

**Minutes of the meeting of Herefordshire schools forum held at  
The Council Chamber - The Shire Hall, St. Peter's Square,  
Hereford, HR1 2HX on Friday 19 October 2018 at 9.30 am**

**Present:**            **Mr A Evans (Mainstream Academies) (Chairman)**  
                         **Mrs J Cohn (Academy Special School Representative) (Vice Chairman)**

Mrs S Bailey	LA Maintained Special Schools
Ms C Bryan	Academies
Ms N Emmett	Academies
Mr S Fisher	Academies
Ms K Harley	PRU management committee
Mr M Harrisson	Trade Unions
Mr J Hedges	Primary Governors
Mr S Kendrick	Local Authority Maintained Primary School (with Nursery)
Mrs R Lloyd	Early Years
Mr P Deneen	Trade Unions
Ms R Rice	Secondary Governors

**In attendance:**    **Councillors FM Norman and EJ Swinglehurst**

**Officers:**            **Chris Baird, Lisa Fraser, Malcolm Green and Les Knight**

**10.        ELECTION OF CHAIRMAN**

*The vice-chair of the forum opened the meeting and called for nominations for chairman.*

Mrs S Bailey proposed and Mr P Deneen seconded the nomination of Mr A Evans.

**Resolved: that Mr A Evans be elected Chairman of the Forum for the ensuing year.**

**11.        ELECTION OF VICE-CHAIRMAN**

*Mr A Evans, Chairman, in the chair.*

Mr P Deneen proposed and Mrs S Bailey seconded the nomination of Mrs J Cohn.

**Resolved: that Mrs J Cohn be elected Vice-Chairman of the Forum for the ensuing year.**

**12.        APOLOGIES FOR ABSENCE**

Apologies were noted from: Mr P Burbidge, Mr M Henton, Mr P Jennings, Mr T Knapp, Mr C Lewandowski, Mr N Moon, Mrs J Rees.

### 13. NAMED SUBSTITUTES (IF ANY)

The following substituted were noted:  
Mr Harrisson for Mr Lewandowski  
Ms N Emmett for the academies group

### 14. DECLARATIONS OF INTEREST

None.

### 15. MINUTES

It was noted that in relation to item 8 of the minutes of the meeting held 6 July 2018, the cabinet member finance and corporate services had provided additional information in relation to the future operation and funding of children's centres which would be circulated to members of the forum following the meeting.

There were no other matters arising from the minutes.

**Resolved: that the minutes of the meeting held on 6 July 2018 be approved as a correct record and signed by the chairman.**

### 16. LOCAL AND NATIONAL SCHOOL FUNDING UPDATE (Pages 7 - 22)

The Schools Finance Manager (SFM) began with a presentation on national school funding issues.

Key points noted included:

- the f40 group of low funded local authorities continued to campaign for a fairer funding system;
- a presentation had been given to MPs in Westminster to promote the group's briefing paper which identified a number of areas of concern and proposals of how these could be resolved;
- the f40 group promoted an activity led funding model, which should be index linked and move away from reference to historical spending patterns, for example the lump sum allocated to schools was based on an average of historic values across all local authorities rather than an assessment of the costs that funding was intended to meet;
- the national funding formula should not be artificially supported by a minimum guarantee which locks in many historic differences;
- the f40 briefing note reflected many of the issues that had recently been discussed by the schools forum;
- Herefordshire currently ranked around 93<sup>rd</sup> out of 150 local authorities in terms of funding, this improvement on the past position reflected both additional money from central government and prudent decisions taken by the forum;
- the f40 estimated the current funding shortfall to be £2bn per annum, rising to £3.8bn in 2019/20;
- funding per pupil had remained steady over recent years but an increase in pupil numbers had increased expenditure and there were hidden costs such as those relating to national insurance and pension costs for teaching and non-teaching staff;
- it was estimated that the total increase in costs was about 15% over 5 years, while the amount of funding per pupil had barely increased over the same period;
- the comprehensive spending review in 2019 would determine the next 3 – 5 years of funding, until that process was completed the DfE would not be able to commit on future schools budgets;
- the government was aware of the emerging cost pressures in the high needs budget, where demand was outstripping the budget available;

- the national funding formula for high needs was fixed with a 50% factor on historic funding levels, some local authorities had requested significant transfers from their schools budget block to their high needs block to meet pressures;
- there was feedback on early years that with the introduction of 30 hours central provision for some families, providers were more reliant on central funding and this was causing some providers to struggle;
- restraint on council funds was impacting on the availability of school transport;
- the SFM reported that the f40 group remained a good way for Herefordshire to put its views across and that the chair and vice-chair of the group had regular access to ministers.

The members of the forum thanked the SFM for his work with the f40 group.

In discussion of the presentation and f40 briefing note it was noted that:

- some low funded schools in Herefordshire had benefitted from the minimum funding level but the mechanism was applied bluntly across all pupils with no consideration of additional needs, if the formula was doing its job then these artificial floor levels would not be needed;
- the only sensible advice that could be given to schools in projecting their budget for future years was to assume little or no increase in budgets but increasing costs, the council had advised to budget for 2% increase in pay costs for the next 5 years;
- that the f40 briefing paper had been sent to all MPs and 28 had attended the Westminster briefing, it was not known if either of the Herefordshire MPs had attended;
- that the cabinet member for children and families had requested a meeting with the local MP to include discussion of the high needs budgets.

Forum members felt that it would be beneficial to invite the two MPs representing the county to attend a future meeting of the forum, to hear first-hand the financial challenges faced by Herefordshire schools, how these were being tackled and how they could support these efforts.

The SFM then gave a presentation on the projected schools budget for 2019/20. The key points of the presentation were:

- the Dedicated Schools Grant (DSG) was expected to be confirmed in December, past estimates had proved to be quite accurate;
- consultation would take place with schools during the second half of the autumn term with final proposals on schools budgets being put to the forum in January 2019 and the high needs budget in March 2019;
- there was a new growth allocation which was expected to be a recurring factor, the consultation with schools would include some possible criteria which could be used to allocate this fund, this would include the option to fund additional special school places but this would require a transfer to the high needs block;
- allocating any surplus funds as additional funding per pupil was possible but there were risks in doing so due to the impact of the minimum funding guarantee on future years funding;
- other options for use of any surplus in the schools block included transfer to the high needs block to address pressures there, a similar transfer had taken place for 2018/19 although this had only been supported by the forum as a one-off;
- the final option would be to retain the surplus into balances;
- the cost pressures on the high needs budget remained and additional savings would need to be found;
- changes to top up tariffs had been agreed for the 2018/19 budget and no further changes were proposed at this time;
- not all of the savings required were realisable in 2019/20 so balances would be used to smooth the transition, some changes would not kick in until September 2019;

- the future of the primary SEN protection scheme remained a matter for debate - the scheme, which was calculated in the background and distributed to primary schools with higher than average numbers of SEN pupils, was funded from the high needs block even though the costs it mitigated would otherwise have to be met from the schools block;
- the pay increase for teachers who were centrally employed would not be offset by an increase in funding for the central services block so this would need to be absorbed;
- a set of principles had been produced, which were supported by the Budget Working Group (BWG), to guide reduction to the high needs block;
- detailed proposals for making savings in the high needs block would be worked up by the BWG and presented to the forum, with a final decision on the high needs budget for 2019/20 to be made in March 2019;
- the budget situation was disappointing but it was noted that Herefordshire was in a good position compared to many other local authorities.

In summary the forecast was for a modest surplus in the schools block of perhaps £200-300k, which would not be confirmed until December, and the projected allocation for the high needs block was about £550k short of projected need.

In discussion of the points raised in the presentation the forum noted that:

- actions already taken were delivering savings, including in central costs;
- forecasts for the high needs budget identified cost pressures as accurately as possible but demand could fluctuate depending on the needs of pupils that required support from year to year;
- the 2017/18 outturn showed that the high needs budget overspent by £125k, this had been offset by an underspend on early years so overall the DSG for 2017/18 was slightly underspent;
- centrally employed teachers would receive the pay award in line with all teachers but the costs would have to be absorbed by the central services DSG block, while pay costs could be managed there was concern about future teachers' pension costs as these would be more significant;
- the council was under pressure to make savings in its overall budget, with the children and families budget currently predicting a £2m overspend due to increased numbers of looked after children;
- consultation with schools would be based on the information shared in the presentation and responses would be reviewed by the BWG as part of their deliberations on how the funding gap could best be closed.

The SFM summarised a report on options to administer access for schools to the apprenticeship levy fund held by the council. This only applied to those schools whose payrolls were administered through the council. Other schools with independent payrolls of more than £3m had their own levy pot and accessed this independently.

The BWG had considered the options and had recommended option 4 in the report, which would see eligible schools given a specific deadline each year to submit bids for apprenticeship levy funding. Bids received by the deadline would be considered by a panel, which would include headteacher representatives.

It was noted that so far, requests to access funding had been dealt with ad hoc and that the DfE was not involved in the levy and saw it largely as a tax on schools. Forum members felt that the proposed mechanism was a fair way to allocate the funds.

**It was resolved that:**

- a) **School Forum invite the Herefordshire MPs to attend a future meeting of forum to be briefed on school funding pressures in Herefordshire and the f40 campaign for fairer funding;**
- b) **the initial budget proposals for 2019/20 for schools and high needs were considered and feedback provided to inform the local authority's annual school budget consultation process; and**
- c) **the council be asked to adopt that**
  - (i) **requests from local authority maintained schools for apprenticeships be made by a given point in the year, for efficient administration of the council's apprenticeship levy fund;**
  - (ii) **bids be assessed by a panel consisting of the OD Business Partner, HR Services Manager and School Finance Manager with at least three headteacher representatives from LA maintained schools who had paid into the council's digital account;**
  - (iii) **the deadline for 2018 should be set for a date in December to give time for communication with schools; and**
  - (iv) **the apprenticeship levy be included on the agenda for the schools leadership conference to be held on 23 November.**

## **17. LOCAL MANAGEMENT OF SCHOOLS DIRECTED CHANGES**

The SFM explained the directed change made by the secretary of state to the local scheme for managing schools. The purpose of the change was to ensure that loans agreed by the council with schools in future were for capital purposes only. Budget deficits would not be able to be converted into loans. Any loans in place when a school converted to academy status would not necessarily transfer to the academy.

As this was a directed change there was no alternative option and the LMS needed to be updated to reflect the new regulations and guidance.

**It was resolved that the Herefordshire scheme for financing schools be amended as follows:**

**(a) Add a new para 4.10 (f) as follows:**

**"Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school."**

**(b) Replace the existing paragraph 4.8 as follows**

**"Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes"**

**(c) Add an additional paragraph to Annex F as follows**

**"A local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school**

**members of the school forum agree to a de-delegated budget in accordance with Schedule 2 Part 7, of the Finance Regulations.”**

## **18. REVIEW OF SCHOOLS FORUM MEMBERSHIP**

The clerk to the forum explained the outcome of the annual review of forum membership. No changes were required to the membership of the forum to maintain proportionality. However it was necessary to consider the membership of the budget working group (BWG).

There were no regulations governing the composition of a working group of the schools forum, as such it was a matter for the forum itself to determine the numbers and allocations of seats. The BWG was established to have a broadly proportionate share of seats between maintained primary schools, maintained secondary schools and academies. The present allocation of seats had been determined in 2012 and the proportion of pupils in each type of school had been slowly shifting since then.

It was noted that the forum could choose to retain the current allocation of seats. However to remain proportional the allocation of seats would need to be adjusted by reducing the number of seats for maintained secondary schools and increasing the number of seats allocated to academies.

Members of the forum indicated that it was sensible that the working group remained proportional.

**It was resolved that:**

- a) the allocation of seats on the budget working group be adjusted in line with the outcome of the proportionality review by reducing the number of seats allocated to local authority maintained secondary schools to one and increasing the number of seats allocated to academies to five.**

## **19. WORK PROGRAMME 2018-19 AND DATES OF FUTURE MEETINGS**

The work programme for 2018-19 was considered. It was noted that there were no items of business for the meeting of 7 December. It was proposed that this date be offered to MPs for their visit and that if they could not make that date, the meeting be cancelled.

**Resolved that:**

- a) the county MPs be invited to attend a meeting of the forum on 7 December;**
- b) if the county MPs be unable to attend on 7 December that meeting be cancelled and an invitation extended for any of the future meetings of the forum.**

The meeting ended at 10.55 am

**Chairman**



## Fair Funding for all Schools

Briefing for MPs – 15 October 2018

Margaret Judd  
Sufficiency and Funding Manager  
Dorset County Council

## Fair funding and f40

- f40's goal is a **fair formula** that enables equal chances for all children wherever they live in England.
- We want schools to be equipped to provide a **quality education** for all children to meet the future needs of Britain.
- The introduction of a National Funding Formula (NFF) and additional funding for 2018-19 and 2019-20 were welcomed and f40 viewed the overall outcome as a **positive step towards fairer funding**.
- However, at present the NFF does not deliver true fairness and **locks in existing inequalities**.



## F40's Concerns

- The funding available is **not enough** to deliver education for the modern world
- The formula needs to stand alone without **false protections**
- The formula needs to be **future proof and allow for change**, not be locked into the past.



## f40's Solutions

- Currently the funding requires an injection of around around **£2bn** to meet the needs of schools. An early indication is that for 2019-20, the shortfall will be **£3.8bn for schools** nationally (based on current pupil numbers).
- An **index-linked activity led formula**, so that funding matches what politicians and others expect of the system.
- Move away from **historical** spending patterns which **lock in inequalities** and stifle change and improvement.



## The Funding Shortfall?

“Spending on Education is at its highest level”

Year	Pupils	Funding	£ per pupil
2015-16	6,939,219	£32,168,067,703	£4,635.69
2017-18	7,231,624	£33,523,566,620	£4,635.69
2018-19	7,322,984	£33,979,402,932	£4,640.10

Per pupil funding has remained steady over recent years, but costs have rocketed.



## Cost Pressures - Pay

	Teaching Assistant Salary	Mainscale Teacher (M4)	Upper Pay Scale Teacher	Headteacher (L25)
Sep 2015	16,559	27,927	35,218	69,652
Sep 2016	17,129	28,207	35,571	70,349
Sep 2017	17,435	28,772	35,927	71,053
Sep 2018	18,354	29,780	36,646	72,119
<b>PAY</b>	<b>10.8%</b>	<b>6.6%</b>	<b>4.1%</b>	<b>3.5%</b>

Teaching Assistants increase is as a result of the minimum wage bringing up the pay scales below this and pushing up experienced TA wages as a result.

Differentials in Teachers pay are mostly the result of this year's different pay awards ranging from 1.5% to 3%.



## Cost Pressures - On Costs

% addition to pay	Non Teaching Staff			Teaching Staff		
	NI - avg for pay value	Pension	TOTAL Non Teaching	NI - avg for pay value	Pension	TOTAL Teaching
Sep 2015	7.06%	20.71%	<b>27.77%</b>	10.63%	14.10%	<b>24.73%</b>
Sep 2016	7.29%	19.92%	<b>27.21%</b>	10.66%	16.48%	<b>27.14%</b>
Sep 2017	7.32%	21.53%	<b>28.85 %</b>	10.66%	16.48%	<b>27.14%</b>
Sep 2018	7.45%	22.49%	<b>29.94%</b>	10.62%	16.48%	<b>27.10%</b>
<b>ON-COSTS</b>	5.44%	8.59%	<b>7.79%</b>	-0.13%	16.88%	<b>9.57%</b>

Teachers Pension Employers Contribution is rising to 23.6% from Sept 19, which will give total on-cost of ~34%



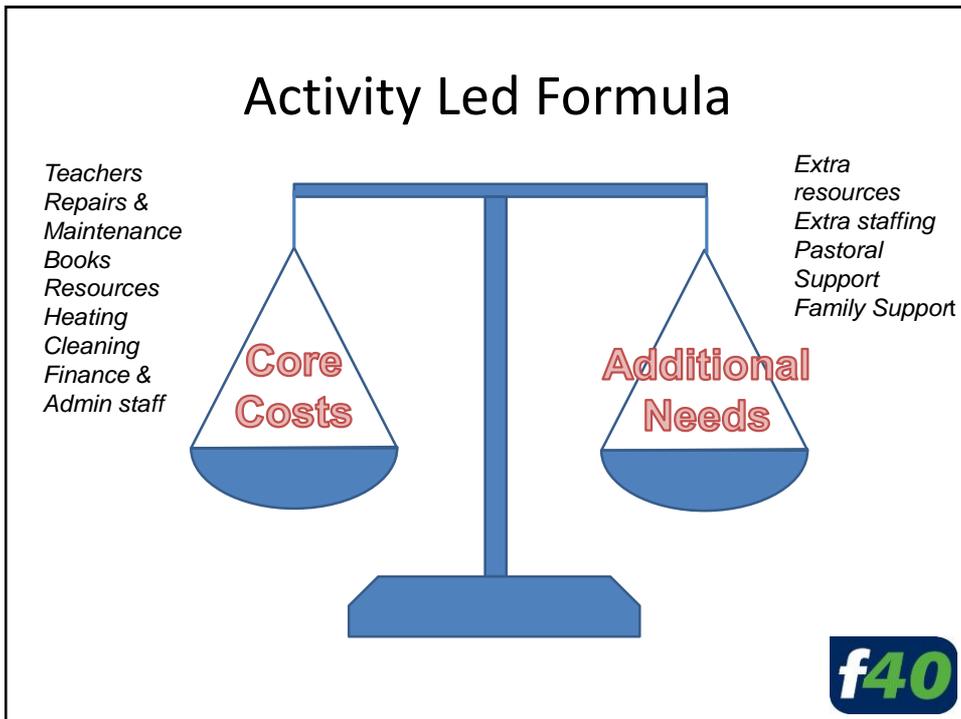
## Activity-led approach is required

~~Historic Costs~~  
Averages



- **Activity-led formula** is the only way to ensure sufficient funding in the system, balanced to meet needs.
- This would allow for
  - future changes of policy direction
  - the creation of a world class system of education to enable our pupils to compete in the post-Brexit age with the rest of the world.





## Financial Planning

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

**f40**

## NFF should be consistent

**CONSISTENCY**  
IS 

- A key principle for the NFF was that pupils of similar characteristics should attract similar levels of funding wherever they are in the country (allowing for the area cost adjustment).
- However, the protections applied, such as the 1.0% funding floor, 'lock in' some of the historical differences.
- Transition to the new formula is sensible but locking in past inequalities is not.



A Minimum Funding Level is unnecessary.

Unfair

Over Protective

Artificial



An activity-led NFF should undertake this role



## Mainstream School Costs

- The NFF needs to cover **all the funding** for mainstream schools, not just the pupil-led elements.
- NFF has elements that are individual to each school e.g. business rates and sparsity. Funding for these cannot continue to be based upon historical costs.
- Exceptional premises should be funded at realistic, not historical levels.
- f40 believes that all schools should be exempted from business rates with a one-off compensating cost adjustment nationally for local government.



## Local flexibility

- f40 seeks continued funding flexibility to support specific local issues or organisational requirements.
- The government should allow an element/percentage of the formula to be targeted using local discretion (via the Schools Forum or similar representative group).



Every **STUDENT** *can learn,*  
just not on the same day,  
or in the same *way.*

## The High Needs Crisis

- High Needs funding supports the most vulnerable pupils in our schools: those with complex SEN, those who are excluded or at risk of exclusion and those that cannot access education for medical reasons.
- Demand for high needs funding is out-stripping the budgets available.
- More accurate medical assessment and improved methods of treatment increase demand still further.



## The High Needs Crisis



- Crisis created in part by the continued use of historic funding levels.
- Short-term attempts to fix the problem are woefully inadequate.
- f40 seeks an immediate injection of new funding, estimated on increased costs and demand since 2015, of at least **£1.5bn** pa. is required. (index linked)
- We need a review of SEN policy and guidance to help manage down demand more effectively.



## The Early Years

- f40 seeks a review of the early years national formula to make it fit for future use.
- An increase in the quantum of funding for early years providers is needed to take account of the pressures of the living wage and the impact of 30 hours.
- Annual index-linked review for this block.



## Other Issues

- f40 seeks clarity on the way that the Central Schools Services Block will work. It should be index linked to meet increasing costs.
- 
- f40 wants Multi Academy Trusts to be held more accountable, especially for senior pay and for distribution of funding between individual academies in the MAT. An NFF means equality for all schools, including those in MATS.
- 



- f40 seeks a review of Home to School Transport funding.
- Government needs to recognise the real impact of reducing school transport on pupil choices.





Questions?

School and High Needs  
Budget Planning 2019-20  
Schools Forum  
19<sup>th</sup> October 2018

## Herefordshire Schools Budget

- Estimated pupil numbers 22,346 = £100.6m
- National Funding Formula  
2018/19 factors + 1/2 % increase = £100.5m
- Hence potentially unallocated £100k
- Reduction in Primary LPA to £1,022 £120k
- New growth allocation £90k
- but need Forum approval re growth criteria and allocated to basic needs, KS1 or new school set-up costs

## Herefordshire Schools Budget

- Already committed to NFF – question is how best to use any possible surplus funding given the £600k cost pressures in the high needs block
- Consult schools on how to use this surplus perhaps
  - Allocate additional to per pupil funding – primary and secondary schools
  - Use surplus growth funding for special schools i.e. a transfer to the high needs block
  - Maintain primary low prior attainment at £1,050 or use surplus from primary LPA to help fund Primary SEN protection in the high needs block – a choice for primary schools?
  - Or simply retain some/all in DSG balances for the future

## High Needs Block 2019/20

Actual 2018/19 allocation	£14.577m
Provisional allocation 2019/20	£14.835m
Potential increase (+1.7%)	£257k
Identified cost pressures	£814k
Savings target	c£550k

### HNB estimated cost pressures 2019/20

- a. One-off funding from schools block = £324k
- b. PRU/H3
- LGPS pension costs PRU/H3 = £62k
- c. SEN Support Services
- teachers pay award average 2.25% = £12k
  - TP increased employer cost (incl H3) = £35k
- d. Potential growth in H3/PRU
- based on 2018/19 PRU = £60k + H3 £20k = £80k
- e. Special school numbers
- 10 places at £10k +£10k top ups = £200k
- f. Independent special places current forecast = £100k
- Increasing pupil numbers

### Annual Expenditure on SEND

Dedicated Schools Grant					
High Needs Block	2014/15	2015/16	2016/17	2017/18	Forecast 2018/19
	£k	£k	£k	£k	£k
Special Schools Places	1,900	2,900	3,400	3,700	3,600
Pupil Referral Places	700	800	900	900	900
Top-up tariffs mainstream	1,800	1,700	1,500	1,800	2,000
Top-up tariffs special	3,400	2,900	3,000	3,300	3,400
Top-up PRU	500	700	300	400	300
Post-16	900	1,100	1,200	1,100	1,100
Independent Providers	1,500	1,900	2,500	2,000	2,400
Central Services	1,400	1,400	1,500	1,300	1,200
Home and Hospital	100	200	200	300	300
Other	500	500	700	600	700
<b>Total DSG</b>	<b>12,700</b>	<b>14,100</b>	<b>15,200</b>	<b>15,400</b>	<b>15,900</b>
Local Authority Budget					
Educational Psychology	300	300	300	300	300
SEN Assessment	300	400	500	500	400
<b>Total LA</b>	<b>600</b>	<b>700</b>	<b>800</b>	<b>800</b>	<b>700</b>

Commentary: Overall expenditure has increased rapidly over the period reflecting increasing demand. In particular, expenditure on special school places and independent providers have shown the most rapid increase.

## High Needs Budget 2018/19

• Special schools	£6.6m
• Independent places/CNF	£2.0m
• Mainstream top-ups	£1.9m
• PRU places & top-ups	£1.2m
• SEN Support Services	£1.2m
• Post-16 top-ups	£1.1m
• Hospital school	£0.3m
• <u>SEN Protection scheme</u>	£0.3m
<b><u>Total HNB</u></b>	<b>£14.6m</b>

## Possible Options

<u>Complex needs funding agreement (CNF)</u>	£50k
(£80k already assumed this year) further	
<u>Reduce SEN protection for primaries</u>	£40k
School forum agreed increase last year in cap to 140 NOR	
<u>PRU (£1.2)</u>	£220k
Reduce to statutory places paid for by LA, increase cost of non-statutory places to schools	
<u>Central LA Services (£1.2m)</u>	£200k
Traded services, vacancy savings, reduce business support & overheads, schools take on some services	

### Principles for making reductions

- Deliver the statutory
- Protect services for the most vulnerable
- Only trade services where it is reasonable for schools to make the decision to deliver themselves or where they will be able to purchase easily
- A fair apportionment of costs between Council and DSG
- Make the HNB sustainable in the longer term – balances only to be used to allow transition

