

**DERBYSHIRE COUNTY COUNCIL**  
**DERBYSHIRE SCHOOLS' FORUM**

**Minutes of the Meeting Held on 8<sup>th</sup> February 2018**  
**At 4.30 pm Sporton Room, Post Mill Centre, South Normanton**

**Present**

<b>Members</b>			
Barbara Arrandale	Hasland Infants	David Plummer	Netherthorpe School
David Beaumont	Mickley Infants	Lisa Key	QEGS
Linda Du-Roe	Deer Park Primary	David Baker	The Pingle Academy
Stephanie Marbrow	Rosliston CoE Primary	Jeannie Haigh	Willows Academy Trust
Sue Kennedy	Hague Bar Primary	Robin Bone	Eckington Junior
Gill Hutton	Pottery Primary	Karen Hudson	Head of Provision - PRUs
Tracey Burnside	Whittington Green Sec	Chris Wayment	ASCL
Julien Scholefield	Holbrook Sch. for Autism		
<b>Substitutes</b>			
Joy Williams	Stubbin Wood Special	Monica White	ATL
Stephanie Astle	South Normanton Nursery		
<b>Observers</b>			
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<b>DCC officers/others</b>			
Chris Allcock	Children's Services Finance	Ruth Lane	Children's Services Finance
Karen Gurney	Children's Services Finance	Mark Emly	School Improvement Service
Amanda Gordon	Early Years Sufficiency		

**Apologies**

Liz Moorsom, Bridget Hanley, Martin Brader, Kam Grewal-Joy, Angela Stanton, Steve Edmonds, David Channon, Deborah Turner, Cllr Alex Dale, Cllr Julie Patten, Alan Thomas, Michelle Hill

Chris confirmed that Liz Moorsom (primary headteacher) and Pauline Wensley (special school governor) had resigned from the Forum.

Linda Du-Roe chaired the meeting and confirmed that it was quorate.

**18/09 Minutes of the meeting held on 9<sup>th</sup> January 2018**

**Matters of accuracy**

None were raised.

**Matters arising**

None were raised.

## **18/10 Early Years – Responses to the LA’s consultation**

Chris Allcock presented the paper to inform the Schools Forum of the responses from schools and PVI to the Authority’s early years consultation. Although the overall response rate was low (26 PVI and 15 schools), broad approval for the main proposals was given, namely:

- To reduce the hourly rate paid to nursery units from £4.53 to £4.30 per hour as part of the transition to a universal rate of circa £4.09 by April 2019
- To use individual child data instead of the post-code based Index of Multiple Deprivation to delegate funding for deprivation
- To align the basis on which payments are made to providers to reflect the number of weeks per term, effectively bringing schools and academies into line with PVI (Private Voluntary and Independent) providers; and
- To require nursery schools to meet a range of costs from their delegated budgets from April 2018 in order to help ensure the LA meets the national delegation requirements.

The most contentious question was the proposal to reduce nursery unit funding from £4.53 to £4.30 per hour in a move towards a universal rate. The reduction had been originally proposed for 2017–18 but had been put back pending the introduction of the mainstream national funding formula in the hope that this would help some schools deal with the financial loss.

The alignment of payments was proposed to ensure that schools, academies and PVI were paid on the same basis, although still not at the same rate at this stage.

Appendix 1 showed some of the issues raised by respondents

The Forum agreed to:

- note the responses to the early years consultation and offer no further comments; and
- support the change to align the payments to all early years providers on a weeks per term basis.

## **18/11 Early Years Block Budgets 2018-19**

Chris Allcock presented the paper which sought the School Forum’s views and approval to the Early Years proposed spend for 2018-19.

Table 1 detailed the Early Years settlement for 2018-19 of £43.951m, being a mix of universal and additional entitlement, Maintained Nursery School Grant (MNSG) and other allocations, the main one being funding for disadvantaged 2 year olds of £4.840m.

Overall, funding has reduced by £1.5m mainly due to a reduction in the basic hourly rate received by the LA from £4.63 to £4.40. £4.40 is still a protected rate, the “pure” national funding rate being £4.17 per hour, also the MNSG is only guaranteed by the government until the end of 2019-20.

The issues to consider in determining how to distribute the universal and additional hours funding are:

- LAs are required to delegate 95% of relevant funding to providers from 2018-19 onwards;
- LAs are required to have a single universal base rate for all providers by 2019-20;

- LAs are allowed to continue to provide a higher level of funding to maintained nursery schools; and
- The local early years' formulae is required to have a basic hourly rate and a deprivation indicator. In addition LAs can include indicators for rurality/ sparsity, flexibility, quality and a lump sum for nursery schools.

Table 2 detailed the proposed allocations based on:

- An increase in the basic hourly rate to all providers from £4.00 to £4.03;
- A reduction in the nursery unit supplement from £0.53 to £0.27 per hour;
- The nursery school enhanced rate to be set at £0.59 per hour, thereby maintaining the overall £4.62 per hour funding rate;
- The delegation to nursery schools of responsibility for those services set out in section 5.1.1 of the LA's autumn consultation to reduce central costs and help meet the required delegation percentage; and
- The formula changes proposed in the LA's autumn consultation.

The number of hours to be provided is based on DfE estimates. In terms of deprivation whilst the proposal is to base the allocations on child data rather than IMD, broadly the same amount of funding will be allocated in 2018-19.

Whilst the reduction in the funding for nursery units was a source of concern for some providers, a universal rate must be in place by April 2019. If no reduction is made now a much greater reduction will be required next April. If the hourly rate for nursery units was kept at £4.53 this would increase the overall projected early years shortfall in 2018-19 by a further £0.5m.

Table 3 demonstrated that the additional funding allocated to nursery schools was in line with the MNSG received for this purpose. Table 4 detailed the proposed EYSFF multipliers for 2018-19 and Table 5 that the 95% pass-through calculation will be met.

David Plummer questioned the method of calculation and Chris replied that certain elements of the early years block are not included in the calculation. The projected pass through test for 2019-20 looks very tight due to the further reduction in the nursery unit hourly rate. A Forum member asked if the 95%+ test may be changed in future years. Chris replied that it might although as yet the DfE have not signalled any intention to make a change.

Chris summarised by saying that PVI providers probably feel that an increase in the hourly rate from £4.00 to £4.03 is probably below what they need. However, the gap between funding and need could not be closed by increasing the level of delegation alone.

Appendix 2 summarised the proposed central Early Years Block budgets of £2.144m. The overall shortfall resulting from the proposals in the report was £0.491m which the Forum agreed should be met from DSG Reserves.

The Forum agreed to:

- Note the 2018-19 Early Years settlement announced by the DfE;
- The proposed changes to the EYSFF for 2018-19 as set out in sections 2.3 and 2.4 of the report;
- The proposed Early Years formula multipliers for 2018-19 as set out in Table 4;
- Note that the proposals should ensure the Authority meets the 95% delegation percentage requirement for 2018-19;

- Approve the Authority's request to retain £2.144m centrally as set out in section 2.6 underwritten, as required, by DSG cash reserves; and
- Note that from 2019-20 onwards centrally held budgets will have to be reduced to keep overall spending within likely grant levels and that further reports on this issue will be brought to the Forum later this year.

### **18/12 High Needs Block Budgets 2018 – 19**

Chris Allcock presented the paper to seek the Forum's views on the Authority's proposed High Needs Block (HNB) budgets for 2018-19.

The DfE announcement on 19 December 2017 confirmed the HNB allocations for 2018-19. Approximately 50% of the budget was based on a formula and 50% with being an historic allocation. After adjustments for the import/export of pupils to/from other LAs, a total of £68.651m will be received in 2018-19, an increase of 0.43% on the previous year: a breakdown of the calculation was provided in Appendix 1.

The allocation includes a funding floor of £0.628m which shows that Derbyshire loses under the HNB formula but is protected. The HNB allocation has been adjusted to reflect the net export of pupils to other LAs and which has resulted in a reduction of £1.446m. This transfer funds places in other LAs for students from Derbyshire and explains why the increase in the HNB is only +0.43%.

Linda Du-Roe asked why so many children are attending provision outside of the county. Phil Burrows and Chris replied that there were a lot of individual reasons which included further education provision, parental preference and distance to provision.

Derbyshire HNB is already under pressure as reported at the January meeting, an overspend of £0.856m is forecast for 2017-18. Pay awards and the need to commission more places will add to the pressure in 2018-19.

It is a matter for the LA to decide how to allocate the HNB but it would welcome the views of the Forum before making final decisions.

Chris summarised the place funding, top up funding and centrally held budgets. Appendix 2 detailed the places to be purchased, including an extra 19 places in special schools, which will add to the pressure in 2018-19.

David Beaumont asked if any extra places could be purchased in the future. Phil Burrows replied that only 2018-19 had been considered at this stage.

David Beaumont said that there was pressure due to exclusions, and asked of any speculative investment in places for these pupils is planned at this stage. Mark Emly responded that the High Needs strategic review would consider this issue and that high functioning ASD is a current area of need. Phil Burrows added that a five place unit at Stubbin Wood has been established to support this need.

Chris said that the proposed top up rates for special schools, PRUs and ER schools would be unchanged from 2017-18. Appendix 5 detailed the proposed centrally held HNB budgets, many of which fund front line delivery and thus ensure that the services are free at the point of delivery. These central budgets would also not be increased for inflation in 2018-19. The SEN contingency has been reduced by 50% to £0.3m as the NFF allocates a much greater degree of funding to mainstream schools on the basis of Additional Educational Needs (AEN).

Schools with high levels of pupils with low prior attainment will be better funded through the formula to help meet their needs. Consequently claims against the reduced contingency will be for exceptional circumstances only and will need to be assessed on an individual basis.

Table 1 showed a summary of the proposed allocations which exceed the HNB grant by £0.727m. The shortfall in 2018-19 will be met from DSG reserves which, post the support for early years and high needs, would be reduced to around £2.4m as a consequence. Given the level of DSG balances, from 2019-20 onwards costs would need to be kept within the level of the HNB grant, the options available to achieve this to the LA include:

- Reducing central costs, including any recommendations from the SEN strategic review;
- Recovering some or all of the costs of specific services by trading or other measures;
- Increasing the share of costs recovered from schools that exclude pupils;
- Seeking approval to transfer funding from the Schools Block up to 0.5%.

Joy Williams asked how many LAs transfer money from SB to HNB. Karen Gurney replied that she knew of Derby City and Rotherham. Chris Allcock added that such a transfer would have to be agreed by Schools Forum on an annual basis.

Joy also noted that the funding for mainstream Education Health and Care Plans (EHCP) had not increased since its inception. Phil Burrows replied that EHCP funding is on bands and more pupils are being awarded GRIP funding. Chris Allcock added that the element 3 top ups to all sectors have not kept pace with inflation adding further pressure on schools' budgets.

A general discussion took place around the increase in AEN funding in the National Funding Formula and how, in Derbyshire, it has increased the funding to primary schools through this indicator by a multiple of 11.

A comment was made that schools are making staff redundant so it is still not enough. Although the SEN Strategic Review may help, young people are being excluded from schools because of budget pressures and schools are spending less on AEN. Chris pointed to the fact that under the NFF schools with pupils with low prior attainment will receive significantly higher allocations from this element of the formula. However, he accepted that schools will undoubtedly view this increase in the context of other changes, including the reduction in the lump sum. If a child needs top up funding this puts pressure on the HNB. The SEN contingency is to help schools who have to fund multiple levels of £6,000.

It was pointed out that schools appeal against the system because they feel they are not supported even though the initial £6,000 is included in the funding formula; perhaps the overfunded schools should give their multiples of £6,000 back.

The funding formula cannot be changed and the notional SEN budget has traditionally shown schools how much of their budget is for supporting AEN. The NFF does not identify a notional SEN budget. If a school were to have a spike in pupils with AEN a contingency application could still be considered. However, if the Forum wanted to be more generous then school budgets would need to be top sliced to meet the extra cost.

The question of exclusions was raised and it was asked what was being done to address the issue. In the past schools have been fined, however, we need to look at the needs of the excluded pupils and the needs of the rest of the pupils in school. Schools exclude pupils for a whole variety of reasons and is a decision which isn't taken lightly and only when all other avenues have been exhausted. Exclusions may increase pressure on other areas of the HNB

such as Alternative Provision and the Integrated Pathways Team. Mark Emly confirmed that exclusions are being reviewed by the LA and that it is a multi-layered issue.

Chris moved on to Table 2 which showed the multipliers required for top slicing budgets for special schools and PRUs for redundancy and other former ESG services. The decision to top slice funding is a matter for the representatives of these sectors. In 2017-18 the redundancy element was funded by an extra allocation from DSG reserves. However, as with mainstream schools, no extra funding is available for this in 2018-19.

Should one or more of the special schools and/or PRUs become an academy during 2018-19 then the relevant institutions would receive a pro rata refund based on the number of months post conversion. Julian Schofield and Joy Williams confirmed on behalf of special schools that they agreed to such top-slicing arrangements. Karen Hudson confirmed the same on behalf of PRUs.

The Schools Forum agreed to note the report and the sector representatives' decision to top-slice funding for 2018-19.

### **18/13 Mainstream school budgets 2018-19 and forward look**

Chris Allcock presented the paper to wrap up the outcome of the mainstream school budget process for 2018-19.

Cabinet agreed the budgets at their meeting on 1 February 2018, provisional budgets having been published to schools in late January. Formula multipliers were set at a level consistent with the National funding Formula except for low prior attainment which was set at £550 rather than the full £1,050, to ensure affordability. The decision to apply a consistent MFG to the primary and secondary sectors was taken at 0% due to the uncertainties and delays indicated by the DfE around the approval of a differential rate.

Tables 1a and 2a show the gains and losses incurred by schools grouped by school size, including the impact of data and formula changes. Tables 1b and 2b show the gains and losses incurred by schools, also grouped by school size, as a result of MFG support and caps on gains.

The tables showed that many small primary schools are heavily reliant on MFG. Larger primary schools do better but some of their gains have been capped to keep the settlement affordable. Whilst this may be frustrating at least they have the comfort of knowing an increase in funding will arise in 2019-20 and can plan accordingly. The MFG bill across the two sectors is around £1.8m and will have to be reduced over time. For planning purposes schools have been advised to assume a rate of -0.25% per pupil from 2019-20 onwards.

Spending figures for individual schools have been extrapolated and the projections currently indicate a reduction in net balances from £34.6m at the end of 2016-17 to around £20m at the end of 2017-18. At present 146 (42%) of schools are expected to have a shortfall in resources to deal with in 2018-19 which could increase to 239 (69%) by 2019-20. An update on the position will be provided to the Forum meeting in June when schools' plans are clearer. In the meantime the LA will continue with the Team Around The School (TATS) meetings for schools in need of more intensive support and will continue to work with the group of heads and governors on alternative school organisational models.

The Forum noted the report.

### **18/14 Dates and venues of future meetings**

The next meeting will be held on 18<sup>th</sup> June 2018 from 6pm-8pm in Committee Room 1 at County Hall, Matlock.

The meeting closed at 5.55pm