

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

Date: 15th January 2019

**Committee:
Schools Forum**

Date: Thursday, 17 January 2019
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 - 22nd November 2018 Paper A (Pages 1 - 6)**
- 3 Schools Revenue Funding Settlement and School Arrangements 2019-20 [Gwyneth Evans] Paper B (Pages 7 - 10)**
- 4 Shropshire Schools Forum Constitution [Phil Wilson] Paper C (Pages 11 - 16)**
- 5 High Needs Funding Task and Finish Group [Phil Wilson] Paper D (Pages 17 - 20)**
- 6 Dedicated Schools Grant Monitoring [Stephen Waters/Julia Dean] Paper E (Pages 21 - 26)**
- 7 Communications**
- 8 Future Meeting Dates**

Future meetings [please diary]:

31 January 2019 [provisional]	8.30am	STDC, Monkmoor
21 March 2019	8.30am	STDC, Monkmoor
6 June 2019	8.30am	STDC, Monkmoor

Agenda Item 2



Schools Forum

Date: 17 January 2019

Time: 8.30 am

Venue: STDC, Monkmoor,
Shrewsbury

Item/Paper

A

Public

MINUTES OF SCHOOLS FORUM HELD ON 22 NOVEMBER 2018

Present

School Forum Members

Bill Dowell (Chair)
Phil Adams – Academy Headteacher
John Hitchings – SSGC
Sandra Holloway – Primary Governor
Marilyn Hunt – Primary Headteacher
Kerry Lynch – Academy Headteacher
Stephen Matthews – Primary Governor (and headteacher)
Alan Parkhurst – Primary Headteacher
Mark Rogers – Primary Headteacher
Andrew Smith – 16 -19 Representative
Charles Thomas – Professional Association Rep
Guy Verling – Primary Headteacher

Members

Cllr Ed Potter

Officers

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

Observers

Roger Evans – Shropshire Council

1. Apologies

Apologies had been received from Nick Bardsley, Mark Cooper, Julia Dean, Alan Doust, Sabrina Hobbs, Shelley Hurdley, Samantha John, David O'Toole, John Parr, Michael Revell, Darren Reynolds and Andrew Teale.

2. Minutes and Matters Arising (Paper A)

The minutes were accepted as a true record.

The Chair advised that he had not written to the RSC (re academy balances) as an alternative approach had been suggested Gwyneth Evans who had established that some LAs write to each academy asking them to share end of year balances. It was proposed that Schools Forum do this and this was agreed. The letter will highlight the opportunity to qualify figures and should there be no response, the public figures will be used.

Some colleagues had seen the letter from Peter Nutting – it was agreed that Phil Wilson will circulate it.

It was reported that secondary headteachers had agreed to invite local MPs to a meeting in order to lobby for more funding. LA officers offered to support if required.

Charles Thomas advised that the professional associations had picked up the issue of funding for high needs – he undertook to keep Schools Forum informed.

Gwyneth Evans advised that she had carried out modelling around the schools revenue funding following the concerns raised re the impact of any removal of the funding floor

ACTION

GE

PW

CT

(although there is no intention or plans to pull this away at present). She had ascertained that many schools would lose out if the funding floor protection was removed and had shared this with the Chair and Mark Rogers. She had not shared it more widely to avoid scaremongering as the funding policy officer from the DfE had confirmed that the funding floor protection was part of the national funding formula (NFF) and there were currently no plans to remove it.

3. School Funding Arrangements 2019-20

Gwyneth Evans went through the paper

Phil Adams reported back from a meeting with Nick Gibb MP who had appeared sympathetic to more local flexibility.

Minimum Funding Guarantee

Schools Forum unanimously agreed that the Minimum Funding Guarantee should be set at -1.5%.

Disapplication of School Finance Regulations

Schools Forum unanimously agreed 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

Schools Forum unanimously agreed the approach outlined in the paper – current calculation basis continues for the 2019-20 financial year to ensure consistency of funding.

Mark Rogers simplified the issue for colleagues. Broadly, NFF at present is too distorted with disproportionate levels of funding delivered through the social deprivation factors rather than the basic pupil funding factor.

John Hitchings asked about contingency and it was confirmed that it continues to be funded from the High Needs Block.

Movement Between Funding Blocks

Schools Forum agreed that up to 0.5% of the Schools Block funding could be transferred into the High Needs Block as per 2018-19.

Kerry Lynch cautioned that transferring would reduce deficit in High Needs Block meaning that the true picture is not presented.

Gwyneth Evans assured colleagues that it would be made clear that the High Needs Block is being topped up by the Schools Block.

4. Growth Funding 2019-20

Gwyneth Evans went through the paper. She clarified that this is Schools Block funding. Schools Forum agreed that actual growth funding within Shropshire's 2019-20 Schools Block of the Dedicated Schools Grant (DSG) is top-sliced and allocated for growth funding to Shropshire schools - as this would provide more effective control - using the following criteria:

- 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.

The Chair clarified that this is revenue funding only. He asked about capital funding. Phil Wilson advised that school place planning has been ongoing and CIL and Section 106 funding is being accessed. 10 expansion projects have been commissioned so far. There is a possibility of a new school in Bowbrook which will require a free school presumption process to be followed. He added that start-up costs will be required from the Growth Fund.

The Chair requested a future paper re capital funding to enable Schools Forum to understand the bigger picture.

PW

John Hitchings asked about 5/6 years' time and the impact on secondary places. Phil Wilson responded that this has already been flagged up in a Cabinet paper and discussions with secondary schools are underway.

Stephen Matthews asked to what extent does the Section 106 funding relate to local need. Phil Wilson confirmed that it is specific to area. However, the ability to target this funding at specific schools is more difficult in some areas than others – it is easy in Shifnal where there are two schools but harder in Shrewsbury where there are significantly more schools.

Mark Rogers cautioned that although there is a bulge in pupil numbers, the numbers are beginning to drop.

Phil Wilson suggested that the forecast is for growing numbers but that there are some 'blip' years.

Phil Adams was concerned about when the bulge disappears.

Sandra Holloway also confirmed their Reception year is at 73% and known children in the area are dropping.

5. Consultation on Central Retention of Dedicated Schools Grant from April 2019

Phil Wilson presented the paper.

Maintained primary school representatives on Schools Forum unanimously agreed to de-delegate funding from maintained primary school budgets for a pupil growth contingency for maintained primary schools in 2019-20.

Maintained school representatives unanimously agreed to de-delegate funding from maintained primary and secondary school budgets for a centrally managed maternity budget in 2019-20.

Charles Thomas asked if paternity is covered too – Stephen Waters undertook to clarify this.

SAW

Maintained school representatives on Schools Forum unanimously agreed to de-delegate funding from maintained primary and secondary school budgets for a centrally managed trade union duties budget in 2019-20.

Maintained school representatives on Schools Forum unanimously agreed to de-delegate funding for school improvement support from maintained primary on a 50% fixed and 50% variable element basis, and secondary school budgets on a per capita basis in 2019-20.

Maintained school representatives on Schools Forum unanimously agreed to top-slice a centrally held redundancy budget from maintained primary and secondary school budgets in 2019-20.

Mark Rogers requested more analysis of the redundancy spend to ascertain if it could be due to poor governance. It was confirmed that Gwyneth Evans and the HR officers do monitor and control this fund.

Neville Ward pointed out that if any overspend is carried forward it will be difficult as the pool of maintained schools is reducing.

Gwyneth Evans confirmed maintained schools that make redundancies prior to academisation are closely scrutinised.

Maintained school representatives on Schools Forum unanimously agreed to top-slice a centrally held statutory school finance budget from maintained primary and secondary school budgets in 2019-20.

Maintained school representatives on Schools Forum unanimously agreed to top-slice a centrally held statutory HR and health and safety budget from maintained primary and secondary school budgets in 2019-20.

Maintained school representatives on Schools Forum unanimously agreed to top-slice a centrally held budget for Education Access Services from maintained primary and secondary school budgets or to fully delegate and offer buy-back arrangements.

6. Central Schools Services Block 2019 -20

Stephen Waters presented the paper.

Maintained and academy school representatives unanimously agreed to contribute £852,110 to combined budgets as outlined in Appendix C to the report.

Maintained and academy school representatives unanimously agreed to contribute £972,920 to fund a portion of the ongoing pension commitments.

Maintained and academy school representatives unanimously agreed to continue to contribute £295,350 to fund the ongoing revenue costs of funding prudential borrowing for the Monkmoor Campus Project.

Maintained and academy school representatives unanimously agreed to the increased charge of £228,340 for the provision of School Admissions Team.

Maintained and academy school representatives agree to the budget of £10,000 for the servicing of Schools Forum.

Maintained and academy school representative unanimously agreed to the increased charge of £214,440 for the annual copyright licensing fees.

Jo Jones advised that in the Summer term there is to be an external audit of selected schools covering a period of 50 days.

Maintained and academy school representatives agreed to continue to contribute £587,307 to ongoing responsibilities that the local authority provides for maintained schools and academies as per the detail provided in Appendix D to the report.

The Chair stressed the ongoing concern re funding for high needs. He advised that a paper providing the full picture on high needs funding will be presented to Schools Forum in the Spring term and confirmed that work is in hand and ongoing.

7. Control on Surplus Balances

Gwyneth Evans presented the paper.

Schools Forum unanimously agreed that the control on surplus balances mechanism should be removed from Shropshire's Scheme for the Financing of Schools with effect from April 2019.

Gwyneth Evans was asked to communicate this decision to schools following the meeting.

GE

8. Dedicated Schools Grant Monitoring

Stephen Waters presented the paper which was for information only.

He confirmed that officers will bring a financial plan to deal with the budget situation to Schools Forum.

SAW

9. Communications

The f40 paper was discussed, which highlighted that the NFF is still not delivering fairness.

Lobbying continues – Sabrina Hobbs, Kerry Lynch and the North West Headteachers have all been meeting with representatives of national government and not much hope is being given. There does seem to be an awareness of the double funding of deprivation.

Andrew Smith reported that a recent National Post 16 Conference provided the same sort of picture.

Neville Ward added that it was positive to see early years mentioned in the f40 paper.

Schools Forum said farewell and gave their thanks to Chris Mathews for his contributions to Forum over the years he had been involved in its work.

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	TBC

The meeting closed at 10.45 am.

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Schools Forum

Date: 17 January 2019

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

B

Public

SCHOOLS REVENUE FUNDING SETTLEMENT AND SCHOOL FUNDING ARRANGEMENTS 2019-20

Responsible Officer Gwyneth Evans

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Summary

This report provides information on the schools revenue funding settlement for 2019-20 and the dataset information provided by the Education and Skills Funding Agency (ESFA) based on the schools' October 2018 census.

This report is for information only

Recommendation

That Schools Forum notes Shropshire's schools revenue settlement for 2019-20.

REPORT

Schools Revenue Funding Settlement 2019-20

1. Detailed information on Shropshire's school revenue funding settlement for 2019-20 was announced by the Department for Education (DfE) on 17 December 2018.
2. The total 2019-20 Dedicated Schools Grant (DSG) is allocated under four main blocks: a Schools Block, an Early Years Block, a High Needs Block and a Central School Services Block (CSSB).
3. A summary of the 2019-20 DSG allocation, as announced on 17 December 2018, is shown in the table below alongside the 2018-19 DSG allocation (before recoupment for academies and deductions for direct funding of high needs places by the ESFA).

	2018-19 £m	2019-20 £m	Variation £m
Schools Block	157.872	160.063	2.191
Provisional Early Years Block	15.001	15.155	0.154
Provisional High Needs Block	25.077	26.056	0.979
Central School Services Block	3.160	3.190	0.030
Total	201.111	204.465	3.354

2019-20 Schools Block key financial headlines

4. Shropshire's school pupil numbers at October 2018 are 35,723. This compares to 35,446 at October 2017 – an increase of 277 pupils.
5. Shropshire's 2019-20 Schools Block allocation is based on the NFF which provides for Shropshire a primary unit of funding of £4,058.84 (18-19 £4,046.86), and a secondary unit of funding of £4,906.25 (18-19 £4,882.99), along with funding for premises costs based on actual 2018-19 spend levels (£1.973m). The 2019-20 Schools Block funds the budget shares delegated to Shropshire schools and academies through the local funding formula.
6. In addition, the 2019-20 Schools Block includes growth funding which Schools Forum agreed in November to top-slice and hold centrally to allocate specifically to individual schools and academies meeting the agreed growth funding criteria. Shropshire's actual growth funding in 2019-20 is £506.5m.

2019-20 Early Years Block key financial headlines

7. The 2019-20 Early Years Block allocation is provisional at this stage as it is based on January 2018 Early Years census data. This provisional allocation will be updated in July 2019 and July 2020 with the final allocation based on 5/12ths of January 2019 pupil numbers and 7/12ths of January 2020 pupil numbers.
8. The provisional Early Years Block allocation includes funding for the universal 15 hours free entitlement funding for 3 and 4 year olds, the additional 15 hours free entitlement for 3 and 4 year olds of working parents and the 2 year old free entitlement funding. In addition, the Early Years Block includes funding for the Early Years Pupil Premium (EYPP) and the Disability Access Fund.
9. For 3 and 4 year olds, the amount per part time equivalent (PTE) pupil for the universal 15 hours free entitlement and the additional 15 hours free entitlement for pupils of working parents remains at £4.30 in 2019-20. The amount per PTE 2 year olds from the most disadvantaged backgrounds remains at £5.20 in 2019-20.

2019-20 High Needs Block key financial headlines

10. The High Needs Block includes funding for local authority high needs pupils/students aged 0-25.
11. For 2019-20 Shropshire's High Needs Block is based on the high needs national funding formula and includes an imports/exports adjustment to reflect place funding of pupils educated in other local authority areas. Shropshire is a net exporter of high needs pupils and the imports/exports adjustment to Shropshire's high needs block is a provisional loss of £0.804m.
12. The Education Secretary announced on 17 December 2018 an additional £250m of funding nationally for high needs across the two financial years 2018-19 and 2019-20 based on ONS projections for the 2 to 18 year old population in each local authority. Shropshire's 2019-20 High Needs Block includes additional high needs funding of £627,055. Shropshire's current year, 2018-19, High Needs Block will also receive an additional £627,055.

2019-20 Central School Services Block (CSSB) key financial headlines

13. The CSSB within the DSG includes funding for local authorities to carry out central functions on behalf of pupils in maintained schools and academies. The CSSB is split into funding for historic commitments and funding for ongoing responsibilities and includes funding previously allocated to the local authority through the retained duties element of the Education Services Grant (ESG).

School Funding Arrangements 2019-20

14. The Schools Block element of the DSG for 2019-20 is based on a primary unit of funding and secondary unit of funding calculated by the Department for Education (DfE) from the individual school notional NFF allocations published in July 2018 using October 2017 total pupil numbers.
15. Allocating funding to schools in 2019-20 through the NFF using October 2018 pupil data will therefore not be an exact match to the Schools Block funding received by using the pre-calculated primary and secondary units of funding.
16. In 2018-19, after calculating individual school budgets in Shropshire in line with the NFF, there remained an underspend against the Schools Block of ££784k and, as this was within the 0.5% threshold for transferring funding from the Schools Block to other blocks of the DSG, Schools Forum agreed to transfer the underspend to the High Needs Block where increasing cost pressures had been identified.
17. At the point of writing this report there is not expected to be an underspend on the Schools Block in 2019-20 after calculating school budget shares through Shropshire's local funding formula, in line with the NFF. If there is an underspend on the Schools Block, once the calculation of 2019-20 school budget shares is completed, this will be transferred to the High Needs Block to offset ongoing cost pressures, as agreed by Schools Forum in November.

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Schools Forum

Date: 17 January 2019

Time: 8:30 a.m.

Venue: Shrewsbury Training
and Development
Centre

Item

Paper

Public

SHROPSHIRE SCHOOLS FORUM CONSTITUTION

Responsible Officer Phil Wilson

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Tel: 01743 254344 Fax: 01743 254538

Summary

At their meeting on 7 November 2013, Schools Forum approved the constitutional arrangements for the annual re-apportionment of membership to take account of the changing mix between maintained and academy schools. This report details the required re-apportionment from April 2019 based on the academy conversions up to October 2018.

Recommendation

To approve the re-apportionment of Schools Forum membership from April 2019.

REPORT

Membership

1. All local authority School Forums are constituted in accordance with the Schools Forum (England) Regulations 2012. Shropshire Schools Forum approved the current Constitution at their meeting on 13 September 2012, with the new Constitution becoming operational from 1 October 2012.
2. At their meeting on 7 November 2013, Schools Forum received a report on a document from the then Education Funding Agency (EFA) - now Education and Skills Funding Agency (ESFA) - which referenced a requirement for regular reviews of Forum membership to take account of the pace of academy conversions and to ensure that membership remains proportionate (based on pupil numbers).

3. Following a report to School Forum on 18 January 2018, the following membership structure was approved to operate from 1 April 2018: 8 primary (4 headteachers, 4 governors), 3 secondary (2 headteachers, 1 governor), 8 academy, 1 special school place and 1 pupil referral unit place (PRU). The special school and PRU places are not included in the apportionment calculation.
4. In the November 2013 report Schools Forum agreed that a re-apportionment of membership should take place annually, from 1 April, using the pupil numbers from the previous October's school census.
5. In order to model the position from April 2019, the school census information from October 2018, and based on the number of academies as at 1 October 2018, has been used to assess the impact on representation. The table below summarises the revised representation (noting that 19 school places are apportioned by excluding special and PRU members).

	Oct. 2018 NOR*	Apportionment	
Maintained Primary Schools	12,955	35.3%	7
Maintained Secondary Schools	5,140	14.0%	2
Academies (as at 1 October 2018)	18,593	50.7%	10
	36,688	100.0%	19

** excluding pupils in special schools and PRUs*

6. The analysis indicates that from April 2019 there will need to be a reduction from 8 to 7 maintained primary representatives, a reduction from 3 to 2 maintained secondary representatives, and an increase from 8 to 10 academy representatives. The membership as at 1 April 2019 is attached.
7. The academy pupil numbers are split, 42% primary and 58% secondary, which breaks down as 4 primary academy representatives and 6 secondary academy representatives. However, it is noted that the majority of academies are in mixed phase multi-academy trusts (MATs) and so the phase representation is not particularly relevant, though consideration might be given to drawing increased membership from MATs operating mainly in the primary phase. The membership as at 1 April 2019 assumes that an existing secondary maintained headteacher representative will become an academy member when his school converts in January 2019.
8. The ESFA guidelines stipulate that the academy representation can be drawn from free schools in the local authority area. Equally consideration will need to be given to the balance of headteacher and governor representation in each of the constituent groups. The remodelling of membership indicates there are 2 vacancies for academy representatives from April 2019.
9. The reduction from 8 to 7 members from primary maintained schools will need managing. Precedent would suggest that this membership should be made up of 4 headteachers and 3 governors. The appended projected membership indicates that the primary maintained representation is in place for April 2019.

10. In respect of secondary maintained school representation, membership will reduce from 3 to 2 from April 2019 and, in line with previous practice, would be made up of a headteacher and a governor representative. While the headteacher member is in place, there is currently a vacancy for a governor from a secondary maintained school and has been for over a year. With only 2 maintained secondary schools likely to remain from April, the options for recruitment are limited.
11. While the local authority will support the constituent groups through the facilitation and management of, for example, election processes, the responsibility for determining how nominations will be sought, the mix between headteachers and governors, and the balance of representation between phases and/or size of school, must rest with the constituent groups.

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SCHOOLS FORUM – PROJECTED MEMBERSHIP – APRIL 2019

Member Category	Name	School	Term to
Schools representation (21 members – 75%)			
Primary Headteachers (4 members)	Mark Rogers Alan Parkhurst Guy Verling Marilyn Hunt	Oxon Crowmoor Shawbury, St Mary's Kinnerley	31/03/20 31/08/19 31/12/21 31/03/21
Secondary Headteachers (1 member – reduced from 2 members in 2018-19)	Mark Cooper	Thomas Adams	31/08/22
Primary Governors (3 members – reduced from 4 members in 2018-19)	Sandra Holloway Michael Revell Stephen Matthews	Meole Brace Primary Buntingsdale St Laurence	31/08/20 31/12/19 31/03/22
Secondary Governors (1 member)	Vacancy		
Special Schools (1 member)	Sabrina Hobbs	Severndale	31/03/20
Academies (10 members – increased from 8 members in 2018-19)	Phil Adams Michael Barrett Samantha John Kerry Lynch David O'Toole Darren Reynolds John Parr Alan Doust Vacancy Vacancy	Corbet Priory School Trust Bishop Anthony ET Empower Trust Marches AT Shropshire Gateway ET South Shropshire MAT Meole Brace School	31/03/19 31/08/19 01/10/21 31/03/22 31/08/22 31/08/22 31/08/22 31/12/21
Pupil Referral Unit (1 member)	Greg Portman	TMBSS	
Non-schools representation (8 members – 25%)			
SSGC Early Years & Childcare Diocese	John Hitchings Shelly Hurdley Colin Hopkins Sian Lines Vacancy	Little Explorers Lichfield Hereford Shrewsbury	
Association of Secretaries 14-19 Forum 16-19 Education Sector	Jean Evanson Bill Dowell Andrew Smith	NUT Derwen College	

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Schools Forum

Date: 17 January 2019

Time: 8.30 am

Venue: Shrewsbury
Training and Development
Centre, Monkmoor,
Shrewsbury

Item

Paper

D

HIGH NEEDS FUNDING TASK & FINISH GROUP

Responsible Officer Phil Wilson

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Summary

Schools Forum is presented with a Dedicated Schools Grant Monitoring report at each of their meetings. The most recent report on 22 November 2018 highlighted a forecast overspend on the High Needs Block at the end of the 2018-19 financial year of £1.569m. This was set in the context of recognised pressure on High Needs Block funding across a large majority of local authorities.

It has become evident that there is a need to develop a financial plan for the High Needs Block for 2019-20 onwards given the current overspend, and the anticipated growth in demand and costs for SEND support that will continue to place significant pressure on the resources available through the High Needs Block. Following discussion with the Chair of Schools Forum it has been agreed to re-establish the High Needs Funding Task & Finish Group, specifically to work with officers in developing the financial plan.

A draft Terms of Reference has been drawn up for Forum's consideration, including suggested membership and a project timetable. Given the need to review the current SEND policy that frames spending, it is proposed that Forum representation on the group will be supplemented by representation from the Central Policy Group and newly established Headteacher Forum – LA Schools.

Recommendation

To approve the Terms of Reference, membership and project timetable for the High Needs Funding Task & Finish Group.

REPORT

1. Through the recent Dedicated Schools Grant monitoring reports considered by Schools Forum at each of their meetings, it is evident that the High Needs Block is under significant financial pressure. The monitoring report presented at the 22 November 2018 Forum meeting highlighted a forecast overspend in 2018-19 of £1.569m.
2. This financial pressure is not unique to Shropshire and there is evidence from an increasing range of sources that there is a national issue in respect of high needs funding. The f40 lobby group has been calling for an immediate injection of new funding nationally, estimated on increased costs and demand since 2015, of at least £1.5bn. New research from the Local Government Association estimates there will be a potential funding gap of £1.6bn for SEND children by 2020-21.
3. In response to the growing chorus of concerns being raised by schools, colleges and local authorities about the pressure on high needs budgets, Secretary of State for Education Damian Hinds MP, in a written statement on 17 December 2018, confirmed additional high needs funding allocations totalling £125m to local authorities in each of the years 2018-19 and 2019-20. Shropshire Council will be receiving an additional £627,055 in 2018-19 and a further £627,055 in 2019-20. The written statement is available at <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-12-17/HCWS1185/>
4. While the new cash injection is welcomed, it does not fully address the funding pressures in Shropshire, falling significantly short of what is required to underwrite rising costs resulting from increased demand. The Chair of Schools Forum, in discussion with Council officers, agreed to the re-establishment of the High Needs Funding Task & Finish Group to review high needs funding in line with SEND policy and to develop a medium term financial plan that seeks to sustain quality provision for the children and young people of Shropshire.
5. A draft Terms of Reference for the group is appended to this report. The draft includes the suggested membership of the group and an outline project timetable, allowing for regular progress reports to Schools Forum. It is intended that membership is drawn from beyond Schools Forum, in particular from the Central Policy Group and newly established Headteacher Forum – LA Schools. It is proposed that the group will begin their work this half-term and look to report back to School Forum with a final report at the 6 June 2019 meeting.

High Needs Funding Task & Finish Group – Terms of Reference

Context:

Nationally it is reported that the gap between high needs funding and high needs expenditure is forecast to continue to increase. Despite a high proportion of councils topping up high needs budgets from other sources such as school's block transfers or use of reserves the net effect of increasing demand for SEND services and support since 2014 has left local government with a significant and increasing deficit. For individual local authorities the average net deficit by the end of the current financial year will stand at £3.4 m¹. A separate survey by the Association of Directors of Children's Services (ACDS) found that 68 out of 85 responding local authorities reported an overspend on the High Needs Block in 2016-17.

In Shropshire the High Needs Block is forecast to overspend in 2018-19 and if current demand for SEND provision continues to increase and resources remain relatively static this overspend is forecast to increase year on year.

Purpose

To use a collaborative approach to quantify the current pressure on the high needs budget and identify solutions. The Group will review Shropshire Council's application of the High Needs Block and develop a clearer understanding of the current and future forecast pressures on the authority's funding allocation.

The Group is tasked with supporting LA officers to:

- Review the financial impact of existing national SEND policy locally.
- Identify any areas where immediate savings can be made
- Identify any changes in the way that SEND services and provision is currently delivered that will secure future savings whilst maintaining positive impact for children and young people with SEND
- Develop a medium term financial plan for the High Needs Block.

Group Membership

- Representatives drawn from the membership of Schools Forum and Central Policy Group/Headteacher Forum from across the 0-25 age range
- Other non-Forum representatives
- Local Authority representatives from Children's Services, including SEND and finance
- Specialist inputs as and when required.

Working Methods/Objectives

- To review of the current allocation of High Needs funding from centrally controlled Dedicated Schools Grant, analysing each area of spend and the balance of funding between the various types of provision.
- To develop and refine the models for projecting future pupil numbers to inform the allocation of funding.
- To consider current strategic SEND policy and to identify and cost alternative options for delivering provision where deemed appropriate.

- To assess the short, medium and long term risks and impact of alternative models of delivery.
- To realign budgets to reflect alternative funding models with the aim of securing the best possible outcomes for Shropshire learners.
- To draw up a medium term financial plan for the High Needs Block.
- To develop an appropriate 'placement tracker', aligned to the revised funding model, to facilitate more accurate and timely monitoring and reporting of High Needs expenditure.
- To monitor, to take into account and to be informed by, the development/implementation of national education policy through the school funding reforms insofar as they relate to SEND, alternative provision and High Needs funding.
- To circulate papers in advance of the Task & Finish Group meetings.
- To provide regular progress reports to Schools Forum and to produce a final report by the end of the Summer term 2019.
- To consult and share information with the wider community of schools including headteachers, governors, partners and stakeholders.

Project Timetable

Activity	When	Who
Approve draft Terms of Reference for High Needs Funding Task & Finish Group as well as membership, timetable and communication with stakeholders.	17 January 2019	Schools Forum
First meeting of the re-established T&FG	February 2019	T&FG
Second meeting of T&FG	March 2019	T&FG
Progress report to Schools Forum	21 March 2019	Officers
Further meetings of T&FG	Early first and second half-terms in Summer term 2019	T&FG
Final report to Schools Forum	6 June 2019	Officers

ⁱ Have we reached a 'tipping point'? Trends in spending for children and young people with SEND in England. ISOS Partnership (December 2018)

<http://www.isospartnership.com/uploads/files/LGA%20HN%20report%20published%2012.12.18.pdf>



Schools Forum

Date: 17 January 2019

Time: 8:30 am

Venue: Shrewsbury Training
and Development
Centre

Item

Public

Paper

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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 December 2018.

Recommendation

This report is for information only.

REPORT

Additional High Needs Funding

1. On 16 December, the Education Secretary announced an additional £250m High Needs funding nationally across the two financial years, 2018/19 and 2019/20. The additional funding has been allocated on the basis of Office for National Statistics projections for the 2 to 18 year old population in each local authority. For Shropshire, this has meant an allocation of £0.627m in each financial year in addition to the allocation arrived at through the High Needs national funding formula. In 2018/19 this has had the effect of reducing the reported projected overspend at November's Schools Forum.
2. The overall outturn against centrally retained DSG is forecast to be £0.698m in deficit as at the end of December 2018. This is an decrease in projected overspend of £0.871m compared to the position reported to Schools Forum as at the end of November, however £0.627m of this is attributable to the additional funding announced in December.

Centrally Controlled High Needs Budget

3. The centrally controlled High Needs Block is the largest budget area within central DSG accounting for £19.164m of the £38.086m central DSG budget in

2018-19. The £19.164m 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.

4. Overall, the High Needs Block forecast to be £0.698m in deficit as at the end of December 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, even after the additional £0.627m High Needs Funding has been applied.
5. 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

6. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a net forecast overspend of £0.652m. This overspend reflects a pressure of £0.682m on top-up funding paid to mainstream schools where the budget is £3.535m. This shows that the forecast 2018-19 expenditure is £4.216m which is £0.303m 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 £0.682m is £0.173m less than projected as at end of October which indicates that the expected increase in monthly top-up funding through the rest of the academic year has not been as high as expected.
7. One explanation for this overspend 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

8. An overspend of £0.707m is reported in this budget area. The key budget areas are detailed below:

Independent Special Schools

9. 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.

10. Using the placement tracker spreadsheet that tracks costs of individual placements, the projected overspend against this budget is £0.733m. This is based on all summer term and autumn term invoices paid on the Council's financial system plus a few spring term invoices that have been paid in advance, and known projected placement end dates.
11. The projected overspend has on Independent Special School Placements has increased by £0.097m compared to the position reported as at the end of November. This increase is explained by two new residential placements that started in the Autumn Term and were not known about in the previous forecast In November.
12. There are 52 children placed in either one of two 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 two settings was based on 50 placements at the cost of £0.032m and the resulting overspend against these placements is £0.183m due to these two additional placements in the Summer Term. 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.
13. In addition to these non-residential placements at the two 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 £0.129m less than budgeted.
14. 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 £0.679m.
15. 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)

16. 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

17. 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.
18. 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.
19. 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. As referenced in "Paper D – High Needs Funding Task & Finish Group", following discussion with the Chair of Schools Forum it has been agreed to re-establish the High Needs Funding Task & Finish Group, specifically to work with officers in developing the financial plan.

APPENDIX

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

	2018-19 Latest Budget £	2018-19 Forecast Spend £	2018-19 Variance £
<u>DEDELEGATED ITEMS</u>			
1.1.1 Contingencies	150,170	79,434	-70,736
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	261,352	-148,648
1.1.9 Staff costs Trade Union Duties	44,740	55,205	10,465
DEDELEGATED ITEMS SUB TOTAL	604,910	395,991	-208,919
<u>CENTRALLY CONTROLLED EARLY YEARS BUDGET</u>			
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
<u>CENTRALLY CONTROLLED HIGH NEEDS BUDGET</u>			
1.2.1 Top Up funding - Maintained Providers	4,903,150	4,969,252	66,102
1.2.2 Top Up funding - Academies, Free Schools and Colleges	5,603,480	6,189,462	585,982
1.2.3 Top Up funding - Non-Maintained and Independent Providers	4,748,370	5,455,606	707,236
1.2.4 Additional High Needs Targeted Funding for Maintained Schools and Academies	127,280	208,245	80,965
1.2.5 SEN Support Services	1,767,450	1,738,029	-29,421
1.2.6 Hospital Education Services	170,190	138,912	-31,278
1.2.7 Other Alternative Provision Services	159,680	144,803	-14,877
1.2.8 Support for Inclusion	1,057,780	1,017,724	-40,056
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
Additional High Needs Funding announced December 2018	627,055	0	-627,055
CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL	19,164,435	19,862,034	697,599
<u>CENTRAL SCHOOL SERVICES BLOCK</u>			
1.4.1 Contribution to combined budgets	852,110	887,945	35,835
1.4.2 Schools Admissions	223,150	233,970	10,820
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	3,375,186	214,796
TOTAL CENTRAL DSG	38,085,525	38,783,751	698,226
TOTAL CENTRAL DSG	38,085,525		
DELEGATED HIGH NEEDS BUDGET - Place Funding	7,335,650		
INDIVIDUAL SCHOOLS BUDGET SHARES	156,483,540		
TOTAL DSG	201,904,715		

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