

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

Date: 16/11/18

**Committee:
Schools Forum**

Date: Thursday, 22 November 2018

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 (Chair)
Phil Adams
Michael Barrett
Christine Hargest
John Hitchings
Sandra Holloway
Colin Hopkins
Pete Johnstone

Alan Parkhurst
Geoff Pettengell
Kay Redknap
Geoff Renwick
Mark Rogers
Philip Sell
Joy Tetsill
Ruth Thomas

Your Committee Officer is:

Philip Wilson Service Manager Business Support People

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AGENDA

- 1 **Apologies for Absence**
- 2 **Minutes and Matters Arising (Paper A) (Pages 1 - 4)**
- 3 **School Funding Arrangements 2019 - 2020 (Gwyneth Evans) Paper B**
(Pages 5 - 8)
- 4 **Growth Funding 2019 - 20 (Gwyneth Evans) Paper C (Pages 9 - 12)**
- 5 **Consultation on the Central Retention of Dedicated Schools Grant from April 2019 (Phil Wilson) Paper D**
- 6 **Central School Services Block 2019 - 20 (Gwyneth Evans) Paper E**
- 7 **Control on Surplus Balances (Gwyneth Evans) Paper F (Pages 13 - 18)**
- 8 **Dedicated Schools Grant Monitoring (Stephen Waters/Julia Dean) Paper G**
(Pages 19 - 24)
- 9 **Communications (Pages 25 - 30)**
- 10 **Future Meeting Dates**

17 January 2019	8.30 am	STDC, Monkmoor
31 January 2019 (provisional)	8.30 am	STDC, Monkmoor
21 March 2019	8.30 am	STDC, Monkmoor
6 June 2019	8.30 am	STDC, Monkmoor

Agenda Item 2

 <p>Shropshire Council</p>	<p>Schools Forum</p> <p>Date: 8 November 2018</p> <p>Time: 8.30 am</p> <p>Venue: STDC, Monkmoor, Shrewsbury</p>	<p><u>Item/Paper</u></p> <p>A</p> <p>Public</p>
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MINUTES OF SCHOOLS FORUM HELD ON 13 SEPTEMBER 2018

Present

School Forum Members

Bill Dowell (Chair)
Phil Adams – Academy Headteacher
Alan Doust – Secondary Headteacher
John Hitchings – SSGC
Sabrina Hobbs – Academy Headteacher
Sandra Holloway – Primary Governor
Shelly Hurdley – Early Years Representative
Samantha John – Academy Representative
Kerry Lynch – Academy Headteacher
Stephen Matthews – Primary Governor (and headteacher)
Alan Parkhurst – Primary Headteacher
Michael Revell – Primary Governor
Mark Rogers – Primary Headteacher
Andrew Smith – 16 -19 Representative
Charles Thomas – Professional Association Rep

Members

Cllr Nick Bardsley

Officers

Karen Bradshaw
Phil Wilson
Julia Dean
Gwyneth Evans
Jo Jones
Chris Mathews
Stephen Waters
Neville Ward
Helen Woodbridge (Minutes)

Observers

Roger Evans – Shropshire Council
Amy Jones – Shropshire Star

1. Apologies

Apologies had been received from Marilyn Hunt, Samantha John, Pete Johnstone, Ed Potter and Geoff Renwick.

Subsequently apologies were received from John Eglin.

2. Election of Chair

Karen Bradshaw asked for nominations for chair.
There was one nomination – Bill Dowell. Karen Bradshaw advised that Bill Dowell will become a Member of the newly formed Central Shropshire Academy Trust.
Schools Forum unanimously voted Bill Dowell as chair.
There was one nomination for vice chair – John Hitchings.
Schools Forum unanimously voted John Hitchings as vice chair.

3. Minutes and Matters Arising (Paper A)

The minutes were accepted as a true record.
Phil Wilson advised that he would be bringing a paper on place planning to the next meeting of Schools Forum. He explained that a countywide position statement had been produced in 2016 and that work has been ongoing in the areas where pressure on school places was forecast. Surplus places have been filled in many of the market town primary

ACTION

schools and the LA is expanding several schools in Shifnal, Market Drayton, Whitchurch, Baschurch, Hadnall and Shrewsbury. There are ongoing conversations with other schools re the future. It is possible that a new school will be required for south Shrewsbury early in the next decade. The primary bulge in numbers has largely gone through and a secondary bulge is now expected.

Karen Bradshaw added that any new school would need to go through a free school presumption process and would be an academy. The LA would need to work with DfE/ESFA/RSC and invite proposers for running the schools. There would be an interest for Schools Forum as there are revenue issues. Funding for free schools is released in phases. Shropshire is also bidding for a special school in wave 13 of free schools.

John Hitchings advised of the uneven bulge as the growth in numbers only applies in certain areas. Large swathes of the county are still reducing in terms of pupil numbers. Phil Wilson confirmed that the growth is largely in urban settings and new housing is the main driver for pupil growth.

Phil Adams asked if local people have any influence over who runs a new school and it was confirmed that they would be consultees in any free schools process..

Karen Bradshaw reported that there was a positive working relationship with the RSC. The Chair had a concern around the quality of provision especially in rural areas, Chris Mathews confirmed that Schools Forum can have confidence in processes and the application of processes in the area of place planning as Shropshire's model is tried and tested.

The Chair agreed to write to the RSC in this term re understanding of deficits in academies in order to establish pattern across Shropshire.

Gwyneth Evans confirmed that consultation around school balances/claw back would be going out shortly.

Julia Dean's report will cover high needs block funding issues.

Phil Wilson advised that the MP meeting in July received a paper re high needs block.

Peter Nutting then wrote to MPs seeking support. He agreed to share the letter with Schools Forum.

Gwyneth Evans had circulated the f40 briefing paper.

Chair

Phil
Wilson

4. Funding Arrangements for Severndale Academy and Woodlands School

Phil Wilson presented his paper and the appendices.

He confirmed that special schools would face the same funding pressures as mainstream schools in terms of inflation.

The banding has been set based on the current budgets. There is some uncertainty as funding will depend on the needs (and therefore band) of new children who come in.

Sabrina Hobbs expanded on the uncertainty of bandings and advised that special school headteachers would prefer to see a shift towards resourcing provision rather than need.

Charles Thomas asked about the stability of numbers in bandings.

Phil Wilson explained that places are commissioned by the LA and if more are required they will be commissioned and more funding would follow. Julia Dean added that

planning for this takes place a few years in advance. She added that there had been a change in needs – challenging behaviour (which is not a need but an effect) is growing. Banding is fairly consistent for Woodlands.

John Hitchings added that this highlights need for more funding.

Julia Dean explained the graph of banding distribution for Severndale. There had been a change in allocation since 2014. The needs of children have not changed, the way the funding was allocated has.

Gwyneth Evans explained appendix E. No inflation had been added.

Sabrina Hobbs explained that she would have liked a closer like for like comparison but no-one will share financial information. Severndale is the biggest special school in the country but is in a county which is poorly funded. She understands the LA position and is doing as much as possible nationally to secure more funding. A benchmarking exercise has shown that Severndale is efficient.

The Chair thanked schools staff and officers for all the work that has been undertaken and noted the additional pressure on the high needs block.

5. Schools Revenue Funding 2019-20

Gwyneth Evans went through the paper which was for information only. She advised that until PUF/SUF calculations are done based on October 2018 census figures, she won't know if there is enough to deliver the NFF (last year there was a surplus of £784k which Schools Forum had agreed to transfer into high needs). Mark Rogers highlighted background information (in paragraph 8) from which schools are protected at present. He felt that the core unit funding for being a school needs to be increased and there is a need to lobby re variables of formula - the scale of the reduction is scary.

Gwyneth Evans reported that f40 think that the formula is too heavily weighted on deprivation and that core funding needs to increase. She agreed to produce more information on a single page demonstrating the effects of the formula.

John Hitchings suspected that the spin will be that the amount of pupil funding is increasing. The need is increasing but funding is not keeping pace. He asked how the teachers' pay award will be funded.

Gwyneth Evans advised that there was not yet any detail on the basis on which it will be funded. Schools are budgeting for 1% and anything above that will be funded outside of DSG. This will also need to be sorted for special schools through the high needs block. Sabrina Hobbs advised that she will be attending the headteacher rally on 28 September in London focusing on need for increased funding. She will also meet with the Education Select Committee at the end of November.

Nick Bardsley advised that it will be really helpful to be able to present the information sheet prepared by Gwyneth Evans to politicians.

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6. Dedicated Schools Grant 2018-19 Update

Stephen Waters presented the paper which was for information only.

Phil Adams registered concern around EHCPs reducing to an average and suggested that Shropshire has an above average number of pupils who need EHCPs.

Julia Dean advised that data suggests that this is not the case.

Mark Rogers' view was that the use of the graduated support pathway to avoid EHCP (which is hard to remove once awarded) is a good principle.

Neville Ward commented on the shifting of power to parents.

Phil Adams confirmed that school funding has not increased in real terms so the amount schools are able to access has reduced and some needs cannot be met.

It was confirmed that Shropshire pays more high needs into mainstream schools than other local authorities do.

Julia Dean highlighted the need to identify whether there are SEN or socio-economic needs.

Alan Doust felt that secondary schools are well placed to assess the needs of children.

Sabrina Hobbs added that cuts to social care are also having an effect.

The chair recognised that this issue needs to be reconsidered by Schools Forum. He and the vice chair will meet with officers to consider and to scope any work to be commissioned.

Mark Rogers asked which would happen to any deficit.

Gwyneth Evans advised that it would roll forward within the high needs block.

7. Schools Revenue Funding Arrangements for 2019- 2020, Lord Hill Hotel, Wednesday 10 October

Phil Wilson advised of the event. Items to be covered include:

- A summary of revenue arrangements (as per today) – including concerns raised by Mark Rogers
- Consultation on de-delegation/top slice with maintained schools
- Forward financial planning (including government tools)
- SFVS
- High needs updates.

8. Communications

This had been covered during the meeting.

Phil Adams advised that the North West secondary heads are meeting with Owen Paterson and then Nick Gibb.

9. Future meeting dates:

Postscript: following the meeting it was decided to cancel the meetings on 8 November and 6 December, and to set a new single meeting date of 22 November

8 November 2018	8.30 am	STDC, Monkmoor
6 December 2018	8.30 am	STDC, Monkmoor
22 November 2018	8.30 am	STDC, Monkmoor
17 January 2019	8.30 am	STDC, Monkmoor
31 January 2019 (provisional)	8.30 am	STDC, Monkmoor
21 March 2019	8.30 am	STDC, Monkmoor
6 June 2019	8.30 am	STDC, Monkmoor

The meeting closed at 10.25 am.



Schools Forum

Date: 22 November 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

B

Public

School Funding Arrangements 2019-20

Responsible Officer Gwyneth Evans

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Summary

Following consultation with all Shropshire maintained schools and academies, Shropshire Schools Forum agreed to recommend to Cabinet the distribution of funding to schools for 2018-19 and 2019-20 in line with the transitional national funding formula (NFF) introduced by the Government.

This report details additional specific funding arrangements from April 2019 for consideration and agreement by Schools Forum in relation to the minimum funding guarantee, a disapplication request required to mirror the NFF through Shropshire's local funding formula, the basis for calculating Element 2 of a school's notional SEN budget and the potential transfer of funding between funding blocks.

Recommendation

Schools Forum is recommended to consider and approve the specific funding arrangements from April 2019 as detailed within this report.

REPORT

Background

1. In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating Dedicated Schools Grant (DSG) to local authorities from April 2018 with transitional arrangements for 2018-19 and 2019-20.
2. Local authorities, in consultation with their schools and Schools Forum, have local flexibility on the basis for distributing the funding to schools through the local funding formula in 2019-20 and following the Government's announcement of school funding arrangements in July, this local flexibility has been extended into 2020-21.
3. Shropshire schools were consulted on the basis for distributing the Schools Block of the DSG to Shropshire schools in the autumn term 2017. Following that consultation, Schools Forum recommended, and the Council's Cabinet

agreed, the distribution of individual school budgets for 2018-19 and 2019-20 in line with the transitional national funding formula announced by the Government.

4. Schools Forum members are asked to consider and agree specific arrangements for 2019-20 as detailed within this report. Cabinet will make a final decision on the school funding arrangements for 2019-20 in January 2019.

Minimum Funding Guarantee (MFG)

5. Local authorities are required to continue to set a pre-16 MFG in the local funding formula to protect schools from excessive year on year changes to funding. The MFG in the 2019-20 local funding formula protects against 2018-19 funding levels. The local authority can set a MFG within the local formula between minus 1.5% and plus 0.5% per pupil.
6. The MFG offers a different level of protection to the funding floor protection within the NFF which for 2019-20 is based on a 1% per pupil (pupil-led factors) increase compared to a 2017-18 per pupil funding baseline.
7. Setting the MFG at plus 0.5% within the 2019-20 local funding formula would see some Shropshire schools receiving more funding than the NFF with the funding floor protection would deliver. Financial modelling demonstrates that for each individual Shropshire school the NFF funding floor protection would deliver more than the MFG set at minus 1.5%.
8. **It is therefore recommended that Shropshire's local funding formula for 2019-20 includes the MFG at minus 1.5% to ensure the local funding formula allocations continue to mirror the NFF.**

Disapplication of School Finance Regulations

9. As for 2018-19, to mirror the NFF alternative gains cap, which allows smaller schools to gain more than the 3% per pupil (pupil-led factors) gain over the previous year where appropriate, local authorities are required to apply to the Secretary of State to disapply the School and Early Years Finance Regulations.
10. Based on October 2017 census data the alternative gains cap in 2019-20 would relate to 36 Shropshire schools ranging in size from 21 on roll to 105 on roll.
11. **Schools Forum is recommended to agree the submission of a disapplication request to the Secretary of State to allow the local funding formula to mirror the alternative gains cap methodology within the NFF.**

Additional Targeted High Needs Contingency Funding

12. With the introduction of schools funding reforms in 2013-14, Shropshire Schools Forum agreed an additional targeted high needs contingency budget to provide additional funding to schools where Element 2 funding within a

schools notional SEN budget, based on an element of the age weighted pupil unit (AWPU) funding, and the proxy indicators of free school meals (FSM), the Income Deprivation Affecting Children Index (IDACI) and low prior attainment, do not provide enough funding to meet the requirement for the school to contribute £6,000 towards the costs of meeting the needs of each high needs pupil in the school and leave 20% remaining for pupils not deemed to be high needs but requiring additional support.

13. The additional targeted high needs contingencies are funded from the High Needs Block of the Dedicated Schools Grant (DSG).
14. As Schools Forum are aware, the national funding formula distributes significantly higher levels of funding against the deprivation and low prior attainment formula factors and lower levels against primary and KS3 AWPU values compared to Shropshire's local funding formula prior to 2018-19 when the targeted high needs contingency arrangements were put in place.
15. Using the NFF values for calculating the Element 2 of a school's notional SEN budget within the funding formula from April 2018 meant very few, if any, schools would trigger the targeted high needs contingency funding even though for some schools the additional costs of meeting the £6,000 commitment to their high needs pupils will more than offset the overall gain received through the funding formula based on the NFF values.
16. Schools Forum agreed that for the 2018-19 financial year, the 2017-18 values for AWPU contribution, FSM, IDACI and low prior attainment were to be used to calculate a schools Element 2 funding for determining additional targeted high needs contingency allocations to schools from the High Needs Block of the DSG. This ensured consistency of funding for schools and allowed time to fully review the basis for calculating Element 2 of a school's notional SEN budget under the new NFF values within the funding formula for 2019-20 onwards.
17. A review of the basis for calculating Element 2 of a school's notional SEN budget has not yet taken place and so it is recommended that the current calculation basis continues for the 2019-20 financial year to ensure consistency of funding.
- 18. Schools Forum is recommended to approve this approach for 2019-20.**

Movement between Funding Blocks

19. The schools block of the DSG will be ring-fenced again in 2019-20, but local authorities will retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, with the approval of Schools Forum.
20. In 2018-19 Shropshire's schools block fully funded the transitional NFF for Shropshire schools, including the transitional funding floors and gains caps, and had just short of the maximum allowable 0.5%, £784k, available to transfer with Schools Forum approval into the High Needs block to support significant cost pressures on meeting the needs of high needs pupils and students in Shropshire.

21. Until the actual October 2018 dataset is run through the local funding formula for 2019-20 it isn't known whether there will be any schools block funding remaining in 2019-20.
22. However, if there is schools block funding remaining **it is recommended Schools Forum agree to its transfer, up to the maximum 0.5% allowable, into the High Needs block to offset significant cost pressures in this area, as in 2018-19.**



Schools Forum

Date: 22 November 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

C

Public

Growth Funding 2019-20

Responsible Officer Gwyneth Evans

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Summary

Growth funding enables local authorities to support schools with significant in-year pupil growth which is not otherwise immediately recognised by the lagged funding system.

Growth funding for schools is provided within local authorities' schools block National Funding Formula (NFF) allocations. For 2019-20 growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. Shropshire's notional growth fund allocation for 2019-20, based on historic lagged data, is £604,000.

The growth fund can only be used to:

- Support growth in pre-16 pupil numbers to meet basic need
- Support additional classes needed to meet the infant class size regulation
- Meet the costs of new schools

Schools Forum agrees the total growth fund.

Recommendation

That Schools Forum agree:

- The total growth fund for 2019-20, as proposed in paragraph 15 of this report; and
- The approach for distributing the growth fund to individual schools in 2019-20 as recommended within this report, as proposed in paragraph 16 of this report.

REPORT

1. Growth funding enables local authorities to support schools with significant in-year pupil growth, which is not otherwise immediately recognised by the lagged funding system.

2. Growth funding for schools is provided within local authorities' schools block NFF allocations within the Dedicated Schools Grant (DSG). Shropshire did not receive growth funding in 2018-19 as it was based on historic growth spending by local authorities. For 2019-20 the Department for Education (DfE) has developed a formulaic method for distributing growth funding to local authorities through the schools block of the DSG based on lagged pupil growth data.
3. Growth allocations for 2019-20 will be based on pupil data from the October 2018 census and local authorities will receive details of actual growth funding allocations as part of their DSG allocations in December 2018.
4. The DfE will be measuring growth within local authorities at middle layer super output area (MSOA) level to detect 'pockets' of growth. Growth will be measured by counting the increase in pupil numbers in each MSOA in the local authority between the two most recent October censuses. Only positive increases in pupil numbers will be included.
5. For each local authority the growth factor will allocate £1,370 for each primary growth pupil, £2,050 for each secondary growth pupil and £65,000 for each brand new school that opened in the previous year. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth. The growth factor in the national funding formula is a proxy for overall growth costs at a local authority level. There is no expectation that local authorities' spending on growth will necessarily match precisely the sum allocated to them for growth.
6. In 2019-20, the first year of the formulaic approach for growth funding, the DfE will include protections for local authorities losing growth funding and scale local authority growth gains to a maximum increase of 50% compared to their 2018-19 growth allocation. As Shropshire received no growth funding in 2018-19, our 2019-20 growth allocation will be scaled to 50% of the full formulaic value. Shropshire's notional growth allocation provided by the DfE based on October 16 and October 17 census data, including the 50% scaling, is £604,000.
7. As the growth funding is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The Schools Forum needs to agree the total growth fund.
8. The growth fund can only be used to:
 - Support growth in pre-16 pupil numbers to meet basic need
 - Support additional classes needed to meet the infant class size regulation
 - Meet the costs of new schools
9. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria.
10. The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. They will also include post start up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.

11. The growth fund may not be used to support:
 - Schools in financial difficulty
 - General growth due to popularity; which is managed through lagged funding.
12. Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by Schools Forum. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.
13. Compliant criteria would generally contain some of the features set out below:
 - Support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
 - Additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
 - Support where a school has temporarily increased its admission numbers (PAN), by a minimum number of pupils, in agreement with the authority
 - Support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
 - Pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need.
14. Methodologies for distributing funding could include:
 - A lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
 - A per pupil rate (usually based on AWPU, and reflecting the proportion of the year which is not funded within the school's budget share)
 - A per pupil rate, with a maximum ceiling.
15. Local authorities should report any unspent growth funding remaining at the year end to the school forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

Shropshire's Proposed Growth Fund Criteria 2019-20

16. It is proposed the actual growth funding within Shropshire's 2019-20 schools block of the DSG is top-sliced and allocated for growth funding to Shropshire schools.
17. The following criteria is proposed for allocating growth funding to Shropshire schools in 2019-20:
 - Where the predicted numbers for a school (excluding nursery classes and Post 16) for the following September show an increase, due to basic need, requiring the running of additional classes they may be able to access additional funding.

- Where schools have chosen to admit above their Published Admission Number (PAN) to meet parental preference from outside their agreed planning area and not basic need they will not be eligible to receive funding from the Growth Fund in recognition that the local authority could have secured places for the children concerned at other schools.
 - The requirement for additional classes or forms of entry will be reviewed on a case by case basis.
 - Allocations will be based on appropriate costs of resourcing additional classes.
 - Initial growth funding requests will be evaluated using Admission data and demographic forecasts to aid schools with budget setting. Where there is uncertainty or disagreement around the predicted pupil numbers, funding will not be allocated until receipt of the actual October census data.
 - In instances where actual growth was at lower levels than original estimates, schools will not be subject to claw-back on any funding already allocated.
 - For maintained schools any growth funding is available to the end of the financial year. For academies any growth funding is available to the end of the academic year.
 - To avoid double funding, any maintained primary school attracting funding from the Growth Fund will not receive funding from the de-delegated pupil growth contingency in that financial year.
18. The Education and Skills Funding Agency (ESFA) will check the criteria for compliance with the regulations.
19. Schools Forum will receive regular updates on the allocation of the Growth Fund and, in exceptional cases, local authority officers may draw on a sub-group of Schools Forum to consider an individual Growth Fund allocation request.



Schools Forum

Date: 22 November 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

F

Public

Control on Surplus Balances

Responsible Officer Gwyneth Evans

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Summary

Shropshire's Scheme for the Financing of Schools currently includes a balance control mechanism as agreed with Schools Forum.

Local authority maintained schools holding surplus revenue balances above the threshold levels (8% primary and special schools, 5% secondary schools) for three consecutive years are subject to the control on balances mechanism.

Any balances clawed back are recycled within the overall Schools Budget for the benefit of Shropshire pupils.

Schools Forum agreed to consult all Shropshire maintained schools on the removal of the control on balances mechanism from Shropshire's Scheme for the Financing of Schools with effect from April 2019.

Recommendation

This report:

- recommends Schools Forum consider the responses received from Shropshire maintained schools to the consultation and agree the removal of the control on surplus balances mechanism from Shropshire's Scheme for the Financing of Schools .

REPORT

Background

1. The Department for Education (DfE) removed the requirement for local authority schemes for the financing of schools to include a balance control mechanism from April 2011. At that point, following consultation with Shropshire maintained schools, Shropshire Schools Forum agreed the continued inclusion of a control on surplus balances mechanism within Shropshire's scheme to ensure funding is spent on the pupils generating it.

2. As discussed at Schools Forum meeting in June 2018, whilst there has been a very small number of actual instances of clawback, the control on surplus balances mechanism has focused governing bodies' on the effective planning of surplus balances. However given the move to increased autonomy for schools, Schools Forum agreed to consult Shropshire maintained schools on the removal of the control on surplus balances mechanism from within Shropshire's Scheme for the Financing of Schools and replace the mechanism with the following wording, consistent with the DfE's wording in school benchmarking reports: *'Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils'*.

Consultation responses on the removal of the control on surplus balances mechanism from Shropshire's scheme for the financing of schools

3. Consultation papers were sent to all Shropshire maintained schools on 14 September 2018 with a return date of 19 October 2018. A copy of the consultation paper is attached at Appendix A and details of the responses received attached at Appendix B of this report.
4. In total 32 responses were received out of 98 Shropshire maintained schools, (33%). Of the responses received, 29 (91%) were in favour of the removal of the control on surplus balances mechanism, two (6%) against and one (3%) abstained.
5. Of the responses in favour of the removal, 28 (97%) agreed to replace the mechanism with the following wording within the Scheme for the Financing of Schools: *'Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils'*, one (3%) did not agree with the replacement wording.
6. Schools Forum is recommended to approve the removal of the control on surplus balances mechanism from Shropshire's Scheme for the Financing of Schools and replace with the wording *'Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils'*, in line with the responses received from Shropshire maintained schools.

Dear Colleague

Consultation on the removal of the Control on Surplus Balances mechanism from Shropshire's Scheme for the Financing of Schools

Shropshire's Scheme for the Financing of Schools includes a control on surplus balances mechanism where individual school balances, held for three consecutive years above a threshold level, are subject to claw-back.

Threshold levels are calculated as 5% of revenue funding for secondary schools and 8% of revenue funding for primary and special schools and claw-back focusses only on schools that have held surplus revenue balances above the threshold levels for three consecutive years or can give no reasonable planned use for their balance. Balances clawed back are recycled within the overall schools budget for the benefit of Shropshire pupils.

The inclusion of a control on surplus balances mechanism in Shropshire's Scheme for the Financing of Schools is a local decision and not a government requirement. The Department for Education's statutory guidance states:

*The scheme **may** contain a mechanism to clawback excess surplus balances. Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.*

In almost all instances in recent years, schools subject to claw-back have successfully made cases for exceptional circumstances either due to on-going/delayed building works or significant budget pressures in the following financial year. Claw-back has not been applied in these cases.

Whilst agreeing the importance of schools investing today's funding in today's pupils, at a meeting in June, Shropshire Schools Forum discussed the control on balances mechanism and its continued appropriateness given the move towards increased autonomy for schools. It was noted that the Scheme for the Financing of Schools applies to local authority maintained schools only and that academies are not subject to the same control mechanism. The local authority will continue to support and challenge local authority maintained schools to make the best use of their funding for the benefit of their pupils through the school performance monitoring process.

It was agreed to consult Shropshire maintained schools on the removal of the control on surplus balances mechanism from Shropshire's Scheme for the Financing of Schools and replace with the following wording:

'Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils'

Schools are asked to complete the consultation questions below and return to Jo Jones, School Funding Team, Learning and Skills, Shropshire Council, Shirehall, Shrewsbury, SY2 6ND or email schoolfunding@shropshire.gov.uk by Friday 19 October 2018.

Consultation on the removal of the Control on Surplus Balances mechanism from Shropshire's Scheme for the Financing of Schools

Question	Yes/No/Don't know	Comments
Do you agree that the control on surplus balances mechanism should be removed from Shropshire's scheme for the financing of schools?		
If yes, do you agree that the following wording should be included instead: <i>'Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils.'</i>		

Signed _____

School _____

Position _____

Date _____

School	Q1 YES	Q1 NO	Q2 YES	Q2 NO	Comments
School 1	Yes		Yes		Clawback can lead to rushed and wasteful spending
School 2	Yes		Yes		Who defines what is modest and prudent or substantial?
School 3	Yes		Yes		
School 4	Yes		Yes		
School 5	Yes		Yes		
School 6					Abstaining as converting to academy
School 7	Yes		Yes		
School 8	Yes		Yes		
School 9	Yes		Yes		
School 10		No			
School 11	Yes		Yes		
School 12	Yes		Yes		
School 13	Yes		Yes		
School 14	Yes		Yes		
School 15		No			I still believe in collective common purpose and 'the greater good', which I know is somewhat unfashionable in current climates. As long as it is clear that a planned and much needed surplus is allowed then it should be upheld.
School 16	Yes		Yes		Schools need to plan for the near future and this is hampered by clawback at times. Retention of a 7th teacher has been our priority and this has required careful budgeting over several years, we were close to thresholds for clawback which was difficult to manage and made us spend money on priorities other than the main ones identified.
School 17	Yes		Yes		
School 18	Yes		Yes		Both of our schools are in the fortunate position of increasing NOR. Because of careful management we have used our surplus to increase teachers and decrease class sizes. Q2 Just specify please who will be monitoring this and how.
School 19	Yes		Yes		As above
School 20	Yes		Yes		
School 21	Yes		Yes		It should be at the school's discretion, it is money placed in our budget for our children and should remain that way. There may be surprises that need accommodating over a year, things that need saving for and in the current climate this is a sensible way of working.
School 22	Yes		Yes		As a school with forces children our numbers fluctuate from year to year and being able to control our own surplus, helps to plan for the years the census data is lower. However, I would add a note of caution that the school had a large amount of money when I arrived, which governors seemed reluctant to spend and which I was able to use to improve the school due to clawback regulations. With no clawback it could lead to schools hoarding money. Q2 Yes I agree that there should be a plan, for the reasons above.
School 23	Yes		Yes		With the added budgetary pressures schools are facing it is prudent for maintained schools to plan carefully for the future of their schools, if this means they carry forward larger amount then I don't have a problem. When the NFF is fully implemented I feel the schools will be unable to continue to have such a safety net
School 24	Yes		Yes		
School 25	Yes		Yes		If a school is building a significant surplus with no plans then it should be considered that they are being funded too much (as long as student outcomes are strong) funding formula should be adjusted accordingly
School 26	Yes		Yes		
School 27	Yes		Yes		
School 28	Yes		Yes		
School 29	Yes		Yes		
School 30	Yes		Yes		
School 31	Yes		Yes		
School 32	Yes			No	Wording is too similar to existing policy. Balances should be able to be kept indefinitely
	29	2	28	1	

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 Shropshire Council	Schools Forum	<u>Item</u>	<u>Paper</u>
	Date: 22 November 2018 Time: 8:30 am Venue: Shrewsbury Training and Development Centre	Public	G

DEDICATED SCHOOLS GRANT MONITORING

Responsible Officer Stephen Waters
e-mail: Stephen.a.waters@shropshire.gov.uk Tel: (01743) 258952

Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of October 2018.

Recommendation

This report is for information only.

REPORT

1. The overall outturn against centrally retained DSG is forecast to be £1.569m in deficit as at the end of October 2018. This is an increase in projected overspend of £0.158m compared to the position reported to Schools Forum as at the end of August.

Centrally Controlled High Needs Budget

2. The centrally controlled High Needs Block is the largest budget area within central DSG accounting for £18.537m of the £37.458m central DSG budget in 2018-19. The £18.537m budget excludes the place funding element of the High Needs Block totalling £7.336m but does include the transfer of £0.784m funding from the Schools Block to the High Needs Block as approved by Schools Forum in January 2018.
3. Overall, the High Needs Block forecast to be £1.618m in deficit as at the end of October 2018. Given that the £0.784m of high needs funding represents a one-off transfer of funding from the Schools Block, this indicates that the High Needs Block allocation to Shropshire is insufficient to meet expenditure requirements if current spending levels continue.

4. The main reasons for a variation from budget of greater than £0.100m falling within the High Needs Block are detailed below.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools

5. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a net forecast overspend of £0.900m. This overspend reflects a pressure of £0.855m on top-up funding paid to mainstream schools where the budget is £3.535m. This shows that the forecast 2018-19 expenditure is £4.390m which is £0.477m more than last year's outturn figure of £3.913m which shows that spending is continuing to increase to meet the special educational needs of children placed in mainstream schools. The projected overspend of £0.855m is £0.085m more than projected as at end of August allowing for an increase in monthly top-up funding through the rest of the academic year which is historically the trend.
6. One explanation for this is the impact of the Graduated Supported Pathway, introduced in 2017-18 as a strategy to support schools to meet the needs of children with low cost, high frequency need (SEND Support). The Graduated Supported Pathway aims to provide additional funding to supplement element 2 funding which comes directly through the Schools Block of DSG. The long term aim is that the local authority will see a reduction in the number of Education Health Care (EHC) plans to bring Shropshire's percentage of EHC Plans per population down in line with the national average. It was understood that in the short term there will be a transitional period where additional funding is required to support this strategy, however more detailed analysis is required to understand the ongoing cost of this strategy for the remainder of the year.

Line 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

7. An overspend of £0.588m is reported in this budget area. The key budget areas are detailed below:

Independent Special Schools

8. In 2017-18 the outturn figure was a £0.541m overspend against the Independent Special School budget of £4.186m. Despite this large overspend, the budget has only been increased by £0.140m to £4.326m in 2018-19.
9. Using the placement tracker spreadsheet that tracks costs of individual placements, the projected overspend against this budget is £0.636m. This is based on all summer term and most autumn term invoices paid on the Council's financial system and known projected placement end dates.
10. During the summer term there were 86 Education led placements. Of these, 52 children were placed in either one of 2 low cost non-residential settings where the average cost of placement is relatively low at £0.032m. The budget of £1.602m for these non-residential placements at these 2 settings was based on 50 placements at the cost of £0.032m and the resulting overspend against these placements is £0.159m due to these 2 additional placements in the Summer

Term. The increase in placement numbers in 2018-19 is explained by increased demand at our lower cost, non-residential providers. Demand for increased placements at these two providers is indicative of a bigger issue around challenging behaviour across the county which reflects the national picture. It is also a direct result of Shropshire's maintained social, emotional and mental health (SEMH) provision being at full capacity.

11. In addition to these non-residential placements at the 2 specific settings, there is an additional cohort of children placed at other education led placements. The majority of these placements are at residential settings where the annual cost can exceed £0.200m per child per annum. In relation to these placements the budget of £2.150m was set based on 33 residential placements at a cost of £0.065m per placement. Based on the latest placement tracker, the projected cost of these placements is £0.207m less than budgeted.
12. In addition to the placements above, there are a number of placements where education agrees a contribution towards a joint funded placement alongside Health and Social Care. These are the most complex cases. The projected overspend in relation to these placements is £0.685m.
13. These trends follow the national picture being reported by the f40 group of local authorities during a recent survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, and higher contributions from education towards joint social care placements.

1.2.4 – Additional High Needs Targeted Funding for Maintained Schools and Academies

14. There is a forecast overspend of £0.101m relating to additional targeted funding for maintained schools and academies. This is a result of the introduction of the Graduated Supported Pathway strategy described earlier.

Central Schools Services Block

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

15. A cost of £0.168m is reported. As agreed by Schools Forum in 2014-15, this is the fifth and final year charge relating to a secondary school deficit balance incurred in 2014-15 at the point of conversion to a sponsored academy.

National Context and Next Steps

16. In September 2017, the Association of Directors of Children's Services (ADCS) issued a survey to all directors of children's services in order to develop a better understanding of the pressures on high needs funding. The survey aimed to quantify the financial pressures on high needs budgets while also identifying the key contextual drivers creating the demand for high needs funding. Across the 85 Local Authorities who responded to the survey, 68 reported an overspend on their 2016-17 high needs block budget.

17. Local authorities fed back that they had worked closely with their Schools Forum to agree how the overspend should be managed with medium term financial plans agreed by Schools Forum. Due to the introduction of a national funding formula, a number of local authorities reported a lack of clarity as to how the financial plans will be implemented given the schools block will be ringfenced with minimal flexibility to transfer funds between blocks.
18. In light of the extent of the overspend being forecast, officers are continuing to work to establish a financial plan to bring back to Schools Forum. Any plan will have an impact on policy, therefore a number of options will be identified alongside any associated risks.

APPENDIX

CENTRALLY RETAINED DEDICATED SCHOOLS GRANT FUNDING PERIOD (2018-19)

	2018-19 Latest Budget £	2018-19 Forecast Spend £	2018-19 Variance £	
DEDELEGATED ITEMS				
1.1.1	Contingencies	150,170	100,000	-50,170
1.1.2	Behaviour Support Services	0	0	0
1.1.3	Support to UPEG and bilingual learners	0	0	0
1.1.4	Free school meals eligibility	0	0	0
1.1.5	Insurance	0	0	0
1.1.6	Museum and Library Services	0	0	0
1.1.7	Licences/subscriptions	0	0	0
1.1.8	Staff costs Maternity supply cover	410,000	236,245	-173,755
1.1.9	Staff costs Trade Union Duties	44,740	52,387	7,647
	DEDELEGATED ITEMS SUB TOTAL	604,910	388,632	-216,278
CENTRALLY CONTROLLED EARLY YEARS BUDGET				
1.3.1	Central Expenditure on Children under 5	317,290	317,290	0
1.0.1	Individual Schools Budget - Early Years PVI's and Maintained Nursery Provision	14,838,500	14,833,250	-5,250
	CENTRALLY CONTROLLED EARLY YEARS SUB TOTAL	15,155,790	15,150,540	-5,250
CENTRALLY CONTROLLED HIGH NEEDS BUDGET				
1.2.1	Top Up funding - Maintained Providers	4,903,150	5,018,338	115,188
1.2.2	Top Up funding - Academies, Free Schools and Colleges	5,603,480	6,388,686	785,206
1.2.3	Top Up funding - Non-Maintained and Independent Providers	4,748,370	5,335,994	587,624
1.2.4	Additional High Needs Targeted Funding for Maintained Schools and Academies	127,280	228,045	100,765
1.2.5	SEN Support Services	1,767,450	1,791,128	23,678
1.2.6	Hospital Education Services	170,190	147,533	-22,657
1.2.7	Other Alternative Provision Services	159,680	148,324	-11,356
1.2.8	Support for Inclusion	1,057,780	1,097,595	39,815
1.2.9	Special Schools and PRUs in Financial Difficulty	0	0	0
1.2.10	PFI / BSF Costs at Special Schools and AP / PRUs	0	0	0
1.2.11	Direct Payments (SEN and Disability)	0	0	0
1.2.12	Carbon Reduction Commitment Allowances (PRUs)	0	0	0
	CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL	18,537,380	20,155,643	1,618,263
CENTRAL SCHOOL SERVICES BLOCK				
1.4.1	Contribution to combined budgets	852,110	845,595	-6,515
1.4.2	Schools Admissions	223,150	233,934	10,784
1.4.3	Servicing of Schools Forums	10,000	10,000	0
1.4.4	Termination of employment costs	980,930	980,930	0
1.4.5	Falling Rolls Fund	0	0	0
1.4.6	Capital Expenditure from Revenue (CERA)	0	0	0
1.4.7	Prudential Borrowing Costs	295,350	295,350	0
1.4.8	Fees to independent schools without SEN	0	0	0
1.4.9	Equal Pay - Back Pay	0	0	0
1.4.10	Pupil growth / Infant Class sizes	0	0	0
1.4.11	SEN Transport	0	0	0
1.4.12	Exceptions agreed by Secretary of State (Deficit)	0	168,141	168,141
1.4.13	Other Items (Copyright Licensing Agency fee)	208,190	208,190	0
	Ongoing duties	590,660	590,660	0
	CENTRAL PROVISION WITHIN SCHOOLS BUDGET SUB TOTAL	3,160,390	3,332,800	172,410
	TOTAL CENTRAL DSG	37,458,470	39,027,616	1,569,146
	TOTAL CENTRAL DSG	37,458,470		
	DELEGATED HIGH NEEDS BUDGET - Place Funding	7,335,650		
	INDIVIDUAL SCHOOLS BUDGET SHARES	156,483,540		
	TOTAL DSG	201,277,660		
	TOTAL HIGH NEEDS BLOCK ALLOCATION 2018-19	25,089,030		
	TRANSFER OF SCHOOLS BLOCK FUNDING	784,020		
	TOTAL HIGH NEEDS BLOCK FUNDING AVAILABLE 2018-19	25,873,050		
	DELEGATED HIGH NEEDS BUDGET - PLACE FUNDING	7,335,650		
	CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL	18,537,380		
	TOTAL HIGH NEEDS BLOCK FUNDING AVAILABLE 2018-19	25,873,030		

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16 November 2019

The Rt Hon Philip Hammond MP
Chancellor of The Exchequer,
The Treasury,
1 Horse Guards Road,
London
SW1A 2HQ

Dear Chancellor

The importance of a fair funding deal for schools

As the new chair of the f40 Group of local authorities I am writing to express my disappointment with the inadequate attention paid to schools in the Autumn Statement and to emphasise the importance of additional resources being made available for future years via the 2019 Comprehensive Spending Review.

The f40 group, which has been campaigning for fairer funding for schools for over two decades, is convinced there is a better and more equitable way for the government to allocate funding to local authorities and schools. We seek fairness and equal opportunities in education for all children regardless of where they live, and to equip schools to provide a quality education for all children to meet the future needs of Britain.

The allocations for primary and secondary pupils in the authorities in the f40 group are among the lowest in the country. Following the school funding consultations in 2016 and 2017, f40 hoped that the case for fair funding for schools had been won as the government agreed that the funding allocation system was unjustifiable and unfair. The introduction of a National Funding Formula (NFF) and additional funding for 2018-19 and 2019-20 were welcomed and f40 viewed the overall outcome as another step towards fairer funding.

Regrettably, the NFF did not deliver a new formula that is adequate and acceptable, especially for the poorest local authorities and schools. It falls considerably short of what was expected and f40 has concluded that the government has replaced one unfair system with another. We believe that the NFF does not deliver true fairness and is, therefore, in need of fundamental change and we are making our case to the Secretary of State for Education, but also wish HM Treasury to understand why we are continuing to campaign for a better and fairer funding deal. Our main concerns are:

1. MAINSTREAM SCHOOLS

f40 seeks a £2billion increase in the amount invested in Schools Block funding to meet the cost pressures facing all schools.

Cost pressures are significant for all schools, but those in the lowest funded areas have been forced to prioritise funding to meet core costs at the expense of improving outcomes for vulnerable pupils. Pay and inflationary cost pressures, such as teachers pay increases (which are only partially funded) are significant. Cuts in local government have pushed cost burdens to schools for aspects of youth work, parental support and social care. Equally, low funding for post-16 courses in schools have created additional pressures. The government must take account of f40's index linked activity-led formula (previously presented to the DfE and referenced below) which sets out the true costs of delivering to Ofsted standards. This clearly shows the real cost of running a school. f40 believes the current funding shortfall in schools is £2bn pa.

f40 continues to argue for an index-linked activity-led formula to ensure sufficient funding in the system, which is correctly balanced to meet needs.

Funding continues to be directed on historic considerations and the average of decisions made by local authorities that had different spending powers. There is no rationale: there is no real understanding of the needs of schools or the needs of children. f40 believes funding should be appropriately and correctly targeted to specific needs or ages with reference to an activity-led formula, such as the well regarded f40 model. Providing an activity-based formula would allow for future changes of policy direction and enable the government to create a world class system of education to allow our pupils to compete in the post-Brexit age with the rest of the world. In addition, index linking would mean that the activity-led formula could keep pace with the cost changes occurring around them.

f40 seeks a review of the amount of funding for basic entitlement relative to the educational additional needs.

Schools cannot provide appropriate support for pupils with additional needs, from deprived backgrounds or with special educational needs if they cannot afford to run a core education for all. The basic entitlement funds the core cost of schools (e.g. teachers and heating) and must be sufficient to run the school before the costs of additional support are added to school budgets. The NFF should be underpinned by f40's index-linked activity-led formula to set out the basic entitlement funding to meet the core cost of running a school and the extra cost of additional services for SEN and deprivation.

f40 seeks one NFF without the need for Minimum Funding Levels (MFL) and long-term locked-in protections.

One of the key principles set out in the early NFF consultations, supported by f40, was that pupils of similar characteristics should attract similar levels of funding wherever they are in the country (allowing for the area cost adjustment). Therefore, NFF should be applied to all schools on a consistent basis. However, the protections applied, such as the 0.5% funding floor, 'lock in' some of the historical differences for those schools which have been comparatively well funded for several decades. The government must continue to develop the national formula so that it is fit for the future i.e. is fairer, more easily understood, transparent and adjustable. Transition to the new formula is sensible but locking in past inequalities is not.

If the Minimum Funding Level is here to stay, then it should be fairly applied to take account of the additional educational needs (AEN) of individual schools.

The MFL is unnecessary. An activity-led NFF should undertake this role. The MFL is applied to bring schools up to an artificial minimum level, but schools with pupils with few additional needs are being funded at the same level of funding as a school with a greater number of additional needs pupils. This is not fair. Ultimately, we wish to see the removal of the MFL, or in the short term it should be modified to take account of varying levels of additional education needs in the calculation.

The NFF needs to cover all the funding for mainstream schools, not just the pupil-led elements.

Within the NFF there will always be elements that are individual to each school such as property related costs, e.g. business rates and sparsity. Funding for these cannot continue to be based upon historical costs. The government must introduce mechanisms to deal with exceptional premises funding. Exceptional premises should be funded at realistic, not historical levels. F40 believes that all schools should be exempted from business rates with a one-off compensating cost adjustment nationally for local government.

f40 seeks continued funding flexibility to support specific local issues and organisational requirements.

No two schools in the country are exactly the same, but the NFF assumes all schools are almost identical. There are good local reasons why some schools have costs that others do not have, and an inflexible national system cannot support these schools equitably. Some local flexibility is essential

in achieving a fair formula that works and stands the test of time. The government should allow an element/percentage of the formula to be targeted using local discretion (via the Schools Forum or similar representative group).

f40 seeks to see plans for the funding formula beyond 2020 and the establishment of rolling 3-4 year budget settlements for schools which are inflation-proofed, including funding for cost-of-living increases.

We understand what the final values of the NFF may be, though these are not yet achievable because of the funding shortfall. There is no information about funding for 2021-22, yet schools are expected to plan 3-5 years ahead. If there are changes to be made, schools need time to plan and achieve that change. School funding is dependent on Comprehensive Spending Reviews, but the education of children doesn't stop in the interim. The reality is that the vast majority of school budgeting is pre-determined. Why then is it necessary to hold back the whole school funding announcement in such circumstances? Whilst the CSR is an important government control, there is enough known about the system to make an educated estimate of future pupil numbers and future funding requirements. A 3-4 year rolling settlement could be achieved for the vast majority of funding without Parliament losing control of what it wants to achieve.

2. HIGH NEEDS

f40 seeks an immediate injection of emergency funding for the high needs block.

There is an emerging crisis in high needs funding, created in part by the continued use of historic funding levels, that f40 urges the government to address before permanent damage is done to very many vulnerable pupils. The Department for Education's short-term attempts to fix the problem are woefully inadequate. The demand for high needs funding is out-stripping the budgets available to local authorities across the country, resulting in serious deficits in the high needs block in over half of all local authorities. Many are finding it extremely difficult to recover these deficits and cuts to existing high needs services and pupil top-up funding makes what provision that is available simply unsustainable. The complexity of the high needs services demanded by more and more children (and their parents) is far greater than was the case just a few years ago, more accurate medical assessment and improved methods of treatment increase demand still further. Such increasing needs requires recognition through the national high needs formula.

f40 is calling for an immediate injection of new funding, estimated on increased costs and demand since 2015 as at least £1.5bn pa, and the introduction of an annual index-linked review for this block. This is the block of funding that supports the most vulnerable pupils in our schools: those with complex SEN, those who are excluded or at risk of exclusion and those that cannot access education for medical reasons. We have asked the DfE to undertake a review of SEN policy and guidance to help manage down demand more effectively.

3. EARLY YEARS

f40 seeks a review of the early years national formula to make it fit for future use, together with an increase in the quantum of funding for early years providers to take account of the pressures of the living wage and the impact of 30 hours.

There have been no universal increases in funding rates for early years providers, yet the cost of introduction of the living wage and separately increased employer costs are having a significant impact on the nursery sector, which traditionally employs a higher proportion of low paid workers than many other employment sectors. Providers are expected to implement 30 hours for working parents which means more of their working week at the national rate, with fewer opportunities to cover any shortfall in costs. Thus, providers are finding it increasingly difficult to provide early education. There must be an immediate injection of new funding and the introduction of an annual index-linked review for this block

Additionally, nursery schools are required through regulation to have unique cost factors so moving to a single hourly rate across all providers will not be sustainable. The uncertainty over future plans is causing turbulence in our schools which is unhelpful. The government must change the rules so that local authorities are able to properly fund nursery schools.

4. OTHER MATTERS

f40 seeks clarity on the way that the Central Schools Services Block will work and be increased in future.

Not all funding to support education is directed via the NFF. Funding that is directed by the Central Schools Services Block for services such as combined budgets are being funded at historic levels and not keeping pace with the requirements that are made on them. The central services block should be index linked to meet increasing costs.

f40 wants to see parity with Multi Academy Trusts

f40 understands that MATs are different to maintained schools and are part of the future landscape for schools, but we would like to see MATs being held more accountable for some of the decisions that they make, especially with regard to pay and distribution of funding between individual academies in the MAT. A national funding formula should mean equality for all schools, including those in MATS and we would welcome appropriate legislation to facilitate parity.

f40 seeks a review of the way that Home to School Transport is funded and used.

We recognise that Home to School Transport is not part of the Dedicated Schools Grant. However, it is an ongoing problem for rural authorities, particularly as more schools become academies. Costs are rising faster than funding leading to significant restrictions on school transport locally. Local authorities have lost strategic control but are required to provide services in accordance with the legislation but with declining funding. SEN Transport is also a growing problem with costs continuing to rise as a result of the growing SEN population and the challenge in finding available appropriate placements. The government needs to recognise the real impact of reducing school transport on pupil choices. Again, we would welcome legislative change and additional funding.

As chair of f40 I appreciate that this list of demands is lengthy and potentially expensive, but I firmly believe that substantial additional resources and a revised approach to their allocation is urgently needed. I recall our Party Manifesto promise in relation to school funding and I would be grateful to receive some indication from you of the timeline for the complete delivery on this commitment. I am also keenly aware of a statement made recently in an interview with the BBC's Nick Robinson where you suggested that a review of school funding would occur in the next Comprehensive Spending Review.

I trust that the above listed critically important matters will be fully addressed.

Yours Sincerely



ClIr James McInnes, Chair of the f40 Group

and

Cabinet Member for Children's Services & Schools

Devon County Council

County Hall, Topsham Road,

Exeter,

Devon

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