



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

Date: Date Not Specified

**Committee:
Schools Forum**

Date: Thursday, 13 September 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
- 2 Election of Chair
- 3 Minutes and Matters Arising - 21 June 2018 (Pages 1 - 4)
- 4 Funding Arrangements for Severndale Academy and Woodlands School (Pages 5 - 20)
- 5 Schools Revenue Funding 2019 - 20 (Pages 21 - 24)
- 6 Dedicated Schools Grant Monitoring (Pages 25 - 30)
- 7 Schools Revenue Funding Arrangements for 2019 to 2020, Lord Hill Hotel, Wednesday 10 October 2018
- 8 Communications
- 9 Future meeting dates

Future meetings (please diary):

8 November 2018	8.30 am	STDC, Monkmoor
6 December 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

Agenda Item 3

	Schools Forum Date: 13 September 2018 Time: 8.30 am Venue: STDC, Monkmoor, Shrewsbury	<u>Item/Paper</u> A Public
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MINUTES OF SCHOOLS FORUM HELD ON 21 JUNE 2018

Present

School Forum Members

Bill Dowell (Chair)
Phil Adams – Academy Headteacher
Alan Doust – Secondary Headteacher
Jean Evanson – Professional Association Representative
John Hitchings – SSGC
Sabrina Hobbs – Academy Headteacher
Marylin Hunt – Primary Headteacher
Shelly Hurdley – Early Years Representative
Samantha John – Academy Representative
Kerry Lynch – Academy Headteacher
Stephen Matthews – Primary Governor (and headteacher)
Alan Parkhurst – Primary Headteacher
Geoff Renwick – Academy Headteacher
Michael Revell – Primary Governor
Mark Rogers – Primary Headteacher
Andrew Smith – 16 -19 Representative
Guy Verling – Primary Headteacher

Members

Cllr Nick Bardsley
Cllr Ed Potter

Officers

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

Observers

Roger Evans

1. Apologies

Apologies had been received from Pete Johnstone, Philip Sell, Karen Bradshaw, Neville Ward and Michael Barratt.

2. Minutes and Matters Arising (Paper A)

- The minutes were approved as a true record of the meeting.
- Item 3 Phil Wilson advised of constructive meetings with Woodlands and Severndale Schools and thanked them for their input. The funding mechanism will be finalised for the Autumn term and should be a sustainable model. The Chair thanked officers, governors and staff for their work on this.
- Item 4 Phil Wilson provided feedback from the Deficit Budget Working Group. There have been constructive conversations re challenges around the use of capital receipts. There is further work to do. The group will be meeting again at the end of September.

3. Allocation of Early Years Block

Phil Wilson went through the paper.
He advised that the level of funding continues to be a challenge so lobbying continues. Shelly Hurdley advised that she had heard of instances where some charges are being made to parents for some items.
John Hitchings asked about population projections for Shropshire.

ACTION

Phil Wilson advised of significant growth in primary pupil numbers in recent years and that this 'bulge' will move through into secondary in the coming years. He described a number of projects which are underway to expand some primary schools. He added that up until now spare capacity in schools had been used.

It was agreed that a paper re place planning will be brought to Schools Forum in the Autumn term.

PW

4. **School Balances as at March**

Gwyneth Evans went through this annual paper and a confidential appendix was circulated (and subsequently collected).

The headlines are that school balances are reducing and that deficit balances are reducing and continue to be monitored.

Chris Mathews clarified the conditions for a deficit being licensed which are around standards and the ability to repay.

John Hitchings noted that the pattern is changing – trend was that smaller schools had large surpluses and it is now more of a mixture.

The Chair was disappointed that there is no similar information available on academies which seems perverse when considering state funded places for Shropshire children.

The Chair agreed to write to the RCS on this point on behalf of Schools Forum.

Phil Adams acknowledged the work undertaken by Thomas Adams School to get its deficit down.

Gwyneth Evans highlighted a recent instance of a school with a deficit leaving the LA to become a sponsored academy where the receiving MAT had agreed to take on the deficit. This had been due to the positive working relationship that existed.

She asked Schools Forum if withdrawal of delegation should be considered earlier.

Schools Forum agreed that it should in some cases.

Sam John suggested earlier talks about finances (like those that already take place about land etc) but also agreed with removing delegation if necessary.

Chris Mathews cautioned that there may not be enough time to do this as a notice of concern is required first.

Chair

5. **Control on surplus Balances**

Gwyneth Evans went through her paper. A confidential appendix was circulated (and subsequently collected back in).

Geoff Renwick advised that secondary academies are advised by the RSC to carry a minimum of 5% as a contingency.

Stephen Matthews suggested that surpluses need to be questioned and his view was that the control should remain in place.

Nick Bardsley was concerned that without this process surpluses may increase.

Mark Rogers suggested that increased reserves would enable schools to cope with some issues eg redundancy. It is public money being delayed to plan for future use and not being used for excessive pay like in some academies. It is more efficient to run a school with some level of reserves eg it can reduce amount of sickness insurance and allow flexibility.

The Chair expressed concern around schools building up balances year on year for the sake of it.

Alan Doust agreed and suggested increasing the percentage.

Gwyneth Evans confirmed that this is a time consuming exercise for relatively small amounts.

Geoff Renwick stressed the duty to spend this year's money on this year's children.

Chris Mathews reminded Schools Forum of the School Performance Monitoring – Gwyneth Evans does flag up issues and schools could be called in.

Marilyn Hunt would be concerned if there were no controls.

Mark Rogers advised that governors don't plan to save but 'accidents' happen.

He added that this had been a political issue – (too much balances belied the need for more funding) but this is not such an issue now.

Schools Forum agreed the recommendation to consult Shropshire schools.

GE

6. Dedicated Schools Grant 2018-19 Update

Gwyneth Evans went through the paper which was for information only.

7. Schools Financial Value Standard 2017-18 and Replacement from April 2019

Gwyneth Evans went through the paper which was for information only.

8. Scheme for the Financing of Schools Revisions

Gwyneth Evans went through the paper which was for information only.

9. Dedicated Schools Grant High Needs Block Annual Summary

Julia Dean went through the paper which was for information only.
The LA is spending more on mainstream top up and independent placements.
EAS are looking at how 6th day provision costs can be reduced.
It was confirmed that the budget is under increasing pressure.

10. Dedicated Schools Grant Monitoring

Stephen Waters went through the paper focussing on 2018-19.
The significant overspend that is forecast is causing concern.
It is a wider problem - not just for Shropshire. F40 has identified a national issue.
Headteachers had been shocked to discover independent mainstream schools are not expected to find the £6k. Not funded by LA unless EHCP and identified as best solution.
Mark Rogers was confused by para 8 and Julia explained further – Shropshire is a net exporter.
Andrew Smith queried length of study and Julia Dean explained that it had been extended as the top age is now 25.
Chris Mathews advised that T&W were keen to separate services (SIS). However, a report has found that it would be more efficient to keep together. Need to establish a financial plan over the summer term to bring to Schools Forum in the autumn term.
The Chair had concerns re disparity between Shropshire and its statistical neighbours.
Kerry Lynch advised that 35 LAs have written to Damian Hinds to challenge around high needs funding.
Sabrina Hobbs had attended an Education Select Committee – there were headteachers round the table. They were interested in high needs area and are commissioning a SEND Enquiry. It is a systemic problem so no rationale for LAs getting different levels.
Sabrina Hobbs added that Lucy Allen is on the Committee.
Ed Potter agreed to add this issue to the MP meetings agenda.
There has been an F40 briefing paper for MPs.
Karen Bradshaw to be asked to pursue with DCS
Gwyneth Evans to circulate paper.

JD

EP

GE

11. Communications

This had been included at the previous agenda item.

12. Future meeting dates:

13 September 2018	8.30 am	STDC, Monkmoor
8 November 2018	8.30 am	STDC, Monkmoor
6 December 2018	8.30 am	STDC, Monkmoor
17 January 2019	8.30 am	STDC, Monkmoor
31 January 2019 (provision)	8.30 am	STDC, Monkmoor

21 March 2019
6 June 2019

8.30 am
8.30 am

STDC, Monkmoor
STDC, Monkmoor

The meeting closed at 10.30 am.

DRAFT



Schools Forum

Date: 13 September 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

B

Public

Funding Arrangements for Severndale Academy and Woodlands School

Responsible Officer Phil Wilson

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Summary

At their meeting on 22 March 2018, Schools Forum received a paper on the final report from an independent specialist commissioned by the local authority to undertake a financial analysis and benchmarking review of the funding levels, from the High Needs Block, for the county's two special schools, namely Severndale Specialist Academy and Woodlands School.

Forum were informed that local authority officers would continue with separate discussions with the senior leadership in each of the schools to secure future funding arrangements that are affordable and sustainable. A verbal update was provided for Forum members at their meeting on 21 June 2018.

This paper provides an update, for Forum's consideration and comment, on the discussions with each of the schools.

Recommendations

To consider the planned funding arrangements for Severndale Specialist Academy and Woodlands School.

REPORT

Background

1. Schools Forum established a High Needs Task & Finish Group in March 2016 to undertake a review into high needs funding. An independent review of the banding system for Shropshire specialist schools was commissioned and a report considered by the group in May 2017 – a verbal report was provided for Forum members at their meeting on 8 June 2017.

2. The consensus of the group was that the report had not included sufficient evidence to support two of the key recommendations, that the funding for Severndale Specialist Academy should remain unchanged, and that the funding for Woodlands School should increase.
3. Schools Forum received a further report on 14 September 2017, informing them that the local authority was commissioning an independent consultant to undertake an urgent review and benchmarking exercise on the high needs funding arrangements for the two special schools. The review was a desktop exercise, undertaken over a total of four days.
4. The consultant's report was timetabled for consideration by Forum on 7 December 2017, but was withdrawn following concerns raised by the headteacher of Woodlands School, to allow time for detailed discussions with the school regarding these concerns. The same opportunity was extended to senior leaders from Severndale Specialist Academy.
5. The final report, approved by the two schools, was presented at the 22 March 2018 Schools Forum meeting. Following discussion, it was agreed that local authority officers would meet separately with the senior leaders in each of the schools, to work up and finalise the funding arrangements, with a view to securing arrangements that are simplified, provide consistency and clarity on future funding levels, and are sustainable both in terms of delivering the required provision in the schools and is affordable from the High Needs Block allocation.
6. Meetings were held over the summer with senior leaders in the two schools, with officers presenting funding models for discussion and comment. While the discussions are not concluded, Forum are being provided with an update on the proposed funding arrangements, noting that the local authority's duty is to consult on the proposals but has the responsibility for determining them.

Woodlands School

7. Forum are reminded of the funding position for Woodlands School, as outlined in the 22 March 2018 report. The school governing body has now set a budget plan for 2018-19 showing gross planned expenditure of £1.851 million across the main Woodlands site near Wem, and the two primary hubs in Oswestry and Bishop's Castle (excluding outreach provision). The provisional funding statement for 2018-19 has allocated £1.567 million for 74 commissioned places and top-ups across 4 bands for the current 59 pupils on roll (see Appendix A). This means there is a current funding gap of £0.284 million.
8. The provisional funding includes £150,000 for the 15 unfilled commissioned places. If these places were taken, the school would receive additional top-up funding, which would be related to the banding of the pupil. Based on an estimated average banding of £13,623 per pupil (£803,734 provisional top-up for 59 pupils), these 15 pupils would result in additional top-up funding of £0.204 million, which would push the overall funding up to £1.771 million. Based on the budget plan of £1.851 million, this would still result in a funding gap of £80,000. However, this does not account for the planned income from pupil premium (£34,950) and PE and sports grant (£10,000). After allowing for these the funding gap reduces to £35,050.

9. A focus of the discussions between officers and the school's leaders was on assessing the option of moving to a two band structure with the aim of simplifying the funding arrangements and providing the school with greater consistency, stability and clarity on future funding. Officers met with senior school leaders on 13 July 2018.
10. Officers remodelled the funding statement to replace top-up bands A to C with a single band, while retaining band D. The new banded value was calculated by averaging the weighted totals across the three bands, across all three sites, based on the pupil numbers in each band. This produced a new top-up value of £12,219 per pupil. In recognition of the projected funding gap in the school's budget plan, the top-up value was uplifted by 3% to a value of £12,585 per pupil. Appendix B illustrates the impact of this model, which delivers a revised allocation of £1.598 million, an increase of £31,000 over the original provisional funding statement.
11. A second model looked at applying different banding values for the main Woodlands site and the primary hub provision, which delivered average top-up funding for the new band of £13,632 per pupil at the Woodlands site and £9,444 per pupil at the Oswestry and Bishop's Castle sites.
12. The model has sought to baseline the funding for Woodlands School at a level that meets their current costs. The move to two top-up bands reduces the year on year fluctuations in funding due to changes in pupil numbers across the three main bands, and provides some degree of stability and certainty in funding going forward. The school has been reminded, as is the case with mainstream schools funded via the Schools block, that consideration in uplifting banding values in future years may only be possible in the event that the government passports additional funding for inflation through the Dedicated Schools Grant.
13. A response from the headteacher and chair of governors to the options presented was received on 23 August. After due consideration, they do not feel able to recommend to their governing body acceptance of either of the options presented and instead to continue with the 'status quo'. They recognise that there may be a requirement for further discussions as a consequence.
14. They are concerned that the averaging of the banding, with a modest uplift in 2018-19, is simply a mechanism for delivering the current levels of funding. They have stated that they have identified a reduction in the average value of the bands in recent years, which means that if the average top-up value from several years ago was applied to the model, they would be better funded. They are also concerned about the unfunded pressures on their budget and the availability of funding for a contingency to meet unplanned needs.
15. The local authority will continue discussions with the school to understand and address the issues raised by the school, in particular the evidence of a reduction in the average band value (which is not the view of the local authority), and will report back to Forum if there is any revision in the proposal that puts additional demands on the High Needs block.

Severndale Specialist Academy

16. The current provisional funding position for the academy, based on 405 commissioned places at a cost to the High Needs block of £6.688 million, was appended to the 22 March 2018 Forum report and is reattached to this paper at Appendix C. Officers have met with senior managers from the academy twice over the summer - on 24 May and 15 June.
17. The initial focus has been to look at the pattern in the banding of pupils across the four top-up bands currently used for allocating funding across the 14 year groups in the school. The graph attached at Appendix D was presented, which highlights a clear and significant shift in the banding of pupils towards the lower bands A and B, particularly in Years 0 to 3. It was agreed that this shift was not a reflection in the complexity of need of the pupils entering the school but rather a change in the process of determining the band based on the banding categories of need. The process of determining a pupil's band when they enter the school is no longer driven by the academy.
18. The outcome of the shift in bands is a reduced level of top-up funding provided to the academy over the last four years, while their costs of meeting the needs of the pupils will not have reduced.
19. Officers presented two proposals for determining future top-up funding. The first model calculated top-up banding based on the current four bands, using agreed teacher/teaching assistant ratio costs and oncosts, as at April 2013 (to reflect the fact that the High Needs block has not increased in inflationary terms since this date). Funding for other 'overhead' costs (including leadership, administration, resources, premises etc) was set at 12.5% of the total top-up. This equates to an average top-up rate for overheads of £2,407 per pupil. This compares to an equivalent figure in a large Shropshire secondary school of £1,550 per pupil. The model additionally built in an uplift to the band A top-up to a value of £1,000 – it is currently £0. This model is attached at Appendix E.
20. An alternative model was also presented, which looked at the impact of reducing the number of bands from four to three by merging bands A and B, while retaining bands C and D for pupils with more complex needs. Following discussion, it was agreed to go with the model appended to this paper, which retains the four bands.
21. Following the meetings, the academy advised officers that they believe an overheads rate of 13.2% should be applied to the model on the following grounds:
 - their premises are more highly adapted than a mainstream setting, therefore the costs of installation and maintenance are higher
 - the resources required to support their pupils are more specialised, with expensive equipment that is not essential in mainstream settings
 - the complexities of their pupils require a higher ratio of administration and support staff than in mainstream settings.

22. The view of the local authority is that the model provides an additional £857 per pupil in overheads funding when compared to a large Shropshire secondary school and together with the absence of any details or material evidence of the actual costs to the academy over a period of years, it is not proposed to amend the 12.5% figure.
23. The additional demand on the High Need block from the proposed model is an additional £216,296 in a full year. It is recognised that this puts additional pressure on the High Need block, which is already under significant pressure. However, the model is believed to be fair and appropriate. The views of Schools Forum are invited.

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Provisional Funding Statement 2018-19

34850

Woodlands

				£	=	£
Commissioned places	56	x		10,000		560,000
Provisional Top up funding	Band A	6	x	7,192.09		43,153
Provisional Top up funding	Band B	21	x	12,034.34		252,721
Provisional Top up funding	Band C	12	x	18,358.25		220,299
Provisional Top up funding	Band D	7	x	24,053.04		168,371
Provisional Full Year Top Up funding	46					684,544
Total Provisional Funding						1,244,544
Please note - Top Up funding follows the pupil						

Acorns - North & South

				£	=	£
Commissioned places	Summer	18	x	10,000		75,000
	Aut & Spr	22	x	10,000		128,330
						203,330
Provisional Top up funding	Band A	9	x	7,192.09		64,729
Provisional Top up funding	Band B	3	x	12,034.34		36,103
Provisional Top up funding	Band C	1	x	18,358.25		18,358
Provisional Top up funding	Band D	0	x	24,053.04		0
Provisional Full Year Top Up funding	13					119,190
Total Provisional Funding						322,520
Please note - Top Up funding follows the pupil						

Summary

				£	=	£
Commissioned places	Summer	74	x	10,000		308,330
	Aut & Spr	78	x	10,000		455,000
						763,330
Provisional Top up funding	Band A	15	x	7,192.09		107,881
Provisional Top up funding	Band B	24	x	12,034.34		288,824
Provisional Top up funding	Band C	13	x	18,358.25		238,657
Provisional Top up funding	Band D	7	x	24,053.04		168,371
Provisional Full Year Top Up funding	59					803,734
Total Provisional Funding						1,567,064

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Provisional Funding Statement 2018-19

Proposed Provisional Funding Statement 2018-19

Woodlands

Commissioned places				£	=	£
	56	x	10,000			560,000
Provisional Top up funding	Band A	6	x	7,192.09	=	43,153
Provisional Top up funding	Band B	21	x	12,034.34	=	252,721
Provisional Top up funding	Band C	12	x	18,358.25	=	220,299
Provisional Top up funding	Band D	7	x	24,053.04	=	168,371
Provisional Full Year Top Up funding		46				684,544
Total Provisional Funding						1,244,544

Please note - Top Up funding follows the pupil

	3%			
Average A/B/C Top-up across Woodlands and Acorns	Percentage increase to av. A/B/C top-up	Proposed new core top-up rate	Band D	
12,219	367	12,585	24,053	

Woodlands

Commissioned places				£	=	£
	56	x	10,000			560,000
Provisional Top up funding	Band A/B/C	6	x	12,585.07	=	75,510
Provisional Top up funding	Band A/B/C	21	x	12,585.07	=	264,286
Provisional Top up funding	Band A/B/C	12	x	12,585.07	=	151,021
Provisional Top up funding	Band D	7	x	24,053.04	=	168,371
Provisional Full Year Top Up funding		46				659,189
Total Provisional Funding						1,219,189

Please note - Top Up funding follows the pupil

Page 13

Acorns - North & South

Commissioned places	Summer	18	x	£		£
	Aut & Spr	22	x	10,000	=	75,000
						128,330
Provisional Top up funding	Band A	9	x	7,192.09	=	64,729
Provisional Top up funding	Band B	3	x	12,034.34	=	36,103
Provisional Top up funding	Band C	1	x	18,358.25	=	18,358
Provisional Top up funding	Band D	0	x	24,053.04	=	0
Provisional Full Year Top Up funding		13				119,190
Total Provisional Funding						322,520

Please note - Top Up funding follows the pupil

Acorns - North & South

Commissioned places	Summer	18	x	£		£
	Aut & Spr	24	x	10,000	=	75,000
						140,000
Provisional Top up funding	Band A/B/C	9	x	12,585.07	=	113,266
Provisional Top up funding	Band A/B/C	3	x	12,585.07	=	37,755
Provisional Top up funding	Band A/B/C	1	x	12,585.07	=	12,585
Provisional Top up funding	Band D	0	x	24,053.04	=	0
Provisional Full Year Top Up funding		13				163,606
Total Provisional Funding						378,606

Please note - Top Up funding follows the pupil

Summary

Commissioned places	Summer	74	x	£		£
	Aut & Spr	78	x	10,000		308,330
						455,000
						763,330
Provisional Top up funding	Band A	15	x	7,192.09	=	107,881
Provisional Top up funding	Band B	24	x	12,034.34	=	288,824
Provisional Top up funding	Band C	13	x	18,358.25	=	238,657
Provisional Top up funding	Band D	7	x	24,053.04	=	168,371
Provisional Full Year Top Up funding		59				803,734
Total Provisional Funding						1,567,064

Summary

Commissioned places	Summer	74	x	£		£
	Aut & Spr	80	x	10,000		308,330
						466,670
						775,000
Provisional Top up funding	Band A/B/C	15	x	12,585.07	=	188,776
Provisional Top up funding	Band A/B/C	24	x	12,585.07	=	302,042
Provisional Top up funding	Band A/B/C	13	x	12,585.07	=	163,606
Provisional Top up funding	Band D	7	x	24,053.04	=	168,371
Provisional Full Year Top Up funding		59				822,795
Total Provisional Funding						1,597,795

Additional Funding **30,731**

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Provisional Funding Statement 2018-19

22/02/2018

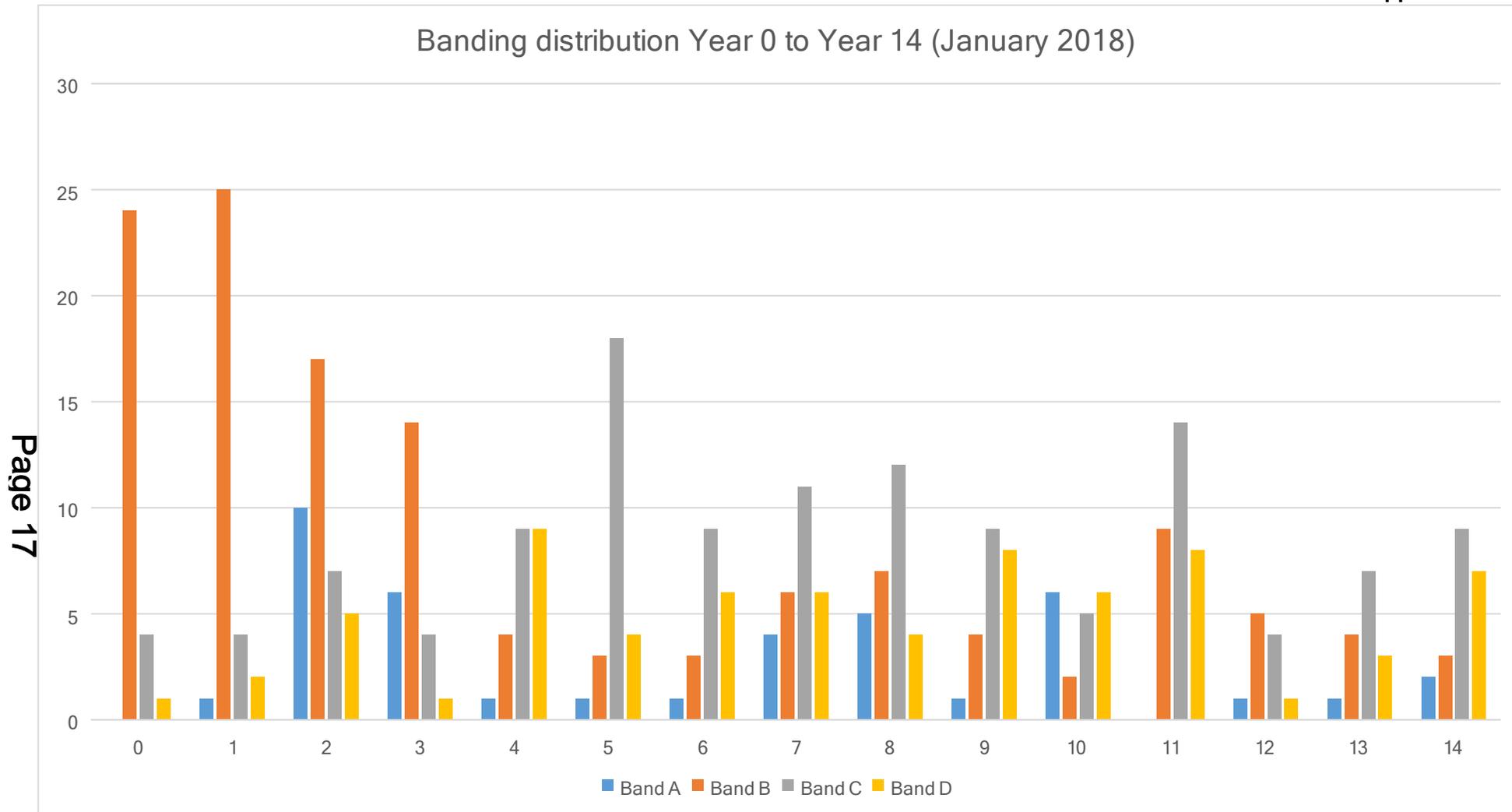
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Severndale

Commissioned places - Pre and Post 16 (Summer term)	405					£		£	
					x	10,000	=	1,687,500	
Commissioned places - Pre and Post 16 (Autumn/Spring terms)	405				x	10,000	=	2,362,500	
								4,050,000	
Commissioned places - Pre 16 and Post 16									
		Summer	Autumn	Spring	Total		Top Up £		
Provisional Top up funding	Band A	45.00	45.00	45.00	45.00	x	0.00	=	0
Provisional Top up funding	Band B	138.00	138.00	138.00	138.00	x	2,946.54	=	406,623
Provisional Top up funding	Band C	129.00	129.00	129.00	129.00	x	8,969.31	=	1,157,041
Provisional Top up funding	Band D	72.50	72.50	72.50	72.50	x	14,392.92	=	1,043,487
Provisional Top up funding	Nursery A	0.00	0.00	0.00	0.00	x	787.77	=	0
Provisional Top up funding	Nursery B	7.00	7.00	7.00	7.00	x	1,473.27	=	10,313
Provisional Top up funding	Nursery C	3.00	3.00	3.00	3.00	x	4,484.65	=	13,454
Provisional Top up funding	Nursery D	1.00	1.00	1.00	1.00	x	7,196.46	=	7,196
Please note - Top Up funding follows the pupil									
Provisional Full Year Top Up funding		395.50	395.50	395.50	395.50				2,638,114
Total Provisional Funding									6,688,114
Please note - Top Up funding follows the pupil									

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Banding distribution Year 0 to Year 14 (January 2018)



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Severndale Banded Funding - July 2018

	Pupil : Teacher Ratio	Pupil : TA Ratio	Teacher Funding £	TA Funding £	Sub Total £	Increase Band A by £2,085 to deliver £1,000 top-up	Leadership, Admin, Premises £	Sub Total £	LESS Commission ed Place Funding £	Proposed new Top-up £	2017 -18 Top-Up £	Per Pupil Top-up Variation £
			M6/UPS 1 + SEN Pt £4000 + oncosts 2013-14	Pt17, 32.5hrs, 44wks + oncosts 2013-14			12.5%					
Band A	1 : 8	1 : 8	5,686	1,854	7,540	9,625	1,375	11,000	10,000	1,000	0	1,000
Band B	1 : 6	1 : 3	7,581	4,943	12,525	12,525	1,789	14,314	10,000	4,314	2,947	1,367
Band C	1 : 5	4 : 6	9,098	9,887	18,984	18,984	2,712	21,696	10,000	11,696	8,969	2,727
Band D	1 : 3	2 : 3	15,163	9,887	25,049	25,049	3,578	28,628	10,000	18,628	14,393	4,235

Jan-18	
40 Band As	1,375
130 Band Bs	1,789
126 Band Cs	2,712
71 Band Ds	3,578
	883,381
NOR	367
Per Pupil £	2,407
<i>Large Sec School per pupil</i>	<i>1,550</i>
Large Sec School Leadership Costs Apr 18	304,335
Remaining	579,046

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Schools Forum

Date: 13 September 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

C

Public

SCHOOLS REVENUE FUNDING 2019-20

Responsible Officer Gwyneth Evans

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Summary

In July the Education & Skills Funding Agency (ESFA) published schools revenue funding guidance for 2019-20 for local authorities and schools forums. 2019-20 is the second year of the national funding formula for schools, high needs and central school services. The Government published details of the national funding formula in September 2017. The latest guidance includes some small technical changes to the formula for 2019-20.

Shropshire Council, with the agreement of Shropshire Schools Forum, agreed to replicate the national funding formula through Shropshire's local funding formula from 2018-19.

This report summaries the latest Government guidance for schools revenue funding for 2019-20. The full guidance document can be accessed at <https://www.gov.uk/government/publications/pre-16-schools-funding-guidance-for-2019-to-2020>

Recommendation

This report is for information only

REPORT

Background

1. The Government introduced a national funding formula for allocating schools, high needs and central school services funding through the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities retained responsibility for determining local funding formulas for allocating funding to schools and academies in their area for 2018-19 and 2019-20. Shropshire Council, with the agreement of Shropshire Schools

Forum, agreed to replicate the national funding formula in Shropshire's local funding formula to schools from 2018-19.

3. The latest guidance on schools revenue funding arrangements for 2019-20 was published by the ESFA in July. The guidance includes details of updates to the national funding formula for 2019-20 as confirmed last year along with some new policy changes.
4. Along with the latest guidance, the Government has published illustrative local authority level allocations for 2019-20 for the schools, high needs and central school services blocks within the DSG and illustrative 2019-20 national funding formula calculations for the schools block for all maintained schools and academies in each local authority area.

School Revenue Funding Arrangements 2019-20

5. The actual primary unit of funding (PUF) and secondary unit of funding (SUF) used to calculate each local authority's schools block allocation has been published. For Shropshire these equate to £4,059 per pupil and £4,906 per pupil respectively.
6. These units of funding will be applied to pupil numbers recorded in the October 2018 school census to determine final schools block allocations for 2019-20. These will be issued to local authorities as usual in December.
7. Local authorities have responsibility for determining their local funding formulas for allocating the schools block to their individual schools in 2019-20, as in 2018-19. This latest Government guidance confirms that local authorities will continue to determine local formulas in 2020-21.
8. In line with the approach and commitments set out last year, three key aspects of the schools national funding formula are being updated in 2019 to 2020.
 - Within the schools block the government will provide for at least a 1% per pupil increase for each school in 2019-20 through the national funding formula compared to their 2017-18 baseline. This was set at at least 0.5% in 2018-19.
 - The minimum per pupil funding levels have increased to £3,500 for all primary schools and £4,800 for all secondary schools. These levels were £3,300 and £4,600 respectively in 2018-19.
 - The gains cap has increased so that schools can attract gains of up to 6.09% against their 2017-18 baselines. This was 3% in 2018-19.
9. There are however some policy changes announced for the 2019-20 national funding formula.
 - Growth funding will be allocated to local authorities on a formulaic basis rather than on historic spend as in 2018-19. Shropshire did not receive any growth funding in 2018-19 as historically we had not allocated funding to schools labelled as growth. A formulaic basis should result in some growth funding for Shropshire in 2019-20.
 - The primary low prior attainment factor value will be reduced to £1,022 in 2019-20 to balance the increase in the cohort. This factor value was £1050 in 2018-19.

10. The Government has also announced a number of smaller changes to the arrangements for calculating local formulas, to support local authorities to mirror the national funding formula.
11. The schools block will remain ring-fenced in 2019-20. Local authorities are able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. As a reminder, in 2018-19 Shropshire Schools Forum agreed to the transfer of £784,000 to the high needs block, after fully allocating individual school budget shares in line with the national funding formula, to support the increasing pressures on the high needs block.

High Needs Funding Arrangements 2019-20

12. The latest guidance confirms the following increases in high needs funding allocations in 2019-20, subject to changes in pupil and student numbers and their movement between local authorities:
 - The funding floor will increase so all authorities will attract at least a 1% gain per head of population, subject to changes in estimated population, against their 2017-18 baselines
 - The gains cap will increase to 6.09% compared to 2017-18 baselines. We have used compounded figures so that underfunded local authorities can gain a further 3% on top of the 3% they gained in 2018-19.

Central School Services Funding Arrangements 2019-20

13. Central School Services Block funding covers:
 - Statutory and regulatory duties
 - Education welfare
 - Asset management
 - Central support services
 - Monitoring national curriculum
 - Therapies
 - Other ongoing duties
 - Historic commitments
14. In 2019-20, ongoing responsibilities will continue to be funded in broadly the same way as previously with updated baselines in line with 2018-19 DSG allocations
15. Funding for historic commitments will be allocated at the same level as in 2018-19 but the Government's expectation is that these costs will reduce over time. From 2020-21 funding for historic commitments will reduce even where local authorities' expenditure has not reduced.

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Schools Forum

Date: 13 September 2018

Time: 8:30 am

Venue: Shrewsbury Training
and Development
Centre

Item

Public

Paper

D

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 August 2018.

Recommendation

This report is for information only.

REPORT

1. The overall outturn against centrally retained DSG is forecast to be £1.411m in deficit as at the end of August 2018. This is an increase in projected overspend of £0.461m compared to the position reported to Schools Forum as at the end of May.

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 £1.403m in deficit as at the end of August 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 Appendix 2, there is a net forecast overspend of £0.632m. This overspend reflects a pressure of £0.770m on top-up funding paid to mainstream schools where the budget is £3.535m. This shows that the forecast 2018-19 expenditure is £4.305m which is £0.392m more than last year's outturn figure of £3.913m. 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

6. An overspend of £0.695m is reported in this budget area. The key budget areas are detailed below:

Independent Special Schools

7. 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.
8. Using the placement tracker spreadsheet that tracks costs of individual placements, the projected overspend against this budget is £0.702m. This is based on all summer term and some autumn term invoices paid on the Council's financial system, and known projected placement end dates. These projections are also based on decisions agreed regarding joint funded placements by the Complex Case Panel up to the end of August. At this panel, the level of contribution from Education, Health and Social Care towards Children's placements is determined.
9. 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 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 £0.070m due to these 2 additional placements. 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.

10. In addition to these non-residential placements at the 2 specific settings, there were an additional 34 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 was set based on 33 residential placements at a cost of £0.065m per placement, however the projected cost of these placements is £0.128m higher than budgeted due to the 1 additional placement and an increase in projected average cost per placement from £0.065m to £0.067m.
11. In addition to the 86 placements above, there are a number of placements where education makes an annual contribution towards a joint funded placement. These contributions are agreed at Complex Case Panel meetings with Education, Health and Social Care officers present. A 2018-19 budget of £0.575m was set for these contributions based on forecast contributions towards 10 placements, however through the early part of this financial year, decisions to approve joint funding towards placements where no previous education funding had been agreed has led to a significant pressure on this budget. As at the end of August the forecast education contributions towards joint funded placements is £1.079m towards 18 placements rather than the budgeted 10 resulting in an overspend of £0.504m.
12. 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.

Central Schools Services Block

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

13. 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

14. 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.

15. 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.

16. In light of the extent of the overspend being forecast, there is an urgent need for officers to establish a financial plan to bring back to Schools Forum. Some discussions have taken place over the Summer regarding areas where there are potential savings. These areas include Sensory Inclusion Service, arrangements for mainstream top-ups, commissioning of Alternative Provision and linked to this behaviour support services. Also, some exploration of developing traded services to support schools that will potentially generate income. Some of these proposals will take time to implement and although there has been some initial scoping of potential savings, more time is required to document this in more detail. The plan will outline to Schools Forum the value of savings that could be generated and the timescale to achieve these savings. Where controlling expenditure to within budgeted levels is not possible, the plan will highlight these areas with reference to those external factors that are driving demand.

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	150,170	150,170	0
1.1.2	0	0	0
1.1.3	0	0	0
1.1.4	0	0	0
1.1.5	0	0	0
1.1.6	0	0	0
1.1.7	0	0	0
1.1.8	410,000	249,951	-160,049
1.1.9	44,740	48,230	3,490
	604,910	448,351	-156,559
CENTRALLY CONTROLLED EARLY YEARS BUDGET			
1.3.1	317,290	317,290	0
1.0.1	14,838,490	14,838,490	0
	15,155,780	15,155,780	0
CENTRALLY CONTROLLED HIGH NEEDS BUDGET			
1.2.1	4,925,310	5,089,875	164,565
1.2.2	5,603,480	6,071,332	467,852
1.2.3	4,748,370	5,443,623	695,253
1.2.4	127,280	127,280	0
1.2.5	1,748,890	1,756,190	7,300
1.2.6	170,190	150,190	-20,000
1.2.7	159,680	162,394	2,714
1.2.8	1,054,180	1,139,680	85,500
1.2.9	0	0	0
1.2.10	0	0	0
1.2.11	0	0	0
1.2.12	0	0	0
	18,537,380	19,940,564	1,403,184
CENTRAL SCHOOL SERVICES BLOCK			
1.4.1	852,110	847,267	-4,843
1.4.2	219,420	220,783	1,363
1.4.3	10,000	10,000	0
1.4.4	980,930	980,930	0
1.4.5	0	0	0
1.4.6	0	0	0
1.4.7	295,350	295,350	0
1.4.8	0	0	0
1.4.9	0	0	0
1.4.10	0	0	0
1.4.11	0	0	0
1.4.12	0	168,141	168,141
1.4.13	208,190	208,190	0
	594,390	594,390	0
	3,160,390	3,325,051	164,661
TOTAL CENTRAL DSG			
	37,458,460	38,869,745	1,411,285
TOTAL CENTRAL DSG	37,458,460		
DELEGATED HIGH NEEDS BUDGET - Place Funding	7,335,650		
INDIVIDUAL SCHOOLS BUDGET SHARES	156,483,540		
TOTAL DSG	201,277,650		

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