

**Minutes of the meeting of Herefordshire schools forum held at
Committee Room 1 - The Shire Hall, St. Peter's Square, Hereford,
HR1 2HX on Friday 12 January 2018 at 9.30 am**

**Present: Mr A Evans (Mainstream Academies) (Chairman)
(Vice Chairman)**

Mrs S Bailey	Local Authority Special School Headteachers
Mr P Burbidge	Roman Catholic Church
Mrs J Cohn	Academy Special School Representative
Mr P Deneen	Trade Union Representative
Mr T E Edwards	Local Authority Maintained Primary School Governor
Mr G Evans	Mainstream Academies
Mr M Farmer	Mainstream Academies
Mr M Henton	Local Authority Maintained Secondary Schools
Mrs L Johnson	Local Authority Maintained Secondary School Governor
Mr S Kendrick	Local Authority Maintained Primary School (Nursery)
Mr T Knapp	Mainstream Academies
Mr C Lewandowski	Trade Union Representative
Mr M Lewis	Local Authority Maintained Primary School
Mrs S Lines	Church of England
Mrs R Lloyd	Early Years Representative
Mrs J Rees	Local Authority Maintained Primary School
Mr P Whitcombe	Mainstream Academies
Mr K Wright	Local Authority Maintained Primary School

In attendance: Councillors FM Norman

Officers: Mr Malcolm Green and Les Knight

13. APOLOGIES FOR ABSENCE

Apologies were received from forum members Mr A Davies, Mr P Cordey and Mrs K Weston.

Apologies were also received from the director for children's wellbeing.

14. NAMED SUBSTITUTES (IF ANY)

Mr B Caldicott attended for Mrs K Weston.

15. DECLARATIONS OF INTEREST

Mr T Knapp declared an interest in item 7 as headteacher of Whitecross High School.

16. MINUTES

Resolved: that the minutes of the meeting held on 20 October 2017 be approved as a correct record and signed by the chairman.

17. ELECTION OF VICE-CHAIRMAN

Resolved: that Mrs J Cohn be elected vice chairman of the forum for the remainder of 2017/18.

18. SCHOOLS BUDGET 2018/19

Members were asked to consider both the original report and the supplementary report which contained information and additional or amended recommendations arising from the meeting of the budget working group on 5 January 2018.

The schools finance manager (SFM) introduced the report. He noted that:

- the proposed funding values were the same as the draft that members had considered at the October 2017 meeting and closely reflected the consultation which had taken place with schools in the autumn term;
- the increase in the schools block was 1% compared to 2017/18, this was disappointing but in line with expectations;
- figures set out in the report showed that on a per pupil basis Herefordshire schools were better funded than those in statistical neighbour authorities, it was noted that comparisons to urban authorities were less favourable;
- the minimum funding guarantee (MFG) was proposed to be set at 0.5% for 2018/19 in order to pass through to all schools the government's 0.5% increase per pupil, a further 0.5% increase was expected for 2019/20;
- the proposed funding values achieved full implementation of the national funding formula a year earlier than required by the DfE;
- proposals for de-delegation were generally in line with those for previous years with a reduction in the cost to primary schools of trade union facilities and the removal of the staff sickness absence scheme;
- there was a low response rate to the autumn consultation, in the past this had been taken to mean that proposals were generally acceptable to schools;
- responses in relation to the staff sickness absence scheme were mixed, the recommendation of the budget working group was that all schools should buy cover directly from the market, the council was working with its broker and hoped to be able to recommend policies that it felt were fair and offered the level of cover required;
- there was no change to the formula for the early years block and the pass through rate for Herefordshire was well above the minimum set by the DfE;
- there had been a small increase in the central school services block and this was proposed to be used to support further development of the early years NEF payment system and the online payroll system.

The SFM then spoke on the matter of the high needs block, the key points being:

- the forum had previously been made aware of the projected overspend in the high needs block for 2017/18 of around £300k;

- there was a recognised need to take action to bring expenditure in line with available funding;
- a package of measures would be discussed at the meeting of the budget working group in February 2018 and recommendations would be brought to the forum in March;
- due to improvements in attainment in Herefordshire schools the number of pupils qualifying for low prior attainment funding was lower than expected, resulting in a net surplus in the schools block of £324k, this was an unexpected windfall and should be seen as a one-off;
- options for the use of the windfall were set out in the supplementary papers;
- although it was possible to pass out the surplus to schools by increasing per pupil or lump sum values there were disadvantages in doing so caused by the minimum funding guarantee. Not all schools would receive an increase and the additional funds would be locked in by the MFG and cause difficulties for future budget allocations;
- the DfE had introduced a change to regulations which allowed the forum to approve a transfer in the form of a top slice from the schools block to another block;
- there was the option to use the surplus in the schools block to support the high needs block in the short term. This would give 12 months to make considered decisions on how to bring high needs expenditure in line with available funding;
- the budget working group had discussed this option at length. While the working group was clear that action had to be taken on the high needs budget, they recognised the value of using the surplus to buy additional time to seek longer term solutions and had recommended that the transfer take place for 2018/19;
- the working group recognised that if the transfer did not take place, the nature of the cuts to the high needs block would mean that increased costs would fall on schools, in effect giving with one hand and taking with the other;
- the SFM emphasised to forum members that if the windfall was allocated in the schools block there would have to be serious cuts to the high needs block for 2018/19.

The head of additional needs (HAN) stated that pressure on high needs budgets was a national issue and that the primary cause was the growth in demand for education health and care plans (EHCPs) and the level of demand for special school places. The criteria had not been changed and were being applied rigorously to assessments. The difficulty was that the budget was not keeping pace with demand. HAN made the offer to members of the forum or budget working group to attend the SEN referral panel to provide assurance on the SEN decision-making processes and to suggest any ideas to further strengthen these processes.

The SFM reported that of 15 authorities surveyed in 2017, all of whom were in the f40 group of low funded authorities, 13 had overspends in their high needs block. Herefordshire was in a good position compared to many authorities but would likely suffer the same pressures experienced nationally.

In the discussion of the issue the following points were made:

- the need to look for longer term measures to tackle levels of high need demand, such as outreach work and more in county places to meet the needs of pupils currently sent elsewhere;
- the importance of early intervention to try to prevent pupil's needs from escalating;
- the importance to some schools of the SEN protection fund;
- the evidence that demand would continue to rise and the need to take account of this in the steps taken to manage expenditure;

- the need to act within the law and meet statutory requirements of pupils with additional needs;
- examples of the steps other authorities were taking to address high needs expenditure, including significant top slicing of school budgets;
- the wish to retain the established principle of not transferring funds between blocks, any transfer agreed on this occasion should be seen as a one off;
- the desire for stability for school budgets as far as possible;
- the challenge of mental health issues in children and options available to deliver a countywide approach;
- the complex medical needs of some children in special schools and disappointment on the slow implementation of school nursing services by the clinical commissioning group.

The question was put as to whether the authority would be in the same position in 12 months' time. It was confirmed that the surplus in the schools block was an unexpected figure and it could not be relied upon that there would be similar surplus when considering the budget for 2019/20. An increase in the high needs block was expected based on the provisional information from central government but it would be unwise to assume that this would address all of the increased pressures. Action to reduce demand in the longer term needed to take place regardless of the decision made on the use of the windfall sum.

With regard to the closure of the staff sickness absence scheme, it was queried whether maternity cover was available from market providers. The SFM responded that the council's insurance broker had been asked to provide information on what cover was generally available. If such cover was available then schools should expect to see that reflected in the premium they paid. Schools could instead choose to set money aside in their budget to cover the costs.

It was resolved that:

THAT:

the local application of the National Funding Formula (NFF) for 2018/19 as set out in the consultation document and below, be approved for recommendation to the Cabinet member for young people and children's wellbeing as follows:

- (i) the final school funding values be agreed, subject to a minimum total funding per pupil of £3,500 for primary schools and £4,800 for secondary schools, as follows:

1.	Basic entitlement per pupil	Primary	£2,747
2.	Basic entitlement per secondary pupil	Key stage 3	£3,863
3.	Basic entitlement per secondary pupil	Key stage 4	£4,386
4.	Deprivation per free school meals pupil	Primary	£440
5.	Deprivation per free school meals pupil	Secondary	£440
6.	Deprivation per ever-6 free school meals pupil	Primary	£540
7.	Deprivation per ever-6 free school meals pupil	Secondary	£785
8.	Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)		
9.	Band A (3% of pupils)	Primary	£575
10.		Secondary	£810
11.	Band B (8% of pupils)	Primary	£420
12.		Secondary	£600

13.	Band C (7% of pupils)	Primary	£390
14.		Secondary	£560
15.	Band D (8% of pupils)	Primary	£360
16.		Secondary	£515
17.	Band E (9% of pupils)	Primary	£240
18.		Secondary	£390
19.	Band F (10% of pupils)	Primary	£200
20.		Secondary	£290
21.	Band G (55% of pupils)	Primary	£0
22.		Secondary	£0
23.	Low Prior Attainment per pupil	Primary	£1,050
24.	Low Prior Attainment per pupil	Secondary	£1,550
25.	Lump sum	Primary	£110,000
26.	Lump sum	Secondary	£110,000
27.	Looked after children, primary and secondary		£0
28.	Primary sparsity, on a taper basis, over 2 miles and less than an average year group size of 21.4 pupils		£25,000
29.	Secondary sparsity, on a taper basis, over 3 miles and less than an average year group size of 120 pupils		£65,000
30.	English as additional language per pupil	Primary	£515
31.	English as additional language per pupil	Secondary	£1,385
32.	PFI contract		£278,200
33.	Business rates		At cost
34.	Exceptional premises factor (Eastnor)		£8,500

(ii) that the Minimum Funding Guarantee (MFG) be set at 0.5% for 2018/19 in order to pass through to all schools the government's 0.5% increase per pupil;

(iii) local authority maintained school members of Schools Forum approve the de-delegation in 2018/19 of funding for:

- (a) trade union facilities (primary schools only) at £2.90 per pupil
- (b) ethnic minority support at £1.12 per pupil plus £6.60 per "ever-6" free school meals (FSM) pupil plus £107 per English as an additional language (EAL) pupil
- (c) free school meals administration at £4.51 per "ever-6" FSM pupil
- (d) software licence costs for the financial planning software at £350
- (e) education functions for local authority maintained schools at £13.50 per pupil
- (f) £0 per pupil for the sickness absence scheme with all schools to buy absence insurance direct from the market

(iv) the central school services block be used to fund the former Education Services Grant retained duties (£360k), national licences for schools (£131k), Schools Forum (£12k), admissions (£142k) and computer developments to complete the early years Nursery Education Funding (NEF) payment system (up to £25k) and develop access to real-time school payroll and staffing reports through the schools portal (£15k);

(v) for the early years block:

- (a) there is no change in the early years funding formula for providers in Herefordshire**
- (b) central expenditure of £335k, for early years consultants and NEF payment costs, be approved for 2018/19**
- (c) the pass through percentage to 3 and 4 year old providers be approved at 97.5%; and**

(vi) with regards to unallocated funds in the schools block arising from a reduction in pupils qualifying for low prior attainment funding:

- a) The unallocated funding be held in the Schools Block and not distributed to schools in 2018/19; and**
- b) pending a further consultation with schools, a decision on a transfer of 0.33% (£324k) from the schools block to the high needs block for 2018/19, to provide high needs protection funding for schools with a higher than average number of pupils with high needs, be deferred until the meeting of Schools Forum on 16 March 2018.**

(NB restrictions were applied to voting as follows:

Only representatives of LA maintained schools, academies and early years providers were eligible to vote on recommendations (i), (ii), (iv), (v) and (vi). All were supported unanimously.

Only representatives of LA maintained schools were eligible to vote on recommendation (iii). The recommendation was supported on the majority.)

19. WHITECROSS PFI SCHEME - TRIENNIAL REVIEW

The schools finance manager (SFM) introduced the report. He explained the background to the PFI contract and reminded members of the forum of additional funding that had previously been allocated to the contract. Some savings had been made which had also contributed to managing the costs of the contract. The governors of Whitecross school had agreed not to exercise their right to claim those savings.

It was explained that payments to the PFI provider were index linked to RPIX. The report set out the current and forecast inflation figures. The original model assumed an inflation rate of 2.5% for the life of the contract. The figures in the report showed that was unlikely to be case and remodelling had taken place to reflect the higher inflation figures.

The Council had added additional funding of £55,000 for 2018/19 and this would cover current inflationary costs and the SFM did not believe that there was a need to allocate any further funding at this time. Monitoring of the contract would continue and the next review would be brought back to the forum in 2021. The SFM reminded the forum that the DfE was committed to providing funding to cover the DSG share of the costs under the national funding formula. Any increase in that part would not affect Herefordshire school budgets.

It was agreed that:

- a) No further funding was required from the dedicated schools grant at this time;**
- b) A progress review be added to the forum's work programme for January 2021.**

20. SCHOOL RECRUITMENT AND RETENTION

Mr Lewandowski asked members to consider adding a task to the work programme of the forum in relation to recruitment and retention problems in schools. He asked if schools could be asked to collect factual evidence on this issue.

It was agreed that:

- a) the item not be added to the work programme at this time; and**
- b) the schools finance manager approach the HR services manager to explore what data was already centrally held.**

The meeting ended at 10.47 am

Chairman

