

## SCHOOLS FORUM

THURSDAY, 19 NOVEMBER 2020

Members: Maggie Callaghan, Isabel Cooke, John Fletcher, Andrew Morrison, Joolz Scarlett and Chris Tomes.

Also in attendance: Councillors John Baldwin and Maureen Hunt.

Officers: Fatima Rehman, James Norris, Kevin McDaniel, Sarah Ward, Tracey Anne Nevitt and David Cook.

### APOLOGIES

Apologies for absence were received from Mike Wallace and Sarah Cottle. Martin Tinsley, Chairman, sent his apologies, and the Vice Chairman was in the Chair for the meeting.

### DECLARATIONS OF INTEREST

None.

### MINUTES

**RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 22 September 2020 be approved.**

### BUDGET MONITORING AND FORECAST 2020/21

James Norris, Head of Finance, introduced the report to Members, which provided a financial update for the financial year 2020/21. There were variances within the Dedicated Schools Grant (DSG) and the projected deficit position.

Progress had been made on the Deficit Recovery Plan (DRP), to be submitted to the Department for Education (DfE). This was because of the deficit balance at the end of last year and projected forward for the end of this financial year. Regular monitoring was being undertaken, with unchanged variances within the Schools Block. There was an underspend of £450,000 due to lower commitments against the Growth Fund than initially planned. There was an underspend of £52,000 in the Central Schools Block due to staffing vacancies and reformation of teams. There was a forecast underspend of £100,000 in the Early Years Block due to the clawback mechanism from the last financial year. It was projected that underspend could be completely dissolved, with an update in the next Schools Forum. There was an overspend of £810,000 in the High Needs Block (HNB) due to Pupil Top Up and direct support packages, and the forecast was largely based on the 2019/20 outturn. An update would be given in future monitoring reports.

The DSG budget showed an overall overspend of £208,000 at the end of March 2021. Previous years showed additional costs from the HNB in the second half of the year, estimated to be £70,000. The overspend position would therefore be £278,000, should the additional costs materialise. There was a cumulative carried forward deficit between £1.233 – £1.303 million, which represented just over 1% of the overall budget allocation. Authorities with a deficit, regardless of the percentage, had to submit a

DRP to the DfE, which was being drafted by officers. All options were being explored to address the deficit and bring it back to a balanced position. Some options included, but were not limited to:

- Improving the commissioning arrangement by ensuring annual reviews were undertaken at schools, with a focus of financial impact.
- Increase the funding contribution from partners.
- Reviewing the local Special Educational Needs and Disabilities (SEND) Sufficiency strategy.
- Hold inflation to a minimum.
- Continue to promote the independence and use of the local offer to young people.
- Seek approval for a block transfer, by moving funding from the Schools Block to the HNB as a last resort.

Kevin McDaniel, Director of Children's Services, said the situation of the HNB was a national phenomenon around the education system due to the pressure on the funding mechanisms for children with additional needs. The borough was working around the inclusion agenda over the last few years, with the adoption of an inclusion charter and peer-led process of inclusion to ensure schools were providing good services to young people with needs. The challenge was ensuring funding was in the right area. Whilst an increase in money was due to come into the budget next year, this would not solve the problem alone. Systemic changes needed to be addressed and Members were encouraged to partake in conversations to find ways to transform the way support was delivered.

Councillor Hunt asked if the number of children with needs to join primary schools in the authority was taken into account, and the Members were informed that the modelling approach for the number of SEND in the system was being explored and would be updated in a future meeting. Kevin McDaniel said developmental needs were not easy to identify at the early ages as they developed overtime. Approximately 1.6% of children in schools in the borough had an Educational Health and Care Plan (EHCP), which attracted funding. The national number for children with additional needs who didn't meet the EHCP threshold was 19%, with some schools in the borough being just below this number and many over. Judgements made by headteachers of their pupils showed that a third of the pupils had additional needs. It was therefore imperative to get early interventions and support to stop children as it was harder for schools to deal with children with additional needs in upper schools.

Joolz Scarlett asked if there was a timescale for the DRP to recover. James Norris stated there was no definitive timescale, however the team was working towards a timescale of 3-5 years.

The Panel noted the item.

#### PROVISIONAL DEDICATED SCHOOLS GRANT & AND SCHOOLS FORMULA 2021/22

James Norris introduced the report to Members, sharing the provisional settlement for 2021/22 and proposed changes to the Schools Formula, with a view to receive input to the proposed models through a consultation. Previous consultations had a response rate of just over 30% and the Local Authority was keen to increase participation. A

presentation was shown that explained the terminology used in the report and was to be shared with all schools to increase consultation response rates. The presentation stated the following:

In July 2020 all local authorities received the provisional grant allocations for the DSG, including the Schools, High Needs and Central School Services Blocks. The Early Years Block's indicative grant was to be sent to authorities later in 2020 and reviewed in 2021 to reflect the January census.

The table presented compared the current year DSG allocations to the provisional allocations for 2021/22. The funding to be allocated to schools had increased due to the grants rolled into the Schools Block for teachers pay and pension. These were previously outside the formula and were paid to schools in-year. The grants of over £4 million would be delegated in primary and secondary schools by the borough's Schools Formula. In January and April 2021, further budget reports would be circulated to the Forum, detailing budget allocations of the HNB, Central Services and Early Years Block.

Provisional DSG notifications allowed local authorities time to consider changes to the Schools Formula and the distribution of the rolling grants. The current school funding available totalled £97.9 million, based on October 2019's census. The funding would be allocated to all primary and secondary schools, maintained and academies. For 2021/22, the borough produced two financial models for consideration.

The Schools Formula included two guarantees, including the Minimum Funding Guarantee (MFG) and Minimum Per Pupil Level (MPPL). These protected per pupil funding per school from significant changes year on year (YOY). These could override the local Schools Formula and top-up the individual school's budget. The operational guidance detailed ranges that could be applied for the MFG from 2021/22, which ranged from 0.5% up to 2%. The MPPL was set for primary Key Stage 3 and 4 pupils.

Local authorities were required to set a pre-16 MFG to protect schools from excessive YOY changes. The authority was able to set the MFG up to 2%, known as an MFG top-up, which was not a cash guarantee between years, but rather pupil protection. Business rates and lump sum were excluded from the MFG calculation. In the current year, the borough had set the MFG at 0.5%. The proposed models showed an increase in the MFG as 1.3% in Model 1 and 1.25% in Model 2.

The MPPL was a compulsory matter and the factors that made the MPPL were pupil led, therefore premises costs and the growth fund were not part of the formula. For primary schools, the MPPL would ensure that each pupil's funding would be £4,180. The lump sum was taken together and divided by the number of pupils enrolled. If the figure was smaller than the MPPL level, the top-up fund was given to that individual school. Both models met the MPPL in full.

For the 2021/22 consultation, two financial models had been created for consideration. Both models allocated all the additional funding for the Schools Block (including grants) and met the guarantees in full. Model 1 continued to target funding at local priorities and Model 2 moved closer to the NFF values. Both models were based on the October 2019 pupil numbers, but final allocations to schools would be updated with data to reflect the October 2020 pupil numbers.

Deprivation is a compulsory factor and the local borough uses three indicators being Free School Meals, Free School Meals Ever 6 and the Income Deprivation Index. The 2019 update from Income Deprivation Affecting Children Index (IDACI) would impact on the formula shares. The 2019 data changed the banding structure to reflect the new data, which was defined by rank rather than by score and impacted the data set change. For the current year, £921,000 allocated schools by IDACI decreased to £454,000 in Model 1, and £392,000 in Model 2.

The presentation illustrated which formula factors in the models were at the NFF rate or at an agreed local unit rate, which were either above or below the NFF rate. Headroom funding for both models was included in the school lump sum, bringing the lump sum above the NFF value for 2021-22. Both models ensured that 80% of the delegated Schools Block funding was via pupil led factors.

For most schools, percentage increase per pupil varied little between the two models when the two formula guarantees were included. Schools with the highest level of deprivation showed a larger per pupil percentage increase in Model 1 than in Model 2. Schools that showed the same percentage increase across both models qualified for the MPPL top-up.

The consultation document was due to be sent out to schools on 30 November 2020 and was to close on 13 December 2020. The document included the following questions:

- Question 1: What level of increase in the Minimum Funding Guarantee increase would you recommend?
- Question 2: Do you support targeting funding at local priorities, such as deprivation funding?
- Question 3: Do you agree that any headroom should be targeted at the school lump sum per school? If not, do you have any other suggestions?
- Question 4: Of the models provided which is your preferred model? Why is this your preferred model?

The responses from the consultation would be shared with the Forum in the next meeting.

Andrew Morrison asked why question 1 asked if the MFG should remain at 0.5%, when the both models raised this percentage to either 1.2% or 1.3%. The Panel was informed that the MFG range was 0.5% to 2% and the decision was made to reach the midpoint of the range to guarantee a higher level of protection. It was suggested to reword the question, and this was to be considered. Kevin McDaniel said if a low MFG was used, the other elements in the Schools Formula would be distorted, whilst the proposed MFG ensured the overall variation for more schools was a stable range.

Isabel Cooke said there were schools that would be at a loss from either model, therefore it was important to have them aware of the models and receive a high response rate to the consultation. The Chairman said many Members were in other Forums with headteachers and were encouraged to raise awareness of the consultation.

Kevin McDaniel said the Schools Formula was a local authority decision and it was important to hear the views from the forum from a system point of view. Model 1

proposed the continued investment in the local priority of targeting deprivation whilst model 2 focused on moving more towards the NFF.

The Chairman said if schools agreed that deprivation funding was important in response to question 2, one model would be seen more favourably than the other. He said it was important to understand the difference in funding within the models and the impact of the two models.

James Norris welcomed any further questions to be added to the consultation and recommendations via email.

The Panel noted the item.

### FUTURE MEETINGS

All future meetings to be held on the following dates (at 2pm):

- 21 January 2021
- 22 April 2021

The meeting, which began at 2.05 pm, finished at 2.47 pm

CHAIRMAN.....

DATE.....