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MINUTES OF A MEETING OF THE SCHOOLS FUNDING FORUM CEME

22 September 2016 (8.30 - 11.20 am)

Present:

Representative Groups

Head Teachers: Emma Allen, Special
Margy Bushell, Primary
Kirsten Cooper, Primary
David Denchfield, Primary
Malcolm Drakes, Primary
Julian Dutnall, Secondary Academy
Nigel Emes, Primary
Simon London, Secondary Academy
Jan Taylor, Primary (in place of Chris Hobson)
Bryce Wilby, AP Academy
Keith Williams, Secondary Academy

Governors: Sheila Clarke, Primary
Bernard Gilley, Primary
Derek Smith MBE, Secondary

**Non-School
Representatives:** Joanna Wilkinson, Early Years/PVI Sector

Trade Unions: John Giles, UNISON

10 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

Apologies were received from Bill Edgar, Chris Hobson, Gary Pocock, John McKernan, Maria Thompson, Keith Passingham and Ray Waxler.

Jan Taylor was substituting for Chris Hobson.

11 ELECTION OF CHAIR AND VICE CHAIR

The Forum agreed unanimously to appoint Nigel Emes as Chair and Keith Williams as Vice Chair until the first meeting of the autumn term 2017.

12 TO AGREE THE NOTES OF THE MEETING HELD ON 7TH JULY 2016

The minutes of the meeting held on 7th July 2016 were agreed as a correct record and signed by the Chairman.

13 MATTERS ARISING

Further to minute no. 7 of the meeting held on 7 July 2016, MP advised that the new arrangements for Alternative provision were now in place.

14 SCHOOLS FUNDING FORUM CONSTITUTION

DA had circulated the constitution of the School Funding Forum for information.

With more schools becoming Academies the balance of representation on the Forum would need to be revisited. This was a particular issue in the primary sector where representation was based around the clusters.

As more schools convert to academies officers will bring back a report.

Julian Dutnall advised that he would be stepping down as an Academy Head Teacher representative.

It was expected that Benhurst Primary School would become an academy on 1st October 2016 and from that date David Denchfield would no longer be eligible to serve as a LA Maintained school Head Teacher representative.

15 DFE CONSULTATION - ADJUSTMENTS TO LOCAL AUTHORITY FUNDING RELATED TO FREE SCHOOLS

DA advised the Forum that on 21st July, the DFE had launched a consultation seeking views on proposals to change the local authority recoupment arrangements for mainstream free schools. The closing date for the consultation was 21st September.

At present there were two ways in which free schools could be established:

- Where the local authority had identified the need for a new school in the local area (known as the presumption process);
- Where an application to open a free school was made to the DFE by a proposer (known as the centrally delivered process.)

If a free school was established through the presumptive process, the funding allocated would be recouped from the local authority's Dedicated Schools Grant from the point of opening. If the school was established through the centrally delivered process, the DSG was charged from the second year that the school was open.

The consultation was proposing that the funding would be recouped from the DSG from the first year whichever route the establishment of the school had followed.

DA tabled the Local Authority's response which indicated disagreement with the proposal and set out the case for retaining the present position.

MP advised the Forum that the Local Authority was likely to need 6 new free schools, both primary and secondary to meet demand for places in Romford and Rainham.

The School Funding Forum noted the Local Authority's response.

16 NATIONAL FUNDING FORMULA

DA advised the Forum that the Secretary of State for Education had delayed the implementation of the National Funding Formula and High Needs Review.

In a written statement to Parliament the Secretary of State for Education had indicated that she would be publishing the government's full response to the first stage of consultation and setting out her proposals for the second stage once Parliament returned in the autumn. They would run the full consultation and make final decisions early in the new year. The new system would therefore not apply until 2018/19.

The Secretary of State further announced that in 2017/18 no local authority would see a reduction from their 2016/17 funding (adjusted to reflect authorities' most recent spending patterns) on the schools block of the dedicated schools grant (per pupil funding) or the high needs block (cash amount).

Furthermore for 2017/18 the government would retain the current minimum funding guarantee for schools, so that no school could face a funding reduction of more than 1.5% per pupil next year in what it receives through the local authority funding formula.

The Forum noted the decision.

17 SCHOOLS REVENUE FUNDING 2016/17

In July the EFA had issued the annual operational guide to local authorities on schools revenue funding for 2017-18.

DA took members through the whole report to confirm that Havering funding arrangements were compliant. The main changes for 2017-18 were summarised in the document as follows:

- the DSG blocks had been re-baselined to reflect current spending patterns;
- funding for ESG retained duties (£15 per pupil) would be transferred into the schools block for 2017 to 2018;

- the removal of the post 16 funding factor, but with protection through the minimum funding guarantee (MFG);
- that local authorities would be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units (PRUs), for statutory duties previously covered by the ESG;
- using a national weighting for secondary low attainment figures;
- using new bandings for the index of deprivation affecting children (IDACI);
- that local authorities were submitting one authority proforma tool (APT) in January 2017.

The report was noted.

18 **DSG CENTRALLY RETAINED FUNDING**

The operational guidelines on 2017/18 revenue funding had set out the areas and activities for which DSG funding might be retained centrally.

Those budget areas are listed below together with the funding requested for 2017/18 compared to the funding agreed by the Schools Funding Forum for 2016/17.

Services	Budget 2016/17	Budget 2017/18
Schools Funding Forum approval not required (although they should be consulted)		
<ul style="list-style-type: none"> • High Needs Block provision • Central licences negotiated by the Secretary of State 	£19.5m £161,580	£21.8m £161,580 (estimate)

The Schools Funding Forum **noted** the above retentions.

Schools Funding Forum is required on a line by line basis.		
<ul style="list-style-type: none"> • Early Years block provision • Funding to enable all schools to meet the infant class size requirement • Back pay for equal pay schemes • Remission of boarding fees at maintained schools and academies • Places in independent schools for non-SEN pupils 	£506,424 £25,000 £0 £0 £0	£tbc £25,000 £0 £0 £0

The Schools Funding Forum **approved** the above retentions.

Schools Funding Forum approval required on a line by line basis. The budget cannot exceed the value agreed in the previous funding period.

• Admissions	£499,734	£499,734
• Servicing of schools forum	£43,250	£43,250

The Schools Funding Forum **approved** the above retentions.

Schools Funding Forum was required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into.

• Capital expenditure funded from revenue (i.e. no new projects can be charged to the central schools budget)	£87,490	£87,490
• Contribution to combined budgets	£200,000	£200,000
• Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget)	£0	£0
• Prudential borrowing costs	£0	£0
• SEN transport costs	£0	£0

The Schools Funding Forum **approved** the above retentions.

Schools Funding Forum approval was required on a line-by-line basis, including approval of the criteria for allocating funds to schools.

• Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy.	£2,700,000	See separate item.
• Funding for good or outstanding schools with falling rolls where growth in pupil numbers was expected within three years.	£500,000	£500,000

The Schools Funding Forum **approved** the above retention having considered the next item on pupil growth.

19 PUPIL GROWTH FUND

DA had submitted a report requiring agreement to the level of funding to be held centrally for pupil growth for 2017/18, including the formula to allocate funding to support secondary schools. The need for additional places would be presented to Cabinet for approval in October 2016.

MP advised the Forum that pupil services had been accurate in their projections of pupil growth for the last five years so she was confident in the projections indicated in the report.

Members of the forum expressed concern that parents were voting with their feet and placing their children out of borough if they did not get a place at their school of choice. This was more prevalent in the secondary sector. The Forum felt that transportation was an issue and MP informed the Forum that officers were in discussion with TfL to discuss changing routes to provide an improved service for pupils. There was significant member involvement in these discussions.

SL felt that there was a patchwork in the secondary sector with lots of new partners and sponsors. MP informed the Forum that she was meeting with the Chief Executives of the Multi Academy Trusts to discuss matters to ensure that the LA could maintain support for Havering schools.

DD was of the opinion that if our schools were performing well parents will continue to send their children to Havering Schools.

DA advised that primary growth was continuing in the Romford and Rainham areas but the growth can be contained within the sum allocated of £3.2m, which was the current £2.7m for pupil growth and £500k for Falling Rolls.

The report detailed the Secondary Expansion Programme for 2017/18, 2018/19 and 2019/20 but did not name specific schools.

Two options were presented both based on 85% of the KS3 AWPU. It was explained that the current value of the AWPU was artificially high following the absorption of the funding previously allocated through other factors prior to 2013/14. DA further explained that the KS3 AWPU was one of the highest in London and an analysis of costs had indicated that the anticipated class related cost was only 85% of AWPU.

Option A would be applied to the full increase in PAN and Option B to the PAN increase less 1 pupil for each existing form of entry.

NE suggested that Option B be agreed as it was more in line with the primary model. On the basis of the anticipated need for 76 additional places this would allocate £189,147 to 4 schools of which £78,823 would be recouped from the EFA. The increase in the cost to the DSG would therefore be £110,352.

DA explained that the Secondary AWPU was one of the highest in London. Additionally an analysis of costs had indicated that the anticipated increase in cost was only 85% of AWPU.

Secondary Heads felt that that secondary schools finances were already stretched and the demand on space was critical with narrow corridors and stairwells.

KW asked whether any of the secondary schools which had agreed to expand had been made aware of these options.

MP explained that when expansion plans were discussed with schools there had been no discussion of revenue funding.

JD felt that the problem for schools taking expansion classes was the lag between taking additional pupils and the funding which was based on the previous October's census.

SL moved that the Forum agree to adopt Option B, as outlined above, as this would have the minimum impact on the DSG.

This was agreed with JD and KW abstaining.

It was then proposed that Option C be applied to provide funding only where increases to PAN were above 15 pupils.

The Forum agreed this proposal with JD, MD and DS abstaining.

20 **DE-DELEGATION OF FUNDING FOR CENTRAL SERVICES**

The approval of the Schools Funding Forum was sought for the de-delegation of funding to maintain the provision of a range of central services permitted by the Schools Funding Regulations.

Funding for de-delegated services must be initially allocated through the formula but could be passed back, or 'de-delegated', for maintained primary and secondary schools with schools funding forum approval. De-delegation was not an option for special schools, nursery schools, PRUs or academies.

Any decisions made to de-delegate in 2016 to 2017 related to that year only, so new decisions would be required for any service to be de-delegated in 2017/18.

Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision would apply to all maintained mainstream schools in that phase. Funding for these services would then be removed from the formula before school budgets were issued. There might be different decisions for each phase.

The services which may be de-delegated were:

- contingencies (including schools in financial difficulties and deficits of closing schools);

- behaviour support services;
- support to underperforming ethnic groups and bilingual learners;
- free school meals eligibility;
- insurance;
- museum and library services;
- licences/subscriptions; and
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties).

De-delegation arrangements for 2017 to 2018 schools converting to academy status were as follows:

Conversion date

On or before 1 April 2017

1 May 2017 to 1 September 2017

1 October 2017 to 31 March 2018

De-delegation arrangements

No de-delegation

Local authority retains any de-delegated funding until 1 September 2017

Local authority retains any de-delegated funding until 31 March 2018

DA was requesting de-delegation for the following services:

1. Contingency for Schools in Financial Difficulty

A small budget of approximately £280,000 had been held centrally for a number of years which had been used to support schools who were in financial difficulty, sometimes through past decision making, unforeseen expenditure that could not be contained within the school's budget or more commonly because of a reduction in pupil numbers. Several schools had been supported through this fund through criteria agreed by the Schools Funding Forum.

The funding required through de-delegation was:

	Primary	Secondary	
Formula factor	AWPU	AWPU	
Amount	£13.54	£13.54	
Total	£242,325	£26,919	£269,244

The School Funding Forum **agreed** to the de-delegation of the sum indicated above for the purpose indicated.

2. Attendance & Behaviour

DA had circulated a late report providing details of the Havering Attendance, Behaviour and Traveller Support Service.

The Forum was of the opinion that the Attendance side of the service was more effective than the Behaviour side and schools may prefer a better attendance service rather than pay for poor behaviour service. MP advised that it was available as a single service offer only.

A letter would be sent to schools to canvass their opinion to inform the decision of the Funding Forum at their next meeting.

3. EAL Service

The Forum was concerned that the EAL service was inadequately funded and in future years may prefer to see this offered as a traded service. In the interim the Forum **agreed** to fund the services as follows to assist maintained primary schools:

Formula factor	EAL 3
Amount	£108.99
Total	£204,230

4. Free School Meals Eligibility

This service checked the eligibility of children for free school meals and pupil premium grant by accessing a central government hub. Without this service schools would need to make their own arrangements to determine eligibility.

The Forum **agreed** the following funding:

	Primary	Secondary	
Formula factor	FSM	FSM	
Amount	£8.21	£8.21	
Total	£18,512	£1,947	£20,460

5. Insurance

Insurance for maintained schools was currently centrally funded from de-delegated funds. The Borough's insurance contract expired on 31st December 2017 and consideration would need to be given as to whether it would continue to include schools. Further information was being sought from the Borough's insurers before a decision on whether to de-delegate was sought from schools.

DA would report back to a future meeting on the implications.

6. Maternity Insurance

DA advised that the Local Authority administered an insurance scheme that met the cost of teachers who were on maternity leave.

The benefit of de-delegating the budget was that schools did not have to pay premiums or make claims.

If the funding was not de-delegated, schools would need to make individual choices to buy into the scheme which, if some schools decided not to, might make it unviable to run. It was not offered to academies.

Funding required through de-delegation:

	Primary	Secondary	
Formula Factor	AWPU	AWPU	
Amount	£15.54	£15.54	
Total	£278,199	£30,987	£309,186

The School Funding Forum **agreed** to the de-delegation of the sum indicated above for the purpose indicated.

7. Trade Union Facility Time

A working group of the Schools Funding Forum had previously considered issues raised in a DfE advice and guidance document and made comparisons of costs with other LAs. Decisions had been made to reduce the amount of facility time and therefore the costs to schools and academies.

The pooled arrangements continued to benefit schools through the provision of support from locally based and accredited trade union officials.

The costs had been reduced from an original £5.70 per pupil to £4.00 in 2015 -16 and to £3.50 in 2016 -17.

The total budget required had reduced from an original £200,000 to £125,000.

JG indicated that the workload for union officials had increased tremendously and the £3.50 per pupil was inadequate.

The Forum asked JG to prepare a paper to support his case for an increase. This would be presented to the working group which would be reconvened.

KW advised that all schools and academies were under pressure and whilst we had managed to keep all the academies on board to date we would need to ensure that the academies were consulted before any decision was taken to increase the level of funding.

The funding required through de-delegation was as follows:

	Primary	Secondary	
Formula factor	AWPU	AWPU	
Amount	£3,50	£3.50	
Total	£62,640	£6,979	£69,619

The School Funding Forum **agreed** to the de-delegation of the sum indicated above for the purpose indicated pending a review by the working group.

21 EXCEPTIONS TO MINIMUM FUNDING GUARANTEE

DA advised that the Forum needed to consider an application to the DFE of applying an exception to the operation of the minimum funding guarantee.

The pre-16 minimum funding guarantee (MFG) for mainstream schools would continue to be set at minus 1.5% per pupil in 2017/18. The DFE would only exclude factors from the MFG where not doing so would result in excessive protection or be inconsistent with other policies.

Exceptional requests to disapply the MFG would only be considered if there was a significant change in a school's circumstances or pupil numbers. EFA would only consider applications where the inclusion of a factor in the MFG would lead to significant inappropriate levels of protection. Local authorities should, therefore, provide detailed information on the financial effect of any request.

In Havering, £1,220,125 was spent in 2016-17 on ensuring that schools did not have funding reductions per pupil of greater than 1.5%. £1,187,110 of this had been allocated to schools that previously benefitted from Excellence Cluster and Behaviour Improvement grants.

Application was made to the DFE to disapply the MFG in previous years without success.

The Schools Funding Forum **agreed** that an application be submitted to the DFE to disapply the minimum funding guarantee for the schools which had previously benefitted from grants.

22 DFE CONSULTATION: AN EARLY YEARS NATIONAL FUNDING FORMULA

DA had circulated a summary of the DfE proposals for an Early Years national funding formula and a draft response to the Government's consultation.

The main points were as follows:

- There are significant and unjustified variations between local authority funding rates from central government;

- There are different levels of retention by LAs for central spend;
- There are differentiated funding rates paid by LAs to different types of providers;
- The current system does not incentivise providers to deliver 30 hours;
- The proposal was for a universal base rate for each child, an additional needs factor and area cost adjustment to recognise higher costs in London;
- A 95% pass through rate of grant received by LAs to providers;
- A single rate for all providers in a LA;
- A cap of 10% that can be used for supplements which are limited to deprivation, rurality/sparsity, flexibility, efficiency, delivery of the additional 15 hours;
- A £12.5m Disability Access Fund to be allocated to providers based on parents claiming Disability Living Allowance;
- The introduction of an Inclusion Fund from the High Needs Block.

NE commented that if the equalisation of the funding rates led to a reduction for maintained schools nurseries they would be unaffordable as they would not cover staffing costs.

JW stated that additional funding was desperately needed in the PVI sector. Also staffing costs in the PVI sector were being adversely affected by the new qualification standards.

The Government had introduced a new qualification for Early Years staff, a level 3 GCE. Since the course was introduced there had been an 85% drop off in individuals going on courses.

Demand for courses at University had fallen and 50% of universities were closing courses.

MP informed the Forum that entrants needed a minimum qualification to qualify for the new course.

The School Funding Forum **approved** the response to the consultation prepared by DA for submission by 22nd September.

23 **ACADEMY CONVERSIONS AND SPONSORS**

The School Funding Forum noted the following:

1. Concordia Academy opened in September 2016 sponsored by REAch2;
2. Brookside Infant School became an academy on 1st September, 2016 as part of the Drapers' Academy Trust;
3. The Manor Green College PRU closed on 31st August 2016.
Olive AP Academy – Havering opened on 1st September, 2016 for KS3 and KS4 students. Alternative provision for students with

medical needs would be part of the LIFE Trust (Frances Bardsley Academy). Provision for primary age pupils would be through an enhanced programme of intervention involving in-school and off site provision using under used Children's Centres;

4. The Chafford School had now become part of the Harris Academy Trust from 1st September, 2016 and had been renamed Harris Academy Rainham;
5. Bower Park and Brittons Academy had joined with Hall Mead to be part of the Empower Trust on 1st September, 2016;
6. Pyrge Priory Academy had joined the Drapers Academy Trust on 1st September 2016; and
7. Abbs Cross Academy had joined the Loxford School Trust on 1st February, 2016.

24 **NEXT MEETINGS**

The School Funding Forum **agreed** that the next meeting be held on 17th November 2016.

25 **ANY OTHER BUSINESS**

There was no urgent business raised.

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