

**SCHOOLS FINANCE GROUP  
on 5 October 2016  
at Larkbeare House**

**ISSUES FOR DEF ON 19 OCTOBER 2016**

<b>Item 1</b>	<b>Terms of Reference</b> – to be ratified by DEF (appended to end of SFG minutes)
<b>Item 2</b>	<b>DSG – Month 5 position</b> – DEF to note
<b>Items 5 &amp; 6</b>	<b>Growth Fund and High Needs Block pressures</b> – DEF to note that issues around increasing Growth Fund capacity and addressing current pressures on the High Needs Block are included within the funding consultation document (consultation closes 12.10.16) Proposed further action will be agreed once school responses have been considered.

**SCHOOLS FINANCE GROUP  
Notes of meeting  
on 5 October 2016 at Larkbeare**

		<b>Attendance</b>		
		<b>5/10/16</b>	<b>6/7/16</b>	<b>11/5/16</b>
<b>DCC</b>				
John Holme (Chair)	Assistant County Treasurer (People)	✓	✓	✓
Julian Dinnicombe	Head Accountant (Education & Learning)	✓	<b>Apologies</b>	✓
Adrian Fox	Senior Accountant (Schools)	✓	✓	✓
Heidi Watson-Jones	Service Support Officer (Education)	✓	✓	✓
<b>DAPH</b>				
Jonathan Bishop	Broadclyst Primary	✓	<b>Apologies</b>	<b>Apologies</b>
Alun Dobson	Marwood Primary	✓	✓	✓
Jo Evans	St Leonard's Primary	-	-	<b>Apologies</b>
Jamie Stone	Denbury Primary	✓	✓	✓
Paul Walker	Sidmouth Primary	✓	✓	✓
<b>DASH</b>				
Daryll Chapman	Okehampton College	✓	<b>Apologies</b>	✓
David Fitzsimmons	Holsworthy Community College	✓	✓	<b>Apologies</b>
Lorraine Heath	Uffculme College	<b>Apologies</b>	✓	<b>Apologies</b>
Matthew Shanks	Coombeshead Academy	<b>Apologies</b>	✓	<b>Apologies</b>
<b>SHAD</b>				
Keith Bennett	Marland School	✓	✓	✓
Jacqui Warne	Learn to Live Federation	✓	✓	<b>Apologies</b>
<b>DAG</b>				
Faith Butler	Special	✓	✓	✓
Malcolm Dobbins	Primary	✓	<b>Apologies</b>	<b>Apologies</b>
Jill Larcombe	Secondary	✓	✓	✓
<b>EY Providers</b>				
Gemma Rolstone	Early Years – PVI (Puffins Childcare)	✓	✓	✓
<b>In Attendance</b>				
Julia Foster	DCC – SEN	✓		
Simon Niles	DCC – Schools Organisation & Admissions	✓		

1. Item/Focus: Minutes and Matters Arising from meeting on 6 July 2016	
<b>Discussion:</b>	
<ul style="list-style-type: none"> <li>• <b>DS</b> to clarify ongoing process for transferring Year 11 students absent due to medical reasons to Schools' Company and re-issue for 2016-17.</li> <li>• <b>Terms of Reference</b> – Agreed by SFG. Noted attendance tracking on minutes from 5/10 meeting.</li> </ul>	
<b>Key Decision/ Issues for DEF:</b>	<b>DEF to note</b> revised Terms of Reference for Schools' Finance Group. Minutes agreed as an accurate record.
<b>Action:</b>	<b>Dawn Stabb</b> to confirm arrangements for 2016/17 re. medically absent Year 11 students transferring to Schools Company.
2. Item/Focus: DSG Monitoring – month 5	
<b>Discussion:</b>	
<ul style="list-style-type: none"> <li>• Noted forecast underspend of £451k</li> <li>• Agreed carry forwards now reflected in budget</li> <li>• Noted ongoing pressure on High Needs Block of £2.16m. HNB Task Group had agreed management action for 2016/17 which has now been built into projections.</li> <li>• Noted that volume of EHCP / statements projected to increase by 92 with an increase in value of £25 each (£375k projected overspend in this area – Element 3 funding)</li> </ul>	
<b>Key Decision/ Issues for DEF:</b>	Report noted
<b>Action:</b>	
3. Item/Focus: National Funding Formula - update	
<b>Discussion:</b>	
<ul style="list-style-type: none"> <li>• Still awaiting release of Phase 2 of the consultation; expecting mid-late November.</li> <li>• Noted Westminster Education Forum set a meeting on 12 January 2017 to discuss implementation of the National Funding Formula and High Needs formula.</li> <li>• Confirmed ESG will be removed from 2017/18 academic year. General fund for Devon will be removed (£4.5m). Retained duties element (£15 per pupil) to be moved into Schools' Block but pulled back into the LA through toplice. Guidance on this expected in the autumn; transition funding expected, but no detail yet known; will be included within NFF Consultation documentation.</li> <li>• Considered context of the difficult overall financial position of the Local Authority over the next two years.</li> <li>• Clarity required around unintended consequences, particularly around funding of the Babcock contract, staff working across school support services and ongoing ability to provide sustainable services to schools. In the light of the reductions in council funding, considerations in the way that statutory functions are delivered to schools should be clearly communicated; particularly around Babcock contract, Virtual School and SEND, and a distinction made between services provided through core funding, and de-delegated funding. Status of individual children will impact on the services available to schools, through PP, PEPs etc. which may need to be spent in a more creative way in future to ensure services are available for different groups of children.</li> <li>• Ongoing questions of duplicate funding across vulnerable groups still to be resolved.</li> <li>• Discussed possible savings by schools commissioning services independently rather than through Babcock e.g. School Improvement advice can sometimes be obtained on a more cost effective basis from an independent provider.</li> </ul>	

- Need to ensure that the commissioning of the Babcock contract represents the best possible value for money for Devon schools; this will become more pertinent as funding challenges increase. Suggested that this should be discussed separately with Dawn Stabb.
- Discussed possible impact of the Green Paper re. Grammar Schools.
- Restrictions on transferring funding between funding blocks in the future will decisions made now.

**Key Decision/ Issues for DEF:** Update noted

**Action:** Dawn Stabb to meet with Phase Association representatives to discuss vfm through Babcock commissioning processes.

#### 4. Item/Focus: Early Years Funding Formula – update (Gemma Rolstone / Adrian Fox)

**Discussion:**

- Expecting increase in funding from April 2017 and launch of 30 hour entitlement from September 2017.
- Expecting introduction of a base rate, with additional needs supplement and area cost adjustment. Pre-School Learning Alliance has developed an indicative calculator. Devon expecting to see 5p per hour increase (for 3 and 4 year olds) fixed for 3 years, which will not allow for anticipated Living Wage increases.
- 93-95% of funding to go direct to providers; LA will be able to allocate some factors e.g. deprivation and rurality, FSM eligibility, EAL and Disability Living Allowance, which will be measured by Year 1 and 2 as a proxy – this will result in a time lag.
- There is concern that providers will be unwilling or unable to provide a full 30 hours for a range of reasons including low hourly rate, or accommodation constraints.
- Noted Devon already has an EY Inclusion fund to address additional needs of EY children.
- Considered transport issues for children securing an EY place at a special school, and how this might tie into funding for extended provision. Definition of what can be funded through the Early Years setting to be investigated **AF**.
- Considered the proposed online notification of eligibility for the 30 hours provision and noted that any subsequent changes in eligibility will not be communicated directly to settings.

**Key Decision/ Issues for DEF:** Update noted

**Action:** AF to look at definitions of eligible use of funding within Early Years settings – including provision of 'childcare' through transport.

#### 5. Item/Focus: Growth Fund Proposals 2018/19 onwards (Simon Niles)

**Discussion:**

- Noted projected basic need growth to 2019 and need to increase provision in the Growth Fund to accommodate this.
- Three new Free Schools have recently been approved in Exeter and Barnstaple. Not expecting contributions from Developers to be available; DSG should cover growth in basic need. Noted EFA funds all Free School pre-opening set up costs. DfE website indicates EFA funding is available for Free School post-opening costs from April 2016; concerns were raised around potential double-funding from EFA and DSG Growth Fund.
- Considered projections based on current level of DSG topslice alongside proposals for increasing Growth Fund provision to £2.5m from 17/18 or to £4m from 18/19. DfE considering locking Growth into historical commitments for baseline funding, and the LA will need to be clear about what level of funding will be appropriate and sufficient going forward.
- Phase Associations suggested a more phased approach to increasing Growth Fund over time; increase to £2.5m from 2017/18 with the intention of increasing to £4m from 2018/19 following a review.
- Considered implications on transfers from Schools Block to contribute to High Needs Block budget outcomes, and impact on the Minimum Funding Guarantee, likely to have a detrimental effect on schools if exceeding £4.5m overall.

- Following an in-depth discussion around the High Needs Block pressures, it was recognised that although it is prudent to build up the Growth Fund, the priority should be to direct available funding to children who are already in schools.
- SFG agreed that Members and MPs must be engaged in discussions to ensure there is clear understanding that there is insufficient funding in the system to adequately address the need to build a growth fund for the future, maintain HNB at a manageable level and to protect MFG provision.

**Key Decision/  
Issues for DEF:**

**Action:**

## 6. Item/Focus: High Needs Block Working Group – feedback (Julia Foster)

### Discussion:

- Task Group had met along with SEN Reference Group and decisions had been taken to ensure that as much funding as possible is directly targeted at meeting individual children's needs.
- Current spend on HNB had been closely scrutinised. Management action for 2016/17 was identified along with proposals for ongoing proposals for 2018 onwards.
- The group considered 2017/18 Management action proposals.
- Incidental costs (Virtual School)- expected to have an accurate picture of full year spend by end 2016/17. Concerns raised again around potential multi-funding on a small group of vulnerable children from a series of different budget lines.
- SEN Strategic Support (LDP contract) – noted that Babcock is currently preparing a breakdown of spend. Acknowledged the LA is tied into a contract which is not due for renewal until 2019.
- Employment and Skills – NEETs – clarity being sought on ongoing need.
- Safeguarding Champion - agreed as a full ongoing saving.
- Atkinson – saving identified as a proportion of Education cost. Further discussion required with Atkinson regarding increased education provision and level of funding required. **JF/JD** to follow up.
- Post 16 SEN – savings identified linked to changes in non-statutory SEN funding
- Early Help – Dawn Stabb has considered proposed savings from EH projects, which currently stand at 50% savings.
- Independent School Placements – no savings identified in this area as both demand and cost continue to rise, particularly for post 19 placements.
- ICS Children with complex needs – investigating potential savings in this area as joint funded placements are now agreed and financed differently.
- Noted that volume of both non-statutory My Plans and statutory EHCPs continue to increase. Reiterated that no statutory plans or statements will be de-valued.
- LAPs and PSPs – proposing that these now prepare an exit strategy to operate in a self sustaining way in the future. Funding will cease from April 2018.
- The group discussed the expansion of places in maintained special schools, which has addressed neither rising demand in, nor cost of independent placements. SFG sought reassurance that Free Schools are being considered as a mechanism to address this situation. Noted that this is being considered.
- DAPH noted that the SEN strategy doesn't seem to recognise planned expansion in the special school sector over the next 5 years or vision for strategic placement of new specialist provision across the county. Commissioning conversation alongside Health and Social Care would be required to move forward expectations and clarity around costs and need. Need to ensure that joint funding for complex high needs is not being duplicated across agencies.
- Written strategic vision is needed to be clear about aspirations for a new landscape of SEN provision across the county. DCC needs to be more proactive in identifying geographical need and approaching schools and colleges in that area to work collaboratively to propose solutions, or establish special Free School provision. **JF** to raise at Education SMT for consideration.
- The anticipated growth in high needs demand is from Devon children, families moving to the area, and a longer life expectancy for those with most complex need.
- Peninsula commissioning group discussing a strategy to align the current variation in

independent sector charges across the region to different LAs, looking only at providers operating within (and therefore funded through) the EFA Code of Practice, and formalising funding against the individual children's needs. **JF** to report back to SFG on development of a Peninsula effort to increase buying power from ISPs.

- Considered £5m projected HNB overspend forecast by end 2017/18. Noted maximum of £4.5m may be transferred from schools block to HNB before an effect is seen on MFG (this is included in the annual schools funding consultation document). Considered LA remit to decide on this type of transfer, and possible issues raised by schools could be referred back to DEF for further consideration.
- Possible that an Autumn budget statement may result in additional funding for the Local Authority.
- Discussed post 19 funding patterns, and increasing demand, particularly in FE sector for post 19 SEN funding against an EHCP.
- Considered the remit of the LA and Schools' Forum for agreeing a decision to move funding from schools' block to HNB. Anticipated that the consultation responses may reflect a lack of understanding of the overall budget situation, particularly in the High Needs area. The complexities may be missed by schools who are less closely involved in tracking the financial position. Potential issues in consulting schools on matters for which the LA may ultimately determine outcomes.
- Phase Associations encouraged to explain the 'bigger picture' to schools who might be responding to the consultation with a focus on their individual school budget position, rather than ensuring ongoing provision for all children across the county. Confident that these issues have been debated thoroughly through the HNB task group.
- Considered the HNB budget deficit in the context of the total cost of ISP placements. Noted that Tribunal outcomes are based entirely on provision of evidence of ability of a setting to meet need and not on cost of provision.
- Concern was expressed that the group is unable to solve the strategic budget problems across Growth Fund and HNB simply by transferring funds from the Schools' Block. The effect could be that reduced funding in schools results in a downwards spiral of further harmful effects on HNB.
- It was felt that moving funding from Schools' Block will inevitably raise the profile of the issue by significantly reducing AWPU and is likely to continue to be unable to meet the rising demand in high needs funding. Rising DSG carry forward situation will need to be addressed quickly to add credibility to Devon's concerns.
- Understand that Cllr James McInnes is writing to MPs raise the profile of the current schools' funding pressures. Schools and Phase Associations encouraged to contact local MPs to outline the situation and the impact on schools in Devon. Important to be clear about the expected outcome is important to ensure that the queries are escalated by the MP and not referred back to the LA for comment. **HWJ** to ensure Cllr McInnes' letter is circulated to SFG.
- Understand that there currently seems to be insufficient funding in the system. SFG felt that the priority should be to fund children who are already in Devon schools, rather than deciding to transfer significant sums to the Growth Fund in next year as proposed. This would indicate following the second option proposed for the Growth Fund, although the risks relating to this were understood
- Noted that communication to schools will be circulated from Dawn Stabb following decisions made by the HNB task group.
- Noted that Nick Gibb will soon be visiting Devon and it would be timely to correspond with MPs regarding the funding situation and to cc Nick Gibb to ensure he's fully aware of challenges.

<b>Key Decision/ Issues for DEF:</b>	<b>SFG recommended</b> that DEF raises issues pertaining to ongoing and escalating pressures on the DSG to Cabinet and MPs.
<b>Action:</b>	<ul style="list-style-type: none"> <li>• <b>JF/JD</b> to follow up discussions re. identifying savings in context of increased and ongoing education provision at Atkinson.</li> <li>• <b>JF</b> to raise at Education SMT the need for a strategic vision for a renewed landscape across the county for SEN / specialist provision.</li> <li>• <b>JF</b> to feed back on Peninsula discussions around joint agreements on ISP placements.</li> <li>• Schools' Forum remit for decision making to be circulated to SFG. <b>JD</b></li> <li>• <b>JF</b> to liaise with Cllr McInnes &amp; Dawn Stabb to encourage MPs to meet with</li> </ul>

	<p>SFG members.</p> <ul style="list-style-type: none"> <li>• <b>HWJ</b> to forward Cllr McInnes' letter to MPs re. high needs funding</li> </ul>
<b>7. Item/Focus: Consultation 2017/18</b>	
<p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>• Noted that the initial APT was historically submitted to EFA in October, but will only be the one submission in January 2017. Calculations on expected impact of funding changes will need to be available by then.</li> <li>• Noted that the Apprenticeship Levy is included within the consultation, which will equate to a 0.5% charge of the LAs pay bill. Current discussions are seeking clarity of the inclusion of , VA and Foundation Schools within the DCC remit. Academies will not be included within the DCC remit. Concerns were raised about ambiguity in eligibility – e.g. where DCC is commissioned to provide payroll services. Noted that Payroll is looking at this through a corporate working group, but it was suggested that a legal challenge might be necessary.</li> </ul>	
<b>Key Decision/ Issues for DEF:</b>	Update noted
<b>Action:</b>	
<b>8. Item/Focus: Mutual Fund Board and Appeals</b>	
<p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>• Noted month 5 position.</li> <li>• Considered appeal from Clyst Heath School which was rejected.</li> </ul>	
<b>Key Decision/ Issues for DEF:</b>	Monitoring report noted
<b>Action:</b>	<b>AF</b> to communicate appeal response to school
<b>9. Item/Focus: Items for DEF on 19 October 2016</b>	
<p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>• Approval of Terms of Reference</li> <li>• Month 5 DSG position</li> <li>• Growth Fund and High Needs Block will be included within the consultation.</li> </ul>	

## THE SCHOOL FINANCE GROUP

### Terms of Reference (revised 29.9.16)

#### 1. Purpose of the School Finance Group (SFG)

SFG provides an opportunity for school representatives to acquire an understanding of the detail of educational funding. The group can take time to look at budget performance and options for change so that the Forum can be confident in the basis upon which recommendations are made.

#### 2. Objectives of SFG

- Review the education aspects of the Section 251 statement
- Monitor the Dedicated Schools Grant during the year and consider impact of any variances on future years.
- Monitor how well the formula is delivering what schools need in an equitable way.
- Consider options for formula change and take a lead on any local consultations relating to change.
- Consider the impact of any Government proposals and help to collate responses to Government consultations.
- Make recommendations to the Forum on funding issues and other financial matters impacting on schools.
- Make decisions as delegated by Schools' Forum.

#### 3. Membership

- 4 representatives of primary school headteachers, nominated by DAPH
- 4 representatives of secondary school headteachers, nominated by DASH
- 2 representatives of special school headteachers, nominated by SHAD
- 3 representatives of school governors across the primary, secondary and special school phases, nominated by DAG
- 1 representative for Early Years and PVI sector providers, to be nominated by DEF.

Other officers of the authority will be in attendance as required.

The lead Executive Member for schools will attend as an observer with a speaking entitlement.

#### 4. Attendance

Absence at three consecutive meetings will suggest to the group that membership should be reviewed. This will be referred back to the phase association or group for consideration and action.

Members can elect a substitute. Any substitutes must be recorded in the minutes. If a member elects a substitute for three consecutive meetings this will be referred back to the association or group for consideration and action.

#### 5. Chairing meetings

It is envisaged that a senior local authority officer will chair the SFG and arrange a substitute if his/her absence is unavoidable. The Chair will arrange for distribution of papers, a note-taker, and any follow-up required.

#### 6. Conduct and frequency of meetings

- The SFG will during the summer term establish a programme of work for the next academic year within the multi-year framework.
- The SFG will meet as appropriate to its programme of work, but not less than three times a year.
- The SFG requires 50% of school representatives to attend to be quorate. It may discuss agenda and make recommendations in the absence of a quorum but this must be made plain at the following Forum so that the Forum may decide whether full discussion is needed before any formal decision is taken.
- The SFG will wish to arrive at decisions by consensus, but if a vote is required different views will be represented in the papers passed on to the Forum and DCC's Executive.