

Draft Minutes of Meeting

Wednesday 15 January 2020 2.00pm at Guildford Nursery School

Approved by Chair

Present

School and academy members:

Rhona Barnfield (Chair)	Howard of Effingham School	Academy member
Kate Keane (Vice Chair)	Ewell Grove Infant and Nursery School	Primary Head
Sally Cave	Guildford Children's Centre	Nursery school head
Katie Aldred	Bagshot Infant	Primary head
Susan Chrysanthou	Furze field Primary	Primary head
Clare McConnell	Bisley CE (A) Primary	Primary head
Justin Price	Freemantles School	Special school head
David Euridge	Reigate Valley and other PRUs	PRU member
Eric Peacock	Thorpe C of E Primary	Primary Governor
Fred Greaves	Oakwood School	Secondary governor
Lisa Kent	Manor Mead and Walton Leigh Schools	Special governor
Matthew Armstrong-Harris	Rodborough	Academy member
Kate Carriett	George Abbot School	Academy member
Elaine Cooper	SWAN academy trust	Academy member
Gavin Dutton	Pirbright School	Academy member
Paul Kinder	Warlingham School	Academy member
David Monk	Pond Meadow School	Special academy member (substitute)

Non school members

Joe Dunne	RC Diocese of Arundel and Brighton
Jayne Dickinson	East Surrey College (Post 16 provider)
Tamsin Honeybourne	Teaching union member of Education Joint Committee

Local Authority Officers

Liz Mills (LM)	Director—Education, Lifelong Learning & Culture
Jane Winterbone (JW)	Assistant Director (Education)
Louise Lawson	Deputy Strategic Finance Business Partner (ELLC)
Daniel Peattie	Strategic Finance Business Partner (CFLC)
David Green (DG)	Senior Finance Business Partner (Schools Funding)

1 Welcome, Introductions and Apologies for Absence

Apologies for absence had been received from:

Jo Luhman	Kings International College	Secondary head
Geoffrey Hackett	Stepgates Community Primary	Primary Governor
Ben Bartlett	Hinchley Wood School	Academy member
Sir Andrew Carter	South Farnham Primary	Academy member
Jo Hastings	Ottershaw Infant and Junior Schools	Academy member

Nicky Mann	Wallace Fields Infant	Academy member
Ruth Murton	Thamesmead School	Academy member
Tim Stokes	Carwarden House Community School	Special academy member
Sian Bath	Private, voluntary & independent nursery providers	
Andrea Collings	Family Voice Surrey	
Jonathan Gambier	Guildford Diocese (C of E)	
Nick Trier	Teaching union member of Education Joint Cttee	

2 Declarations of interest

None

3 Minutes of previous meeting (10 December 2019) and matters arising

Accuracy

Ben Bartlett (BB) had requested amendments to the account of his presentation on the LA's disapplication request. The amendments were accepted and the amended version is attached as an annex.

Matters arising

Disapplication request

The Chair recalled that BB had asked that a protocol be agreed for the LA and Schools Forum to work together in partnership if the LA felt it necessary to appeal to the Secretary of State for a transfer from schools block to high needs block in future years, while accepting that LA and Schools Forum will not necessarily agree. She suggested that there should be a subgroup of the Forum with representatives from each phase (Ben Bartlett as Chair of Secondary Phase Council, Kate Keane as Chair of Primary Phase council, Justin Price as a special school rep who was on Special Phase council and herself to oversee the process and as representative of a cross phase academy trust) The group would have a balance between maintained school and academy reps (ie 2 each).

LM had shared BB's presentation in full with Cabinet members and it had been referred to in the Cabinet report, alongside a revised equalities assessment. Cabinet had taken it into account in their decision making. Cabinet had also reflected on the request for a protocol, and expected officers to work on that. Cabinet had agreed the disapplication request. ACTION: Officers to develop protocols

4 Update on Dedicated Schools Grant (DSG) and mainstream schools funding formula

NFF schools block

DG explained that estimated formula factor values had now been updated following receipt of final 2020/21 DSG allocations on 19 December 2019 and final October 2019 data on pupil numbers and characteristics. In particular there had been a fall in the incidence of low prior attainment in the primary sector, as the summer 2013 foundation stage profile data dropped out, which made the formula cheaper to deliver.

Overall schools block DSG had increased by £8m since October for pupil number growth, roughly as expected.

The DfE had not yet decided on the LA's request to transfer £3.3m from NFF schools block to the high needs block, and had suggested that a decision was not imminent. Therefore two main scenarios had been considered, both with and without the transfer, as set out in the paper.

If the transfer to high needs block was implemented, full NFF was possible, ie 100% NFF factors¹, (compared to 92.5%² proposed in the autumn consultation) with a ceiling of 6.80% on gainers (compared to 5.5% proposed in consultation)³ This was consistent with the Forum's previous recommendation to move as far as possible to the NFF, subject to a minimum ceiling of 5.5%

DG explained that if the transfer to high needs block was not allowed, there was more than enough funding to deliver full NFF with no ceiling. If, and only if, this situation arose, he recommended consideration of a higher minimum funding guarantee (of 2.34%), although this would need DfE approval, and DfE would want to know the Forum's views. The remaining funding would then be distributed by setting formula factors above the NFF values.

A 2.34% minimum funding guarantee would assist those schools on minimum funding guarantee (ie those with the lowest per pupil increases) and the alternative (of further increasing formula factors above the NFF values) raised sustainability issues. Surrey had previously set the minimum funding guarantee at 0% whereas Surrey had been funded for a minimum funding guarantee of 0.5% through the NFF, so the increase in minimum funding guarantee could be seen as catching up with the NFF.

If the Forum (or DfE) did not support the proposed 2.34% minimum funding guarantee, the funding would still go to mainstream schools, by further increasing the funding factors above NFF.

LM advised that the LA had had no sense of the DfE policy position on (high needs) disapplications. LAs were also awaiting the outcome of the DfE consultation on DSG deficits.

DG advised that any vote on the issue was a vote on the funding formula, and as such should be restricted to school and academy members⁴.

School and academy reps voted 10-0 in favour of a 2.34% minimum funding guarantee (with two formal abstentions)

¹ Plus the 4% increase in existing lump sum values previously proposed, leaving them slightly above NFF

² And 7.5% old Surrey factors

³ Ceiling =maximum allowable percentage increase per pupil. Schools with higher percentage increases under the formula, have those reduced to the ceiling percentage (subject to the average not falling below the minimum per pupil level) Minimum funding guarantee (MFG)=minimum percentage increase in average funding per pupil from year to year. Schools below this level receive extra funding to bring them up to the minimum level.

⁴ The PVI nursery rep was not present

DG had concerns about the premises factor in the December 2019 DSG allocation and had therefore modelled two further scenarios with a reduction of £0.7m in DSG. With the high needs block transfer this would allow 97.5% NFF factors (2.5% old Surrey) and 5.5% ceiling, still further towards the NFF than estimated in the autumn. Without the transfer it would still support full NFF and no ceiling.

DG emphasised that the final factor values and ceiling percentages might still vary, but that the variations would be consistent with the principles supported by the Forum. The 6.8% ceiling deduction (with block transfer) was worth only £300,000. Thus a small reduction in the value of the ceiling deduction might mean a large increase in the ceiling percentage.

The Chair asked that an explanation of the final (post meeting) adjustments could be shared with the Forum when available. **Action for DG**

Central schools services block

DG reported that there had been a reduction in “historic commitments” funding, and a small loss of transitional funding, partly offset by increased pupil numbers.

High needs block

The final allocation included an extra £1.6m in “basic entitlement” funding (a sum of £4,300 per pupil in state maintained and independent special schools). This had not been included in previous modelling, partly because of uncertainty over pupil numbers. DG noted that the transformation plan meant a future reduction in the number of pupils in special schools (and a move to mainstream), which would mean a reduction in the basic entitlement funding within the HNB in future years, and that had not been included in the modelling either,

Early years block

There were no changes to report from previously advised funding rates.

5 High needs SEND

a) Additional funding for special schools/SEN centres/PRUs

A revised paper had been circulated, proposing a 2.55% average increase in funding for the special school/.centre /PRU sectors. This was a higher increase than the 1.84% increase proposed previously, reflecting the high needs block funding now available being higher than estimated. The estimated cost of a 4% increase had also been circulated, as requested by the Forum at the previous meeting.

LM wanted to work with the Forum and with special schools phase council on the distribution of the additional funding, exploring the impact on different sectors and recognising that the impact on different sectors would differ. The 2.55% overall increase was the LA’s final offer. LM noted that no increase had been offered in mainstream funding support (IPSB).

Justin Price (JP) noted that the cost of a 2.55% increase (£1.6m) was the same as the reported increase in high needs block funding since the last meeting, and asked what had been done with the £1.1m “allocated” for special

schools funding increases at the previous meeting. He asserted that the proposed level of funding increase would mean schools providing for fewer children or for lower need children. He asked whether there was any scope for further negotiation.

LM responded that there had never been any funding available to support the proposed increase. The proposed increase for special schools would have had to be offset by reducing funding elsewhere or would have added to the high needs block deficit. She reiterated that 2.55% was the maximum which the LA could offer. JP argued that the overall deficit would grow further anyway if special schools funding was not increased.

LM recalled that in 2019/20 the funding increase for special schools had been far less (£300,000). Colleagues had alleged a lack of clarity in the distribution of that sum. Officers had modelled the impact of pay changes on different special school sectors. It had seemed right to have a discussion on the issue.

LM confirmed that the proposal did not cover funding for FE colleges.

The PRU member noted that place funding had remained at £10,000 per place for several years, creating further pressure on top up funding. He asked whether there was a mechanism for lobbying for increased place funding at national level⁵.

LM suggested that there might be a need for a review of alternative provision at a national level. Alternative provision funding was being reviewed locally, and she suggested an item on this at a future Forum meeting. LM also proposed a wider review of special school funding and banding. She wanted to complete this by September 2020 and then extend to other types of specialist provision by September 2021. The LA would continue to lobby for more funding, but the LA also needed to use existing funding to best effect.

David Monk (DM) argued that schools faced cost pressures of at least 4% and noted that mainstream schools were receiving an increase of just over 4% per pupil. He asserted that the government had intended all schools to receive an increase averaging 4%, and that the reason why the LA was not offering special schools a 4% increase was to pay off its own high needs deficit by passing it on to schools. He could see no reason why the LA should not provide special schools with a 4% increase in line with mainstream schools. He argued that special schools had not been consulted on the proposed increase in the way that mainstream schools had, that the autumn funding consultation had not included proposals for the high needs block and that no modelling had been shared. He accepted that the increase was an LA decision but asked the Forum to oppose the proposal. A 2.55% increase would mean special schools spending less on support staff and more of the most challenging pupils being placed in NMI schools. He argued that the special school sector wanted parity of funding increases with mainstream schools and that the LA had refused to engage on the issue.

⁵ Note: this would affect the distribution of funding within Surrey ie between place and top up, It would not bring any extra funding into Surrey.

DM recalled that a special schools banding review had been started two years ago and abandoned with no outcomes. A review might change the distribution of funding but there would still be pressures on all schools. If schools lost funding through such a review, they would need to recover it by other means, eg by higher needs bandings.

DM noted that the high needs block DSG had increased by over 8%⁶ compared with an increase in NFF block at around 5%. He asked on what basis the LA justified the proposed 2.55% increase.

LM argued that the two funding blocks didn't start from the same place and that the two sectors were not equivalent, so "parity" was not a good starting point. Some mainstream schools would receive a minimum increase of 1.84% per pupil (or 2.34%) and special schools were being offered a higher increase than that. The revised proposal had had regard to the impact of Surrey pay increases and to the high proportion of support staff in special schools. The only part of special schools funding which was set nationally was place funding. Top up funding was entirely a local matter.

While any increase would only affect top up, the intention was so to increase top up that the average increase was 2.55% taking place and top up funding together (ie top up rates alone would increase by more than 2.55%). DM noted that this would mean a disproportionate increase in top up for LAN schools (where the top up was a small proportion of the whole).

LM recognised that there had been a delay in the banding review but argued that it was best to establish a proper basis for a further review before starting it; The proposed increase for 2020/21 had not yet been discussed with special school phase council, but the timing of the process was not out of step with that in previous years. There was a need to review the process for coming years.

Other members asked why the 8% increase was not being passed on to schools and suggested that, if state special schools could not afford to meet children's needs, they would be placed in NMI schools instead, at a higher cost.

LM contrasted the £13.8m increase in high needs block funding with the total pressure, which was around £50m. Thus the increased funding was nowhere near the total pressure. Funding increases for schools needed to be linked to strategies and outcomes, including the capital strategy. The 8% funding increase had to be considered in the context of a much higher cost pressure. The overspend was a combination of more children in the system and more NMI placements.

The Chair noted that many LAs across the country had high needs block deficits. DM responded that Surrey's position was worse than most. LM noted that the LA and partners were working together on an area strategy to achieve better outcomes for children and sustainability of the high needs block.

⁶ Although members referred to an 8% increase in discussions (based on figures from the previous meeting), the actual % increase with the additional £1.6m is 9.3%

LM recognised the need for a consistent funding model for specialist provision, but proposed to focus on special schools first, as special schools funding had not been reviewed for some time and the mixture of pupil needs had changed over time. JW suggested that the 2.55% increase would be an interim increase while the review work was done.

The Chair suggested that any review could not be implemented until 2021/22 LM proposed that a review could be implemented in September 2020 for special schools if the Forum agreed. There would need to be transitional arrangements.

Another member argued that special schools could save the LA money by flexible arrangements if case workers were more aware of the scope. LM agreed that there was a need to empower staff to agree pragmatic solutions.

DM argued that total funding for special schools should be based on building a model of “parity” between primary and special schools and funding special schools based on funding equivalent to mainstream for equivalent staffing arrangements⁷ He argued that such a model should be agreed before any banding review was undertaken.

Several members supported a higher increase than 2.55%.

LM advised that if the Forum supported a higher increase, that view would be reported back to the lead Cabinet member, (Julie Iles) who would then discuss the issue with the Cabinet if appropriate. Julie Iles was also a member of the SEND partnership board. If the Forum did not support the proposed increase the LA would not propose a lower increase. LM had had discussions with the Executive Director and Cabinet member on the issue following the previous Forum meeting.

One member wanted the opportunity to convey the special school sector’s views directly to the Cabinet member.

The Chair noted that she had mentioned special school funding as a difficult issue at a recent member task group.

DM asked for a counter proposal from the Forum, so that the LA had that view from the Forum and not just from the special schools sector.

LM asked the Forum to consider the wider context. There were some special schools with large surplus balances, whereas others had none. The Forum did not have that information. JP argued that the proposed increase meant penalising all schools for the delay in reviewing the banding.

DG advised that any Forum member could vote on the issue, as it was not a vote on the mainstream funding formula.

The Forum voted 14- 2 (with two abstentions) NOT to support the proposed 2.55% increase in special school/centre/PRU funding rates
--

⁷ Eg that a special school class of ten with 1 teacher and 1 TA should generate the same funding as a mainstream class expected to have 1 teacher and 1 TA

LM proposed that the increased funding (whatever it might be) should be distributed by a more nuanced mechanism than a standard percentage increase to all schools. JP wanted a vote on any proposal. The LA would propose a distribution method.

One member suggested that schools with large surpluses should not receive an increase. The Chair noted that information on surplus balances was not always available to the LA (eg from some multi academy trusts) and that there was no mechanism for taking balances into account when setting budgets, LM would not expect significant surpluses if schools' funding reflected need.

LM recalled that a year ago the LA had proposed to recover excess surplus balances from schools and that the Secretary of State had rejected the proposal. DM thought surplus balances should be treated separately from funding rates and thought the LA already had ample evidence.

The Forum agreed that the proposed increase of 2.55% in special school funding was insufficient. The Forum did not recommend any specific level of increase.

b) Review groups including special schools and additional SEN

The Chair recalled that a working group had been proposed, to look at additional SEND funding for mainstream schools with a high proportion of EHCPs. The current system was seen as creating a perverse incentive to seek EHCPs.

LM proposed to cap this budget for the 2020/21 financial year and then to review its future allocation as part of the wider review. Schools Forum members would be involved in the wider review.

LM had contacted the Chair of special schools phase council to request representation for mainstream schools with SEN centres (as requested at the previous Forum meeting), and would discuss this issue further with the Chair.
ACTION: LM

LM proposed that the first round of the funding review would cover special schools only, for implementation in September 2020. Other high needs funding, including IPSB (and the relationship between hours and points) and additional SEN funding, would then be reviewed later, to be completed in September 2021. The principles agreed for the first stage would need to be suitable for use in the wider review.

c) NMI school costs and volumes

A chart was circulated showing the number and average cost of NMI placements in each month between May-November 2019. LM noted that this was still early in the transformation programme. Individual placement costs varied widely. The charts included anticipated future placements up to March 2020.

LM anticipated making further proposals to Cabinet for capital funding, including adaptations to SEN centres in mainstream schools and further

proposals for alternative provision. Individual schools would be approached with proposals.

6 Update on growing schools fund criteria and budget

DG had circulated an updated growing schools budget and additional criteria. The cost for 2020/21 could now be contained within the published DfE allocation.

The Forum approved the revised growing schools budget and additional criteria

7 Schools Forum issues

Next meeting: Thursday 30 April 2020, 1pm venue Online Meeting

LM suggested that in view of the complexity of the autumn schools funding consultation, some sessions (or webcasts or both) might be organised next year for colleagues to ask questions about the proposals, These might be in mid September (subject to DfE timescales). The Forum supported this proposal.

The forward plan would be updated to clarify the issues on which the Forum had decision rights.

A revised constitution had been published. Changes mainly reflected changes in responsibilities introduced by DfE since the previous update.

8 Any other business

There was no other business apart from that already covered above.

Meeting ended 4.00pm

Annex

Requested amendments to minutes of 10 December meeting (amendments boxed and in bold)

Other business: Schools block transfer disapplication requests

Ben Bartlett (BB) gave a presentation comparing information presented by the LA to the Schools Forum, to the Cabinet and to the Secretary of State in respect of the proposed transfer of funding from schools block to high needs block.

LM reminded Forum members that officers had made it clear that the LA could, and was likely to, appeal against a refusal by Forum to agree the requested transfer to high needs block. Consultation with schools and the Schools Forum was necessary before an appeal (or disapplication request) was submitted. The disapplication request included the Forum's views (via the minutes) and the LA position. The Secretary of State could look at both and could decide either way. The appeal had been submitted in anticipation of Cabinet approval because the Cabinet meeting had not yet been held. Cabinet consideration of the issues had been delayed to December due to the late availability of information from DfE **LM stated that the** 28 November deadline only applied to LA submissions, and a DfE decision on the appeal was not expected imminently, so there was plenty of time for Forum to express its views.

BB argued that the LA had not presented the evidence in a balanced way in the appeal, and wanted the opportunity to show how the evidence could be presented from a schools' perspective. LM recognised that there was a difference of views, but it was the LA's appeal. BB agreed that there was no factual inaccuracy in the Council's submission but articulated that the local authority could have drawn the conclusions and inferences differently. The Forum minutes had been included with the appeal in order to show the views of the Forum. **BB stated that the delay in the sharing of the Council's submission despite repeated requests to do so (Slides 3 & 4) had made presentation of the views of the Forum more difficult.**

BB quoted an exchange at secondary phase council where a senior officer had responded that he "understood the pressures on school budgets and confirmed that the 0.5% transfer from Schools Block to the High Needs Block would be returned to the schools budget in the event of significant additional funds being given to the High Needs Budget as part of any Spending Review...while illustrations given to our Schools Forum have shown £3m transferring to the high needs block annually, clearly we would review that should significant further additional high needs funding be made available by government."

LM noted the point, but she also noted that the additional funding available was insufficient to meet costs and that the future of the high needs block deficit also had to be considered. She could not be specific as to what would be a sufficiently significant increase in funding for no transfer request to be made.

BB noted that officers had recommended that the Cabinet should appeal to the Secretary of State. He asked that a number of points be drawn to Cabinet members' attention:

- That the £26m increase in schools funding (if £3.3m was transferred to high needs block) was a 3.9% increase, whereas a £12.3m increase in high needs block was a 7.6% increase;
- That while all schools would receive a minimum 1.84% increase, that could reasonably be seen as a real terms reduction.

BB noted the series of transfers from schools funding to the high needs block over the last few years (as set out in the consultation paper). He pointed out to Forum Members the discrepancy in how those figures had been presented in the October 2019 Schools Consultation paper (Slide 10) as opposed to the November Cabinet paper (Slide 9).

Another member noted the year end transfers of schools block underspend and asked how in future the schools budget could be set to avoid large underspends. LM noted that the 2018/19 underspend of £10m on schools (£2m) and early years (£8m) had been held separately in reserve and that neither sum had been offset against the high needs overspend. Other 2018/19 underspends had been recycled to schools, so the £10m could have been a higher figure. Recent recommendations of Forum had reduced the scope for future underspends (on schools and early years). Officers were not yet in a position to know whether there would be a significant schools block underspend in 2019/20. The early years underspend in 2019/20 was likely to be lower than in 2018/19.

BB asked for clarification of the equalities impact of the transfer to high needs if the MPPL was not reduced and for an explanation to be added to the equalities impact assessment (EIA) for the Cabinet report, as the recommendation to Cabinet was not to reduce the MPPL. LM advised that this issue had been covered in the body of the EIA.

BB noted that the LA's recovery plan relied on continuing transfers from schools block. LM responded that the LA had been clear (with Forum) about the assumptions in the plan. The recovery plan was challenging and had risks, given the current net 13% annual increase in EHCPs.

The next step was for the Cabinet to decide whether to approve the disapplication request to DfE. Last year the DfE's response had been late (21 February) LM thought it unlikely that the LA would receive a response before mid January^[1], unless DfE adopted a blanket political stance (ie to all such applications).

BB asked that a protocol was agreed for making Cabinet members more aware of the Forum's position, should a similar disapplication be considered for 2021/22, eg for Forum members to explain directly to Cabinet members why the Forum did not support a transfer. LM noted that Julie Iles (Cabinet member for all age learning) intended to be at the Forum so that the discussion could be had there. BB wanted Forum members to engage with the

^[1] The importance of mid January is that proposed school budgets must be submitted to the DfE by 21 January.

whole Cabinet. He wanted to see Cabinet members as a whole pushing for more government funding for the high needs block. He also wanted agreement that representatives of the Schools Forum would have prior sight of the relevant Cabinet report and disapplication requests.

The Chair and Vice Chair would look at a cross phase group to undertake this role. Action for Chair and Vice Chair

The Vice Chair asked that when considering the block transfer request, other proposals affecting the Schools Block should also be considered ie items 8 and 10.

LM agreed to share BB's slides with all Cabinet Members so that they were able to take it into account the information within the presentation with regard to the upcoming Cabinet decision.

The slides would be circulated with the minutes. Actions for LM/DG