

# **SCHOOLS FORUM**

## **MINUTES OF THE MEETING HELD ON MONDAY, 30 OCTOBER 2017**

**Present:** Reverend Mark Bennet, Jonathon Chishick, Catie Colston, Jacquie Davies, Chris Davis, Paul Dick, 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, Graham Spellman (Vice-Chairman), Bruce Steiner (Chairman), Suzanne Taylor and Keith Watts

**Also Present:** Avril Allenby (Early Years Service Manager), Gabrielle Esplin (Finance Manager (Capital and Treasury Management)), Ian Pearson (Head of Education Service), Andy Walker (Head of Finance), Claire White (Finance Manager (Schools)) and Annette Yellen (Accountant for Schools Funding and the DSG), Jessica Bailiss (Policy Officer (Executive Support)), Tracy Cole (WBC Accountant) and Michelle Sancho (Acting Principal EP & Service Manager) and Karen Reeves (iCollege)

**Apologies for inability to attend the meeting:** Councillor Anthony Chadley and Charlotte Wilson

### **PART I**

#### **28 Minutes of previous meeting dated 17th July 2017**

The Minutes of the meeting held on 17<sup>th</sup> July 2017 were approved as a true and correct record and signed by the Chairman.

#### **29 Actions arising from previous meetings**

There were no outstanding actions from the previous meeting.

#### **30 Declarations of Interest**

There were no declarations of interest received.

#### **31 Membership**

The Chairman welcomed new members, Helen Newman from the Willink Secondary School and Patrick Mitchell from Francis Baily Primary School, to the meeting.

The Chairman confirmed that Chris Prosser from the Downs Secondary School, would continue as a secondary school representative for another three year term.

#### **32 School budget (DSG) 2018/19**

Claire White introduced the report, which aimed to set out changes to the calculation of the Dedicated Schools Grant (DSG) in 2018/19, and the implications of the changes on the Schools Budget.

Over the last two years the Government had carried out two consultations of their proposals to School and High Needs Funding. The second stage closed on 22<sup>nd</sup> March 2017 and the results were published in September 2017. The Government had announced the funding arrangements for 2018/19 and following consultations there were a number of changes to the way the DSG would be calculated for 2018/19.

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Claire White reported that there would be a new funding block called the Central Schools Services Block. There was a new formula to calculate the funding allocation for the Schools Block, Central Schools Services Block and High Needs Block. A new formula for calculating the Early Years Block had been introduced in April 2017. Claire White confirmed that rules around moving funding between the blocks had changed.

The actual allocations for 2018/19 would be announced by the Government in mid December however, the allocations for Early Years and High Needs would be provisional and the budgets for these blocks would need to be set using estimates.

Claire White reported that the largest changes would take place within the Schools Block. A 'soft' formula would be used for the next two financial years and in 2020 it was anticipated that this would become a 'hard' formula with minimal local discretion.

Claire White explained how the Schools Block funding for 2018/19 would be calculated. West Berkshire could expect to receive an additional 1.3% or £1.3m.

Claire White explained that in determining the local authority funding allocation each school would be allocated as a minimum a 0.5% per pupil increase against a baseline, and there would be a 3% per pupil funding cap. Claire White confirmed that the baseline was the 2017/18 formula allocation plus formula funding for the pupil numbers in resource units added back in. Schools with resource units would therefore see a reduction in place funding from £10k to £6k.

For primary schools, the minimum per pupil funding level in 2018/19 was set at £3,300, and for secondary schools £4,600. All West Berkshire schools would be above this level. There had been some confusion when these amounts were announced as it was presumed by some schools that this would be the basic entitlement.

The allocations for each school were added up and divided by the October 2016 pupil numbers, which produced a Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF). The final funding allocation would be the October 2017 pupil numbers multiplied by the PUF and SUF.

Regarding growth funding, Claire White reported that the DSG allocation was equal to the 2017/18 local authority budget and would exclude any funding carried forward. The level of funding required would need to be considered when the new school opened in September 2019.

Claire White explained that adjustments would be taking place against the national funding formula, whilst the 'soft' formula was in place. The Government had not yet determined how these would work under a 'hard' formula.

The Local Authority, in consultation with the Schools' Forum, would set aside funding required for the growth fund 2018/19. The balance would then be distributed to schools through the formula, by setting the formula funding rates, a minimum funding guarantee and a funding cap on gains. The methods for distributing the funding would need to go out to consultation with all schools and be agreed by the Schools' Forum in December 2017 and then approved by the Council's Executive in January 2018.

Through agreement by the Schools' Forum and subject to consultation with schools up to 0.5% of the total schools block funding could be transferred to the other funding blocks. Approval from the Secretary of State was required for any transfers above this limit or if approval was not received from the Schools' Forum.

Positively, if pupil numbers and characteristics remained relatively unchanged, West Berkshire would gain from the National Funding Formula by 1.3% (£1.3m) however, the final allocation would be determined by the October 2017 census. Claire White added that whilst there had been concerns that under the new formula half of schools would

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lose funding, positively more than half of schools would now gain funding whilst the others would now retain funding.

Claire White explained that it would be impossible for the national formula rates to be replicated in West Berkshire and set out the reasons for this to the Schools' Forum. The highest the minimum funding guarantee could be set at was 0% because the Department for Education had felt that there might be perverse gains and losses. The additional 0.5% had to be allocated to schools through the formula factors. However, an application could be made to the Secretary of State for Education to increase the minimum funding guarantee up to 0.5% if the Schools' Forum agreed.

The funding rates (SUF and PUF) had been determined using the October 2016 census data, whereas actual allocation to schools used the October 2017 census. This would create a surplus or shortfall to be adjusted for.

Claire White further explained that business rates were based on historical amounts and there would be an increase the following year. Growth and falling rolls funding were also based on historical amounts and if the estimated requirement for 2018/19 was greater, this would need to be funded.

Claire White concluded that if there was a significant shortfall in high needs funding, then up to 0.5% could be transferred from the schools block allocation.

Claire White concluded that there would be another report later on the agenda, which would provide further details of the proposals for the schools' formula.

Paul Dick referred to paragraph 5.7 of the report, which detailed an option involving transferring DSG funding from the Early Years and High Needs block in order to balance the Central Services Block. Paul Dick felt that this was an unlikely option as the High Needs Block in particular had historically seen an overspend. Claire White stated that the picture was currently unclear regarding expenditure in the High Needs Block, and efficiency savings were being sought in central services. A further report would be brought to the Schools' Forum meeting in December 2017 when more information would be available on this area.

Claire White stated that under the new formula for allocating High Needs funding, West Berkshire would receive less than the current High Needs Block allocation. Positively however, all local authorities would gain a minimum of 0.5% over their baseline.

The table under paragraph 7.7 of the report showed the impact of the new funding for High Needs. In March 2017, it had been agreed that the deficit incurred in 2016/17 would be repaid over a three year period and at this point it had been assumed that there would be a deficit of £75,900 for 2018/19. However, taking into account funding changes it was now anticipated that there would be a surplus of £131,190. Claire White added the caveat that the High Needs Block was particularly unpredictable.

Reverend Mark Bennett asked how the surplus within the High Needs Block would be prioritised to ensure the outcomes of pupils were taken into account. Ian Pearson stated that firstly they would need to ensure the statutory responsibilities for pupils were being met. There would need to be a longer more strategic view taken on the pressures across the system, concerning need and pupil numbers overtime. The results from a recent survey with parents would also need to be taken into account, which asked them for their views on the services they received. Planned places were an emerging problem that required focus, as the number of planned places was capped and the only option was to move planned places between settings.

Paul Dick stated that he had experienced problems with the survey and was still awaiting a revised version. Ian Pearson confirmed that he would follow this up with Paul Dick outside of the meeting.

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**RESOLVED** that the Schools' Forum noted the changes, the timetable, and decisions that would be required in the setting of the 2018/19 Schools' Budget.

### 33 Schools Funding Formula 2018/19

Claire White introduced the report that set out the changes and requirements for setting the primary and secondary school funding formula for 2018/19 in preparation for the consultation to take place with schools. Agreement was required on a proposal for setting the school funding formula for 2018/19 as set out in 2.1 of the report. This would then go out to consultation with schools.

Claire White drew attention to Table 1 on page 20 of the report, which set out the national funding rates for each factor compared to West Berkshire's current rates. Appendix A showed the funding per factor for each school in West Berkshire and showed the National Funding Formula compared to the West Berkshire formula. Claire White reported that the picture was positive compared to what had been anticipated earlier in the year.

For West Berkshire, there had been a shift in funding from basic entitlement and lump sum funding to additional needs funding. The following reasons explained why there had been a shift in some factors:

- West Berkshire was ranked one of the lowest in terms of deprivation, which was replicated in lower relative funding when the DSG was first put in place.
- When the current West Berkshire formula was set in 2013 it was a Schools' Forum decision that the prior attainment factor for primary schools was not, on its own, a reasonable proxy factor for additional need, and so more funding was added to the AWPU and deprivation.
- It had been a Schools' Forum decision not to use the sparsity factor for primary schools, as most of the small schools in the district fell just outside the criteria and it was felt unfair that just a few would gain and at the expense of others.

Based on the October 2016 census data and pupil numbers, the schools block DSG would be £97.5m. Growth funding and increases in business rates would have to be deducted, with the balance available to be allocated to schools. The total balance available to allocate would amount to £97,118,000 but this figure could go up or down depending on the changes in pupil numbers in the October 2017 census.

Claire White added that in addition to agreeing on the funding formula, a decision needed to be taken on how to allocate any surplus or shortfall. The final amount of funding would not be known until mid December 2017 and after the consultation with schools had taken place.

Claire White drew attention to the proposals under section 6 of the report. First it remained a local authority decision, for at least the next two years, on how the funding would be allocated to schools through formula factors.

Although it would be impossible to replicate the national funding formula as shown in the DfE tables for each school, it was proposed that in principle the aim would be to move as close as possible to the national rates, using all the formula factors and using the highest minimum funding guarantee possible, whilst applying the 3% per pupil cap on gains. There was no advantage in doing anything different because this would give schools certainly in funding allocations in future years. The minimum funding guarantee would protect those schools that would lose and schools that would gain, should receive the funding as soon as possible. Claire White confirmed that the Heads Funding Group had agreed to this in principle.

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Claire White explained that the minimum funding guarantee that could be set in the schools formula was between 0% to -1.5%. If the local authority wished to set a minimum funding guarantee of between 0% and +0.5%, an application needed to be made to the Secretary of State for Education, following consultation with schools and subject to Schools' Forum approval. The Heads Funding Group had felt that due to current funding shortfalls in all schools, if funding was available, all schools should see an increase in their per pupil funding, even if this was only a small amount. The Heads Funding Group had proposed that this option be used.

If there was enough funding to allow a minimum funding guarantee of 0.5% (shown under Appendix D to Appendix A), the cost of the model would be £97,127k, which Claire White reported could potentially be affordable. The impact was displayed on the table under section 6.5 of the report. No schools would gain nil and 30 schools would gain up to £5k. Claire White added that the Heads Funding Group had explored a number of different options and had concluded that the national rate would benefit the majority of schools.

Claire White reported that the next step would be a consultation document that would go out to schools containing the proposals detailed within the report. The consultation would last for three weeks and the results would be brought back to the next Heads Funding Group to review before determining a final proposal to present to the December Schools' Forum meeting for approval. The Council's Executive would make the final decision in January 2018 and the formula would also need to be submitted to the ESFA by the 19<sup>th</sup> January 2018.

Angela Hay referred to the reduction in the resource unit funding allocation from £10k to £6k and queried if the shortfall would be accounted for in anyway. Claire White reported that calculations would need to take place after the next schools census. Funding would be allocated in two different ways, with unfilled places still attracting £10k.

Paul Dick noted that the reduction in resources would relate to primary provision rather than secondary and needed to be monitored closely.

The Chairman referred to the recommendations under section two of the report and asked the Schools' Forum to determine these.

**RESOLVED that** the Schools Forum approved the following proposals for setting the school funding formula for 2018/19, to go out to consultation with schools:

- Use the National Funding Formula rates for every formula factor, applying a funding cap on gains of 3% per pupil and minimum funding guarantee of 0%.
- Apply to the Secretary of State for Education to increase the minimum funding guarantee up to 0.5% should more funding be available.
- Scale every formula factor upwards or downwards in order to match the final funding allocation available for distribution to schools.

**RESOLVED that** the consultation document was approved by the Schools' Forum as was the timescale for consultation as set out in the report.

*(Keith Harvey left the meeting at 5.46pm)*

### 34 Additional Funding Criteria 2018/19

Claire White introduced the report that set out the current criteria and budgets for additional funds for review by members of the Schools' Forum to ensure they were all still relevant and met their purpose. There were two proposals that needed consideration concerning the removal of the Falling Rolls Fund and widening of the criteria for primary schools accessing the Schools in Financial Difficulty Fund. These changes would be

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subject to consultation with all schools and the final decision would be need to be taken by the Schools' Forum at its meeting in December 2017.

Claire White drew attention to the proposal under paragraph 4.2 of the report. No changes were proposed for the Growth Fund, Financial Difficulty Fund or High Needs Fund however, it was proposed that the Fallings Rolls Fund was removed. Only one school in four years had qualified for payment from the fund.

Claire White referred to the Schools in Financial Difficulty Fund, which concerned primary schools only, and suggested that with so many schools facing financial difficulties that the criteria could be reviewed to make it more accessible for schools not in deficit but needed to undergo a restructure to avoid deficit. The current criteria made it so the fund was only accessible to those schools in deficit.

David Ramsden was concerned about widening the criteria for the Schools in Financial Difficulty Fund as it could place pressure on schools budgets and therefore was not a feasible option. Ian Pearson explained that the proposal meant that there would be the option to support primary schools before they hit crisis point. This was a primary school budget and therefore it would be up to primary schools to decide. Keith Harvey was in support of the proposal as it gave schools the opportunity to avoid deficit. It would increase the pressure on schools budgets however, if sound financial reasoning was involved he felt that it was a sensible way forward. Ian Pearson reiterated that the pressure would not be incurred by secondary schools.

Helen Newman asked for clarification regarding the table on page 45 of the report concerning the Growth Fund. Claire White explained that the budget was being built up for the new primary school. However, because the build date for the new school had been pushed back, the Schools' Forum had taken the decision to allocate the funding back out to schools in 2017/18, taking the balance back down to zero.

Paul Dick asked why the papers were being brought back the Schools' Forum meeting in December and Claire White confirmed that all proposals had to go out to schools for consultation before a decision could be taken.

Claire White referred to the Growth Fund Criteria on page 47 of the report and proposed that in order to comply with finance regulations the word not be removed under paragraph 2.4 which would read as follows:

### **Increase in Pupil Admission Number (PAN)**

This is payable where a school has increased its admission number by 5 or more pupils *in agreement with the authority*, but this has not necessitated an additional class, ~~or~~ and is ~~not~~ in response to basic need for a bulge class or general pupil number growth in the area.

**RESOLVED that** the Schools' Forum approved this amendment.

The Chairman drew attention to the recommendations set out under section two of the report.

**RESOLVED that** the Schools' Forum approved that the following changes should go out to consultation with all schools:

- Removal of the Falling Rolls Fund from 2018/19.
- Widening of the criteria for primary schools in financial difficulty to enable schools currently not in deficit to apply for funding towards meeting restructuring costs that were required to avoid a deficit.

**35 Letter from Education Unions**

**RESOLVED that** it was noted that this item was supporting information for agenda item 10.

**36 De-delegations 2018/19**

Ian Pearson introduced the report, which was an annual report that set out the details, costs and charges to schools for services which maintained school representatives were required to vote on whether or not they should be de-delegated.

A range of decisions were required on services (listed under paragraph 3.1 of the report) which could be de-delegated. More information on each of the services was contained within the appendix to the report. A decision was required by maintained primary and secondary schools for all services apart from Statutory and Regulatory Duties that also required a further decision from Special Schools, Alternative Provision and Nursery Schools.

Ian Pearson drew attention to Table 7, which summarised the services and budgets which had been proposed to be de-delegated in 2018/19 by the Heads Funding Group. Ian Pearson highlighted the difference between the two Health and Safety Options. Option one was a high level service and option two was a lower level service with the option for schools to buy services back. The Heads Funding Group had chosen Option two as the preferable level of service.

Claire White added that there was now a grant available for school improvement. This would be seen as a reduction to the total de-delegated sum, and thus net funding to be received by schools would be greater.

**RESOLVED that** the views of Heads Funding Group on the de-delegations set out in Table 7 were noted.

**RESOLVED that** the proposals set out in Table 7 should be included within the consultation with all schools on funding arrangements for 2018/19.

**37 High Needs Places and Arrangements 2018/19**

Ian Pearson introduced the report, which aimed to advise the Schools' Forum on planned place allocation currently to special schools, resourced schools, FE providers and mainstream sixth forms and likely numbers of pupils in those institutions requiring place funding in 2018-19.

Ian Pearson highlighted the table on page 87 of the report, which showed places currently funded by the Education & Skills Funding Agency (ESFA) and actual places currently filled across schools. The issue was the number of places overall. The ESFA would base 2018/19 financial year place funding on the place funding allocated for 2017/18 and there would be no opportunity for local authorities to request additional planned places. Local authorities would have flexibility to move planned place funding between institutions however the overall number of planned places would be capped.

Ian Pearson used the Castle School as an example as there were 147 planned places allocated however, there were 169 pupils. Other schools such as the Winchcombe had 15 planned places allocated however, only 12 were occupied. Places that were not required needed to be re-allocated where they were needed.

**RESOLVED that** the Schools' Forum noted the report and that any implications for the High Needs Budget would be incorporated in to the report, which would be brought to the next meeting on the draft High Needs Block Budget for 2018-19.

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### 38 DSG Monitoring 2017/18 Month 6

Ian Pearson introduced the item that set out the current financial position of the services funded by the Dedicated Schools Grant (DSG), highlighting any under or overspends.

Section three of the report gave some background to the DSG. Ian Pearson drew attention to the table on page 92 of the report under section four, which showed the total net position for the budget. The budgeted overspend of £844k on DSG in 2017/18 was approved by the Schools' Forum in March 2017, after consideration of the three year position, as it was forecast that the overspend could be paid back over two years. The budgeted overspend in 2017/18 had now been reduced by £40k to £804k to reflect the final carry forward from 2016/17.

Ian Pearson reported that there were no variances in the forecast for either the Schools' Block or the Early Years Block. There was a variance of about £11k for the High Needs Block between the budget and the current forecast. These additional costs related to required sensory services.

Ian Pearson concluded that apart from the variance concerning the High Needs Block there were no major changes to report. It was a strong possibility that further variances might arise on the budgets for high need top ups and early years payments in the second half of the autumn term, or in the spring term.

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

### 39 Forward Plan

**RESOLVED that** the Schools' Forum noted the Forward Plan.

### 40 Any Other Business

Graham Spellman used the opportunity to thank Claire White for the impressive amount of detail put into reports for the Schools' Forum to consider.

### 41 Date of the next meeting

The next meeting would take place on Monday 11<sup>th</sup> December 2017, 5pm at Shaw House.

*(The meeting commenced at 5.00 pm and closed at 6.10 pm)*

**CHAIRMAN** .....

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