

**SCHOOLS' FINANCE GROUP
NOTES OF MEETING
11 May 2016
at Okehampton College**

		11/05/16
DCC		
John Holme	Assistant County Treasurer (People)	✓
Julian Dinnicombe	Head Accountant Education & Learning	✓
Adrian Fox	Senior Accountant (Schools)	✓
Heidi Watson-Jones	Service Support Officer (E&L)	✓
DAPH		
Jamie Stone	Denbury Primary	Apologies
Paul Walker	Sidmouth Primary	✓
Jo Evans	St Leonard's Primary	Apologies
Alun Dobson (for Jo Evans)	Marwood Primary	✓
Jonathan Bishop	Broadclyst Primary	Apologies
DASH		
David Fitzsimmons	Holsworthy Community College	Apologies
Matthew Shanks	Coombeshead Academy	Apologies
Daryll Chapman	Okehampton Community College	✓
Lorraine Heath	Uffculme College	Apologies
SHAD		
Keith Bennett	Marland School	✓
Jacqui Warne	Ellen Tinkham School	Apologies
DAG		
Faith Butler	Special	✓
Malcolm Dobbins	Primary	Apologies
Jill Larcombe	Secondary	✓
EY Providers		
Gemma Rolstone		✓
In Attendance:		
Sue Clarke	Head of Education & Learning	✓
Julia Foster	SEN Strategy Manager	✓
Simon Niles	School Admissions Service	✓

1. Minutes and Matters arising from meeting on 2 March 2016

Discussion:

- Julian Dinnicombe welcomed the group & introduced himself as the new Head Accountant for Education, replacing Karen Powlesland.

Key Decision / Issues for DEF

- Minutes agreed as an accurate record.

Actions

- Dawn Stabb** to update SFG on ongoing arrangements regarding ongoing funding arrangements for Year 11 students transferring to Schools

2. High Needs Funding and Early Help Overview (Sue Clarke / Julia Foster)

EARLY HELP

- Sue Clarke tabled update reports on the Early Help projects for which SFG had had approved additional funding.
- Report was tabled on continuing school-based provision through PSPs. Ongoing funding and top up arrangements for capacity building through PSPs requires clarification; **JD** to clarify.
- SC outlined three Research & Development projects commissioned through LDP: i) Working with practitioners in Bideford to identify students requiring additional support prior to transition. ii) Music Service & DAISI developing children's resilience and wellbeing. iii) Best practice research at Clyst Vale around anxiety-based school avoidance.
- DAPH raised concerns around the ongoing unreasonable challenges (including rising exclusion levels) relating to learnt behaviours, and the need for parenting support. DAPH asked if there was any way of mitigating the effect of cancelling of the Parent Support element of the EH4MH to provide support in this area. SC outlined possible pathways through Children's Centres and possible future joint arrangements with Public Health following re-commissioning of Virgin contract.
- Reiterated uncertainty around the future provision within High Needs Block; it was felt that Parenting Support was a wider remit than HNB and Early Years will need to be involved in the discussions around family support.
- Suggested that Schools' representative on Public Health Commissioning Steering Group raise this as a key issue.
- Noted that 111 additional special school places have been created through basic need funding. New Post 16 Ellen Tinkham provision is planned to open in September in Bodley House, a former care home in Exeter, in addition to creating short-term intervention provision and establishment of a Free School for ASC provision in Newton Abbot area.
- Hoping to reduce the number of placements in high cost ISP provision; report from Simon Niles to follow.

HIGH NEEDS FUNDING ISSUES

- Considered pressures on the High Needs Block, including high volume of referrals for statutory assessment, increasing costs of ISP placements and transport costs, and rising exclusions.
- Discussed patterns of exclusion, need for more robust transition arrangements, and supported post 16 provision for students with complex needs.
- Considered management action proposed to contain costs.
- The group considered issues around varying capacity across schools to deal with SEN pupils, and engaging more with Early Years to identify children and families at point of transition who may need additional support in Reception.
- Noted that the SEN Audit provides intelligence to identify schools operating best practice with SEN pupils.

HIGH NEEDS BLOCK 2016/17

- There were concerns around future restrictions on moving DSG funding between blocks.
- Noted that the reduction in placements in costly ISP settings has been largely cancelled out by increased costs per placement, and unused but still funded planned places in ISPs.
- The group considered proposals for management action to address budget pressures.
- It was agreed that a SFG working group be convened to analyse the HNB budget and consider the implications and consequences of an in-year reduction in Element 3 funding, and pressures around planned specialist provision in support centres and resource bases.
- The group will consider all plans for in year savings and communication of these, including but not limited to numbers 3,4 and 5 in the report. Secondly it is envisaged that the group will scope and probably become the basis for further work on stabilising the spending on all aspects of High Needs, including planning needed, connected with the funding consultation, recognising that this context remains uncertain. In all its recommendations it should try to align to the direction that future spending is likely to be heading. **JD** to provide detail budget analysis, indicative savings working with Julia Foster and if possible base information on the High Needs Budget and thus effects on individual schools. In setting up the meeting Heidi and

Julian/Ancilla should liaise to have projectors available, so that different information may be provided depending on the direction the discussions take.

- Group to include: Keith Bennett, Paul Walker, Alun Dobson, Faith Butler, Julia Foster, Gill Loman, Katrina Callcut, Ancilla McKenna, Julian Dinnicombe, Matt Shanks / Daryll Chapman + FE Rep (Jane Barton, Resources Director at Petroc). 9am – 1pm on 25 May 2016.

Key Decision / Issues for DEF

SFG endorsed recommendations 1, 2 and 6 for management action as outlined in the report.
Further recommendations for in-year savings, and communication to schools to be considered by SFG working group on 25 May.

Actions:

- Early Help Update reports to be circulated by email, including Place Planning report from Simon Niles. **HWJ**
- **JD** to clarify funding arrangements for PSPs.
- SFG working group (to include FE representation) to be convened to look closely at 3 proposals to manage HNB budget lines, and future issues for consideration at autumn consultation event. **HWJ**
- Note to be included in budget monitoring statements to give advanced indication of changes to Element 3 funding. **JF / JD**

3. School Admissions Service (Simon Niles)

Discussion:

- SFG had previously discussed moving to a fully traded Admissions service for non-statutory admissions services.
- Considered core LA responsibilities as an admissions authority. Currently allocation £307k DSG funding is expected to be sufficient to cover the statutory service if all schools were fully autonomous.
- Noted that Devon School Admissions Service already runs a fully-traded service for Academies, and agreed proposal to move to a fully traded service for non-statutory services from 2017/18 financial year, pending any further information from the National Funding Formula or White Paper.
- There was some discussion around the funding of the centrally retained budget, topsliced from DSG, but it was reiterated that this funds the statutory elements of the service.
- Need to ensure that the charging structure will be fair and equitable.

Key Decision / Issues for DEF

Report noted and recommendations approved.

4. DSG Outturn 2015/16

Discussion:

- Noted current projected underspend of £29.1m (which includes £23.2m school carry forwards).
- Noted significant increases in school balances, for which the LA requests evidence. Key reasons for school balances included projected capital work and prudent planning for retaining staffing levels where admission numbers are unstable, however it was felt that the general increase in balances was of concern.
- Considered St Martin's position, and clarification was sought on whether the positive balance was due to benefits from new school growth funding – were the criteria over-generous? **JD** to look into the growth / carry forward pattern.
- Noted secondary schools' difficulties in budgeting for unexpected staffing cost increases.
- Discussed budget allocations that had been paid at the end of the financial year, e.g SEND funding and Nursery Plus, which would have influenced the year end position.
- SFG looked at the schools with deficit balances unlicensed through FIPS, and considered if there could be an earlier trigger to identify schools at risk.
- Discussed the High Needs underspend of £2.6m, although after adjusting for the 2014/15 carry forward and maintained special schools balances there was an underlying overspend of

£4.19m

- Clarity around PSP budget position was requested by DAPH; the academic / financial year mismatch is unhelpful.
- SFG sought further clarification on the £1.6m Early Years outturn balance. It was noted that £1m had been allocated during last financial year to address a structural deficit, and 2 year old funding rates were reduced in acknowledgment of unsustainable budget provision. It was suggested that the carry forward be directed back to EY settings by raising the 2 year old funding rate. **AF** to clarify whether this would be permitted within EFA guidance. Noted also that funding had been transferred from Schools Block to Early Years on the basis that there was a structural deficit. Further update on the EY structural deficit position was requested.

Key Decision / Issues for DEF	
--------------------------------------	--

Actions:	<ul style="list-style-type: none"> • AF to look at Early Years outturn re. structural deficit allocation, possibility of increasing 2 year old funding rate, and Early Years FSM take up.
-----------------	---

5. National Funding Consultations

Discussion:

- Responses submitted by Devon LA for both national funding formula and high needs funding formula (Phase One consultations around vision and principles). Now awaiting Phase Two consultations from EFA around funding factor weighting calculations expected to be released following EU Referendum Purdah (which starts on 27 May).
- Noted consultation around 30 hour childcare / EY education entitlement closes on 3 June. Expressions of interest have been submitted relating to Early Years capital funding. Cabinet Office consultation 'Cutting Red Tape' consultation linked to 30 hour EY provision is now online.
- Government Academisation proposals have been amended since publication of White Paper, implying that schools within LAs which can no longer adequately support maintained schools will be expected to convert. Good schools within strong LAs will not be forced to convert.
- Devon Schools' Consultation event in autumn term will be planned as normal. Mid July meeting (to be set w/b 11 July) for consultation presenters (**HWJ**).
- Budget baselines for 2016/17 have been submitted to EFA, and historic commitments element to be submitted by 27 May.

Key Decision / Issues for DEF	Verbal update noted
--------------------------------------	---------------------

Actions:	<ul style="list-style-type: none"> • HWJ to set consultation working group meeting for mid July.
-----------------	--

6. FIPS Annual Report

Discussion:

- The group considered the data showing FIPS submissions over last three years.
- Noted that the number of longer-term ongoing issues considered by FIPS has increased.
- Suggested that FIPS criteria should be clearly published for reference by all schools contributing to the Contingency Fund. After discussion the group with some reservations accepted that pure 'checkbox' criteria would not be suitable, but asked that FIPS consider if it could issue the principles under which decisions are made at least to SFG. Clarity about the circumstances under which FIPS would offer loans rather than grants would be particularly welcomed.
- There were concerns about conflicting advice being given to schools about FIPS processes from different DCC officers and LDP Finance advisers. Could FIPS consider issuing a note advising schools to speak to FIPS if they want advice on its processes?
- Raised issue of schools expecting to convert to academy bringing financial concerns to FIPS prior to conversion.

Key Decision / Issues for DEF	Report noted
--------------------------------------	--------------

Actions:	<ul style="list-style-type: none"> • AF to raise at FIPS issues around consistency of messages from different DCC & LDP services regarding FIPS processes, and publication of FIPS
-----------------	--

7. Mutual Fund Board

Discussion:

- Considered 15/16 outturn position of £450k surplus. There had been a decline in the number of claims during the year.
- It had previously been agreed that 2016/17 premiums will be retained at same level.
- Mutual Fund Terms and Conditions have been amended to clearly state that only Devon schools, or schools linked to a Devon school through a formal collaborative arrangement will be eligible to join the mutual fund.
- The group discussed the possibility of claims from new schools with staff with pre-existing conditions likely to lead to absence, but did not decide to change practice.

Key Decision / Issues for DEF

Report noted.

8. Financial Planning System

Discussion:

- DAPH had raised issues around ongoing and unexpected FPS costs, and training issues.
- AF explained that DCC had been clear with both SFG and schools about the projected costs throughout the negotiation process, and additional negotiations which had taken place for single budget MAT schools which achieved a set-up cost reduction for some schools.
- Licence charges increased slightly (by £8) due to a slight reduction in the number of eligible schools bearing the overall charge.
- ScoMIS support cost-setting is not within the remit of DCC – EAL or finance as it is a stand-alone Unit; discussions had taken place with ScoMIS and HCSS around cost expectations, and ultimately individual schools may choose where to purchase their support from.
- Noted that ScoMIS had not confirmed the cost of their support package when the first training sessions took place. ScoMIS had organised the training sessions and venues, some of which were acknowledged as unsuitable for internet access.
- Noted issues around obtaining guidance on data importing procedures; AF confirmed that this is now posted on the DCC Finance blog.
- Schools felt that the FPS system is generally working well, and providing useful reports for the LA and Governing Bodies.

Key Decision / Issues for DEF

Update noted.

Actions:

AF to ensure FPS update is posted on Finance blog

9. Items for DEF on 22 June 2016

Discussion:

- High Needs Block Funding – including recommendations approved and planned meeting on 25 May
- DSG Outturn and carry forwards
- FIPS Annual Report
- National Schools Funding Formula