

Minutes of Meeting

Thursday 10 January 2019 1pm at NASUWT, Send

Approved by members at their meeting on 12 June 2019

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
Donna Harwood- Duffy	Dorking Nursery School	Nursery school head
Katie Aldred	Bagshot Infant	Primary head
Joanne Hastings	Ottershaw CE Infant and Junior Schools	Primary Head
Clare McConnell	Bisley CE (A) Primary	Primary head
Tess Trewinnard	Wonersh and Shamley Green CE Primary	Primary head
Jo Luhman	Kings International College	Secondary head
Justin Price	Freemantles School	Special school head
Geoffrey Hackett	Stepgates Community Primary	Primary Governor
Eric Peacock	Thorpe C of E Primary	Primary Governor
Fred Greaves	Oakwood School	Secondary governor
David Euridge	Reigate Valley and other PRUs	PRU member
Matthew Armstrong-Harris	Rodborough	Academy member ¹
Ben Bartlett	Hinchley Wood School	Academy member
Sir Andrew Carter	South Farnham Primary	Academy member ¹
Elaine Cooper	Horsell Village School	Academy member
Stephanie Gibson	Tandridge Learning Trust	Academy member ²
James Malley	Therfield School	Academy member
Ruth Murton	Thamesmead School	Academy member
Seb Sales	Connaught Junior School	Academy member ¹
Tim Stokes	Carwarden House Community School	Special academy member

Non school members

Sian Bath	Private, voluntary & independent nursery providers
Joe Dunne	RC Diocese of Arundel and Brighton
Deborah Pepper	Guildford Diocese (C of E)
Tamsin Honeybourne	Teaching union member of Education Joint Cttee
Gail Larkin	Teaching union member of Education Joint Cttee
Jayne Dickinson	East Surrey College (Post 16 provider) ¹
Andrea Collings	Family Voice Surrey

Local Authority Officers

Liz Mills (LM)	Director–Education, Lifelong Learning & Culture
Lynn McGrady (LMcG)	Head of Finance for Schools (clerk to Forum)
David Green (DG)	Senior Principal Accountant (Schools Funding)

¹ Present for items 1-5 and part of 6 ² Present for item 4 and part of 5

Julie Smyth and Paul Smith, of HR, attended to present item 4.

1 Welcome, Introductions and Apologies for Absence

Apologies for absence had been received from:

Annette Crozier	Manor Mead and Walton Leigh Schools	Special school governor
Kate Carriett	George Abbot School	Academy member
Nicky Mann	Wallace Fields Infant School	Academy member
Jonathan Gambier	Guildford Diocese	
Nick Trier	Teaching union member of Education Joint Cttee	

2 Declarations of interest

None.

3 Minutes of previous meeting (11 December 2018) and matters arising

The minutes of the previous meeting were agreed as accurate.

Matters arising:

Early years funding (page 3)

LM noted that concerns had been expressed as to how the focus on early years, and related capacity and experience, would be maintained through the forthcoming restructuring. She had presented a proposal to early years phase council, which had been well received. She thought it had been understood that early years was a prime focus for the LA. Under the new structure she would have overall responsibility for early years.

SEND consultation (page 5)

LM confirmed that additional educational psychology and speech and language therapy capacity was now in place. Extra funding had been provided which would provide scope for increased staff time for early identification and support work. She confirmed that this would include both early years and post 16. She would mention this as a “good news” item in the monthly SEND update. More work was being done on graduated pathways, drawing on best practice elsewhere.

SEND outcomes (page 6)

LM would circulate the results of an analysis of outcomes from SEND placements.

SEND sufficiency data (page 7)

LM proposed to give a presentation on sufficiency at the next meeting. Work was under way on sufficiency data and on a capital strategy. The aim was to secure approval in January to use £7.3m of capital grant funding to meet short term demands and then to secure funding in April to implement a 10-20 year strategy. Decisions on capital strategy required cabinet approval.

High needs SEND (page 4 and annex, pages 13/14)

One member noted that the LA response to the DfE consultation on reporting of DSG deficits had stated that “having to draw money from schools is unsatisfactory at a time when schools are facing their own financial pressures”. He asked whether the LA would still be seeking to transfer 0.5% of the schools block to high needs if this was the LA view and now that there was an additional £2.77m of high needs DSG available. (Response included under item 5).

Request for vacancy funding for Merstham Park School (page 9)

DG advised that the school’s representatives had felt that the outcome of the previous meeting might have been unduly influenced by discussion of the total value of surplus balances in their accounts (which had included capital balances). The information on revenue balances in the paper had since been confirmed as correct and the school had asked for the decision to be reviewed.

The Chair recalled that this was a new school with a single year’s intake and uneconomically low pupil numbers in that year group (76 pupils whereas they had planned and staffed for 120). Additional places had been opened in two other local schools because the opening of Merstham Park School had been delayed for a year, but expansion of the other schools had been permanent. Starting a wholly new school was challenging.

The surplus balances of £5.6m at the end of 2016/17, quoted by one member, at the previous meeting, had included capital balances, which could not be spent on staffing. The revenue surplus had been only £3.4m. The MAT had quoted a revenue surplus of £2.0m at 31 August 2018 but accounts for 2017/18 had yet to be published.

Additionally one member of the Forum had expressed concerns about having to vote in the presence of the GLF representatives.

Officers had seen a case for re-running the vote and the Chair supported that case.

Members expressed a range of views in discussions:

- one recalled that she had asked about the scope for staff redeployment and thought some should have been possible;
- The MAT should have been aware that other schools were raising their PANs (although it might not have been obvious that the increases would be permanent);
- Parents had chosen to send their children to other schools and this was a risk the MAT had to take.

It was noted that the MAT had chosen to open the school. The LA had no control over the timing of opening of a centrally determined free school, and the opening date might not match the need for places.

Some members thought the MAT balances still represented significant sums, although another suggested that they were not large when averaged across schools.

One member argued that schools with falling rolls, which then admitted additional pupils, were also disadvantaged, by having pupils for which they had not been funded.

The Forum agreed to vote again on the proposal, considered in December, for “vacancy funding for Merstham Park School for one academic year only, on the basis of 95% of key stage 3 basic entitlement funding per vacant place, at an estimated cost of £166,000 for an academic year”, with voting restricted to school, academy and early years reps. The proposal was REJECTED by 14 votes to 3.

4 Schools Pay Review update

Officers had noted concerns from a number of schools over affordability, particularly at grades 1-3 of which there were large numbers in schools. The offer had now been revised to reduce salaries at those grades to the minimum possible, starting at £9/hr. Unions had in principle accepted those changes and would be balloting their members. UNISON had recommended the offer and GMB had advised that it was the best which could be negotiated in the current climate. The offer for the lower grades was based around the statutory minimum living wage, with differentials as low as they could be.

Members agreed that they supported staff being paid more but that they could not afford the increases. The proposed changes had a smaller effect for 2019; however, the cost increase was spread across three years.

One member emphasised that it was the view of school leaders that the pay increases would be funded from redundancies (or posts not being filled), which would have an impact on schools’ ability to support pupils, including those with SEN. Others noted that:

- the changes had greatest impact on schools with high incidence of SEN and thus high numbers of support staff;
- Headteachers would be discussing restructuring in response to the pay offer, and were concerned that governors should be aware that the issue was Surrey wide;
- Some guidance on the issue for governors would be appreciated.

LM noted that schools across the country were reporting similar pressures and were drawing on reserves where they had any. This was just one of many funding issues driven by government policy, not just in education. She suggested that significant work could usefully be done on how the high needs budget was managed, including a review of the way in which funding was allocated in special schools and elsewhere to fund children with EHCPs. Such a review would need to link to other components of the SEN strategy, including failure to meet needs in state schools leading to NMI placements. ISPSB was another large budget, and its processes may no longer be fit for purpose.

Members welcomed the opportunity to be involved in reviewing high needs budgets, but asked whether there would be new money to support new models, arguing that new money was required to meet needs in special

schools before there could be any reduction in NMI placements. Otherwise they could not afford to open new provision.

LM advised that the LA was investing in the system. £5m had been allocated to support transformation work in the short term, plus capital resources. There was no additional funding available for schools for the pay increase, but there could be funding for new arrangements. She was well aware of financial pressures as the LA faced a £15m overspend on the high needs block and £4m on SEN transport. There was a need to fund specialist provision but also a need to fund early identification and support. Funding had been found from outside the high needs block to invest in such support.

One member requested modelling of the impact of the pay review on schools of typical sizes, in order to share with governors and to demonstrate it was an issue facing most schools. **Action/JS/PS/DG**

Members argued that

- Unions needed to be aware that, as a result of a fully appropriate pay increase, schools would have to make redundancies. (a union rep confirmed that unions had already made that point in discussions);
- Some schools would no longer be able to meet the needs of specific pupils with EHCPs;
- While the pay review did not directly apply to academies, many of them mirrored Surrey Pay as they competed for staff in the same market. If they wanted to opt out of Surrey Pay they would need time to develop different arrangements, which would be time consuming and costly.

One member asked for short term funding for the pay award, arguing that failure to provide additional funding would mean increased ISPSB and NMI costs. LM reiterated that no such short term funding was available.

Cost of living increases for 2020/21 would be considered as part of the 2020 pay negotiations. Members commented that such increases had been given in most years. Officers noted the need to remain competitive within the market, and thus some increase was likely. Increases in the living wage were an issue for local authorities nationally. Surrey would have regard to the national settlement but would not necessarily follow it.

LM advised that while there had been increased government funding of £2.77m for high needs, this had immediately been set against an overspend of £18m. The increase in high needs funding had been welcome but nationally it didn't go nearly far enough to meet the shortfall.

Pay progression for non school staff would no longer be formally linked to appraisal outcomes for non-schools staff, however progression remained subject to good performance and progression would be withheld for poor performance. 95% of Surrey staff received progression. There would still be an appraisal system but it would not be linked directly to pay, as it has been for non-schools staff since 2016. One member commented that most schools already had an appraisal system for support staff and thought there should be a link to pay. It was clarified that an appraisal discussion was one method of assessing performance and whilst that could continue, the outcome of an appraisal would not be 'rated' with a direct link to pay progression.

5 DSG funding settlement and summary budget 2019/20

LMcG circulated a summary of DSG budget changes for 2019/20, noting that this was not yet public and would not go to Cabinet until 29 January. She asked that it should be regarded as confidential until the Cabinet papers were published.

Schools block

The LA still awaited the Secretary of State's response to its request to transfer £3.1m from schools to the high needs block. The LA still saw the transfer as necessary, despite receiving additional high needs block funding of £2.77m in 2019/20. If the proposed transfer was not approved, there would be £3.1m more for schools and the high needs block overspend would increase by £3.1m.

LM noted that a number of LAs had applied to the Secretary of State for similar transfers in 2018/19, but not many had been approved. LAs which had submitted such requests for 2019/20 had been asked to reconsider their requests when the additional funding had been allocated, but officers did not know how many LAs had withdrawn or reduced their requests. Surrey had confirmed that it did not wish to amend its application. She thought Ministers might have hoped that the requests would be withdrawn. The £2.77m allocation was a formula allocation, unrelated to the value of the proposed transfer request.

Members asked why there had not been a discussion of different way of using the additional £2.77m eg increasing capacity, funding the support staff pay award, or not asking for the block transfer. They sought such a discussion. LM advised that the Cabinet had made the initial decision to ask for the block transfer, and that as the high needs block was overspent the council had in effect already spent the additional funds. The additional funding recognised that existing high needs funding was insufficient to meet current needs and reflected many LAs overspending their high needs block.

DfE had apparently seen a significant increase in the number of LAs requesting a transfer of funds to high needs and thus they were well aware of the problems LAs faced.

LMcG circulated a spreadsheet which indicated that £16.381m was available to fund formula factor changes (assuming the block transfer was made) and increased pupil numbers, and this would be allocated through the formula as proposed in the September consultation.

Pupil numbers had increased by 1.1%, wholly in secondary schools. Infant pupil numbers had fallen by 742 whereas pupil numbers in KS2 have increased by 713, but there were still 13,000 pupils per infant year group and 10,000 per KS4 year group, so pupil numbers were still increasing overall.

Growth funding from DfE had reduced by £3m as previously expected. But an underspend was forecast on growing schools in 2018/19 plus savings from the agreed change in policy on falling rolls funding.

The DfE had not yet confirmed a final date for full implementation of the hard NFF and it might not happen, as most LAs were moving in that direction anyway.

Final adjustments to 2019/20 Surrey schools funding formula

DG reminded the Forum that in the autumn the LA had consulted on a set of proposed formula factor values based on a smooth movement towards the NFF but that, as usual, these needed to be adjusted to match the latest pupil data to the latest available funding. That data had been published by DfE only on 14 December and the final formula factors had to be submitted to DfE by 21 January. There was some funding available to increase units of resource, compared to those proposed in September.

There had been a reduction in low prior attainment incidence, particularly in the primary sector. The NFF increased funding for low prior attainment compared to historic Surrey levels, whereas the data update would slightly reduce it. He proposed an increase in the primary low prior attainment funding rates for 2019/20. Otherwise there would be a temporary reduction in low prior attainment funding in 2019/20 (due to reduced incidence locally) against the NFF trend which was for an increase (via an increase in funding rates)².

Two scenarios then had to be considered:

- If the transfer to high needs block was approved, we could afford to increase the ceiling from 1.56% to just under 3%, which would mean fewer schools on the ceiling than estimated in September;
- If the transfer was not approved then we could afford to remove the ceiling entirely (modelled at 4.7% in September) and then move further towards the NFF (just over 88% NFF compared to 85.1% in the September consultation).

These were the LA's proposals, subject to change based on final data checking (Note: they should not yet be used for budget planning until confirmed, because of the possibility of further minor changes).

Schools losing average funding per pupil compared to 2018/19, as a result of the data update, would still be protected by the minimum funding guarantee.

The Forum was being asked to support the proposals. DfE advice was very clear that it was for the LA to make decisions on the formula. Only school, academy and early years representatives could participate in any (advisory) vote.

DG emphasised that it was very likely that a ceiling on gains would be needed again in 2020/21, as little DfE growth funding was expected in that year.

One member asked if a summary of the proposals could be sent out to members, and it was agreed that once the final figures had been calculated, these would be circulated (most likely at the next meeting).

² The NFF unit of resource for low prior attainment is higher than that previously used in Surrey, but the combination of partial implementation of NFF factors and a slight reduction in measured incidence locally would otherwise have meant a reduction in the total sum allocated, even though there would have been an increase had the NFF unit of resource been used in full.

The Forum had no other comments to make on the proposals.

Central schools services block

This covered a range of services including education welfare and admissions. Funding had reduced by 2.5% per pupil but the reduction had been partly offset by increased pupil numbers.

The cost of copyright licences had increased by 4.6%, a larger increase than estimated. Extra savings would be needed to offset this increase.

Proposed budgets for admissions and appeals had been reduced, as an underspend had been anticipated.

Early years block

The final 2018/19 allocation would be based on Jan 2018 and Jan 2019 census data, so the LA had to estimate it. LA estimates were lower than the current DfE allocation. Initial DfE estimates for 2019/20 suggested a reduction in funding of around £2.3m, but if there were fewer children (as estimated) costs would reduce alongside funding. There had also been an underspend of £1.8m brought forward from 2017/18. For the present it was assumed that costs in 2019/20 would match funding, and that funding rates would be as proposed in the September consultation, with a basic hourly rate of £4.65.

High needs block

An overspend of £15.8m was forecast for 2018/19, plus £3.3m brought forward from 2017/18. By March 2020 a deficit of £40m was projected without a significant injection of additional funds.

Changes in funding for 2019/20 included:

- £877,000 technical adjustment for two non maintained special schools converting to academies;
- £890,000 for additional pupils in special schools;
- £1.6m for population growth and 0.5% for inflation (both of which had been anticipated);
- £2.77m extra funding.

But after deducting previous year overspends there was a reduction of £9.9m in available funding

LMcG clarified that an additional £2.77m had been made available both in 2018/19 and in 2019/20.

Spending pressures were due to a significant increase in the number of EHCPs, particularly in 2018/19, and the full year impact of these would only be seen in 2019/20.

LM noted that the £23m pressure for non maintained and independent special school (NMI) placements was a pressure compared to the budget, and had built up over a three year period. Costs had exceeded the budget for several years. One member asked for further analysis of this pressure. Another asked that the prior year overspend should be shown under expenditure.

The Chair asked for further information on the high needs block pressures to accompany the minutes (**Action for LMcG**)

LMcG understood that there had been concerns within government about the number of LAs facing financial challenges which were largely due to SEND. LAs considered that there had been a lack of government appreciation of the additional costs imposed by the 2014 Children's Act.

From March 2019 the DfE would require a recovery plan from all LAs with DSG deficits exceeding 1% (£8m for Surrey). LAs would be expected to show how they could balance DSG in year, but might be allowed to hold existing deficits in a new (negative) DSG reserve. It was anticipated that LAs would need recovery plans to repay these deficits, but the council's view was that this could not be achieved without significant additional funding. The DfE action followed the issue of a consultation paper. Surrey's response to that paper had been attached to the minutes of the December meeting. External auditors had required the LA to contribute to a separate reserve to offset the negative DSG reserve, but the council currently has no plans to use this to write off the DSG deficit. The spending review would be important and she sought assistance from schools in lobbying.

Ben Bartlett advised that secondary phase council had been supporting the "Worth Less" campaign for increased school funding, originating in Sussex.

LM advised that, following recent rule changes, the council was allowed to use capital receipts to fund transformation projects if the full council agreed. A third of the funding allocated by the council in this way had been allocated to SEN allowing the council to invest to make systematic efforts to do things differently. Some other allocations would also have an indirect impact on SEN. She would be keen to look at further opportunities if the council chose to release more capital receipts for transformation projects in future.

The shortfall in 2019/20 was already projected at £40m. It was not possible to add £2.77m to that in order to use the "new money" in a different way, as some members had suggested. The council was having to make more savings than ever before, and had some of the lowest reserves of any LA in the country.

The Chair expressed concern that the support staff pay increases could lead to a reduced offer from schools and to increased NMI placements. Others noted that NMI placements were commitments for several years.

LM suggested that the level of NMI placements was a system issue, not an issue for the LA alone. There had been a considerable shift in the level of engagement with Health, and people were recognising the impact of the absence of the partnership board. She aimed that annual reviews of EHCPs should include consideration of future placements, including whether suitable state maintained placements were available. Much of the NMI demand was due to insufficient places in the state sector. The LA aimed to create more places which would allow moves from NMIs where that was appropriate. 200 additional special school places would be created in the 2019/20 academic year. She was confident that that would be achieved. So far there had been

little scope for such moves because there was insufficient capacity. She had committed to open additional places in September 2019 and recognised that more places may be needed later. One headteacher noted that parents had welcomed the opportunity for such transfers when he had had spaces.

The LA was also trying to avoid new placements with providers who had not signed a contract, and to use dynamic purchasing systems to reduce placement costs.

One member suggested that if the timing of annual reviews was changed it might be easier to discuss future placements in those reviews.

LM was making changes in teams in order to smooth the transition process. The All Age Learning Disabilities programme was developing a “Local Offer Plus” targeting the post 16 and post 19 transitions.

Growth and falling rolls funding for mainstream schools

DG circulated updated estimates for the growing schools and falling rolls fund based on updated pupil number data. The growth funding summary showed an increased call on previous year underspend (£748,000).

2019/20 was a transitional year for falling rolls funding. To be eligible for funding in 2019/20 a school had to have been eligible for funding in 2018/19 and to meet the pupil number criteria (of being part way through a dip in rolls) in 2019/20. Currently none of the four schools eligible for funding in 2018/19 met the pupil number criteria in 2019/20. However, Schools commissioning forecasts were based on historic trends and could not take into account impact of PAN increases, recent OFSTED outcomes etc. Therefore DG sought to retain the proposed falling rolls budget of £441,000 for the present and to review allocations nearer to September 2019, when the impact of PAN changes/OFSTED might be clearer.

While recognising the need for prudent budget setting, one member recalled the transfer of £5.9m from other blocks to high needs at the end of 2017/18, and suggested that there was a risk of future growing schools/.falling rolls underspends being used in that way. He noted that the Forum had no right of approval of year end transfers.

LM recognised the concern, noting that the DfE consultation had been about ringfencing overall DSG deficits, not high needs alone. Details were still awaited of how the system would operate. There was no intention deliberately to create large underspends on other DSG blocks to transfer to high needs, but there was a risk that DfE action might have that effect.

DG asked the Forum to reaffirm support for the growing schools and falling rolls proposals in view of the revised information.

The Forum agreed the revised growing schools and falling rolls proposals.

6 SEND update

Much of this had already been covered in the discussion on high needs funding above. However, LM was preparing evidence for the imminent

OFSTED SEND revisit, and would share the evidence with phase council chairs before submitting it to the inspection team. The LA was now closely monitoring some areas where previously there had been little or no data.

There had been some progress in timeliness of EHCPs , and in reduced exclusions of children with SEND, but little progress on reducing absences of children with SEND, Better data was now being collected on children out of education (falling) and on involving parents and carers (little impact).

The recent consultation on SEND transformation had been on strategic principles. There had been broad agreement on the principles but a lot of comment on how far we were from achieving those aims. There had been a helpful response from our family voice partners. There had been 1100 responses.

An analysis of the consultation responses would go to Cabinet on 29 January, alongside the other consultation responses. Cabinet would be asked to delegate approval of detailed proposals to the lead member, to be agreed by April, and to agree that the solutions could be co-produced. There was a need to move quickly to design solutions jointly She would invite representation from Schools Forum, phase councils and family voice to work on joint solutions via a body similar to the former SEND governance board, although she recognised the pressures on partners' time.

LM confirmed that the Portage and LEAP pilots would now be rolled out countywide, as they had clearly been successful. They were included in the proposed directorate restructure.

6 Universal offer

LMcG reminded the Forum that the intervention fund was provided to support maintained primary schools in challenging circumstances. A summary of allocations to date (with school names removed) was circulated. The budget for 2018/19 was £486,000 of which £248,000 was uncommitted at the end of December. Most of the allocations went either to the schools needing support or directly to the schools providing the support (which were sometimes academies). A small sum had been paid to B4S because one school had commissioned work from them.

Kate Keane asked that £70,000 of the underspend should be used to support “universal offer” infrastructure to the end of 2018/19, after which separate “de-delegated” funding would be available. £70,000 was equivalent to an average of £300-350 per maintained primary school. As the funding would come only from maintained primary schools, she suggested that perhaps those schools could be allowed reduced prices for some services when the universal offer was in place. She expected an announcement in the next week of a Chief Executive Officer for the programme.

The Chair noted that the proposed funding came from a budget to which only maintained primary schools contributed, even though all schools would potentially benefit from the universal offer.

LMcG advised that if there was an underspend on this budget at year end, it would be expected to roll forward into the same budget next year.

Kate Keane noted that the intervention fund budget was currently managed by B4S and asked how it would be managed when the B4S contract ceased at the end of March. She expressed concern over the transparency of current arrangements, suggesting that some schools providing support had had difficulty in securing funding for that support. LM advised that funding would be managed jointly by the LA and phase councils.

Some concerns were expressed as to whether governors had been adequately informed about the development of the universal offer, although it was also noted that it was still very much at a development stage.

With the exception of one maintained primary school governor, maintained primary representatives expressed no objections to the proposed use of £70,000 of intervention fund budget to support universal offer infrastructure.

10 Schools Forum issues

Items for next meeting

To include

- Projected outturn 2018/19;
- SEND update;
- Initial discussion of likely items for consultation paper

The Chair reminded officers that they had promised to provide a draft consultation paper on 2020/21 funding changes for the July meeting.

LMcG aimed to arrange training for new members in April.

11 Any other business (if agreed by Chair in advance)

Meeting ended 4.10pm