

THE CUMBRIAN SCHOOLS' FORUM
Draft MINUTES OF THE MEETING HELD ON
20 June 2019
Training Room A&B, Cumbria House, Carlisle

PRESENT

Des Bird (West Secondary Academy)
Jane Faulkner (PVI)
Gerry Garvey (PVI)
Daniel Hinton (Special Schools)
Steven Holmes (South Secondary Academy)
Matthew Jessop (South Primary)
Jonathan Logan (PRU)
Chris McAree (North Secondary Academy)
John McAuley (RC Diocese)
Michael Mill (CE Diocese)
Julie O'Connor (FEC – representing Simon Laheney)
Ty Power (South Secondary Academy)
Jennifer Rowlands (West Secondary – representing Judith Schafer)
Alan Rutter (Teaching Associations and Chair of the Forum)
Sue Sanderson (Cabinet Member – School and Learning)
Cathy Styles (South Primary)
Kris Williams (Special Schools)

Officers in Attendance:

Dan Barton	(AD – Education and Skills)
Dale Hill	(Senior Manager – Learning Improvement)
Susan Milburn	(Group Finance Manager)
Amanda Chew	(Finance Manager)
Nicola Shiels	(Forum Support)
Peter Usher	(Audit Manager – Item 9)

Observers:

Apologies for Absence

Lisa Balderstone (PRU)
Louise Donnelly-Stott (Small Schools)
Nick Hepburn-Fish (West Primary)
Simon Laheney (FEC)
Amanda McDonald (Nursery Schools)
David Natrass (North Primary)
Duncan Priestley (North Primary)
Judith Schafer (West Secondary)
Ruth Webster (South Primary)

PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. Exclusion of Press and Public

It was agreed that all items would be considered in the public domain.

2. Declarations of Interest

John McAuley – Item 6 Schools De-Delegated Contingency Budget – Budget Outturn 2018-19.

3. Minutes of Previous Meeting and Matters Arising

The minutes of the meeting of the Schools Forum held on 16 January 2019 were agreed as an accurate record. There were no matters arising from the minutes.

4. Findings from Internal Audits

Peter Usher, Audit Manager, presented a report, similar to the one that had been presented at the January meeting of the Forum.

The Audit and Assurance Committee had agreed that an annual summary should be prepared and the common findings shared with all schools via the school portal.

In considering the report it was suggested that the findings should link back to Governor Services and governor training; this could be incorporated into the finance training that was delivered to governors periodically.

The Schools Forum noted the content of the report and the intention to distribute this to all schools, for information, via the schools portal.

5. SEN Working Group

The SEN Working Group had met on 7 June 2019. The notes of the meeting were not yet available but most of the items that had been discussed would be considered as part of this agenda.

6. Schools De-Delegated Contingency Budget – Budget Outturn 2018-19

A report presenting the outturn position on the de-delegated contingency budget for the 2018-19 financial year as at 31 March 2019 was presented. The budget was underspent by £0.003m and in accordance with the Dedicated Schools Grant conditions, the underspend on the de-delegated contingencies budget as at 31 March 2018 had been carried forward into the Dedicated Schools Grant earmarked reserve.

As this was a de-delegated budget it therefore only related to maintained schools and not academies.

The de-delegated contingency budget for 2018-19 was £0.666m. DfE guidance stated that the contingency budget could be used for three purposes:

- Circumstances which were unforeseen when the school's budget share was initially determined.
- Schools in financial difficulties
- Additional costs relating to new, reorganised or closing schools

Circumstances which were unforeseen when the school's budget share was initially determined.

The main areas of expenditure were ill health retirements, settlement agreements, administration costs for the review of the Teachers Annual Return, additional costs relating to staff absence for a school in financial difficulty and legal costs relating to tribunals.

Additional costs relating to new, closing or amalgamated schools

Expenditure related to the final teaching and learning responsibility (TLR) payments relating to the closed Southfield and Stainburn schools which had now ended and Dean CE School which had received an academy order to become a sponsored academy in February 2019. In line with DfE guidance, where a school with a deficit was to open as a sponsored academy the deficit remained with the LA and could be funded from a de-delegated contingency provision.

The Schools Forum noted the 2018-19 outturn position for the contingency budget.

Newman Catholic School – Flooding December 2015: Impact on School

A request for funding from the de-delegated contingency budget under the exceptional circumstances classification had been received from Newman School. A similar request had been considered by the Schools Forum in October 2017.

The Newman School site at Lismore Place in Carlisle was severely damaged by the flood in December 2015 and as a result the school was re-located to the old Pennine Way School (primary school) site which was made safe for temporary occupation. It was expected that the school would remain at the temporary site until the school relocated to new premises away from any flood risk area (now expected to be August 2020).

As the temporary site at Pennine Way was not large enough for delivering secondary education, portakabins, sports facilities and additional space at the former Harraby Community Centre had been hired and new school transport routes put in place. To meet the safeguarding requirements and ensure the health and safety of students across three sites additional staff had been employed to escort and supervise pupils. The hire of facilities, bus routes and additional staff created an additional cost.

A bid for funding had been submitted to the Education and Skills Funding Agency (ESFA) which included the cost of a new site, the new building and a contribution towards the running costs of the temporary site. The bid was granted in part but all non-capital costs were excluded, including the cost of additional staffing. The school had appealed the decision but the appeal had been unsuccessful.

The school had continued to have responsibility for the site at Lismore Place until December 2018 and incurred maintenance costs associated with the site.

The request was tabled at the meeting and Schools Forum was asked to consider the request for funding from the de-delegated contingency budget. In considering the previous request, Schools Forum had expressed concern regarding the response from the ESFA and also that the school was not being appropriately supported and it was suggested that further representation should be made to ESFA. The Forum also felt

they needed to be able to consider the request in more detail before taking a decision. It was therefore recommended that one of the Schools Resource Management Advisers should visit the school with a view to reporting back to a future meeting of the Schools Forum.

7. Dedicated Schools Grant – Earmarked Reserves as at 31 March 2019

A report that updated Schools Forum on the movement on reserves from 1 April 2018 and 31 March 2019 was presented.

Following the closure of the 2018-19 financial year, as at 31 March 2019, the total Dedicated Schools Grant earmarked reserves stood at £1.485m (net deficit). This balance was made up of two elements, individual school balances totalling £2.356m (net surplus) and the centrally retained Dedicated Schools Grant reserve totalling - £3.841m (net deficit).

Total schools' balances at 1 April 2018 comprised a net surplus of £1.686; this had increased by £0.670m to a net surplus of £2.356m at 31 March 2019. The movement in school balances could be analysed in terms of schools with deficit balances and those with a surplus balance.

Deficit Balances

The number of schools in deficit had decreased from 61 to 55 and the total value of deficit balances had increased by £0.280m from £6.381m to £6.661m.

In their three year budget plans for 2018-19, 42 schools proposed a deficit budget plan totalling £5.820m. Of these schools, 35 ended the financial year in deficit with the year-end deficit balances for these schools totalling £6.253m. There were 20 schools that had proposed a surplus budget ended the year in deficit totalling £0.408m.

During 2018-19 four secondary schools had benefited from a review of their financial health by an accredited Schools Resource Management Advisor (SRMA). Cumbria now had a pool of accredited SRMAs and further deployments would be undertaken during 2019-20 on a priority basis.

Surplus Balances

Total surplus balances had increased by £0.950m from £8.067m to £9.017m. The number of schools in surplus had increased from 207 at 31 March 2018 to 210 at 31 March 2019. Two schools that had a surplus balances totalling £0.053m at 31 March 2018 converted to academy status in year. Therefore, in terms of the maintained schools both at 31 March 2018 and at 31 March 2019, the number of schools in surplus had increased by 5 from 205 to 210 with the total surplus for these schools increasing by £1.003m from £8.014m to £9.017m.

There were 36 schools with an excess surplus at 31 March 2019. This compared to 30 schools at 31 March 2018. Of these 36 schools, 8 schools also had an excess surplus at 31 March 2018, and were subject to an automatic clawback of this excess although they retained the right of appeal. The potential clawback for these schools was £0.281m. Schools were requested to justify their excess balances or submit appeals against automatic clawback by the deadline of 3 June 2019.

The review exercise of these request was ongoing and was expected to be completed before the end of the summer term.

Centrally Retained Dedicated Schools Grant Reserve

As at 1 April 2018, the balance on the centrally retained Dedicated Schools grant reserve was a deficit of £3.553m. The balance on the reserve at 31 March 2019 was £3.841m. This represented an increase in the deficit balance of the reserve of £0.288m.

The net overspend on the centrally retained DSG mainly comprised of an overspend on high needs block, an underspend on the early years block made up of underspends against 2, 3 and 4 year olds take up and SEN inclusion and sustainability funds and a net underspend on other DSG central services.

At the meeting of the Schools Forum SEN Working Group held on 7 June, it had been reported that the original plan had proposed to bring the high needs block back into surplus by the end of the 2019-20 financial year, however, the deficit on the high needs block at 31 March 2019 was £5.533m which was above the budgeted deficit of £2.559m for 2018-19. There continued to be significant pressure on the high needs block budget and a revised high needs recovery plan, effective from 2019-20 had been prepared.

Most of the additional costs related to the increased numbers of EHCPs and the cost of independent residential placements. The 2018-19 High Need budget included additional high needs funding of £0.969m received from DfE in December 2018. As previously agreed by Schools Forum in January 2019, this funding was used to fund Invest to Save Initiatives.

There were also a number of commitments within the DSG reserves:

- Funds clawed back from schools in 2018-19 where pupils had been excluded. The funds would be transferred to the schools to which the pupils were reintegrated in the future.
- Underspending against the library service for schools in 2018-19 which was earmarked for the purchase of a new library vehicle in 2019-20.
- Excess balances clawed back from maintained schools in 2018-19 which, as agreed by Schools Forum on 18 October 2018, would be transferred to the de-delegated contingency fund in 2019-20.

The Schools Forum discussed the report and LA colleagues assured the group that work was ongoing to support and challenge schools whilst maintaining an overview of the potential risk in relation to schools with a deficit going into an Ofsted category. There was also some concern about schools with historical deficits and the possible measures that could be put in place to address these; SRMA would work to assist schools in identifying possible efficiencies. It was also recognised that there general issues in relation to school funding that had raised and noted at a national level.

The Schools Forum noted the report and the value of the Dedicated Schools Grant reserves as at 31 March 2019.

8. Schools Maintenance – Liabilities and Funding

Schools Forum considered a report that set out the key points from paper that had been presented to Cabinet in March 2019 that gave an overview of the schools maintenance activity and the financial challenges being faced by the programme.

The report presented real and significant pressures on the capital budget for schools' maintenance.

Cumbria County Council is responsible for the maintenance of a total of 186 schools. Maintained schools are responsible for their own capital maintenance activity up to an agreed level. For primary schools the level is works up to a value of £10,000 and for secondary schools it is £27,000. Above these levels the responsibility for any works falls to the County Council where it owns the buildings.

Each year the Council receives a School Condition Allocation (SCA) from the DfE. Over the past 5 years the SCA allocation has reduced year on year from £6.711m in 2014-15 to £4.797m in 2018-19.

The budget available from the SCA therefore represents a significant shortfall so identified works have been prioritised to ensure that schools remain safe, wind and watertight. This resulted in an estimated £7.5m per annum being the minimum requirement. The actual spend in 2018-19 was £8.674m and although significant contributions have been made by the Council to supplement the SCA it has not been possible to keep pace with the spending required to maintain schools to a baseline acceptable standard but it has been possible to achieve the standard of safe, wind and watertight. Looking ahead condition surveys show that a total of £10.7m would be required each year to maintain a baseline acceptable standard; £7.5m per year is required to maintain a safe, wind and watertight standard.

Additional funding of £3m in 2019-20 and £2m in 2020-21 has been approved for the prioritised capital maintenance programme to be funded from prudential borrowing. Despite this, there remains a significant funding shortfall in respect of school maintenance and although historically prudential borrowing has been used to secure a sustainable funding position alternative options may need to be considered such as schools having to lose or close elements of the school site due to a lack of capital maintenance.

The Schools Forum noted the report and the funding issues as reported to Cabinet on 21 March 2019.

9. High Needs Block Recovery Plan – 2019-20 to 2020-21

A report was presented that provided an update on progress toward the High Needs Block Recovery Plan from 2019-20 to 2021-21 following confirmation of the High Needs (HN) Block allocation for 2019-20 was presented.

The Department for Education (DfE) required a report from all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit of 1% or more as at 31 March 2019 setting out its plans to bring the DSG reserves back into balance within a maximum of three years. As the outturn position was a cumulative deficit of 1.08% against the total DSG allocations for 2018-19, Cumbria would be required to submit a report the DfE by 30 June 2019.

The main pressure on the DSG reserves related to the HN Block deficit which had increased by £0.693m to £5.533m between 1 April 2018 and 31 March 2019. Although a balanced HN Block budget had been set for 2019-20 there continued to be specific budget pressures relating to growth in demand for EHCPs and lack of in-house capacity for specialist placements resulting in pupils being placed in expensive external independent settings.

As reported at previous meetings, the additional HN funding allocated by the DfE to Cumbria in recognition of the HN budget pressures faced by local authorities, together with the transfer of funding from the Schools Block of £0.555m in 2019-20 would be used for invest to save initiatives to address the forecast budget gap and rising demand on SEND services.

A number of invest to save initiatives were being developed including further expansion of special school places, a new Resourced Provision hub model, school-based Alternative Provision and 14-16 Alternative Provision curriculum offer in local colleges. Once the saving benefits of these initiatives could be quantified they would be built into the HN Recovery Plan.

Further measures would be required to meet the DfE requirement to bring in-year spending in line with in-year resources within three years at most. These could include: the ending of Targeted SEN funding where schools with more than 2% of pupils with an EHCP receive additional funding and the transfer of 0.5% or up to 0.75% from the Schools Block into HN Block. The SEN Working Group had considered the proposed options at their meeting on 7 June and had requested that further information showing the impact of a school transfer on individual school budgets be available for Schools Forum to consider.

The additional pressures were related to the significant growth in the number of pupils with an EHCP, the provision of support from birth to 25 and the cost of residential and independent placements. This was not simply a local issue, the national context was emphasised with other local authorities in a similar position. The report set out the position on the High Needs Recovery Plan to date and also the position by 2021-22 if no action was taken. The forecast was based on current known pupils with EHCPs taking account of pupils due to leave education and also growth in numbers based on current trends.

Savings identified were a reduction in the number of funded unoccupied places in school based resourced provision from September 2019 and the removal of resourced provision places in maintained nursery schools from September 2019. Invest to save initiatives included the development of bespoke packages, increasing the number of special school places and an early intervention project at Sandgate School. A number of other invest to save initiatives were also being developed but the financial implications and savings were still being developed.

There was also a longer term investment in the High Needs block funding two new alternative provision settings in the north and south of the county.

From 2021-22 the DfE would expect local authorities to balance the overall DSG budget; taking account of the ongoing work and the expectation that the trend of rising

numbers of pupils with EHCPs would level out there would still be significant pressures going forward. Further work was therefore required to address this and mitigate the projected overspend. Proposed additional options for consideration included:

- Removal or phasing out of the targeted SEN funding – additional funding for schools with more than 2% of pupils on roll with an EHCP.
- Transfer of 0.5%, up to a possible 0.75%, of funding from the Schools Block to the High Needs Block, estimated savings of £1.427m up to a possible £2.141m in year.

Modelling illustrated the potential impact of a 0.5% or 0.75% transfer on individual school budgets against the 2019-20 allocations and some worked examples of the impact on individual schools budgets were also available.

There was concern about the proposed removal of the targeted SEN funding and the impact on those schools who were the most inclusive.

Schools had also previously been consulted on proposals regarding the possible transfer of funding from the Schools Block to the High Needs Block but there was a view that it was appropriate to revisit the proposal and have a discussion with constituents and colleagues via CASH and PHA.

The Schools Forum noted the content of the report, the forecast projected deficit balance on the High Needs block for the period 2019-20 to 2021-22, the measures taken to date by the LA to address the budget gap and the rising demand for SEND services and the investment to save initiatives.

Regarding the proposal to transfer funding from the Schools Block to the High Needs block and the removal of the targeted SEN funding, Schools Forum felt that there needed to be further discussions with representative bodies and constituents.

10. Date of Next Meeting

The next meeting of the Schools Forum would be held on Tuesday, 15 October 2019. The meeting would begin at 9.30am and would be held in Conference Room A, Cumbria House, Carlisle.

11. Any Other Business

There were no other items of business to consider.