

SCHOOLS FINANCE GROUP
on 7 November 2018 at Larkbeare House

ISSUES FOR DEF ON 21 NOVEMBER 2018

Item 2	Month 6 budget monitoring DEF to note that SFG concerns will be raised with County Treasurer regarding the assumptions behind the £2.4m High Needs Block management actions identified for 2019/20.
Item 4	Consultation 2019/20 SFG proposed that Finance Report to DEF show the questions as laid out within the consultation documents, and Options which DEF could consider should members vote against movement of funding from Schools Block to High Needs Block. SFG agreed that the group would not propose a recommended course of action to DEF, leaving the issues to be discussed fully and a decision to be made at Schools' Forum. The Finance Report will clearly outline which DEF members are entitled to vote for each question to help focus discussion at Schools' Forum.

SCHOOLS FINANCE GROUP
Notes of meeting
on 7 November 2018 at Larkbeare

		Attendance		
		7/11/18	23/5/18	7/3/18
DCC				
Adrian Fox (Chair)	Head Accountant (E&L)	✓	✓	✓
Dawn Stabb	Head of Education & Learning	✓	✓	Apologies
Julia Foster	SEN Strategy Manager	✓	✓	✓
Karlien Bond	Senior Accountant (Schools)	Apologies	✓	✓
Katrina Harverson	Senior Accountant (E&L)	✓		✓
Heidi Watson-Jones	Service Support Officer (E&L)	✓		
DAPH				
David Barnett	Chudleigh Primary	✓	✓	✓
Alun Dobson	Marwood Primary	✓	Apologies	✓
Jamie Stone	Denbury Primary	✓	✓	✓
Paul Walker	First Federation	✓	Apologies	✓
DASH				
Daryll Chapman	Dartmoor MAT	✓	✓	✓
Gareth Roscoe	The Park Community School	✓	Apologies	✓
Lorraine Heath	Uffculme College	✓	✓	Apologies
Matthew Shanks	Coombeshead Academy	✓	✓	Apologies
Julie Phelan	Cullompton Community College	✓		
SHAD				
Keith Bennett	Marland School	✓	✓	✓
Jacqui Warne	Learn to Live Federation	Apologies	✓	✓
DAG				
Faith Butler	Special	✓	✓	Apologies
Malcolm Dobbins	Primary	✓	✓	✓
Alex Walmsley	Secondary	Apologies	✓	✓
EY Providers				
Sandra Barnett	Early Years – PVI providers	✓	✓	✓
In Attendance				

1. Item/Focus: Minutes and Matters Arising from meeting on 23 May 2018	
Discussion:	
<ul style="list-style-type: none"> • DS confirmed Medical Placements Project has moved on. Paper expected at DEF • Growth Fund position will be circulated to next SFG meeting following confirmation of Census data. 	
Key Decision/ Issues for DEF:	Minutes agreed as an accurate record.
Action:	JF to share Plymouth & Torbay High Needs banding level details with SFG

2. Item/Focus: DSG Monitoring – month 6

DSG:

- £3.2m overspend projected after carry forwards which have been approved by Cabinet.

High Needs Block:

- High Needs Block swing from month 4 of £1.4m

Independent Special Schools:

- £2.67m deficit forecast. Still includes potential contribution of Adult Social Care costs of up to £750k. Concerns were raised that these contributions may not be realised. Noted that some children will have moved out of the system which will produce a saving, but there will also be new children moving into the system.
- Noted that full year effect position has been assumed until new data is available.
- Carry forward of £2.4m deficit linked to 0-25 Team management action has been requested. Discussed review of educational targets for children currently placed in ISPs and impact on number of children moving out of independent sector during the next two academic years.
- School representatives shared concerns that presenting a 'best case scenario' budget monitor does not reflect a realistic picture of the actual situation.
- Noted £3m management action has already been achieved for the current financial year, facilitated by additional places in mainstream special sector, through a new satellite provision of Marland School. Discussed bureaucracy in opening new provision within LA control as satellite provision, versus a more-lengthy process involving national Free School presumption process.
- Noted that the number of children identified with EHCPs has potential to improve High Needs funding coming into the county.
- Discussed SEN elements included in the Babcock LDP delivery of support to schools. Noted that this area has been protected by funding cuts in other areas of the contract. School heads requested that a schedule of changed funding levels in different commissioned areas would provide a helpful illustration to enable DEF to make informed recommendations.
- Residential costs have been agreed with children's social care. Principles agreed with adult social care, mindful of some confusion around distinction between care and health costs.
- SFG requested more clarity presentation of newly identified cost pressures and savings already achieved within HNB management action plan.

Key Decision/ Issues for DEF:	Report noted
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Action:	AF to share SFG concerns with County Treasurer about the assumptions behind the level of HNB management actions presented. AF/KC/DS to review presentation of HNB Management Action plan.
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3. Item/Focus: Mutual Fund Board & Appeals

Discussion:

- Month 6 position - £310k available which will be reviewed at year end and possible rebates to schools considered.

Key Decision/ Issues for DEF:	Update noted
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Action:	
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4. Item/Focus: Consultation 2019/20

Discussion:

- 43% of schools responded to the consultation this year, an increase from 2017 consultation.
- Re-iterated that the consultation responses are on a school basis, and not weighted by the number of children upon which the decisions will impact. DASH representatives raised concern that secondary schools are disadvantaged by recommendations not being weighted by pupil

numbers. Likewise, the number of children in maintained special schools is low so if pupil based this could leave Special schools with no voice. The group was reminded that votes at DEF are proportional across pupil numbers by phase.

- Mindful that the decision around the movement of funding between blocks is not straightforward, and will require full consideration at Schools Forum
- SFG noted the responses of the consultation to Q2 (movement of 0.5% funding to High Needs Block) and requested additional information be provided to DEF to enable full consideration of the issue.
- The group discussed wording of SFG recommendations to DEF and agreed that DEF should be presented with the two questions as outlined in the consultation document, rather than 'leading' the schools' forum towards a particular outcome.
- It was suggested that clarity in the DEF finance paper around which groups are entitled to vote at different stages would help DEF members to focus on the discussion.
- Heads suggested that some schools would have voted not to move funding to HNB to support the LA in lobbying government for additional support for high needs.

Alternative Arrangements:

- SFG considered three options in the event that DEF votes **not** to agree movement of 0.5% to HNB: Impact on funding going to schools was considered for each option.
- **Option A** – reinstate the Minimum Funding Level (MFL), **Option B** – Retain Minimum Funding Guarantee (MFG) at 0% and increase MFL, **Option C** – Retain MFG at 0% and increase MFL.
- SFG considered what action the LA would put in place with a 'no' vote, and what the potential response would be from the Secretary of State if adjudication is required. DS outlined that the LA has now reached the position where there remain no further alternative solutions to meet the increasing demand on HNB. Heads were clear that schools have no desire to be in opposition to the local authority on this issue, but are mindful of the desperate financial position that schools find themselves in.
- The group discussed possible longer-term options for the Local Authority in anticipation of a favourable CSR settlement. These could involve the setting of deficit budgets in schools. Aware that other LAs are already setting deficit budgets and proposing a higher percentage transfer of funding from Schools to High Needs sending a clear message to ESFA about unsustainable funding levels which may be masked by the repeated movement of funds into HNB.
- Heads suggested that SFG strongly recommend to DEF that, in the event that the funding transfer is not agreed (Q2), the LA does not approach the secretary of state for adjudication, and that it considers taking forward one of the alternative Options as laid out. SFG Agreed that these alternative options be presented to DEF members to clearly show the impact of a 'no' vote, but that SFG would not recommend a particular course of action.
- If required, a secretary of state referral will be required before end November. It was suggested that, at that stage, two budget calculators be available to schools to provide clarity around the two possible outcomes for local budgets.
- DS to send a clear communication to schools to be distributed following DEF to set out the agreed position.

De-Delegation:

- Noted that schools were overwhelmingly in favour of retaining all areas of
- Admissions – School responses reflected a will to take the service back to the Local Authority at a flat rate for all schools, with no further buy-back for additional services.
- Recommendations on historic commitments

Key Decision/ Issues for DEF:

- **SFG recommended that DEF consider the two questions as stated within the consultation document as follows:**
- **Q1** – In designing the funding formula for Devon in 2019/20 we are looking to maintain the funding factors from 2018/19, excluding the Primary Low Prior Attainment factor, Minimum Funding Level unchanged and setting a 0% MFG. **Do you agree with this objective?**
- **Q2** – Due to the current funding pressures seen with High Needs for 2019/20 a one-year transfer of 0.5% from within the Dedicated Schools Grant to High Needs. Which will be achieved through a reduction of £1 million in Growth Fund allocation and the unallocated funds within the schools' block ensuring no school sees a reduction in funding. **Do you agree with the 0.5% DSG transfer for 2019/20?**
- Heads suggested that SFG strongly recommend to DEF that, in the event that the

	funding transfer is not agreed (Q2), the LA does not approach the secretary of state for adjudication, and that it considers taking forward one of the alternative Options as laid out. SFG Agreed that these alternative options be presented to DEF members to clear show the impact of a 'no' vote, but that SFG would not recommend a particular course of action.
Action:	AF to discuss with Councillor John Hart the Council's position on seeking adjudication from Secretary of State in the event of DEF voting against a funding transfer.
5. Item/Focus: Any Other Business	
Discussion:	
<ul style="list-style-type: none"> Teachers pay grant allocations to be distributed by LA to maintained schools w/b 12/11. ESFA to pay academies directly. Noted that pupil numbers quoted by ESFA are incorrect. Information to be posted on finance blog and DS to circulate information in headteacher newsletter. Revising SFES tool. Suggested that Bursar Briefing would be appropriate forum for ESFA presentation of this. 	
Key Decision/ Issues for DEF:	
Action:	