

SCHOOLS FINANCE GROUP
Notes of meeting
on 24 May 2017 at Larkbeare House

		Attendance		
		24/5/17	1/3/17	4/1/17
DCC				
Nicola Allen	Senior Assistant County Treasurer	Apologies	✓	✓
Julian Dinnicombe (Chair)	Head Accountant (Education & Learning)	✓	✓	Apologies
Adrian Fox	Senior Accountant (Schools)	✓	✓	✓
Heidi Watson-Jones	Service Support Officer (Education)	✓	✓	✓
DAPH				
Jonathan Bishop	Broadclyst Primary	Apologies	✓	Apologies
Alun Dobson	Marwood Primary	✓	✓	✓
Jamie Stone	Denbury Primary	✓	✓	✓
Paul Walker	Sidmouth Primary	✓	✓	✓
DASH				
Daryll Chapman	Okehampton College	✓	Apologies	✓
Lorraine Heath	Uffculme College		✓	✓
Gareth Roscoe	The Park Community School	Apologies		
Matthew Shanks	Templar Academy Schools Trust	Apologies	✓	✓
David Fitzsimmons	Holworthy Community College		Apologies	Apologies
SHAD				
Keith Bennett	Marland School	Apologies	✓	✓
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 – NDNA for PVI providers	✓	✓	✓
In Attendance				
Dawn Stabb	DCC - Head of Education & Learning	✓		
Julia Foster	DCC - SEN Strategy Manager	✓		
Simon Niles	DCC – Children's Services Strategic Manager	✓		
Marie Stone	DCC– Early Years Accountant	✓		
Claire Rockliffe	DCC – Senior Manager, Early Years & Childcare Service	✓		

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

Discussion:

- Outline detail of 17/18 Babcock contract- General Funding (workstreams and budget allocations) is now available for circulation to schools.
- Noted a draft schedule of Babcock services (information for Governors) was recently shared at HLG and will be circulated through DAG when finalised.
- Discussed how different funding streams are directed to provide a range of services benefitting a particular group of vulnerable children. (e.g. High Needs/EP service and EH4MH)
- Finance agreed to look again at the figures to provide a further overview report of funding sources supporting the education of children (incl. DSG and General Fund, and specific pots for particular groups (e.g. CiC). Suggested that matching spend against outcomes and areas

of development would be helpful.

**Key Decision/
Issues for DEF:**

Minutes were agreed as an accurate record.

Action:

- Babcock contract by workstream (general funding and DSG) schedule for 17/18 to be circulated to SFG **JD**
- **NA** to confirm action completed re. seeking recourse through NPS for cost implications due to poor school building design issues (from 1/3/17 mtg).

2. Item/Focus: High Needs (Julia Foster)

Discussion:

- Julia Foster gave an overview of the recent High Needs task group discussion.
- Proposals from the group will be developed and presented through the autumn term consultation process. This will include special school funding and banding of SEN need.
- Noted work to be undertaken alongside Peninsula colleagues on SEN banding, and collective contract negotiation with ISPs.
- Noted recent Tribunal outcome for a post-16 SEN student, where an independent provider, as LA witness, had recommended additional provision during the Court hearing without prior LA consultation and changed evidence which had financial implications. LA to raise with DfE. Felt that DCC Members should be made aware, to enable them to lobby Government to change policy around use of ISPs. The group felt that this should also be raised formally at DEF.
- There were concerns that Members are not well informed about school funding and high needs issues.
- Discussed whether Devon's reliance on ISPs is replicated in other LAs. It was felt that a strategic change of direction is needed to reduce independent placements and improve negotiation of placement costs.
- Discussed difficulty in securing capital investment to establish new special schools.
- Noted the task group had requested feedback on the modelling of impact of the AWPU reduction / non-statutory E3 changes.
- Had requested that detailed high needs monitoring reports be considered regularly at SFG. Noted Month 2 will be first, and could be circulated to SFG for information when available. High Needs updates and monitoring remains a standing agenda item.
- DS outlined that locality directors for Social Care and Early Help will join her at her locality meetings with head teachers to enable engagement.
- J Warne requested a conversation at LA SENTient Heads group to look at value for money and expected outcomes through the EHCP process, with rigorous peer monitoring and reporting. Once trialled, the criteria and model could then be put into practice with the Independent Sector.
- Matching SEN descriptors to funding models will be part of the proposals in the HNB Strategy for consultation in the Autumn
- The group considered re-aligning processes to remove non-statutory Element 3 and looking more closely at Early Help provision. Need to re-focus on the funding supporting the school and not the individual child, with challenge to schools to account for how the funding has been deployed suggested a task group to look at this.
- Member scrutiny of budgets and performance will now be through a dedicated Children's Services Scrutiny committee, which was welcomed, and will provide an opportunity for improved Member knowledge and understanding of the budgets and wider education issues.
- Discussed how SEN need has now outstripped the funding available.
- JD confirmed that Secretary of State's adjudication would be expected following the election.

**Key Decision/
Issues for DEF:**

- DEF to note issue regarding independent sector provider input at a recent SEN Tribunal outcome
- High Needs task group to examine options for future allocation of non-statutory Element 3 SEN funding to schools.

Actions:

- SEN Tribunal outcome to be raised at DEF, and with DfE **JF**
- **JF** to look at data to evaluate at what point (ages / from which schools) children typically enter the Independent Sector.
- **JD** to circulate month 2 HNB monitoring when available.

- **JD** to report on modelling of impact of the AWPU reduction against non-statutory Element 3 allocation .
- **HWJ** to convene HN task group: to include DC, JS/PW/AD.

3. Item/Focus: DSG Outturn 2016-17

Discussion:

- DSG outturn: £19.1m underspent, of which, £18.4m sits within ring-fenced school balances for carry forward. Noted level of school balances has reduced by £3.9m (17.5%) as compared to 2015/16 (on a like for like basis).
- Noted some schools are carrying forward balances to offset predicted deficits and fund redundancies and significant restructures.
- Understand that there have been approximately 300 redundancies within schools during the financial year, which will be having an ongoing impact on the bottom line.
- Noted in-year allocation to DAPH had been fully spent; surplus balance equates to funds raised in year by the association.
- Discussed maintained special schools surplus balances (£1.1m). Clarity around presentation and narrative within DEF report will be important.
- Discussed expected savings around support centres and PSPs, which will see an accelerated reduction from now on.

Key Decision/ Issues for DEF: Report noted

Action:

4. Item/Focus: Finance Issues

Growth Fund (Simon Niles)

- Growth fund under significant pressure alongside funding being withdrawn from Strategic Plan. Expecting £720k shortfall by end 2017/18 due to calls on growth from existing schools and the setting up costs for new schools.
- Noted 52 schools in 16/17 showed growth in numbers (26 of which met the criteria and received funding).
- Have seen applications from secondary schools expanding significantly but still within PAN and capacity, and therefore do not qualify for growth funding as not basic need (which linked to capacity of the building).
- Considered implications for a school expecting an increase in September admissions (and therefore demand on staffing and teaching resources) which will not see associated funding come into its budget until the following April.
- Considered whether the Growth Fund criteria need to be reviewed to narrow access to the fund, but still ensure that schools with the greatest need and exceptional circumstances are able to obtain funding. . Growth Fund criteria are set by SFG and approved by DEF.
- Noted at previous SFG it was proposed that where a school is part of a MAT, that support could be provided from within the Trust.

Budget Consultation 2018/19

- Locality based consultation events will be planned for autumn term 2017 alongside Head of Service events to enable dialogue with head teachers.
- De-delegation / consultation to be discussed following next SFG (12/7), with provisional additional end of term meeting date to allow for late notification of NFF consultation responses.

Apprenticeship Levy

- Noted that monthly charges have now been made to schools, which includes an adjustment for the school's proportion of the monthly apprenticeship levy allowance.
- Levy charge is based on the actual monthly pay bill for each school.
- Queried how staff on maternity leave would be accounted for. **AF** to clarify with HR

Non-teaching superannuation cost increases

- Letter has been circulated to schools outlining the issues.
- Formal discussions could take place at Cabinet on 14/6, if there is a financial implication associated with any decision from discussions with members. A communication to schools will follow once the proposals for the way forward have been agreed.
- Mindful that maintained special schools have been particularly hit due to the proportion of NJC support staff employed.
- Noted that timing of the announcement had been unfortunate as many Governing Bodies had recently approved budget plans.
- Expecting to focus on the impact that the delay in the notification may have caused to individual schools.

Key Decision/ Issues for DEF:

Updates noted

Action:

- **SN** to convene review of Growth Fund criteria and report progress back July SFG
- **Growth Fund forecast deficit/future funding to be on October SFG agenda**
- **AF** to clarify with HR what Apprenticeship Levy charge implications re. staff on maternity leave and long term sickness.

5. Item/Focus: National Funding Formula and Early Years Consultation**National Funding Formula (Adrian Fox)**

- Notification of consultation outcomes expected late July
- F40 modelling has been undertaken on request of the Department of Education to support Phase 2 response.
- The group considered implications of recent capital investment in kitchens linked to KS1 Free School Meals, which may be discontinued, and replaced by breakfast provision. Concerns raised about implications for the possible expectation of schools to provide early morning childcare.

Early Years Consultation (Claire Rockliffe)

- Early Years funding supplements are subject to consultation along with a review of EY SEN funding.
- Three proposals have been put forward aiming to simplify allocation processes for supplement funding and increasing hourly rates for Early Years.
- Consultation closes 31 May. A working group will meet early June to define recommendations in advance of 21 June DEF.
- It is hoped that a 17% reduction in allocation can be achieved to reallocate through deprivation. Reduction in lump sum proposed either from April 2018 or to phase out over 2 years.
- Consultation proposes that some SEN funding would be directed to increase hourly rate, and a fund retained centrally for highly complex children, targeted through specific deprivation factors.
- Discussed how clarification around ratios will have an impact on decisions within different settings.
- Mindful that many settings do not engage with the LA and may be surprised by the changes, although the LA has shared information widely.
- SFG endorsed the action plan, CR to provide an update at the 12 July SFG.

Key Decision/ Issues for DEF:

Updates noted

Action:**CR** to update on EY funding consultation outcomes at 12 July SFG meeting.**6. Item/Focus: FIPS Annual Report****Discussion:**

- The group considered the report. Noted a slight increase in submissions from schools and an

<p>increase in redundancy applications.</p> <ul style="list-style-type: none"> • FIPS submissions can result in a range of outcomes to deal with the request (e.g. contingency payment and licensed deficit). • Noted that the impact on FIPS has not been as significant as expected, although mindful that NFF is still to be clarified which is likely to have ongoing repercussions. 	
Key Decision/ Issues for DEF:	Report noted
Action:	
7. Item/Focus: Mutual Fund Board and Appeals	
<p>Discussion:</p> <ul style="list-style-type: none"> • Outturn surplus larger than expected, due to drop in expected March payments. • 17/18 has seen 6 additional schools join the Mutual Fund. • £583k year-end surplus predicted which will be monitored during the year. • It was felt that the Mutual Fund is operating well and is self-sufficient. 	
Key Decision/ Issues for DEF:	Report noted
Action:	
8. Item/Focus: Items for DEF on 21 June 2017	
<p>Items for inclusion in the Finance Report to DEF</p> <ul style="list-style-type: none"> • FIPS Annual Report • DSG Outturn and carry forwards • Secretary of State adjudication if available, with options for possible next steps. • Early Years consultation • Support for schools following • High Needs / Independent provision 	

Next meetings:

Wednesday 12 July 2017 from 9.15am – venue to be confirmed

- NFF update
- EY consultation outcomes and proposals
- Growth Funding criteria
- Autumn term consultation events.

Wednesday 4 October 2017 from 9.15am – Larkbeare (Exe Room)

- Growth Fund for 18/19 onwards