

## Minutes of the Schools Forum Meeting held on 27 March 2017

Present: Steve Barr (Chairman)

### Attendance

Lesley Wells	David Ellison
Philip Siddell	Jonathan Jones
Alison Gibson	Kevin Allbutt
Stuart Jones	Steve Swatton
Philip Tapp (Vice-Chairman)	Judy Wyman
Karen Dobson	Claire Evans
Wendy Horden	
Ally Harvey	

**Observers:** Ben Adams, Richard Hinton, Richard Lane, Liz Threlkeld

**Also in attendance:** Alison Barnes, Will Wilkes, Andrew Marsden, Tim Moss, Matthew Biggs, Helen Phillips and Helen Riley

**Apologies:** Wendy Whelan, Richard Redgate, Claire Shaw, Sara Bailey, Chris Wright, Derek Watson and John Francis

### PART ONE

#### 41. Declarations of Interest

There were none at this meeting.

#### 42. Minutes of the Extraordinary Meeting held on 11 January 2017

**RESOLVED** - That the minutes of the Extraordinary Schools Forum Meeting held on 11 January 2017 be confirmed and signed by the Chairman.

#### 43. Matters Arising and Decisions taken by the Chairman

The Forum noted that there had been no further meetings on the spend review and redundancy issues. These issues were ongoing with no developments to report at present.

The Chairman updated Forum Members on membership, including current vacancies and the May elections.

The Forum had previously requested an item on School Improvement to be included on their work programme. Members now received details of the two grants from Central Government:

- £50m to Local Authorities (LAs) with allocation based on the number of maintained schools an LA remained responsible for as at the September 2017 figures; and
- £140m Strategic School Improvement Grant, allocated across the country to both maintained and academy schools, with allocation overseen by the Regional Schools Commission. Sub Regional School Improvement Boards had been developed, with Staffordshire identified as a sub group with Stoke-on-Trent and the two Cheshire LAs. Staffordshire will be attending the first sub-regional improvement board on 26 April 2017.

Members had previously requested details of the changes to payroll and the Forum were advised that a note had been circulated to all schools in the e-bag last week which addressed these changes.

The Chairman also informed Forum Members that, since their last meeting he had:

- in consultation with the Director of Finance and Resources and the Deputy Chief Executive and Director of Families and Communities, approved a reduced £35.70 per pupil Education Functions levy (this was due to Termination of Employment Costs being reviewed and reduced);
- written to his Member of Parliament (MP) lobbying for fairer funding, which he would follow-up; and
- agreed to a telephone conversation with Helen Snowdon from the Department for Education (DfE) later this month about the future of Schools Forum.

#### **44. Fairer Funding**

##### **a) Schools National Funding Formula (NFF) Government Consultation - Stage 2**

The second stage of the Schools National Funding Formula (NFF) Government consultation closed on 22 March 2017. Forum Members received details of the new formula and how the proposed changes would affect Staffordshire Schools.

Members noted the restrictions in movement between funding blocks of the Dedicated Schools Grant (DSG) under the new formula. The current “Schools Block” of the DSG would be split into a “Schools Block” and a “Central Block”, with the Central Block essentially being the cost of certain services provided by the LA to schools.

Members noted that Staffordshire schools would benefit from:

- greater basic per pupil funding for secondary schools at Key Stage (KS) 3;
- greater sparsity entitlement; and
- larger lump sum allocation for primary schools.

However, drawbacks for Staffordshire schools were around:

- greater allocation through deprivation entitlement;
- a reduced basic per pupil funding for primary schools;
- a reduced basic per pupil funding for secondary schools at KS4;
- a reduced lump sum for secondary schools;
- the Area Cost Adjustment (ACA); and
- the funding floor at 3%.

Members considered comparisons showing how the formula would impact on Staffordshire as compared to the West Midlands region and CIPFA nearest neighbours. Overall it was anticipated that the new formula would have the following impact on Staffordshire Schools:

- Primary Schools - 63% gain and 35% loss
- Secondary Schools – 86% gain and 14% loss
- Middle Schools – 21% gain and 79% loss

Forum Members requested a link to the DfE published data which detailed how the NFF would impact on each LA. The link to the DfE website is below:

[Schools national funding formula - stage 2 - Department for Education - Citizen Space](#)

(Please select the tab 'NFF all schools'.)

Members were urged to continue lobbying for fairer funding for Staffordshire.

**RESOLVED** – That:

- a) the report be noted; and
  - b) the DfE link to data showing the impact of NFF on all LAs be circulated to Forum Members (see above).
- b) High Needs National Funding Formula (NFF) Government Consultation - Stage 2

Responses to Stage 2 of the High Needs NFF consultation had to be returned to the DfE by 22 March 2017, with the results expected to be published in summer 2017. The new formula would restrict funding within the blocks, with any movement granted dependant on consultation with schools and the Schools Forum.

Stage 2 confirmed that: the High Needs Formula would comprise the 9 factors proposed at Stage 1; gave relative weighting of factors; and, summarised proposals for funding floors. If the NFF was fully implemented Staffordshire's gain would be 5.4%, however due to increases being limited, the Year 1 increase would be 3%. Staffordshire had gained on all the formula areas of proxy factors apart from deprivation. However there was some uncertainty as Staffordshire's full allocation would not be achieved until year 3 yet the level of increases had only been guaranteed until year 2, when funding would be reviewed.

Forum Members considered the formula factors, proposals for future adjustments and impact assessment on current budgets.

The Forum also received a copy of the draft response to the Stage 2 consultation.

**RESOLVED** – That the report be noted.

#### **45. Schools Budget 2017/18**

At the 7 December 2016 Forum Members had considered the indicative level of planned central expenditure for 2017-18 and had given approval to the budget provision for a range of areas to enable the LA to meet the DfE timescale for submitting individual

schools budgets to the Education Funding Agency (EFA) in mid-January. The Forum now received details of the final figures used within that approval.

#### Central Services

	2016-17 £	Indicative 2017-18 £	Final 2017-18 £
Admissions & appeals	786,050	786,050	786,050
Maintenance and servicing of Schools Forum	11,780	11,780	11,780
CERA (capital expenditure from revenue)	2,340,470	2,340,470	-
Prudential borrowing	924,130	924,130	924,130
Termination of Employment Costs	1,400,000	1,400,000	-
Combined Services			
Families First - Local Support Teams	1,448,000	1,448,000	1,448,000
Entrust - School Improvement Services	818,280	818,280	818,280
SEN transport	250,140	250,140	250,140
	<b>7,978,850</b>	<b>7,978,850</b>	<b>4,238,380</b>

#### Central Schools Expenditure

	2016-17 £	Indicative 2017-18 £	Final 2017-18 £
Infant Class Size	95,000	95,000	95,000
Significant Pupil Growth / New school funding	750,000	500,000	500,000
Falling rolls fund	n/a	n/a	n/a
	<b>845,000</b>	<b>595,000</b>	<b>595,000</b>

De-delegated items remained unchanged following the 4 October 2016 Forum vote.

Individual schools budgets were the largest part of the funding for the majority of schools. Delegating the budgets for Termination of Employment Costs and CERA (Compliance Testing) had added £34.55 to the basic per pupil level of funding. At their 11 January Extraordinary Schools Forum meeting, maintained school members had agreed to a levy of £46.64 to fund services previously funded by the general duties element of the Education Services Grant (ESG), Termination of Employment Costs and CERA. However, since that meeting the budget for Termination of Employment Costs had been reviewed and reduced leading to a reduced levy of £35.70 per pupil. There had been no other significant changes introduced into the funding system this year, with the funding level overall remaining constant with a cash flat grant settlement.

The Forum noted that Transition funding for Education Services Grant (ESG) would cease in 2018/19. This would result in a considerable increase in the ESG levy in order for the LA to continue to provide the same level of services. It was also noted that in 2018/19 there might not be enough schools with gains per pupil to fund the MFG which would result in the basic per pupil funding being reduced to create headroom to fund the MFG.

The Government had introduced a new Early Year Funding Formula to replace the disparity in hourly rates paid to providers of three and four year old places by different LAs. The new formula allocated funding to LAs for the existing 15 hour entitlement for all three and four year olds and the additional 15 hours for three and four year olds of eligible working parents. The Forum received details of the minimum funding rate

allocated to Staffordshire. The LA was required to set a universal base rate for all providers by 2019-20.

A Disability Access Fund (DAF) in Early Years Funding equivalent to £615 per child per year was being introduced to support access to the free entitlements. The Early Years Pupil Premium (EYPP) would continue, with the Government reviewing its delivery mechanism alongside the DAF in future.

Following consultation on elements of the new formula over which the LA had discretion, there would be a £3.85 hourly rate from April 2015 for three and four year olds. This rate would also apply to the 30 hour entitlements from September 2017. The rate for two years olds had been set at £5 per hour per child. The Forum also received details of changes to the deprivation supplement rate.

An estimated 85.3% of providers would receive a higher rate with around 14.7% of providers (122 of 831) receiving a lower rate.

Concern was raised at the ability of Early Years providers to deliver the free place allocation based on the £3.85 which was below private provider costs. Larger nurseries may manage with the economies of scale and there was a need to consider types of delivery to manage places and the 30 hour allocation.

Members heard that the actual value of the 1% contingency fund to manage fluctuation from the census figures was £300,000, with this figure reviewed at the end of 2017/18. Members also queried the 3.85% contingency for two year olds with this figure again being reviewed and heard a contingency of this size was required to enable fluctuations to be managed, particularly as there were so many “unknowns” with the 30 hour allocation.

The Forum were reminded that the Government had set the terms and conditions for the 30 hour allocation, although there was some concern that these were not robust enough. Operational guidance was expected in April, however whilst waiting for this guidance Staffordshire was working to develop an agreement which ensured a balanced approach to the 30 hour allocation for both the provider and the parent.

Members also noted representation from David Ellison which highlighted his concerns around funding, place provision and changes resulting from academisation.

There had been no significant changes to funding arrangements for High Needs Funding. The number of High Needs places commissioned had previously been submitted to the EFA on an annual basis for their consideration against overall levels of funding available nationally. In 2015-16 the DfE had agreed to roll over the September 2014 places to September 2015, with authorities asked to submit bids where they could evidence exceptional growth. Out of the 148 places Staffordshire bid for, they received funding for 18.

In 2016-17 the EFA had not permitted bids for growth in maintained schools however Staffordshire had received an additional £1.354m from its share of the £92.5m national funding towards increased demand in top up funding caused by the increase in pupils

and pupils with needs. Bids for growth were not permitted for 2017-18, however the EFA allocated £1.4m population based uplift to Staffordshire.

**RESOLVED** – That the report be noted.

#### **46. Changes to Staffordshire Public Sector Network**

*[Ian Turner, Head of Commercial, and Simon James, Entrust, in attendance for this item]*

In September 2015 Schools had been informed of changes to schools broadband services. The tariff changes sought to remove the historically agreed charges that were cross subsidised. This historic tariff had been based on pupil numbers and was designed to ensure small rural schools were not disadvantaged when accessing broadband services. However this effectively meant that the larger urban schools were subsidising smaller rural schools. Due to academisation and changes to the broadband market place it was now necessary for prices to reflect the true underlying costs of delivery.

The Council's PSN contract ended in March 2016. The new contract saw around 74% of schools either cost neutral or cost beneficial. However around 26% were disadvantaged with some primarily small rural schools seeing significant cost increases.

Entrust had hoped to complete migration of the 328 schools that committed to the new broadband offer by December 2016, prioritising schools most adversely affected by transition price increases. However in practice the migration had taken longer than anticipated in some schools and whilst the vast majority of schools had made significant budget savings as a result of the move, a number of schools had been adversely affected during the transition period. The Forum now considered proposed compensation options for those most adversely affected. These payments would be allocated from the DSG contingency fund.

The following four options were considered:

- Option 1 – to fund the increased costs to adversely affected schools beyond the 6 month transition period – costing £105k
- Option 2 – to fund 50% of the increased costs to adversely affected schools between a 3 and 6 month transitional period and full increased costs beyond 6 months – costing £157k
- Option 3 – to fund increased costs to adversely affected schools beyond a 3 month transitional period - £210k
- Option 4 – to fund the increased costs to adversely affected schools for the transitional period – costing £325k

Members noted that academies had a separate contract and that any decision to allocate DSG Contingency funding would be made to maintained schools only.

Whilst supporting the need to compensate those schools that had been unreasonably adversely affected by this transition Members queried whether this should come from DSG. In particular they felt BT Openreach should be approached for compensation as in the majority of cases the delay had been as a direct consequence of their actions.

Central Government had fined BT Openreach for failing to pay compensation for delays and for failings in the business market. They urged officers to pursue the possibility of compensation from BT Openreach. However there was currently no mechanism that allowed BT Openreach to be contractually held to account.

A number of schools had contacted either their Forum representative, the Clerk or the Chairman with their concerns and these concerns were shared with the Forum. In essence time delays had resulted in unanticipated and unreasonable costs which had a disproportionate impact on smaller school budgets. This issue could not have reasonably been foreseen and Forum Members therefore felt that using DSG contingency for compensation for the most disadvantaged was appropriate.

Members noted that those disproportionately affected schools who had more recently converted to academy would be entitled to consideration for compensation should they have converted between 2<sup>nd</sup> April – 31<sup>st</sup> August 2016 or 1<sup>st</sup> September to the end of the financial year 2016/17.

Members raised concerns at the limited time given to schools in which to decide their new broadband provider. In particular they felt this disadvantaged small schools where the headteacher had limited time and administrative support to research provider options. Forum Members asked in general if more time could be given in future, or where the timescale is beyond the control of the LA, that this be made clear to schools.

As the compensation was to be made to maintained schools from DSG contingency only maintained school representatives were eligible to vote on the four options. Members considered option 2 and 3 to be their preferred options, and following a vote option 3 was the preferred option. Members asked how this would be effectively communicated to all schools and it was agreed that the headline decision would be reported in next weeks e-bag with school specific details confirmed individually at a later date.

**RESOLVED** – That:

- a) the significant long term cost reduction to schools brought about by the implementation of a new broadband solution based on the new superfast broadband be noted;
- b) the higher than anticipated transitional costs for some small rural schools be noted and the Forum support assisting those schools most adversely affected by using contingency funding; and
- c) the Forum support Option 3.

#### **47. Updated Scheme for Financing Schools**

*[Deborah Fern, Entrust, in attendance for this item]*

The Staffordshire Scheme for Financing of Schools (SSFS) set out the financial relationship between the LA and each of the maintained schools in Staffordshire. The SSFS was last amended in 2016 and now required further updating to reflect the change to interest charged on loans as detailed in Section 4.10 and 4.10.2. The SSFS also included, at Annex A, a list of maintained schools to which the Scheme applied, which had also been updated to reflect recent changes. Finally Section 2.1.3, which

referred to the LA as a payroll provider, had been amended to exclude the payment of salaries.

Members were informed of an addition to the report in the agenda pack as follows: “Section 11.1 – item c has been removed as the local authority will not fund ongoing pension costs of staff who have been made redundant and the final sentence has been removed as it is out of date.”

Forum Members shared concerns at the lack of notice given for these changes, in particular with respect of the ongoing pension costs and interest on redundancy loans. Members felt that any redundancy being made this year would already have been budgeted and planned for without taking account of these changes and it was unreasonable to expect schools to make the necessary adjustments at this late stage. The Forum felt it would be more appropriate for these changes to be introduced in September 2017 at the start of the new academic year.

**RESOLVED** – That the amendments to the SSFS be approved in principle dependent on the implementation date being deferred to September 2017.

#### **48. Notices of Concern**

Since the last Forum meeting the County Council had issued the following Notices of Concern:

Dosthill Primary School	Directive academy order
King Edward VI High School, Stafford	Directive academy order
Brewood CofE Middle School	Directive academy order

**RESOLVED** – That the issue of Notices of Concern to the schools listed above be noted.

#### **49. National Apprenticeship Levy**

The Cabinet Member for Learning and Skills gave an oral report on the National Apprenticeship Levy. The Government had changed the way apprenticeships were funded, with employers being required to contribute to a new apprenticeship levy dependent on their size and number of employees. This would affect schools, with each school having to make an apprenticeship levy contribution. Consideration was currently being given to the most effective way to take advantage of the opportunities this presented and the Cabinet Member asked that schools share ideas for apprenticeship opportunities. In particular consideration could be given to “upskilling” staff and/or cross school participation in creating apprenticeships, with an example shared of a sports apprentice very successfully working across a number of Stafford Primary schools.

Forum Members were asked to share any ideas with Tim Moss and a report was requested for their summer term meeting to consider this issue in more detail.

**RESOLVED** – That the National Apprenticeship Levy be included on the Work Programme for the summer term meeting.



## **50. Work Programme**

Forum Members agreed to that an item on the new apprenticeship levy be included on the work programme for the summer term meeting.

Members were also informed that consideration was being given to possible re-structuring of meeting dates to fit in with information anticipated from the DfE.

The Chairman requested that dates for future meetings be circulated to Forum Members.

**RESOLVED** – That the amendments to the work programme be noted.

## **51. Date of next meeting**

**RESOLVED** - That the next Forum meeting is scheduled for Tuesday 4 July 2017, 2.00pm, Kingston Centre, Stafford.

## **52. New Finance System**

*[Rob Salmon, Chief Accountant, Chris Finnegan, Senior Consultant, Curium Solutions, and Judith Billington, Entrust, in attendance for this item]*

At the conclusion of the meeting maintained school representatives were invited to a presentation on the new finance system. The presentation outlined the “go live” date of 24 July for the new system, the close down process for SAP and the free training dates and options available.

**Chairman**