

DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

SCHOOLS FORUM

MINUTES OF THE MEETING HELD ON MONDAY, 10 OCTOBER 2016

Forum members Present: Reverend Mark Bennet, Ben Broyd, Fadia Clarke, Catie Colston, Jacquie Davies (Substitute) (In place of Stacey Hunter), Chris Davis, Paul Dick, Antony Gallagher, Brandon Hanlon (Substitute) (In place of Jon Hewitt), Keith Harvey, Reverend Mary Harwood, Angela Hay, Peter Hudson, Brian Jenkins, Sheilagh Peacock, Chris Prosser, David Ramsden, Graham Spellman (Vice-Chairman), Bruce Steiner (Chairman), Suzanne Taylor and Keith Watts

Also Present: Avril Allenby (Early Years Service Manager), Rachael Wardell (Corporate Director - Communities), Claire White (Finance Manager (Schools)) and Annette Yellen (Accountant for Schools Funding and the DSG), Stephen Chard (Policy Officer), Councillor Lynne Doherty (Executive Portfolio: Children and Young People) and Councillor Mollie Lock (Shadow Executive Portfolio: Education and Young People, Adult Social Care)

Apologies for inability to attend the meeting: Councillor Anthony Chadley, Jon Hewitt, Stacey Hunter, Derek People, Ian Pearson and Charlotte Wilson

PART I

39 Minutes of previous meeting dated 11 July 2016

The minutes of the previous meeting held on 11 July 2016 were approved as a true and correct record and signed by the Chairman.

40 Actions arising from previous meetings

The Forum noted progress made against actions arising from previous meetings.

Actions 1 and 3 were noted as completed.

An update had been provided from Cathy Burnham for Action 2 (All schools would be asked to provide a case study regarding the impact of the Vulnerable Children's Fund) and this was read out by the Chairman, as follows:

A survey was sent out to a randomly selected group of schools at the start of the new term and replies were awaited. There was therefore nothing further to report at the moment but the action was currently underway and the result would be ready for dissemination to the Schools Forum by the next meeting.

41 Declarations of Interest

There were no declarations of interest received.

42 Membership

The Chairman congratulated David Ramsden, Jon Hewitt and Brian Jenkins on their reappointment to the Schools Forum by their respective membership groups. Councillor Lynne Doherty, Portfolio Holder for Children and Young People, was also welcomed to the Forum.

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It was noted that an election had commenced to appoint one Primary Governor Representative. However, one of the two candidates had withdrawn and therefore Jonathan Chishick was elected as Primary Governor Representative.

A vacancy remained for a Secondary Governor representative as to date no candidates had come forward. Claire White asked the Maintained Secondary School Headteachers present to highlight this vacancy with their respective Governing Bodies.

RESOLVED that Chris Prosser and David Ramsden would inform their respective Governing Bodies of the Secondary Governor vacancy on the Schools Forum.

43 Schools Funding Arrangements 2017/18

The Forum considered a report (Agenda Item 6) which sought approval of the proposals for the primary and secondary school funding arrangements for 2017/18 and the briefing/consultation document to go out to schools.

Claire White explained that due to delays following the political upheaval caused by the European Referendum, the proposed change to a national school funding formula would not be going ahead in 2017/18 and had been put on hold for a year. A second stage consultation was expected in the autumn term.

The Government announced the funding arrangements for 2017/18 on 21st July 2016. No changes were proposed which would affect West Berkshire, but local authorities would still be required to review their formula and consult with schools. The 31st October deadline had been removed this year and the submission date of the 2017/18 formula to the Education Funding Agency (EFA) was 20th January 2017.

(Suzanne Taylor joined the meeting at 5.10pm).

The consultation document proposed to go out to schools detailed the current formula and explained the rationale for the proposals for 2017/18. Schools would be invited to comment on the proposals by the deadline date of 8 November 2016. In summary, the proposals, agreed at Heads Funding Group, were:

- No change to the formula factors used.
- If there was a funding shortfall, this would be addressed by adjusting the basic entitlement rate (per pupil funding) downwards, meaning all schools would have a proportional cut to their budgets according to the size of their school.
- If there was additional funding available, that for the first £848k, 55% would be added to the basic entitlement (per pupil funding) and 45% added back to the lump sum. This was in proportion to the deduction that was made to school budgets in 2016/17 to transfer funding to the High Needs Block. Any additional funding over this amount would be added to the basic entitlement.

The Forum was asked to approve the proposals and the consultation document to go out to schools. The Forum, at its December 2016 meeting, would then determine the final proposal after reviewing comments received from schools. The report would then proceed to the Council's Executive in January 2017 for a final decision.

Paul Dick commented that the proposals/the consultation document were approved by the Heads Funding Group.

Claire White then highlighted key points within the consultation document:

- Paragraph 2.2 stated that compared to other local authorities, West Berkshire was not an outlier in terms of the formula factors used and the funding rates applied to the main factors, although West Berkshire's rate for every factor was below average. Of the two main factors, the primary basic entitlement was £2,937 per pupil compared to

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the national average of £3,044; the secondary basic entitlement was £4,364 per pupil compared to the national (weighted) average of £4,404. The primary and secondary lump sum was £121,400 per school compared to the national averages of primary £129,923 and secondary £142,281. It was noted that national averages had increased mainly due to additional funding that the lowest funded local authorities had received. This had resulted in West Berkshire receiving below average funding and it was therefore the expectation that West Berkshire might receive a higher allocation under a national funding formula.

- It was proposed in paragraph 3.2 that there should be no changes to the West Berkshire formula factors in 2017/18 and, if at all possible, the funding rates should remain the same. Reasons for this included prevention of turbulence in school budget allocations. A change in allocations could see some schools going into deficit for reasons completely outside their control.
- Paragraph 3.5 noted a number of reasons why the total amount of funding available for allocation to schools might change compared to the £95.1m allocated to schools in 2016/17. These included:
 - The Dedicated Schools Grant (DSG) was based on the number of pupils in the October census, this might be higher or lower than the previous year affecting the total funding received.
 - Some factors might increase by default, leaving less funding for other factors, e.g. if there were any claims for exceptional premises funding from qualifying schools and if rates bills went up significantly.
 - The amount of funding required for centrally retained services that were also funded from the Schools Block DSG might change. In 2017/18 services previously funded by the retained duties element of the Education Services Grant (ESG), mainly education welfare services and asset management, were moving into the DSG which might have an impact if there was a mismatch between funding added to the DSG and the actual cost of these services.
 - There was a new primary school to be funded from September 2017, for which no additional funding was provided.
- Additional funding outside the School Formula was outlined.
- De-delegations for 2017/18 were also clarified. This was where maintained schools could collectively opt for services to be de-delegated to the local authority, allowing funding to be centrally retained for the benefit of all maintained primary and secondary schools. It was proposed that CLEAPPS (Consortium of Local Education Authorities for the Provision of Science Services) would become a new de-delegated service rather than an individual buy back, which might result in savings for most schools.

Paul Dick queried whether rate increases were set by West Berkshire Council or if this was Government led. Claire White clarified that rates were set by the Valuation Office and all schools had been revalued. Rachael Wardell added that this fell outside of the Council's control.

Peter Hudson proposed acceptance of the recommendation to agree the consultation proposals and the consultation document to go out to schools. The proposal was seconded by Catie Colston.

RESOLVED that the proposals set out in paragraph 4.3 of the report and the consultation document to go out to schools were approved by the Schools Forum.

44 Dedicated Schools Grant - Overview of Changes for 2017/18

The Forum considered a report (Agenda Item 7) which set out the changes known so far to the Dedicated Schools Grant (DSG) in 2017/18.

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Claire White explained that the proposal for changes to schools funding were now not going ahead in 2017/18, although there would be changes to the funding of the Schools Block. A second stage consultation was expected in the autumn with proposals for 2018/19. A consultation on changes to early years funding from 2017/18 closed on 22 September 2016 and significant changes were proposed. A second stage consultation on high needs funding was still due by the end of the year, however the timetable had been delayed and no changes were expected until 2018/19.

The Department for Education (DfE) carried out an exercise in the spring to re-base the funding blocks. Changes had been made to the base line funding for each block in line with how the 2016/17 DSG allocation was being spent. This had moved funding from the Schools Block to the High Needs Block (HNB) following the Forum's decision to fund high needs pressures in 2016/17 from the Schools Block.

The Schools Block per pupil rate for 2017/18 had been confirmed as £4,348.43 compared to £4,368.03 in 2016/17. Assuming the same number of pupils in 2017/18, this was a reduction of £434k. The HNB had received an additional £1.021m, so in effect West Berkshire had overall gained funding from this exercise.

Claire White continued that the surprise change was the moving of the Education Services Grant (ESG) into the DSG from 2017/18. Although Claire pointed out that the responses to the relevant questions in the consultation to support this had not yet been published.

The ESG currently received by local authorities was made up of two elements: General Funding Rate and Retained Duties. The General Funding Rate was to cover statutory duties carried out for maintained schools which included school improvement, finance, HR and health and safety. Academies received this funding direct. In 2016/17, the Local Authority (LA) funding rate was £77 for mainstream pupils (£327.25 for special schools, £288.75 for PRUs) and West Berkshire's grant totalled £1,472,345. Adjustments were made during the year as and when schools converted to Academies. However, from September 2017, the local authority would no longer receive the general funding rate. Academies would have their equivalent grant removed from this date, but would receive protection until 2020.

School funding regulations would be amended to allow LAs to meet the cost of these duties from the Schools Block DSG (although there would be no additional funding for the general funding duties). This would be a top slice from maintained school's individual school budgets at a single rate per pupil, and would put maintained schools onto an equivalent charging arrangement as academies. The top slice would need to be agreed by the maintained school members of the Forum.

In terms of Retained Duties, from April 2017 this element would be added to the DSG (at £15 per pupil) and the cost of the eligible services would be met from the Schools Block DSG. The impact of this was expected to be minimal.

Reverend Mark Bennett queried whether there would be scope for the Forum to determine how some elements of the DSG could be spent. Claire White confirmed this would be the case for some non-statutory elements.

Graham Spellman was concerned that general funding would no longer be received by local authorities, in particular funding identified for School Improvement work. Budget reductions limited efforts to improve schools. Claire White advised that schools might have the option to buy back this service and a more detailed report would be provided to the Forum in December 2016 when it was hoped that further detail would be provided by Government.

Reverend Mary Harwood commented that these changes would present further difficulties for the viability of small schools. Claire White agreed that while the funding

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allocation for small schools would not be changed, additional pressures would be unfunded.

Early Years Block - Funding for three and four year olds was currently based on a historical rate per child (counted in the January census) and was different for every LA. The recent consultation proposed a new formula re-calculating the rate for every LA. Claire White pointed out that the revised calculation would leave West Berkshire's rate below the average when it should be well above when considering that West Berkshire was a high cost region.

West Berkshire Council's response to the consultation had highlighted this concern and it was hoped that the rate would be increased.

Although the rate of funding for West Berkshire for three and four year olds was proposed to increase to £4.70 from £4.13, this additional funding would only serve to help plug the current funding gap and it might prove necessary to cut funding for providers. This would be covered in further detail as part of the next agenda item.

High Needs Block - Funding arrangements for 2017/18 stated that there would be no reduction to the 2017/18 allocation for the HNB. No decision had been made on how any additional funding would be allocated to local authorities and this allocation (if any) would be notified in December 2016. Savings would be required in this block if no additional funding was allocated.

Appendix A to the report modelled a year on year comparison using the current information about the DSG allocation for 2017/18.

The Schools Block was modelled on October 2015 pupil numbers, and on that basis there would be enough funding to maintain current formula funding rates and the current centrally retained budget. However, this assumed that the additional funding for ESG retained duties would cover the actual cost and that the formula funding for the new primary school proposed to open in September 2017 could be met largely from the balance held in the growth fund.

An overspend was forecast in the early years block but this would need to be met by the grant. The early years block was also overspending in the current financial year.

As mentioned above, it was assumed that the HNB would be unchanged, but an increase was hoped for.

It was also noted that the review of Pupil Referral Units would hopefully achieve savings and these had yet to be factored into these discussions.

Reverend Bennett queried contingency plans if budgets remained inadequate. Claire White advised that a HNB Task Group had been formed and David Ramsden advised that Terms of Reference had been agreed for this work. Paul Dick asked that the minutes of these meetings be shared with the Forum. Bruce Steiner commented that this work was not straight forward when considering current levels of uncertainty.

Brian Jenkins stated his view that the sustainability of early years providers was a matter of considerable concern in light of current funding expectations.

RESOLVED that the report be noted.

45 **Early Years Funding Consultation**

The Forum considered a report (Agenda Item 8) which provided a briefing on the early years funding consultation and outlined implications for West Berkshire providers if the proposals set out in the consultation were implemented.

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All local authorities were currently funded at different rates for three and four year olds, ranging from £3,080 per (FTE) child in Solihull to £8,713 per (FTE) child in Camden. West Berkshire received £3,911. The funding received was based on the number of children recorded in the January census week (5/12 from the previous January, 7/12 from the current year January). The final allocation was confirmed and adjustment made in the June following the end of the financial year.

Local authorities (LAs) distributed the funding to providers based on their own local formula, using a wide variety of methodologies. It was largely paid as an hourly rate according to the actual number of hours of provision. Thus the funding received (based on a proxy number in January) did not match the funding distributed and some LAs "profited", others lost.

The Government proposed that the funding to be allocated to LAs would be based on a new national formula with the Government view that this would be more equitable. There would be a universal base rate plus an additional needs rate which would be added together and multiplied by an area cost adjustment. The methodology used to distribute funding to providers would be prescribed by the Government with little local flexibility.

The funding formula for two year olds would not change, and LAs could continue to use their existing method to allocate to providers. Additional funding would be added and distributed through the existing formula.

The consultation also contained proposals for meeting the needs of disabled children through a disability access fund, and for local authorities to establish an inclusion fund to support children with special educational needs. Early year's pupil premium grant would continue to be funded separately.

What the consultation failed to address was that due to the mismatch between funding received (based on children counted in January census week) and the funding distributed (based on actual number of hours of provision), the hourly funding rate paid to providers might be significantly different to the funding rate received, and would fluctuate year on year. It continued to be an unfair system where some LAs could receive significantly more funding than they needed, and others significantly less.

Claire White concluded that the changes were not a good or fair deal for West Berkshire and felt that the data was flawed. The funding rate proposed for West Berkshire was below average, when it should be well above the average. Many providers would see a reduction in their funding, some significantly. In the last few years the funding rate the LA used for providers had been maintained due to using unspent two year old funding; the increase in the LA funding rate proposed would just plug this gap. When the Government stated that most providers would see an increase in the funding they received this was based on comparing proposed LA funding rates to current LA funding rates and not what providers were actually currently receiving.

The formula West Berkshire currently used to distribute funding to providers would need to completely change, using one base rate instead of five, meaning higher cost provision would be funded at the same rate as lower cost providers. Quality rates would also be removed and this would again impact on provision with a likely use of unqualified/lower qualified staff in order to reduce costs.

The Council had responded to the consultation, which closed on 22 September 2016, highlighting concerns and providers had been encouraged to do likewise. Significant issues would be created if the allocation was not increased with a high risk that many providers would be unable to afford to continue to provide the free entitlement, and a risk that there would not be a sufficient number of places, particularly for the 30 hour provision for those families that qualified.

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Once the final arrangements were announced by Government, the LA would need to consult with all providers on its proposals for implementing changes. The new formula would need to be implemented within two years.

Suzanne Taylor highlighted the concern that a reduced funding rate would be coupled with a requirement to provide additional free sessions.

Brian Jenkins commented that service improvements could best be achieved by qualified members of staff. This was less so the case with unqualified staff. He added that the potential financial impact (if the allocation was not adjusted) would be dramatic, with the viability of nurseries and provision for children of real concern.

Brian Jenkins queried when it was anticipated that final arrangements would be announced by Government. Claire White responded that the Government had provided no indication of a timeframe. Bruce Steiner was hopeful that the Council's lobbying would prove effective.

Reverend Mark Bennett queried how the area cost adjustment had been formed. Claire White advised that no explanation had been provided of this.

Reverend Bennett then queried whether statutory duties in terms of providing sufficient places could be adhered to based on current funding information. Annette Yellen explained that local authorities had a statutory duty to provide places, but this would be at risk if the number of providers reduced and it was not possible to provide the additional free hours required. Local factors also needed to be taken into account, these included children/families eligible for free school meals and those in receipt of Disability Living Allowance.

Reverend Bennett asked how places would be covered/funded if sufficient provision was not available. Claire White explained that places would need to be funded from the DSG.

Paul Dick noted that a Government priority was to increase provision and provide extra funding for two year olds and queried efforts made to grow places for this age group. Annette Yellen advised that West Berkshire's provision for two year olds had increased and was above the national average. This did however remain as a high priority.

Graham Spellman queried how places would be covered if there were an insufficient number of providers/places. Rachael Wardell commented that Central Government would likely characterise this as a market failure. Brian Jenkins responded to that Government view by stating that the market was available and the failure was one of insufficient funding. He continued that provision of early years places was a statutory requirement and if these could not be provided by the private sector then this requirement would have to be fulfilled by schools at a higher cost (due to staffing costs). It was therefore important that private provision was funded appropriately and not reduced. Funding was a major concern moving forward should the proposed rate be confirmed and it was hoped that final arrangements would be confirmed in the near future.

Keith Watts queried whether other local authorities were in a similar position to West Berkshire. Claire White explained that she was unclear on this point at the present time; however she would shortly be attending meetings with her counterparts to better understand this. Keith Watts felt that it would be useful for collaborative lobbying by providers, the Council etc. Keith also felt that it would be helpful if Local Authority Councillors could also raise concerns with Government.

Peter Hudson queried whether the Forum could make a representation on this matter. Claire White advised that the Council had already raised concerns as part of the consultation response. A Forum response could be considered post receipt of the Government's final allocation.

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RESOLVED that the report be noted.

46 **DSG Monitoring 2016/17 Month 5**

(Paul Dick left the meeting at 5.57pm).

The Forum considered a report (Agenda item 9) regarding the DSG Monitoring for Month 5 of 2016/17. This was a regular report to the Forum.

As at the end of August 2016 there were no variances emerging in any of the spending blocks compared to the budget set. Claire White added that it was too early in the academic year to assess whether the DSG budget would continue to be on-line. Most funding changes occurred in the autumn term and a clearer picture would therefore emerge from Month 6.

The forecast overspend on grant income of £697k as at Month 3 was due to the Forum's decision in March 2016 to allocate out more grant than that expected to enable the continuation of some key high needs services and therefore a two year view needed to be taken on the budget. It was forecast that the 2016/17 overspend could be met from the 2017/18 DSG allocation.

This overspend on grant income had increased by a further £303k and this was due to the January 2016 early years PVI census returning a lower number than that estimated in the budget. The Council became aware of this in July 2016 and this had resulted in a claw back of funding relating to 2015/16 (£91k) and a lower estimate of funding for 2016/17.

In terms of further pressures, these were not significant within the Schools Block. As noted earlier in the meeting, the Early Years Block was currently forecasting an overspend. A growing pressure in the High Needs Block were charges for hospital tuition (in private settings) and the level/nature of these charges were currently being investigated.

David Ramsden queried the costs involved for hospital tuition. Rachael Wardell explained that these varied from setting to setting, but there was consistently a high daily rate. These costs were regularly challenged. In terms of actual spend, Claire White explained that the cost in 2015/16 was £20k and this was unbudgeted. A £20k budget had been set up for 2016/17. David Ramsden queried whether the £20k cost in 2015/16 covered a full financial year and therefore whether the 2016/17 provision was adequate. Rachael Wardell noted this point and the Education Service would provide confirmation.

Graham Spellman queried that given the increase in rateable values, whether schools could apply for Business Rate relief from the Council. Claire White advised that Business Rates were paid to Government and only a proportion was paid back to the local authority.

RESOLVED:

- that the report be noted; and
- Information would be provided from the Education Service to confirm whether the £20k figure for 2015/16 for hospital tuition costs covered a full financial year and therefore whether the 2016/17 provision of £20k was adequate.

47 **Forward Plan**

RESOLVED that the Forward Plan for the next two meetings be noted.

48 **Any Other Business**

This item was not discussed.

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49 Date of the next meeting

The next meeting would be held on Monday 5th December 2016, 5pm at Shaw House.

(The meeting commenced at 5.00 pm and closed at 6.06 pm)

CHAIRMAN

Date of Signature