

DERBYSHIRE COUNTY COUNCIL
DERBYSHIRE SCHOOLS' FORUM

Minutes of the Meeting Held on 9th January 2018

At 4.30 pm Rangewood Room, Post Mill Centre, South Normanton

Present

Barbara Arrandale, David Beaumont, Linda Du-Roe, Stephanie Marbrow, Liz Moorsom, Martin Brader, Tracey Burnside, Julien Scholefield, Angela Stanton, David Plummer, Lisa Key, Andrew Critchlow, David Baker, Karen Hudson, Deborah Turner,

Substitutes

Alan Thomas, Joy Williams

Observers

Cllr Alex Dale,

Officers/Others

Chris Allcock, Kathryn Boulton, Ruth Lane, Mary Murkin, Karen Gurney

Apologies

Sue Kennedy, Gill Hutton, Kam Grewal-Joy, Steve Edmonds, Jeannie Haigh, David Channon, Chris Wayment, Chris Anderson, Andrew Wild, Monica White, Bridget Handley

Chris Allcock confirmed that Shirley Harvey (primary governor) had resigned and Joe Birkin (secondary governor) was no longer eligible to be on the Forum and therefore there are now two vacancies.

Martin Brader confirmed that the meeting was quorate.

18/01 Minutes of the meeting held on 6th November 2017

Matters of accuracy

None were raised.

Matters arising

None were raised.

18/02 Responses to the LA's Mainstream Formula Consultation

Chris Allcock presented the paper to inform the Schools Forum of the responses from schools to the Authority's mainstream formula consultation. Although the overall response rate was low (44 primary and 12 secondary), the pattern of responses indicated a good level of support for questions 1, 3 and 5, suggesting schools would:

- support a move to the NFF;
- wish to see all schools receive a level of protection in 2018-19; and
- agree that the Schools Block should not be used to support pressures in the High Needs and other blocks in 2018-19.

By contrast, there was little support for formula multipliers to be pared back to fund either the growth or falling rolls funds. Appendix 1 gave a flavour of the comments from respondents. The responses confirmed the LA's position that it should move as far as possible towards the NFF in April 2018. The issues surrounding MFG and growth/falling rolls funds are the subject of separate reports to this meeting. No comments were received from the floor.

The Forum agreed to note the responses to the consultation.

18/03 Dedicated Schools Grant monitoring 2017 -18

Karen Gurney presented the paper to report the latest projected out-turn position for the 2017-18 Dedicated Schools Grant (DSG).

Overall, expenditure of £426.757 million is projected against a grant of £423.117 million plus use of previous years' unspent grant income £4.535 million, a net underspend of £0.895 million with an analysis as shown in Appendix 1. The main areas of projected variance are:

- Overspend of £0.243 million on de-delegated budgets of mainstream schools, mainly due to overspending on Trade Union representation and contingency support for secondary schools. Schools Forum approved an increase in contributions from schools for 2018–19 at its November meeting
- Underspend of £1.585 million on Early Years Block (EYB) of which £1.395 million is on actual payments for hours attended at schools, academies and PVI's for 2, 3 and 4 year olds. This is most likely to be clawed back by the DfE in 2018-19
- Overspend of £0.856 million on High Needs Block (HNB) of which £1.264 million is for top-ups both in and out of county.

David Beaumont asked if any work had been done on how HNB spending will develop over time. Karen replied that a grant had been received to enable a HNB spending review and Kathryn Boulton added that this strategic review would be put out to tender shortly.

A general discussion took place during which it was confirmed that much of the out of county expenditure was for children living in the south of the county to attend provision close to their homes. Derbyshire does not have a special school in that area and there are not enough children to warrant building one at this time.

Fundamentally the HNB grant is insufficient to support spending at its current level. HNB expenditure is a matter for the LA, although the LA consults the Forum annually on its allocation. Pressures will increase in 2018-19 as a result of the likely 2% pay awards for teachers and support staff. However, the sufficiency review should help to reassess the allocation of HNB expenditure. There is a lot of groundwork to be done to facilitate a conversation during the review and it may be necessary to use some DSG reserves in 2018-19 to cover any shortfall. The review could take 9-10 months, will be wide-ranging and everyone will need to fully understand the impact of any conclusions and decisions.

It was requested that an interim report on progress be provided to the Forum for the June 2018 meeting which Kathryn Boulton agreed to, even though it was unlikely that much progress would have been made by that stage.

David Beaumont asked if money could still be transferred from the Schools Block to the High Needs Block. Chris Allcock replied that up to 0.5% of the Schools Block could be

transferred but this would be subject to a consultation with schools and the agreement of the Forum. 0.5% equates to around £2 million and, if approved, would require a reduction in formula multipliers. Any transfer would not take place until 2019-20 at the earliest.

The Schools Forum agreed to note the report.

18/04 Schools Block funding 2018 – 19 onwards

Chris Allcock presented the paper which provided the Schools Forum with an initial analysis of the potential Schools Block grant levels and funding pressures from 2018-19 onwards. This paper was prepared for the initial December meeting and a later paper is now included on the agenda with the actual 2018-19 Schools Block settlement.

He explained the figures in Appendix 1 and the three year predictions and highlighted that potentially there could be a funding shortfall in 2020-21 especially for secondary schools if a positive MFG was included in 2018-19, an issue which would be covered in more detail later in the meeting.

No comments were raised from the floor.

Schools Forum agreed to note the report.

18/05 Minimum Funding Guarantee

Chris Allcock presented the paper to provide additional information to the Schools Forum to help inform decisions on the Minimum Funding Guarantee (MFG) for 2018-19 and future years. For the last 14 years the MFG has been the DfE's mechanism for limiting year on year turbulence in individual schools' budgets. It should be noted that the MFG does not fully protect schools from the impact of a reduction in pupil numbers as it is calculated as a per-pupil sum. As the MFG is part of the LA's funding formula, the final decision on the MFG rate rests with the Authority.

The recent mainstream formula consultation with schools proposed a +0.5% per pupil MFG for 2018-19 thus ensuring that, whatever formula changes are agreed, schools would receive the maximum level of protection, assuming no change in data. At the Schools Forum meeting in November concerns were expressed about this approach, the major issue being what will happen to MFG from 2020-21. This is likely to be a matter for the DfE but is not something they are able to give advice on at this time.

Chris stated his view that, as measures have been in place for many years to ensure turbulence in schools' budgets is kept to manageable levels, it is likely that protection arrangements will continue in some form beyond April 2020. The lack of an absolute guarantee about this from the DfE is though a concern.

More work has been done on profiling different MFG models, initially the DfE indicated that they were prepared to consider different rates for the primary and secondary sectors and a request for permission to adopt this approach in Derbyshire has been submitted. Subsequently informal contact with the DfE now indicates approval to such an arrangement is unlikely to be given.

Chris said the reason that a positive MFG for secondary schools is an issue is that MFG is protecting the £2 million one-off extra funding provided to secondary schools in 2017-18. Long term affordability is therefore an issue.

Barbara Arrandale asked what MFG rates other LAs were using. Karen Gurney replied that at the last East Midlands area meeting everyone thought school budgets were increasing by 0.5%, so LAs were looking at +0.5%. However, the settlement was not calculated in the way everyone had been led to believe. The Authority would ask other LAs for their latest plans, assuming they are willing to disclose their MFG proposals.

Chris explained that the MFG rate is a decision for each LA, albeit within parameters set by the DfE. In 2020-21 if a 'Hard' NFF is implemented it will become a decision for the DfE solely. For those LAs that have not used 2018-19 and 2019-20 to move towards the NFF difficult decisions will have to be taken, either by the DfE or potentially the relevant LAs, to make more progress on this.

The discussion then moved on to the additional paper regarding the actual 2018-19 Schools Block settlement which confirmed an amount of £428.5 million, reducing to £427.4 million available for delegation after the KS1 Growth Fund has been deducted. As a result of the settlement and the consultation two tables were included in the report, one for primary schools and one for secondary schools, each with a preferred and alternative model.

The conclusions set out in the paper were that a primary sector MFG rate of +0.5% would be affordable for 2018-19 and allow all the other NFF multipliers to be adopted, save for low prior attainment. The cost (£1.272m) would be reduced in 2019-20 and 2020-21 by the further expected increase in funding for the sector as a whole.

A secondary rate of +0.5% would only be affordable by paring back other multipliers within the NFF. The cost of secondary schools' MFG protection for 2019-20 and beyond will not be significantly reduced unless negative MFG rates are set in future years and/or more money is made available nationally. The only other option to fund ongoing MFG protection would be via a reduction in NFF multipliers, thus reducing other schools' budgets.

A general discussion took place during which the following points were raised.

Entitlement to MFG is driven by a variety of different factors, some of which go back to 2009 and can have unexpected impacts on individual schools. MFG can be very quirky and this alone would be a reason for reducing the MFG bill as much as possible before a 'Hard' NFF.

Chris was asked whether the DfE could do something in 2020-21 that would, with hindsight, affect the decisions we ought to make now regarding MFG rates. Chris didn't think there was. From 2020-21 under a Hard NFF the DfE would have to decide how quickly to finalise the transition to the full NFF. If there were a significant MFG bill then the DfE would have to take steps to reduce this as soon as possible in order to minimise the need to pare back NFF multipliers and other schools' budgets.

It looks like a continued struggle financially for small schools both now and in the future. A meeting was held on 8th January to discuss the problem and new ways of working need to be found to operate within future funding envelopes. Some schools might become vulnerable unless ways can be found to reduce operational costs, either by collaboration, federating or joining a Multi Academy Trust. The risks won't just affect small schools, some medium and large schools might also face similar problems particularly if funding does not keep pace with inflation. The impact of the NFF and future national settlements is likely to remain a political issue, not least as the role of LAs in setting schools budgets will be much reduced and thus there will be a more direct line of accountability to the government for any perceived shortfalls in funding.

Once the DfE fund schools directly the money will still be paid via LAs. However, LAs will just pass on the funds directly, possibly with an explanation of the underlying calculations, a process which reflects the current arrangements for post 16 funding.

The notion of a differential rate across the two sectors was discussed and there was support from Forum for this. However, if this isn't permitted by the DfE then, on balance, the Forum considered that a 0% rate should apply to both sectors for 2018-19.

Decisions on the proposed formula will be the subject of a report to Cabinet on 1st February, although the LA is required to submit its proposals to the DfE by 19th January. The intention is to write to schools regarding the final allocations the week commencing 22nd January 2018.

The Forum agreed to:

- i) Note the Schools Block settlement for 2018-19;
- ii) Support a differential rate for the two sectors as set out in the table report; and
- iii) Support a rate of 0% per pupil across both sectors, if the LA's request for a differential rate is rejected by the DfE.

18/06 Growth and Falling Rolls Funds

Chris Allcock presented the paper which sought Schools Forum approval to decisions on the level and application of growth funds for 2018-19. The Authority currently has only one centrally held growth fund which relates to the support provided to primary and infant schools to help meet the costs of Key Stage 1 class sizes. There are several other circumstances in which LAs can hold Schools Block funding centrally, namely:

- To meet the cost of in year increases in pupil numbers;
- To provide support to new free schools; and
- To provide temporary support to good or outstanding schools which have falling rolls.

The size of any growth funds and the criteria for their application are a matter for the Schools Forum. With regards to in year increases in pupil numbers the Forum agreed:

- A £0.100m in-year pupil growth budget for 2018-19 to be met from a reduction in the Key Stage 1 class size fund;
- That, save for in exceptional circumstances, schools with 300 children or more on roll would not normally be eligible for support from the KS1 growth fund from September 2018.
- That in year support will assume claimants are responsible for costs equivalent to 1% of annual budget; and
- That any support over and above the 1% threshold be subject to an assessment of actual costs and evidence that the balance could not reasonably be met by the relevant institution, having regard to such matters as current and future levels of reserves and balances.

In terms of support for Free Schools, the Forum was advised of the levels of pre and post opening support that would be likely for the new schools in Derbyshire. Under the current regulations the LA has no choice but to provide such support.

Pre-opening costs, or more accurately Project Development Grants (PDG), support the costs of staff and other services incurred in preparing for the school's opening. Typically the costs are around £220,000 per school although this figure reduces to £150,000 if a Trust opens more than one school in the same academic year. Two schools (Chellaston and The Mease, Hilton) are planned to open from September 2019 with George Spencer Academy Trust as the sponsor. Funding for a combined PDG of £0.370m will be needed for 2018-19.

Potentially another 3 schools will also require PDG support to be paid in 2018-19, prior to opening in 2019-20. It is recommended that £0.660m be set aside for this purpose as there is no guarantee that the same sponsor will be awarded more than one school and thus £0.220m could be payable in each case. A further £0.220m would be required in respect of The Avenue free school which is proposed for Wingerworth.

Although in the consultation schools did not support the DSG funding these costs, the LA has no choice in this matter. The LA proposes that the funding for pre-opening support is found from DSG reserves rather than reducing schools' budgets in 2018-19. The Chair, Martin Brader, asked who would fund these new schools in future years and Chris replied that the DfE would have to determine this.

The Forum agreed to set aside a budget of £1.030m in 2018-19 to meet the costs of pre-opening support to new free schools, to be funded from DSG reserves. The Forum also agreed to set aside a further £0.220m for pre-opening support costs in respect of the proposed new free school, The Avenue - Wingerworth, also funded from DSG reserves.

In addition to pre-opening support, the LA is also responsible for funding post-opening financial support, which is designed to ensure the schools are financially viable whilst their pupil numbers, and thus budgets, build up. The level of post-opening support in future years will depend on when the schools open and their admission patterns. However, it is likely that in the early years of development an annual budget of circa £0.4m could be required, although post opening support won't be required until 2019-20 at the earliest.

David Beaumont asked how the leadership costs were calculated. Chris replied that the Academy sponsors submit a proposal to the LA based on the DfE tables included in the paper. Therefore, the sponsors' proposals typically tend to reflect these amounts. The DfE's position is that many of the children attending a new free school are already in education in the LA and therefore the LA's DSG already includes funding for them. To provide a separate funding stream would effectively be double funding.

Chris confirmed that the DfE do help with funding voluntary free schools. However, the free schools in Derbyshire are ones we have promoted to meet increases in demand for places and as a result have to be funded via the DSG.

The Schools Forum agreed to note the potential pressure on the Schools Block for 2019-20 and beyond and to receive a further report on this issue in autumn 2018.

Finally, the report stated that the recent LA consultation had elicited very little support for the creation of a fund to support good or outstanding schools with temporary falling rolls.

The Forum agreed to note the responses from schools and determined not to create a falling rolls fund for good or outstanding schools in 2018-19.

18/07 Central Schools Services Block

Chris Allcock presented the paper which sought Schools Forum approval to the Central School Services Block allocations for 2018-19. Following the updated DSG settlement Chris confirmed that the Central School Services Block for 2018-19 will be £4.516 million, ~£19,000 more than the original paper.

David Beaumont asked what is included in the historic commitments spend. Chris replied that it represents funds in respect of the Early Help Offer. The funding for this comes in as a cash allocation i.e. it is not determined by a formula. If the funding were to be transferred elsewhere in the DSG, and thus used for another purpose, it is unclear if this would impact on the level of historic allocations in future years. If the funding were not approved then it is also likely that the contributions sought from individual schools' delegated budgets would have to be increased.

Following a brief discussion the Schools Forum agreed to:

- (i) Increase the budgets for on-going responsibilities as set out in Table 1 by 1%;
- (ii) Allocate funding for copyright licences based on the figure notified by the DfE;
- (iii) Further increase the admissions figure on the basis of the extra funding in the CSSB to cover the LA's work with year 9 students; and
- (iv) Retain the contribution to combined services budget at the level of the grant.

18/08 Dates and Venues of future meetings

8th February 2018 - 4.30pm-6.30pm - Sporton Room, Post Mill Centre, Sth Normanton.

18th June 2018 - 6pm-8pm - Committee Room 1, County Hall, Matlock.

The meeting closed at 6.45pm