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MINUTES OF A MEETING OF THE SCHOOLS FUNDING FORUM CEME, Rainham 24 January 2013 (8.30 - 10.45 am)

Present:

Headteachers:

Nigel Emes (Chair) (Primary)
Margy Bushell (Primary)
Christine Drew (Primary)
Chris Hobson (Primary)
Ian Trafford (Primary)
Angela Winch (Primary)
Emma Field (Primary Academy)
Julia Deery (Secondary)
Alan Perry (Secondary Academy)
Geoff Wroe (Special)

Governors:

Joe Webster (Vice Chair) (Secondary)
Sheila Clarke (Primary)
John Parker (Special)
Tracey Walker (Primary)

14 – 19 Partnership:

Maria Thompson

Non-School

Representatives (4):

Trevor Sim (Vulnerable Children)

Trade Unions (3):

Keith Passingham (NASUWT)
Dave Thomas (UNISON)
Ray Waxler (NUT)

Apologies were received for the absence of Julian Dutnall (Secondary Academy), Keith Williams (Secondary Academy), Daniel Gricks (Secondary Academy), John McKernan (Secondary Academy) and Grahame Smith.

The Chairman reminded Members of the action to be taken in an emergency.

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23 MEMBERSHIP

The Forum noted that the current Early Years PVI representative, Sarah Metcalf was no longer eligible to sit on the Forum.

The new representative was Katrina Karwacinski, the head teacher of St Mary's Hare Park Independent School.

24 TO AGREE THE NOTES OF THE MEETING HELD ON 6 DECEMBER 2012

The Forum approved the minutes of the meeting held on 6 December 2012.

25 MATTERS ARISING

Further to minute number 17 (review of alternative education provision) the Forum noted that a formal consultation was being launched regarding the pupil referral units and proposals to merge the units into one single hub.

26 DE-DELEGATION

Behaviour Support Service and EAL Service

The Forum noted that School Forum representatives of maintained secondary schools had decided not to agree to de-delegation of the budgets for the Behaviour Support or EAL services.

Trade Union Facility Time

The Forum considered the options for meeting the statutory responsibilities relating to paid time off for trade union representatives.

The Forum noted that COSWOP, the local trade union consultative body had discussed the issue and further discussions were underway with secondary head teachers around their statutory responsibility with respect to facility time. A newsletter from Schools Human Resources had been circulated confirming the statutory responsibility of schools if arrangements for facility time were not to be delegated.

A meeting between unions and secondary head teachers proposed at the previous meeting of the Forum had not taken place. The union had been invited to meet secondary heads and had delivered a presentation and had written a letter clarifying legal responsibilities. Secondary heads who were present at the meeting stated that the presentation by unions had been very helpful. Much had been clarified but it had also raised further questions about transparency about how money was being spent. In particular, there was an issue around carry forward of funds, for example, £200,000 was assigned, but there was no sense of what would happen were there to be an underspend.

Officers clarified that the budget wasn't precisely £200,000. The money was comprised of equivalent proportion of the salary of a trade union representative. The full time equivalent had been agreed for all unions, an agreement that dated back to 1995 based on the understanding of FTE, which had been adjusted a few times over the years. Therefore, the budget was a proportion of the FTE equivalent representative salary and there was not a carry-forward. If there were to be a change in a representative's salary

then the budget would change. The money was deducted from the Dedicated Schools Grant and was seen as a sufficient amount to reimburse schools.

Members remained concerned about the capacity of the Forum to subject trade union facility time to scrutiny. There was an issue of accountability and a dialogue needed to take place between heads and unions around this issue...Every year, members further stated, there would need to be a review and therefore a structure needed to be in place to facilitate such a review. The structure would then need to be transparent and a process would need to be in place to consider the distribution of funding in proportion of membership of each union.

There was eagerness amongst academy head teachers to make a joint decision. However, a decision was needed immediately as school budgets had to be calculated before Friday's deadline for submission to the Education Funding Agency.

It was agreed that a decision for academies could be taken later. Primary and maintained secondary school heads made the following decision:

Primary school representatives voted for delegation of trade union facility time by 5 votes to 1.

Maintained school representatives voted for delegation of trade union facility time by 1 vote to 0.

27 **EAL FUNDING**

The Forum noted that following consultation it had been agreed that funding for EAL pupils should be de-delegated for maintained primary schools. This was to maintain staffing levels in the EAL Team and to provide a budget for targeting to schools based on a central formula.

This arrangement had provided a central budget of £231,825 (less the amount retained by primary academies).

The allocation per EAL pupil (to calculate the allocations to schools prior to de-delegation) was determined by applying an appropriate rate to the data.. The method used in draft budgets was EAL1, which reflects the EAL pupils who have been on roll for a year since entering statutory education. Other options were for 2 years or 3 years after entering statutory education. The calculation based on the draft data received from the DFE from October 2011 was as follows:

Primary	$76.13 \times \pounds 3,045.28 = \pounds 231,825$
Secondary	$67.02 \times \pounds 2,204.07 = \pounds 147,711$

The final data from October 2012 had now been received and shows a significant increase in the primary sector. For each option the final data compared to the draft was as follows:

Primary	Draft	Final
EAL 1	76.13	631.49
EAL 2	559.30	1,108.62
EAL 3	1,004.52	1,493.45

Secondary	Draft	Final
EAL 1	67.02	71.05
EAL 2	116.99	137.05
EAL 3	166.04	201.02

This showed a considerable increase in the primary sector and it was proposed that this should be reflected in the funding formula. Not doing so would mean that funding would become further removed from data changes as the years progress.

The proposal was therefore to move to EAL3 (EAL pupils who have been in statutory education for 3 years) and increase the funding in the primary sector by 50%.

Although this would provide additional funding in the primary sector it was not proposed to change the de-delegation arrangements already agreed. The £231,825 would continue to be de-delegated but schools would retain additional funding to support the EAL children in their schools.

28 **DSG SETTLEMENT 2013-14**

The Forum considered the break-down of the Dedicated Schools Grant allocation offered to the borough for 2013/14.

The Forum noted that £189 million had been allocated which was described as 'cash flat' overall, representing neither an increase nor decrease in funds. There was therefore no inflationary aspect to the budget which was a challenge to spending. Officers advised that the "cash flat" settlement was difficult to reconcile given the number of adjustments and top slices there had been to the DSG.

29 **EARLY INTERVENTION GRANT (EIG) 2013-14**

The EIG was a non ring-fenced grant that was allocated to LAs to support early intervention. It was introduced in 2011-12 having replaced previous grants such as the Standards Fund, Area Based Grant and Sure Start. At the time, for Havering, the EIG was approximately £2m less than the total of the predecessor grants.

The grant funds activities such as central costs for Early Years, Children's Centres, Short Breaks, Teenage Pregnancy, Youth Offending, Youth activities, Connexions, Think Family and funding for voluntary organisations supporting early intervention work in the borough.

The grant for 2012-13 was £8.9m which included funding to meet targets for free early year entitlement for 2 year olds which is now transferred to the DSG.

The funding for 2013-14 is £6.6m.

Calculation of loss of funding:

2012-13	£8.9m
Transfer of 2 year old funding to DSG	(£0.6m)
Comparative Total	£8.3m
2013-14	£6.6m
Loss of grant	£1.7m

This reduction had been caused by a national top slice of £150m and the transfer of funding from the EIG to the DSG.

The Forum was informed that 90% of local authorities had been affected. A case was being made to Havering's corporate finance to phase the saving over two years.

The Forum was asked to approve proposals to fund 20% of the cost of central posts currently supported by the EIG through the 'trajectory funding' aspect of the Dedicated Schools Grant, amounting to £30,000.

The Forum agreed the proposed course of action.

30 **EARLY YEARS BLOCK**

The Early Years Block was £8,274,296 which funded early years provision in PVI settings and maintained schools and some central running costs.

Review of the early years single funding formula

At the meeting of the Schools Funding Forum held on 6th December 2012 it was agreed to consult with providers of early years education on proposals to change the Single Funding Formula that is used to fund settings. These were to:

- Discontinue both the 15 Hours and Flexibility Supplements
- Reallocate the whole of this funding to the Deprivation and Quality Supplements

- Introduce the IDACI methodology for allocating the Deprivation Supplement

A summary of the proposals was as follows:

Remove supplement funding for providing 15hrs and for flexibility

Increase the Deprivation Supplements

Current	20%	25%	30%	35%
	£	£	£	£
	0.13	0.07	0.05	0.02

Proposed	Band 6	Band 5	Band 4	Band 3	Band 2
	£	£	£	£	£
	1.75	1.35	0.97	0.57	0.37

Increase the Quality Supplements

Current	Red	Amber	Green
	£	£	£
	0.02	0.11	0.13

Proposed	Red	Amber	Green
	£	£	£
	0.03	0.17	0.33

No increase was proposed to the Base Rates.

Based on current year data the application of the SFF would provide for the following overall funding;

Maintained Schools with Nursery Classes

	Base Rate	Deprivation	Quality	15 Hours	Flexibility	Transitional	Transferred Grant absorption	Total
Current	£1,990,437	£25,845	£40,180	£51,427	£51,427	£12,096	£109,267	£2,280,672
Allocation	87.27%	1.13%	1.76%	2.25%	2.25%	0.53%	4.79%	100%

	Base Rate	Deprivation	Quality					Total
Proposed	£1,990,439	£198,080	£92,751					£2,281,270
Allocation	87.25%	8.68%	4.07%					100%

PVI Settings:

	Base Rate	Deprivation	Quality	15 Hours	Flexibility	Total
Current	£5,028,807	£69,115	£177,132	£185,709	£185,709	£5,646,472
Allocation	89.06%	1.22%	3.14%	3.29%	3.29%	100%

	Base Rate	Deprivation	Quality	15 Hours	Flexibility	Total
Proposed	£5,028,807	£244,217	£410,220	-	-	£5,683,243
Allocation	88.48%	4.30%	7.22%	0.00%	0.00%	100%

The Forum noted that there had been few responses but of those received none against the proposals.

The Forum unanimously approved the proposals.

31 SCHOOLS BLOCK

The Forum considered and noted the allocation and break-down from the Schools Funding Block of the DSG. Of the £160,640,517, £2,295,109 was held centrally for activities such as school admissions administration, the revenue costs of funding pupil growth and carbon reduction credits with £156,916,994. delegated to schools after de-delegation of £1,428,415.

32 HIGH NEEDS BLOCK

The Form considered and noted the allocation to the borough through the High Needs Block of the DSG. The £17,848,067 funded special school budget, pupil referral units, high needs costs in schools and academies,

post 16 placements and other SEN related costs. Officers advised that this was a complex area and there were likely to be further DFE adjustments.

The Forum noted a letter that had been circulated to special school head teachers and head teachers of schools with a specialist aspect outlining the ways in which SEN funding would be changing. The new system would require the invoicing of other LAs for their SEN children placed in schools. The LA offered a service to schools for this at a cost of £50 per child per term.

The Forum noted the report.

33 COPYRIGHT LICENSING AUTHORITY (CLA) LICENCE

The Forum noted that the DFE had agreed with the Copyright Licensing Agency (CLA), and the Music Publishers Association (MPA), to purchase a single national licence managed by the DfE for all state-funded schools in England. This meant that local authorities and schools would no longer need to negotiate individual licences.

There would be savings both in administration and in the overall cost of the licence. The Department would pay the cost, including VAT, to the CLA and would provide this as a service to local authorities at a charge. This would mean that local authorities can continue to reclaim VAT on the licences as they do now.

These arrangements would cover recoupment Academies as well as maintained schools, and local authorities would be allowed to hold this money centrally rather than include it in school budgets.

Local authorities would be sent details of the charge separately (because the figures are Commercial in Confidence) and confirmation about how it would be administered. Authorities should take into account that schools would no longer have to pay for these licences when calculating school budgets.

The Forum noted the update.

34 INDUCTION OF NQTS

The Forum noted that in September 2012, the induction regulations changed so that teaching schools could act as the appropriate body to monitor and quality assure NQT induction. In order to allow schools to pay for the services of their preferred appropriate body, the funding for NQT statutory induction of NQTs, currently included in local government revenue funding, would move into the DSG so that it could be delegated directly to all schools through local funding formulae. The total allocation of £10.2m had been based on average costs, and the number of NQTs entering the

system each year. This had been allocated to each local authority on a per pupil basis. The funding for Havering was £51,896.

At present all Havering schools and academies had stayed with the LA which, as the Appropriate Body, was responsible for registration of pupils (Schools' HR) and the quality assurance of provision in schools (HSIS).

The Forum noted the update.

35 **REPLACEMENT OF LACSEG**

The Forum noted that there was a range of education services that provided statutory and support functions to schools which did not apply to become academies. These were recorded on LAs' section 251 budget statements as follows:

- Therapies and other health related
- Central support services
- Education welfare service
- School improvement
- Asset management education
- Statutory/ Regulatory Duties
- Premature retirement costs/ Redundancy costs
- Monitoring national curriculum assessment

Together with other adjustments and top slices, the budgets an LA records as spending in these areas was removed from its funding settlement from the DCLG (Department of Communities and Local Government) and transferred to the DFE. The DFE would then allocate it back to local authorities and academies as **Education Services Grant** (ESG) on the basis of the number of pupils in maintained schools or on the roll of academies.

The amount of the transfer for LBH is £5 m and it would be allocated back on the basis of £116.46 per pupil in maintained schools and £15 for all pupils regardless of whether they attend academies. The figures for pupils attending maintained special schools and alternative provision are £494.96 and £436.73 respectively.

The corresponding figures applied to academies are £150 per pupil, and £637.50 and £562.50 for special academies and PRUs respectively.

The rates are applied to pupils aged between 3 and 19.

The Forum noted the update.

36 **SCHOOL BUDGETS 2013-14**

The Forum considered and discussed the application of the funding formula to each school. This was based on October 12 data and subject to any last minute changes would be the funding that schools would receive in the next financial year and would be the basis of funding for academies for their financial year commencing September 2013.

The funding factors used were as follows:

Factor	Indicator	Unit Value
		£
AWPU (Primary)	NOR_Primary	3,105
AWPU (KS3)	NOR_KS3	4,552
AWPU (KS4)	NOR_KS4	4,750
Free School Meals (P)	FSM_%_PRI	1,252
Free School Meals (S)	FSM_%_SEC	2,786
IDACI (P1)	IDACI_1_PRI	0
IDACI (P2)	IDACI_2_PRI	85
IDACI (P3)	IDACI_3_PRI	135
IDACI (P4)	IDACI_4_PRI	600
IDACI (P5)	IDACI_5_PRI	615
IDACI (P6)	IDACI_6_PRI	630
IDACI (S1)	IDACI_1_SEC	0
IDACI (S2)	IDACI_2_SEC	27
IDACI (S3)	IDACI_3_SEC	197
IDACI (S4)	IDACI_4_SEC	600
IDACI (S5)	IDACI_5_SEC	615
IDACI (S6)	IDACI_6_SEC	630
LAC	LAC_X_Mar11	0
Low Attainment (P)	LowAtt_%_PRI_78	489
Low Attainment (S)	LowAtt_%_SEC	2,117
EAL (P)	EAL_3_PRI	233
EAL (S)	EAL_3_SEC	735
Mobility (P)	Mobility_%_PRI	243
Mobility (S)	Mobility_%_SEC	535
Lump Sum	Lump Sum	150,000

A summary of the schools with funding protection or a cap applied to the gains was considered as follows:

Summary

	Funding Increases	Funding Decreases	Capped at 2% + 12.5%	Increase below 2%	Protected	Reduction within -1.5%
Infant	10	2	8	2	1	1
Junior	11	1	8	3	1	0
Primary	24	11	17	7	8	3
Secondary	10	8	9	1	5	3
Total	55	22	42	13	15	7

Also the range of protection and capping as follows:

Largest Cap	Smallest Cap	Average Cap	Largest mfg	Smallest mfg	Average mfg
92,797	8,726	45,191	13,671	13,671	13,671
105,425	40,837	78,425	17,925	17,925	17,925
56,947	3,077	23,312	96,754	853	41,197
233,171	55,493	117,125	275,710	81,483	166,567

A spreadsheet was tabled showing the funding each school would receive and officers explained the various columns. These showed funding protections through the Minimum Funding Guarantee, application of the 2% cap and 12.5% scaling factor, de-delegation and funding from the Early Years and High Needs block.

Members accepted that the figures represented the application of the agreed formula factors but raised some queries on the apparent differences between the funding received by some schools.

Note: After the meeting the spreadsheet that had been tabled was retracted and a corrected version issued.

37 **SPONSORED ACADEMIES**

The Forum noted that Langtons Academy was the first potential sponsor Academy, and a 'sponsored' academy was different, it was said, from the normal 'transfer' academy. If a school were to become a sponsored academy there was a risk that the budget deficit (if such existed) from the former school would be the responsibility of the local authority.

Given this risk to the LA a policy was proposed as follows:

1. Expenditure and income to be monitored against the school's budget on a weekly basis by the LA
2. Budget virements between different budget headings to be approved by the LA
3. Expenditure to be contained within existing budgets on each cost centre
4. LA officers to attend meetings of the Finance Committee where considered appropriate by the LA

The Forum noted and agreed that the LA adopt and apply this policy for schools that would become sponsored academies.

38 **NEXT MEETINGS**

The next meetings had been arranged as follows:

2013

April Thursday 25th

May Thursday 23rd

July Thursday 11th

All meetings to be held at CEME at 8.30 a.m.

Chairman