

Worcestershire Schools Forum (WSF) Agenda 28 November 2018

2.00pm

Worcester Room

County Hall

Worcester

WR5 2NP

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Contact: Andy McHale

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- c) Consideration of Recommended Actions

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Dates of Next Meeting: -

Tuesday 14 January 2020 at 2pm
Worcester Room
County Hall
Worcester



MEETING OF THE WORCESTERSHIRE SCHOOLS FORUM (WSF)

**Thursday 28th November 2019 at 2pm
Worcester Room, County Hall, Worcester**

A G E N D A

1. Apologies and Welcome
2. Declaration of Interests
3. Declaration of Potential Conflict of Interests
With Items on the Agenda
4. Minutes of the Last Meeting 26th September 2019 (attached)
5. Matters Arising
6. Any Other Business
Apprenticeship Levy Update (verbal update)
7. DfE Consultation on DSG Grant Conditions (attached)
8. School Funding 2020-21 Local Issues –
Outcomes of the Schools Consultation
October/November 2019 (attached)
 - a) Responses to Consultation Issues
 - b) WSF required decisions
 - c) Consideration of Recommended Actions
9. Early Years DSG 2020-21 (verbal update)

Phil Rook

Director of Resources

Worcestershire
Children First

Worcestershire
County Council

PO Box 73
County Hall
Spetchley Road
Worcester
WR5 2YA

Tel 01905 846300

E-mail

prook@worcschildrenfirst.org.uk

Date of Next Meeting: - Tuesday 14th January 2019 at **2pm**
Worcester Room, County Hall

Please pass apologies to Andy McHale who can be contacted on
Tel 01905 846285 or e-mail amchale@worcschildrenfirst.org.uk

MINUTES OF THE MEETING OF THE
WORCESTERSHIRE SCHOOLS FORUM (WSF)

Thursday 26th September 2019
Kidderminster Room, County Hall, Worcester

The meeting started at 3.05 pm

IN ATTENDANCE:

WSF Members

Malcolm Richards (Chair)	-	Governor, Bromsgrove
Bryn Thomas (Vice Chair)	-	HT Wolverley CE Secondary School
Marie Pearse	-	HT Evesham Nursery School
Paul Essenhigh	-	Executive HT Catshill Middle, Catshill First and Nursery Schools
Nathan Jones	-	HT Meadow Green Primary
Vivienne Cranton	-	HT Hollymount Primary School
Chris King	-	CEO Severn Academies Educational Trust
Jeff Robinson	-	Governor, Malvern Hills (to 4.10pm)
John Bateman	-	Governor, Aspire Alternative Provision (AP) Free School (to 4.35pm)
Stephen Baker	-	Union Representative

Local Authority (LA)

Sarah Wilkins	-	Director of Education and Early Help Worcestershire Children First
Andy McHale	-	Service Manager Funding and Policy Worcestershire Children First
Rob Phillips	-	Schools Finance Team Worcestershire County Council
Rob Wilson	-	Finance Manager Pensions Worcestershire County Council (to 3.20pm for Agenda Item 6)
Penny Richardson	-	Interim Group Manager SEND Worcestershire Children First (to 4.10pm for Agenda Item 8)

1. APOLOGIES

Adrian Ward	-	HT Trinity High School
Deb Rattley	-	HT Chadsgrove Special School
Lorraine Petersen	-	Governor, Bromsgrove
David McIntosh	-	Governor, Wyre Forest
Tim Reid	-	Church of England Board of Education
Greg McClarey	-	Archdiocese of Birmingham
Edward Senior	-	16-19 Providers
Tricia Wellings	-	PVI Sector

Councillor Marcus Hart	-	Cabinet Member with Responsibility for Education and Skills
Nick Wilson	-	Interim Assistant Director Education and Skills Children, Families and Communities
Phil Rook	-	Director of Resources Worcestershire Children First
Caroline Brand	-	Schools Finance Manager Worcestershire County Council

1.ELECTION OF CHAIR AND VICE CHAIR OF THE WSF

1.1 WSF Chair

(a) Andy took the Chair and advised the term of office for Chair of the WSF had expired. So, there was a need for the WSF to elect a Chair of the WSF and so nominations were requested.

(b) Stephen Baker nominated Malcolm Richards, and this was seconded by Jeff Robinson. There were no other nominations.

RESOLVED –

That Malcolm Richards be duly elected as Chair of the WSF from 26th September 2019 for a period of 2 years.

(c) Malcolm Richards duly took the Chair for the meeting.

1.2 WSF Vice Chair

(a) Malcolm Richards further advised the term of office for Vice Chair of the WSF had also expired. So, there was a need for the WSF to elect a Vice Chair of the WSF and so nominations were requested.

(b) Adrian Ward by proxy nominated Bryn Thomas and this was seconded by Malcolm Richards. There were no other nominations.

RESOLVED –

That Bryn Thomas be duly elected as Vice Chair of the WSF from 26th September 2019 for a period of 2 years.

2. DECLARATION OF INTERESTS

None.

3. DECLARATION OF POTENTIAL CONFLICT OF INTERESTS WITH ITEMS ON THE AGENDA

None.

4. MINUTES OF THE LAST MEETING (4th July 2019)

Agreed.

5. MATTERS ARISING

None.

6. LOCAL GOVERNMENT PENSION SCHEME FOR MAINTAINED SCHOOLS

6.1 The Chair welcomed Rob Wilson Finance Manager Pensions Worcestershire County Council to the WSF meeting.

6.2 Rob advised the WSF on the current issues relating to the scheme including: -

- The pension fund actuary was currently conducting the triennial valuation review.
- This would set the employer rates from April 2020 and these are expected to be available in October 2019.
- There is a need to set two rates a primary rate assessing future benefits and a secondary rate to assess the fund deficit.
- These are based on factors such as market performance, life expectancy, salary growth and employment profile.
- It is anticipated the fund deficit would reduce but this has yet to be confirmed and the McCloud case currently being progressed could impact on any potential liability.

6.3 In response to a request from a member of the WSF on information on these issues Rob agreed to circulate a short briefing note. He also confirmed that academies are individual admitted bodies but maintained schools are part of WCC.

6.4 The Chair thanked Rob for his very useful input and attending the WSF.

Rob Wilson left the meeting at 3.20pm.

7. ANY OTHER BUSINESS – WSF ATTENDANCE ACADEMIC YEAR 2018/19

7.1 The WSF noted the attendance list from the last academic year 2018/19.

7.2 Members of the WSF commented on attendance in some areas and on the number of vacancies discussing how membership could be increased.

7.3 It was noted it was proving difficult to recruit governors for the WSF and for schools generally. Also, the perception of the complexity of the funding issues might be a barrier.

7.4 It was agreed there were opportunities to publicise the WSF in the District briefings later in October, as part of Sarah's weekly letter to schools and as part of the Worcestershire Children First launch.

8. HIGH NEEDS UPDATE

8.1 The Chair welcomed Penny Richardson to the WSF meeting.

8.2 DfE Call for Evidence

(a) Andy advised on the submission made in July 2019 to the DfEs call for evidence for SEND.

(b) The WSF noted this and that the DfE had launched a national review for SEND.

8.3 Recovery Plan Update

(a) Penny introduced the report which summarised the issues in the format of the DfE template as requested. The key issues included: -

- The 6 main building blocks for the recovery, which had been considered by the SEND improvement board and were commended by the DfE SEND support.
- There is significant move to the independent and non-maintained sectors i.e. the out-County sector from the mainstream sector.
- WCC is particularly affected by the HN NFF which has a significant formula factor based upon historic DSG allocations.
- In terms of recovery there is a need to reduce reliance on out-County, to switch the emphasis of first time EHCPs from special schools to mainstream and to manage 16-25 and AP demand.
- There are still significant placement and cost pressures remaining and in future years for top up funding, out County, post 16, post 19, SEMH/ASD and AP.

(b) WSF members commented as follows: -

- For AP: -
 - There is a need to know the detail on permanent and fixed term exclusions to understand fully the issues.
 - There is often confusion on the role of AP and sometimes pupils benefit by staying in that type of provision.
 - There are issues around the Fair Access Protocol arrangements in WCC with a culture of permanent exclusions staying in AP and there being very little re-integration.
 - Sarah confirmed a review of AP to include the primary sector had been programmed and will look at these issues.
- For top up funding there is a need to review but the rates have not increased since 2015 due to DSG funding constraints.
- There is a need to align revenue and capital funding streams to facilitate more in-County provision.
- Finance is key but there is a need the change the culture and operational practices in both the LA and schools. Costings would need to be developed on an ongoing basis to assess the potential savings and budget pressures.

(c) The Chair on behalf of the WSF thanked Penny and the Task Group for all the analysis and work so far and wished her all the best for the future when she leaves the LA at the end of October 2019.

Penny Richardson left the meeting at 4.10pm.

9. SCHOOL AND LA FUNDING UPDATE 2020-21

9.1 DfE Funding Announcements September 2019

(a) Andy advised on 3 September 2019, the Secretary of State for Education confirmed to Parliament that the funding for Schools and High Needs will rise by £2.6 billion for 2020-21, a further £2.2 billion for 2021-22 and a further £2.3 billion for 2022-23. This provides for **£7.1 billion** additional funding **compared to 2019-20 baseline**.

(b) Andy further advised that the above funding will be distributed using the Schools and High Needs National Funding Formulae (NFF) and the key aspects are: -

- **DSG Funding for Schools and High Needs**
 - The DfE will be publishing provisional NFF allocations at LA and school level in October 2019, including LAs final Primary and Secondary units of funding (PUF) and (SUF) for the Schools Block.
 - The DfE will then publish final Schools and High Needs DSG allocations for LAs in December 2019 based upon the October 2019 census and other 2019 data sets.
- **Schools NFF**
 - This will continue to have the same factors as at present.
 - The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools with a hybrid amount for middle schools depending on the number of year groups. The following year, in 2021-22, the primary minimum level will rise to £4,000.
 - The funding floor will be set at 1.84% per pupil.
 - The NFF allocations are proposed to benefit from an increase of 4% to the formula's core factors apart from FSM and historic premises allocations.
 - Unlike the previous two years, there will be no gains cap in the NFF. The ability to include this in the local model will depend on affordability.
 - Pupil Growth Funding for basic need will be based on the same methodology as this year.
- **Local Schools Funding Formula (LSFF)**
 - LAs will continue to have discretion over their LSFF in consultation with schools.
 - The DfE are looking to make the use of the national per pupil Minimum Funding Levels, at the values in the school NFF, **compulsory** for LAs to use in their LSFF.
 - LAs will continue to set a Minimum Funding Guarantee (MFG) in the LSFF, which in 2020-21 must be between +0.5% and +1.84% per pupil.
 - LAs can only transfer up to 0.5% of their School Block to other blocks of the DSG, with Schools Forum approval. To transfer more than this, or any amount without Schools Forum approval, LAs will have to make a request to the DfE even if the same amount was agreed in the past two years.
- **The High Needs NFF** will continue to have the same factors as at present and there will be £700 million of additional funding.
- **Other Grants** for teachers' pay and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21.

(c) The WSF noted: -

- Until the DfE issue the detailed LA exemplifications it is difficult to assess the potential impact, particularly the share of the additional HN DSG.
- The final allocations will be based upon the October 2019 census and other data sets so could change significantly.

- The potential impact of the MFLs if made compulsory, as these were a substantial call on the additional Schools Block DSG, so this is anticipated to be the position again in 2020-21.
- There being no gains cap in the DfE NFF and concerns on whether this could be implemented locally due to affordability.
- The potential or not to transfer 0.5% to High Needs still in the national policy but the national restrictions on the LSFF could make that extremely difficult.
- Any additional HN funding being welcomed but the need to reserve judgement until the amount is confirmed. For WCC and most LAs it is a year behind due to current cost pressures.
- Although for Early Years an additional £66m has been announced, concerns were raised about the current cost pressures not being addressed, particularly on national minimum wage pressures and a lack of clarity on the future of the lump sum funding for maintained nursery schools.

9.2 F40 Group Updates

The WSF noted the press release and the useful papers on the spending review submission.

9.3 Education and Skills Funding Agency (ESFA) Schools Revenue Funding 2020 to 2021 Operational Guidance

(a) Andy introduced the report which summarised the key issues in the ESFA Operational Guidance and advised they included the technical matters to implement the DfE policy for 2020-21 detailed in the previous report.

(b) Andy further advised the WSF: -

- On the potential **movement between blocks**, given the significant High Needs cost pressures, schools and the WSF will be requested to again consider the appropriateness of this for 2020-21 as part of the consultation requirements for all schools both maintained and academies. Also, LAs must submit a disapplication **by 28th November 2019** for an amount more than 0.5% or where the Schools Forum has turned down a request of 0.5% if they wish to proceed with a transfer.
- On **DSG Balances** it is likely the LA will be required to report to the DfE by end June 2020 as the DSG deficit is likely to be more than 1% as at 31st March 2020.
- On the **Central School Services Block (CSSB)** for continuing historic commitments, the DfE intend to publish in October 2019, technical documents setting out a formula for the ongoing responsibilities element of the block. This could impact on the current centrally retained funding for the Early Intervention and Family Support Service (EIFS).
- Schools Forum approvals for designated **central and de-delegated services** for 2020-21 are required again.

9.4 Potential Local Consultation Issues for 2020-21

(a) The Chair introduced the report and reminded the WSF of their previous policy supported in the local funding consultations for **stability** in the LSFF.

(b) The draft paper set out the proposed timeline for the consultation and Andy advised the APT submission for 2020-21 is required by 21st January 2020 meaning WCC Cabinet on 12th December 2019 would be the decision-making meeting for the LSFF.

(c) WSF members commented as follows: -

- For the LSFF **stability** is key and a return to the previous local LSFF would create too much turbulence. So, for the LSFF, the only real option to consider is the current NFF based model.
- Appreciate there is insufficient in the HN DSG but significant concerns on the impact of any transfer on mainstream school cost pressures.
- The need to consult on the LSFF, the potential to transfer from the Schools Block to support HN pressures and for de-delegation for maintained mainstream schools and centrally retained services for all schools.
- The inability to provide any modelling exemplifications for the NFF 2020-21 given these were not yet available from the DfE and these would be significantly impacted by the October 2019 data sets.

RESOLVED –

The WSF approved the draft consultation paper content for circulation to all schools and other consultees as detailed in the report.

(d) Andy advised there is likely to be a separate discussion with Early Years providers in early 2020 when the funding arrangements for 2020-21 are confirmed by the DfE.

9.5 DfE MFG Variation Approval Requests

The WSF noted the required application process and timelines for LAs to request any disapplication to the School and Early Years Finance (England) Regulations in 2020-21.

10. DfE CONSULTATION ON THE FINANCIAL TRANSPARENCY OF LA MAINTAINED SCHOOLS AND ACADEMY TRUSTS

10.1 The WSF noted the issues in the consultation and supported the draft consultation response.

10.2 The impact for academies on the need to submit to the ESFA from 2018/19 a self-assessment tool like the School Financial Value Standard currently completed by maintained schools was noted.

RESOLVED –

The WSF endorsed the draft consultation response and supported its submission.

The meeting closed at 4.55pm

The date of the next WSF meeting is: -

Thursday 28th November 2019 at 2pm
Worcester Room
County Hall
Worcester

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
DFE CONSULTATION ON DSG GRANT CONDITIONS

1. PURPOSE

1.1 To advise the WSF on a recent DfE consultation on proposed changes to the DSG grant conditions.

1.2 To share with the WSF the consultation response from WCC.

2. BACKGROUND

2.1 On 11th October 2019 the DfE launched a consultation on the above issue with a return date of 15th November 2019.

2.2 Given the pressures on LAs DSG due to High Needs the DfE are proposing to change the DSG grant conditions for this area. The intention is to clarify that the DSG is a ring-fenced specific grant, separate from the general funding of LAs.

3. DfE CONSULTATION QUESTIONS

3.1 The DfE consultation requested responses to 3 questions as follows: -

- *Do you agree that we should change the conditions of grant so that future arrangements for dealing with DSG overspends are worded as follows: The local authority must carry forward the whole of the overspend to the schools budget in future years? The local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so?*
- *Do you agree that we should delete regulations 8(6) and 8(10) from the new School and Early Years Finance (England) Regulations for the financial year 2020-21, so that local authorities are able to carry forward any DSG overspend to the schools budget in future years as the new conditions of grant will require?*
- *Do you agree that the proposed new conditions of grant and regulations will establish clearly that local authorities will not be required to cover any DSG deficit from general funds?*

4. WCC CONSULTATION RESPONSE

4.1 WCCs response is attached at **Appendix A**, which is supported by the response from the Society of County Treasurer's attached at **Appendix B**.

5. RECOMMENDATION

5.1 The WSF discusses the issues and notes the WCC response.

Response ID ANON-NMRE-HCP1-X

Submitted to **Revised arrangements for the Dedicated Schools Grant**
Submitted on **2019-11-15 08:21:20**

Introduction

A What is your name?

Name:

Andrew McHale

B What is your email address?

Email:

amchale@worcschildrenfirst.org.uk

C What is your role?

Role:

Local Authority officer

D What is the name of your organisation?

Organisation:

Worcestershire County Council

E What sort of organisation is this?

Organisation Type:

Local Authority

F In which local authority are you located?

Local Authority:

Worcestershire

Confidentiality

G Do you wish for your response to remain confidential?

No

If you wish for your response to remain confidential, please tell us why.:

Conditions of Grant

1 Do you agree that we should change the conditions of grant so that future arrangements for dealing with DSG overspends are worded as follows: The local authority must carry forward the whole of the overspend to the schools budget in future years. The local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.

Yes

Comments:

We concur with and support the comments made by the Society of County Treasurer's in their consultation response.

There needs to be clarity from the DfE if these arrangements apply only to the DSG central balance or include schools revenue balances too.

Regulations 8(6) and 8(10)

2 Do you agree that we should delete regulations 8(6) and 8(10) from the new School and Early Years Finance (England) Regulations for the financial year 2020-21, so that local authorities are able to carry forward any DSG overspend to the schools budget in future years as the new conditions of grant will require?

Yes

Comments:

We concur with and support the comments made by the Society of County Treasurer's in their consultation response.

There needs to be clarity from the DfE if these arrangements apply only to the DSG central balance or include schools revenue balances too.

Clarity

3 Do you agree that the proposed new conditions of grant and regulations will establish clearly that local authorities will not be required to cover any DSG deficit from general funds?

No

Comments:

We concur with and support the comments made by the Society of County Treasurer's in their consultation response.

There needs to be clarity from the DfE if these arrangements apply only to the DSG central balance or include schools revenue balances too.

DfE Dedicated Schools Grant (DSG) Consultation
Response from the Society of County Treasurers

APPENDIX B

Clarifying the specific grant and ring-fenced status of the Dedicated Schools Grant.

Response date by: 15 November 2019

Q1. Do you agree that we should change the conditions of grant so that future arrangements for dealing with DSG overspends are worded as follows: The local authority must carry forward the whole of the overspend to the schools budget in future years. The local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.

Response – Yes

Further information –

We would like to start with a couple of positives. The extra £700m in the spending review, with the prospect of more in later years, and the review of SEN is welcome.

SEND deficits are a massive financial pressure for Society of County Treasurers (SCT) members. A recent SCT survey indicated that over 90% of County Councils were overspending, with the total deficit exceeding £120m. It is likely that a number of Counties will end the current financial year with deficits of over £10m.

On face value the proposals in this consultation sound attractive. They could also be interpreted that the DfE are picking up responsibility for the high needs deficit.

However, we don't believe this is the intention. We expect that in common with many issues that surrounds high needs funding the approach is ill thought out and will give rise to even bigger problems in the future. On the basis that the DfE is unlikely to absorb the DSG deficits we believe there are two possible outcomes to the proposed changes;

- Firstly, if sanctioned by external auditors, and that is a big if, many Local Authorities will build up larger and larger deficits, with no prospect of them being paid back. The end result will be that the financial resilience of many upper tier authorities will worsen and there is the potential for more authorities to get into major financial difficulty.
- The second scenario, and one we believe will happen in practice is that external auditors will expect the deficit to be covered by reserves. This will mean that local authorities will need to find resources to offset negative DSG reserves. There is inevitably an impact on non DSG funded services as the money will need to be found somewhere. This in effect negates any 'benefits' of the proposals.

We would remind the DfE you can't solve a problem of debt with more debt.

The SEND system and the manner in which it is funded is totally dysfunctional and unfit for purpose. The proposals within this consultation do nothing to resolve those fundamental issues. We believe this is where the DfE should focus their effort on policy development and funding.

We would also make a few additional observations;

- The DfE have been presented with deficit recovery plans that despite setting out cuts in provision at local authority level show that deficits are unable to be recovered.
- The DfE reasonably expect that local authorities should be investing in lower cost local provision. However, the capital and revenue costs of expanding provision are significant and unlike in mainstream schools these costs are not funded by the DfE. The costs significantly increase deficits and the period in which they may be able to be recovered. Additionally local authorities cannot operate new provision which becomes an open competition for any provider and leaves LA exposed to market forces which may not ultimately reduce costs.
- Local authorities are funded by a high need funding formula that does not reflect the changes in need nor takes account of the population generating the need. Funding is based on historical patterns of spend with all the inherent weaknesses this brings.
- We also cannot forget the increasing cost of SEN travel. The lack of capital funding exacerbates the issue with local authorities picking up increasing costs of SEND travel. This diverts resources from other vital local services and does not provide the most appropriate provision or outcomes for the most vulnerable of our children. Children often spend excessive time in vehicles being transported long distances to meet their educational and service needs.

Our response to this question on the consultation is yes, however, we do caveat this with only if this is accompanied by the funding to eradicate the deficits.

To summarise the position – local authorities have all the responsibility for the delivery of services to fund SEND, have no control over demand and carry all the financial risk. This is not an acceptable position.

Q2. Do you agree that we should delete regulations 8(6) and 8(10) from the new School and Early Years Finance (England) Regulations for the financial year 2020-21, so that local authorities are able to carry forward any DSG overspend to the schools budget in future years as the new conditions of grant will require?

Response – Yes

Further information –

The only positive from this consultation is that the DfE understand the risk that DSG deficits will be funded from cuts to other LA services. However, the proposed changes are likely to make the problem bigger and the cuts more severe. The only real solution is long system and funding reform.

Q3. Do you agree that the proposed new conditions of grant and regulations will establish clearly that local authorities will not be required to cover any DSG deficit from general funds?

Response –No

Further information –

Local authorities simply cannot hold unfunded financial liabilities and will need to set aside funding within its general fund to cover the deficits. The lack of DfE understanding of this is worrying.

In a system where demand and expenditure is rising with insufficient funding to meet needs this approach will result in technical financial insolvency for local authorities.

The proposals in this consultation are an Alice in Wonderland approach to financial management and do little more than kick the can down the road.

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
SCHOOL FUNDING 2020-21 LOCAL ISSUES –
OUTCOMES OF THE SCHOOLS CONSULTATION OCTOBER/NOVEMBER 2019

1. PURPOSE

1.1 To share and discuss with the WSF the outcomes of the local schools funding consultation in October and November 2019.

1.2 For the WSF to consider the outcomes and issues raised on the Local Schools Funding Formula (LSFF) for 2020-21.

1.3 For the WSF to consider the outcomes and issues raised on the potential to top slice the Schools Block DSG for 2020-21 to support High Needs.

1.4 For the WSF to make required decisions under their responsibilities within the School Forum (England) Regulations 2012 in respect of de-delegated and centrally retained services.

2. BACKGROUND

2.1 Following the WSF on 26th September 2019 where the Government policy for the NFF and other school, funding matters for 2020-21 were discussed, WCC launched its annual local funding consultation on 1st October 2019. The consultation concluded on 18th November 2019.

2.2 The consultation included for 2020-21 a proposal to continue with the LSFF based on the DfEs NFF, issues relating to the potential to top slice the Schools Block to support High needs and further required issues relating to de-delegated services for maintained schools and centrally retained services for all schools.

3. CONSULTATION OUTCOMES

3.1 The overall consultation outcomes are detailed in **Appendix A**.

3.2 The key outcomes are as follows: -

- An overall response from 44 (19%) of mainstream schools (Primary 9%, Middle 21%, Secondary 77%, All Through 100%).
- For the LSFF to continue with the existing LSFF based upon the DfEs NFF parameters.
- No support for top slicing the Schools Block to support High Needs.
- Central Retention
 - For maintained schools support for current de-delegation to continue.
 - For all schools support for centrally retained services to continue.

3.3 In terms of the LSFF it is unclear at this stage whether the full DfE is affordable and this will be subject to further analysis when the Schools Funding Settlement 2020-21 is

announced in late December 2019. This will be discussed further with the WSF at its meeting on 14th January 2020.

3.4 The issues raised by schools and other consultees on the LSFF are attached at **Appendix B** and the other funding matters are attached at **Appendix C**.

3.5 A summary of the outcomes and recommended actions is detailed at **Appendix D**.

4. RECOMMENDATIONS

4.1 The WSF considers the outcomes and issues raised within the local consultation for 2020-21 and its response to WCC.

4.2 The WSF to make required decisions under their responsibilities from the School Forum (England) Regulations 2012 in respect of Schools Block top slice, de-delegated and centrally retained services.

Andy McHale
Service Manager Funding and Policy
Worcestershire Children First

November 2019

APPENDIX A

SUMMARY OF THE CONSULTATION RESPONSES NOVEMBER 2019

	Category of Provider/Responder	Maintained First/Primary		Academy First/Primary		Maintained Middle		Academy Middle		Maintained Secondary/High		Academy Secondary/High		All Through		Total Mainstream Schools		Other	
		Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
	Number of All Providers	109		68		8		11		5		25		1		227		N/A	
	Number of Responses	9		7		2		2		3		20		1		44		1	
	% of Responses to Number of All Providers	8		10		25		18		60		80		100		19		N/A	
		Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Q1	Do you support the Local Schools Funding Formula (LSFF) in 2020-21 continuing to be based, as in 2018-19 and 2019-20, upon the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available?	8	1	7		2		1	1	3		20		1		42	2		
Q2	Do you support the transfer of 0.5% of the Schools Block DSG in 2020-21, to the High Needs Block DSG to support cost pressures? SEE NOTE 1 BELOW	3	6		7	1	1		2		3		20		1	4	40	1	
Q3	Do you support the arrangements for delegation and de-delegation for 2018-19 and 2019-20 as detailed in Table 2 in the consultation document to continue for 2020-21? APPLICABLE TO LOCAL AUTHORITY (LA) MAINTAINED MAINSTREAM SCHOOLS ONLY	8	1			2				3						13	1		
Q4	Do you support the arrangements for centrally retained services as detailed in Table 3 in the consultation document for 2018-19 and 2019-20 to continue in 2020-21? APPLICABLE TO ALL SCHOOLS BOTH LOCAL AUTHORITY (LA) MAINTAINED AND ESFA ACADEMIES	8	1	7		2		1	1	3		16	4	1		38	6	1	

Note 1 - For those supporting Q2 further indications were as follows: -

Total

The transfer from Schools Block to High Needs Block DSG should be adjusted by: -

A combination of reducing the AWPU and changing the MFG/Capping percentages	1	1
A combination of reducing the lump sum and changing the MFG/Capping percentages	1	1
Changing the MFG/Capping only	1	1

Note 2 - Some schools did not respond to all the questions.

Summaries of main issues from the consultation responses on the LSFF, the other consultation questions and other issues are detailed in Appendices B and C.

APPENDIX B

SUMMARY OF THE MAIN ISSUES FROM THE CONSULTATION RESPONSES NOVEMBER 2019 RELATING TO THE LOCAL SCHOOLS FUNDING FORMULA (LSFF) FOR 2020-21

Q1. Do you support the LSFF in 2020-21 continuing to be based, as in 2018-19 and 2019-20, upon the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available?

There were **44** responses received from **227** mainstream schools the details of which are in **Appendix 2**. Of these **42** schools were in support.

A summary of the issues from those in support indicated: -

- This gives schools some stability amidst all the uncertainty surrounding funding.
- It acknowledges that the direction of travel is towards the NFF, anticipating the shape of the future funding model.
- Schools are within all the usual limitations able to adjust and prepare for the NFF in due course.
- The direction of travel is towards closer alignment with the NFF, so it is probably pragmatic to support that approach.
- Need to recognise concerns over the impact of the NFF on smaller schools and primary schools, continuing the protections applied previously to minimise significant budget fluctuations, including supporting the MFG, will remain crucial.
- Wish WCC to continue campaigning vigorously for a fairer allocation of schools funding.
- Fully support the NFF parameters to be adopted as has been the case for the past two years.
- Changing this now would create greater instability which schools can ill afford with budgets already very tight.
- It places schools in a far better position when mindful of the NFF becoming mandatory in the future.
- It is important schools have stability.
- Very much support stability in funding and the NFF formula.
- The NFF was put in place to ensure fairer funding for schools. There is a reason why certain schools are allocated more than others within the formula, namely that they serve more disadvantaged and diverse communities and hence require more resource.
- Pleased to see that the NFF formula for 2020-21 should be introduced without a gains cap '*so that schools could attract their full core allocations under the formula*'.
- Concerned that in affording the DfEs Minimum Funding Levels (MFLs) for schools this will likely mean introducing a cap. Why does one 'rule' contradict another? Why do the schools who require the further resource have to potentially subsidise others?
- Schools need as much stability as possible. The NFF suggests our school has been under-funded and would benefit under a hard formula.
- Primarily for stability in what has already been considerable change.

- Stability is the priority – but this response is based on the understanding that under the LSFF, the MFG is pretty much secure and cannot be reduced by the LA (except through ESFA intervention).
- Believe that all schools will benefit from the stability of the current LSFF continuing in 2020-21.
- Applying the DfE NFF values will allow schools to receive any increased per pupil funding on a fair basis.
- Many schools will have used the LSFF applied in 2018-19 as a basis for the medium-term budget strategy and continuing with this will help to provide budget stability.
- Understand that some schools' funding will need to be subject to capping to meet the minimum per pupil funding requirement and that this is necessary and fair, for affordability.
- The stability offered by this approach is welcome.
- Having had the difficulties of the last consultation need to maintain the current stability in the system.
- The need for stability as the DfE moves towards a hard NFF is essential.
- To ensure continuity of approach from previous years and to avoid potential instability and variance in budgeting allocation. Also believe this approach mitigates against increased risk.
- Are aware that the funding is linked to many parameters, and the final calculation will reveal the effect on the schools projected funding.
- The DfE parameters in the NFF were not fair in 18-19 or 19-20, so it is unlikely that they will become fair for 2020-21 without significant review, but this is the only game in town.

For a school not in support it was indicated that the DfE parameters set in 2018-19 and 2019-20 have not been sufficient to adequately support school's financial needs.

SUMMARY OF THE MAIN ISSUES FROM THE CONSULTATION RESPONSES ON OTHER CONSULTATION ISSUES NOVEMBER 2019

The numbers of responses received from schools and other consultees for these consultation questions are detailed in **Appendix 2**.

For consultation questions 2 to 4 not all questions were applicable to all respondents and some did not answer all the consultation questions

Summaries of the main issues received on the **3** consultation questions and further issues are detailed below.

Please note although these are part of the all school consultation, as required under Schools Forum (England) Regulations 2012 the decisions for consultation questions 2, 3 and 4 are for the relevant Worcestershire Schools Forum (WSF) members as determined under the Regulations.

1. CONSULTATION QUESTIONS

Q2a) – Do you support the transfer of 0.5% of the Schools Block DSG in 2020-21, to the High Needs Block DSG to support cost pressures?

There were **44** responses received from **227** mainstream schools the details of which are in **Appendix 2**. Of these **40** schools were **not** in support.

There was support for this from **1** other consultation responder.

A summary of the issues from those not in support indicated: -

- Appreciate that there are cost pressures in relation to High Needs Block funding, but as a school that has a high proportion of SEND pupils (well above average) whose needs the school is trying to meet without additional funding.
- Removing 0.5% of the schools Block DSG will significantly impact on schools' ability to support SEND children.
- Schools have made applications for top up funding for child with significant needs which have been supported.
- Believe that it is not appropriate to remedy a shortfall by taking money from already tight budgets –which may mean that early provision becomes unavailable which may necessitate High Needs Block Funding for pupils later.
- Central Government should be providing more resources for these needs and WCC should not reduce poorly funded school budgets.
- This funding should be generated separately in line with the recommendations and findings of the Parliamentary Report on SEND.
- There is a clear concern about moving funding intended to support mainstream schools away from provision which benefits all pupils (including SEND) and instead channelling a significant proportion of it into independent and non-mainstream schools, which only benefit those children with the very highest levels of need.

- School budgets are already tight and there is a significant risk that further pressure will impact quality of provision for all children.
- Is it necessary to do this now when the HN funding deficit issue is recognised by DfE with additional funding already promised to help close the gap?
- The school is absolutely opposed to this under any circumstances.
- There is still significant underfunding in Worcestershire schools and continuing cost pressures.
- There is insufficient funding in the Schools' Block to meet the needs of all pupils and in the High Needs' Block to meet the needs of SEND pupils.
- Transferring money from the Schools' Block exacerbates the pressures on schools trying to maintain a high quality of educational provision with a history of chronic underfunding for Worcestershire schools.
- Transferring money from the Schools' Block to High Needs sends the wrong message from a poorly funded LA to the Government – there is chronic underfunding for the High Needs' Block.
- High Needs has run up a significant shortfall, so a transfer of funding from every Worcestershire pupil will merely be used to service this debt, not increase the funding for, or improve the quality of, educational provision for these High Needs pupils.
- Transferring this money from the Schools' Block to the High Needs' Block will reduce schools' ability to support their own SEND students, reducing their capacity and placing even greater pressure on the High Needs' Block when they are no longer able to meet the needs of these students within their schools.
- Using capping as an alternative methodology to make the 0.5% transfer from the Schools' Block to the High Needs' Block will also causes problems.
- As much needs to be retained in the Schools Block as possible.
- Unable to accept this proposal as believe that the top slicing of 0.5% from the DSG will not be the most effective use of school finances.
- There is now a clear expectation that schools aim to be fully inclusive and that SEND students are taught first and foremost in mainstream schools. The loss therefore of this additional funding from budgets would be counterproductive and restrict capacity to provide the resources to support these students.
- The expectation will be for schools to make more provision with reduced funding to address a situation that is not of their making.
- Do not feel the money is used properly by the LA.
- Our school is struggling to set a surplus budget and have very little in reserve. The school has been under-funded for years and cannot afford this transfer.
- Schools and Trusts should not be expected to pay off the debt that has been accumulated by the LA through a lack of due diligence and oversight of Higher Needs spending, particularly surrounding the level of spend that has occurred for students who are educated in specialist provision outside of the county.
- The inevitable consequence of 'reigning in' this spend is that more students with complex and higher needs will need to be educated in mainstream settings, while at the same time reducing the funding, and therefore capacity in those very schools to make adequate provision.
- The money that would be taken is, effectively, to repay the debt that has been generated by ineffective management of SEND services.
- Funding to academy schools does not match pupil need so require maximum funding into school to make up for the financial resources that are not allocated.
- There would be no benefit to the school and money would be 'lost' in covering a deficit.

- Allocation of these funds will not result in improved provision. Ideally, this will not be transferred to the High Needs Block. Short of this, the funds could be ring-fenced for SEND provision and pro-rated to schools based on their percentage of SEND students.
- The school strongly opposes the transfer of any funding from the Schools' Block DSG to the High Needs Block DSG.
- Our view is that a reduction in the Schools Block DSG would be very detrimental to the finances of all schools in Worcestershire given the significant cost pressures that schools budgets are currently and historically been experiencing.
- Schools in Worcestershire really do need the NFF to be applied in full if they are to come anywhere near setting balanced budgets for 2020-2021.
- If this transfer is made to the High Needs Block it is going to further limit the capacity of schools to provide support for students with SEND.
- Central government needs to be under sustained political pressure to provide sufficient funds for the High Needs Block.
- Do not believe that any funds should be taken from hard pressed school budgets to prop up underfunded higher needs especially since this top slice will not result in any change of provision simply reduce a deficit.
- Worcestershire school are underfunded, so taking funds from the DSG will exacerbate this situation. High Needs is underfunded and overspent, so subsidising this debt from the DSG is morally wrong. The concern is that HN will need to be subsidised from somewhere. If it is not the DSG through the 0.5% top slice it will be DSG via the 'backdoor' of an adjustment to the gains cap when adjusting the formula for affordability. The unpalatable irony is that schools' budgets will ultimately subsidise the HN shortfall and the HN recovery plan is focussed on schools being more inclusive. Schools cannot become more inclusive when they are inadequately funded and the squeeze on other services to support the child continue. Whatever the solution it will be a woefully small sticking plaster at best.
- Do not see that any school can agree to the top slice without first seeing a High Needs Block recovery plan from the LA, which is not included within this consultation. There needs to be confidence that WCC have the issues under control and have a clear plan for bringing the deficit under control. Only then will schools agree to give up their funding as if this is agreed to in 2020/21 then it will just go into the pot and not be used effectively.
- Do not support the transfer of 0.5% of the schools' block DSG as this will only service current deficit and mask inefficiencies of current management of spending. Do not believe this will support or improve provision.
- Whether or not the transfer occurs, school wish to see robust management over High Needs provision including checking attendance at and quality of provision within those institutions to whom the LA entrusts our region's children and clear, transparent reporting of these findings to schools.
- Government needs to fund HN according to actual need and not on the broken historical basis which has been discussed much, but no significant change has been forthcoming.
- Moving money around in the DSG is just robbing Peter to pay Paul. When all are deserving this just encourages government to duck its responsibilities again.
- There needs to be a NFF for the HN top-ups and the starting £10k per pupil needs to be reviewed and available to all schools that support SEN pupils and not compromised by proxies and notional SEN values in non-special schools.
- The school is under serious pressures regarding supporting our pupils with SEND at a school level. The school cannot afford any money to be taken from our already squeezed funds.

The Worcestershire Association of Secondary Headteachers (WASH) also sent the following joint response: -

'During our meeting of WASH on 13th November there was unanimous concern about the proposals within the consultation to use 0.5% of the DSG to subsidise the Higher Needs funding shortfall. Secondary schools will notify you via their consultation responses separately, but I expect there will be little to no support for this measure. The purpose of this letter is to inform you, through the collective voice of WASH, about our reasons for objecting to the 0.5% transfer.'

As secondary Headteachers we are concerned that any movement of funding from our budgets would not provide additionality for children with special needs. It will, we understand, simply only serve to reduce the deficit. Whilst this may be appealing from an LA point of view, the fact is that the funds provided are for children in the system this year, and we as headteachers know that they need it. This is compounded by the fact that schools are underfunded in general terms but also struggling to support the most vulnerable. A transfer of funds to the HLN block will inevitably lead to poorer provision in schools. WASH colleagues therefore stand together in their rejection of the proposal to top slice the DSG by 0.5% to support Higher Needs funding.

We do, however, understand that the regrettably, despite the governments 'well spun' announcements of further fairer funding, the quantum of funding for Worcestershire is still woefully comparatively low and insufficient to meet demand. Nevertheless, we are concerned that the only other alternative to make the books balance for Higher Needs will be to subsume this shortfall into the calculation of the funding cap. In other words, should the 0.5% top slice not go ahead, the funding for Higher Needs will still come from school's budgets via the capping 'back door'. Inevitably those schools who expect to gain from the NFF may not receive their full allocations. In the end, it will mean some schools will contribute more than the 0.5% and others probably less or even none at all as they will be topped up to the MFL. It will be those serving the most disadvantaged communities who lose the most funding in any such arrangement in order to service the debt of the LA's HLN budget.

We urge the local authority to go back to the DfE to raise this as a concern in the context of Worcestershire relative funding levels. We feel it is imperative that the DfE are aware of the further damage that will be caused in Worcestershire by this scenario and that the NFF is not delivering as promised.'

A school supporting the transfer felt it showed the whole School community acting collaboratively.

A school supporting the transfer indicated they are aware the High Needs Block funding is critical – although moving the funds from one area to another does not really solve much.

Q2b) – If your answer to question Q2a) is YES please indicate how this adjustment should be made: -

- **A combination of reducing the AWPU and changing the MFG/Capping percentages.**
- **A combination of reducing the Lump Sum and changing the MFG/Capping percentages.**
- **Changing the MFG/Capping only.**

A summary of the issues from those not in support included: -

- Without illustrations cannot see the relative impacts so it is hard to distinguish between the options.
- All three would adversely affect MFG levels, which in previous years were only applied at the lowest level (+0.5%), and now presumably even that level of increase would be under threat representing another successive real term funding cut.
- Recognising that the MFG will be vital to avoid big funding fluctuations for those schools losing out under the NFF, very concerned that all these options would place the biggest burden of reducing the High Needs shortfall on those schools least able to absorb the impact – i.e. small primary schools.
- Concerned that this will necessitate a more severe cap on the ‘gainers’ in the formula and exacerbate the problem.
- Do understand the catch 22 situation regarding the options to take this from either AWPU or lump sum (with its impact on MFL). However, this seems like a double whammy for the schools who should be gaining more as per the formula. It will likely mean that some schools will contribute more than the 0.5% and others probably less or even none as they will be topped up to the MFL. How can this be fair?
- Also, it will be those serving the most disadvantaged communities who lose the most funding in any such arrangement to service the debt of the LA’s HLN budget and subsidise schools serving more affluent areas.
- Funding for the high needs block should not come from the schools’ block in any format, MFG or otherwise. Schools who are set to benefit from the NFF (i.e. those who have been previously under-funded the most) will be disproportionately impacted again.

One school supporting this issue felt they were unable to give an informed choice at this point as there is insufficient information available at present to know which option would be the most beneficial to all schools in Worcestershire.

Q3 – Do you support the arrangements for delegation and de-delegation for 2018-19 and 2019-20 as detailed in Table 2 to continue for 2020-21?

There were **14** responses received from maintained schools the details of which are in **Appendix 2**. Of these **13** schools were in support.

For those in support it was indicated: -

- It would also have been useful to have had sight of the financial implications of the de-delegation decisions.
- Schools in other LAs have made difficult decisions to cease de-delegated services so the demands these services have on DSG funds are small, however there seems to be an extensive list for WCC that would have liked more information on.

- This would be a way of freeing up funding within the Schools Block that could perhaps in the future be used to contribute towards the financial recovery of the High Needs Block via a top slice.
- This seems reasonable to support this for this year however would just challenge back to say that maybe a full review of de-delegated is needed in the current climate with growing pressures on the High Needs Block.
- Happy to continue with at least the same arrangement.

One school not in support indicated the previous arrangements for delegation and de-delegation have not been sufficient to adequately support school's financial needs.

Q4 – Do you support the arrangements for centrally retained services as detailed in Table 3 for 2018-19 and 2019-20 to continue in 2020-21?

There were **44** responses received from **227** mainstream schools the details of which are in **Appendix 2**. Of these **38** schools were in support.

There was support for this from **1** other consultation responder.

For those in support it was indicated: -

- That it was important to maintain stability as in previous years.
- Due to limited time, resources and expertise potentially within schools, coordination through the LA is possibly more effective.
- Agree, if the significant payments within this for SEN do not reduce the AWPU minimums.
- These are supported to continue as necessary centrally required services.
- Would like further information about how the £0.06m is spent 'servicing' the Schools Forum. DfE guidance is clear that the cost of running forum can come from centrally retained services budget but would like to understand why this is currently at this level. (Running forum is a small % of this figure).
- Would expect further clarity regarding the WSF not being required for approval about High Needs Block provision in the first point in Table 3 from the consultation document.
- The LA should publish the breakdown of spending in the CSSB, particularly the statutory duties as were funded by the old ESG.

For those not in support it was indicated: -

- The previous arrangements for centrally retained services have not been sufficient to adequately support school's financial needs.
- There are few of these central services offered which the school would utilise but not all of them.
- A 20% reduction to central services will no doubt result on additional cost pressures on schools as services are reduced.
- Maximum funding is needed to maintain key aspects of in-school provision, and too little funding flows centrally into schools.

2. FURTHER ISSUES RAISED

Overall Funding

- The previous funding formula has proved insufficient in supporting school's financial needs, so a dynamic and innovative approach needs to be formulated to ensure adequate financial resources are provided to schools in forthcoming years.
- Believe that the maximum NFF should be shared with schools, even if this is the case the school will still be over half a million pounds below the Midlands average income.

Academisation

- Recently tried to go through the Academy process and realised that during Due Diligence, the school had far more capability to manage its own affairs than previously thought. So, although always protective about the budget, are open to more delegation of LA work to our own organisation.
- Remain supportive of Worcestershire County Council.

High Needs Funding

- There is a clear history of underfunding the HNB as a proportion of the DSG in Worcestershire.
- Worcestershire allocates 12.6% of its total funding to its HNB and this is in the bottom 20% of proportional allocation for all LAs (121 out of 150 LAs) and 1% below the English average which is 13.6%.
- This lower proportion of funds going into the NH block from the DSG must share a proportion of the blame for the LA's NH block deficit (along with the fact, seen across the entire county, that the grant has not kept pace with demand).
- For special schools the DFE policy direction for 2020-21 should be followed and that '*schools should attract their full core allocations under the formula*'.
- The place base funding (received from the government) nor the top up funding levels, (set by the LA) have been increased for at least 6-8 years.
- Due to large workforces of predominately non-teaching support staff, special schools have been disproportionately and significantly affected by the non-teaching staff pay award.
- Worcestershire Special schools are some of the most poorly funded in the country, within the bottom 10% of all special school nationally.
- Rather than try to mask the funding shortfall in high needs by taking from the schools' budget, LAs should be working together to show central government that total funding in the system is insufficient and cannot be sustained.

APPENDIX D

FAIR FUNDING CONSULTATION OUTCOMES FOR 2020-21
NOVEMBER 2019

	QUESTION	SUMMARY OF RESPONSES
Q1	<p>Do you support the LSFF in 2020-21 continuing to be based, as in 2018-19 and 2019-20, upon the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available?</p> <p>APPLICABLE TO ALL MAINSTREAM SCHOOLS LA MAINTAINED AND ESFA ACADEMIES</p>	Supported overall and in all sectors except in academy middle schools
Q2	<p>Do you support the transfer of 0.5% of the Schools Block DSG in 2020-21, to the High Needs Block DSG to support cost pressures?</p> <p>If your answer to question above is YES please indicate how this adjustment should be made: -</p> <ul style="list-style-type: none"> • A combination of reducing the AWPJ and changing the MFG/Capping percentages. • A combination of reducing the Lump Sum and changing the MFG/Capping percentages. • Changing the MFG/Capping only. <p>APPLICABLE TO MAINSTREAM SCHOOLS ONLY BOTH LA MAINTAINED AND ESFA ACADEMIES</p>	Not supported overall and in any sector except for maintained middle
Q3	<p>Do you support the arrangements for delegation and de-delegation for 2018-19 and 2019-20 as detailed in Table 2 to continue for 2020-21?</p> <p>APPLICABLE TO ALL LA MAINTAINED MAINSTREAM SCHOOLS ONLY</p>	Supported overall and in all sectors
Q4	<p>Do you support the arrangements for centrally retained services as detailed in Table 3 for 2018-19 and 2019-20 to continue in 2020-21?</p> <p>APPLICABLE TO ALL SCHOOLS BOTH LA MAINTAINED AND ESFA ACADEMIES</p>	Supported overall and in all sectors except for academy middle