

# 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, 22 JANUARY 2018

**Present:** Jonathon Chishick, Catie Colston, Jacquie Davies, Chris Davis, Lynne Doherty, Antony Gallagher, Keith Harvey, Reverend Mary Harwood, Angela Hay, Jon Hewitt, Lucy Hillyard, Brian Jenkins, Mollie Lock, Patrick Mitchell, Helen Newman, Chris Prosser, David Ramsden, Bruce Steiner (Chairman), Suzanne Taylor and Keith Watts

**Also Present:** Gabrielle Esplin (Finance Manager (Capital and Treasury Management)), Ian Pearson (Head of Education Service), Claire White (Finance Manager (Schools)), Katharine Andrews (Accountant (Schools)), Jessica Bailiss (Policy Officer (Executive Support)) and Michelle Sancho (Principal EP & Service Manager)

**Apologies for inability to attend the meeting:** Reverend Mark Bennet, Councillor Anthony Chadley and Graham Spellman

#### PART I

#### 59 Minutes of previous meeting dated 11th December 2017

The minutes of the meeting held on the 11<sup>th</sup> December 2017 were approved as a true and correct record and signed by the Chairman.

#### 60 Actions arising from previous meetings

The actions from previous meetings were noted. There were two actions and both would be covered off under agenda item nine.

#### 61 Declarations of Interest

There were no declarations of interest received.

#### 62 Membership

The Chairman announced that Alan Henderson (John O' Gaunt School) was the new academy representative on the Schools' Forum, in place of Paul Dick.

#### 63 Dedicated Schools Grant (DSG) Funding Settlement and Budget Overview 2018/19 (Claire White)

Claire White introduced the report, which set out the December settlement and calculation of the Dedicated Schools Grant (DSG) in 2018/19 and the current budget position for each of the funding blocks. Claire White highlighted that the settlement amount for Early Years and part of the High Needs settlement was provisional and the budgets for these blocks would need to be set using estimates. Funding would be based on data from the January 2018 census.

Table one under section four of the report set out the funding that would be received for each funding block. Appendix A to the report contained further information on the funding calculations and Appendix B showed the overall DSG budget per service for 2018/19.

There was an estimated deficit for 2018/19 of £1.5 million and reports later on the agenda would look in more detail at each of the blocks.

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Claire White reported that section five on the Schools Block set out how the funding for the block was calculated. There was £97.700m available to be allocated out to schools as per the formula principles agreed by the Schools Forum in December 2017 (and since approved by the Council's Executive on 18<sup>th</sup> January). Although with the agreement of the Schools' Forum, and subject to consulting with all schools, up to 0.5% of the total schools block funding could be transferred to the high needs budget or other funding blocks, no transfer from the schools block was being made in 2018/19. This enabled West Berkshire to move straight onto the national funding formula.

Claire White moved onto the Central Schools Services Block. A new formula was in place to determine funding allocations to local authorities. Without additional transitional protection funding the budget would amount to £771,245. As West Berkshire's funding under the formula was less than the current funding for these services in 2017/18, the unit allocated per pupil included transitional protection. Actual funding therefore for 2018/19 would be £992,560, going down to £967,871 in 2019/20 assuming the same pupil numbers.

There was currently a shortfall of £336k in the Central Schools Services Block and this was largely due to West Berkshire being a small local authority. Many larger local authorities were reporting a surplus in this block and some areas had transferred money to other blocks, for example the High Needs Block.

Regarding the Early Years Block, the new Early Years formula was introduced in 2017/18. The funding rates for 2018/19 remained the same, despite continued concern that the premises element of the area cost adjustment for West Berkshire used for three and four year olds was too low. Claire White reported that Councillor Lynne Doherty had helped to set up a meeting with the Department for Education (DfE) so that these concerns could be raised. This had taken place last week and as a result the DfE were going to review how the area cost adjustment for West Berkshire had been derived. If an error emerged then the DfE had stated they would correct the issue. It was hoped that the DfE would review how the data was used next time around. More detail on the funding for Early Years would be known once the data from the January 2018 census was available.

Jonathan Chishick asked why costs in the area of Early Years had increased so much and Claire White reported that this was due to the increase from 15 hours to 30 hours of free nursery provision for three and four year olds of working parents, introduced by Central Government in September 2017.

Section eight gave a brief summary on the High Needs Block Budget. Under the new formula for the High Need Block, West Berkshire would receive less than the current High Needs Block allocation. However, all local authorities would gain a minimum of 0.5% over their baseline.

**RESOLVED** that the Schools' Forum noted the report.

### 64 Final Schools Funding Formula 2018/19 (Claire White)

Claire White introduced the report, which set out the final primary and secondary school funding formula for 2018/19. Claire White reported that final formula rates had been approved by the Council's Executive on the 18<sup>th</sup> January and the final funding allocation had been sent to schools that morning (22<sup>nd</sup> January 2018).

*(David Ramsden joined the meeting at 5.10pm)*

Section 3.3 set out why West Berkshire was able to replicate the National Funding Formula (NFF).

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Many other Local Authorities had needed to transfer significant amounts of funding due to increasing pressures in other areas, for example to meet high needs block demands and deficits or for significant growth such as new schools. West Berkshire was not transferring any funding from the schools block to other blocks and therefore was able to use the NFF rates.

Claire White reported that the decision had been taken at the last Schools' Forum meeting not to agree to Brightwalton Schools' request to adjust the nearest school distance in the calculation of sparsity funding. Claire White reported however, that Brightwalton now met the sparsity criteria based on its own pupil/distance data. Claire White added that the calculation for sparsity finding was very volatile and was based on the postcodes of children living within the catchment area.

Claire White stated that the final data from the October 2017 census was received from the Education and Skills Funding Agency (ESFA) on 15<sup>th</sup> December 2017. However, on the 12<sup>th</sup> January 2018 the ESFA supplied local authorities with a revised dataset after discovering an error in the free school meal data. As a result a minimum funding guarantee of 0.2% had been applied (compared to the 0.1% based on the original data, taking the total cost to £97,708m, just over the grant allocation.)

The main reason why 0.5% MFG could not be afforded was due to an increase in business rates.

Appendix A to the report detailed the 2018/19 School Formula allocations. Overall there would be £1.7m of extra funding going into West Berkshire schools and per pupil funding rates had increased by £72 in primary and £21 in secondary schools. Claire White reported that although this increase in funding was positive, it did not deal with the increasing pressure being faced by schools and it was anticipated that the year ahead would be difficult.

**RESOLVED** that the Schools' Forum noted the report.

### 65 **Central Schools Block Budget Proposals 2018/19 (Gabrielle Esplin/Ian Pearson)**

Ian Pearson introduced the report, which set out the budget position for services funded from the Central Schools' Services block of the Dedicated Services Grant (DSG) and to propose measures to enable the budget for this block to be balanced.

Ian Pearson stated that there seemed to be a floor regarding what the Government had based its formula on for this block.

Grant funding for this block was based on an amount per pupil, 10% of which was allocated to relative deprivation levels. West Berkshire had a large number of smaller schools and therefore was receiving less funding than larger authorities. In addition, central services support for Early Years and High Needs was not included in this formula. To try and rectify the problem a number of recommendations were included under section two of the report as follows:

- i. To transfer £27,053 from the High Needs Block and £32,850 from the Early Years Block to the Central Schools Services Block;
- ii. To make a saving of £30,000 in the cost of central services to schools by making permanent the temporary management arrangements currently in place for the Education Welfare Service;
- iii. To recommend to the Council's Capital Strategy Group that the remainder of the Education Asset Management Team be funded from the Council's capital

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programme, in order to achieve a saving of £54,000 in the Central Schools Services block;

- iv. To recommend to the Council that the full cost of strategic planning of the education service and finance support for Education services outside the DSG should be funded from the Council's budget.

Gabrielle Esplin referred to recommendations iii and iv. She stated that she had attended the meeting of the Capital Strategy Group, where it had been agreed that the required saving (as highlighted in recommendation iii) be included within the Capital Management Strategy. This would be considered by the Council's Budget Board on Thursday 25<sup>th</sup> January 2018. Recommendation iv would be taken to the Council's Executive (February 2018) and Full Council (March 2018) meeting for decision.

Suzanne Taylor stressed her concern about taking money from the Early Years and High Needs Block budgets, when these areas were already under a great amount of pressure. She was concerned that the amount of money per child in Early Years setting would get cut further. Ian Pearson stated that concerns were being taken into account however, it was going to be extremely difficult to balance the budget outside of the Dedicated School Grant (DSG) and regrettable decisions were having to be made. Brian Jenkins stressed that early years settings were already under extreme strain and there seemed to be no options for improvement. He found the recommendation (i) extremely difficult to accept and asked if there was any chance this could be reviewed. Ian Pearson confirmed that this had been reviewed many times and therefore a further review was not an option.

Helen Newman noted the increase in National Copyright Licences outlined on the table of page 30 of the report. Claire White confirmed that there was no control over this area, the rates were set nationally.

David Ramsden felt that effort being made to settle the shortfall of £190k outside of the DSG was sensible. He was however, aware that capital funding was already a very pressured area and asked if shifting this pressure would cause further pressures elsewhere. Gabrielle Esplin reported that the capital budget had already been cut however not in the area of education.

Helen Newman asked what the plan would be if recommendation iii was refused by the Council. Ian Pearson stated that this would be reviewed if necessary. The Council's Head of Finance had advised that the recommendation be put before Members and the outcome of this route would be known shortly.

Jonathan Chishick noted that West Berkshire was disadvantaged due to it being a small local authority and with this in mind questioned if options to work with other authorities had been explored to provide a joint service. Ian Pearson confirmed that options for joint working had been looked into, including with authorities in Hampshire and Berkshire. Some of these authorities were particularly difficult to negotiate with. Keith Watts concurred with Ian Pearson and added that these arrangements were often difficult due to changes in personnel. What seemed like a straight forward process was often costly and complex.

The Chairman consulted the Forum on whether it would like to agree the recommendations collectively or individually and collectively was decided as the most appropriate approach.

David Ramsden proposed that the Schools' Forum support the recommendations set out under section two of the report and this was seconded by Chris Davis. At the vote this motion was carried.

**RESOLVED that** the recommendations set out in section two of the report were approved by the Schools' Forum.

**66 High Needs Block Budget Proposals 2018/19 (Jane Seymour/Michelle Sancho)**

Ian Pearson introduced the report, which set out the current financial position of the high needs budget for 2017/18 and the position known so far for 2018//19.

Ian Pearson reflected that at previous meetings of the Schools' Forum a lot of time had been spent trying to deal with pressures on the High Needs Block for the next two to three years, through the management of a long term plan.

Ian Pearson reported that pressures on the block were now suggesting that the original long term plan was no longer viable and the deficit was set to grow. Officers and the Heads Funding Group had considered a range of options as ways to reduce the deficit and some of these options were more palatable than others.

Ian Pearson drew attention to the report which aimed to set out the key pressures within the High Needs Block. In essence these pressures included that there were more children entering the system; the way Local Authorities were funded regarding place funding and that there was increasing numbers of children with increased needs and a shortage of resources able to meet their needs. Ian Pearson added that until recently the High Needs Block had not been responsible for young people up to the age of 25, so it was now responsible for a new cohort of pupils.

Ian Pearson drew attention to paragraph 3.4, which stated that in 2017/18 several savings were made in the High Needs Budget, and a deficit of £584k was set. Some of these savings had impacted negatively upon schools. Ian Pearson stressed that the issues being faced were not isolated to West Berkshire.

Paragraph 3.7 gave an indication of the position in 2018/19. The estimated shortfall was £978,400, which included a carry forward overspend of £499,510. Ian Pearson highlighted that paragraph 3.8 set out why the overspend had risen.

Ian Pearson referred to paragraph 3.9, which stated that it should also be noted that the shortfall figure did not include another newly identified pressure of £50k or £100k for West Berkshire maintained special schools. Currently these were funded at £5k per additional planned place rather than the full £10k planned place value. If planned places at the special schools were funded at £10k per place, this represented an additional pressure £100k and if they were funded at £7.5k (a recommended mid-point) per place this represented an additional pressure of £50k.

Ian Pearson highlighted that the bottom line of Table one showed the cumulative position if no action was taken to resolve the shortfall. The Heads Funding Group, at its meeting on the 10<sup>th</sup> January 2018, had been tasked with forming a menu of possible savings that were detailed within the table under Appendix C.

Councillor Lynne Doherty stated that she had met with Members of the south east along with Directors of Children's' Services and all had concurred regarding issues facing the High Needs Block. Councillor Doherty would be pursuing the issue with the Local Government Association and was also forming a lobbying process with the local Member of Parliament.

Regarding place funding, Ian Pearson referred to paragraph 1.3 of Appendix A, which reported that there was only funding for 675 places, which was extremely frustrating as it did not reflect the number of pupils requiring places (736). Schools only received an increase in place funding if they incurred a 10% increase in pupil numbers and it was stated that few schools grew to this extent in a single year.

Ian Pearson further explained that there were an increasing number of children being diagnosed with Autism Spectrum Disorder (ASD). There was less pressure for external

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ASD Placements since the Trinity and Fir Tree ASD resources were available. This was much more cost effective than out of county settings.

Ian Pearson moved on to talk about Pupil Referral Unit (PRU) top ups. The budget in this area for 2016/17 was just over £1 million however, nearly £1.3million had been spent. It was likely that the 2017/18 budget was going to overspend due to the number and length of placements. The proposal for schools to pay for their places in full from 2018/19 was being challenged.

Ian Pearson added that there were other statutory services, which were critical in preventing the needs of pupils escalating. These services were detailed under section four of the report. Non statutory services were detailed under section five of the report. There was more potential to make savings on these services, although a reduction in any of these budgets would likely cause an increase in pressure on statutory budgets.

Appendix B to the report listed a number of High Needs Block saving options. The Heads Funding Group at its meeting on the 10<sup>th</sup> January 2018 had considered the full list of savings set out in Appendix B and proposed that the list of savings detailed in Appendix C should be considered by the Schools' Forum for implementation. Ian Pearson highlighted that the Schools' Forum did not need to make a final decision right away however, would need to take a view on which savings could be explored further. A final decision by the Schools' Forum would be required at the meeting on 12<sup>th</sup> March 2018.

Keith Watts stated that he had sat of the Schools' Forum for many years and much of its work consisted of looking at decreasing the costs of the High Needs Block Budget. Keith Watts recalled the cuts that had been made for 2017/18 and was curious how much these had contributed to increasing costs. He expressed his support for early intervention as later intervention was much more costly. He was concerned that schools might choose not to offer particular services as a result and face huge costs at appeal.

Ian Pearson sympathised with Keith Watts' concerns regarding cuts to preventative services. Effort had been made to invest to save however, the issue was that there was little money available to invest. As a result of the situation that West Berkshire was in, representations were being made to the Department for Education. Keith Harvey agreed that the savings were very unpalatable and even if all the cuts were made, the deficit would still increase year on year.

David Ramsden felt that cuts had not been made hard enough or early enough. He noted that a recovery plan had been mentioned however, he could not see a five year recovery plan within the paperwork to the report. David Ramsden concurred with the points made by both Keith Watts and Keith Harvey. Ian Pearson reported that there had been a three year recovery plan however, a new plan was now required to tackle increased pressures. The issue needed to be resolved collectively. David Ramsden agreed and stressed that any future recovery plan must be reviewed on a regular basis. He expressed his sympathy for Jane Seymour who worked relentlessly within the SEND Team. David Ramsden queried if a recovery plan would be brought to the March Schools' Forum Meeting. Ian Pearson felt it would be unlikely that the plan would be ready for the March meeting however, there would definitely need to be discussions at the March meeting about the commencement of a recovery plan.

The Chairman expressed his astonishment that funding was based on historical figures, which bore no relation to actual figures.

Patrick Mitchell stated that the situation was critical and money for investment needed to be found. He stressed that the current system was not sustainable. Money from elsewhere needed to be made available as it was unlikely there would be a change in the way the funding was allocated. Ian Pearson referred to the sum of £500k provided by the Government for the purpose of improving facilities. It was confirmed that this money had

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been invested in iCollege for an additional six places. If the services had needed to seek these places elsewhere they would have cost much more.

Councillor Doherty highlighted that most of the £70k referenced in paragraph 3.12 for a review of High Needs Block expenditure, would be used to fund a full time SEND Strategy Officer, who had recently been recruited on a fixed term 12 month contract. The remainder of the money would be used to support the review.

Keith Watts felt that this was a sensible position to have as someone needed to plan for the area. There was little control currently over what money was being spent on. It was a difficult issue for the Local Authority/Schools' Forum to resolve.

The Chairman referred to the recommendation within the report which was asking the Schools' Forum to take a view on the implementation of some or all of the savings proposed by the Heads Funding Group in Appendix C. David Ramsden felt that it was difficult to cut services until a plan was available.

Ian Pearson referred to Appendix B and stated that the first two options were not viable options and therefore options three to 14 needed consideration. The Schools' Forum could either go through each option individually or consider the table in Appendix C as a whole, which contained recommendations by the Heads Funding Group.

Jonathan Chishick asked why more effort was not being made to transfer money across blocks. Ian Pearson stated that this was not an option in the current year as the schools block had already been agreed by the Schools' Forum at a past meeting. Ian Pearson stated that the Schools' Forum might wish to look at transferring money from the Schools Block in to the High Needs in 2019/20. Jonathan Chishick felt that given that the deficit in the Schools Block was only small that schools could be asked to fund children's needs in a 'money follows the child' scenario.

Chris Davis recalled that in the past money had been moved from the DSG block into the High Needs Block and he felt that a repeat of this was inevitable for the 2019/20 financial year. He felt that an in-depth review was required rather than simply snipping away at budgets.

David Ramsden stated that he would resist a transfer of money from the Schools Block as there was already a huge amount of pressure on schools. He referred to Appendix C and stated that each option had been discussed to great lengths and that this approach needed to be pursued until a long term plan was in place as there was no other choice. It was difficult to judge which children in which institutes would be most immediately affected. David Ramsden stated that Jane Seymour had tried to demonstrate a methodical impact for each of the options. He felt that it would be a bad decision not to proceed.

Chris Davis stated that the Heads Funding Group had recommended the cuts with the hope that the services would continue.

The Chairman invited the Schools Forum to take a view on whether all the savings should be implemented as set out in Appendix C. A final decision would be taken on this on the 12<sup>th</sup> March 2018.

David Ramsden proposed that the Schools Forum agree that the options outlined in Appendix C should be explored further. This was seconded by Chris Davis.

**RESOLVED that** the Schools Forum were supportive of the implementation of the savings contained with Appendix C. A final decision on this would be required at the meeting of the Schools' Forum on 12<sup>th</sup> March 2018.

**67 Growth Fund and Falling Rolls Fund 2017/18 (Claire White)**

Claire White introduced the report, which informed School Forum Members of payments made to schools from the Growth Fund and Falling Rolls Fund budget in 2017/18.

Four schools had met the Growth Fund criteria and the relevant payments had been approved by the Head of Education.

The table under paragraph 4.3 showed the overall position of the Growth Fund and Falling Rolls Fund for 2017/18.

It had been agreed by the Schools' Forum that the unspent balance of £76k should be carried forward and added to the next year's growth fund, to ensure there was enough funding being built up for 2019/20 in order to pay formula funding for additional pupils in the new primary school in Newbury when it opens in September 2019. As funding received through the DSG was based on previous year's pupil numbers, if additional funds were not set aside it would mean a reduction in funding available to allocate out to existing schools. The DSG allocation currently included a growth fund allocation based on 2017/18 costs only and there was no other source of funding in the first year of a new school or as year groups were added.

**RESOLVED that** the Schools' Forum noted the report.

**68 DSG Monitoring 2017/18 Month 9 (Ian Pearson)**

Ian Pearson introduced the report, which set out the current financial position of the services funded by the Dedicated Schools Grant (DSG) and highlighted any under or overspends. Ian Pearson highlighted that the diagram under section 3.3 of the report showed how the DSG was split between the three blocks in the 2017/18 budget.

Table one on page 44, showed the difference in spending compared to the previous report brought to the Schools' Forum in December 2017.

As at the end of month nine, an overspend of £35k was forecast in the High Needs Block, which was offset by forecast savings in the Schools and Early Year's blocks. This gave an overall forecast overspend of £7k, which was a small reduction from the overspend forecast at month seven. It was however, expected that the over spend on the High Needs Block would increase by year end and was also a strong possibility that further vacancies might arise in the spring term on the budgets for early years payments and early years funding.

**RESOLVED that** the Schools' Forum noted the report.

**69 Forward Plan**

**RESOLVED that** the Schools' Forum noted the forward plan.

**70 Any Other Business**

**RESOLVED that** there was no other business.

**71 Date of the next meeting**

The next meeting would take place on Monday 12<sup>th</sup> March 2018, 5pm at Shaw House.

**72 Exclusion of the Press and Public**

**RESOLVED that** members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006. Rule 8.10.4 of the Constitution also refers.



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### 73 Primary Schools in Financial Difficulty - Bid for Funding (Claire White)

The Schools' Forum considered an exempt report (Agenda Item 16) which sought approval of a bid to the Schools' in Financial Difficulty fund, for the amount of £6k.

**RESOLVED that** the recommendations in the exempt report be agreed.

**Reason for the decision:** as outlined in the exempt report.

*(The meeting commenced at 5.00 pm and closed at 6.25 pm)*

**CHAIRMAN** .....

**Date of Signature** .....