

Minutes of the meeting of Herefordshire schools forum held at online meeting on Friday 24 September 2021 at 9.30 am

Present: Mrs K Weston (Local Authority Maintained Primary School) (Vice-chairperson in the chair)

Mr D Bennett	Academies
Ms N Emmett	Academies
Ms N Gilbert	LA Special Schools
E Gwillim	16-19 Providers
Mr J Hedges	Primary Governors
Mr P Jennings	Academies
Mr S Kendrick	Local Authority Maintained Primary School (with Nursery)
Mr C Lewandowski	Trade Unions
Mrs R Lloyd	Early Years
Mr P Deneen	Trade Unions

Officers: Strategic Finance Manager

25. APOLOGIES FOR ABSENCE

Apologies were received from the following forum members: Julie Cohn, Alex Davies, Georgie Griffin, Martin Henton, Tim Knapp, Tracey Kneale, Sian Lines, Norman Moon.

Apologies were also noted from the assistant director, education development and skills, and from the head of additional needs.

26. NAMED SUBSTITUTES (IF ANY)

The attendance of the following substitutes was noted:

Lynn Johnson for Georgie Griffin

27. DECLARATIONS OF INTEREST

Paul Deneen and Chris Lewandowski declared interests in agenda item 5 as representatives of unions.

28. MINUTES

Resolved: that the minutes of the meeting held on 19 March 2021 be approved as a correct record.

29. NATIONAL FUNDING FORMULA UPDATE 2022/23 (Pages 5 - 20)

Behaviour Support Service

The principal educational psychologist attended for this item and set out the background to the proposed de-delegation for the behavioural service. Forum members heard that:

- the service was currently operating on a pay as you go model and this was not sustainable beyond 2022;
- two options would be set out in the consultation papers for schools, a base level service and an enhanced service;
- the base level service would offer 113 days free at point of use for LA maintained schools, to cover individual consultation work, one-to-one interventions with children and workshops to teach skills to staff that they could take back to their schools;
- if schools supported the higher level service this would allow for a modest expansion in the team and increase the number of free days available;
- a set of criteria would be produced to prioritise requests for support;
- academies would continue to purchase services on a traded basis;
- the nurture hubs were an initiative sitting between mainstream and specialist provision and, after an initial settling in period, it was hoped they would offer outreach services that would complement the services of the behaviour team;
- some specific projects would continue to be funded separately.

The strategic finance manager explained that de-delegation would deduct funds from LA maintained school budgets at source and that the behaviour support team was a service for which the DfE permitted de-delegation. The base level service would come at a cost of £4 per pupil while the higher level offer would cost around £5.50 per pupil. Special schools were not included but could buy in support as required. It was intended that the funding agreed through de-delegation would be matched from the high needs block.

In discussing the proposal forum members highlighted the importance of the service, particularly in light of the unknown impact of covid. The relationship with pupil referral unit services was queried and it was suggested that conversations should take place with the new head of the unit once he was in post.

Herefordshire schools budget 2022/23

The strategic finance manager gave a presentation on the projected schools budget for 22/23. The principles used were the same as in previous years, namely to fully fund the national funding formula, transfer funding to the high needs block to support the SEN protection scheme and aim to set a balanced high needs budget. If there was surplus funding the strategic finance manager proposed to add this to balances to top up the reserves.

A change in the way sparsity was calculated would result in 9 additional small primary schools benefitting from this factor. The expected growth fund allocation would cover these additional costs.

The chair of the budget working group commented that there had been a good discussion about the proposals at the recent working group meeting and that group members had recommended the draft consultation paper. The proposals regarding the de-delegation for behaviour support had been added after that meeting and would be discussed at the next meeting.

It was noted that the proposals on the high needs budget were provisional and would be finalised by March 2022. Any costs arising from the potential closure of the sixth form provision at Westfield special school would be considered once that decision had been taken. The projected outturn for the current financial year for the high needs budget was a £144k overspend.

Response to DfE consultation paper

The strategic finance manager explained that the introduction of the national funding formula had been positive for Herefordshire schools. The county was now the highest funded of its eleven statistical neighbours compared to 7th out of 11 ten years earlier. This improvement was largely due to the national funding formula.

The DfE consultation paper set out next stages of the journey to a nationally set funding formula. The strategic finance manager ran through the proposed Herefordshire response to the consultation and noted that the council would also contribute to the collective response from the f40 group.

Forum members discussed the proposed response. It was highlighted that the national funding formula used an area cost adjustment to reflect labour market costs across the country but outside of London teachers were on national pay scales. There were concerns that it was unfair to apply an uplift to some local authorities.

The strategic finance manager explained that most local authorities did not receive any uplift from the area cost adjustment and that most authorities in London now received less funding under the national funding formula. The area cost adjustment was an attempt to deal with a complex national picture by objective means. The strategic finance manager offered to discuss the matter further after the meeting.

It was proposed that following these discussions the response to the DfE be amended to include forum member's concerns about the use of an area cost adjustment for areas outside of London, with the final text to be agreed by the vice chairperson who was chair of the forum meeting on this occasion.

It was resolved that:

- a) **The initial budget proposals for 2022/23 for schools and high needs be approved for consultation with schools during the autumn term; and**
- b) **The Budget Working group's proposed response to the DfE consultation paper be approved for submission by the due date of 30 September, subject to further discussions regarding the Area Cost Adjustment with the final text to be agreed by the vice-chairperson.**

30. LOCAL MANAGEMENT OF SCHOOLS - SCHEME AMENDMENTS

The schools finance manager explained the changes required to the scheme. In discussing the changes forum members noted that five year forecasts would always include a number of unknowns, such as future rates of inflation and pay, but these longer term forecasts were nevertheless felt to be useful.

It was resolved that the following changes be approved to the scheme:

- a) **Revision to Para 2.3.1 (a) "Each school must submit a five-year budget forecast each year by 1 June. In exceptional circumstances this may be extended to 30 June on request; and**
- b) **4.9 Licensed Deficits and recovery plans – new paragraph 4.9b – " Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.**

Only schools members were eligible to vote on this item.

31. ANNUAL REVIEW OF SCHOOLS FORUM MEMBERSHIP

Forum members received the outcome of the annual review of membership. It was noted that:

- the forum was required to review membership on a regular basis to ensure that representation by schools members broadly reflects the proportion of pupils in academies and local authority maintained schools; and
- analysis of the 2021 January School Census showed no significant change in proportionality and as a result no changes were proposed to the allocation of seats on the forum or the working group.

It was resolved that:

the outcome of the annual review of proportionality be noted and no changes made to allocations of seats on Herefordshire Schools Forum or the Budget Working Group.

32. DATES OF FUTURE MEETINGS AND WORK PROGRAMME

The dates of meetings for the 2021/22 academic year were noted as:

10 December 2021

14 January 2022

18 March 2022

15 July 2022

The draft work programme was noted as containing the standard regular items.

The clerk outlined that the DfE consultation document on the future of the funding formula included at Annexe B the proposed changes to the responsibilities of the schools forum under a hard national funding formula. There were still details to be worked through, notably in relation to SEN, but it was clear that the DfE still saw a role for a local forum.

The clerk explained that the term of office of current members of the forum had come to an end and that in light of the information in the DfE document it was proposed to proceed with recruitment for a new membership for the next 3 year term. The forum noted that the clerk would initiate recruitment procedures in October.

The meeting ended at 11.22 am

Chairperson

Herefordshire School
Funding proposals 2022-23

Schools Forum 24 Sept 21

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MINUTE ITEM 29

DfE National proposals for NFF 2022-23

- 3.2% national increase equivalent to 2.8% per pupil
- NFF core factors +3%
- Minimum per pupil funding levels +2% i.e.
 - Primary £4,265
 - Secondary £5,525
- Increases in sparsity +£10k
 - Primary at £55k, secondary £80k
 - Use of road distance so more Herefordshire schools will qualify
- NFF to use EAL factor & pupils qualify for 3 years
- National High Needs Budget +9.6%
- Herefordshire's growth funding now forecast at £0.6m

Herefordshire proposals for NFF 2022-23

- Fully fund at NFF values
- Growth fund not finalised, 10 places agreed for Fairfield and 30 places for Kingstone @ £182k
- Transfer funding to high needs block to fund SEN protection scheme
- Look to use any surplus to top up DSG reserves
- Aim for balanced high needs budget at +£2m
 - Independent special schools
 - Inflation on top-up funding
 - Get a fix on (net) Beacon College costs re Nov EFA
 - PRU extras for TLR Protection and split site working

Schools Block Strategy 2022-23 – slide 1

- Estimated allocations for the schools block based on an estimated 22,252 pupils
- DSG schools funding allocation £116,007,000
- Forecast growth funding £600,000
- Total Schools Block funding £116,607,000
- NFF cost 2022/23 £115,889,000
- Reserved for expected increase in FSM costs £101,000 in Oct 2021 census
- Available for allocation outside of NFF: £617,000

Schools Block Strategy 2022-23 slide 2

- Available for allocation outside of NFF: £617,000
- to: high needs support for schools: £435,000
- to: secondary basic need growth funding for Golden Valley £182,000
- Fully fund the road distance sparsity for 9 small primary schools and amount for increased school meal costs based on October 2021 census data
- New proposal for de-delegation to support the Behaviour service in the consultation
- Two year commitment to Budget software de-delegation as council due to extend the contract

High needs initial proposals 2022-23

- Current year forecast is +£144k overspend due to independent special schools (+£0.45m to date)
- Independent special schools +£0.75
- Increase in top-up tariffs +£0.6m
- ⇒ • PRU support costs +£0.1m
- Growth in SEN protection scheme £0.05m
- Nurture groups £0.12m
- Beacon College/SEN places £0.45m
- Re-instate balances if possible £0.2m

Proposed response to DfE consultation

- Question 1: Do you agree that our aim should be that the directly applied NFF should include all pupil-led and school-led funding factors and that all funding distributed by the NFF should be allocated to schools on the basis of the hard formula, without further local adjustment through local formulae?

⇒ Yes

Proposed response to DfE consultation

- Question 2: Any comments on how we could reform premises funding during the transition to the directly applied NFF? e.g. PFI costs, exceptional circumstances, split sites
- PFI costs and the affordability gap in particular with its reliance on future inflation rates is extremely complex and future consultation is essential. At this stage it is not at all clear how the responsibility for the affordability gap can be split between the Local authority and the DfE whilst maintaining the link with RPIX inflation.
- There is a significant risk that the NFF will be distorted in unacceptable ways to deal with the few schools involved with PFI. It may be better to keep PFI outside the national formula until contracts expire.

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Proposed response to DfE consultation

Question 3: Do you agree with our proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls funding? **Yes**

Question 4: Do you have any comments on our proposed approach to growth and falling rolls funding?

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Whilst agreeing with the proposal to use national standardised criteria we are concerned that no definition of significant growth is provided. Care must be taken to recognise that "significant" growth must relate to the size of the school(s) and that significance in rural areas may be much lower than what is regarded as significant in urban areas. Significance must in part relate to the unavailability of alternative places within easy travelling distances.

Proposed response to DfE consultation

- Question 5: Do you agree that, in 2023-24, each LA should be required to use each of the NFF factors (with the exception of any significantly reformed factors) in its local formulae?
- Yes
- Question 6: Do you agree that all LA formulae, except those that already 'mirroring' the NFF, should be required to move closer to the NFF from 2023-24, in order to smooth the transition to the hard NFF for schools?
- Yes
- Question 7: Do you agree that LA formulae factor values should move 10% closer to the NFF, compared with their distance from the NFF in 2022-23? If you do not agree, can you please explain why?
- Yes

Proposed response to DfE consultation

- Question 8: As we would not require LAs to move closer to the NFF if their local formulae were already very close to the NFF, do you have any comments on the appropriate threshold level?
- I'm not sure that local authorities should be allowed to exceed the NFF as this may cause transition problems in later years. DfE need to consider what LAs should be permitted to do with any unused School Block funding. In general 98% or 99% would seem an appropriate threshold.
- Question 9: Do you agree that the additional flexibility for LAs in the EAL factor, relating to how many years a pupil has been in the school system, should be removed from 2023-24?
- Yes

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Proposed response to DfE consultation

- Question 10: Do you agree that the additional flexibilities relating to the sparsity factor should remain in place for 2023-24?
- Yes
- Question 11: are there any comments you wish to make on the proposals we have made regarding ongoing central school services, including on whether in the future central school services funding could move to LGFS?
- it would seem sensible to move this funding into the Local Government Finance settlement and abolish the central school services block as it is a relatively small amount.
- Question 12: Do you agree with the proposal for a legacy grant to replace funding for unavoidable termination of employment and prudential borrowing costs?
- Not sure

Proposed response to DfE consultation

Question 13: How strongly do you feel that we should further investigate the possibility of moving maintained schools to being funded on an academic year basis?

- Strongly agree

Question 14: Are there any advantages or drawbacks to moving maintained schools to being funded on an academic year basis that you feel we should be aware of?

- This proposal was strongly supported by Herefordshire Schools Forum and the Budget Working Group on behalf of all schools.
- The only disadvantage will fall to the local authority that will have to work across both the "local government" financial year and the academic year resulting more year end processes for e.g. funding allocations for the periods April - August and September - March.

Proposed response to DfE consultation

- Question 15: Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change.
- No additional comments beyond the DfE's assessment
- Question 16: Are there any further comments that you wish to make about our proposed move to complete the reforms to the NFF?
- 81 • Not sure that there should be a legacy grant paid in full to those authorities that have unavoidable termination of employment costs and prudential borrowing costs.
- These authorities have received the benefits of new school buildings from prudential borrowing and better retirement settlements for school staff which have been paid for in agreement with their school forums and schools by reducing funding to schools.

Proposed response to DfE consultation

Question 16 continued

- Authorities that have preferred to pass all their school funding to schools and not used school funding to pay for such benefits will now receive exactly the same national funding formula as all other local authorities, which is right and proper.
- However the government is proposing to fully fund these legacy costs which is unfair on local authorities that did not incur such costs. Without knowing the number of authorities and costs involved it is impossible to comment objectively but it would seem fairer that any such legacy grants were paid to meet 50% or 75% of the cost so that those authorities continue to pay a contribution towards the benefits they continue to receive.

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