

SCHOOLS FINANCE GROUP
Notes of meeting
on 1 March 2017 at Larkbeare House

ISSUES FOR DEF ON 15 MARCH 2017

Item 2	Finance Update 2016/17 – High Needs Block Strategic Task & Finish group to be re-convened to further consider the HNB issues.
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		Attendance		
		1/3/17	4/1/17	5/10/16
DCC				
Nicola Allen	Senior Assistant County Treasurer	✓	✓	
Julian Dinnicombe	Head Accountant (Education & Learning)	✓	Apologies	✓
Adrian Fox	Senior Accountant (Schools)	✓	✓	✓
Heidi Watson-Jones	Service Support Officer (Education)	✓	✓	✓
DAPH				
Jonathan Bishop	Broadclyst Primary	✓	Apologies	✓
Alun Dobson	Marwood Primary	✓	✓	✓
Jamie Stone	Denbury Primary	✓	✓	✓
Paul Walker	Sidmouth Primary	✓	✓	✓
DASH				
Daryll Chapman	Okehampton College	Apologies	✓	✓
David Fitzsimmons	Holsworthy Community College	Apologies	Apologies	✓
Lorraine Heath	Uffculme College	✓	✓	Apologies
Matthew Shanks	Coombeshead Academy	✓	✓	Apologies
SHAD				
Keith Bennett	Marland School	✓	✓	✓
Jacqui Warne	Learn to Live Federation	✓	✓	✓
DAG				
Faith Butler	Special	✓	✓	✓
Malcolm Dobbins	Primary	Apologies	✓	✓
Jill Larcombe	Secondary	✓	✓	✓
Alex Walmsley	for Malcolm Dobbins	✓		
EY Providers				
Gemma Rolstone	Early Years – PVI (NDNA)	✓	✓	✓
In Attendance				
Samantha Chapman	Babcock LDP	✓		

1. Item/Focus: Minutes and Matters Arising from meeting on 4 January 2017

Discussion:

- **Early Years Growth** – further clarification was required around EY capital funding and growth.

Key Decision/ Issues for DEF:	Minutes were agreed as an accurate record.
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Action:	• AF to discuss EY growth issues with Gemma Rolstone
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2. Item/Focus: FINANCE UPDATE – 2016/17

2.i. Item/Focus: DSG Monitoring – month 10

Discussion:

- De-delegated contingency fund (FIPS) sufficient to cover costs of current year's commitments.
- Noted that basic need growth has seen some slippage with issues including delay in Sherford development.

High Needs:

- Noted that the Special School placements deficit has been offset by savings in other areas. There were concerns that a realistic high needs budget for 2017/18 had not been set, and that joint agency decisions on placements were still not being appropriately funded.
- Noted issues particularly around filling special school residential provision, where there are currently vacant places.
- Phase Associations felt strongly that the current High Needs budget situation is unacceptable, and there seems to be little budget control or identifiable change in spending behaviour. Every child in a Devon school has been affected by the current situation, and there are no assurances that the LA and schools won't be in a similar position next year. There has been no indication from the LA that different ways of working are in place to ensure an improved position in the future.
- SFG requested clarification from Chief Officer for Children's Services around the authority to overspend the budget, assurances around robust joint agency placement decisions, and the quality of provision and value for money from the independent sector providers.
- The group discussed high rates being paid to independent special schools, while Devon schools and Early Years settings are struggling to keep within budget, making difficult decisions around what can and cannot be funded.
- Suggested a further meeting of the SFG High Needs Task & Finish Group to involve social care and Jo Olsson for an open and broad conversation about addressing the current and future situation. There was frustration that issues and measures previously discussed have not come to fruition. T&F group to report directly to DEF.
- The group considered how statutory eligibility for a service can override the financial envelope available. SFG was frustrated by the unfair position for schools in the light of other provision which seems to be able to negotiate rates and budget increases.
- Discussed the funding differences between Early Years provision for high needs children and HNB funding available within the school settings.
- There is real frustration amongst Head teachers that Devon county councillors do not seem to be actively engaging in the lobbying campaign. It was suggested that parents are included in a renewed, wider campaign, which could impact on May election results.
- Further detail was requested of the proposed High Needs management action, monitoring of progress against the projected year end position, and assurances that targets for 17/18 will be met. Schools will not sustain any further AWPU cuts. NA confirmed that any future HNB overspends must be found from elsewhere other than schools as transfer between DSG funding blocks will not be permitted from 18/19.
- SFG recognised that DCC officers are in a difficult position, and it was requested that Cllr McInnes, as Cabinet Member and Jo Olsson as Chief Officer report assurances to DEF.
- Noted that SENTient are currently looking at options to address future levels of high needs through the establishment of new Special Free Schools.
- SFG were very concerned that a budget has been set for the coming year which is £2m less than the current year's expenditure. Noted that a deficit carry forward may be sought and if not approved, the DCC General Fund would be liable to cover this.

Key Decision/ Issues for DEF:

- Strategic Task & finish group to be convened to consider the HNB issues, to include Jo Olsson, social care and CCG commissioning (re. health input into schools).

Action:

- **NA** to prepare a brief to ensure the planned outcomes around HNB management action and effective budgetary control are clear. Paul, Keith, Jacqui & DASH rep to be included.
- **NA** to discuss with Dawn Stabb the school and Early Years providers' requests for KPIs from Babcock LDP, detail of what will be provided through the extended contract to the different groups of schools and EY settings.

2.ii. Item/Focus: Carry Forwards

Discussion:	
<ul style="list-style-type: none"> Deficit carry forward in the High Needs Block, and surplus in Early Years and Growth Fund to be considered and approved at DEF on 15 March. If DEF approval is not given, the LA may apply to the Secretary of State to overrule DEF decision. If not approved, the deficit will fall to the county council general fund, but as a net deficit with impact on Growth Fund and Early Years balances. The group carefully considered the wider political impact of a DEF decision to decline the carry forward proposals, and discussed the ongoing reputation of the Schools' Forum should its decisions continue to be overturned. Concerns were shared around Cabinet agreement that DCC general fund has financed an extension of the Babcock LDP contract, while the HNB funding crisis was dealt with differently. Phase Associations highlighted that there had been no opportunity for the schools community to be consulted on the decision; dissatisfaction had been expressed in the quality of services provided to schools by Babcock LDP. Noted that Babcock contract value is £5.054m. Finance to provide a breakdown. 	
Key Decision/ Issues for DEF:	
Action:	<ul style="list-style-type: none"> NA to provide further information on the net carry forward position prior to DEF. Finance to provide a breakdown of the Babcock contract value.
2.iii. Item/Focus: Closedown arrangements	
Discussion:	
<ul style="list-style-type: none"> Closedown timetable shared with the group. Noted 31 March is last date for schools to submit year end transactions. Schools urged LA to apply deadlines strictly. 	
Key Decision/ Issues for DEF:	
Action:	
3. Item/Focus: FINANCE UPDATE 2017/18	
3.i. Item/Focus: ESG Retained / General duties	
Discussion:	
<ul style="list-style-type: none"> Noted £3.1m expected (previously predicted £4.1m) with a net input from general fund of £1m DAPH requested confirmation of the value of the Babcock contract, and what that provides to schools, whether maintained or academies. Clarification was requested on the position for academies who have now had funding withdrawn, and expecting that services are now traded. Head teachers were concerned that council funds are being directed into services which are not accessible to all Devon schools. NA clarified that DCC funding decisions made do not always benefit all sectors of the Devon population. 	
Key Decision/ Issues for DEF:	
Action:	JD to provide confirmation of the value of the Babcock contract and a breakdown of what that covers.
3.ii. Item/Focus: Financial Intervention Panel - Schools	
Discussion:	
<ul style="list-style-type: none"> DEF had requested that SFG consider FIPS sustainability. Current budget is £1.126m with a £654k carry forward. Noted that figures did not include Special Schools. Discussed how options available to FIPS can include grants and loans. Noted that current school budget challenges are likely to result in a greater number of schools approaching FIPS for support. 	
Key Decision/ Issues for DEF:	

Action:	
3.iii. Item/Focus: 3 year budget planning	
Discussion:	
<ul style="list-style-type: none"> • The group considered the requirement for schools to submit balanced budgets for 3 years. • Schools are finding it increasingly challenging to budget based on largely unknown factors e.g. reception entry, which can result in a significant shift in income for small schools. • DAPH felt that the depth of scrutiny adds pressure to head teachers. • Noted that the LA want to be assured that school leaders are carefully considering the future financial position. The LA is aware that the 2018/19 situation is currently unknown, and this will be acknowledged in budget plan submissions. • Noted that tone of FIPS letters has now been reviewed. 	
Key Decision/ Issues for DEF:	
Action:	Finance to circulate a message on Schools' Blog to reiterate that it is a statutory requirement for schools to plan a 3 year balanced budget.
4. Item/Focus: Updates on Consultations	
4.i. Item/Focus: National Funding Formula	
Discussion:	
<ul style="list-style-type: none"> • Consultation closes on 22 March. • Draft Devon response was circulated following Task & Finish group. This will be made available online for schools to use as a template for an individual school response. • Agreed that DAPH and DASH circulate a phase-appropriate word version to schools for their responses. 	
Key Decision/ Issues for DEF:	
Action:	DAPH/DASH to amend consultation response template to emphasise messages specific to primary / secondary phases.
4.ii. Item/Focus: High Needs funding arrangements	
Discussion:	
<ul style="list-style-type: none"> • Task Group has been convened to consider response to High Needs funding consultation. Meeting on 10 March. 	
Key Decision/ Issues for DEF:	
Action:	JD to ensure Special School representation on task group.
4.iii. Item/Focus: Early Years	
Discussion:	
<ul style="list-style-type: none"> • Events planned over summer term to help Early Years providers prepare for the funding changes from 2018/19. • Programme to be circulated to settings. • Focus Group to be convened to consider Early Years formula 	
Key Decision/ Issues for DEF:	
Action:	Fran Butler to invite special school representation on formula focus group
5. Item/Focus: Growth Policy	
Discussion:	
<ul style="list-style-type: none"> • Alex Walmsley declared interest as Finance Director of Ted Wragg Trust and left the meeting for the item. • Noted new Cranbrook school has been struggling to operate within the current growth Fund criteria; growth in pupil numbers has been slower than expected. • Previously agreed that Growth fund sustainability would be reviewed, but not on a school by school basis. • Noted request from Cranbrook school for additional funding towards premises costs and 	

<p>staffing costs.</p> <ul style="list-style-type: none"> • Considered that EON energy charges would have been known when the school opened, but acknowledged restrictions on closing down unused areas of the building. SFG considered that NPS should be held accountable for design issues around an inflexible heating system. • SFG required assurance whether the Growth Fund has inaccurately forecasted the essential initial set up costs. • Concerned that granting additional funding from the Growth Fund would set an unhelpful precedent and that as a new school within a MAT, the overall Trust budget should be adjusted to accommodate areas of most need. SFG would be better able to make an informed decision with information about the financial position of other schools within the Trust. • Noted that funding would increase with additional pupil numbers in the future. 	
Key Decision/ Issues for DEF:	<p>SFG recommended that:</p> <ul style="list-style-type: none"> i) the school approach the EFA to discuss a possible loan arrangement. ii) the MAT be approached and encouraged to align resources and infrastructures across the Trust to address the difficulties
Action:	NA to discuss design issues with DCC buildings team with a view to further recourse with NPS
6. Item/Focus: Early Years SEN Funding Review (Sam Chapman)	
Discussion:	
<ul style="list-style-type: none"> • SFG considered proposed changes to the mechanism for funding Early Years settings to support children with SEND. Current system is administratively heavy. • Early Years settings are supportive of a change to the arrangements which will address priorities around emerging and low level needs in a timely manner, and reduce the timeframes for responding to higher level needs. • Noted that a task group to consider future Early Years funding formula is to be convened. DAPH to provide a representative. • Considered the possible impact on the number of EHCPs being requested, but are hopeful that low level needs will be adequately supported through this funding, with Element 3 funding being pursued only for higher level and more complex need. 	
Key Decision/ Issues for DEF:	SFG endorsed the proposed changes.
Action:	DAPH to confirm representation on EY Formula Task Group.
7. Item/Focus: Mutual Fund Board and Appeals	
Discussion:	
<ul style="list-style-type: none"> • Discussed proposal to pay a rebate for 16/17 financial year. • Mutual Board agreed that Carry Forward from 15/16 be retained and this year's balance to be redistributed to schools on the following basis: <ul style="list-style-type: none"> ○ Schools which have not submitted a claim to receive the whole rebate amount ○ Schools which have submitted claims above the value of the premium would not receive a rebate ○ Schools which have submitted some claims would receive a pro-rata rebate • Discussed Bampton, a MF member, which is joining SW Federation; Mutual Board agreed that a 7% Mutual Fund joining fee would be payable by the Federation. 	
Key Decision/ Issues for DEF:	
Action:	
7. Item/Focus: Apprenticeship Levy	
Discussion:	
Noted flat rate per pupil to be charged to all maintained schools fixed at £15	

Key Decision/ Issues for DEF:	
Action:	AF to confirm details.
8. Item/Focus: Items for DEF on 15 March 2017	
Discussion: Items for DEF <ul style="list-style-type: none"> • Issues re. Babcock contract extension to be raised at DEF. 	

Next meeting: Wednesday 24 May 2017 from 9.15am at Okehampton College