



Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

**Committee:  
Schools Forum**

**Date:** Thursday, 17 September 2015

**Time:** 8.30 am

**Venue:** Shrewsbury Training and Development Centre, Racecourse Crescent,  
Monkmoor, Shrewsbury, SY2 5BP

You are requested to attend the above meeting.  
The Agenda is attached

Claire Porter  
Head of Legal and Democratic Services (Monitoring Officer)

**Members of Schools Forum**

Bill Dowell  
Phil Adams  
Austin Atkinson  
Nicholas Bardsley  
Barrett  
Blackstock  
Richard Bray  
Hilary Burke  
Colin Case  
David Chantrey  
Christine Harding  
Christine Hargest  
Ann Hartley  
John Hitchings  
Sandra Holloway

Colin Hopkins  
Jo Humphreys  
Peter Ingham  
Pete Johnstone  
Martin Jones  
Sally Lill  
Yvette McDaniel  
Parkhurst  
Pettengell  
Kay Redknap  
Renwick  
Mark Rogers  
Philip Sell  
Joy Tetsill  
Thomas

Your Officer is:

**Philip Wilson** Service Manager Business Support People

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# **AGENDA**

- 1 Apologies**
- 2 Election of Chair (Karen Bradshaw)**
- 3 Minutes and Matters Arising (Pages 1 - 6)**
- 4 School Funding 2016 - 2017 (Gwyneth Evans) (Pages 7 - 16)**
- 5 Updated Schools in Deficit Protocol (Gwyneth Evans) (Pages 17 - 18)**
- 6 Dedicated Schools Grant - 2015 - 16 Update (Gwyneth Evans) (Pages 19 - 22)**
- 7 Dedicated School Grant Monitoring 2015 - 2016 (Stephen Waters) (Pages 23 - 26)**
- 8 Communications**
- 9 Next Meeting**

Thursday 22 October 2015, 8.30 am, STDC, Monkmoor

## **Future Meetings:**


Thursday 26 November 2015, 8.30 am STDC, Monkmoor

\*Thursday 21 January 2016, 8.30 am, STDC, Monkmoor

Thursday 24 March 2016, 8.30 am, STDC, Monkmoor

Thursday 9 June 2016, 8.30 am, STDC, Monkmoor

\*(Please note change of January date)

 <b>Shropshire</b> Council	<b>Schools Forum</b>  <b>Date:</b> 17 September 2015  <b>Time:</b> 8.30 am  <b>Venue:</b> STDC, Monkmoor, Shrewsbury	<u>Item/Paper</u>  <div style="font-size: 48pt; text-align: center;"><b>A</b></div>  Public
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## MINUTES OF SCHOOLS FORUM HELD ON 18 JUNE 2015

### Present

#### School Forum Members

Bill Dowell (Chair)  
 Phil Adams – Academy Headteacher  
 Austin Atkinson – Diocese Representative  
 Mark Blackstock – Secondary Governor  
 Richard Bray – Secondary Governor  
 Colin Case – Primary Governor  
 David Chantrey – Primary Governor  
 Chris Davies – Special/Academy Headteacher  
 Christine Harding – Early Years and Childcare  
 Christine Hargest – Association of Secretaries  
 John Hitchings – SSGC  
 Sandra Holloway – Primary Governor  
 Jo Humphreys – Primary Governor  
 Peter Ingham – Secondary Governor  
 Pete Johnstone – Secondary Headteacher  
 Yvette McDaniel – Primary Headteacher  
 Geoff Pettengell – Academy Headteacher  
 Phil Poulton – Secondary Headteacher  
 Mark Rogers – Primary Headteacher  
 Joy Tetsill – Secondary Governor  
 Ruth Thomas – Post 16

#### Members

Cllr Ann Hartley  
 Cllr Nick Bardsley

#### Officers

Karen Bradshaw  
 Phil Wilson  
 Gwyneth Evans  
 Rob Carlyle  
 Neville Ward  
 Helen Woodbridge (Minutes)

#### Observers/Visitors

Roger Evans

		<b>ACTION</b>
1.	<b>Apologies</b> Apologies had been received from Hilary Burke, Deborah Fern, Martin Jones, Alan Parkhurst, Gareth Proffitt, Kay Redknapp, Philip Sell. Subsequent apologies were received from Sally Lill.	
2.	<b>Minutes and Matters Arising (Paper A)</b> Phil Wilson confirmed that a letter had been sent to the 18 schools affected by the joint use funding issue advising them of the revised tapering. The Chair advised that although the Sustainability Task and Finish Group had not yet met, officers and members had discussed the issues. Phil Wilson advised that the issue re the Universal Infant Free School Meals capital grant raised by Sally Lill had been followed up. The Chair/Phil Wilson provided an update on the membership of School Forum. Mark Blackstock was welcomed to his first meeting as a member. Alan Parkhurst has been appointed as a primary headteacher member but has sent his apologies for this meeting. There are currently two vacancies – one for an academy representative (which is being pursued by Geoff Pettengell) and the other for a	GP

maintained primary headteacher representative (which is being pursued through the Central Policy Group).

CPG

### **3. School Balances as at 31 March 2015**

Gwyneth Evans distributed a confidential appendix to the paper on maintained school balances (which was collected in at the end of the item). She went through the papers in detail.

Peter Ingham asked where a deficit would show up when a school left the maintained sector. Gwyneth Evans advised that this would be seen within the DSG budget.

Phil Adams was pleased that the secondary schools which had deficit budgets were all rated as good by Ofsted so there should be no danger of them being forced to academise. However, Geoff Pettengell mentioned 'coasting schools' and the current lack of a definition. Depending on the definition some schools may become vulnerable.

Gwyneth Evans confirmed all maintained schools balances would be considered during the risk assessment process.

Chris Davies spoke of the need to be aware that standalone academies will no longer be approved and all future academies will be part of a chain.

The Chair was confident that Schools Forum has a good grasp of the risk factors.

Overall total Shropshire maintained school balances have reduced by £1.2 million.

The LA is working closely with any schools with a deficit budget although the reduction in deficit budgets aimed for has not yet been achieved.

Phil Adams was concerned that the deficit situation for a particular large secondary school did not seem to be improving. Gwyneth Evans was able to assure Schools Forum that 2015/16 is the key year for that school and that a new business manager is in place. Governors are all aware of the need to reduce the deficit and the headteacher and school business manager are focussed. Richard Bray confirmed that the school is working hard to reduce the deficit. The deficit recovery plan agreed with the school demonstrates full pay back in 2016-17.

The Chair confirmed the need for the LA to continue to intervene powerfully and quickly to ensure the situation experienced (when a sponsored academy with a large deficit converted) is not repeated. Schools Forum supported this.

Jo Humphreys advised that because of early LA intervention at her school, the situation had been addressed quickly but warned that governors need to be prepared to make hard decisions.

John Hitchings felt that big strides are being made in this difficult area and requested regular feedback to Schools Forum. The Chair confirmed that this would happen and was pleased that Gwyneth Evans and other officers were being so active.

Phil Poulton was concerned about the falling NOR – when 165 pupils are leaving and only 125 coming in, it is hard to adjust early enough. He had however found the budget modelling tool to be very useful.

Phil Adams raised the primary/secondary split and questioned the balance as primary is in surplus and secondary is in deficit. Chris Davies thought that with the National Fair Funding formula approaching there would be little point in addressing this, and added that the effect of new money and new costs will be interesting.

The Chair warned of a medium term post 16 issue. A Shropshire Learning Network sustainability paper had painted a gloomy picture with massive changes for schools with sixth forms.

Gwyneth Evans advised that moving forward, more awareness raising re deficit budgets will take place through Schools Forum, CPG, Headteachers Briefings and governors meetings. Officers had discussed how support to schools can be provided eg the provision of sound NOR data for five years, inviting schools in to work on future financial planning and an annual Lord Hill event.

Karen Bradshaw suggested using the Lord Hill event to start the process and then

invite specific schools in. Schools Forum agreed that a Lord Hill event should be arranged followed by individual school follow up meetings. It was suggested that financial case studies re clusters could be shared.

The Chair suggested that specific schools should be invited first but if they don't respond, required to come to financial planning meetings.

Phil Poulton was concerned at a Lord Hill event for maintained schools when decisions may be made based on one third of the secondary schools. There are issues with academies receiving financial information about maintained schools when the arrangement is not reciprocal.

The Chair shared concerns re secondary and was unsure how much the Regional Schools Commissioner knew about Shropshire. More engagement is needed as the divided pattern of status is not helpful.

Roger Evans reported that he had visited a London school where the decrease in the number of 16-18 years olds had been highlighted. He suspected that Schools Forum, would need to address a similar issue in Shropshire.

The Chair advised that Janine Vernon and Graham Moore were producing a paper on this for Ann Hartley. The funding of post 16 is not Schools Forum's responsibility but the impact it may have is.

Phil Adams asked about academy deficits if they were to become sponsored. Karen Bradshaw suggested that this would be an EFA problem and Geoff Pettengell confirmed that it would not impact on Shropshire. However Karen Bradshaw pointed out that ultimately there is an impact on the national budget.

Gwyneth Evans advised of a collaboration modelling tool which is also available although not on general release yet.

The Chair felt that demography is the key for school sustainability followed by post 16 sustainability. He felt that Nick Bardsley should be included in the Lord Hill event.

Mark Rogers thought that being able to see new houses may cause issues.

Phil Wilson advised that place planning is being worked on. There are 16 areas. 4-5 have growth in numbers with the rest declining.

Rob Carlyle clarified that the budget modelling tool enables varying NOR to be used.

Gwyneth Evans added that the possible effects of new housing could be added in.

However, the LA projection does not include any new numbers from the housing.

Nick Bardsley felt that it would be helpful if there was publicity re falling NOR before Christmas. The position has become clearer as indications are that DSG is not increasing as hoped. So the decline in some areas will be steep. The messages need to be repeated. Councillors only know what they are told by schools and some areas engage and others don't.

Joy Tetsill suggested that Parish and Town Councils need to know that they are damaging their local schools when they refuse housing.

The Chair spoke of the need for school closures in the interest of all Shropshire children.

Colin Case asked if there could be publication of what new housing may produce in terms of numbers/ages of children.

Phil Wilson advised that the yield would differ. Children would largely be redistributed within Shropshire – this will be included with the place planning.

The recommendation (that Schools Forum should support the LA in raising awareness in Shropshire maintained schools of the protocol for schools planning and managing a deficit budget) was agreed.

Karen Bradshaw advised that a tightened protocol which would provide more clarity for schools would be brought to Schools Forum in September.

Yvette McDaniel asked about financial notice.

Karen Bradshaw advised that it moves from an informal position.

Gwyneth Evans added that it is a formal laying out of expectation and could lead to withdrawal of delegation.

Peter Ingham felt this was a prudent step in the light of diminishing resources.

He asked if there was any indication of the continuation of the extra funding (£10 million).

Gwyneth Evans and Rob Carlyle confirmed that it is in the manifesto – confirmed as in the baseline.

Phil Adams cautioned that there may be changes in the July budget speech.

Colin Case confirmed that Shropshire is still one of the 69 worst funded LAs.

**4. Control of Surplus Balances**

Gwyneth Evans went through a confidential paper on the control of surplus balances. The paper was collected in at the end of the item. No surplus balances were clawed back from Shropshire maintained schools at the end of 2014-15.

**5. Updated Dedicated Schools Grant (DSG) 2015-16 and Final Early Years Block 2014-15 Allocation**

Gwyneth Evans presented the paper.

Mark Rogers asked about a timeline for 2016/17. Gwyneth Evans advised that there has been no indication of any further school funding reforms for 2016-17 at this stage – she is expecting more news in July.

Jo Humphreys asked about capital funding for the extended early years provision. Neville Ward confirmed that this will be an issue for Schools Forum. It starts from September 2017 (and Shropshire is not piloting). Further detail is awaited. There are implications for the provision of places so place planning will include early years. There are revenue issues as the rate paid is less than parents are charged (which is a national issue).

Christine Harding advised that nurseries receive less in Shropshire and that some provision is becoming unsustainable.

Chris Davies confirmed that this mirrors the school position.

The Chair asked Neville Ward to keep Schools Forum up to date on this issue.

NW

**6. Schools Financial Value Standard**

Gwyneth Evans went through her paper. She confirmed that only 67% of schools had completed the SFVS which is disappointing but better than last year. Schools have been reminded by email twice and it has been an item on governing body agendas. Internal audit have been advised.

Nick Bardsley asked if there was any correlation to schools with a deficit. It was confirmed that there was some.

Pete Johnstone confirmed that the return is not onerous to complete.

David Chantrey enquired if schools were asked why they had not completed it and Gwyneth Evans advised that a variety of reasons were provided.

Jo Humphreys wondered if it made a difference when schools used the clerking service. Mark Rogers suggested that non completion was an indication of poor governance and should be reported to Governor Services.

It was agreed that Schools Forum would write to schools that had not submitted a return.

GE

**7. Dedicated School Grant (DSG) Outturn 2014-15**

Phil Wilson presented the report and confirmed that the position is hard to predict as there are so many variables. He explained the costs for SEND pupils and confirmed that more of these pupils are being retained in Shropshire.

**8. Communications**

The Chair confirmed that the F40 group continue to be extremely active.

Nick Bardsley advised that the Scrutiny Committee is to meet on 15 July and school sustainability is an agenda item. Issues are to be revisited and there will be further

publicity using the local press. He reminded colleagues of a recent article in the Star from Daniel Kawczynski.

Ann Hartley advised that dates for monthly meetings between members and MPs have been diaried. She added that Cecilia Motley takes a lead on rural affairs, is working hard to raise awareness of rural/sparsity issues and that the local government conference in Harrogate will be attended in July. She advised of a peer review which is being carried out next week involving David Simmonds who is Chair of the LGA's Children and Young People Board – she hopes to be able to continue to communicate with him in the future.

The Chair had received a letter from Chris Davies advising him that he will be taking early retirement from August 2015 and therefore will no longer be a member of Schools Forum. The Chair thanked Chris for his enormous contribution to Schools Forum over many years including attendance at a wide range of task and finish groups. His work which has been focussed on the young people of Shropshire has been very much appreciated.

**9. Next meeting**

The next meeting will be held on Thursday 17 September 2015.

**The meeting closed at 10.30 am**

**Future meetings:** 22 October 2015, 26 November 2015, 21 January 2016, 24 March 2016, 9 June 2016

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## **Schools Forum**

Date: 17 September 2015

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

# B

Public

## **School Funding 2016-17**

**Responsible Officer** Gwyneth Evans

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### **Summary**

The Department for Education announced in July the Schools Block Units of Funding for the 2016-17 financial year. This is one element of the Dedicated Schools Grant (DSG). The announcement reflects the Government's manifesto commitment to protecting the schools budget and to base-lining the Minimum Funding Levels increase from 2015-16 (£10.4m in Shropshire).

There are no changes announced for 2016-17 to the local funding factors that local authorities can use to allocate the individual school budgets to maintained schools and academies at this stage.

The forthcoming Spending Review in November 2015 will set out the Government's plans for the delivery and funding of public services for this Parliament. It will set out further detail on key delivery priorities for schools and local authorities and confirm funding levels for other grants and programmes. In light of the Spending Review local authorities may have to review any planning and modelling they have undertaken.

The Government remains committed to making schools and early education funding fairer and will put forward proposals in due course.

### **Recommendation**

- To note the headline information regarding school funding 2016-17 as announced by the DfE on the 16 July
- To recommend the factors and criteria agreed for Shropshire's local funding formula for 2015-16 remain for 2016-17 with no changes, as detailed in Table A within this report.

# Report

## School Funding 2016-17 Headlines

1. The DfE announced on the 16 July 2015 the Schools Block Units of Funding for the 2016-17 financial year. The key headlines from the announcement are as follows:
  - Shropshire's Schools Block per pupil unit of funding in 2016-17 will be the same value as in 2015-16 including the additional Minimum Funding Level (MFL) allocation of £10.4m. With the inclusion of the carbon reduction commitment top-slice of £7.51 per pupil and one non-recoupment free school in 2016-17, this equates to £4,401.81 per pupil.
  - The Early Years Block per pupil unit of funding in 2016-17 will be confirmed after the Spending Review and will continue to be based on participation.
  - The High Needs Block funding will also be confirmed after the Spending Review. In the meantime, local authorities are advised to assume that it will remain at the same overall level as in 2015-16. For Shropshire this equates to £25.4m before recoupment.
  - Minimum Funding Guarantee (MFG) will continue at minus 1.5% in 2016-17.
2. The local authority must consult with all maintained schools and academies in its area about any proposed changes to the local funding formula including the method, principles and rules adopted.

## Schools' Local Funding Formula

3. Along with the announcement of the Schools Block Units of Funding for 2016-17 the DfE published the current allowable factors for use within local authorities' school funding formulas, together with a description of each, as shown in the first two columns of the table below. Alongside this are details of their use within Shropshire's local funding formula for 2015-16 and proposals for Shropshire's 2016-17 local funding formula.

Table A

Factor	DfE further information	Shropshire's formula 2015-16	Shropshire's proposed formula 2016-17
<b>1. Basic entitlement</b> A compulsory factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census.	Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil	AWPU funding rates: Primary £3219.61 KS3 £4169.22 KS4 £4169.22	As 2015-16 (subject to recycling of released MFG and 2016-17 DSG pressures i.e. high needs places and provision costs)

	number count where schools had previously had higher reception pupil numbers in January 2015 than in the October 2014 census.		
<b>2. Deprivation</b> A compulsory factor	Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or “ever 6” - which reflects pupils entitled to free meals at any time in the last 6 years – but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.	Number of pupils registered for free school meals as at the previous October census is used within Shropshire’s local funding formula. The IDACI measure is also used for primary schools only.	As 2015-16
<b>3. Prior attainment</b> An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs	May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English or maths. The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 3) assessed under the new framework. For pupils assessed using the old profile (years 4 to 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.	Used in Shropshire’s local funding formula in line with the DfE’s basis. For pupils assessed using the old profile (years 4 to 6), Shropshire’s formula targets funding to all pupils who achieved fewer than <u>73</u> points on the EYFSP.	As 2015-16

	<p>In 2012 the KS2 English assessment methodology was changed to include separately a reading test, a grammar, punctuation and spelling test and teacher assessed writing.</p> <p>For those assessed at KS2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English.</p> <p>For pupils assessed at KS2 from 2012 onwards and who have been part of these new arrangements, the English element of the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements.</p>		
<p><b>4. Looked-after children</b> An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2015.</p> <p>This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>	Not used in Shropshire's local funding formula.	As 2015-16
<p><b>5. English as an additional language (EAL)</b> An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.</p>	Not used in Shropshire's local funding formula.	As 2015-16
<p><b>6. Pupil mobility</b> An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils).</p> <p>There is a 10% threshold and funding is allocated</p>	Not used in Shropshire's local funding formula.	As 2015-16

	based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.		
<b>Proportion allocated through pupil-led factors</b>	Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).	Shropshire's local funding formula allocated 91% through pupil-led factors in 2015-16.	A similar % level is expected in 2016-17 as in 2015-16.
<b>7. Sparsity</b> An optional factor	<p>A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified, and then the average (mean) distance to the second nearest compatible school for these pupils is calculated. In addition, the number of pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p> <p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5.</p> <p>Local authorities can reduce the pupil numbers and increase the distance</p>	<p>Shropshire's local funding formula includes a sparsity factor but uses narrowed criteria. Shropshire primary schools qualify if their sparsity distance is greater than or equal to <u>3</u> miles and their average year group is less than 21.4. Funding is delivered on a tapered basis from a maximum of £50,000.</p> <p>Shropshire secondary schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than <u>90</u>. Funding is delivered on a single amount basis of £100,000.</p> <p>Shropshire all-through schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than 50. Funding is delivered on a single amount basis of £40,000.</p>	As 2015-16

	<p>criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity distance is 5 miles or more, and where pupils in years 10 and 11 are present.</p>		
<p><b>8. Lump sum</b> An optional factor (although in 2015-16 it was used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift.</p> <p>Where schools amalgamate, they will retain 85% of the combined lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1 April) instead of receiving just a single lump sum immediately. Local authorities may apply to vary the additional payment in exceptional circumstances. Where schools amalgamate after 1 April, the new school will receive funding equivalent to the formula funding of the closing schools added</p>	<p>Primary lump sum £59,500. Secondary lump sum £111,000. All-through lump sum £111,000.</p>	As 2015-16

	<p>together for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p> <p>Local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. Local authorities may also wish to apply to exclude the exceptional factor payment from the MFG baseline.</p>		
<p><b>9. Split sites</b> An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria, both for the definition of a split site and for how much is paid.</p>	<p>A split site factor will be used in Shropshire's local funding formula where, through the local authority's school reorganisation policy, a school becomes situated temporarily on two or more sites. The allocation will be based on the additional costs incurred from being on two or more sites.</p>	As 2015-16
<p><b>10. Rates</b> An optional factor (although in 2015-16 it was used by all local authorities)</p>	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula. For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.</p>	<p>Used in Shropshire's local funding formula in line with the DfE's basis.</p>	As 2015-16

<b>11. Private Finance Initiative (PFI) contracts</b> An optional factor	The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI “affordability gap” is delegated and paid back to the local authority. Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area.	Not used in Shropshire’s local funding formula.	As 2015-16
<b>12. London fringe</b> An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)	The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.	Not applicable in Shropshire’s local funding formula.	As 2015-16
<b>13. Post 16</b> An optional factor, but can only be used where the local authority had such a factor in 2015-16	A per-pupil value which continues funding for post 16 pupils up to the per pupil level that the authority provided in 2015-16.	Not used in Shropshire’s local funding formula.	As 2015-16
<b>14. Exceptional premises factors</b> Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.	The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school’s budget and applies to fewer than 5% of the schools in the authority’s area. Any factors which were used in 2015-16 can automatically be used for pre-existing and newly-qualifying schools in 2016-17, provided that the qualification criteria are still met.	Shropshire’s local funding formula includes an exceptional premises factor for joint use. This is being phased out and by 2018-19 the total funding previously targeted at joint use will be reallocated to all Shropshire schools on a pupil number basis.	As 2015-16 including further phasing to 2018-19.



## **Briefing to Schools**

4. Details of the allowable funding factors and how they will be used in Shropshire's local funding formula in 2016-17 will be shared with headteachers/business managers and chairs of governors at a briefing meeting scheduled for Wednesday 7 October 2015 at the Lord Hill Hotel.

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## Schools Forum

Date: 17 September 2015

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

**C**

Public

## Schools in Deficit Protocol Update

**Responsible Officer** Gwyneth Evans

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### Summary

The local authority, fully supported by Schools Forum, has in place a Schools in Deficit Protocol. The protocol lays out the requirements for schools planning and managing a deficit budget and the consequences if a school does not adhere to the protocol.

At a meeting of Schools Forum held on the 18 June 2015 it was agreed that the protocol should be updated to include more clarity for schools on the consequences of not adhering to the protocol.

This report details the subsequent proposed updates.

### Recommendation

Schools Forum is asked to comment on the proposed updates to the Schools in Deficit Protocol as detailed in paragraphs 3 and 4 of this report.

## REPORT

1. Previous work of the Schools Forum has supported the local authority in drawing up a protocol for schools planning and managing a deficit budget. This protocol was last updated in November 2014 in light of the publication of the Academy Conversions (Transfer of School Surpluses) Regulations 2013.
2. The protocol includes a section on the local authority's power to issue a Notice of Concern to a school not adhering to the protocol and further powers if the governing body fails to address the issues in the Notice of Concern. At its meeting held on 18 June 2015 Schools Forum requested the local authority provide greater clarity within the protocol on the consequences to schools of not adhering to it.

3. The proposed redrafting of this section within the protocol is as follows, with the additional wording in italics.

## Notice of Concern

Under section 2.15 of the Scheme for the Financing of Schools, the local authority has the power to issue a financial Notice of Concern to a school.

Circumstances in which a Notice of Concern may be issued include:

- Where a governing body has not complied with the requirements of the deficit budget protocol
- Where a school ends the financial year with an unplanned deficit
- Where the school does not manage their budget in line with the agreed deficit recovery plan and/or the requirements of the licensed deficit approval
- **Where a school is placed in special measures by Ofsted (see Annex C).**

The Notice of Concern will set out the reason for it being made and will place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

If the governing body fails to address the issues in the Notice of Concern the local authority may exercise its powers to *withdraw financial delegation from the school. In these instances the governing body remains in place but the local authority takes control over staffing and spending decisions.*

*Where there is evidence of very poor financial management the local authority may issue a Warning Notice in respect of schools causing concern. Where a school does not comply with the Warning Notice the local authority may exercise its powers under Part 4 of the Education and Inspections Act 2006 to:*

- a) Appoint additional governors – the local authority appoints additional governors to the governing body to provide additional expertise;*
  - b) Suspend the delegated budget of the school – the local authority takes control over staffing and spending decisions;*
  - c) Appoint an Interim Executive Board – the governing body is removed and replaced with an Interim Executive Board constituted by the local authority.*
4. In addition to the above it is also proposed that the wording within the protocol that requires only those schools with a deficit greater than 5% of their annual budget share attend termly meetings with the local authority's School Funding Policy Officer be removed. Experience suggests that relatively small deficits have the potential to become large deficits in future years if controls are not put in place early. It is therefore proposed that the protocol is updated to require any maintained school with any level of deficit to attend termly meetings with the local authority.



## **Schools Forum**

Date: 17 September 2015

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

# D

Public

## **Dedicated Schools Grant - 2015-16 Update**

**Responsible Officer** Gwyneth Evans

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### **Summary**

The provisional Dedicated Schools Grant (DSG) allocation for the 2015-16 financial year was reported to Schools Forum in January 2015. A further report was presented in June 2015 detailing changes to Shropshire's 2015-16 DSG allocation as announced by the Department for Education (DfE) in March 2015.

In July 2015 further updates to Shropshire's 2015-16 DSG allocation were announced. This report provides a summary of the updated DSG allocation and how it has changed from the DSG allocation reported to Schools Forum in June 2015. It also provides a summary of the current position following recoupment relating to academies and deductions to the high needs block for direct funding of places by the Education Funding Agency (EFA).

### **Recommendation**

This report is for information only.

## **Report**

### **Background**

1. In January 2015 Schools Forum received a report summarising the 2015-16 funding blocks making up Shropshire's provisional Dedicated Schools Grant (DSG) allocation and listing the key financial headlines for each of the blocks.
2. An updated 2015-16 DSG allocation was announced by the Department for Education (DfE) in March 2015 and presented to Schools Forum in June 2015.
3. On 16 July 2015 the DfE published further updates to Shropshire's 2015-16 DSG allocation which are the subject of this report.

## Updated 2015-16 DSG Allocation

4. A summary of the 2015-16 DSG allocation reported to Schools Forum in June 2015 and the latest updated DSG allocation announced by the DfE in July 2015 is presented in the table below. Figures are before recoupment for academies and high needs places funded directly by the Education Funding Agency (EFA).

	<b>Previous DSG £m</b>	<b>Latest DSG £m</b>	<b>Variation £m</b>
Schools Block	153.333	153.333	0
Early Years Block (Provisional)	7.417	9.812	2.395
High Needs Block	25.478	25.453	-0.025
Additions	0.052	0.052	0
<b>Total DSG</b>	<b>186.280</b>	<b>188.650</b>	<b>2.370</b>

5. Overall Shropshire's DSG has increased by £2.370m. This reflects an increase of £2.395m in the provisional Early Years Block and a reduction of £25k in the High Needs Block.
6. The Early Years Block increase of £2.395m reflects two changes:
- An increase to the provisional number of 3 and 4 year olds. The previous Early Years Block allocation included funding for 2,240 fte 3 and 4 year olds based on January 2014 census data. The latest Early Years Block allocation includes funding for 2,393 fte 3 and 4 year olds based on January 2015 census data. This equates to an additional 153 ftes and, at a unit of funding of £3,249.84, equates to an additional **£497k**. Please note that the final 2015-16 Early Years Block allocation will be based on January 2015 and January 2016 census data and will be announced in the summer 2016.
  - The inclusion of 2 year old funding not previously included in the 2015-16 DSG. The allocation is based on January 2015 2 year old numbers of 412 at an annual rate of £4,607.50. This equates to **£1,898k**.
7. The High Needs Block reduction of £25k is a further adjustment reflecting the change from funding being based on a residency to a location basis for Post 16.
8. Both the Schools Block and the High Needs Block allocations are subject to recoupment in relation to academies, post 16 high needs places and pre 16 high needs places in non-maintained special schools. DSG funding relating to these areas will be recouped from the local authority by the EFA and passed on to providers by the EFA.

9. The latest Schools Block and High Needs Block allocations following recoupment are shown below.

	Latest DSG 2015-16  £m	Recoupment 2015-16  £m	Updated DSG after Recoupment 2015-16 £m
Schools Block	153.333	48.793	104.540
High Needs Block	25.453	4.278	21.175

10. The latest 2015-16 DSG allocation after recoupment equates to £135.58m.

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## Schools Forum

Date: 17 September 2015

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and Development  
Centre

Item

Public

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**E**

## DEDICATED SCHOOLS GRANT MONITORING

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### Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of July 2015.

### Recommendation

This report is for information only.

## REPORT

### Outturn 2015-16

The overall outturn against centrally retained DSG is forecast to be £1,077k in surplus at the end of July 2015. The forecast is a prudent estimate based on the fact that the charges for the Autumn and Spring terms have still to be confirmed.

### Main reasons for a variation from budget of greater than £100k:

#### Line 1.2.1 – Top Up Funding – Maintained Providers

An underspend of £981k is currently forecast - £423k relates directly to the top up payments the local authority makes to maintained schools. This area is less predictable than other areas and therefore the reported figures are prudent estimates on forecast changes to statements during the Autumn 2015 and Spring 2016 terms. In addition the recoupments received from and paid to other local authorities for children attending schools out of area is currently showing a projected underspend of £558k. This is due to improvements in the systems for capturing information which were not complete when the budgets were set.

### **Line 1.2.2 – Top Up Funding – Academies and Free Schools**

An underspend of £185k is currently forecast. This area is hard to forecast at this stage in the year and so prudent estimates have been built in when forecasting changes to statements during the Autumn and Spring terms.

### **Line 1.2.5 – SEN Support Services**

The Joint Arrangement with Telford & Wrekin Council for the provision of a Sensory Inclusion Service is currently forecasting a underspend of £100k due to staffing vacancies in the service.

### **1.4.12 – Exceptions agreed by Secretary of State (Deficit Balance)**

A cost of £168,141 is reported. As agreed by Forum last year this is the second year charge relating to a secondary school deficit balance incurred in 2014-15 at the point of conversion to a sponsored academy.

## APPENDIX

### CENTRALLY RETAINED DEDICATED SCHOOLS GRANT FUNDING PERIOD (2015-16)

No:	Description	2015-16 Latest Budget £	2015-16 Outturn £	2015-16 Variation £
1.01	Individual Schools Budget - Early Years PVI's	4,715,120	4,715,120	0
	<b>DEDELEGATED ITEMS</b>			
1.1.1	Contingencies	160,000	160,000	0
1.1.2	Behaviour Support Services			
1.1.3	Support to UPEG and bilingual learners			
1.1.4	Free school meals eligibility			
1.1.5	Insurance	24,460	24,460	0
1.1.6	Museum and Library Services			
1.1.7	Licences/subscriptions			
1.1.8	Staff costs Maternity supply cover	334,000	295,400	-38,600
1.1.8a	Staff costs Trade Union Duties	53,180	59,646	6,466
	<b>HIGH NEEDS BUDGET</b>			
1.2.1	Top Up funding - Maintained Providers	5,352,000	4,370,468	-981,532
1.2.2	Top Up funding - Academies & Free Schools	3,987,610	3,802,614	-184,996
1.2.3	Top Up funding - Independent Providers	5,424,480	5,471,718	47,238
1.2.4	Other AP Provision (EOTAS)	197,180	197,181	1
1.2.5	SEN Support Services	1,796,440	1,692,587	-103,853
1.2.6	Support for Inclusion	320,630	319,731	-899
1.2.7	Hospital Education Services	105,190	105,190	0
1.2.8	Special Schools and PRUs in financial difficulty			
1.2.9	PFI and BSF costs at special schools			
1.2.10	Direct Payments (SEN and Disability)			
	<b>EARLY YEARS BUDGET</b>			
1.3.1	Central Expenditure on children under 5	259,340	259,339	-1
	<b>CENTRAL PROVISION WITHIN SCHOOLS BUDGET</b>			
1.4.1	Contribution to combined budgets	1,332,750	1,333,405	655
1.4.2	Schools Admissions	211,460	221,762	10,302
1.4.3	Servicing of Schools Forums	11,000	11,000	0
1.4.4	Termination of employment costs	1,024,920	1,024,919	-1
1.4.5	Carbon reduction commitment allowances			
1.4.6	Capital Expenditure from Revenue (CERA)	605,550	605,550	0
1.4.7	Prudential Borrowing Costs	295,350	295,350	0
1.4.8	Fees to independent schools without SEN			
1.4.9	Equal Pay - Back Pay			
1.4.10	Pupil growth / Infant Class sizes			
1.4.11	SEN Transport			
1.4.12	Exceptions agreed by Secretary of State (Licences)	187,820	187,820	0
1.4.12	Exceptions agreed by Secretary of State (Deficit)		168,141	168,141
<b>14.6.1</b>	<b>TOTAL CENTRALLY RETAINED</b>	<b>26,398,480</b>	<b>25,321,402</b>	<b>-1,077,078</b>
	<b>Original Central DSG</b>	<b>26,398,480</b>		
	<b>Latest Central DSG</b>	<b>26,398,480</b>		

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