

**Minutes of a meeting of the Leicestershire Schools Forum held at Beaumanor Hall
on Wednesday 12 February 2020 at 2.00 pm**

Present

Chris Parkinson	Secondary Academies Headteacher
Kath Kelly	Secondary Academies Headteacher
Jon Mellor	Secondary Academies Headteacher
Chris Swan	Secondary Academies Governor
Martin Towers	Secondary Academies Governor
Steve McDonald	Secondary Academies Governor
Suzanne Uprichard	PRU Representative
Jane McKay	Primary Academy Headteacher
Karen Allen	Primary Maintained Headteacher
Troy Jenkinson	Primary Maintained Headteacher
David Thomas	Primary Academy Governor
Ros Hopkins	Special Academy Headteacher
Graham Bett	DNCC Representative

In attendance

Jane Moore, Director of Children and Family Services
Deborah Taylor, Assistant Lead Member, Children and Family Services
Jenny Lawrence, Finance Business Partner, Corporate Resources

		Action
1.	<p>Apologies for absence/Substitutions</p> <p>Apologies for absence were received from Dawn Whitmore, Catherine Drury, Dave Hedley, Mr Ould CC, Carolyn Lewis, James Tickle, Zoe Wortley, Julie McBrearty, Clare Allen, David Atterbury and Alison Bradley.</p> <p>Jon Mellor was substituting for James Tickle and Deborah Taylor for Mr Ould.</p>	
2.	<p>Minutes and Matters Arising</p> <p>The minutes of the meeting held on Wednesday 6 November 2019 were agreed.</p>	
3.	<p>2020/21 Schools Budget</p> <p>Jenny Lawrence presented a report on the 2020/21 Dedicated Schools Grant Settlement for Leicestershire and the 2020/21 Schools Budget. The report builds upon a number of reports presented through the 2019/20 financial year.</p>	

Jenny referred to paragraphs 10-13 which sets out the background to the funding system in terms of how it is received into the local authority and the role of the Schools Forum in setting the 2020/21 Schools budget.

Jenny referred to paragraph 15 which sets out the purpose and scope of the 2020/21 Schools Budget and the action required. Jenny highlighted the funding for the local authority in order to meet prescribed statutory duties placed upon it; these were admissions, asset management and central support services. This largely consists of recharges from services outside the Children and Families Department that support budgets funded from DSG such as finance, ICT and property. Jenny said that item 4 is an area of concern for the local authority as funding has been reduced – the costs relate to previous premature retirement costs which will not reduce in line with the grant reduction.

Jenny highlighted the importance of paragraph 16 as in previous years Schools Forum approval has been required to carry forward a deficit on the Schools Block to be met from the following year's budget. The DfE has laid down new legislation that confirms local authorities are now required to carry any deficit forward. In addition, legislation now states that local authorities may contribute to the deficit with the permission of the Secretary of State. The option of local authorities to top up the dedicated schools grant has been very much reduced.

Paragraph 17 states that the local authority will be required to seek adjudication from the Secretary of State should approval from Schools Forum not be granted for the centrally funded items.

Paragraph 18 outlines that the budget for copyright licences is held centrally which funds all academies and maintained schools and is £509,100.

Discussion took place on the dedicated schools grant in terms of the new requirements. Jenny commented that the Secretary of State was now in control of the grant - if the DSG hits a deficit the local authority will have to establish a deficit recovery plan which was already in place through the High Needs Development Plan as it is the high needs element of the grant that is the only area overspending. Schools Forum asked for the last sentence of paragraph 16 - The latter of these changes effectively prohibits local authorities from contributing to DSG and to fund any DSG deficit to be clarified. Clarification – *the Secretary of State has set out that the grant is ringfenced and whilst it will be possible for local authorities to contribute to the grant with Secretary of State permission, the laying of the legislation meant that such a permission is unlikely although this has not been tested.*

Ros Hopkins asked if the deficit area being discussed was schools deficits. Jenny confirmed it was a deficit on dedicated schools grants.

Chris Parkinson asked about contributions to school growth. Jenny commented that school growth is a direct allocation to the local authority to meet the revenue costs arising from the need to commission additional school places. The local authority can only contribute to the

DSG with permission of the Secretary of State. Jenny set out that local authorities have to meet the cost of the additional pupils between September and March before the school triggers DSG funding, it is also required to meet pre-opening and dis-economies of scale funding. Jenny said that the DSG reserve is managed within the same blocks as it is funded and the local authority is managing a high needs deficit school growth where there will be a call on funding in the future. Any deficit on the schools block as a result of insufficient growth would need to be managed in the same way.

Paragraph 19 sets out the Dedicated Schools Grant settlement for Leicestershire. Within the schools' block there is £417.9m which is supporting £415M for school formula funding. The School Funding Formula has been submitted to the ESFA for approval. School growth is an allocation through the National Funding Formula (NFF) within each local authority's schools block.

Jenny outlined that 2020/21 continues the movement towards an NFF for schools which attributes units of funding to pupil characteristics. Jenny outlined what the grant settlement for 2020/21 is based on and added there is a cash increase overall of 6% in respect of school formula funding for Leicestershire.

The Central School Services Block funds historic financial costs. The allocation is reducing and the DfE is committed to reducing this element of funding. However, this element of funding meets the cost of historic premature retirement costs for teaching staff that will remain long after funding is reduced. Overall this is a decrease of 4% over the 2019/20 baseline.

The High Needs Block continues to use the 2013/14 formula and there are no changes. The grant allocation for 2020/21 includes the additional funding announced in September 2019. There is a DfE review on SEND currently and part of the review should be to revisit the formula.

The vast majority for the Early Years funding block of £35.5m is for providers – funds for Free Entitlement to Early Education (FEEE) for 2, 3 and 4 year olds. The hourly rate is known for 2020/21 but not the funding allocation. The grant will be updated in July 2020 for the January census and again in June 2021 for the January 2021 census. The final grant will not be confirmed until June 2021. The estimated settlement is almost £532m.

Jenny referred to Paragraph 20 which sets out the estimated funding gap of £11m and the expectation that local authorities are required to submit a recovery plan to the DfE. The DfE have now confirmed that they do not require a formal deficit recovery plan but will require some information from local authorities and they will be having conversations to ensure local authorities are managing.

Graham Bett asked if the local authority had drawn up a recovery plan on the DSG. Jane Moore stated that it had not. We have collectively a high needs recovery plan as high needs is the only area with the deficit – the challenge is the recovery plan does not cover the deficit and will be sent

back.

Kath Kelly stated that this was wide pressure on other areas. Jane said that because of the high needs block and if other parts of DSG is going into the deficit we would have to come up with up with a plan that covers everything.

Jenny commented that the schools block could go into deficit. Ros Hopkins asked about the High Needs Development Plan. Jane stated that it was brought and discussed at Schools Forum on a number of occasions Ros asked if it was the same plan shared at the high needs board. Jane confirmed it was. Ros stated she was not clear on whether this included the review of place fees at Units. Jane confirmed that it did.

Ros said that details of change of planned funding within the high needs block funding is not shared. Jane stated that this was not developed and are looking at a number of different settings and the cost of that. Jane commented that the whole system review was scoping up at the moment. Ros said that changes in per place funding completely changes her budget planning. Jane stated that nothing will happen quickly. Jenny commented that data research being carried out currently sits under the commission element of the high needs plan. Ros asked that special schools be consulted in the fact finding about how much and why things are cost. Jane stated that special schools will be involved.

Jenny commented that 2020/21 NFF minimum per pupil funding is mandatory. The 2020 Leicestershire Formula adopted the NFF in full. The DfE have stated that in 2019/20 80% of authorities have adopted the NFF with no local changes.

School funding remains a 'soft' school funding formula for 2020/21. The DfE have confirmed their intention to move to a 'hard' formula as soon as possible which is not an issue in Leicestershire as replicating that now.

David Thomas asked if a soft formula is in place can a transfer between blocks take place. Jenny confirmed this, it is expected that under a hard formula this would not be possible and that the role of schools and the local authority's role in school funding is uncertain.

Jenny stated that the rising cost of providing SEND services is set out in the graph in paragraph 24. The majority is special schools and units. The High Needs development plan was approved in December where expenditure was forecast to exceed the £6m grant.

Jenny said that the DfE has removed the need for Schools Forum to approve a carry forward of a deficit and prohibited local authorities from contributing to DSG. This will however require local authorities to set aside revenue funding to offset the liability. Discussions are taking place nationally on how local authorities can do this.

Nationally schools will receive a minimum per pupil increase of 1.84% per pupil in mainstream schools. Jenny commented that this was the most generous settlement since 2010 but still give concerns to some schools because of cost increase in terms of teachers pay.

2020/21 is the third year of the NFF – only mainstream schools and academies will see that increase; no increase in specialist providers. Jenny added that this has been and continues to be raised with the DfE.

Jenny explained how the data is used to determine the number of pupils with Lower Prior Attainment funding which is based upon the Early Years Foundation Stage Profile (EYFS). This first cohort passed into secondary school in autumn 2019, so the 2020/21 data is the first year that did not include this early cohort with its higher LPA rates. The number of primary pupils attracting LPA funding has therefore fallen, whilst this may result in LPA funding being lower than in previous years. This is of a concern. Jenny commented that the NFF was always intended to reflect pupil data changes.

Suzanne Uprichard commented that this will affect small primary schools far more if there is a fluctuation in funding. Jenny commented schools have been advised that they need to consider the financial impact of all pupil data within their budget planning.

David Thomas referred to paragraph 40 and asked if it is a bigger issue reflected in Leicestershire. Jenny commented that it was difficult to know because we look at the financial planning data for maintained schools. Jenny added that we routinely see that schools set five year budgets that are in balance in year 1, move to deficit in year 2 and then deficit grows from year 3. However, the data shows that schools have reported that position for each of the last three years but have avoided the escalating deficits they predicted.

Kath Kelly said that key expectations around the expenditure model is 2% on staffing and are told to assume income will flatline. Definitely going to hit that as income not known in advance. How do we support to put things that we will accurately reflect the future budget planning? Jenny said that some of the work in the project that we are running on school financial planning backs that up really well.

Jenny referred to paragraph 48 – Funding School Growth. The cost of commissioning a new school ranges from £0.5m to £0.8m for a primary and £2.2m to £2.5m for a secondary depending on size and opening arrangements. There are 29 new schools expected to be built in Leicestershire in the medium to long term. The new housing developments have come on later than earlier and some developers are being accelerated. Jenny said that the revenue requirement for new schools is difficult to assess as it is dependent on a number of factors. Expenditure is expected to rise annually - £5m - £6m per year and annual underspends in growth funding will be set aside in the DSG Earmarked Fund to meet this peak. This position will be closely monitored.

Schools Forum agreed the revised Growth Policy in September 2019. Growth fund supports mainstream schools and cannot be used to fund specialist provision as deemed a transfer from schools block to high needs. Section 106 is totally outside of this.

David Thomas - £3.37M – different points of time. Budget for school growth is confirmed at £3.1m

Jenny referred to Paragraph 52 and said that the expected DSG reserve is expected to reach £19M deficit in 2020/21. David Thomas commented that 2019/20 was £1.7M at March 2020. Jenny said 2019/20 adding to it with schools block underspend, early years under spend but high needs block taken out again.

The expected position on the DSG reserve and its individual blocks is set out in the following table;

	Schools £,000	Early Years £,000	High Needs £,000	Total £,000
1 April 2019	1,279	502	(73)	1,708
P10 Variance	2,111	(340)	(7,784)	(6,013)
31 March 2020 Forecast	3,390	162	(7,857)	(4,305)

Jenny outlined that the Notional SEN budget is a subset of what comes through the formula. The table sets out how it is calculated in Leicestershire. The Notional SEN budget is not calculated the same way in local authorities.

The DfE have announced increased Pupil Premium rates for 2020/21. Currently we cannot give schools values as will be driven by the 2020 census.

Paragraph 62 sets out the Early Years Provider funding rates. The base rate has increased and there is a risk of going into deficit. Discussion had previously taken place on how the deficit would be sorted.

Paragraph 64 sets out the full context of the financial challenges facing the Department. The table on page 27 shows the draft capital programme - additional school places by basic need grant from the DfE but also Section 106 payments. For 2020/21 the basic need grant has nearly been spent and 2021/22 will be available in the spring.

Graham Bett referred to growth/saving table on page 25 and asked what the reduction in social care placement costs were referring to. Jane commented that this was reducing the spend on the social services budget for Looked After Children. This involved looking at residential provision in the same way it was being looked at for SEND.

Troy Jenkinson asked about the current figures for LAC. Jane commented that if nothing is done in the next four years based on the money that needs to be spent there will be a £20m overspend. Jane commented that growth has been agreed but work to look at how to reduce the demand in turn will be carried out. There is growth within the EPS Service and the SENA service due to growth in demand for EHCP's. Jane added that some of the growth lines around social workers are also costing more.

	<p>Chris Parkinson raised the point of what would be the impact on the NFF if everyone was brought up to the maximum area cost adjustment. Paragraph 21 needed adjusting to reflect this. Jane commented that there was similar work on social care budgets – disproportionately lower than other local authorities - Leicestershire still the lowest funded across the board.</p> <p>Schools Forum approved the retention of the budget to fund future school growth (paragraph 15.2) – 12 in favour.</p> <p>Schools Forum approved the retention of budgets to meet the prescribed statutory duties of the local authority and to meet historic costs (paragraph 14, items 3 and 4) – 12 in favour</p> <p>Schools Forum approved the centrally retained early years funding of £1.856m (paragraph 14, item 5) – 12 in favour</p> <p>Schools Forum noted the number and average cost of commissioned places for children and young people with High Needs (paragraph 23).</p> <p>Schools Forum approved the action to be taken in respect of schools where the Special Educational Needs (SEN) notional budget is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraphs 55 - 57) – 10 in favour, 2 abstentions</p> <p>Schools Forum noted the average per pupil funding to be taken into account for recoupment for excluded pupils and other purposes (Paragraph 58)</p> <p>Schools Forum noted the payment rates for the Early Years Funding formula (Paragraph 62)</p>	
4.	<p>Any Other Business</p> <p>2020/21 National Funding Formula</p> <p>Jenny reported that a lot of telephone calls had been received as a result of the DfE publication on the 2020/21 NFF. The original settlement produced a table for NFF formula for schools based on 2018 data. The DfE published it on the website as a more accessible way of looking it. Jenny stated that it is not using out of date data. The recommendation is not to use this and to use the S251 statement and gag information instead.</p>	
5.	<p>Date of Next Meeting</p> <p>Wednesday 17 June 2020, 2.00 pm, Beaumanor Hall Monday 28 September 2020, 2.00 pm, Beaumanor Hall</p>	