

# **THE CUMBRIAN SCHOOLS' FORUM**

## **Draft MINUTES OF THE MEETING HELD ON**

**29 October 2019**

**Training Room A&B, Cumbria House, Carlisle**

### **PRESENT**

**Des Bird (West Secondary Academy)**

**Jane Faulkner (PVI)**

**Daniel Hinton (Special Schools)**

**Matthew Hardwick (South Secondary)**

**Joanna Hewson (PRU)**

**Matthew Jessop (South Primary)**

**Jonathan Logan (PRU)**

**Chris McAree (North Secondary Academy)**

**John McAuley (RC Diocese)**

**David Nattrass (North Primary)**

**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 (North Secondary Academy)**

### **Officers in Attendance:**

**Dan Barton (AD – Education and Skills)**

**Marie Barnes (Senior Adviser – South and Assistant Manager – Learning Improvement)**

**Susan Milburn (Group Finance Manager)**

**Amanda Chew (Finance Manager)**

**Nicola Shiels (Forum Support)**

### **Observers:**

#### **Apologies for Absence**

**Lisa Balderstone (PRU)**

**Louise Donnelly-Stott (Small Schools)**

**Dale Hill (Senior Manager – Learning Improvement)**

**Stephen Holmes (South Secondary Academy)**

**Simon Laheney (FEC)**

**Amanda McDonald (Nursery Schools)**

**Kulidip McMullen (Primary Academy)**

**Michael Mill (CE Diocese)**

**Ty Power (South Secondary Academy)**

**Judith Schafer (West Secondary)**

**Ruth Webster (South Primary)**

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

### **1. Appointment of Chair**

Alan Rutter was appointed as Chair for the forthcoming year.

### **2. Appointment of Vice-Chair**

David Nattrass was appointed as Vice-Chair for the forthcoming year.

### **3. Exclusion of Press and Public**

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

### **4. Declarations of Interest**

There were no declarations of interest at this stage.

### **5. Membership**

Schools Forum noted that:

- i) Duncan Priestley, head at Crosby Ravensworth and representing north maintained primary schools had resigned;
- ii) Matthew Hardwick, head at Ulverston Victoria High School was the new representative for south secondary Schools (FEC)
- iii) an update report on membership would be presented to the next meeting in November.

### **6. Minutes of Previous Meeting and Matters Arising**

The minutes of the meeting of the Schools Forum held on 20 June 2019 were agreed as an accurate record.

There were no matters arising from the minutes.

### **Working Group Meetings**

- i) School Budgets Working Group – The School Budgets Working Group had met on 18 September 2019. David Nattrass and Cathy Styles had been appointed as Chair and Vice-Chair respectively and it was requested that these appointments be ratified by the full Forum.

Many of the items that had been discussed would be considered as part of this agenda however, it was noted that the timeline relating to the consultation on the schools funding formula had been superseded by the revised timeline that would be presented as part of item 10.

The Schools Forum received the notes of the School Budgets Working Group held on 18 September 2019 and endorsed the appointment of Chair and Vice Chair.

- ii) SEN Working Group – The SEN Working Group had also met on 18 September 2019. Cathy Styles and Daniel Hinton had been appointed as Chair and Vice-Chair respectively and as with the Schools Budgets Group, it was requested that the appointments be ratified by the full Forum.

Many of the items discussed would be considered as part of this agenda however there was a question regarding the proposals to end the targeted SEN funding that had been discussed by the group and previously. It was confirmed that a decision

had been taken not to progress the proposal to withdraw the targeted SEN funding and it would not therefore be included in the consultation.

The Schools Forum received the notes of the SEN Working Group held on 19 September 2019 and endorsed the appointment of Chair and Vice-Chair.

## **7. High Needs Block Deficit Recovery Plan – Update**

The Schools Forum considered a report that provided an update on the High Needs (HN) block recovery plan, the funding settlement for 2020-21 and the proposed course of action to address the DSG deficit.

At their meeting on 20 June 2019, Schools Forum had considered a report that provided details of progress towards the HN block deficit recovery plan for the period 2019-20 to 2021-22.

The HN deficit recovery plan showed that although some savings had been identified over the three year period from 2019-20 to 2021-22, significant pressures remained and additional savings would be required.

Further invest to save initiatives relating to alternative provision arrangements in schools were being developed however, further measures were required to bring in-year spending in line with in-year resources within three years and the Schools Forum was asked to consider and support two proposals:

- the ending of the Targeted SEN funding saving £0.993m per year from 2020-21; and
- the transfer of 0.5% or up to 0.75% from the Schools Block into HN Block estimated at £1.427m or £2.141m respectively in 2020-21 and 2021-22.

Following the meeting of the Schools Forum, the DSG Deficit Recovery plan as presented at the meeting was finalised and submitted to DfE, it did not include the proposals outline above but DfE were made aware that the LA was considering these options. A supporting narrative was submitted with the return that explained in detail the reasons for the DSG deficit. DfE have acknowledged receipt of the DSG Deficit Recovery plan and advised that feedback will be provided after the release of the funding arrangements for 2020-21.

The allocation methodology of the additional £700m for special education needs was relatively unchanged from 2019-20 but it did ensure that every local authority would receive an increase on at least 8% and up to 17% per head of 2 to 18 year old population.

However, despite this additional funding which is for one year only, there will still remain a significant pressure on the HN block budget and the additional funding will not address the cumulative deficit on the DSG which although projected to be £7.899m at the end of 2019-20 in the high needs recovery plan is predicted to increase to £8.665m at as Q1 budget monitoring.

The projected in-year deficit on the HN block for 2020-21 was £6.604m and even with the additional funding estimated at £4.784m there would still be as estimated in-year shortfall of £1.820m. Work towards recovering the DSG deficit, as required by DfE, was

continuing but it was reported that the proposals to withdraw the targeted SEN funding was no longer being considered as an option. It was still proposed that schools would be consulted on the transfer of 0.5% from the Schools Block, but not on the transfer of 0.75%.

The Schools Forum noted the report.

## **8. Schools Funding Formula 2020-21**

Following the release of details of the funding arrangements for 2020-21 on 11 October 2019, a draft schools consultation document and modelling of the impact of the proposal to transfer up to 0.5% on individual budget shares had been prepared for consideration by the Schools Forum. It was hoped that the consultation with schools would be launched on 30 October 2019 for a period of 3 weeks. Following the close of the consultation, feedback and responses would be presented to the Schools Forum on 26 November prior to Cabinet being asked to make a final decision on the school funding formula for 2020-21 on 19 December 2019.

A national funding formula for schools was introduced from 2018-19 however, in 2020-21 local authorities, in consultation with Schools Forums, were still able to decide whether the national formula or a locally determined formula was applied. Following previous consultation with schools, Schools Forum has recommended to Cabinet that the national funding formula should be adopted in Cumbria.

Following the calculation of the school budget shares for 2019-20, a surplus balance of £0.555m was transferred to the HN block. This was agreed by Schools Forum on 16 January 2019.

There was a requirement that all maintained schools and academies were consulted on any changes to the local funding formula. Following the consultation, Schools Forum would be asked to recommend a proposed approach to Cabinet who would then decide on the final formula for 2020-21. A timeline for the process was set out in the report.

Nationally, the schools budget would increase in 2020-21 compared to 2019-20 levels. Additionally, central government would provide almost £1.5bn of funding each year to 2022-23 to compensate school for the increased cost of teacher employer pension contributions.

The schools settlement would allow central government to continue to implement the schools National Funding Formula and move towards a 'hard' formula. The main points to note were:

- Minimum per pupil funding would increase from £3,500 to £3,750 for primary schools and from £4,800 to £5,000 for secondary schools and would be mandatory;
- All factors would be increased by 4%, except the free school meals factor which would increase at inflation;
- Premises factors would be based on 2019-20 levels;
- A new mobility factor had been built into the national funding formula;
- The funding floor would be set at 1.84% per pupil but LAs could continue to set MFG, which must be between +0.5% and +1.84%;

- There would be no gains cap. All schools would attract their full core funding allocations under the formula, however, local authorities could continue to set a gains cap in their local formula.

The new mobility factor was intended to support schools with a high proportion of pupils who first joined a school on a non-standard date. To be eligible for the funding, the methodology involved tracking individual pupils through the last 3 years censuses. Provisional NFF allocations indicated that, based on the October 2018 census, 85 primary schools and 5 secondary schools would be eligible for mobility funding totalling £0.221m.

There would also be a £400m investment in further education nationally 2020-21 and there would be an increase in early years spending nationally to increase the hourly rate paid to childcare providers through the government's free hours offer. The Central School Services Block had, however, decreased by £0.590m for 2020-21 compared to 2019-20. The reduction was related to a 20% flat rate reduction in funding against historic commitments; the impact if this reductions would be presented at a future meeting.

The settlement also included £700m more in 2020-21 compared to 2019-20 for special educational needs and was for one year only. The provisional high needs block allocation for Cumbria had increased by £4.784m compared to the 2019-20 funding level. Despite, this provisional increase, there would continue to be significant pressure on the HN block and it was estimated that there would be an estimated in-year shortfall of £1.820m. Therefore, in order to continue work towards recovering the DSG deficit, as required by the DfE, it was still necessary to progress the measure to consult all schools on the proposal to transfer 0.5% of funding in 2020-21 from the schools block to the high needs block. As reported earlier, the proposal to withdraw the targeted SEN funding would not be progressed.

The provisional 2020-21 national funding formula allocations at individual school level based on October 2018 data were published by the DfE on 11 October. It was important to note that these figures did not represent actual 2020-21 school budget shares but were notional individual school budgets shares using the national funding formula based on October 2018 census data.

To illustrate the impact of the proposed changes, four modelled scenarios had been prepared; under all four models, all schools gained funding compared to their 2-019-20 baseline funding:

- Model A showed the impact of applying the national funding formula in full as applied by DfE:
- Models B and C showed the impact of transferring 0.5% from the schools block to the high needs block, with the reduction managed by changing the MFG and capping levels. Model B would see 20 schools lose funding compared to model A and model C would see 50 schools lose funding compared to model A; and
- Model D also showed the impact of transferring 0.5% to the high needs block manage by reducing AWPV values which was the most equitable way of sharing the impact.

It was proposed that the national funding formula would continue to be used as the basis for the local funding formula on 2020-21 and that schools should be consulted on model A – national funding formula implemented in full with surplus balance estimated at 0.39% transferred to the high needs block and model D – 0.5% transfer to the high needs block effected through reducing NFF AWPU values with all other factors remaining at the same level.

Schools Forum were asked to agree the principles of a transfer:

- Option 1 – Option 1 NFF applied in full with any balance transferred to high needs block, or
- Option 2 reduction in AWPU values to allow a 0.5% transfer to High Needs block.

A draft consultation paper had been prepared and was attached as an appendix to the report and Schools Forum were asked support the recommendation to consult with all schools on implementing the NFF in full and transferring the surplus balance to the high needs block, and the transfer of 0.5% to the high needs block through reducing the NFF AWPU values.

The Forum were generally support of the draft consultation paper, however, there were some concerns about question 2 and whether all colleagues would understand why this was included. All schools needed to be absolutely clear why the transfer was proposed so it was suggested that a paragraph should be added that explained the funding methodology but that also emphasised that all schools would gain funding compared to the 2019-20 baseline funding.

The Schools Forum the noted the school funding settlement and the timeline for finalising and agreeing the school funding formula for school budget shares. It also recommended that schools should be consulted on implementation of the NFF in full and transferring the surplus balance to the high needs block and the transfer of 0.5% of the schools block to the high needs block through reducing NFF AWPU values.

## **9. Schools De-Delegated Contingency Budget – Budget Position Quarter 1 2019-20**

A report was presented that set out the forecast position on the de-delegated contingency budget for the 2019-20 financial year as at 30 June 2019 (Quarter 1). The budget was projected to underspend by £0.486m. As this was a de-delegated budget it only related to maintained schools and not academies. In accordance with the Dedicated Schools Grant conditions, the projected underspend on the de-delegated contingencies budget as at 31 March 2020 would be carried forward into the Dedicated Schools Grant earmarked reserve.

The de-delegated contingency budget for 2019-20 was £0.686m, made up of £0.666m baseline budget and £0.020m relating to maintained school excess balances carried forward from 2018-19.

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 in schools in line with the agreed policy and the administration costs of the Teachers Annual Return.

### **Additional costs relating to new, closing or amalgamated schools**

£0.042m related to the projected net deficit for two schools that had received academy orders to become sponsored academies; Caldew Lea Primary School converted on 1 September 2019 and Hensingham Primary School had a provisional conversion date of 1 November 2019. In line with DfE guidance, where a school with a deficit budget was to open as a sponsored academy the deficit remained with the LA and in accordance with policy the deficit could be funded from a de-delegated contingency provision.

The Schools Forum noted the 2019-20 forecast outturn position for the contingency budget.

## **10. High Needs Block – Budget Monitoring as at Quarter 1 2019-20**

A report was presented that provided an update on the forecast deficit on the High Needs (HN) block as at 30 June 2019 and on how the forecast expenditure as at Q1 on the HN block compared to the HN recovery plan presented to Schools Forum on 20 June 2019.

As reported to Schools Forum at its meeting on 20 June 2019, a balanced High Needs budget had been set for 2019-20 with no planned transfer to reserves. Although a balanced budget was set for 2019-20 there continued to be specific budget pressure relating to the growth in demand for Education Health Care Plans (EHCPs). A new deficit recovery plan had been shared with Schools Forum on 20 June 2019 ahead of submission to the DfE on 30 June 2019. This plan, despite a number of Invest to Save initiatives, predicted that the deficit on the HN block would increase to £9.591m by the end of financial year 2019-20 and continue to rise to £23.136m by 2021-22.

Performance against the high needs block budget was monitored on a monthly basis; the projection against the budget as Quarter 1 projected an overspend of £4.825m as at 31 March 2020.

The main in-year pressures related to the number of top-up payments, the cost of independent placements, top-ups for post 16 and residential placements. Key variances in the high needs recovery plan related to the alternative provision programme for the north and south, residential provision, and the number of children with EHCPs continuing to rise.

Invest to save initiatives included funding for additional places in special schools and the development of bespoke packages to enable provision to be made within the county rather than in specialist provisions elsewhere. Other invest to save initiatives could not be factored in until a saving could be demonstrated. Any underspend against the budget in 2019-20 would transfer to the DSG earmarked reserves to fund Invest to Save initiatives in 2020-21.

Some members continued to have concerns about the level of health contributions in cases where a youngster had no educational needs and support was primarily related to health needs. There was also some discussion about EHCPs and whether it was possible to improve the supporting paperwork in terms of clarity about the amount or level of support that might be expected in relation to different levels of need – this could help school manage parental expectation around how schools manage resources in order to provide the required support. It was also suggested schools should be reminded that the expectation that schools would provide the first 11 hours of support would continue and that there were no plans to reduce this.

The Schools Forum noted the report, the current projection for the High Needs recovery plan and the use of the additional HN funding in 2019-20.

#### **11. SEND Review – Resourced Provision in Mainstream Schools**

A report providing an update on the consultation that had been undertaken during the summer term 2019 on a proposed new approach to resource provision was presented. The broad aim of the proposal was to better match resources with need, provide improved provision for children with SEND across the county, ensure that provision reflected demand more appropriately and that additional flexibility was built into the system.

The consultation generated a lot of feedback and there was a general consensus that some level of change was needed, however, the proposals were not wholly supported by parents or practitioners. Taking account of the feedback, it would be reported to Cabinet in November that the original proposals should not be implemented and instead, alternative proposals would be developed.

Some existing settings would have their RP designation changed, in many cases to expand the range of needs catered for and some new settings would be proposed. There would also be discussions with settings to determine what exactly the provision would look like in the future. The new proposal would, as far as possible, reduce the funding of unoccupied places; and contractual agreements between the county council and individual RP settings would be introduced.

It was anticipated that the new RP system would begin to be rolled out in September 2020 as originally planned, however, because academy place numbers and funding would be decided in November based on existing RP provision, it might not be possible to implement changes in these settings until the following year. The new proposal was expected to be cost neutral.

The Schools Forum noted the report and endorsed the approach.

#### **12. SEN Inclusion Fund 2019-20**

Schools Forum considered a report that proposed an increase to the SEN Inclusion Fund in 2019-20 to widen the accessibility of the fund to all early years providers including maintained nursery schools following a review of the maintained nursery schools' current funding system. The Schools Forum SEN Working Group had considered the report when they met on 18 September 2019.

In January 2019 Schools Forum had been informed about two changes to the Maintained Nursery Schools (MNS) sector funding system:

- that from 2019-20 the MNS sector would be paid a universal base rate in line with other nursery providers in Cumbria; and
- that, in line with the DfE HN operational guidance, the resources provision place funding would be withdrawn from 1 September 2019

To support the transition to the universal base rate for the MNS sector, DfE had provided additional supplementary funding, however, the supplementary funding had only been guaranteed by DfE until August 2020.

Until 2019-20 the MNS were allocated two RP places each at £10,000 per place to use to support their pupils with SEN. However, as the MNS sector did not have designated RP units, the HN operational guidance stated that RP place funding did not apply to nursery schools and to ensure consistency across early years providers, this funding had been withdrawn from the MNS sector from 1 September 2019.

Following the withdrawal of the RP funding there had been strong representation from the MNS who had used the funding available to support children with SEN but without an EHCP.

It was recognised that the schools would need time to adjust their budgets and a period of transition to the withdrawal of the RP funding from 1 September 2019. There needed to be an effective system in place to manage SEN before assessment that complied with operational guidance and that all early years providers could access and was allocated equitably.

The SEN Inclusion Fund had been introduced in 2017-18 and was set at £0.260m per year but historically it had been underspent. It was proposed that the SEN Inclusion Fund should be increased in 2019-20, funded through the Early Years Block. To ensure that all early years providers had access to the necessary funds to support pupils with SEN before the EHCP top-up system activated it was also proposed that the criteria for accessing the SEN Inclusion Fund should be changed to widen the scope of eligibility and increase the number of children supported by the fund.

It was proposed that the wider criteria for accessing the SEN Inclusion Fund would be piloted before all early years providers were consulted on the proposed changes in January 2020 before being introduced in April 2020.

The Schools Forum noted the report, the proposed increase in the SEN Inclusion Fund from £0.260m to £0.308m and the change in the allocation methodology to widen the eligibility criteria during the pilot phase of September 2019 to March 2020.

### **13. Projected School Balances 2019-20 and Control of Excess Surplus Balances 2018-19**

A report summarising the projected maintained schools balances as at 31 March 2020 was presented. Based on submitted budget plans for 2019-20, the net surplus balance for maintained schools was projected to be £1.331m. The report also set out the action taken to address school excess surplus balances as at 31 March 2019. To date, £0.012m had been identified for clawback from schools; School Forum were asked to determine how the amount should be utilised.

As at 31 March 2019 the net surplus balances for maintained schools was £2.356m which consisted of surplus balances of £9.017m and deficit balances of £6.661m. The net surplus balance position represented an increase of £0.670m from the position as at 31 March 2018. Based on school's own projections the net surplus balance for maintained schools was predicted to be £1.331m as at 31 March 2020, a decrease of £1.025m.

There were 36 schools that had been identified as having an excess surplus at 31 March 2019. 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. All 8 schools had exercised their right of appeal and, following a review of the evidence provided, this had resulted in a partial clawback of £40 from one school.

28 schools had ended 2018-19 with an excess surplus but had not done so as at 31 March 2018. The main reasons for retaining the excess surplus was for planned building works; other reasons included unspent grants and exceptional circumstances. The returns and supporting evidence were scrutinised to determine whether the reasons given were justified. The outcome of the review was that 27 schools were approved to carry forward an excess surplus, decisions on 3 schools had been deferred pending receipt of further evidence and a partial clawback from 6 schools totalling £0.012m had been approved. Two options for the clawed back funding were set out, either to allocate to schools through the funding formula in 2020-21 or to allocate to the de-delegated contingency fund in 2020-21.

It was noted that the Schools Forum was concerned at the rate at which the net surplus balances were reducing. It was, however, hoped that funding changes and other factors would help to mitigate this in future.

The Schools Forum noted the projected school balances for maintained schools and recommended that the clawed back excess surplus balances of £0.012m be allocated to the de-delegated contingency fund in 2020-21.

#### **14. School Resource Management Advisors (SRMA) Update**

A report updating Schools Forum members on the progress of the Schools Resource Management Advisors (SRMA) programme was resented for information.

In June 2018 the ESFA selected Cumbria County Council to take part in the SRMA pilot programme having already established a Schools Forum working group following concern about the number of maintained schools in deficit and declining surplus balances. The pilot programme was very well received and it was agreed that it should be developed into a local programme with funding made available through the School improvement Monitoring and Brokering Grant to deploy nationally accredited SRMAs to carry out local deployments in Cumbria.

Four schools were selected to take part in the pilot programme. Following the visits, the SRMA prepared a report for each school that identified a number of potential recommended savings options for the schools to consider together with a financial risk assessment. The schools considered each recommendation and drew up an action plan including the recommendations that could potentially be taken forward then, with

the approval of the governing body, a recovery plan was submitted to the LA for review. Common themes identified where potential savings could be made included increasing class sizes or increasing teacher contact time.

The four schools that took part in the pilot had a collective projected deficit that was reduced as a result of the SRMA recommendations however, all four were still projecting in-year deficits and further work was required by the schools to return to a financially sustainable position.

Following the pilot programme, four school business managers from Cumbria have all completed the Institute of School Business Leadership (ISBL) Induction and Accreditation Process and were now working with the local authority on the local programme. Following the submission of budget plans in May, 21 schools had been identified as potentially benefitting from an SRMA visit. This included the 5 maintained nursery schools who would need to review their expenditure plans in light of the changes to early years funding and the uncertainty about the continuance of the maintained nursery supplementary grant after August 2020.

Visits would be allocated on a priority basis and were also dependent on the availability of the SRMAs who were required to undertake at least two national deployments a year in addition to the local visits in Cumbria.

The Schools Forum noted the progress made through the local SRMA programme and the action that was being taken by the LA to support maintained schools in financial difficulty.

#### **15. Date of Next Meeting**

- i) The next meeting of the Schools Forum would be held on Tuesday, 26 November 2019. The meeting would begin at 9.30am and would be held in Conference Room A, Cumbria House, Carlisle.
- ii) The next meetings of the School Budgets Working Group and the SEN Working Group were scheduled to be held on 12 November 2019. Given that the next meeting of the full Forum was only 4 weeks away, it was noted that it was unlikely that the working group meetings would be needed.

#### **16. Any Other Business**

There were no other items of business to consider.