |
| 2533 | Primary | Harbinger | 60,289 | 446,619 | 2,372,026 | 189,762 | | 256,857 | 11% |
| 4150 | Secondary | Hermitage | 0 | 261,470 | 2,197,818 | 175,825 | | 85,645 | 12% |
| 4242 | Secondary | Kobi Nazrul | 33,615 | 169,654 | 1,728,538 | 138,283 | | 31,371 | 11% |
| 1031 | Nursery | Manorfield | 35,402 | 648,020 | 4,743,951 | 379,516 | | 268,504 | 12% |
| 2908 | Primary | Morpeth | 110,923 | 1,843,130 | 12,909,454 | 645,473 | | 1,197,657 | 9% |
| 7095 | Special | Mulberry | 49,254 | 1,521,470 | 12,382,755 | 619,138 | | 902,332 | 18% |
| 2499 | Primary | Old Palace | 29,338 | 267,675 | 2,834,498 | 226,760 | | 40,915 | 19% |
| 2857 | Primary | Our Lady | 14,490 | 620,296 | 3,068,578 | 245,486 | | 374,810 | 42% |
| 4722 | Secondary | Phoenix | 27,837 | 800,272 | 6,877,611 | 550,209 | | 250,063 | 8% |
| 3397 | Primary | Rachel Keeling | 9,575 | 118,412 | 756,326 | 60,506 | | 57,906 | 9% |
| 7169 | Special | Redlands | 18,288 | 584,701 | 3,147,629 | 251,810 | | 332,891 | 25% |
| 4276 | Secondary | Seven Mills | 0 | 644,474 | 1,692,164 | 135,373 | | 509,101 | 18% |
| 3350 | Primary | Smithy Street | 0 | 472,079 | 3,049,443 | 243,955 | | 228,123 | 11% |
| 2569 | Primary | St Agnes | 0 | 152,561 | 1,507,447 | 120,596 | | 31,966 | 9% |
| 4297 | Secondary | St Pauls Way | 183,668 | 1,501,637 | 12,186,955 | 609,348 | | 892,290 | 25% |
| 2921 | Primary | Stephen Hawkings | 290,170 | 803,830 | 3,026,049 | 242,084 | | 561,746 | 17% |
| 2658 | Primary | Swanlea | 203,810 | 2,476,610 | 11,147,896 | 557,395 | | 1,919,215 | 10% |
| 2921 | Primary | William Davis | 12,992 | 268,008 | 1,701,596 | 136,128 | | 131,880 | 16% |
| 2658 | Primary | Woolmore | - | 232,813 | 2,466,477 | 197,318 | | 35,495 | 9% |
| 1100 | Special | Pupil Referral Unit | 125,000 | 582,572 | 5,274,500 | 421,960 | | 160,612 | 11% |

AGENDA ITEM 6

Title of report: SVFS Update 31st March 2016

Author of the paper: Sailesh Patel

Officer to present the paper to Schools Forum: Sailesh Patel

Details on who has been consulted with on this paper to date:

Kate Bingham, Abdul Kayoum and Internal Audit

Executive Summary

Annual statement to the DfE, on maintained schools who have met the requirement to submit a self- assessment against the Schools Financial Value Standard (SFVS) by the 31st March 2016.

The Standard contains 25 questions which governing bodies should formally discuss annually with the head teacher and senior staff; the questions cover the Governing Body and School Staff, Setting the Budget, Value for Money and Protecting Public Money.

Details of recommendations and timescales for decisions:

Schools Forum is asked to:

- a) note the report and advise officers on how best to ensure that all Governing Bodies satisfy the requirements of the School Financial Value Standard.
- b) To share information with the wider school sector population and seek to explore further collaboration opportunities and/or implement identified “good practice”;
- c) To identify and inform schools finance team of any alternative and/or further training/support required; and
- d) Offer any further comments and/or request any further actions to be undertaken.

1. Introduction

- 1.1 The requirement for the 2015/16 financial year end was for all maintained schools to complete a self-assessment against the standard and copy this to the LA. The deadline requirements are only for submission of the school's signed self-assessment against the standard, together with the summary of any remedial action still needed. It is not a requirement to have necessarily met all the standard requirements by the submission deadline, although this would ideally be the case.
- 1.2 Schools will not be externally assessed. However, the returned information will be used by internal audit as one of the criteria that is used in planning the future audit programme for schools. The LA Chief Finance Officer (s151) has reported to the DfE, the number and responses received. (**Appendix 1**)
- 1.3 The emphasis moving forward is that schools should use the SFVS as a tool to aid self-improvement of their own financial management standards generally without the burdens of evidencing and formal checking.

2. 2015/16 year-end position

- 2.1 92 maintained schools were due to submit their self-assessments by 31st March 2016 and all schools met this requirement by the due date of the 31st March deadline. **Appendix 1** shows detail of the breakdown by sector.
- 2.2 All schools were notified of the requirement and reminders were sent to schools in January 16, reminders were also published on the school's Newsletter and in Governors report during autumn 2015.
- 2.3 An analysis of the returns shows some schools failing to send in signed copies of the formal approval from the governing body and dates missing for timescale of actions required.
- 2.4 A number of key areas that continued to be identified at a number of schools as requiring action included:
 - Skills matrix not completed / to be updated for governors/staff
 - Business interests forms not completed by all staff;
 - Finance training for DHT / SLT members
 - Formal asset management plan (AMP) created inclusive of asset lifecycle and program of replacement to inform budget setting process; and
 - Limited collaboration between schools (i.e. joint purchasing)
 - Business continuity planning
- 2.5 The SFVS process also identified a number of controls, processes and/or systems that were identified as "good practice" but do not appear to always be universally embedded in all schools. A list of identified "good practice" areas is attached **Appendix 2**.

3. Advice to schools for 2015/16

- 3.1 It should be noted that SFVS is an annual requirement for all maintained schools. Schools can complete and save self-assessments on an on-going basis prior to submission, and are encouraged to carry out the relevant aspects of assessments at the earliest possible opportunity. Final submission of assessments can take place at any time prior to 31 March deadline.
- 3.2 Schools are encouraged to schedule the requirement for governor's approval in the **autumn term or early spring term** in order to meet the requirements for 31st March annually.
- 3.3 Governors Services will inform clerks to ensure an inclusion in the agenda for the autumn 2016 term.

Appendix 1 SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

Local Authority Name/Number: **London Borough of Tower Hamlets -211**

Name of CFO: **Zena Cooke**

The position as at 31 March 2016 is as follows:

| | Secondary | Primary | Special | Nursery | PRUs |
|---|-----------|---------|---------|---------|------|
| 1. Total number of eligible schools in LA | 14 | 65 | 6 | 6 | 1 |

| | | | | | |
|--|-----------|-----------|----------|----------|----------|
| 2. Number of eligible schools completed the SFVS | 14 | 65 | 6 | 6 | 1 |
|--|-----------|-----------|----------|----------|----------|

| | | | | | |
|--|--|--|--|--|--|
| 3. Number of eligible schools that did not complete the SFVS (non-compliant, without exemptions) | | | | | |
|--|--|--|--|--|--|

| | | | | | |
|--|--|--|--|--|--|
| 4. Number of eligible schools that did not complete the SFVS ((with exemptions, please give a breakdown below) | | | | | |
|--|--|--|--|--|--|

| List of reasons for non-completion of SFVS | | |
|--|--|----------|
| a. | School has opened in this financial year | |
| b. | School has closed in this financial year | |
| c. | School will be closing by 1 September 2015 | |
| d. | School suffered fire/flood/natural disaster in this financial year | |
| e. | School has been issued with an Academy order | |
| f. | Schools have merged in this financial year or entered into a hard federation with a new governing body | |
| g. | Financial delegation has been withdrawn/suspended in this financial year | |
| h. | Governing body has been suspended and so cannot complete the SFVS in this financial year | |
| TOTAL (this figure should equal to Box 4) | | 0 |

For the period 2015 – 2016, I confirm that I have in place a system of audit for schools which gives me adequate assurance over their standards of financial management and the regularity and propriety of their spending. I also confirm that the information set out above is correct and a reflection of maintained schools within this local authority.

Signed

Date:

This statement should be signed by the CFO and returned by 31 May 2016. A signed scanned copy should be sent by email to: financial.management@education.gsi.gov.uk

Appendix 2: Good Practice Guide;

Start looking at your SFVS early (e.g. Autumn Term). This will give you and the governors' time to discuss all the questions, answers and comments and to agree this before 31st March.

- Make sure that the Chair of Governors signs and dates the return after it has been discussed and approved by the Governing Body.
- Submit your return early. Your completed and signed SFVS return can be submitted to Children's Finance any time up to 31st March. You do not have to wait until the deadline.
- Include SFVS as a standing agenda item in the governors meetings, and ensure that discussions, decisions and actions are minuted for future reference purposes.
- Check that the return is fully completed in line with DfE guidance before it is submitted to Children's Finance, i.e.:
- record the school's name;
- all questions are answered with Yes, In Part, No or N/A;
- if answer is Yes, note down in the comments column the evidence that has been referred to by the Governing Body in arriving at the answer;
- if answer is In Part or No, provide a brief summary in the comments column of the position and proposed remedial action;
- Summarise all remedial actions, implementation dates and agreed owner in Section E.
- Check that your answers and comments correspond back to what the question is asking for.
- Make use of the DfE support notes to understand the importance of each of the twenty-three questions.
- When making reference to governors' minutes in the comments column, record the date of the meeting and item number.
- Make sure that documentary evidence is available to support all answers. Prepare an evidence file. This can then be refreshed each year. Remember: SFVS is an on-going annual process, not a one-off.
- Monitor the implementation of all audit recommendations arising from the school's most recent internal audit in support of question 18.
- Undertake an annual self-evaluation of the school's financial controls using the Keeping Your Balance Standards Questionnaire to support question 19.
- Refer to the action plan (i.e. section E) in the previous year's return when completing the return for the current year to make sure that all outstanding matters have been addressed.
- Be honest and critical when completing the return. It is intended to help the school improve its financial management standards as defined by DfE.
- Ensure the requirements of SFVS are embedded into the school's day-to-day practices. Remember: SFVS is not just a paper and tick-box exercise.

AGENDA ITEM 8

Title of report:

Free School Meal Eligibility – ECS Process

Author of the paper:

Benn Huntley / James Coumbe

Officer to present the paper to School Forum:

Benn Huntley – Performance & Data Manager

Details on who has been consulted with on this paper to date:

Executive Summary:

Following a review of the current FSM eligibility checking process and evaluation of possible alternative approaches undertaken by the FSM Eligibility Working Group, the use of the DfE FSM Eligibility Checking Service was assessed as the preferred option.

After agreement by Schools Forum a pilot has been conducted of the DfE Eligibility Checking System (ECS) to test the system's suitability and effectiveness. 5 schools supplied data after a call for volunteers.

This report details the findings of the pilot and outlines a proposal for the further implementation of this process.

Under the ECS pilot process schools still collected eligibility information from parents via the existing FSM "application form", stored and maintained the information, and then submitted this information to the LA in Excel format via secure email for eligibility checking. The pilot:

- Confirmed that it was possible to have the results of a batch check available the next working day
- Found lower rates of eligibility (25%) compared with the current system (37%), which highlighted issues with the recording of parental details, through either parents failing to submit information, submitting incorrect information, or the manual transcribing of information on to templates by schools to submit to the LA for checking.

The recommendations are that:

- **The ECS system should be implemented alongside the current process from September 2016.** Retaining the Benefits Service checking process in parallel to ECS will allow the LA to work with schools to improve data quality and improve success rate through ECS, minimising the risk of any sudden reduction in eligibility rates caused by a change in process.
- **Schools use a single template covering requirements of both ECS and Benefits Service** checking processes, and submit and receive this to a single LA contact, to minimise burden on schools.
- **That the ECS system also be used to check for funded early learning for two year olds and the Early Years Pupil Premium** where sufficient parental details can be obtained from settings.
- **That the process be reviewed at the end of the academic year 2016/17** to assess the success in increasing validated data and the overall level of FSM eligibility rates reported through the system.

Section 10 below sets out a timetable of further actions to implement the proposed process. Appendix A outlines the cycle for working with schools with check eligibility through both ECS and Benefits systems.

Action required:

Schools Forum is invited to agree to the implementing of the process alongside the existing process as outlined in this paper for the beginning of the 2016 autumn term.

1. Background

- 3.1. The current system of verifying free school meal eligibility was established some time ago and operates through the Council's Benefits Service, who uses local data and a Department for Work and Pensions (DWP) system to check pupil eligibility. The Benefits Service receives £127k from the DSG via the de-delegated budget for this service.
- 3.2. After evaluation of possible alternative approaches, **the direct use of the DfE FSM Eligibility Checking Service was assessed as the preferred option** as:
- It provides for batch checking of eligibility status, which offers improved efficiency and checks are conducted against DWP, Home Office and HMRC databases
 - The databases are updated at least weekly (with real-time updates on the DWP system)
 - The ECS is the system recommended by the DfE with regard to confirming eligibility for school census returns and therefore can be seen as the "best practice" option
 - ECS enables a faster turnaround of eligibility claims and a higher frequency of checks than at present.
 - Other third party providers of eligibility checking (i.e. LGFL) that were considered ultimately rely on the DfE ECS themselves.
 - The ECS process also enables the batch checking of funded early learning for two year olds and the Early Years Pupil Premium
- 3.3. The school forum previously agreed to a pilot with volunteering schools to evaluate the operation of the ECS process for both schools and the LA, and to explore and data issues arising from the process.

4. The ECS Process for the pilot

- 4.1. Under the ECS pilot process schools still collected eligibility information from parents via the existing FSM "application form", stored and maintained the information at the school, and then submitted this information to the LA in Excel format via secure email for eligibility checking.
- 4.2. These eligibility claims were checked using ECS and the results were returned to schools via secure electronic means indicating eligible pupils, those not found on ECS (i.e. ineligible pupils) and also those records which could not be checked due to incomplete or incorrect information submitted.

Schools were also provide with an 'errors' file detailing which specific records failed the validation rules and why.

4.3. The full ECS pilot process included the following steps :

1. Schools collect and collate the required parental information (NINO, DOB, Surname etc.) through the existing FSM application form.
2. This information was used to populate a template for the submission of eligibility checking data to the LA which captured the information required for the ECS system.
3. Schools submitted the completed template to the LA via secure email systems currently in use by schools and the LA.
4. The LA collated all of the submissions into a single file of parent details, which was then validated for checking through ECS. Records failing validation (i.e. missing information or an invalid NI number) were excluded from the checking process at this point.
5. The single file was uploaded to ECS for checking and the results were downloaded the following day.
6. The resulting file was used to populate the templates submitted by schools with parents/pupils eligibility status, or a 'not checked' entry for those records that failed validation.
7. Schools receive their submitted templates with eligibility checking results and an accompanying file explaining which records failed validation and why.

5. Evaluation of the ECS Pilot – Eligibility Rates

- 5.1. The pilot consisted of 5 schools (Clara Grant, Cubitt Town, Old Church Nursery, Osmani & Virginia), with records submitted for 1,642 pupils and 2,098 parents to be checked through ECS. There were some issues present with incomplete and invalid records for parents (section 4), which meant that of the pupil records submitted, 88% had at least one valid associated parental record that could be checked by ECS.
- 5.2. Of those pupils who could be checked, the ECS process found that 29% of pupils would be eligible for FSM. This result was lower than the FSM eligibility recorded for these five schools, which taken together had an overall FSM eligibility of 37% as of the spring 2016 census. This meant that the pilot ECS found eligibility rates that were on average 8 percentage points lower than the existing process.
- 5.3. Including the records that could not be checked because of insufficient information (the 12% of pupils without a valid parental record) overall eligibility at the 5 schools reduces to 25%.
- 5.4. Arguably, the eligibility rates for the submitted pupils should have been higher than that in the school census as some schools submitted a subset of their pupils for whom eligibility was expected to be found. To this end we looked at those submitted for checking who could also be found on the school census and found that the eligibility rate for this group of pupils was 28% under ECS compared with 45% in the school census.
- 5.5. We would not expect these two figures for eligibility for one group of children to be exactly the same as the checks were conducted at different points in time and children may move in and out of eligibility; however, the degree of difference (17 percentage points) indicates that there are issues with the parental records being submitted for checking.
- 5.6. This is likely to continue to be a significant issue with the process as, unlike the current service from the benefits team; the ECS process does not tolerate any level of missing or inaccurate data. Data issues are explored further in section 5.

6. Evaluation of the ECS Pilot – Resources

- 6.1. It was possible to automate the process of preparing a batch of parental records for checking by ECS. The process was able to collate the separate

template submissions from schools in to a single file, validate each of the parental records and produce the single file need for uploading to ECS without officer involvement after initiating the process. A file for each school containing records that had to be excluded from the checking process and why was also created.

- 6.2. This meant that once the submissions had been downloaded from secure email into a common folder, the ECS checking file could be created and uploaded in a very short space of time.
- 6.3. At the time of the pilot, most batches of results were available to download within a few hours of submission, but with more schools (and larger checking files) this could take up to 24 hours (though no longer) for results to be available.
- 6.4. This meant that the results of the batch checking process were ready to send back to schools the next working day after receipt of the final file to be part of the batch. This would also be the case with a significantly larger number of schools as the automated process scales well with the number of files involved.
- 6.5. The most time consuming part of the entire process are/would be the transferring of files (receiving submissions and returning results via secure email) with schools. While the batch checking process scales well, the transfer of information between schools and the LA does not – though the impact on individual school is not significantly different to demands of current process, and electronic transmission of data should be more efficient for school administrators.

7. Data Issues

7.1. Data Capture – Missing Information

- 7.2. 15% of the parental records (310) submitted failed the validation checks and had to be excluded from the ECS submission. This was mainly due to missing items, primarily National Insurance Numbers but also date of birth information.
- 7.3. For incomplete records, no check can be made on ECS, and if a pupil does not have at least one valid parental record for checking than that child's eligibility status cannot be ascertained. This meant that 12% of the pupil

records submitted (205 records) did not have any valid parent record for eligibility to be checked against.

- 7.4. For many other children only the details of one parent were supplied. While they may be correct (as in a single parent family) it was clear that in many cases details of one parent were simply missing (probably through not completing the application form). In these cases eligibility could still be checked, though with a lower probability of being found on ECS because with two parental records only one needed to be exactly correct for eligibility to be found.
- 7.5. While schools have processes in place for capturing parent information for new pupils through use of the FSM application form, it may be necessary to capture the information for the parents of existing school pupils over the course of the coming school year to maximise coverage through the ECS system.
- 7.6. **Data Quality**
- 7.7. Any incorrect information supplied by and for a parent will lead to a failure to check for eligibility. Some of these such as NI numbers that do not follow the correct format can be captured by validation checks, however; details which appear valid but are not accurate for that individual will result in a 'not found' (not eligible) status through ECS with no indication that there might have been an issue with the record.
- 7.8. There appear to be issues around middle/surnames as supplied by parents on the applications form. ECS uses the first 3 characters of a parent's surname in the checking process and these have to be an exact match for those held by the DWP. With some ambiguity around middle and family names (and also double barrel names) this is likely to be a factor in the lower rates of eligibility found in ECS locally.
- 7.9. There were also some instances where the same NI number appeared multiple times in the submission (as a parent of several children) alongside different dates of birth or surnames. In some of these cases one of the variants of the parental record would be found eligible on ECS indicating the details were correct, while the other would not.
- 7.10. While this was accommodated for in the pilot with a positive result returned to a school if any variant of the parental details accompanying a NI number were found eligible, this does indicate that there are issues with the

capturing of details. We do not know how many of the children found ineligible were the result of incorrect information either submitted by parents or recorded on the template if that parents did not also appear as part of a second submission with different details.

7.11. **Data management**

7.12. While school MIS systems have the facility to hold parental details, they do not allow for an export of children on roll alongside the details of both parents for each child. This has meant that the pilot schools have had to manually transcribe the required information on to the template for submission (as they do at present for the existing checking service). This is likely to be the source of further errors in the submission, especially for schools with hundreds of pupils to be checked.

7.13. It will be recommended that schools maintain the collection template as a store of the latest and most correct parent / children details for checking, working with the LA on validation of records. This will minimise manual errors and improve quality of data over time. Once a child/parent record is added and validated on the template there should be no need to amend the details other than to remove the child/parent when they leave the school.

8. Early Years Checking

8.1. Batch checking eligibility for funded early learning for two year olds and the Early Years Pupil Premium can be processed through the ECS portal on the same basis as FSM eligibility for school age children. Each batch check of FSM, 2yr old funding and EYPP would have to be conducted separately, but the process and required information is the same for each type of check. The data quality issues identified above will in general also apply to these checks.

9. Recommendations

9.1. The LA implements the ECS batch checking process **alongside** the existing service provided by the benefits team until the eligibility rates found under ECS approach those found through existing process.

9.2. Implementation of a single, shared template for the submission of data to the LA for checking through ECS and the benefits team. The ECS system would then act as a filter, removing the need to check any pupils found to have

eligibility through ECS (at least 25% of the workload based on the pilot results). The data team would then pass records for checking to the benefits team and return results to schools.

- 9.3. The current process would then operate on just those records found not eligible by ECS, with feedback to schools so that they can improve their records over time. Pupils for which parental record details are verified through being found eligible on ECS or through the benefits team could then be excluded from the benefits team process in further rounds, with 'not eligible' results relied upon as accurate as the NI, name and DoB had been verified in prior rounds.
- 9.4. Progress towards improved accuracy of the ECS results and data management locally should be reviewed at the end of the first year to consider the viability of moving to permanent use of the ECS system.

10.Risks

| # | Risk | Likelihood (1-4, 4 most likely) | Impact (1- 4, 4 most severe) | Mitigation |
|---|---|--|------------------------------------|---|
| 1 | Changing data requirements for DFE ECS i.e. new child or parental details are required | 1 | 2 | <p>This will necessitate the retention by schools of all of the application form information pertaining to eligibility check in case it is needed in the future.</p> <p>We will need to retain some flexibility in the template and process to accommodate any possible changes to ECS</p> |
| 2 | Data Quality The very strict data quality and format requirements of the ECS system may cause issues with handwritten information from application forms being transcribed to electronic template or MIS. | 3 | 2 | <p>Obtaining lists of NI numbers and name, DOB details from the benefits service to validate information provided by schools.</p> <p>Building in basic validation checks to the electronic template used to send data to LA e.g. checking valid length/format of NINO, dates of birth etc.</p> <p>Returns of information highlighting details that failed validation for schools to correct on their records.</p> |
| 3 | Failure to obtain data from parents This process is reliant on access to information about the parents (i.e. NINO and DOB) which is currently captured through forms completed by parents for schools, failure to capture high proportion of parents details could have impact on overall FSM eligibility levels recorded | 3 | 2 | <p>Schools to ensure that process for capturing the information is well embedded within enrolment and other processes, and that the importance/benefits to children and schools are well communicated to parents.</p> |

11.Resource Requirements

11.1. The Benefits Service receives £127k from the DSG via the de-delegated budget for providing the current service. For the initial year of parallel running of the existing process in support of the new ECS process it is proposed that the same funding be maintained, and the overall funding requirement be reviewed when the ECS process itself is evaluated at the end of the next academic year.

12.Proposed Timeline

| Date | Action |
|---------------------|---|
| July 2016 | Disseminate template and completion guidance to all schools |
| July-September 2016 | Schools to begin completion of templates and collection of missing information |
| September-May 2016 | Schools submission of completed templates, and return of checked data – ongoing validation. |
| June 2017 | Review of ECS process, eligibility levels/success rates and future funding requirements. |

13.Future Development

13.1. Full automation of eligibility checking process using schools MIS systems. Whilst this is a feasible option for future development, it is not an immediate solution to the issues identified with the current process, as it entails ensuring that each of the six MIS vendors used by schools in the borough:

1. Provide dedicated fields in their systems for the storage of the parental information relevant to an eligibility check¹
2. Provide the required APIs (application program interfaces) so that the LA's CIS team can access/extract the required information remotely and then push eligibility checking results back to each schools MIS once processed through ECS.

¹ One MIS currently in use by half of schools in the borough (RM Integris) already has these dedicated fields, but no API for the remote extraction of this data.

Appendix A - ECS and Benefits Service FSM Eligibility Checking Process Outline

The proportion of pupils/records that do not require eligibility checking through the Benefits Service (those with confirmed details, regardless of eligibility) will increase with each round of checking as those details are confirmed. This will occur through a positive eligibility result in ECS or by Benefits Service checks, record details only have to be confirmed once for all subsequent ECS checking rounds to be relied upon.

