

## Schools Finance Group: Notes of meeting on Friday 12 January 2024

### Key Points for DEF to Note:

#### Item 2 – Early Years Funding

DEF to note increase in hourly rate for early years and childcare providers, and that this increase remains insufficient to match increases in the cost of living and minimum wage.

#### Item 4 – Financial Planning 2024/25

SFG endorsed the amendment to Basic Entitlement (AWPU) funding in line with the principles agreed at November DEF.

#### Item 5 – Transfer of funding from Schools Block to High Needs Block (Proposal 4)

SFG members recognised the changed position from the November SFG meeting and confirmed that decision on the proposal to transfer 0.25% 9£1.3m) will be for to DEF representatives to vote.

### ATTENDANCE

#### DCC

Mat Thorpe	Deputy Director of Finance and Public Value
Adrian Fox	Head Accountant (Education & Learning)
Ceri Morgan (part)	Head of Education & Learning
Kellie Knott	SEND Improvement Director
Heidi Watson-Jones	Safety Valve Project Officer

#### Devon Schools Leadership Services

##### Primary:

Jamie Stone	Denbury Primary
Paul Walker (part)	First Federation Trust
Penny Hammett	FORT Federation

##### Secondary:

Sammy Crook	Tiverton Federation
Alan Blackburn	Uffculme School
Rob Gammon	QE
Fay Bowler - <b>apologies</b>	Braunton Academy

##### Alternative Provision:

Rob Gasson - <b>apologies</b>	Wave Multi Academy Trust
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#### Special Schools

Keith Bennett	Marland School
Sarah Pickering	Mill Water 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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#### Other DCC Officers

Karlien Bond	Senior Accountant (Schools)
Katrina Harverson	Principal Accountant – Education & Learning
Becky Hopkins (part)	Deputy Director, Children's Social Care

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*Lise Bird (part)*

*Samantha Chapman (part)*

*Marie Stone (part)*

*Head of Early Help and Partnerships*

*Service Lead (Early Years & Childcare)*

*Accountant (Early Years)*

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### SCHOOLS FINANCE GROUP

#### 1. Minutes and matters arising from meeting on 6 November 2023

- AWPU, Pupil Premium and FSM recovery signed off at November DEF. Ongoing correspondence with MAT.
- SEND Transformation Risk Register to be reviewed against corporate risks before sharing more widely.
- All other actions completed. Minutes agreed as an accurate record.

#### 2. Early Years Funding

- Government have introduced an expansion to childcare entitlements.
- SFG noted increase in funding coming into the LA and the proposed increased hourly rates to be paid to providers.
- From September 2024, children aged from 9 months will be able access 15 hours of funded provision from the term after their 9<sup>th</sup> month. Service is supporting parents and providers.
- Renewed focus on inclusion funding to enable providers to provide better support to children with additional needs. Government will be considering SEN inclusion funding for early years.
- Noted arrangements for centrally retaining targeted deprivation funding.
- PVI provider representative wished SFG to note that the increase in provider funding remains insufficient to match increases in cost of living and minimum wage. Providers felt that it would be more appropriately identified as a subsidy, and noted that the national minimum wage increase will significantly impact the childcare sector.
- Noted proposed shift from 5% to 3% of total funds to be retained for central services to support providers. This is reflective of additional funding coming into the LA.
- SFG endorsed the proposals within the report.

#### 3. DSG monitoring – month 8

- Month 8 outturn forecast currently projects an overspend of £40.6m
- DSG adjustment account (cumulative DSG deficit) is projected to rise to £165.1m
- **AF** to identify in next report, the impact of the level of refusals to assess on the overall EHCP numbers.
- SFG noted the continuing high demand for SEND services.
- £9.6m management actions have been achieved of the expected £20.2m identified to be delivered from the current Deficit Management Plan.
- An additional £2m management actions have been identified within the independent sector. Further actions are being developed to mitigate the areas which will not now be going ahead.
- Report noted

##### **ACTION:**

- **AF** to identify in next report, the impact of the level of refusals to assess on the overall EHCP numbers.

#### 4. Financial Planning 2024/25

- DSG settlement was announced 19 December 2023 by ESFA. Early years funding notification will be received by 28 February 2024.
- Schools block allocation is £525.3m which includes £2.6m for Growth Fund and £17.1m Mainstream Schools Additional Grant, previously allocated separately.

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- National Non-Domestic Rates funding arrangement with District Councils will not be going ahead in Devon; schools will continue to pay this directly.
- Following the funding consultation DEF agreed process to allocate funding should the settlement be lower than had been modelled. SFG noted that modelling is still ongoing and finance colleagues are currently expecting to action a reduction in AWPU, as agreed.
- A disapplication has been submitted to the Secretary of State, to remove the 20% reduction in historic commitments to ensure that termination of employment costs remain funded.
- High Needs Block settlement was £116.9m, against a projected budget requirement of £155.4m
- SFG noted the planned management actions included in the SEND Transformation Programme and Safety Valve projects.
- Heads requested that the online budget calculator is amended to remove some previous options that are now discounted. Finance colleagues confirmed that a new school budget calculator will be prepared and shared online to provide schools with more accurate forecasting.
- Discussed complexities around minimum funding protections for individual school and the impact on the LA matching the expected national funding formula. Feel that these schools are now very close to the hard formula position. Currently a £1.7m shortfall exists, but this does now fall within the 2.5% variance that the DfE deems to be mirroring the NFF.
- The group considered how Devon continues to be a low-funded authority and recognised that DCC continues to experience a funding gap compared with other LAs.
- SFG thanked LA officers for the work involved in preparing the DSG Management Plan for the Safety Valve programme submission, and look forward to a positive outcome.
- The DfE reporting regime was discussed, and how SFG will be involved in the monitoring of the management action. Monitoring reporting to DfE will be intensive, however it is hoped that reporting to local bodies including the SEND Transformation Board and SFG will be simplified and communicated collaboratively and in a straightforward way to schools to support the achievement of the targets, and provide focus on particularly challenging areas e.g. EHCP requests.
- KK reassured SFG of the intensive preparation work on data projections within the safety valve submission, however it will be the successful delivery of the SEND Transformation programme projects through a whole-system response which will result in the achievement of the savings.
- SC raised concerns around the LA proposal to remove funding for Outreach provision through Resource Bases from April 2024. This will have implications for staffing, and felt that it may be in breach of the 2-year notice within the SLA. **KK** to look into this.
- PH raised the Inclusion SEMH partnership developments in schools, noting that the funding was a one-year only arrangement. Schools have been aware of this, however, concerns have been raised around the risk to ongoing staffing commitments for successful projects should further resource not be available. A committee, led by Simon Bissett, has been established to oversee and review the project outcomes. Partnership Funding agreements have been signed which clearly outline the project parameters. **KH** to raise at the next SEMH Partnership Bid Committee the need for clear communications to participating schools around funding timeframes.
- **SFG endorsed** the amendment to Basic Entitlement in line with principles agreed at November DEF.

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### ACTION:

- **KK** to look at the LA proposal to remove funding for Outreach provision through Resource Bases from April 2024.
- **KH** to raise at the next SEMH Partnership Bid Committee the need for clear communications to participating schools around funding timeframes.

### 5. Transfer to High Needs Block

- The group considered proposals previously submitted to develop a strengthened Early Help offer using £800k transferred from the schools block. These proposals have been discussed at SFG, DEF and with DSLs.
- LB presented an updated, holistic proposal which has been developed to better support schools and children and families who fall below the threshold for social worker involvement.
- Family Intervention Team will be funded to provide better support for schools using a Teachable Moments ethos to help children stay safely in schools and in learning, preventing suspensions and exclusions, escalation to social work or SEND provision and improve relationships, attendance and behaviour.
- Emotionally Based School Avoidance is an area of focus for Education Psychology team and the Inclusion team which sees a significant spend on AP Other provision to support this group of young people to access learning and school. Learning from a one-year project involving a dedicated team, will feed into the re-design of SEND and Inclusion services to Devon schools.
- SFG members confirmed that they were in support of the proposal for enhanced Early Help.
- Mindful that following the November DEF officers undertook to prepare costed proposals for a transfer of funding of up to 0.5% (£2.6m). KK reminded the group of the DfE expectations that Schools Forum are asked to approve a transfer as part of the Safety Valve, and that the proposals will be of benefit to all vulnerable children in Devon.
- KK confirmed that EBSA proposal would not be able to progress without the funding transfer.
- BH confirmed that the targeted Early Help offer will need to be developed as part of a corporate strategy, match funding secured through a funding transfer would secure this, however further options would need to be explored to fund the development differently should the funding transfer not be available.
- AF confirmed that a transfer of 0.25% (£1.3m) is being requested from the schools block at DEF.
- SFG members recognised the changed position from the November SFG meeting and confirmed that decision on the proposal will be left to DEF representatives.

### 6. Growth Fund

- SFG endorsed the proposal to update the growth fund rates.
- Noted that following month 9 monitoring calculations, based on the proposed revised rates, an underspend is projected based on pupil growth within the year.
- Growth fund allocation for 24/25 has been noted.

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### 7. Mutual Fund Board Monitoring

- SFG noted that the fund is moving closer to a balanced position at Month 8.
- SFG noted the following key points:
  - There has been a review of non-statutory functions within DCC, which includes the administration of the Mutual Fund. DCC proposes to include a charge to the MF to cover an administrative post, alternatively DCC may need to consider ceasing running the Mutual Fund.
  - Proposing a different approach for payments in relations to support staff which will see cover for all support staff in a single category.
  - SFG had previously requested a review of reimbursement rates in line with actual staffing costs. This has now been modelled.
- There was consideration of the commercial viability of the current Mutual Fund model in terms of both DCC's capacity to operate the Fund and the necessary increase in premiums to fully fund reimbursements at market rates. Noted that a commercial organisation would be factoring in profit and potentially adjusting the level of reimbursement payments made.
- The Mutual Fund Board discussed issues to consider around a responsible timeframe for closing down the Mutual Fund – for example in 6 months' time, to enable effective communication to schools (explaining the situation which has emerged with commercial rates and the cost of administration to the Fund), enable schools to consider alternative cover options, and to allow time for existing claims to be settled and any outstanding issues to emerge.
- Legacy payments will need to be considered carefully, as it was felt that commercial organisations would not take on staff with existing claims.
- If the fund were to close, schools would receive a full reimbursement of outstanding premiums.
- It would be important that schools are aware of alternative options prior to removing a DCC-run Mutual Fund. It would be helpful to explore how other Local Authorities may have already explored solutions.
- **Mutual Fund Board proposed** to consider further how the Fund could be closed down in a responsible way, including timeframes for any new claims.
- **Mutual Fund Board agreed:**
- Mutual Fund Board agreed to continue to run the Fund for a further year, at the current rates.
- Schools to be notified of the proposed direction towards closure of the Fund as it is no longer fit for purpose due to the reasons discussed.
- Information could be provided to illustrate alternative options available for schools to subscribe to.
- DCC have time to consider unintended consequences of closure and transparency would be required to schools.
- Mutual Fund Board members agreed to an uplift in premiums to fund the staffing required to operate the Fund.
- Mutual Fund Board agreed to combining the support staff category into one and removing the 60% restriction.

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**Future meeting dates:**

- **Wednesday 6 March 2024** (09.15 – 12.30 – Teams)
- **Wednesday 5 June 2024** (09.15 – 12.30 – Teams)
- **Monday 8 July 2024** (14.00 – 17.00 face to face – venue TBC)
- **Monday 9 September 2024** (all day – face to face – venue TBC)
- **Wednesday 6 November 2024** (09.15 – 12.30 – Teams)
- **Friday 10 January 2025** (09.15 – 12.30 – Teams)
- **Wednesday 5 March 2025** (09.15 – 12.30 – Teams)