

## Schools Finance Group: Notes of meeting on Wednesday 6 June 2022

### Items for DEF to note:

#### Item 1 - Non-Domestic Rates

SFG request that DEF correspond with Devon District Council leads to ensure arrangements for centralised payment of schools' non-domestic rates through DfE are in place for the 2023-24 financial year.

#### Item 4 - Minimum Per Pupil Funding Levels and AEN Factor changes

Schools Forum to be asked to encourage schools to closely consider the impact of autumn funding consultation proposals on individual schools and to ask questions during the consultation period if further clarity is required.

#### Item 5 – funding for Alternative Provision

SFG proposed that DEF recommends:

- Funding mechanism for High Needs providers (AP and special schools) to be aligned.
- Uplift for 2022-23 to be considered of 2.75% to top up rates in addition to a lump sum payment given for the supplementary 1% levy based on the top up value for Devon Wave AP provision as well as special schools.

### ATTENDANCE

#### DCC

Adrian Fox (chair)	Head Accountant (Education & Learning)
Mat Thorpe ( <b>apologies</b> )	Senior Assistant County Treasurer
Dawn Stabb ( <b>apologies</b> )	Head of Education & Learning
Karlien Bond	Senior Accountant (Schools)
Heidi Watson-Jones (notes)	Service Support Officer (E&L)

#### Devon Schools Leadership Services

##### Primary:

Alun Dobson	Marwood Primary
Jamie Stone	Denbury Primary
Paul Walker	First Federation Trust

##### Secondary:

Sammy Crook	Tiverton Federation
Andrew Davis	Exmouth Community College
Lorraine Heath ( <b>apologies</b> )	Uffculme Academy
Rob Gammon ( <b>apologies</b> )	The King's School

##### Alternative Provision:

Rob Gasson	Wave Multi Academy Trust
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##### Special Schools

Keith Bennett ( <b>apologies</b> )	Marland School
Hannah Smart ( <b>apologies</b> )	ACE Tiverton Special School

### DAG

Faith Butler	Special School Governors
Alex Walmsley	Secondary Governors
Adrian Hines	Primary Governors

#### Early Years Providers

Gemma Rolstone	Puffins Childcare
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### SCHOOLS FINANCE GROUP

#### 1. Minutes of Previous Meeting – 2 March 2022

- **(Action from January DEF):** JF to provide update to SFG on the monitoring of EHCP plus packages. **Update:** *Gill Loman to bring report to July SFG*
- **Non Domestic Rates** – Funding for 22-23 has come back to DCC as Devon District Councils not yet ready to administer this directly through DfE. Noted Sherford Vale School comes under Plymouth City authority. It is assumed that arrangements will be in place for 2023-24. Suggested DEF correspond with District Council leads to ensure this is in place for the new financial year
- Minutes agreed as an accurate record.

#### **ACTIONS:**

- **AF** – SFG request that DEF correspond with Devon District Council leads to ensure arrangements for payment of schools' non-domestic rates through DfE are in place for the 2023-24 financial year.

#### 2. DSG Outturn 2021-22

- Draft outturn position is an overspend of £7.7m, a £2.3m improvement from month 11, largely made up of schools' surplus balances, ringfenced carry forward balances, and negative transfer to DSG reserve.
- DCC still awaits response from DfE regarding Safety Valve intervention programme.
- SFG noted the summary of surplus carry forwards, individual school balances and the DSG Reserve transfer as presented.
- DSG deficit at 31/3/22 is £86.5m due to growing demand within the high needs block.
- SFG expressed concern at the small level of savings against management action targets; noted that future years are expected to yield higher savings
- Individual schools' surplus balances: Finance colleagues confirmed that schools with significant surplus balances are required to provide an outline of planned expenditure; many of which have indicated planned local capital projects.
- Report noted.

#### 3. DSG monitoring 2022-23 – month 1

- A verbal update was provided for month 1
- Projected outturn for DSG is a £31.2m overspend, resulting in a cumulative DSG deficit balance of £117.7m by March 2023; impact of Safety Valve Programme still to be determined.
- Schools Supplementary Grant 2022/23 – allocations to cover the 22-23 financial year for both LA maintained and academy schools with payments to be made in two tranches throughout the year.
- The separate grant payment will be a one-year arrangement, with funding incorporated into core budget allocations from 2023-24.
- Gap funding to be paid academy schools to cover March – August.
- Noted risks around expected outcome of recent local area SEND Ofsted revisit, and possible subsequent redesign of planned SEND Transformation projects which have been paused pending the Ofsted report, and which is likely to impact on planned savings.

#### **ACTION:**

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- **AF** – SFG to request that DEF formally consider the impact of expected SEND Transformation re-design on savings targets for the high needs block.

### 4. Minimum Per Pupil Funding Levels and AEN Factor changes

- Noted SFG had discussed the proposal prior to the Autumn 2021 consultation. The outcome of the consultation was signed off by Schools Forum at the November 2021 meeting.
- 15 schools adversely affected have received confirmation of the impact on their budget.
- SFG members raised that they felt previous SFG discussions had not adequately highlighted the adverse budgetary impact on individual schools.
- Considered whether sparsity funding changes may also have had a negative impact on the same schools however, finance colleagues confirmed that agreed AEN changes would impact only on the high needs funding into the schools and not the schools block funding and would therefore not have altered the bottom-line.
- MPPFL funding top ups since introduction of the NFF will historically have benefitted schools with low levels of AEN factors.
- Noted a one-off funding arrangement of 50% of shortfall for affected schools has been agreed for the current financial year where the change in shortfall is equivalent to 1% or more of the school's budget share.
- SFG felt that DCC finance team could have provided additional support to highlight the expected adverse repercussions, given the complexity of the spreadsheet modelling provided to schools during the funding consultation.
- AF undertook for the finance team to look more critically at future consultation proposals and any negative impact on individual schools. SFG were reminded that a very small number of schools responded to the 2021 consultation, and that schools should be encouraged to look closely at the funding calculators provided to assess the financial impact to the school of proposals being consulted on.
- LA colleagues took the comments on board, and SFG noted that the funding allocations were indeed made in accordance with the outcome of the funding consultation.
- It was the intention that this course of action would positively impact on the high needs block situation by directing high needs funding to schools with the highest levels of SEN through the AEN factors. This would provide them with additional resource to meet individual need before seeking to apply for further support and funding through an EHCP.
- Schools Forum to be asked to encourage schools to closely consider the impact of consultation proposals on individual schools and to ask questions if required.

#### **ACTION:**

- **AF** – Schools Forum to be asked to encourage schools to closely consider the impact of consultation proposals on individual schools and to ask questions if required.
- **MT / AF / JR / HWJ** - Consultation planning, including any proposed movement between funding blocks to be discussed at July SFG

### 5. Alternative Provision

- SFG noted the different current funding arrangements top up funding for AP and special schools. A significant proportion of students in AP have EHCPs or are permanently excluded.

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- RG sought SFG recommendation to DEF to consider that funding is allocated to both AP and special schools through an equitably methodology and that funding to the two sectors are not considered separately.
- A 1% supplementary increase in budgets was linked to health and social care levy.
- Special schools have also received an additional 2.75% uplift to their top up funding in 2021/22.
  
- RG requested that future uplift is calculated on the base funding element and not as a percentage of either top up funding, or whole funding.
- SFG members agreed in principle that it is timely to consider funding high needs provision in a different way, based on good practice in other LAs.
- Noted that the role of alternative provision is different to that of special schools, and that earlier intervention can impact positively on the calls on the HNB, through both reduction in EHCP requests and exclusions.
- SFG requested costing information, presented in a safety valve-like template, for AP schools to illustrate benefits for young people and the financial analysis of such a proposal.
- A corporate strategic plan is needed for appropriate commissioning of short-term use of AP in Devon which is not based on an average PAN. This model is in place in other LAs, and can increase capacity for preventative outreach work when numbers on roll are reduced.
  
- **Proposed recommendation to DEF:**
- Funding mechanism for High Needs providers (AP and special schools) to be aligned.
- Uplift for 2022-23 to be considered of 2.75% to top up rates in addition to a lump sum payment given for the supplementary 1% levy based on the top up value for Devon Wave AP provision as well as special schools.

### **ACTION:**

- **RG:** SFG requested costing information, presented in a safety valve-like template, for AP schools to illustrate benefits for young people and the financial analysis of such a proposal.

## **6. FIPS Annual Report 2021-22**

- Noted levels of FIPS submissions and requests for licenced deficits over the financial year and the impact of Covid-related submissions.
- The number of FIPS submissions is reduced from previous years, although the overall funding amount has increased due to increasing requests for deficit clearing.
- FIPS continues to take a proactive approach to maintained schools who may be struggling financially.
- Report noted.

## **7. Growth Fund**

- 2021-22 year end surplus was £1.22m from a budget of £2.71m. Noted Growth Funding is now based on a national calculation and is no longer a DSG top slice arrangement.

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- New schools, and pupil growth (adjusted for academy conversion) constitutes largest proportion of spend. Noted project slippage on a number of capital projects for new schools has impacted on year end surplus.
- Relocation of families from overseas (Afghanistan, Syria, Ukraine) has historically attracted support funding from DfE. Allocation processes can be flawed, with schools experiencing shortfalls, particularly when overseas students move on within a relatively short time period.
- SFG queried how decisions are made about the placement of overseas students in specific schools, which is understood as a result of District housing decisions – SFG considered the unintended consequences of significant levels of funding being directed to a small number of receiving schools.
- SFG acknowledged the non-negotiable criteria for use of the growth fund, but were mindful that a year on year surplus should be reviewed to ensure rates are appropriate.

### **ACTIONS:**

- **KB / HWJ** - Costed proposals and modelling to be considered at July SFG.
- **AF** to investigate growth fund position in other LAs.

## **8. Mutual Fund Board and Appeals**

- Noted significant reduction in surplus at year end 2021-22, with claims totalling £1m.
- Mutual Fund unable to sustain ongoing payment of claims at a similar level. 'Living with Covid' anticipated to mitigate the situation, but mindful that schools continue to experience difficulties with staffing levels.
- Agreed to reconsider premiums and rates during at a future SFG.
- Report noted.

### **Next meetings:**

- **Monday 11 July 2022** (15.00 – 17.30)
- **Wednesday 14 September 2022** (09.15 – 12.00)
- **Wednesday 9 November 2022** (09.15 – 12.00)
- **Friday 6 January 2023** (09.15 – 12.00)
- **Wednesday 8 March 2023** (09.15 – 12.00)