THE CUMBRIAN SCHOOLS' FORUM

Draft MINUTES OF THE MEETING HELD ON
3 July 2020
via Microsoft Teams

PRESENT
Lisa Balderstone (PRU)
Louise Donnelly-Stott (Small Schools)
Jane Faulkner (PVI)
Matthew Hardwick (South Maintained Secondary)
Daniel Hinton (Special Schools)
Simon Laheney (FEC)
Chris McAree (North Secondary Academy)
John McAuley (RC Diocese)
Amanda McDonald (Nursery Schools)
David Nattrass (North Maintained Primary)
Jennifer Rowlands (West Secondary – representing Judith Schafer)
Alan Rutter (Teachers Professional Associations and Chair of Forum)
Sue Sanderson (Cabinet Member – Schools and Learning)
Cathy Styles (South Maintained 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)**
Peter George	**(Group Finance Manager) – Item 5**
Nicola Shiels	**(Forum Support)**

Observers:
None

Apologies for Absence

Des Bird (West Secondary Academy)
Alison Claricoats (North Maintained Primary)
Stephen Gilby (North Maintained Secondary)
Steven Holmes (South Secondary Academy)
Matthew Jessop (South Maintained Primary)
Vanessa O'Dea (CE Diocese)
Ty Power (South Secondary Academy)
Judith Schafer (West Secondary)

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**
   There were no declarations of interest at this stage.

3. **Minutes of Previous Meeting and Matters Arising**
   Subject to a minor amendment, the minutes of the meeting of the Schools Forum held on 13 March 2020 were agreed as an accurate record.

   There were no matters arising from the minutes.

4. **Maintained Schools – Risk Protection Arrangement**
   Peter George had joined the meeting to present a report that asked Schools Forum to agree that the budget for insurance services should continue to be de-delegated and that the Council continued to arrange insurance services on behalf of maintained primary schools and maintained secondary schools; and that the Council continues to arrange insurance services on behalf of PRUs, special and nursery schools as de-delegation doesn't apply to these sectors.

   At the last Schools Forum meeting in March, a report was presented noting that Officers were reviewing the RPA scheme and that a further report would be presented at the next Schools Forum.

   A comparison between the RPA cover and the Council's insurance was provided in Appendix 1 to the report; the main observations were:

   - The covers provided by the RPA and Council's insurance were broadly the same, albeit that there would undoubtedly be subtle cover differences due to the separate wording agreements.
   - Whilst the cover levels provided under the RPA were generally higher than those provided under the Council's insurance such levels of cover were much higher than expected losses schools were likely to suffer and the Council considered that the current levels of cover were sufficient.
   - The excesses were generally lower on the Council's insurance policy than those offered by the RPA. Under the RPA, non-primary schools generally contributed more to the cost of a claim. Under the RPA, the member retention level was £250 for primary schools and £500 for non-primary schools and increased to £1,000 for damage caused by subsidence. Under the Council's insurance policy the excess was lower and, for example, under Material Damage ranged from £nil to £200.
   - The de-delegated budget funded support provided to schools by the Council's Insurance Team. This service includes:
     - administering, managing, renewing and retendering of schools related insurance contracts
     - providing schools with technical insurance advice (e.g. cover advice)
     - assisting with claim submissions to insurers and ensuring claims are handled fairly
     - maintaining school claim records

- This support from the Council's Insurance Team would no longer be available to schools if the Schools Forum were to end the arrangement of the Council providing insurance for schools.

The maintained Schools Forum representatives recommended that***:***

i) The budget for insurance services should continue to be de-delegated and that the Council continued to arrange insurance services on behalf of maintained primary schools;
ii) The budget for insurance services should continue to be de-delegated and that the Council continued to arrange insurance services on behalf of maintained secondary schools; and
iii) The Council continued to arrange insurance services on behalf of PRUs, special and nursery schools as de-delegation does not apply to these sectors.

5. Dedicated Schools Grant Earmarked Reserves and Maintained School Balances as at 31 March 2020

A report that updated Schools Forum on the movement on reserves from 1 April 2019 and 31 March 2020 was presented.

Following the closure of the 2019-20 financial year, as at 31 March 2020. The total Dedicated Schools Grant earmarked reserves stood at £7.136m (net deficit). This balance was made up of two elements, individual school balances totalling £0.145m (net deficit) and the centrally retained Dedicated Schools Grant reserve totalling -£6.991m (net deficit).

Total schools' balances at 1 April 2019 comprised a net surplus of £2.356m; this had reduced by £2.501m to a net deficit of £0.145m at 31 March 2020. 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 55 to 72 and the total value of deficit balances had increased by £1.280m from £6.661m to £7.941m. Three schools with a net deficit balance of £0.072m as at 31 March 2019 became academies, therefore in terms of the maintained schools both at 31 March 2019 and 31 March 2020 the number of schools in deficit had increased by 20 from 52 to 72 with the total deficit for these schools increasing by £1.352m from £6.589m to £7.941m.

In their three year budget plans for 2019-20, 52 schools proposed a deficit budget plan totalling £7.276m. Of these schools, 46 ended the financial year in deficit with the year end deficit balances for these schools totalling £7.544m. There were 26 schools that had proposed a surplus budget and ended the year in deficit totalling £0.397m.

The five schools with the most significant deficits were all secondary schools; the net deficit for these schools was £3.654m. Public notice of closure had been issued for Bram Longstaffe Nursery which had a deficit of £0.507m therefore the combined net deficit of 6 schools represents 52% of the total deficit balance of £7.941m as at 31 March 2020.

During 2018-19 and 2019-20 seven secondary schools and four primary schools (including Alston Moor Federation) 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 2020-21 on a priority basis.

Surplus Balances
Total surplus balances had reduced by £1.221m from £9.017m to £7.796m. The number of schools in surplus had reduced from 210 at 31 March 2019 to 187 at 31 March 2020. Two schools that had surplus balances totalling £0.068m at 31 March 2019 converted to academy status in year. Therefore, in terms of the maintained schools both at 31 March 2019 and at 31 March 2020, the number of schools in surplus had reduced by 21 from 208 to 187 with the total surplus for these schools decreasing by £1.153m from £8.949m to £7.796m.

There were 22 schools with an excess surplus at 31st March 2020. This compared to 36 schools at 31 March 2019. Of these 22 schools, 11 schools also had an excess surplus at 31 March 2019, and were subject to an automatic clawback of this excess although they retained the right of appeal. The potential clawback for these schools was £0.316m. Schools were usually requested to justify their excess balances or submit appeals against automatic clawback by the end of May, however, the maintained Schools Forum members were asked to consider that due to falling balances of schools and the additional pressures many schools are experiencing whether it was appropriate to continue to apply the excess surplus clawback policy.

The reduction in school balances could partly be explained by the continued pressure on school budgets in respect of the rise in the number of children with EHCPS and the requirement of schools to fund the first 11 hours of additional support from their own budgets. The changes to the national funding formula in 2020-21 and the continuation of the teacher pay and pension grants may provide some assurance that the schools' balances would return to a net surplus position, however, the continued rise in the number of children requiring additional SEND support and the impact of COVID19 on school budgets was uncertain and there was a very real risk that the net deficit would not be recovered by the end of 2020-21.

It was also be noted that the net school deficit balance of £0.145m did not include unspent Primary PE & Sports Premium grant of which £2.392m had been carried forward to spend in 2020-21.

Centrally Retained Dedicated Schools Grant Reserve
As at 1 April 2019, the balance on the centrally retained Dedicated Schools grant reserve was a deficit of £3.841m. The balance on the reserve at 31 March 2020 was £6.991m. This represented an increase in the deficit balance of the reserve of £3.150m.

The net overspend on the centrally retained DSG 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.

As reported at the Schools Forum on 20 June 2019, a balanced High Needs Budget had been set for 2019-20 with no planned transfer to reserves. The actual outturn on the High Needs balance as at 31 March 2020 was £11.022m representing an overspend against the planned budget of £5.488m. Most of the additional costs related to pressures against EHCP top-ups and specialist placements.

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

- Funds clawed back from schools in 2019-20 where pupils had been excluded. The funds would be transferred to the schools to which the pupils were reintegrated in the future.
- Excess balances clawed back from maintained schools in 2019-20 which, as agreed by Schools Forum on 29 October 2019, would be transferred to the de-delegated contingency fund in 2020-21.
- £0.307m arising from the 2019-20 underspend to support the Early Years Block budget 2020-21 as agreed by Schools Forum at its meeting on 17 January 2020.

The Schools Forum discussed the report and the proposal that due to falling balances of schools and the additional pressures many schools were experiencing, whether it was appropriate to continue to apply the excess surplus clawback policy. It was agreed that, at this time, it was not appropriate to apply the excess surplus balance clawback policy against 2019-20 school balances.

The Schools Forum noted the report and the movement in the Dedicated Schools Grant reserves from 2018-19 to 2019-20.

6. De-delgated Contingency Budget Outturn 2019-20

A report presenting the outturn position on the de-delegated contingency budget for the 2019-20 financial year as at 31 March 2020 was presented. The budget was underspent by £0.496m and in accordance with the Dedicated Schools Grant conditions, the underspend on the de-delegated contingencies budget as at 31 March 2020 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 2019-20 was £0.686m. 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, settlement agreements in schools in line with the agreed policy, legal costs, administration costs for the review of the Teachers Annual Return and temporary accommodation costs for the North PRU.

Additional costs relating to new, closing or amalgamated schools

Two schools had received academy orders to become sponsored academies. Caldew Lea Primary School converted on 1 October 2019 and Hensingham Primary School on 1 November 2019. In line with DfE guidance where a school with a deficit is to open as a sponsored academy the deficit remains with the LA and can be funded from a de-delegated contingency provision. The provisional final balances for these schools was a net delegated deficit of £317. The final position would be confirmed in 2020-21.

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

7. <u>High Needs Block Outturn 2019-20 and High Needs Recovery Plan</u>

Schools Forum considered a report presenting the outturn position on the High Needs (HN) block budget which overspent by £5.488m resulting in an increased HN block deficit of £11.022m as at 31 March 2020.

It also reported on how the outturn compared to the HN recovery plan as presented to Schools Forum at its meeting on 17 January 2020 and provided an update on the additional HN funding allocated to the Invest to Save initiatives budget.

As reported to Schools Forum at its meeting on 20 June 2019, a balanced High Needs budget was set for 2019-20 with no planned transfer to reserves. The original budget available for HN was £39.912m. 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 was drawn up and shared with Schools Forum on 20 June 2019; this plan 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.

At School Forum meeting held on 17 January 2020 the quarter 2 budget monitoring report predicted that the High Needs Deficit would increase by £5.237m to £10.771m and compared to the HN Recovery plan submitted to the DfE in June 2020 this showed that the predicted outturn was £1.180m below the targeted deficit of £9.591m. Since the quarter 2 report there have been no further adjustments to the HN Block funding. However, there has been one transfer of budget from Invest to Save to Special Schools of £0.076m to fund 13 additional places at Sandgate Special School with effect from September 2019.

In terms of the pressure against the budget in 2019-20, the key variances were:

- EHCP top-ups for pupils in mainstream schools and Early Years Providers Specialist Independent Day & Other Placements
- Specialist Residential Placements
- Post-16 EHCP top-ups and independent specialist placements
- High Needs Invest to Save Initiatives
- Other individually non-material variances

Appendix 2 set out the actual outturn against the High Needs Recovery Plan as at 31 March 2020. This showed that the plan was £1.430m above its target deficit of £9.591m resulting in an outturn of £11.022m at 31 March 2020. The key variances were:

- Reduction in HN Block grant funding
- Residential Placements; there had been a re-allocation of costs between Education and Social Care budgets which had resulted in an increased pressure compared to the pressure reported at quarter 2.

- EHCPs - the overall number of pupils with ECHPs had risen from 3,278 in April 2019 to 3,622 as at March 2020.
- Alternative Provision Programme North and South. This relates to staffing costs associated with the setting up of the new AP centres.
- Independent Day Placements

- Extra District, Out of County Placements and Education Otherwise. This mainly related to a reduction in the actual numbers of numbers of pupils placed in other authorities and centrally funded alternative education provision such as home tuition.

The Invest to Save Initiatives budget totalled £1.524m for 2019-20. Savings of £1.150m had been achieved. This included the funding of additional places in special schools and bespoke packages for individual pupils.

In total across the 2 years the budget allocated to Invest to Save Initiatives was £2.493m. Total expenditure against this budget across the two years as at 31 March 2020 was £1.658m and total savings achieved were £1.612m. The balance remaining against the Invest to Save Initiatives budget had transferred to the DSG reserves and was earmarked to continue to support the development of invest to save initiatives in 2020-21.

There had been some changes to the DSG conditions that impacted on the treatment of DSG overspends with effect from the end of 2019-20 financial year. A local authority with a DSG deficit from the previous year must either carry the whole deficit forward to the next financial year to be deducted from the money available for that financial year, or carry part of the deficit forward and the remainder into the following financial year or carry all of it over into the following financial year. Effectively, this meant that there was a statutory requirement that a deficit on the DSG must be carried forward to be dealt with from future DSG income. The implications of the changes meant that the overall overspend against the DSG central budgets in 2019-20 of £3.114m must be carried forward and deducted from the DSG budget available in 2020-21 or 2021-22.

From 2020-21 there was no longer a requirement for all local authorities to submit a DSG recovery plan where their cumulative deficit on the DSG was 1% or more at the end of 31 March 2020. However, any local authority that had an overall deficit on its DSG account at the end of the 2019-20 financial year, or whose DSG surplus had substantially reduced during the year, must co-operate with the DfE and provide information as an when requested about its plans for managing its DSG account in 2020-21 financial year and subsequent years.

The new requirement to deduct the 2019-20 overspend from the DSG income available in 2021-22 year will have significant implications on the HN recovery plan which, despite the additional HN funding made available in 2020-21 and the invest to save initiatives achieved to date still shows a significant gap between the funding available and the forecast spend from 2020-21 onwards.

The HN recovery plan was a work in progress and it was expected that COVID19 school closures and lockdown would also have an impact on the number of children requiring SEN support and consequently create an additional pressure on the HN budget. It was also expected that the DfE would announce details of the DSG budget for 2021-22 including the split of funding available between the blocks sometime in July. Once the provisional DSG allocations had been published the HN recovery plan would be reviewed and an updated more detailed plan would be presented for discussion at the next HN Working Group meeting scheduled for 21 September.

Schools Forum noted the report and the 2019-20 outturn position on the HN Block budget, the use of the Invest to Save budget and the progress against the High Needs Recovery Plan.

8. Pupil Referral Units Funding Review

The Schools Forum considered a report that explained that due to a number of factors including the changing role of Pupil Referral Units (PRUs), financial transparency, fairness and budget pressures, there was a requirement to review the PRU budgets to ensure that they had sufficient places to meet need and were adequately funded. Schools Forum must be consulted on the use of PRUs, the number of places commissioned and the arrangements for top-up funding.

The three PRUs have had delegated budgets since 2014/15 and are responsible for all financial decisions necessary to manage and spend budgets effectively in the same way as mainstream schools. They were funded entirely from the HN Block but like schools were also in receipt of other grants such as Pupil Premium, Teachers Pay and Teachers Pension grants.

The DfE HN operational guidance sets out the alternative provision (AP) funding arrangements for PRUs which was based on £10,000 per place plus top-up funding. Places, which should be on a full time equivalent basis, are commissioned by the local authority and mainstream schools. The operational guidance recognised that place funding plus top-up may not always be appropriate, for example, where pupils were receiving education off site such as HHTS or where PRUs were providing an outreach service.

Since the PRU budgets were delegated in 2014/15 the dynamics of the education provision has changed and the numbers of pupils that PRUs are supporting on a longer term basis has increased significantly. Due to the number of pupils accessing the PRU on a longer term or in some cases a permanent basis the PRUs have limited capacity to provide short stays for fixed term exclusions or part time access to AP commissioned by schools. Therefore, a full review of the PRU budgets would be undertaken.

The current PRU budgets comprise of three main elements – Short Stay PRU, HHTS and AP/SEMH provision. Places are funded on a full time equivalent basis so a full-time place may be occupied by more than one pupil attending on a part-time basis.

In June 2018 two new AP centres in the North and South of the county creating an additional 30 AP and 50 SEMH place were approved; funded through a reduction in the number of pupils being placed in expensive independent settings and AP places commissioned by schools. The anticipated opening dates had been September 2020 for the South and Easter 2021 for the North, however, there have been some delays in identifying suitable sites for the centres and the timeline for opening has slipped, however, once operational the two new AP centres will increase the overall number of AP and SEMH places available in PRUs to 115.

Phase 1 of the review had been undertaken and changes had already been made to the place numbers and top-up factors in the PRU and HHTS element of the budgets in 2020-21. This had resulted in a levelling up of funding across the three PRUs resulting in 50 funded short stay places at each PRU and the top-up factors increasing by 4%. The HHTS budgets had been increased by at least 8%. Overall, the review has resulted in an increase in combined PRU and HHTS funding of £0.046m in 2020-21 funded through the additional in HN Block funding in 2020-21.

The S251 Statement forms the core budget for the PRUs however in addition to this EHCP top-up funding has been made available to some of the PRUs. The EHCP top-up funding is managed by the three area inclusion teams. Phase 2 of the PRU funding review aims to ensure that the basis and calculation of EHCP top-up funding is consistent across the three PRUs and to clarify the process for applying for additional funding where needs cannot be meet from the existing PRU core budgets.

Since 2017-18 PRUs have been allocated a budget to provide for AP. The West PRU was allocated £1m to provide 10 specialist SEMH places and 25 AP places; the North and South PRUs were allocated £0.300m. Since this initial budget was allocated the North and South PRU have had an increased number of pupils that are permanently on roll and in recognition of this, flexibility has been exercised and additional AP budget has been provided on the basis of the actual cost of additional staff required to support those pupils to enable the PRUs to increase their capacity ahead of the new AP centres opening. This was a temporary arrangement and a review of the AP funding arrangements and the number of places for all three PRUs would be conducted ahead of the opening date for the two new AP centres. This would form Phase 3 of the review to ensure that the AP budgets are allocated on an equitable and transparent basis.

Phase 2 of the review would be completed as soon as was practical and Phase 3 would require further co-operation from the PRUs in terms of financial transparency around the operating costs for the AP provision and the numbers of full time equivalent pupils being supported. The charging policy for the use of the PRU, AP and the HHTS will form part of this review. It was envisaged that this will be completed in readiness for the 2021-22 financial year.

The Schools Forum noted the report.

9. <u>Maintained Schools Payroll Contract Award</u>

A report was presented that informed the Schools Forum of the current position regarding changes to payroll services for maintained (non-chequebook) schools.

Following the consultation the Invitation to Tender was issued and three providers had been appointed to the framework contract. The award of contract was subject to 'call in' after which schools would be notified of the provider names.

Once the award of the framework contract had been completed maintained (non-chequebook) schools would be advised of the steps needed for each school to be able to appoint their own provider from the framework with an expectation that the new contracts would be in place by 1 November 2020. Given the timeframe and impact of COVID19 the mini competitions would be completed by the Council's Corporate Procurement and Contract Management Team on behalf of the 180 schools.

Schools Forum noted the report.

10. <u>Revision to the LA Scheme for Financing Schools</u>

At the meeting held in March, Schools Forum members had noted the draft revised Cumbria LA Scheme for financing Schools ahead of consultation with all maintained schools and pupil referral units to be launched on 23 March 2020. The consultation had been postponed due to COVID19 and since then the DfE had issued further updated guidance on LA Schemes and therefore the draft Scheme had been revised to reflect these new changes.

The proposed changes were set out in Appendix 1 to the report with the new changes since the last report being highlighted in yellow for ease of reference.

The main change related to a new provision to include the extension of the risk protection arrangement (RPA) to local authority maintained schools from 1 April 2020. There were a small number of minor changes including clarity on the provision which allowed governors to claim reasonable expenses for schools with and without delegated budgets.

It was proposed that the consultation would be launched after 3 July subject to the maintained school forum representatives' approval and would close on 17 July. The outcome would be emailed to relevant School Forum representatives and if no objections were received the Scheme would take effect from 1 August.

The maintained schools representatives on the Schools Forum noted the proposed new changes to the draft Cumbria LA Scheme for Financing Schools since the last meeting on 13 March and confirmed their approval that the consultation could be launched after 3 July; maintained schools would be encouraged to respond to the consultation.

11. <u>SEND Finance Guidance</u>

Forum received a verbal update explaining that a new guide was being prepared that set out how SEND funding works and how it affects schools. The guidance would sit alongside the Local Offer and would hopefully help schools with some of the queries that they have. Officers would continue working on this over the summer period.

It was proposed that information about funding for special schools and the bandings should be presented to the High Needs sub-group in September.

12. <u>Date of Next Meeting</u>

The next meeting of the Schools Forum would be held on Wednesday, 21 October 2020. It was suggested that the meeting should again be held via Microsoft Teams. Arrangements and start time would be advised prior to the meeting.

Membership issues would be discussed; it was noted that a number of Forum members, including the Chair, had previously indicated a wish to step back. In view of the current and ongoing unusual circumstances, the Chair had indicated that he would continue for a while longer and he urged others to do the same.

13. <u>Any Other Business</u>

There were no other items of business.