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MINUTES OF A MEETING OF THE SCHOOLS FUNDING FORUM CEME

12 September 2013 (8.30 am – 10.30 am)

MEMBERSHIP: **Members: 26 Quorum: 10**

Headteachers: Nigel Emes (Chair) (Primary)
Margy Bushell (Primary)
Christine Drew (Primary)
Bill Edgar (Secondary)
Emma Field (Primary Academy)
Chris Hobson (Primary)
Simon London (Secondary Academy)
Angela Winch (Primary)

Governors: Sheila Clarke (Primary Governor)
Joe Webster (Vice Chair) (Secondary)
John McKernan (Academy)
Richard Shaw
Tracey Walker (Primary)

**Non-School
Representatives:** Trevor Sim (Vulnerable Children)

Trade Unions: Keith Passingham (NASUWT)
Ray Waxler (NUT)

Officers in Attendance: David Allen (LBH)
Mary Pattinson (LBH)
Nick Carter (LBH)
Grahame Smith (LBH)
Lorraine Hunter-Brown (LBH)

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

Apologies were received for the absence of David Thomas (UNISON), Daniel Gricks (Secondary Academy Governor) and Geoff Wroe (Special Schools).

The Chairman opened the first meeting of the new school year and welcomed two new members to the Forum, Bill Edgar representing Maintained Secondary Schools and Simon London representing Secondary Academies.

68 TO AGREE THE NOTES OF THE MEETING HELD ON 11 JULY 2013

The Forum considered and agreed the notes of the meeting held on 11 July 2013.

69 MATTERS ARISING

DGS Outturn

The Forum had agreed at the previous meeting to allocate a further £700K from the DSG carried forward for distribution to schools and academies in this financial year. The balance of £1.5m was in the process of being distributed and the Local Authority would be writing to schools and academies in the borough.

70 ELECTION OF CHAIR AND VICE CHAIR

Members of the Forum unanimously agreed that Nigel Emes and Joe Webster continue as Chairman and Vice Chairman respectively until September 2014. There were no other candidates.

71 SECTION 251 OUTTURN STATEMENT 2012-13

The Forum received the section 251 Outturn Statement for maintained Primary, Secondary and Special Schools referred to in Appendix B. Officers advised that this was a public document which outlined how much the Local Authority had spent against the previous financial year. The Chief Financial Officer was required to sign off the deployment of the DSG and to confirm that expenditure had been appropriate. Members were referred to the explanatory notes attached at Appendix C.1 and the Chief Finance Officer Statement requiring approval at Appendix C.

The summaries contained within the statement were self-explanatory and included carried forward balances and allocations received for every maintained school. The total carried forward for 2012-2013 was £10.1 million which was a £2 million increase on last year and the total net expenditure on Education for the period was £130 million.

Officers advised that they would be writing to schools about the surplus balances. Schools would be asked to provide explanations as to why the carried forward balances were not committed and time scales on future spending.

Members were advised that a policy previously agreed to retrieve surplus monies from school was still in place. The DFE would be asking LAs what action was being taken where 5% of schools had a surplus of 15% or more for the last 5 years.

It was agreed that it be made clear the Schools Funding Forum supports the LA challenge of schools retaining large underspends and that a letter should

be sent to all Head Teachers advising that the DFE position on balances had again changed.

72 SECTION 251 BUDGET STATEMENT 2013-14

The final allocation to the Local Authority for DSG was issued in July 2013 and the allocation to Havering and other London boroughs was attached in the tabled Appendix D which replaced the previously circulated paper.

It was noted that the total DSG allocation for Havering was £189 .5million with £18 million allocated for High Needs, £8.5 million for Early Years, £160.6 million for the Schools block and the remaining £2.4 million for “additions” relating to 2 year old funding. The Schools block was calculated on the basis of £4,725.54 Guaranteed Unit of Funding (GUF) per pupil applied to the October pupil count. After deductions for Academy Schools the allocation of DSG to Havering was £125 million.

There were some noticeable differences in the GUF allocations across the London Boroughs. The next stage of the spending reforms was to equalise the national funding formula so that the same amount of money was allocated per pupil regardless of the area. These changes would be brought in for 2015/2016.

The Section 251 Budget Statement was for public information and that Local Authorities had to state how much money had been allocated to schools, held centrally and allocated for children’s social care (Appendix E). The amounts for each item below the headings had already been agreed with the Forum for 2013 -2014 at a previous meeting and this was the final version based on the DFE’s final allocation of DSG. This process would continue for 2014-2015.

It was noted that there was a further deduction from LA budgets for Academies. This was for statutory services for which responsibility had been transferred to Academies from the LA. The funding was allocated to Academies as Education Services Grant.

Members were advised that the net expenditure for Children’s Services was £225 million.

The Forum was referred to the following:

Appendix F, the Budget 2013-2014 DSG Statement which would be signed by the Chief Financial Officer following discussion with the Forum today.

Appendix F1, notes on the completion of the Chief Financial Officer’s Statement budget 2013-2014 DSG and the robust regulations contained therein.

73 EXCEPTIONAL FACTORS AND MFG EXCLUSIONS FOR 2013-14

It was noted that the deadline for submitting applications to the DFE for exceptional factors and MFG exclusions relating to 2013 – 2014 was 30 September 2013. The Forum was advised that this was an opportunity for schools with high costs to apply for additional funding. The school would have to demonstrate that the figure applied for was no more than 1% of their budget and it was noted that the scheme was only available to 5% of total schools in the area.

No applications were considered at the meeting.

74 CONSULTATION ON FUNDING CHANGES FOR 2014-15

Officers apologised for not completing the tabled documents in time and offered to defer the item to the next meeting, however, members agreed to proceed with the discussion.

The Forum was reminded of the current arrangements in place for 2013-14 as follows:

The allocation of DSG across the funding blocks had already been considered at a previous item (the replacement Appendix D). The factors for distribution of funding to schools were prescribed by the DFE although the values attached could be determined locally in consultation with the Schools Funding Forum. The Local Authority undertook considerable modelling of options to minimise turbulence and later benchmarking showed that Havering's factors were in line with those used by other LAs. The results of applying the formula were illustrated in the first table of the attached paper and sectioned as follows:

- Basic Entitlement – Primary, Key Stage 3, Key Stage 4
- Additional Educational Needs – to include free school meals and income deprivation. Attainment factors determined SEN and were applied to primary schools based on the number of pupils scoring less than 78 pupils in the EYFS and for secondary schools if not achieving level 4 in Key Stage 4 English and Mathematics.
- Pupil Mobility
- Lump Sum
- Rates

In applying formula to the school data, it was found there were significant differences for some schools. These were moderated through use of the Government's Minimum Guarantee (MFG) and the locally agreed Gains Cap. This ensured that no school had a budget reduction of more than 1.5% per pupil and the Gains Cap restricted increases in funding to 2% + a scaling factor of 12.5% of the difference between the funding allocated at the 2% cap and the funding that would have been funded without the cap.

The schools affected by the protections and caps were illustrated by the second table in the attached paper. In total, 55 schools received increases in funding and 22 had decreases of no more than 1.5% per pupil. Some schools being protected were those that had previously received the Excellence Cluster and Behaviour Improvement Grants.

Members were asked to note that some funding was held centrally in support of schools and school related provision against a limited number of budget headings agreed with the Schools Funding Forum illustrated in the third table of the attached paper. The total amount held centrally was £2.2 million.

Newly Delegated Funding

The Schools Funding Forum had, on behalf of all maintained primary and secondary schools, decided to de-delegate budgets for some activities and continue to have them retained centrally. The fourth table in the attached paper outlined the areas of new delegation to schools and those that had been de-delegated. It was noted that no de-delegation was permitted for academies or special schools.

(ii) Special Educational Needs

The new arrangements from 2013-14 required schools to meet the first £6,000 of the costs of pupils with SEN from their delegated budget. The provision would be delivered via the low cost, high incidence SEN factor based on attainment data. If required, top up funding would be allocated from the High Needs block.

(iii) High Needs

The High Needs Block funds special schools and special units at £10,000 per place, pupil referral units at £8,000 per place and top ups above the place funding to mainstream schools and academies. This block also funds SEN support services and post 16 provisions including independent specialist provision.

(iv) Early Years

Early Years providers are funded through a single funding formula from the Early Years Block.

(v) DFE Changes for 2014-15

Members were asked to note the following (relatively minor) changes introduced by the DFE that would have an impact on Havering's funding formula.

- The new factor – an allowance for sparsity, aimed at supporting small schools mainly in rural areas. Although this

would apply to Dame Tipping on pupil numbers it would not on the distance criterion.

- The Looked After Children factor must now apply to any child who has been in care for at least one day during a specified period.
- The Attainment Factor has changed its measurement in Early Years Foundation Stage and Key Stage 2. For EYFS it will be 'not achieving a good level of development' for the 2013 cohort; for KS2 it is not achieving level 4 in English **or** Maths for all cohorts (previously it was English **and** Maths)
- The mobility factor is now applied when the number of "mobile" pupils exceeds 10%.
- The basic entitlement for primary pupils (AWPU) must be at least £2,000; and for secondary pupils (KS3 and 4) at least £3,000
- The Minimum Funding Guarantee continues at -1.5% per pupil
- Authorities must ensure that at least 80% of delegated funding is distributed by pupil-led factors
- Authorities may create a fund to cover temporary falling rolls in advance of a population bulge but only for good or outstanding schools or academies
- The delegation of sufficient funding to allow schools to meet up to £6,000 of Special Needs costs is now mandatory. Additional funding may still be given to some schools with disproportionate numbers of high needs pupils but this applies only to a minority of schools.

(vi) LBH Proposals for 2014-15

In setting school budgets for 2014-15, it was clear that a 2% gains cap would not be sustainable and that some schools currently receiving protection through the Minimum Funding Guarantee would lose 1.5% per pupil year on year until their funding had reached the level determined by the new formula. The LBH proposals were intended to address these issues and stabilise funding prior to the national funding formula being introduced in 2015-16.

(vii) The School Funding Formula

The Authority would try to maintain Unit Values at current levels, however, data changes would affect these values. This will also be

the case when the basis of the data collection changes as it has for the secondary school attainment data for pupils not achieving Level 4 in Maths **and** English to Maths **or** English. This will increase the numbers to be funded thus reducing the unit value.

(viii) Looked After Children

For 2013-14, it was decided not to have a LAC factor in Havering's funding formula as there was already an allocation of £900 per pupil through the Pupil Premium Grant, and the basis of the data was not straightforward. Analysis of other Local Authorities found that 81 had a LAC factor with 62 allocating below £1,250 per pupil in primary and secondary schools. It was proposed to introduce a factor to represent the schools' responsibilities to LAC including the training of designated staff. The value would be set at £1,000 per LAC pupil.

Members of the Forum queried the definition of a LAC child and were advised that it was those children that had gone through the statutory process. Funding allocated through the new factor would be based on data at single count date although the LAC Pupil Premium would move with the child.

The representative from Hall Mead School queried why the school was not included on the database for LAC children and requested that officers check prior to the compilation of the new database.

Officers acknowledged that work carried out with LAC children could be challenging. The Forum was advised that Havering's performance in this area was well below national levels.

Introduction of the new factor for LAC in the 2014-15 formula at £1,000 per pupil was agreed.

(ix) Low Cost, High Incidence SEN

With regards to changes in the data used for evaluating attainment data, the most significant change was in the data for secondary schools where the number of pupils not achieving level 4 in English **and** Maths will be replaced with English **or** Maths. This would therefore reduce the unit value applied to the factor. In 2013-14, this factor alone was used in the allocation of SEN funding. The funding formula must ensure it delivers £6,000 for each pupil with SEN to support the school in meeting the needs of the pupil. Where this factor did not deliver £6,000 per pupil, it was topped up from a central contingency as SEN headroom.

The DFE had made clear that for 2014-15, the arrangements for topping up SEN funding outside the main funding formula should only be used for a minority of schools where the number of their high needs pupils would not be reflected adequately in their formula

funding. Similarly, additional funding could also be provided where there were a disproportionate number of pupils with a particular type of SEN. The criteria to be used must be clear and transparent.

Officers proposed to increase the number of factors through which SEN funding could be considered and delivered. Based on DFE guidelines these were as follows:

Attainment	100%
Deprivation	16.5%
Basic Entitlement	1.2%

This would result in the required £6,000 for SEN being reached by more schools through the funding formula and would mean fewer schools receiving additional SEN headroom. On current data, seven schools would qualify for allocated headroom at a cost of £170k and that £585k will be recycled from the High Needs Block into the Funding Formula.

The Forum agreed the proposal as set out in Appendix B.

A member of the Forum noted that infant schools were not able to access SEN headroom funding very quickly as it was a long term process. The Chair agreed that Havering needed to identify SEN pupils earlier as there was growing concern around SEN support which did not reflect the current situation in infant schools. Infant schools were more vulnerable as pupils coming into nursery and reception classes had not previously engaged with other services.

(x) Lump Sum

In 2013-14 LAs were required to set the same lump sum for both the primary and secondary schools with a maximum value of £200,000. Previously, secondary schools had received £350,000, infant and junior schools £80,500 and primary schools £91,500. There were some additional allocations for smaller schools through a curriculum protection factor and additional lump sums. The LA had set the value at £150,000 having modelled a range of options.

It was proposed that the lump sums be revised for 2014-2015 as follows:

Secondary:	£175,000 (the new maximum permitted)
Primary:	£100,000

The impact of this was referred to in Appendix C. This was agreed.

(xi) Mobility Factor

The 2013-14 formula was based on the number of pupils being admitted other than in September (or January for Year R) over a 3

year period. For 2014-15 this changes to admissions other than in September (or January for year R) of more than a threshold of 10% of the pupil roll.

In 2013-14 all primary and secondary schools received an allocation through this factor, but with the changes for 2014-15, only 10 primary and 0 secondary schools will receive funding.

The Forum was referred to Appendix D and agreed the proposal.

(xii) MFG and Gains Cap

In 2013-14, schools were protected from the impact of change by a Minimum Funding Guarantee of -1.5% per pupil and for those schools that gained, the gains were capped at 2% of the previous year's budget plus a scaling factor of 12.5% of the difference between the 2% cap and the funding calculated by the funding formula.

The DFE regulations for 2014-15 meant that the MFG remains at -1.5% per pupil although scaling factors for Gains Caps are only permitted in limited circumstances.

It was proposed that the gains cap be reduced to 1% of the 2013-14 funding to slow the rate of increase for the gaining schools. This was agreed.

(xiii) Special Schools

There was increasing pressure on special school places and the Authority would apply to the DFE for additional funding for an additional 2 places at Corbets Tey and 10 for Dycorts.

(xiv) Centrally Held Budgets

Changes to the budgets to be held centrally as at 1.2 above are as follows:

- a. Pupil Growth Fund and Infant Class Size Funding
£2,400,000

The pupil growth fund of £1 million that was set in 2013/14 proved to be insufficient to meet the expansion in pupil numbers and an additional £700,000 was added from the DSG carried forward. In 2014/15 there are continuing commitments to fund permanent expansions as the cohorts progress through the school, a new round of bulge classes and also to fund the September '13 bulge classes where there is a shortfall between the agreed allocation to meet the revenue costs and the additional funding the school will receive for having additional pupils on roll.

A fund of £2.4 million should be sufficient to meet these commitments and any new expansions.

b. Contribution to Combined Budgets

£249,536

This budget holds £196,000 of funding to support the schools supporting schools programme and £40,000 for the LA to support schools causing concern. It is proposed to retain both sums.

This budget also holds a small sum of £13,526 for the LA to maintain redundant premises.

c. School admissions and appeals

£454,980

The LA retains statutory responsibility for the coordination of school admissions for all schools and academies and the allocation of places for maintained schools.

A member of the Forum commented that there had complaints about the School Admissions telephone answering service whereby members of the public were told not to call as they are very busy. Reference was also made as to how long the appeal procedure took. It was agreed that an officer investigate further.

d. Servicing of Schools Forums £42,410

The LA retains responsibility for servicing and providing support to the Schools Funding Forum.

e. Termination of employment costs £46,010

A small fund to support maintained schools in meeting the costs of ill health retirement

f. Purchase of carbon reduction commitment allowances £0

Schools have been removed from the scheme.

g. Capital expenditure from revenue £87,490

A long running commitment following the provision of major energy reduction schemes at three secondary schools: Bower Park, Brittons and Hall Mead. The agreement was that the schools and the LA all make a contribution towards the overall costs and the schools receive the benefit of reduced energy costs.

h. CLA administrative charge £75,000

A charge borne by the LA towards a national contract with the Copywrite Licensing Agency. The amount is set by the DFE.

All proposals for centrally retained budget provision were agreed.

(xv) Additional Provision

Bill Edgar indicated a declaration of interest.

Falling Rolls Support Fund	£500,000
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One of the changes for 2014-15 allows Local Authorities to create a fund to support good or outstanding schools and academies with falling rolls where local planning data show that the surplus places will be needed in the near future.

The Schools Funding Forum agreed the criteria for this at the meeting held in July and a budget of £500,000. This will support secondary schools and academies with low intakes where numbers are expected to increase in future years.

(xvi) De-delegation

From 2013-14, a range of budgets that were previously held centrally were delegated into school budget shares with the Schools Funding Forum deciding on behalf of maintained primary and secondary schools to de-delegate for some services. De-delegation is not permitted for academies or special schools. A list of services for which funding was de-delegated in 2013 -2014 were listed in the attached paper.

Officers asked the Forum how they would like to proceed as they would be asked to make the same decisions on de-delegation for 2014-15. Members agreed to the same de-delegation as in 2013-14 except that they would like to consult further with other head teacher colleagues on the de-delegation of EAL and Attendance and Behaviour services.

75 NEXT MEETINGS

Due to strike action anticipated for 17 October 2013, the Forum agreed that the next meeting be moved to 24 October 2013 and would be held at My-Place in Harold Hill.

Members were further advised that the Forum meeting for December would be held at another venue, however, it was hoped that by January 2014, all future meetings would take place at CEME.

76 **ANY OTHER BUSINESS**

No other items were raised.

Chairman