

**MINUTES OF A MEETING OF THE  
SCHOOLS FUNDING FORUM  
CEME  
17 March 2016 (8.30 - 10.45 am)**

**Present:**

**Head Teachers**

Nigel Emes (Chair) (Primary) NE  
Keith Williams (Vice-Chair) (Academy) KW  
Emma Allen (Special) EA  
Margy Bushell (Primary) MB  
Kirsten Cooper (Primary) KC  
David Denchfield (Primary) DD  
Malcolm Drakes (Primary) MD  
Chris Hobson (Primary) CH  
Ian Hogg (Academy) (Substitute) IH  
Tim Woodford (Academy) TW

**Governors**

Sheila Clarke (Primary) SC  
Daren Jackson (Primary) DJ  
Derek Smith MBE (Secondary) DS

**Non-School  
Representatives**

Joanna Wilkinson (Early Years/PVI) JW

**Trade Unions**

John Giles (UNISON) JG  
Ray Waxler (NUT) RW

**Officers in Attendance** David Allen (DA)  
James Goodwin

159 **APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS**

Apologies were received from Julian Dutnall, Bill Edgar, Simon London, Gary Pocock, Wayne Chretien, Bernard Gilley, John McKernan, Maria Thompson and Keith Passingham. Ian Hogg was substituting for Gary Pocock.

160 **TO AGREE THE NOTES OF THE MEETING HELD ON 21 JANUARY 2016**

The minutes of the meeting held on 21 January 2016 were agreed as a correct record and signed by the Chairman.

161 **MATTERS ARISING**

There were no matters arising that were not dealt with elsewhere on the agenda.

162 **SCHOOL FUNDING ALLOCATIONS 2016-17**

DA advised the Forum that schools had received their funding allocations for the financial year 2016-17 and academies had received their funding statements from the EFA for the financial year commencing September 2016 based on the LA's formula.

There had been no changes in the values applied to the funding factors in 2015-16 with the exception of IDACI (Income Deprivation Affecting Children Index).

There had also been a slight increase from 0.91% to 1% to the cap applied to schools whose funding would otherwise be higher.

£1.3m had been transferred from the Schools Block to the High Needs Block and £0.1m had been transferred from the Early Years Block to the High Needs Block.

The final position against the previous financial year including the number of schools that had either a gains cap applied or a MFG protection of -1.5% was as follows:

	Schools with funding increase	Increases capped at 1%	Increases below 1%	Funding decreases	Protected at -1.5%	Reduction but within -1.5%
Infant	11	9	2	1	0	1
Junior	12	10	2	0	0	0
Primary	18	9	9	17	6	11
Secondary	4	2	2	14	4	10
Total	45	30	15	32	10	22

Analysis of MFG

Sector	No.	£	No. of schools benefiting from previous year grants
Primary	6	226,417	3
Secondary	4	993,708	4
Total	10	1,220,125	7

### Analysis of Gains Cap

Sector	No.	£
Primary	28	856,736
Secondary	2	55,863
Total	30	912,598

The Forum had been advised that the hourly rates for providers of early years education remained unchanged from the previous year at £3.56 for private and voluntary settings and £4.10 for maintained and independent settings.

Top up (element 3) funding for special schools through the matrix of special need remained unchanged from the previous year.

Top up (element 3) funding for the pupil referral service had been reduced from £10,000 to £9,000 to reflect the increase in the place led funding from £8,000 to £10,000 with effect from 1<sup>st</sup> September 2016.

The Forum had **noted** the final schools funding allocations for financial year 2016-17 and placed on record their appreciation of the hard work put in by DA and his team in resolving the budgets, this year being the earliest they had actually received notification.

## 163 **SCHOOLS FINANCING SCHEME 2016-17**

DA had informed the Forum that each local authority was required to have in place a scheme for funding schools. This scheme set out the financial relationship between the London Borough of Havering and the maintained schools which it funded. It contained requirements for financial management and related issues, which were binding on both Havering Local Authority and on schools.

The scheme followed closely the statutory guidance from the Department for Education for local authorities in constructing their schemes.

The Regulations stated that schemes must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares.
2. Amounts which might be charged against schools' budget shares.
3. Amounts received by schools which might be retained by their governing bodies and the purposes for which such amounts might be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their

delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.

5. Terms on which services and facilities were provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school's budget share were to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority might delegate to the governing body the power to spend any part of the authority's non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that might be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which did not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.

22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school would be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

DA took the Forum through the Scheme in detail.

DA highlighted paragraph 3.3 which detailed the proportion of budget share payable at each instalment and advised that schools would receive 2 payments in April, the regular monthly instalment of 7.8% and a one of 6.4% to assist with any upfront payments needing to be made by the schools. This was an improvement on last year's arrangements.

MD raised the question regarding payments due to the Local Authority from schools. Whilst the payment to the schools would be in instalments any monies owed to the local authority had to be paid in full at the beginning of the year.

The Forum **agreed** the School's Financing Scheme 2016/17 but asked DA to look at the issue of the timing of payments from schools to the Local Authority.

## 164 **NATIONAL FUNDING FORMULA**

The Forum had been advised that on the 7<sup>th</sup> March 2016 the Department for Education had launched 2 consultations as follows:

1. A National Funding Forum formula for schools; and
2. A High Needs formula and other reforms.

The closing date for responses on both consultations was 17<sup>th</sup> April 2016.

DA had informed the Forum that he had attended a briefing given by the DFE Funding Policy Unit which had covered the detail of the two consultations.

### **1. Proposals for a schools national funding formula.**

The purpose behind the proposals was to develop a funding system that supported every child to achieve their potential, whatever their background. This system should:

- Be fair;
- Be efficient;
- Get funding straight to schools;
- Be transparent;
- Be simple; and
- Be predictable.

The proposals were:

- To move to a school level ('hard') national funding formula from 2019-20;
- To use the 'hard' national funding formula to determine local authorities schools block allocations in 2017/18 and 2018/19, but leave them to set formulae locally ( a 'soft' formula);
- To 're-baseline' local authorities' DSG blocks to reflect current practice . Ring-fence the schools block from 2017/18 onwards so that all schools block funding goes to schools;
- To introduce a new 'central schools block' so the Dedicated Schools Grant will have four blocks in total (schools, central schools, high needs and early years.
- Alongside these changes, the pupil premium will remain and become a separate grant.

The DFE's starting point for the school national funding formula was the factors currently allowed in local formulae. To be included in the formula, the DFE believed a factor should:

- Be linked to significant costs in schools – not necessarily costs faced by every school, but things that were commonly recognised as significant drivers of cost at national level;
- Make a significant difference to the distribution of funding between schools;
- Be based on data which was accurate at school-level, up to date and appropriately quality-assured, with no perverse incentive to increase funding; and
- Be clearly tied to pupil characteristics, as far as possible.

DA had prepared answers to the 25 questions posed in the consultation document and all were discussed by the Forum. After much discussion the main point of contention remained question 16

1. do you agree that we should include an area cost adjustment?
2. Which methodology for the area cost adjustment do you support?
  - General labour market methodology
  - Hybrid methodology.'

MD had concerns that neither methodology appeared to recognise the difference between Inner and Outer London, indeed was there

still a distinction? DA explained that salary costs for Inner and Outer London boroughs demonstrated a clear distinction.

JW felt that the fact that Havering had an Essex post code did not help. Havering was the third largest London Borough and this was not always recognised. In recent years the changes which had affected Havering with the rapid influx of families from Inner London boroughs had not been recognised.

The Forum had asked DA to undertake some more research around this issue.

The Forum had noted that response which will be submitted on behalf of the Council and agreed that subject to clarification on question 16 a similar response be submitted on behalf of the Forum.

## **2. High Needs Funding Formula and other reforms.**

DA had advised that this consultation was built on the 2013 reforms, and would be supplemented by a further review of alternative provision.

A key factor for the Forum was the fact that Havering was the lowest funded local authority in London.

The DFE's rationale for reform had been:

- Current high needs spending levels had evolved partly as a result of the variation which the local authority had developed with schools, colleges and early years settings in its area;
- Isos Partnership undertook research and reported with proposals published in July 2015;
- We had concluded that in order to support the improvement of outcomes for children and young people with SEN and those in alternative provision, further change to high needs funding should be made:
  - A distribution of high needs funding from central to local government that was more formula-driven;
  - Other improvements to the current funding arrangements at local level.

The DFE had been proposing a high needs formula based on the following factors:

- **Low attainment factors:** pupils not achieving level 2 in reading at the end of KS2, and pupils not achieving 5 A\*-G GCSE at KS4, or equivalent standards as changes were made;

- **Health and Disability:** use of “children not in good health” population census data and disability living allowance data as indicators;
- **Deprivation:** use of pupils eligible for free school meals (FSM), and the IDACI measure currently used in local schools formulae;
- **Population factor:** use of ONS data – estimated number of children and young people in the 2 to 18 range. Increases in population will be reflected in increased allocations to local authorities;
- **Basic entitlement for pupils/students in special schools and post 16 institutions:** to provide a basic per pupil/student entitlement (e.g. £4k per pupil/student) for each child or young person in a special school, special academy or special post 16 institution (SPI);
  - Funding for maintained special schools and academies would go to the local authority, and for non-maintained special schools and SPIs to the EFA;
- **Area cost adjustment:** general labour market data or taking account of the relative costs of teachers pay in different areas.

Alternative provision funding would be dealt with as follows:

- Areas with higher proportions of pupils eligible for FSM, and the most deprived areas according to the IDACI measure, are more likely to have higher proportions of excluded pupils;
- The DFE therefore proposed to use the population and deprivation factors in the allocation of funding for alternative provision;
- The DFE did not have specific proposals on hospital education yet, but were currently working with sector representatives to develop a way forward;
- The DFE had proposed to continue distributing hospital education funding on information about local authorities and academies current spend.

The intention was to include an element of 2016/17 planned spending on SEN and AP in the national formula for at least the next five years to give local authorities time to plan and implement changes, and so they don't have to disrupt current placements and provision. They would shortly be collecting information from local authorities on their 2016/17 high needs budgets to use for this formula factor;

It had been intended to set an overall minimum funding guarantee that would not reduce local authorities' high needs funding by more than a specified percentage in each year (paid for as necessary by capping/damping gains. They also propose to help local authorities control their high needs spend.



The Forum agreed that a case should be made for an immediate change in Havering.

The Forum had expressed their support for proposals to provide more capital funding for the creation of new special schools through the free school programme, in addition to making available capital funding for the expansion of existing SEN provision – at least £200m would be made available.

The consultation proposed changes to the way high needs funding supports schools. It had been proposed to:

- Simplify the mainstream schools formula by including pupils in special units within the school's pupil count so that they attract the per pupil amounts due to the school, plus per place funding of £6,000. Schools should not lose out from the adjustment;
- Give those independent special schools on the section 41 list the opportunity to receive place funding directly from the EFA, at the rate of £10,000 per place, with the balance in the form of top up funding from the local authority.

The Forum were of the firm opinion that this change would be to the detriment of the primary sector in Havering and this point needed to be made forcefully in the Forum and Council's responses.

The consultation went on to discuss plans for Early Years provision. It had proposed that local authorities should be clear how early years providers who catered for young children with SEN and disabilities could access the support they need.

There would be further consultation later in 2016 on:

- How the DFE intend to help improve early years provision for young children with SEN and disabilities – those with both lower level and higher level needs – through changes to funding arrangements;
- How the overall system should work to ensure they were given the best start in education.

Until the additional consultation was issued it was difficult to comment on this point, there was need for more clarity of any changes and on the funding.

JW did explain the difficulties the PVI sector faced, first in obtaining EHCPs for under 5's. This should be seen as a priority to ensure young children have the right package in place once they start in Reception.

At the Early Years stage staff have an advantage with a 1 to 8 ratio compared to 1 to 30 in Reception. But to make the most of this the right funding and support needs to be in place.

The Forum had requested DA to prepare a draft response to the consultation and circulate it to members of the Forum for comment and have authorised the Chair and Vice Chair to agree the final response.

165 **NEXT MEETINGS**

The Forum had agreed that the next meeting should be held on Thursday 28<sup>th</sup> April, commencing at 8.30 am at CEME.

The meeting scheduled for 23<sup>rd</sup> June now clashes with the European referendum and DA had been asked to arrange an alternative date.

166 **ANY OTHER BUSINESS**

SC raised the question of school kitchens. Her school which did not have a kitchen, but used the adjacent Infant school, was being asked to meet part of the cost of replacing equipment, but were not being consulted as to whether or not replacement was necessary.

NE also expressed his concerns. When the decision had been taken to make schools responsible for school kitchens, but not the service, the Forum had registered their opposition to the change. He added that the kitchen already costs his school between £8k and £10k per annum.

MD raised concerns concerning the demand to introduce a cashless payment system, this was not what parents wanted, nor did he.

DA explained that Havering Catering Service provided the catering service, and as an in-house provider they had not been required to tender for the work. He confirmed that schools were responsible for the equipment, therefore if a new contractor was appointed the equipment could not be removed.

At the request of the Forum Denis Brewin, Manager of Havering Catering Service will be invited to a future meeting to discuss these issues.

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**Chairman**