

Schools Finance Group: Notes of meeting on Friday 10 January 2025

Key Points for DEF to Note:

Item 3 – Schools Revenue Funding Consultation 2025/26

- **Minimum Funding Guarantee:** SFG endorsed the proposals for schools funding for Schools Forum consideration (in line with the results of the consultation):
 - i. to set MFG to at 0%
 - ii. to bridge the funding gap in the following order:
 - a. Reduced AWPU by up the allowed maximum of 2.5%.
 - b. Reduced all other factors by up the allowed maximum of 2.5%.
- **Transfer of Funding from Schools Block to HNB:** SFG acknowledged the depth of feeling expressed during the consultation regarding the proposal to transfer 0.5% between blocks for 2025-26. While not endorsing the proposal, SFG recognises its role in securing the Safety Valve agreement and supporting efforts to manage high needs funding sustainably, ensuring the needs of children and young people are met earlier and in the right place.
- **Inclusion Levy:** SFG recommended a vote at Schools Forum to decide the next steps, based on the consultation responses, which indicate an overwhelming rejection of the proposal. Furthermore, SFG suggests initiating a collaborative process involving the Authority, Devon Schools, and key stakeholders to develop a clear and actionable framework for what inclusion should look like in Devon, addressing the ongoing issue of exclusion.
- **Delegation and De-delegation:** SFG endorsed the de-delegation of the services in line with the results of the consultation. N.B this will be for mainstream maintained schools' representatives of Schools Forum to vote on each service (unless there is unanimous agreement to vote on all services together), with Primary and Secondary voting separately.
- **Central Services :** SFG endorsed the funding of the central services (Emotional, Psychological & Social Wellbeing Services, and School Admissions) in line with the results of the consultation.
- **Phase Associations:** SFG proposed that given the inconclusive consultation response, further consideration of this issue should be invited at the 2026/27 funding consultation. This will provide an opportunity to consider the wider impact of funding being discontinued.
- **Exceptional Circumstances:** SFG endorsed the proposal to submit a disapplication request for exceptional circumstances relating to school premises costs for 2025-26.

Item 4 – Financial Planning 2025/26

- SFG endorsed the proposed EY provider funding rates.

ATTENDANCE

DCC

Mat Thorpe (**apologies**)

Deputy Director of Finance and Public Value

Adrian Fox (**part**)

Head Accountant (Education & Learning)

Jack Newton (Chair)

Head of Inclusion and Learning

Phill Adams

Deputy Director SEND

Heidi Watson-Jones

Safety Valve Project Officer

Devon Schools Leadership Services

Primary:

Jamie Stone

Denbury Primary

Paul Walker

First Federation Trust

Christopher Tribble

Honiton Primary

Secondary:

Graham Hill

Pilton Community College

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Tristan Muller-Forster

Rob Gammon

Alternative Provision:

Rob Gasson

Tavistock College

The King's School

Wave Multi Academy Trust

Special Schools

Sarah Pickering

Hannah Smart (part)

Mill Water School

ACE Tiverton

DAG

Faith Butler (apologies)

Alex Walmsley

Adrian Hines

Special School Governors

Secondary Governors

Primary Governors

Early Years Providers

Gemma Rolstone (part)

Puffins Childcare

Other DCC Officers

Karlien Bond

Katrina Harverson

Senior Accountant (Schools)

Principal Accountant – Education & Learning

SCHOOLS FINANCE GROUP

1. Minutes and matters arising from meeting on 11 November 2024

- Implementation plan for auto-enrolment for pupil premium to be considered at DEF.
- All other actions complete or closed.
- Minutes agreed as an accurate record.

2. DSG monitoring – month 8

- Current position noted; a year end overspend of £45.2m is currently forecast assuming management actions of £12m as identified in the Safety Valve, will be achieved.
- Noted pressures particularly around mainstream SEN plus packages, and an increase in the number of EHCPs being issued – currently 461 above the number stated in the Safety Valve submission.
- SFG noted the Safety Valve management plan savings achieved up to the autumn term, and those projected to be achieved to the financial year end.
- An update was provided of the SEND Transformation projects linked to the Safety Valve. Delays in achieving some of the Safety Valve sufficiency projects have been as a result of DfE delays in decision making around establishing new specialist provision.
- Noted that DfE expects any year end DSG surplus is allocated to the deficit bottom line.
- Key risks outlined around meeting DfE Safety Valve targets include continued growth of EHCPs and children with EHCPs being excluded, both incurring unexpected high costs.
- SFG shared concerns around the ongoing increase in DSG deficit. This is a nationally recognised picture, and Devon is liaising closely with the DfE. Further modelling of the trajectory of Safety Valve target projections is being prepared for the DfE to review.

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- Particular challenges have been identified around speech and language, and SEN needs at primary age. DfE pressure on the LA to address the EHCP needs assessment backlog has significantly impacted on the cost profile.
- SFG reflected that continued realistic and honest financial profiling is key to reflecting a transparent position. It was acknowledged that good progress has been made within the SEND Transformation programme, and the financial position does not reflect this.
- Noted proposed Wave offer to develop a new approach to preventing exclusion and escalating SEN need will be explored further.
- Considered the national landscape around SEND policy and funding challenges, and the impact this may have on future local government reorganisation strategy.
- Accountability to ensure that practice improvement through consistent and inclusive behaviours will need involvement from a partnership of LA, DfE, Schools and Ofsted. Intelligence is being developed to provide more clarity across the county on inclusive practice in schools.

3. Schools Revenue Funding Consultation 2025-26

- SFG expressed disappointment that additional topics in the consultation, including the proposal of an inclusion levy, had not been included in discussions with the group while preparing for the consultation. It was agreed that, in the event of any disruption to future consultation timings, appropriate preparatory discussions will take place. Communications with Jack Newton subsequent to the launch of the consultation were helpful.
- SFG felt that it will be important to demonstrate that the views of school leaders have been heard through their responses, however, it was felt that consultation responses demonstrated a range of perception of school's inclusive practice.
- 58% of schools responded to the consultation, representing almost 52,400 pupils.
- SFG considered single responses submitted on behalf of a Trust or Federation. Agreed that an additional question will be added to future consultation to confirm that the response coming from a Trust has been discussed wider than an individual CEO / Headteacher **ACTION: AF & KB.**
- Considered the understanding of school leadership, CFOs and school bursars, around school funding mechanisms and how this can be improved across the board. SFG proposed that in future a pre-consultation event is held, hosted by school leaders, to explain the nuances and complexities of school funding. **ACTION: JN & AF**
- **Question 1 – Minimum Funding Guarantee set at 0%** The majority of schools agreed with this proposal.
- **Question 2 – Management of excess funding available** – DfE funding confirmation indicates that there will be no excess funding available to be allocated in 2025/26. Therefore, this was no longer needed within the discussion
- **Question 3 – Management of a funding gap**
- The majority of schools had agreed in principle that a funding gap would be addressed in the following order: i) reduce AWPU by up to the allowed maximum of 2.5% then ii) reduce all other factors by up to the allowed maximum of 2.5%.

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- DfE funding confirmation indicates that there is a schools funding gap in 2025/26.
- **Question 4: Movements between Blocks** – 82% of schools did not agree to transfer 0.5% funding between schools' block and high needs block.
- Finance colleagues confirmed that there is no other legal mechanism within financial operational guidance to allow a transfer of funding from the schools' block to the high needs block, other than through this formal consultation process.
- It was felt that some responses indicated that previous support for investing, through a block transfer, in approaches to SEND improvement was diminished in the light of anticipated additional financial pressure on mainstream schools to support more learners with EHCPs in their setting.
- It will be important that the impact of DEF not supporting a transfer is made clear e.g. impact on Safety Valve agreement with the DfE. Noted that the DfE will note the Schools Forum decision, however the transfer is assumed in the Safety Valve projection and would result in a further £2.8m pressure.
- Schools retaining funding in their local budgets will indicate that increased inclusive practice can be implemented locally, and there will still be an expectation that £2.8m Safety Valve savings, associated with the funding transfer, will be generated.
- SFG requested that a clear outline of the impact of the outcome of the DEF vote is shared with DEF members to support them to make an informed decision on the block transfer **ACTION: KB**. This could include options on a different percentage, potential impact on Safety Valve support.
- Sufficient time must be given at DEF to a full and wide-ranging discussion on this issue.
- Consultation responses indicated that school leaders had not felt that previous investment of the block transfer had impacted on their school directly.
- **Question 5: Inclusion** - 97% of schools did not agree to a levy on exclusions of £21,000 per exclusion to create an incentive to develop more inclusive learning communities.
- SFG considered how inclusive practice in schools can be reviewed more widely and benchmarked objectively, through a wide-ranging data review of learners being permanently excluded, moving to EHE or with SEND.
- SFG noted the intention to encourage increased inclusive practice in schools, but that the LA messaging within the consultation proposal was unfortunate. Considered how this can be better managed going forwards, initiating a collaborative process involving the Authority, Devon Schools, and key stakeholders to develop a clear and actionable framework for what inclusion should look like in Devon, addressing the ongoing issue of exclusion.
- SFG recommended a vote at Schools Forum to decide the next steps, based on the consultation responses.
- **Delegation and De-delegation** – The majority of mainstream, maintained schools supported continued de-delegation of funding for all services funded through de-delegation. N.B. this is not an option for academies, special schools, nurseries or PRUs as services are offered on a buy-back basis to these schools.
- **Central Services** – The majority of schools supported the continuation of funding for Emotional, Psychological and Social Wellbeing Services and School Admissions.

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- **Phase Associations** - 52% of schools voted for funding to remain in school budgets, for Phase Associations to no longer be centrally funded and to introduce a subscription model for schools and trusts.
- SFG acknowledged that schools representation to the LA is enabled through the funding and administration of phase associations.
- It would be helpful to help schools to more fully understand the unintended consequences, for schools and the LA, should phase associations no longer be funded in the current format.
- SFG proposed that, given the inconclusive consultation response, further consideration of this issue is invited at the 2026 consultation.
- This would provide an opportunity to consider the wider impact of funding being discontinued.
- **ACTION: JN, DSLS & DAG** to prepare an outline of the potential impact of ceasing funding to phase associations to brief DEF members.

- **Disapplication request – exceptional circumstances relating to school premises** – Devon has submitted a disapplication request to use exceptional circumstances to allocate funding to schools that incur exceptional premises costs.
- These schools have been receiving this funding for many years and rely on it to fund these exceptional costs. Schools who may qualify have already been contacted.

Recommendations to DEF:

- **Minimum Funding Guarantee:** SFG endorsed the proposals for schools funding for Schools Forum consideration (in line with the results of the consultation):
 - iii. to set MFG to at 0%
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- **Exceptional Circumstances:** SFG endorsed the proposal to submit a disapplication request for exceptional circumstances relating to school premises costs for 2025-26.

ACTIONS:

- **AF / KB** - additional question to be added to future consultations to confirm that the wider group of schools has been consulted where a single response is prepared on behalf of a trust or federation.
- **JN & AF** to plan a pre-consultation event, to be held in autumn 2025 and hosted by school leaders, to clearly explain the nuances and complexities of school funding.
- **KB** to prepare a clear outline of the impact of the outcome of the DEF vote on a block funding transfer. This will be shared with DEF members to support them to make an informed decision.
JN, DSLS & DAG to prepare an outline of the potential impact of ceasing funding to phase associations to be shared with DEF members.

4. Financial Planning 2025-26

- SFG noted the changes to the DSG funding from 2025/26, including indicative settlements for the funding blocks and areas of grant funding being rolled into the base budget from the next financial year.
- Draft schools funding modelling calculator will be published shortly to provide an indicative position for schools, but it was reiterated that a final position would not be available before 28 February when final allocations are confirmed by the DfE.
- SFG noted that a funding gap still remains, with Devon approximately £23m adrift to meet the national funding formula.
- Noted that the Teachers Pay Award Grant and Teacher's Pension Employer Contribution Grant is linked to PAN, but where High needs provision (special schools and PRUs) are operating over PAN this will result in a further funding shortfall across the sector as additional funding will not be triggered.
- Noted that place planning decisions for the specialist sector takes place in the preceding February.
- **ACTION: JN** to respond to SFG around issues pertaining to PAN and the funding formula in the high needs sector (special schools and PRUs)
- Noted LA will now be able to establish new special schools. Careful consideration was urged around the future consideration of practical implementation of new specialist provision, particularly strategy around allocation of places in new schools.

Early Years funding

- SFG acknowledged efforts that had been made to pass on additional funding to Early Years providers.
- There seems to be disparity between the consultation process for transferring Schools Block funding to HNB and Early Years block funding to HNB.

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- SFG reflected that Early Years capital funding had been made available which prompted schools to discuss sufficiency need with the LA Early Years team.
- It was noted that in a number of cases it was identified that there was no locally identified EY sufficiency need, however it was felt that more constructive discussions with schools putting forward proposals would increase understanding of the impact of new development on the established provision in locality areas.
- SFG were keen that the LA and Schools are able to take advantage of any areas of funding available to Devon.
- A shift towards a more strategic locality based way of working is being developed through the LA Inclusion and Learning redesign.
- SFG endorsed the proposed EY provider funding rates.

ACTIONS:

- **JN** to respond to SFG around issues pertaining to PAN and funding formula in the high needs sector (special schools and AP)

5. AOB / Items for DEF

Access Budgeting Software issue

- JN had previously undertaken to communicate a position statement to schools.
- The situation has proved incredibly complex with legal implications which will require clarification prior to a response being shared with schools.
- It was noted that a number of schools have been unhappy with the way that the issue has been managed, with ongoing concerns around the financial impact on individual schools.
- It has become clear that DCC financial consultants need to fully understand the IT systems commissioned and being trusted to manage school finances.
- **ACTION: HWJ for agenda items for next SFG meeting,**
- move to new IT systems and the impact on maintained schools is fully considered.
- Growth Fund policy & exceptional growth.

Future meeting dates:

- **Wednesday 5 March 2025** (09.15 – 12.30 – Teams)
- **Wednesday 4 June 2025** (09.15 – 12.30 – Teams)
- **Wednesday 9 July 2025** (09.15 – 12.30 - Face to face at County Hall)
- **Wednesday 10 September** (all day – face to face at County Hall)
- **Wednesday 5 November** (09.15 – 12.30 – Face to face at County Hall)
- **Friday 9 January 2026** (09.15 – 12.30 – Teams)
- **Wednesday 4 March 2026** (09.15 – 12.30 – Teams)