

## **SCHOOLS REFERENCE GROUP MEETING**

**Held in the Willow Room at Saxon Court on  
Tuesday 27 September 2016 at 1.00pm**

**Present:** Lizzie Bancroft – Loughton Manor First School  
Cheryl Eyre – Head of Delivery – Setting and School Effectiveness  
John Howe – Denbigh School  
Paul Hussey – Bradwell Village Primary School - **Chair**  
Natasha Hutchin – Deputy Finance Manager  
Glen Martin – Shenley Brook End School

Sue Puddifoot - Clerk

**Apologies:** Michael Manley – St Paul’s Catholic School

**Absent:** Antony Moore – Giles Brook

### **1. Introduction, welcome and apologies**

There were apologies for absence from Michael Manley and therefore Paul Hussey chaired the meeting.

### **2. Membership**

There were secondary vacancies. It was pointed out that the terms of reference for the group stated that there should be three representatives from mainstream secondary schools and there was input from the academy sector at secondary level. The group discussed membership and suggested Tracey Jones from Lord Grey be approached to see if a representative from that school was willing to attend. It was also **agreed** to remove the word ‘mainstream’ from 3.1 (b) of the terms of reference.

More understanding of the High Needs sector would also be welcomed and representatives would be requested at the next HNRG meeting or from members at Schools Forum.

**Action - SP**

### **3. Review of previous minutes – Schools Reference Group 14 June 2016**

The minutes were agreed as an accurate record.

#### 4. **Budget monitoring update 2016-17**

Natasha had circulated a draft summary (which would be sent to Cabinet before the next Schools Forum meeting) detailing the position at period 6. The main points discussed were:

The position had significantly worsened with the forecast on the DSG being an end of year deficit of £1.092M.

The main reason for this was spending on Independent Special Schools, which had been an area that budget was taken from last year, however, placements were now forecast to overspend by £0.802M.

With the introduction of a National Funding Formula, it was not prudent to carry forward a deficit and this must be reduced, however there were limitations on how this could be done. Adjustments could be made to the growth fund criteria and High Needs was an area of increasing pressure. Further rate re-evaluations were also expected. The cash flow around the growth fund for new schools may differ due to the academy set up but this would only affect the timing of the payment and not affect the overall position of the DSG.

The High Needs forecast may also change later in the year due to the churn in the special schools system. This would have an effect and there was no contingency.

The Stantonbury licenced deficit would impact on the General Fund and not the DSG. This deficit was being challenged by the local authority.

The areas where adjustments could be made were the Growth Fund and High Needs. The group requested a reminder of how these funds were allocated. Natasha explained that schools received £10k per place (the government set this figure) but this was based on historical place numbers. Actual numbers on roll were over these numbers and the Special Schools Funding Formula had been heavily challenged by special school headteachers and based on this feedback and the national funding formula, it had not been implemented. Special schools felt they were not receiving enough. There were some 54 independent placements some costing up to £160k each.

A discussion took place on the merits of local authorities building their own provision and it was noted that the Cambian School had places for 45 autistic children and charged £65k for day places (compared with £10k in mainstream schools, although a top up element would also be applied on top of this). There was also the difficulty of providing the different High Needs specialisms needed on one site and how these would this be known. Further breakdown of the types of placements currently being paid for would be helpful. Parental movement to be near good special schools was mentioned however, many independent places were residential. The pressure on this budget needed creative thinking. The position regarding the schools planned for Kents Hill was

also discussed as this included a new primary, secondary and special school.

Natasha pointed out that the Schools Block was ringfenced but there would be another 1.5% rate reduction proposed. Aspects of the growth fund could be less generous and it was asked if this was reasonable in view of the rate of growth and providing quality of provision and stability.

Natasha would contact Caroline Marriott to provide some detail of how the team ensured they were providing value for money when sourcing placements.

#### **Action - NH**

The £1.1M overspend meant that a budget planning paper would be presented to Schools Forum on how to balance the budget before the introduction of the national funding formula. This would mean looking at special school funding mechanisms and all areas of the budget. Some independent special school placements were coming to an end due to the age of the children. It was also suggested if it were possible that schools lent back a percentage of their carry forward balances. Excess amounts held totalled £4.5M and there was no information on academy balances.

Natasha also reminded the group that the authority had recently shown the DfE how they were spending the DSG via the re-baselining exercise. The DfE had announced that there would be additional high needs funding but have not commented on how this will be distributed.

The position beyond 2017/18 was difficult, as it was not known what the National Funding Formula would bring. The intention was to make the deficit as small as possible and work was taking place to balance the budget by the end of next year.

Annex 1 of the document circulated detailed the variances. The growth fund would reduce over time as fewer schools were built. There would be a 1.5% reduction in the unit rates payable to Schools Block.

## **5. Growth Fund Criteria**

Natasha had circulated a paper on the current Growth Fund criteria. The concerns previously expressed regarded double funding i.e. when new schools opened some pupils came from existing schools. The group discussed opening with single and multiple years of entry and paying for 'ghost' places. It was felt that opening with one year only reduced double funding, however, academies did not always follow this principle. As new schools had to be academies, there may be room to reduce areas of the set up growth funding but schemes up to 2020 had already been agreed.

## 6. National and Local Funding Formula - update

Natasha had circulated an overview paper and explained that the introduction of a National Funding Formula had been put back from April 2017 to April 2018. The local model would therefore continue and this would give more time to reduce the deficit.

The Early Years consultation had closed on 22 September 2016. These proposals included extra funding and a local formula.

Budget headlines were recapped:

- Independent Special School fees had increased significantly. Individual placements could be very expensive so new cases could push this higher.
- Growth in the High Needs Block regarding top-up funding and over places. A detailed review was taking place.
- Significant in year growth of early years take up. October census data was awaited.
- Growth Funding review. Delays in payments would only postpone spending to next year.

A draft budget would go to Schools Forum in October but estimates would need to be reviewed once October census data was known. It was noted that mobility would not be in the new national funding formula and could this be looked at now? Mobility payments affected 30 schools and totalled less than £172k. They were paid to schools with more than 10% mobility and a unit rate was applied. A consultation may be necessary to remove it.

Natasha pointed out that other Local Authorities had more factors to change and mobility was the only one to consider in Milton Keynes. Schools that attracted mobility funding would often be those in receipt of other similar funding streams including pupil premium. Natasha would check the mobility DfE data and review how this compared as a percentage to pupil premium.

### **Action - NH**

It was also noted that the schools census included information on EAL this year, so there was potential that this would be used as a funding factor in future.

Together with the proposed 1.5% reduction in unit rates, the primary lump sum would also reduce by 1.5% (as previously agreed at previous year's budget setting).

The Early Years Reference Group had suggested implementing the changes to the Early Years local funding formula as soon as possible. 95% would be passed on to providers and all would receive the same base rates. This was extra funding for providers but maintained nursery

schools would be significantly affected as they would lose their lump sum (£70k each). There would be supplementary support for maintained nurseries for at least two years.

Natasha was thanked for the overview.

There was concern expressed that no feedback from the DfE had been received from Stage 1 of the National Funding Formula consultation.

**7. Next meeting date**

The next meeting would be held on Tuesday 15 November 2016, 1.00 to 2.30pm, and Glen Martin agreed to host the meeting at Shenley Brook End School.

The meeting closed at 2.20pm.