

THE CUMBRIAN SCHOOLS' FORUM

Draft MINUTES OF THE MEETING HELD ON

18 January 2022

via Microsoft Teams

PRESENT

Lisa Balderstone (PRU)
Claire Birkett (West Maintained Primary)
Alyssa Dobbs (Maintained Nursery Schools)
Isabelle Evans (Special Academy – representing Richard Aindow)
Rachel Field (West Maintained Primary)
Stephen Gilby (North Maintained Secondary)
David Grimshaw (North Maintained Primary)
Matt Hardwick (South Maintained Secondary)
Daniel Hinton (Special Schools)
James Jackson (West Secondary Academy)
Simon Laheney
Chris McAree (North Secondary Academy)
John McAuley (RC Diocese)
David Nattrass (North Maintained Primary)
Ian Nicol (South Maintained Primary)
Vanessa O'Dea (CE Diocese)
Alan Rutter (Teachers Professional Associations)
Sue Sanderson (Cabinet Member – Schools and Learning)
Cathy Styles (South Maintained Primary)
Ruth Webster (South Maintained Primary)

Officers in Attendance:

Dan Barton	(AD – Education and Skills)
Lynda Poole	(Learning Improvement)
Marie Barnes	(Learning Improvement)
Sally Senejko	(Senior Manager – Inclusion)
Susan Milburn	(Group Accountant – People)
Amanda Chew	(Finance Manager)
Kerry Anderson	(Business Partner – Organisational Change – Teachers' Pension item)
Nicola Shiels	(Forum Support)

Observers:

Apologies for Absence

Richard Aindow (Special Academies – represented by Isabelle Evans)
Huw Davies (Primary Academy)
Jane Faulkner (PVI)
Jennifer Rowlands (West Secondary – representing Tom Hailwood)
David Spruce (North Maintained Primary)

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

David Natrass to chair meeting until Alan Rutter arrived,

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

The minutes of the meetings of the Schools Forum held on 22 November 2021 were agreed as an accurate record.

There were no matters arising from the minutes.

4. Teachers' Pension Scheme Indexation

Kerry Anderson gave a verbal update regarding the teachers' pension scheme.

In November 2021 teaching trade unions had written to all local authorities, chairs of school and academy trust governing boards and academy trust Chief Executive Officers in relation to an issue for teachers and school leaders due to the 2021/22 pay freeze.

The trade unions highlighted that due to the pay freeze there was a negative impact on the pension for all teachers and school leaders who had no pay progression due to some of the regulations in the teacher's pension scheme (TPS) which meant that there would be no indexation triggered and would negatively impact the calculation for "best consecutive three years in 10".

This was a national issue and trade unions were considering a proposal to request that for those fitting the criteria of pay not being uplifted there be a £1 pay increase. This could potentially be clawed back in future years. The issue had also been raised at Education Planning Group and was being discussed with teaching unions locally. Headteachers would not be covered by this agreement, however, another clause in the pay policy would be applied; this would also be applied to deputy head teachers.

DfE and LGA were working on a proposal to resolve the issue but that might not be agreed until late February so some LAs had already agreed to pay the £1 increase. Currently there was no modelling available to illustrate the number that would be affected but was not expected to be a significant number. It was proposed that a paper be prepared for consideration by the Schools Budgets Working Group on 9 February with Schools Forum ratifying the decision before the end of the financial year.

Schools Forum noted the verbal update relating to the teachers' pension scheme and agreed that a more details report should be considered by the School Budgets Working Group on 9 February; Schools Forum to ratify the recommendation of the working group before the end of the financial year.

5. Dedicated Schools Grant Budget 2022-23

The Schools Forum considered a report that informs them of the 2022-23 Dedicated Schools Grant (DSG) budget. The total Dedicated Schools Grant budget to be allocated in 2022-23 was £430.065m. This was to fund all schools (both maintained and academies), and also covered both early years (including PVI providers) and high needs provision.

The total DSG grant allocation for 2022-23 was £430.065m. This included an additional £2.230m for High Needs following the announcement of extra funding available for schools and high needs in the Autumn 2021 Spending Review. Indicative additional funding allocations of £10m for schools in Cumbria had also been published by ESFA although individual school level detail would not be published until Spring 2022. The additional funding would be in the form of a supplementary grant and would sit outside of the schools NFF but would be rolled into the core NFF from 2023-24. This grant was to provide support for the costs of the Health and Social Care Levy and wider cost pressures faced by schools who would have flexibility to use this grant to address cost pressures as they see fit.

The total DSG allocation funded all schools (maintained and academies), early years providers (including PVIs), high needs provision and central schools services.

The Schools Block allocation comprised of 3 elements, core NFF funding, premises and growth funding.

The core NFF element was calculated by applying the NFF at school level using the October 2020 pupil data which was then aggregated to arrive at a primary and secondary unit of funding. The core NFF element had increased by £12.310m, of which £10.988m related to inflationary increases and changes to pupil characteristics in the NFF factors; £1.323m reflected a net increase in pupil numbers between October 2020 and October 2021.

Premises funding was lagged and based on actual 2021/22 premises costs which included National Non-Domestic Rates (NNDR) and exceptional premises costs and accounts for a reduction of £0.894m mainly relating to St John Henry Newman Catholic School for costs associated with the school's temporary site following flooding in 2015. From 2022/23 onwards, the NNDR would be paid by the ESFA direct on behalf of all maintained and academy schools.

The growth fund was calculated by observed differences between primary and secondary pupil numbers on roll between October 2020 and October 2021 school censuses. The net increase in the pupil numbers had resulted in an increase in growth funding of £0.039m. The growth fund was not ring-fenced and could be used to support the school funding formula.

The school budget shares for 2022/23 had been calculated using the NFF and a total of £336.259m was required to be allocated to schools with a balance of £1.467m remaining.

There were restrictions on the use of Schools Block funding, however, local authorities were permitted to retain a growth fund to support growth in pre-16 pupil numbers with the agreement of Schools Forum. In 2021/22 a budget of £0.200m was approved by Schools Forum; £0.196m has been allocated. For 2022/23 it was anticipated that the growth fund budget would need to increase to fund ongoing and new growth in schools that were admitting pupils over PAN at the LA's request to meet basic need. New potential requests

include Levens CE Primary due to new housing developments in the catchment area, Workington Academy due to the high number of first preference applications from within their catchment and Ullswater Community College due to the high number of applications from catchment area. Schools Forum were therefore asked to consider an increase the growth fund budget from £0.200m to £0.400m in 2022-23.

The HN Block allocation was £60.794m which included £2.230m of additional DSG high needs funding subject to the same DSG conditions of grant. The HN block allocation, before deduction for directly funded places by the ESFA, had increased by £6.803m. The age 2 to 18 population represented an increase of £4.239m (8.51%) compared to 2021/22 and the increase relating to special school and Non-Maintained School Schools reflected an overall increase in pupil numbers of 117 between the 2020 and 2021 census dates.

As at Q2, the projected in-year pressure on the HN budget was £5.971m resulting in a projected cumulative deficit on the HN Block as at 31 March 2022 of £20.521m. As part of monitoring the HN Block, the Corporate Management Team have received a report about the high needs pressure with a recommendation that a High Needs Board is set up. A presentation on the High Needs pressures would also be given at the 17 March 2022 Cabinet meeting.

The Central Schools Services Block (CSSB) allocation was £3.804m and comprised of historic commitments and ongoing commitments. Since 2020/21 DfE had committed to reduce the historic commitments element by 20% annually and in 2022/23 this reduction equated to £0.400m. Most historic commitments related to school property maintenance and prudential borrowing but also contributed towards staffing budgets for central services.

As in previous years, the reduction in the historic commitments funding had resulted in a reduced budget for school capital maintenance, the shortfall of which would be funded by other capital financing. A further review of services funded by the CSSB including the financial values for responsibilities for school capital repairs and maintenance costs in maintained schools would need to be undertaken during 2022/23 ahead of Local Government Reorganisation as it was expected that the CSBB funding would be reduced further in 2023/24.

The Early Years Block allocation was £27.771m, a reduction of £0.682m. There would be further adjustments to the EY Block funding in July 2022 and July 2023 to reflect the actual take up of 2, 3 and 4 year old provision free entitlement. These adjustments were based on January 2022 and January 2023 census data. Therefore, the overall reduction in the Early Years Block funding of £0.682m was not expected to have an impact on provision.

Schools Forum noted:

- i) the Dedicated Schools Grant budget for 2022-23;
- ii) the proposed allocation of the Schools Block and transfer to High Needs Block; and
- iii) the reduction against the Central School Services Budget; and
- iv) the proposed increases in the basic hourly rates for 2 and 3-4 year olds.

Schools Forum approved:

- v) the Growth Fund budget of £0.400m;
- vi) the centrally retained Early Years expenditure budget of £0.582m; and
- vii) the Central Schools Services Block budget of £3.804m.

School Improvement Function 2022-23

On 11 January 2022 the DfE published the outcome of their consultation on reforming how local authorities' school improvement functions are funded.

As a result of the consultation the LA level School Improvement Monitoring & Brokering Grant would reduce by 50% from financial year 2022/23 and be removed entirely from 2023/24. Instead, the Schools and Early Years Finance Regulations 2022 would allow LAs to deduct funding from maintained school budget shares with the approval of their Schools Forum maintained school representatives.

The maintained school representatives on Schools Forum were asked to consider approving the de-delegation £0.130m from maintained school budgets in 2023-23 to support the local authority's core school improvement functions.

It was also noted that if the Schools Forum maintained school representatives did not approve the de-delegation of funds for this function, the Secretary of State retained the power to approve the de-delegation contrary to the decision of the Schools Forum if it was deemed necessary to ensure that the local authority was adequately funded to exercise its core school improvement functions.

Schools Forum:

- i) noted the changes to the way that local authority school improvement functions were funded; and
- ii) following a vote (8 for and 1 abstention) maintained school representatives on Schools Forum approved the de-delegated School Improvement budget of £0.130m.

6. Special Schools Funding Review

A report that updated Schools Forum on the progress made on the special school funding formula review was presented.

The report set out the illustrative financial impact of the revised banding levels which was estimated to be £2.369m pa and the proposed mitigations that had been identified. As there would be a significant additional cost to the High Needs (HN) block, the decision on whether to implement the new levels would be a key decision to be taken by Cabinet on 27 January 2022.

On 20 October Schools Forum had considered a report that setting out the financial impact of the modelled banding levels as requested by the Special School Heads which was estimated to cost an additional £5.2m pa. Having considered the modelling, the impact that this would have on the High Needs Block deficit and options for mitigations or revisions to the banding levels for the new model to be affordable, Schools Forum agreed to apply the modelled bandings in part by adjusting down the financial values used in the modelling.

LA SEND Education Managers had reviewed the proposed banding descriptors and revised them to align with the Council's SEND Handbook. A revised set of banding descriptors comprising of 6 levels was proposed. Funding for pupils with needs above level 6 would only be considered in the most extreme circumstances, for example, where needs could not be met within the local authority and where a residential placement is required.

LA SEND Education Managers also spot checked a number of pupils to ensure both consistency across all schools and an independent assessment. The categorisation by Special School Heads was broadly in line with the spot checks carried out by LA SEND Education Managers.

Revised financial values ranging from £4,500 SS1 to £24,750 SS6 (exceptional) had been assigned to each of the new bands. The level 6 banding had been based on the current average cost of pupils on exceptional funding packages in Special Schools. Using these values, based on the sample set of 40 pupils the increased cost of the new proposed banding levels compared to the current funding levels was £71,625. Extrapolating this data across all 680 special school pupils indicated that the additional cost compared to the current cost was £2.369m.

As only a very small sample set of pupils had been used to extrapolate the costs there would be differences in actual cost compared to extrapolated costs once all the pupils had been aligned to the new banding levels by the LA SEND Education Managers.

If the proposal to introduce the new top-up bandings for special schools goes ahead the additional cost pressure on the HN Block was estimated to be £2.369m pa. This would be mitigated by the additional HN Block funding of £2.230m to be received in 2022-23 and also partially through a transfer of up to 0.5% from the Schools Block as agreed by Schools Forum and approved by Cabinet on 16 December 2021.

By expanding special school places wherever possible and looking to develop more places as part of the Education Vision it may be possible, if not to reduce expenditure on independent placements, at least not to increase it. This would also help to absorb some of the increased expenditure on special school top ups.

Schools Forum noted the revised financial values attached to the proposed new top-up bandings, estimated to cost an additional £2.369m pa, and recommended to Cabinet that the proposals should be implemented from 1 April 2022.

7. Maintained School Balances 2021-22

Schools Forum considered a report that summarised the latest projected maintained school balances as at 31 March 2022.

As at 31 March 2021 the net surplus balance for maintained schools was (£8.476m). Based on schools' own projections as at their May budget submissions the net surplus balance was predicted to be (£5.776m) as at 31 March 2022, a reduction of £2.700m.

During the year to date 8 schools converted to academy status and their net surplus balances brought forward from 2020-21 have been removed from the projection and will transfer to their academy trusts together with any in-year surplus/deficit balances accrued in 2021-22.

Of the 217 schools that were predicting surplus balances for 2021-22 a total of 60 schools were predicting balances in excess of the allowable 8% (primaries/nurseries/specials/PRUs) and 5% (secondaries) thresholds. On 20 October 2021 Schools Forum had agreed that the excess surplus balances policy would not be applied against balances at the end of this financial year due to the impact of COVID.

The number of schools with deficit balances was predicted to reduce from 42 to 31. Of the 42 with deficit balances brought forward from 2020-21 14 were predicting a surplus

balance at the end of 2021-22 and one had converted to an academy. Four schools that brought forward surplus balances from 2020-21 were predicting deficit balances at the end of 2021-22.

Secondary schools continued to face the most significant budget difficulties with 11 out of 13 secondaries predicting deficit budgets in 2021-22. Of the 11 secondaries predicting deficit budgets in 2021-22, 10 were in deficit in 2020-21; the net deficit balance for these secondaries was predicted to reduce from £4.312m to £4.071m.

In September 2021 Cumbria was required to submit a high-level LA Action Plan to the ESFA in a move to strengthen and improve the financial transparency and accountability of maintained schools and for the ESFA to gain a better understanding of the arrangements Cumbria has in place for managing schools in deficit. Information was requested for 18 schools whose deficit was more than 10% of their total revenue funding in 2019-20. The ESFA had commissioned the Institute of Schools Business Leaders (ISBL) to complete a review of the action plan by an SRMA the outcome of which was not yet available.

In accordance with the LA Scheme for Financing Schools, applications for licensed deficits had been received from 16 out of the 31 schools that had proposed deficit budgets for 2021-22. Applications had been requested from those schools who had not applied for a licensed deficit to ensure they were compliant with the policy. However, in principle, the deficit recovery plans for 27 of these schools had been approved, leaving 4 schools that had not yet received approval.

Forecast year end outturn positions as at the 30 September 2021 had been received from 20 out of 31 schools that set deficit budgets for 2021-22. These returns had been reviewed to identify any significant variances from the agreed licensed deficit and where variances were identified, the school was asked to provide an explanation and details of the management action they were taking to address them. The missing returns have been rigorously chased. Budget monitoring based on the school returns forecast that the net deficit would reduce by (£0.588m) compared to the schools' budget plans submitted in May.

Of the 20 returns received, 14 schools were predicting an improved position, however, 6 schools were showing a worsening position.

Forecast year end outturn returns were also requested from schools that ended the 2020-21 financial year in deficit but were projecting a surplus for 2021-22, to ensure these schools are on track against budget. There were 12 schools that brought forward deficit balances that were planning to return to a surplus position in 2021-22. Of these, two schools were now predicting to be in deficit by the end of 2021-22 as at 30 September 2021.

The Schools Forum noted the projected maintained school balances and the latest forecast year-end position as at 30 September 2021 for those schools that had proposed a deficit budget for 2021-22.

8. LA Scheme for Financing Schools Revisions

A report was presented that proposed some amendments to the Cumbria LA Scheme for Financing Schools following a number of directed revisions by the DfE and changes/additions proposed by the LA.

In line with regulations, the draft Cumbria LA Scheme for Financing Schools was presented to the Schools Forum ahead of full consultation with all maintained schools. Following consultation with all schools the final LA Scheme for Financing Schools would be presented to Schools Forum on 16 March 2022 for approval by the maintained school representatives.

There were three revisions that had been directed by DfE. These revisions did not require consultation with schools or Schools Forum and the changes became effective from the date that they were issued. The three revisions had been published by DfE in April 2021, however, only one had resulted in a need to update the current LA Scheme and that related to section 4.9 Licensed Deficits and a point of policy clarification around budget share advances for schools with their own bank accounts which should be treated as a cash advance and not a loan. This was already applied in Cumbria but it was not currently explicit in the LA Scheme.

The main LA change related to section 4.10 Loan Schemes – LAs were allowed to include in their schemes a form of loan arrangement that did not operate by way of a licenced deficit but assisted schools in spreading the cost over more than one year of large one-off individual items of a capital nature. However, the current Scheme did not specify the LA's policy. It was therefore proposed to include the parameters and circumstances under which the LA would consider applications for capital loans.

Other changes related to planning for deficit budgets and challenge and support process for schools with deficit budgets and clarification on repairs and maintenance to clarify that PRUs were also included. A summary of the main proposed changes to the scheme were set out in Appendix 1 of the report with the draft revised LA Scheme at Appendix 2.

It was proposed that consultation with maintained schools and pupil referral units would take place between 24 January and 11 February 2022. Schools would be notified via the school portal and asked to make comments via a link to the survey. It was also noted that a review of the financial values for school capital repairs and maintenance (Annex B of the LA Scheme) would be undertaken during 2022-23. Pending the outcome of this review a further update to the LA Scheme may be required at a later date.

The maintained school representatives on the Schools Forum noted the proposed revisions to the Cumbria LA Scheme for Financing Schools ahead of consultation with all maintained schools and pupil referral units to be launched on 24 January 2022; maintained schools would be encouraged to respond to the consultation.

9. High Needs Block Q2 Budget Monitoring 2021-22

A report was presented that provided an update on the High Needs (HN) block deficit as at 30 September 2021 which was forecast to rise compared to the closing deficit at the end of the financial year 2020-21. The report also provided an update on the High Needs Recovery Plan.

A balanced High Needs budget had been set for 2021-22 with no planned transfer to reserves. As reported to Schools Forum at its meeting held on 17 January 2021 the initial budget available for the HN Block was £51.109m made up of £49.521m provisional HN block allocation from central government and £1.558m transferred in from the Schools Block. Since the initial budget was set the HN block allocation had been updated to reflect adjusted recoument for HN places.

Performance against the High Needs Block budget was monitored monthly with reports presented to senior management, and to Cabinet on a quarterly basis, as well as to each Schools Forum meeting. The projection against the budget as at Q2 showed that the budget was projected to overspend by £5.971m as at 31 March 2022.

The main in-year pressures related to the EHCP top-up payments, the cost of specialist independent day and other placements including post 16, invest to save initiatives, special schools and individual non-material variances.

The pressure against the High Needs Block continued to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN which had continued to rise month on month increasing by a total of 1,267 from 2,929 as at April 2018 to 4,196 as at September 2021. The majority of children and young people with EHCPs were educated in mainstream schools and colleges.

The report set out the impact of the Invest to Save Initiatives for the period 2018-19 to 2020-21 as well as a projection for 2021-22. Invest to save initiatives had covered 4 main areas – the expansion of Special School places, exceptional EHCP packages, alternative provision in schools and new AP centres in Barrow and Carlisle.

The Schools Forum noted the report and the current projection on the High Needs budget as at 30 September 2021.

10. De-Delegated Contingency Fund Budget Monitoring 2021-22

A report presenting the forecast outturn position on the de-delegated contingency budget for the 2021-22 financial year as at 30 September was presented. The budget was currently projected to overspend by £0.175m and in accordance with the Dedicated Schools Grant conditions, the overspend on the de-delegated contingencies budget as at 31 March 2022 would be 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 2021-22 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 related to St Bridget's, Parton temporary site costs due to the landslip investigations. The remaining costs related to ill health retirements, settlement agreements and other staff termination costs in schools in line with the agreed policy, administration costs relating to the administration of the Teachers Annual Return and temporary accommodation costs at the Gillford Centre PRU.

The Schools Forum noted the forecast outturn position as at Q2 for the contingencies budget 2021-22.

11. Date of Next Meeting

- i) The next meeting of the Schools Forum would be held on Wednesday 16 March 2022. The meeting would begin at 9.30am and was likely to be via Microsoft Teams. Final arrangements would be circulated prior to the meeting.

12. Any Other Business

- i) Teacher's Pension Scheme Indexation
Considered at the beginning of the meeting, refer to item 4 above.

E&S/NS
March 2022