

Schools Finance Group: Notes of meeting on Friday 6 January 2023

Items for DEF to note:

- **Item 2 – DSG month 8 monitoring**
- Projected DSG deficit now forecast at £127m, with adverse change of £458k from month 7.
- Still awaiting confirmation from DfE regarding involvement in Safety Valve Intervention Programme.
- **Item 3 – School Effectiveness funding**
- Previous DEF discussion sought clarification that schools understood the 23-24 offer and the proposed funding of the provision before an agreement to the de-delegation could be secured. Additional information from the service was considered at SFG and brought to DEF for decision.
- **Item 4 – Financial Planning 23/24**
- SFG discussed issues pertaining to 23/24 including management of national non domestic rates payments, proposed changes to sparsity funding linked to MFG payments in line with National Funding Formula, DfE disapplication request linked to central school services grant and renewed request to transfer 0.5% funding from Schools Block to High Needs Block.
- **Item 5 – Growth Fund**
- SFG endorsed proposals for updated funding rates, and exceptional in-year Growth Fund criteria to ensure support is made immediately available to schools managing the additional needs of incoming pupils coming into the county via non-funded government schemes.
- **Item 6 – Mutual Fund**
- Mutual Fund Board approved increase in premium fees of 7.5% to mitigate ongoing impact of increased level of claims

ATTENDANCE

DCC

Mat Thorpe -(chair)	Deputy Director of Finance and Public Value
Adrian Fox - apologies	Head Accountant (Education & Learning)
Jackie Ross - apologies	Interim Deputy and SEND Strategic Director
Heidi Watson-Jones	Safety Valve Project Officer

Devon Schools Leadership Services

Primary:

Jamie Stone	Denbury Primary
Paul Walker	First Federation Trust
Penny Hammett	FORT Federation
Christopher Tribble	Honiton Primary

Secondary:

Sammy Crook	Tiverton Federation
Alan Blackburn	Uffculme School
Fay Bowler	Braunton Academy

Alternative Provision:

Rob Gasson	Wave Multi Academy Trust
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Special Schools

Keith Bennett	Marland School
Sarah Pickering - apologies	Mill Water School

DAG

Faith Butler	Special School Governors
Alex Walmsley	Secondary Governors

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Adrian Hines

Primary Governors

Early Years Providers

Gemma Rolstone

Puffins Childcare

Other DCC Officers

Karlien Bond

Katrina Harverson

Damien Jones

Senior Accountant (Schools)

Principal Accountant – Education & Learning

Deputy Director, Transport Operations,
Environment and Waste

Interim Head of Education (strategy)

Matthew Shanks (part)

SCHOOLS FINANCE GROUP

1. Minutes of Previous Meeting – 9 November 2022

- Mat Thorpe updated the group on the appointment of Julian Wooster, Interim Director of Children's Services and Donna Manson who will be joining the authority as CEO in February. Jassi Broadmeadow will be joining the authority as Interim Head of Children's Social Care.
- **Simon Niles/ Sam Chapman** to be asked to clarify support funding available for Ukrainian pupils in Early Years settings.
- Noted that planned place funding for pupils above total agreed places for Resource provision bases was discussed at the previous meeting, but issues around the inclusion of special schools in that proposal was not picked up during the conversation. Finance colleagues confirmed that the information was included in the report submitted. **Action: MT** to follow up with Jackie Ross to clarify position.
- All other actions complete.
- Minutes agreed as an accurate record.

ACTION

- **MT** to follow up with Jackie Ross to clarify position on negotiation of planned place funding for pupils placed above total agreed places in special schools

2. DSG Monitoring – month 8

- Projected deficit now forecast at £127m, with adverse change of £458k from month 7 and £3.7m from mth 6
- Of the £10m management action savings, £6.3m is expected to be delivered by March 2023 of which £3.9m has been achieved since the start of the Summer term. Since month 6, projections had indicated an additional £2.1m savings have not been achieved which are predominantly linked to the reduction of Post 16 independent placements. Workstream leads are now more fully engaged in the monitoring progress against projected targets.
- SFG noted the areas of the DSG management plan which will not be achieved in this financial year or have been delayed and relate to the following areas
 - 55 of the 73 planned 3-5 year placements within the Independent Special Schools sector leaving at the end of the Summer term
 - Delay in resource base provision placements being occupied/opened
 - Delay in the commencement of Post 16 independent placements review

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- Reduction in expected number of children being supported for the SEN100 Special Schools project.
- Still awaiting update from DfE around the Safety Valve Intervention programme.
- SFG had previously highlighted concerns about how achievable the savings projections had been, and further queried whether the targets which have not been achieved this year would realistically be realised during the next financial year. The service are reviewing the management actions to realign with expected forecasts.
- SFG queried the levels of investment in recruitment into the projects which is currently being funded through DCC Reserves, to enable the actions to take place.
- DJ confirmed that the SEND improvement and financial situation is the highest priority for DCC and the incoming CEO. Damien is providing additional leadership capacity, and the Heads of Education are working closely with elected members.
- Schools confirmed that they are committed to working with the LA to improve the financial situation, but further clarity around the expectations on school leaders is needed, with clearer communication to schools about how they should be working differently to effect change.
- MT suggested that communication be a key focus for the High Needs Funding Sub-group – **ACTION: PW** - Noted SEND Improvement Board also currently has a strong focus on communications.
- Noted there are ongoing concerns around the inclusion of children with SEN in mainstream schools, which is a key focus for the Heads of Education. Further communications will be targeted to SENDCos with encouragement to attend SEND Forums to enhance development of practice - **ACTION: RS**
- SFG discussed parental expectations around EHCPs and reduced confidence that schools can meet additional needs; the LA is working closely with the Parent Carer Forum to improve clarity of messaging across Parent Carer Forum and schools, reiterating that the 0-25 SEN Team is responsible for managing the placement process, and not schools themselves or other parties.
- Noted particular pressures in SEN Mainstream (pre-16), EOTAS and Alternative Provision.
- High Needs Block in-year deficit of £8.4m projected. It appears that the number of EHCP requests is beginning to reduce, but the ongoing increasing pressures around volume and price in the independent sector is masking progress. SFG considered how schools can be supported where parental preference is for their child not to be educated in the mainstream sector.
- Noted that Safety Valve workstreams are working directly in schools to provide support in the classroom and alongside schools' leadership. Negotiations with independent providers are taking place around percentage increases in fees and appropriate monitoring of pupil attendance and outcomes to ensure value for money. The LA is also seeking to look more closely at contract management with the independent sector.

ACTIONS:

- **PW / HWJ** – High Needs Funding Sub-group to consider communication of key messages to School leaders
- **RS** to share targeted communications to SENDCos re. engagement in SEND forums to enhance practice

3. School Effectiveness funding

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- DEF had asked for further information regarding the school effectiveness offer before it could agree de-delegation of £640k for 2023-24. The proposed offer is planned to be in place until March 2024, with further consideration of the offer by schools at that time.
- From the consultation responses, it was felt that schools were keen to continue to support such a service, however there had been concerns around the basis of a per-pupil charge, as schools of different sizes receive the same service. It was felt that a flat fee would not be sustainable where additional support is required in a larger school.
- As maintained schools would be purchasing a service from the LA, Heads queried whether there would be more flexibility around schools requesting specific support and advisers from the team. It was understood that schools may have more focus on the quality of the support they are receiving when they are funding the provision from their budget which may impact on feedback and requests for support.
- SFG agreed that a post 2024 School Effectiveness offer will need to be considered soon to successfully build a sustainable longer-term service with buy-in from schools. This will need to take account of the impact of support available from other providers (e.g. MATs)
- During the review of longer-term support, schools requested clarity on the process around judgement of school performance and schools requiring intervention.
- Noted that the previous DEF discussion had sought clarification that schools understood the offer and the proposed funding of the provision before an agreement to the de-delegation could be secured. Schools had not been consulted further on this subject, and there were concerns that some schools would not have budgeted for this additional cost. MS reminded the group of the role and remit of FIPS where there are financial sustainability concerns in maintained schools.
- **ACTION: RS/MS** to communicate key messages with maintained schools prior to DEF, and finance consultants will have an important role in explaining the changed funding arrangement for this service. Maintained schools to be reminded of the collective funding approach to a service that will be available to all schools.

ACTION:

- **RS/MS** to communicate key messages around the proposed school effectiveness offer and funding arrangements with maintained schools prior to DEF.

4. Financial Planning 2023/24

DSG

- National Non Domestic Rates will continue to be paid directly by schools as not all billing authorities have implemented necessarily procedures to revise the payment process to a direct arrangement with the DfE. All the billing authorities except Teignbridge DC were happy to implement the change.
- Modelling has been completed on Minimum Funding Guarantee identifying a £2m shortfall from the fully funded NFF model, this is largely as a result of increases in deprivation factor thresholds being met and therefore changes to the funding flowing out to schools through different factors to ensure ongoing movement towards full national funding formula.
- In mitigation, sparsity factor could be reduced to £47,300 for primary and to £72,900 for secondary to balance the effect – 146 schools would be affected with a maximum £9k funding reduction. A shortfall of £970k would remain – which could be met by reducing the Growth Fund in line with 23-24 spend forecast. SFG discussed that using the current surplus would mean

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that funding would not be available to fund any future funding transfer, but concluded that it would be best to use the funding now to mitigate the position.

- SFG requested clear communications to schools receiving less sparsity funding this year and reassurance that they will continue to be entitled to sparsity funding in future years as this element is built into base funding. **ACTION KB**
- F40 are considering the difficulties that LAs are facing in meeting the requirements of NFF.
- DfE expectation is that Central School Services Block is reduced by a further 20% for 23-24; a disapplication has been requested to remove this reduction.
- One-year Mainstream Additional Schools Grant of £17m for Devon Schools was announced in December, intended to offset pay awards and rise in utilities costs. This will be built into baseline from 2024-25.
- Cumulative DSG deficit projected at £127m by March 2023 this could impact on the financial stability of the county council. Management Actions for 23-24 currently total £20.6m.
- SFG considered whether the additional places being created in maintained and academy special schools are being filled with children from the independent sector. Noted that these placements are being allocated primarily at transition points. Where Independent placements end, new placements in that provision are expected to reduce moving into year 7.

High Needs

- DEF rejected request to transfer 0.5% funding to High Needs Block at 23 Nov meeting, following which a disapplication was made to the Secretary of State to overrule the decision and allow the transfer.
- The DfE have since indicated to DCC that it wishes the DEF to reconsider its position in light of £17m Additional Grant, that it does not expect DEF to rely on the outcomes of the funding consultation, nor does it expect a new consultation to take place.
- SFG noted the reasons for the funding transfer request.
- It is proposed that 0.5% (£2.48m) is transferred between blocks for 2023-24 using the growth fund surplus which would not impact on individual school budgets.
- SFG noted that the consultation outcome was unanimously against the transfer, but also in favour of the use of growth fund surplus, so additional funding would not be a factor. It is strongly felt that schools do not recognise the difference that could be made by additional funding being transferred to the HNB, due to the ineffectiveness of the measures already put in place.
- Schools were given the indication that Management Action Plan measures would be put in place and funded regardless of any transfer to the HNB, and felt that no new information has been presented and therefore schools' representatives have no reason to vote against the consultation outcomes.
- SFG sought confirmation that the DfE had shared written notice that DEF not approving a transfer to HNB might impact negatively on Devon's participation in the Safety Valve Intervention Programme. SFG members confirmed that they did not seek to de-rail any Safety Valve application.
- SFG members felt that funding continues to be transferred with little effect – the high needs deficit has continued to grow regardless of measures in place and the principle of any transfer is in question. Schools feel there is an erosion of confidence in the processes and lack of progress, and that this is linked to reduced engagement with DEF by interim strategic leadership within the LA and elected members.

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- Heads requested further information about the DSG action plan that is in place and the positive impact that is being seen as a result of the measures.
- RG confirmed his support for the proposal, and called for collective trust in moving forward together in this matter, which is routinely considered and approved in other LAs nationally. There are concerns about the potential reputational damage to Devon if a collaborative approach is not taken.
- School Heads reiterated that they are accountable to the DSLS members who have given a particular steer through the consultation. Should DEF vote for the transfer there will need to be clarity for schools about the change of approach – a commitment from the LA is needed about how things will be done differently in the future which will not result in a further escalation of deficit.
- Feel that there is a particular disconnect between the LA and the academy sector who are not working as closely with DCC.
- JS called for analytical modelling on the movement in the key budget lines impacting on the growing deficit, and improvement in the trajectory over the last few years. **ACTION: - DJ / High Needs Funding SubGroup** to look more closely at the trend of these budget lines to provide key messages for schools to improve understanding and identifying where improvements have been made through the investment into the HNB DSG management actions.
- Will need to be able to demonstrate that, based on that evidence available there is a commitment to do things differently through a changed approach, based on what schools have fed back.
- **DEF to be asked to reconsider the proposal at the January meeting. DfE have requested clarity through minutes outlining any reason for further refusal of the proposal.**
- Requested that High Needs Sub-group has a standing agenda item to consider preparation for funding consultation and communications. Earlier than normal consideration and planning of the autumn consultation needs to be scheduled.

ACTION:

- **KB** – to draft communications to schools receiving reduced sparsity funding during 2023/24 with reassurance of continued entitlement to sparsity funding in future years as this is built into base funding.
- **DJ / High Needs Funding Sub Group** to look more closely at the trend of key high needs budget lines to provide clear messages for schools to improve understanding and identify where improvements have been made through the investment into HNB management actions.

5. Growth Fund

- SFG endorsed proposals for updated funding rates.
- SFG endorsed proposals for of exceptional Growth Fund criteria to ensure support is made immediately available to schools managing the additional needs of incoming pupils coming into the county via non-funded government schemes.
- Requested next SFG receive a monitoring report on the government refugee funding.

ACTION:

- **K Bond / HWJ** - Next SFG to include a monitoring report on the government refugee funding

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6. Mutual Fund Board – monitoring and appeals

- Noted proposed revision of Mutual Fund premium costs to increase by 7.5% to mitigate expected impact of persistently increased level of claims and possible impact of increased pressures within NHS.
- Schools noted that staff absence continues to be very high with schools struggling to cope.
- Noted that funds can be repaid to schools if a surplus results.
- Mutual Fund Board approved the proposed changes

ACTION:

- **Finance Team** to action changes.

Future meeting dates:

- **Wednesday 8 March 2023** (09.15 – 12.30 – Teams)
- **Wednesday 7 June 2023**
- **Monday 10 July 2023** (12.30 – 15.45 – Teams)
- **Wednesday 13 September** (09.15 – 15.30 – face to face – Venue tbc)
- **Monday 6 November 2023** (14.00 – 17.30) – Teams
- **Friday 5 January 2024** (09.15 – 12.30 – Teams)
- **Wednesday 6 March 2024** (09.15 – 12.30 – Teams)