

AGENDA



SCHOOLS FORUM

Date : Thursday 1st December 2016

Time : 4.30pm

Place : Badminton Road Offices, Ground Floor, Room 0012

Distribution

Members of the Committee

Rhona Allgood	Keith Lawrence (Chair)
Dave Baker	Louise Leader
Sally Bowd	Jim Lott
Mark Dee	Sarah Lovell
Pauline Dixon	Lisa Parker
Steve Forecast	Ann Reed (sub)
Mark Freeman	Max Reed
Kim Garland	Peter Smart
Elizabeth Gibbons	Paul Tanner
John Goff	Susie Weaver
Geoff Howell	Bernice Webber
Liz Jardine	Adrian Vye
Emma Jarman	

Appropriate Officers

Peter Murphy
Mustafa Salih
Helean Hughes

Councillors

Jon Hunt
Trevor Jones

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AGENDA

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|---|--|---------|
| 1 | WELCOME AND INTRODUCTIONS | 5 mins |
| 2 | APOLOGIES FOR ABSENCE | 5 mins |
| 3 | EVACUATION PROCESS | 5 mins |
| 4 | ANY OTHER ITEMS THE CHAIR DECIDES ARE URGENT | 5 mins |
| 5 | MINUTES OF THE MEETING ON 3 NOVEMBER 2016 | 5 mins |
| 6 | SCHOOL FUNDING ARRANGEMENTS FOR 2017/18 -
CONSULTATION 1 | 15 mins |
| 7 | SCHOOL FUNDING ARRANGEMENTS FOR 2017/18 -
CONSULTATION 2 | 15 mins |
| 8 | DATES OF FUTURE MEETINGS AND THE SCHOOLS
FORUM WORK PROGRAMME 2016/17 | 5 mins |
| 9 | ANY OTHER BUSINESS | 5 mins |

SCHOOLS FORUM
Thursday 3 November 2016
Badminton Road Offices

PRESENT:

Julia Anwar	Representing Dave Baker, Executive Headteacher, Olympus Academy Trust
Sally Bowd	Early Years Working Group (Voluntary Sector)
Simon Bowker	Chief Operating Officer, Cabot Learning Federation
Pauline Dixon	Primary Academy Governor, CSET
Mark Freeman	Headteacher, St Michael's CE VC Primary School
Kim Garland	Headteacher, Brimsham Green School
Elizabeth Gibbons	C of E Diocese
John Goff	Governor, New Horizons Learning Centre
Stuart Hill	Representing Rhona Allgood, CSET
Geoff Howell	Governor, Callicroft School – Academy Rep
Emma Jarman	SG &S College
Keith Lawrence	Governor, Culverhill School
Louise Leader	Headteacher, Pathways Learning Centre
Jim Lott	Governor, Tynings Primary School
Sarah Lovell	Senior Finance Manager, Cabot Learning Federation
Lisa Parker	Headteacher, Warmley Park School
Ann Reed	Governor, New Horizons Learning Centre and Culverhill
Max Reed	Governor, The Ridge School
Paul Tanner	Chair of Finance and Resources Committee, Olympus Academy Trust
Adrian Vye	Headteacher, St Michael's Primary, Winterbourne

Chair: Keith Lawrence

Councillor: Trevor Jones

Officers: Mustafa Salih, Interim Head of Financial Management and Business Support

Helean Hughes, Acting Head of Education, Learning & Skills

Suzanna Hinnel, Managing Director, Integra

Kate East – SEN Consultant

Tanya Smith, Planning & Development Manager

Tamsin Moreton – Integra Schools Finance

Davina Gibbon – Corporate Finance

1. WELCOME AND INTRODUCTIONS

Attendees were welcomed by the Chair

2. APOLOGIES FOR ABSENCE

Bernice Webber, Dave Baker, Liz Jardine, Peter Smart, Steve Forecast, Susie Weaver, Jon Hunt

3. EVACUATION PROCESS

The Chair drew attention to the emergency evacuation procedure

4. ANY OTHER ITEMS THE CHAIR DECIDES ARE URGENT

None.

5. MINUTES OF THE MEETING HELD ON 15 SEPTEMBER 2016

The minutes were agreed as a true record.

6. TRADED SERVICES – UPDATE

Suzanna Hinnell, Managing Director of Integra gave an update on Integra the new trading arm of South Gloucestershire Council.

Integra have worked with schools to develop the service, looking at what schools what and the academisation programme to move the service forward. There has been a positive response from schools since the change to Integra.

A three year business plan has been constructed and terms of reference have been redrafted.

Integra has been contacted by North Somerset and Bath and North East Somerset Councils traded wings to explore participating in sharing the delivery of services provided by small specialist teams. This would allow flexibility and greater surety in providing the service into the future.

Schools Forum were asked to direct any thoughts in improving or developing the service to her.

7. PUPIL NUMBER PROJECTIONS – UPDATE

Tanya Smith, Planning & Development Manager, gave an update on projected primary and secondary school pupil numbers in South Gloucestershire.

It was explained that it was good practice to maintain 8% surplus capacity to allow a level of flexibility to enable authorities to place pupils locally. Schools Forum stated that the 8% threshold should be challenged and whether the threshold could be lowered.

TS explained that from 2017 onwards there would be difficulty meeting the demands of parents for primary places and there were Areas where there were particular pinch points. Area 4, Filton, Bradley Stoke, Patchway and Stoke Gifford makes up half the growth in demand for places.

Secondary schools pupils were seeing sustained higher numbers feeding through from primary. Area 4 is expected to see a 30% increase in pupils. Growth is due to new house building. Developers will contribute to new secondary provision.

Schools Forum commented that the authority pupil projections need to be robust and appropriate funding allocated to schools where there is growth. There have been issues where breach funding has been agreed but pupils have not materialised which has had a knock on effect on the schools funding. TS stated that there is no guarantee that this situation would not recur in the future.

Schools Forum requested that data is reviewed as there appeared to be a discrepancy between figures 4 and 5.

TS confirmed that schools would revert back to their standard number after the bulge years had fed through.

The authority has a small capital programme but will endeavour to ensure that accommodation is fit for purpose.

Schools Forum requested Early Years pupil projections and TS confirmed that these would be made available.

Schools Forum requested that it would be useful to have the pupil places by area to see where there is place pressure.

**Agreed:
Schools Forum agreed to note the report**

8. SCHOOL FUNDING ARRANGEMENTS FOR 2017/18 – CONSULTATION 1

Mustafa Salih, Interim Head of Financial Management and Business Support presented the schools responses to the first schools consultation and requested the Schools Forum to agree to the proposals.

Concern was raised that schools and Schools Forum were being asked to agree to changes without modelling which would indicate the effect on each school. Updated data would not be available from the EFA until December and there would be insufficient time to undertake consultation and obtain political ratification before the authority was required to submit the schools funding return in January.

Schools Forum requested that they see school consultation comments. It was agreed that these would be presented at the next meeting

Agreed:

The Schools Forum agreed the following:

Primary Low Cost High Incidence (Prior Attainment): Proposal to weight Years 1 to 4 results so that there is consistency in allocating funding across all primary year groups

Secondary Low Cost High Incidence (Prior Attainment): Proposal to keep the Secondary Low Cost High Incidence total budget the same as 2016/1 by adjusting the funding rate

Varying pupil numbers – new schools/primary phase: Proposal to use the Autumn School Census pupil numbers and add 7/12ths of the planned September 2017 reception admission number (PAN)

MFG application to dis-apply regulation: Proposal to request a MFG disapplication where secondary schools and academies have admitted primary phase from September 2015

9. SCHOOL FUNDING ARRANGEMENTS FOR 2017/18 – CONSULTATION 2

Mustafa Salih, Interim Head of Financial Management and Business Support presented a paper on the second funding arrangements consultation with schools which proposes changes to schools funding to reduce the DSG overspend. The consultation follows on from work undertaken with a High Needs Working Group which looked at approaches that could be undertaken quickly to deal with the growing DGS overspend which is estimate to be £7.7m at the end of 2016/17. MS reported that the Authority needs to take action now to reduce the overspend and it cannot wait for the introduction of the National Funding Formula where the outcome is not known.

Schools have be three options:

Option 1: recovery of the overspend in one year. The scale of this reduction would cause significant financial turbulence in schools.

Option 2: recovery over a three year period. This is consistent with the timescale for recovering deficits from schools

Option 3: recovery over a four year period. This is the maximum recovery period the Director of Finance will allow.

MS to update the overspend figure at the next Schools Forum.

There was concern that the effect of the options on some schools was greater than others especially where schools are protected by the Minimum Funding Guarantee. MS responded that there could be an annual review to see if specific schools were affected and to remodel funding.

Schools Forum indicated that there were high levels of schools balances and that these should be also taken into account

There was concern that the overspend had not been identified earlier and that analysis was need to identify how the overspend had arisen, whether controls had failed and what action needs to be taken to prevent this recurring in the future. This will be the remit of a 2nd High Needs Working Group which will look at longer term changes. This group will meet on 17th November.

School Forum requested that the second working group have specific terms of reference including report back dates to Schools Forum and that participation should be from all school sectors including early years. Volunteers for the 2nd High Needs Working Group were requested. Kim Garland, Louise Leader, Sarah Lovell and Paul Tanner volunteered.

10. DATES OF FUTURE MEETINGS AND THE SCHOOLS FORUM WORK PROGRAMME 2016/17

The work programme was reviewed

11. ANY OTHER BUSINESS

None

Meeting closed at 18.20

South Gloucestershire Council

SCHOOLS FORUM

1 DECEMBER 2016

SCHOOLS FUNDING ARRANGEMENTS FOR 2017/2018 – CONSULTATION 1

Purpose of Report

1. To consult on proposals regarding the Schools Funding Formula for 2017/18.

Policy

2. Local Authorities must distribute funding to their maintained schools using a formula which accords with the regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. The financial controls within which delegation works are set out in the Scheme for the Financing of Schools.

Background

3. The Department for Education (DfE) has announced that the introduction of the national funding formula for schools will be deferred by a year to 2018/19. The DfE has announced that it will launch a second related consultation with local authorities, schools, academies and other interested bodies during the autumn of 2016/17.
4. In the interim, the DfE has introduced a small number of changes to funding for 2017/18 and this report takes into account those changes and where applicable sets out related proposals.
5. The funding proposals contained in this report follow a consultation undertaken with all Schools.

Proposal Regarding Primary Low Cost High Incidence (Prior Attainment)

5. The Early Years Foundation Stage Profile (EYFSP) changed in 2013 from those who did not achieve 78 points to pupils not achieving a good level of development. Since the introduction of the new measure, the EFA has allowed LAs to weight results to ensure that funding delivered through the prior

attainment factor is not disproportionately affected by the year groups assessed under the new framework. South Gloucestershire has weighted the new measure results.

6. Attainment data for the 2017/18 formula is not yet available but it is anticipated that this anomaly will continue. The 2017/18 formula will incorporate four years data on pupils not achieving a good level of development and the EFA has indicated that they will continue to allow weighting to ensure that funding allocated to the primary prior attainment factor is not disproportionately affected by year groups 1 to 4 assessed under the new framework.

It is proposed to weight Years 1 to 4 results so that there is consistency in allocating funding across all primary year groups

Proposal Regarding Secondary Low Cost High Incidence (Prior Attainment)

7. In 2016 KS2 assessments are the first which assess the new, more challenging national curriculum. At a national level, a higher number of the year 7 cohort in financial year 2017/18 will be identified as having low prior attainment. The EFA intend to use a national weighting to ensure that this cohort does not have disproportionate influence within the overall total.
8. The weightings are not yet available but local authorities will not be able to adjust this weighting at a local level. The DfE has indicated that Local Authorities should adjust the secondary low attainment rate to maintain their low prior attainment funding at previous year's levels.

It is proposed to keep the Secondary Low Cost High Incidence (prior attainment) total budget the same as 2016/17 by adjusting the funding rate.

Proposal Regarding Varying pupil numbers – new schools/primary phase

9. School regulations require that LA's should estimate pupil numbers for all schools and academies where they have opened in the previous seven years and are still adding year groups. Bradley Stoke, King's Oak, Lyde Green and Wallscourt Farm academies are growing schools and the EFA will request revised pupil numbers.

It is proposed to use the Autumn 2016 School Census pupil numbers and add 7/12ths of the planned September 2017 reception admission number (PAN)

Proposal Regarding Minimum Funding Guarantee (MFG) application to dis-apply Regulations

10. There are two all through academies that began admitting primary aged pupils from September 2015 and are building up numbers. Currently, the pupil unit rate in the MFG calculation for these schools is weighted towards secondary pupils. As the number of primary pupils increases there may be over protection as secondary pupils attract higher per pupil funding. For 2016/17 the Schools Forum agreed to request a MFG disapplication. This was subsequently agreed by the DfE.

It is proposed to request the DfE to agree a MFG disapplication for 2017/18 where all through schools and academies are building up primary phase numbers

Early Years Block funding changes 2016/17

11. It is proposed that there is no change to the Early Years Single Funding Formula subject to any changes that may be required as a result of the current consultation being undertaken by the DfE regarding the introduction of a National Early Years Single Funding Formula. The outcome of that consultation and any resulting changes are not known at this stage.

Summary of Consultation Outcome

12. The following table summarises the outcome of the Consultation undertaken with Schools and the proposed recommendations that will be put forward to the Children Adults and Health Committee on 7 December 2016 for approval:

Table 1

		Number of Responses					
1	Primary Low Cost High Incidence (Prior Attainment): Proposal to weight Years 1 to 4 results so that there is consistency in allocating funding across all primary year groups. The DfE changed the way that prior attainment is measured for funding purposes and the DfE therefore advised LAs that they may wish to consult with Schools to adjust the formula factors to ensure that the funding formula continues to act as it was intended to, which is to direct funding as the prior attainment need of pupils changes rather than be influenced by a change in the way prior attainment is measured:						
			Primary	Secondary	Special	Total	Recommendation
		Agree	21	4	1	26	AGREE
	Disagree	6	2	0	8		
2	Secondary Low Cost High Incidence (Prior Attainment): Proposal to keep the Secondary Low Cost High Incidence total budget the same as 2016/17 by adjusting the funding rate. The DfE changed the way that prior attainment is measured for funding purposes and the DfE						

	therefore advised LAs that they may wish to consult with Schools to adjust the formula factors to ensure that the funding formula continues to act as it was intended to, which is to direct funding as the prior attainment need of pupils changes rather than be influenced by a change in the way prior attainment is measured.					
		Primary	Secondary	Special	Total	Recommendation
	Agree	19	4	1	24	AGREE
	Disagree	6	2	0	8	
3	Varying pupil numbers – new schools/primary phase: Proposal to use the Autumn 2016 School Census pupil numbers and add 7/12ths of the planned September 2017 reception admission number (PAN). 2017/18 School funding allocations are based on the October 2016 census data; this would mean that for schools that are expanding from September 2017 those additional pupils would not generate any funding. This proposal is to vary the normal formula mechanism and recognise the additional pupil numbers expected to ensure adequate funding is generated for those expanding schools:					
		Primary	Secondary	Special	Total	Recommendation
	Agree	22	4	1	27	AGREE
	Disagree	6	2	0	8	
4	MFG application to dis-apply regulations: Proposal to request a MFG disapplication where secondary schools and academies have admitted primary phase from September 2015. The formula has been developed to fund secondary age pupils at a higher rate than primary pupils. For the two all through Schools that are building up numbers at the primary age range their funding per pupil would therefore reduce each year as more of the lower funded pupils enter the School. This would ordinarily mean that the MFG would be triggered and protect those Schools, which would be at odds with how the Formula has been developed to work. This proposal is therefore to vary the MFG for these 2 cases:					
		Primary	Secondary	Special	Total	Recommendation
	Agree	19	4	1	24	AGREE
	Disagree	7	2	0	9	

13. Based on the responses received from schools the Forum is recommended to agree the proposals as per the Recommendation column in the table above.

Return to the Education Funding Agency

14. There is a requirement to make a return to the Education Funding Agency (EFA) on 20 January 2017, of the factors that will be used in the allocation of the schools block.

Consultation

15. Consultation has taken place with schools and the Schools Forum. Table 1 in this report provides details of the responses received from Schools. Appendix A shows all the comments received from Schools as part of the consultation process.

16. The recommendations are in accordance with the schools responses.

Financial Implications

17. The School Finance Regulations set out the arrangements which Local Authorities must follow when allocating the DSG funding to schools.

18. As the support for schools and other pupil related services expenditure is funded by the dedicated schools budget there is no charge to the Council Budget. Hence there is no charge to the Council Tax payer.

19. The DSG is forecast to overspend in 2016/17. Any overspend will need to be recovered from future year DSG funding.

Legal Implications

20. There is a legal requirement for the local authority to

- submit the final school pro-formas and underlying data to the Education Funding Agency by the 20 January 2017.
- confirm with schools their budget allocations for 2017/2018 by 28 February 2017

21. The Chief Financial Officer, after the end of the financial year, must confirm to the DfE that the grant conditions have been met.

RECOMMENDATIONS

1) The Schools Forum is asked to note and approve the proposals and recommended actions set out in Table 1 of this report.

Author

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Appendices

Appendix A – Schools' Consultation Comments

Background Papers

1. Letter to Schools – School Funding Arrangements for 2017/2018 - dated 17 September 2016.
2. Education Funding Agency Paper – Schools revenue funding 2017 to 2018 – Operational guide – dated July 2016

Schools Funding Arrangements Consultation 1
Responses 2017/2018

School Name	Q No.	Comments
Cadbury Heath Primary		We do not feel able to comment on secondary proposals
Little Stoke Primary		The LSPS Gov Body is concerned about the reduction of the Duties Funding Rate via the ESG from 2017 - the implications for schools in deprived areas are significant. We feel that there is a clear limit to the extent to which we can be asked to do 'more' with 'less'.
		Apprenticeship Levy - concern that the costs are being passed to schools when we have no influence on quality, managing workload capacity for teachers and costs of offerering further training.
		Clearly we are concerned that the funding changes have been deferred.
		High Needs Funding: We have high SEN needs as a school and while we recognise budgets are overspent a further cut to funding direct to school will restrict the support we can offer - in a climate of high academic expectations!

Staple Hill Primary	Q1	Require more information.
Olympus Trust: Abbeywood, Bradley Stoke, Callicroft Primary, Charbourough Road Primary, Filton Hill Primary, Meadowbrook Primary and Stoke Lodge Primary	Q1 & 2	There is insufficient information provided to explain how these changes will affect individual school budgets. In order to agree to the proposed change we would like to see a worked model using the new figures and how they impact on each school. We would then be able to make an informed decision.
	Q3	Varying pupil numbers – again there is no explanation how this might affect schools.
	Q4	The two schools that admitted a primary phase in September 2015 are already disadvantaged as they do not receive the lump sum for the primary phase. Despite support received from the Schools Forum the secondary phase is currently subsidising the primary phase. We do not agree to any further changes that might disadvantage them further.

South Gloucestershire Council

SCHOOLS FORUM

1 DECEMBER 2016

SCHOOLS FUNDING ARRANGEMENTS FOR 2017/2018 – CONSULTATION 2

Purpose of Report

1. To consult on proposals regarding the Schools Funding Formula for 2017/18.

Policy

2. Local Authorities must distribute funding to their maintained schools using a formula which accords with the regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. The financial controls within which delegation works are set out in the Scheme for the Financing of Schools.
3. The Schools Forum has a key responsibility to act as a consultative body with the local Authority on the strategic financial management of the Schools Budget and the DSG. A key priority in this area is to take decisions that ensure sound financial management of the Schools Budget.

Background

4. This report sets out the proposed actions to resolve the Dedicated Schools Grant (DSG) budget deficit that has increased over the last 2 years.
5. The funding proposals contained in this report were the subject of a consultation with all Schools. The outcome of this consultation is set out in this report.

DSG Overspend

6. In 2015/16 the Schools Budget, which is 100% funded by the ring-fenced DSG overspent by £1.2m and the cumulative overspend is forecast to reach £7.7m by the end of March 2016/17.
7. The overspend across each DSG Block is shown in Table 1 below:

Table 1

	DSG Budget 2016/17	Forecast Expenditure 2016/17	Forecast Over(+)/ Under(-)spend
	£000	£000	£000
Schools Block	149,559	151,503	1,944
High Needs Block	27,793	33,583	5,790
Early Years Block	12,007	12,007	0
Total	189,359	197,093	7,734

8. The main areas/causes of the overspend are as follows:

- **Schools Block:** £1,675k costs related to the closure of the Grange School. While the closure would have benefited other Schools who gained additional pupils and therefore funding and avoided redundancy costs of their own there are residual costs arising from the School's ongoing deficit and redundancy costs. This has to be covered from within the overall level of DSG Funding. The remainder of the Schools Block overspend (£269k) relates to breach payments to Schools that have expanded to cope with demand in specific areas.
- **High Needs Block:** the areas of overspend within this Block are:
 - Stated Support: £1,523k
 - Post 16 Placements: £2,204k
 - Independent/Non-Maintained Placements: £1,021k
 - Special Schools and Resource Bases: £917k
 - Early Years High Needs Support: £125k

9. South Gloucestershire's DSG funding is currently the sixth lowest in England and is of major concern to the Council and no doubt to Schools. This relatively low level of funding has increased the pressure on the DSG and the Council is taking every action it can to raise this matter with central government. The Council is an active member of the F40 campaign group that represents the 40 lowest DSG funded local authorities. This group has been active in making the case for extra funding for LAs like South Gloucestershire.

10. The Leader of the Council has also recently written to the Secretary of State for Education to set out the challenging position facing South Gloucestershire Schools. The government's response to the leader's letter is attached as Appendix A. The letter offers very little prospect of additional funding to help resolve the historic underfunding and also highlights a view held by ministers that the recent baselining exercise conducted by the DfE went some way to resolve the pressures on High

Needs Block Spending when in reality this exercise simply moved money between each Authority's DSG Blocks rather than bringing in any additional funding.

11. The Council will also be working with the Schools Forum to take a more robust position on Schools with large balances as it would not be right for some Schools to be faced with more severe reductions while other Schools are potentially sitting on excessive balances.

Proposals Regarding the DSG Deficit Recovery Plan

12. The regulations relating to the DSG state that any overspend of the DSG should be carried forward and become the first call in setting next year's DSG Budget. The Schools Forum has been working in conjunction with the Council to develop a plan to recover the deficit over a reasonable time scale with the formation of two Schools Forum Working Groups. The first group looked at developing short term measures to start reducing the growing overspend and this report takes into account the measures this group has identified.
13. A second group is looking at longer-term measures that will involve reviewing all aspects of SEND funding for Schools. Any proposals flowing out of this group's work would be the subject of further consultations with the Schools Forum, all schools and reported to the Children Adults and Health Committee. The Second Group met on 17 November and the outcome from that initial meeting is set out in Appendix B and C.
14. The Short Term Measures Group reviewed three DSG deficit recovery options for 2017/18 and beyond, which are set out in this report. Each option assumes a realistic increase in DSG each year.
15. For all options any required reduction in funding has been spread evenly across the Mainstream School sector and the Special Schools/Resource Base sectors based on current spending levels. For example Option 2 reduces funding for mainstream Schools by 2.1% and similarly reduces funding for Special Schools/Resource Bases by 2.1%.

Option 1

16. Recovery of the deficit in one year by making the deficit the first call on next year's DSG Budget. The financial impact over the coming years would be as follows:

Table 2

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
DSG Budget	188,077	189,359	190,650	191,949	193,258	194,575
In-Year DSG Expenditure	189,581	195,878	195,878	182,916	191,949	193,258
Reduction in Expenditure - Target			-12,962	9,033	1,309	1,317
Net Expenditure	189,581	195,878	182,916	191,949	193,258	194,575
In-Year Over(+)/Under(-) spend	1,504	6,519	-7,734	0	0	0
Opening DSG Reserve Over(+)/Under(-) spend	-289	1,215	7,734	0	0	0
Closing DSG Reserve Over(+)/Under(-) spend	1,215	7,734	0	0	0	0

17. This option shows that to recover a deficit of £7.734m in one year would require a reduction in funding for Schools of £12.962m in 2017/18. The advantage of this approach is that future years would not require further reductions and some growth could potentially be passed onto schools in 2018/19 and beyond. However the scale of reduction in one year would cause severe financial turbulence for Schools and was therefore not an option that was put forward for consultation with Schools but it does highlight the challenging scale of the problem and the need to take action as soon as possible.

Option 2

18. This option shows a longer term recovery period with an initial reduction in funding of £3.5m in 2017/18 and further reductions of £3.5m in 2018/19 and £2m in 2019/20.

Table 3

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
DSG Budget	188,077	189,359	190,650	191,949	193,258	194,575
In-Year DSG Expenditure	189,581	195,878	195,878	192,378	188,878	186,867
Reduction in Expenditure - Target			-3,500	-3,500	-2,011	7,708
Net Expenditure	189,581	195,878	192,378	188,878	186,867	194,575
In-Year Over(+)/Under(-) spend	1,504	6,519	1,728	-3,071	-6,391	0

Opening DSG Reserve Over(+)/Under(-) spend	-289	1,215	7,734	9,462	6,391	0
Closing DSG Reserve Over(+)/Under(-) spend	1,215	7,734	9,462	6,391	0	0

19. The advantages of this option is that the reduction in 2017/18 is more manageable at £3.5m and the DSG is brought back into balance over the next 3 years which is the normal time scale for recovering deficit budgets for Schools. This allows for some growth to be added back to School Funding in 2020/21.

Option 3

20. This option sets out a smaller reduction in 2017/18 of £2m but a longer recovery period with balance being achieved in 2020/21. Further reductions of around £2m each year would be required over 2018/19 to 2020/21.

Table 4

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
DSG Budget	188,077	189,359	190,650	191,949	193,258	194,575
In-Year DSG Expenditure	189,581	195,878	195,878	193,878	191,878	189,878
Reduction in Expenditure - Target			-2,000	-2,000	-2,000	-2,814
Net Expenditure	189,581	195,878	193,878	191,878	189,878	187,064
In-Year Over(+)/Under(-) spend	1,504	6,519	3,228	-71	-3,380	-7,511
Opening DSG Reserve Over(+)/Under(-) spend	-289	1,215	7,734	10,962	10,891	7,511
Closing DSG Reserve Over(+)/Under(-) spend	1,215	7,734	10,962	10,891	7,511	0

21. This option represents the minimum reduction needed to meet the Council's current budget strategy; any longer recovery period would not be sustainable within the Council's Medium Term Financial Plan.

Return to the Education Funding Agency

22. There is a requirement to make a return to the Education Funding Agency (EFA) on 20 January 2017, of the factors that will be used in the allocation of the schools block.

Consultation

23. The consultation with schools closed on 18 November and the outcome is shown in Table 5 below. The comments received from Schools are set out as Appendix D.

Table 5

		Number of Responses				
		Primary	Secondary	Special	Total	Recommendation
1	Deficit Recovery Plan:					
	Option 2 Preferred	3	0	0	3	
	Option 3 Preferred	30	8	3	41	AGREE

24. The Schools Forum through this report is being consulted on which option is taken forward to base the 2017/18 Schools Budget on.
25. Officers will communicate the view of all Schools and the Schools Forum to the 7 December 2016 Children Adults and Health Committee which will make the final decision on which option is taken forward.
26. Based on the consultation responses from Schools Option 3 is the most preferred option and that is the option that will be presented to the 7 December 2016 Children's Adults and Health Committee for approval. Table 6, 7 and 8 below set out the mainstream formula funding rates, the mainstream high needs top up rates and the Special Schools, Resource Bases and Alternative Provision top up rates based on Option 3. The Schools Forum is also being consulted on these funding rates through this Report.

Table 6

Factor	Criteria	Notional 2017/18 Rates Based on 2016/2017 DSG £000s	2016/2017 Rates £000s	Notional Amount to be Allocated Based on 2016/2017 DSG £000s
1. Basic per-pupil entitlement	Rates for Primary Key Stage 3 and Key Stage 4	2,475 3,919 4,172	2,511 3,976 4,233	108,803
2. Deprivation	Pupils entitled for free school meals Primary Secondary	629 833	638 845	2,124
3. Looked After Children	Based on pupils looked after for one day or more	519	527	64
4. Low Cost, High Incidence Special Educational Needs	Primary Sector – Early Years Foundation Stage Profile all year 4 – 7 pupils who do not achieve 78 points. For all year 1-4 pupils who have not achieved a good level of achievement. Secondary Sector all pupils who do not achieve Level 4 or above in either English or Maths at Key Stage 2	1,096 1,780	1,112 1,806	9,633
5. English as an Additional Language (EAL)	Pupils with EAL and who have entered compulsory education within the last 3 years			1,201

Factor	Criteria	Notional 2017/18 Rates Based on 2016/2017 DSG £000s	2016/2017 Rates £000s	Notional Amount to be Allocated Based on 2016/2017 DSG £000s
	in England. Primary Secondary	935 935	948 948	
6. Lump Sum	A single rate for all schools Primary Secondary	167,026 167,026	169,484 169,484	18,206
7. Split Sites	Applicable for one primary school	92,081	93,436	92
8. Business Rates	Based on actual cost	Various	Various	2,039
9. Exceptional circumstances	Allocation of rent funding on actual basis for one primary school	Various	Various	6
10. Minimum Funding Guarantee	School losses capped at 1.5% and school gains restricted to 16%	Various	Various	538
TOTAL				142,706

Table 7

Mainstream Top Up Funding		
	2016/17 rate £	2017/18 rate £
For 106 units and above:		
0-105 units	33.33	32.16
106 units and above	100.00	96.50
High Incidence Threshold	1.25%	1.3%

Table 8

Resource Base, Special Schools and Alternative Provision Top Up rates		
Band	2016/17 rate £	2017/18 rate £
1	1,000	976
2	2,500	2,441
3	4,500	4,393
4	6,000	5,858
5	8,000	7,810
6	11,000	10,739
7	12,500	12,204
8	14,500	14,156
9	19,000	18,550
10	21,000	20,502
11	27,000	26,360
12	31,000	30,265

Financial Implications

27. The School Finance Regulations set out the arrangements which Local Authorities must follow when allocating the DSG funding to schools.
28. As the support for schools and other pupil related services expenditure is funded by the dedicated schools budget there is no charge to the Council Budget. Hence there is no charge to the Council Tax payer.
29. The DSG is forecast to overspend in 2016/17. Any overspend will need to be recovered from future year DSG funding.

Legal Implications

30. There is a legal requirement for the local authority to:
- submit the final school pro-formas and underlying data to the Education Funding Agency by the 20 January 2017.
 - confirm with schools their budget allocations for 2017/2018 by 28 February 2017
31. The Chief Financial Officer, after the end of the financial year, must confirm to the DfE that the grant conditions have been met.

RECOMMENDATIONS

The Schools Forum is asked to note this report and:

- 1) Express its preference, out of Option 2 and 3, of the DSG Deficit Recovery Plans presented in this Report,
- 2) Set out any further comments it would like the 7 December Children's Adults and Health Committee to be aware of,
- 3) Provide its views on the School Formula Funding Rates set out in this Report in tables 6, 7 and 8.

Author

Mustafa Salih, Interim Head of Financial Management and Business Support
Tel: 01454 863197

Background Papers

3. Letter to Schools – School Funding Arrangements for 2017/2018 - dated 17 September 2016.
4. Education Funding Agency Paper – Schools revenue funding 2017 to 2018 – Operational guide – dated July 2016

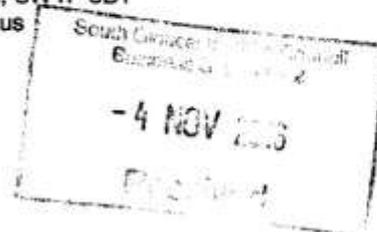


2016-0046860POGibb

Nick Gibb MP
Minister of State for School Standards

Sanctuary Buildings, 20 Great Smith Street, Westminster, London, SW1P 3BT
tel: 0370 000 2288 www.education.gov.uk/help/contactus

Councillor Matthew Riddle
Leader, South Gloucestershire Council
The Civic Centre
High Street, Kingswood
South Gloucestershire
BS15 9TR



Your ref: MR/MS/sos school funding sgc

31 October 2016

Dear Councillor Riddle,

Thank you for your letter of 10 October, addressed to the Secretary of State, regarding school funding in South Gloucestershire. I am replying as the Minister of State for School Standards.

We have protected the core schools budget in real terms so that, throughout this parliament, it will increase as pupil numbers rise. We are introducing the national funding formula from 2018-19 because we believe that all pupils should be funded at the same rate, no matter where they live. The funding system needs to be fair, with funding transparently matched to schools' and children's needs.

It is important that we get school funding right, particularly at a time when schools are facing pressures on their budgets. The national funding formula will remove the current unfairness, and mean that head teachers are better able to manage their budgets with greater certainty about their funding over a longer period.

We recognise that this is a once in a generation opportunity for an historic change, and that we must find the correct approach to implementing these reforms. We will, therefore, publish our full response to the first stage of the schools and high needs consultation, and set out our proposals for the second stage of consultation later in the autumn. We will run a full consultation and then make final decisions early in the new year. We recognise the importance of consulting widely and fully with the education sector to implement the formula, and so the new system will apply from 2018-19.

We appreciate that the decision to introduce the national funding formula in 2018-19 came as a disappointment to several areas. As local authorities' funding levels for the forthcoming financial year are usually confirmed in July, to introduce the national funding formulae in 2017-18 would have meant prolonged uncertainty for schools and local authorities during autumn 2016 whilst the formulae were finalised. It would also have compromised the time available for subsequent agreement to local formulae, and therefore delayed confirmation of final school allocations for 2017-18.

In the interim, we believe it is important that schools and local authorities have the information they need to plan ahead for the coming year. We have confirmed arrangements for funding in 2017-18, making minimal changes to the rules by which local authorities set the funding formula for their schools, and protecting local authorities' per pupil funding in the schools and high needs blocks. Local authority allocations for 2017-18 will be finalised in December as usual.

I note your concerns about additional budget pressures facing schools, and we know that many schools have worked hard up to this point to find efficiencies. We will continue to provide support to help schools improve their financial health. A range of information, guidance and tools is available at: tinyurl.com/hutwg36.

With regard to your concerns about South Gloucestershire's high needs block, we have announced that we will provide local authorities with a high needs funding allocation for 2017-18 based on how much they are spending in 2016-17, plus an additional uplift. These uplift amounts will be set out by December.

I was interested to read the information you have provided on the underlying reasons for the pressures on your local authority's high needs budget. In addition to our work to make high needs funding fairer in the future, we are committed to supporting local authorities as they seek to implement different aspects of the Children and Families Act.

With best wishes.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nick Gibb', written in a cursive style.

Nick Gibb MP

**High Needs Working Group
Thursday 17 November 2016
Badminton Road Offices**

PRESENT:

Erica Wolstenholme	SENCO, Bradley Stoke Community School
Kim Garland	Headteacher, Brimsham Green School
Lisa Parker	Headteacher, Warmley Park Special
Louise Leader,	Headteacher, Pathways Learning Centre
Paul Tanner	Chair of Finance and Resources Committee, Olympus Academy Trust
Sally Bowd	Early Years Working Group (Voluntary Sector)

Chair: Kate East SEN Consultant

Officers: Sonya Miller, Head of Integrated Children's Service
Mustafa Salih, Interim Head of Financial Management and Business Support
Helean Hughes, Acting Head of Education, Learning & Skills
Sarah Hayes, strategic Lead SEND and PEP
Davina Gibbon – Corporate Finance

Apologies:

Sarah Lovell, Cabot Learning Federation
Peter Smart, Headteacher, The Castle School

Terms of Reference

The group agreed the terms of reference. The frequency of meeting and timelines to be agreed at the next meeting. There should be at least one 2 hour meeting before the Christmas break. It was felt that initial meetings would be of greater frequency and longer to get High Needs review up and running.

It was agreed that there should be greater primary representation on the working group. Post 16 representation was also requested (one of the colleges – SGS?)

High Needs Block and the 0-25 Service

Briefing paper provided an overview of the High Needs areas to be covered. The paper was agreed but the section Early Years High Needs Support was to be rewritten by SM/KE.

Need to be mindful of the EY funding changes and how this might impact on the review. Also early intervention (spend to save) should be considered.

HIGH NEEDS BLOCK AND THE 0 – 25 SERVICE

The Schools Forum has requested that the sub group consider the longer term activities that need to be undertaken to ensure that the High Needs Funding Block (HNFB) is managed robustly.

Vision Statements:

Children and young people are supported to go to school and live with their families in their local communities

- **Local First ensuring that all local provision is prioritised and explored for placement of young people before out of area provision is considered.**
- All local settings, schools, colleges and post 16 settings provide inclusive high quality teaching and learning for all children and young people
- Clear pathways exist across all provision ensuring that children and young people can access mainstream and specialist provision across their local communities at different stages during their education
- Local options for local children and young people through local provision that is adapted where required to meet their needs and nurture their potential through making reasonable adjustments
- All settings, schools, colleges and post 16 settings can commission high quality specialist services for SEN and disability
- The child and the family are central to all decision making
- Interventions to support children and young people with SEN and disability to overcome barriers to learning and deliver positive outcomes
- All vulnerable children and young people have their needs met in our settings, schools, colleges and post 16 providers with appropriate opportunities for movement across provisions within the local authority
- Equality of access to a broad range of specialist provision across the local area and employment opportunities within their community
- Professionals work across agencies to ensure that the needs of children and young people with Education Health and Care Plans (EHCPs) make progress, achieve in our schools and are happy and healthy
- Communities to celebrate diversity and value differences

HNFB has to be managed as a whole as changes in one area can easily have a negative and sometimes unexpected impact on another SEND area. South Gloucestershire has a lack of specialist school places for children and young people with SEND of all ages. There is also limited specialist early settings places. This results in pressure across the SEND system and can result in more costly placements having to be made.

A key area of work is pathways as it is at the heart of many of the associated issues, e.g. local offer pathways designed by SEND need category, decision making, panels, communication, relationships with health and other stakeholders, etc. Work has started in reviewing the current arrangements, including the role and interface with the Access and Response Team (ART), thresholds for an EHC Needs Assessment and tiered panel arrangements.

As you are already aware the HNFB is currently projected to be overspent at the end of the year in a number of areas. These include:

- Post 16 High Needs Placements
- Education Health and Care Plans (ECHPs) – Statemented Support
- Education Out of Authority Placements (up to 16)
- Special Schools
- Resource Bases
- Early Years High Needs Support

Overview of Proposed Areas for Action

1. Promoting inclusion in South Gloucestershire School

Sharing a vision across all schools and early years' settings to support children and young people with the most complex SEND needs in our local schools and settings.

Reducing the number of permanent exclusions (especially within the primary age range).

Supporting the early years sector to manage children with complex needs at their local early years providers.

Commissioning services that support children to stay in their local schools

2. Education Health and Care Plans (ECHPs) – Statemented Support

Work with schools, academies and settings to ensure that only the most complex pupils are referred to the 0-25 panel for consideration of an EHC needs assessment.

Support schools and academies to sustain a higher number of pupils from within their own delegated SEND resources at SEN Support.

Support schools and academies to successfully include more complex pupils in mainstream schools reducing the demand on specialist placements.

Review the current arrangements of matrix funding for pupils with Statements and EHC plans and implement a simpler process.

Complete a business case to assess the value (and risks) of “early intervention funding” which can be allocated without an EHC plan being in place.

3. Special Schools and Pathways Learning Centre (PLC)

All current 370 and future allocations to special school bandings will be robustly moderated to ensure that pupils are placed in the correct bandings/funding level.

Ensure that the bandings are fit for purpose (including access to therapies) and that all 12 bands can be used to meet need across the special schools.

Reform the social care team within the 0-25 service to provide a dedicated 'transition' pod. Concentrate on ensuring reviews of plans from Year 9 onward consider appropriate social care as part of the EHC plan.

Review the funding process and bands for pupils placed at the PLC. Develop the outreach role for the PLC.

Support the development of the SGS Pegasus School at Patchway and proposed Special School for SLD and PMLD pupils (DfE EOI submitted 11/11/16).

4. Resource Bases

Review all pupils placed in resource bases to ensure that placements are appropriate and meet SEND need.

Review the banding levels for resource bases as these are deemed to be high in some instances.

5. Early Years High Needs Support

Ensure that funding is provided to support early years settings to meet the needs of complex children.

Identify nursery places that can meet the needs of children with severe and complex SEND

6. Education Out of Authority Placements

Work with our local schools, academies and early years settings to "restrict" the requests for out of authority placements.

Develop more local specialist places for children and young people with autism and severe learning difficulties.

Review all current out of area placements to ensure quality of provision, delivery of outcomes and value for money. Terminate placements where evidence is not conclusive. Be ready for a higher number of SEND tribunals.

7. Post 16 High Needs Placements

All placements in independent and non-maintained post 16 provision to be reviewed by the 0-25 team with a view to identify local alternative provision.

Work with the local special schools to help identify local pathways therefore avoiding the need for placements at independent specialist provision at post 19. Set up post 19 provision within our special school community.

New requests for independent and non-maintained post 16/post 19 provision to be scrutinised by the newly constructed Multi Agency Resources and Placement Panel (MACAP) panel which is chaired by the Head of Integrated Children's Service.

Review the current arrangements of funding for students with EHC plans at our local colleges.

8. Current and future role of the Schools Forum in relation to the HNFB

Agree a monitoring role for the Schools Forum that is robust to deliver the agreed actions and monitors spend on a regular basis.

Schools Funding Arrangements Consultation Responses 2017/2018

Cost Centre	School Name	Comments
CLF	Cabot Learning Federation (Hanham Woods Academy, Wallscourt Farm Academy, Kings Oak Academy, Digitech Studio School, John Cabot Academy)	The recovery of the deficit should be spread over a long a period as possible to not detrimentally affect the South Gloucestershire Schools. Is there another option regarding the recovery of the deficit for The Grange of £1.675 million? Is there a way of obtaining additional funding when a school is closed?
NEW	New Siblands	In arriving at our preference for Option 3, we are mindful of the separate piece of work to look at Special Schools and Resource Base Top Up Funding, that is currently being considered by a working party at the schools forum.

TOR	Tortworth Primary	Governors felt this really penalised small schools who work hard to maintain a balanced budget, even though they often have a high percentage of SEND pupils. This funding reduction will mean staffing cuts to maintain a balanced budget in the coming years and this will have consequences on the level of provision for our children.
LSP	Little Stoke Primary	<p>Unable to find a 'disagree' box so have reluctantly set on Proposal 3.</p> <p>However, we are concerned that as a school with a high % of SEND pupils with a wide range of academic and social/emotional needs, any reduction in top up rates will hit us hard and will not be sustainable even in the short term. It seems unacceptable that schools working with some of the most challenging children will suffer unreasonably from these changes. In addition, schools not reaching the high incidence threshold will not suffer financially to the same degree.</p> <p>We are concerned that the county wide SEND needs were not predicted and that as a result of securing some, much needed funding for pupils with the highest level of need we will now be financially disadvantaged over the next 3 years.</p> <p>There are a number of schools that carry forward a high surplus at the end of the financial year and so will have a buffer to cope with these financial burdens. We are a school that spends virtually all of its income on pupil provision. We do not have a carry forward buffer to absorb these changes and therefore services that we offer pupils will be directly affected as soon as the alterations to funding are put in place.</p> <p>Alternative Proposal - we suggest that repayments are deferred in order to wait for the gains that are likely to come with the Fair Funding Formula. These gains are then used to redress the financial imbalance. Lower level repayments could start from next financial year at £1m of overall school grant and reduce top-up rates by 1%. The increase in high incidence threshold could remain at 1.3%.</p>

SMY	St Mary's Yate	<p>Governors are not happy that we have been put in this position and would disagree with ANY cuts from schools, if this were an option.</p> <p>They would like to request further information about the nature of the overspend. Whilst they can see that unforeseen problems, such as the closure of The Grange, have cost the council considerable money, they are unsure as to how placements (of either post-16 type or Independent type) have overspent to the tune of £3M.</p> <p>They would therefore like to request more clarification on these areas, and the rest of the overspend in the High Needs Block.</p> <p>In addition, governors would like some assurances that these areas will be more heavily scrutinised in their spending and no further overspends will be passed on to schools.</p> <p>This is a lose-lose consultation, with our school budgets unable to cope with this kind of cut-back and loss.</p>
PLC	Pathways Learning Centre	<p>The context of this overspend has not been fully shared or communicated and PLC would like to make the following points:</p> <p>(*comments below are based on the figures shared prior to the latest figures, but the principles still apply)</p> <ul style="list-style-type: none"> • Of the £5,584,000* overspend £1.2m is a carry over. Therefore actual overspend is £4,384,000*.

- Post 16 placement £2,511,000 overspend. It needs to be stipulated that this is due to lack of SG places and increased demand for places. Therefore until this issue is addressed strategically and with a long term solution, this overspend should be shared across all schools equally. The same applies to the Independent and non-maintained special school overspend of £865,000. Inevitably, schools' forum need to be aware that any reduction in budget for special schools will, in all probability, increase the out of authority places and associated high costs. e.g.. The average cost of a student at PLC or New Siblands School is £21k, compared to £57k for the equivalent out of authority independent provider.
- Special schools - £857,000 – There is no clarity regarding the % split in the over spend as a result of increased demand OR increased need. There is absolutely no evidence to say that the over spend is the 'fault' of special schools. How many additional pupils were special schools asked to take? e.g.. The number of pupils in special schools is up from 337 to 370. The increase of 33 pupils alone could represent an increase of £693,000 based upon the average cost in special schools. (£21k)
- Due to the very high need of support required for students in special schools, staffing costs are considerably higher as a percentage of total budget spend than in mainstream. e.g. The average % of total budget for direct staff costs in special schools in SG is 86%. Any reduction in special schools' budgets will inevitably mean losing people, rather than reducing costs across other areas.
- The increase in the number of students attending SG special schools, whilst increasing costs, has reduced the overall spend of expensive out of authority placements. (average £68K per pupil, plus travel costs)

Queries:

- Confirmation that the proposed figures represent a real time reduction in funding for all schools in SG that is fair for everyone. i.e.. The same overall % reduction across all SG schools.

		<ul style="list-style-type: none"> • Confirmation by Schools forum that the strategic review will also consider the immediate review of all out of authority placements and suitable provision in SG sought. • Confirmation by Schools forum that the strategy to address the longer term implications for increased high needs block funding needs to be communicated with schools forum within an agreed timescale • School forum to review the top up banding model and moderation process for special schools, so there is confidence that a robust process is in place, and an understanding of the costs associated with SEND and vulnerable students, which can be reported back to schools forum.
STM	St Michael's Stoke Gifford	<p>We are greatly concerned of the magnitude of the overspend proportionate to the High Needs Budget. There would appear to be some serious failure in either predictions or management of resources. As a result all schools are being put under increasingly intolerable pressure. We would expect to receive a more detailed explanation of how this situation was allowed to happen, and how we can be assured that this will not happen next year. We suggest an open meeting where all schools can send representatives to question both the officers involved, as well as members of the Council</p> <p>We are concerned that the cuts are very unlikely, due to the MFG, to fall fairly across all schools, with some likely to lose very little this coming year, with others taking a bigger hit. We would expect to see how these cuts directly affect all schools both in absolute terms and as a % once the final figures are out. If there are imbalances next year, we would expect to see a revised reduction formula the following year.</p> <p>We will need to have budget working papers earlier next year, together with indicative budgets, as we will have to make staff reductions in order to manage the scale of these cuts. This will inevitably have an impact on the quality of education we are able to deliver.</p>

		<p>We want to see more far-reaching reforms in SEN funding. Simply maintaining the status quo is not tenable. This calls for clear leadership from the Council which, on the financial basis alone, has been obviously lacking.</p> <p>Regarding the Grange closure, the scale of the costs is a major concern for us. This alone represents a 1% cut for schools for a year. It is not clear whether there is an ongoing cost to the DSG of maintaining the buildings and grounds, or whether any potential sale of land or assets would be used to support schools in some way (e.g. increasing the capital programme).</p>
Olympus	Olympus Trust: Abbeywood Community School; Bradley Stoke Community School; Callicroft Primary; Charborough Road Primary; Filton Hill Primary; Meadowbrook Primary; Stoke Lodge Primary	<p>Both of these options will have too bigger impact on our budgets. From April 2017 the apprenticeship levy will be charged (about £50,000 p.a. for our Trust) plus increases to the LGPS employer contribution rates (unknown) and South Glos. have not yet confirmed how local authority schools will be impacted by the apprenticeship levy. From the last consultation the requested change in factors will reduce elements of the school budget although we do not know the impact as these have not been modelled. In addition, from September 2017 academies will lose the Education Services Grant which will reduce funding to our Trust by £288,000, there is likely to be at least a 1% pay increase plus an increase in costs in general. Option 3, which is the best option proposed, will reduce funding for schools in our Trust by a further £204,000. That's a total of £542,000 reduction without pension and pay increases for 2017/18 alone. We are not able to sustain this level of reduction in funding in one year.</p> <p>Therefore, we propose that other options are explored and that the payback period is extended. Once the impact of fairer funding is known, it can be decided how this can be used to support the payback.</p>
Secondary Heads	Collective response from Secondary Heads	<p>Our understanding is that there is a £7.7 million overspend from the DSG, predominantly against the High Needs Block. This debt has accumulated over a number of years, although was 'only' £1.2m in 2015/16, but is forecast to reach £7.7m by the end of March 2016/17. On average, secondary schools stand to lose £49k in</p>

financial year 17/18, although this ranges from £3k at the lower end to £101k at the top end.

There are two proposals currently tabled to address the overspend. We regret to say that neither of these is acceptable to Secondary Heads, for the following reasons:

- **Poor Communication and a slowness to react:** The letter from Mustafa Salih, dated 19th October, states that a £1.2m deficit was identified at the end of FY1516. Schools were not advised at the end of FY1516 that a potential clawback may be necessary. Instead, overspending continued at a considerable level and we now have a forecast deficit of £7.7m to deal with. We question why a deficit recovery plan was not put in place earlier. Did School's Forum raise this deficit issue at the earliest possible opportunity and was the potential negative outcome for schools' funding discussed widely enough? Obviously schools would be in a better position to deal with a £1.2m deficit instead of waiting it to grow into £7.7m.
- **How will schools make the appropriate savings to cover this deficit recover plan?** At best school funding has remained flat for many years and at worse we have experienced a real term funding decline. This difficult funding environment has caused schools to significantly reduce discretionary expenditure over the past few years. With few saving opportunities available from non-staff expenditure categories schools will be forced to look towards their staffing costs to make necessary savings. Inevitably this will mean forced redundancies in many cases.

• **Forced Redundancy:** For many schools the only way to accommodate further cuts to funding levels, whilst maintaining a balanced budget, will be through forced redundancies. This brings about several significant concerns. For illustrative purposes this is how Option 3 might affect a school with an identified clawback of £69k:

- Option Three states that the reduced funding levels will commence in FY1718. This means that we have to reduce staffing costs by C48 between April 2017 and March 2018 to meet the targets imposed by the recovery plan. The redundancy process utilised by SGC maintained schools/Academies means that we will not realise any teaching staff salary savings until 1st September 2017. The table below illustrates that making these seven teachers redundant on 1st September 2017 will cost £138,671 in severance pay and will result in year 1 net savings of £48,292, followed by £332,881 saved in year 2. Clearly this simple illustration demonstrates two things:

1) Simply amortising the cost of recovery over four equal years puts needless financial pressure on schools in year one because their operation is not sufficiently dynamic to swiftly react to funding reductions that were not foreseen.

2) Making forced redundancies to cover a short term overspend is expensive.

	Salary	Cost (includes pension and NI)	Cost of severance pay	FY1718 salary savings less redundancy costs	FY1819 salary saving	FY1920 salary saving
Teacher 1	£46,138	£58,989	£51,321	£-17,107	£59,590	£60,198
Teacher 2	£38,250	£49,002	£8,069	£20,353	£49,504	£50,011
Teacher 3	£38,250	£49,002	£38,145	£-9,723	£49,504	£50,010
Teacher 4	£28,206	£37,547	£3,245	£18,532	£41,017	£42,771

Teacher 5	£33,068	£44,058	£5,073	£20,480	£45,828	£46,296
Teacher 6	£26,191	£34,747	£2,009	£18,145	£37,934	£39,555
Teacher 7	£38,250	£49,002	£30,809	-£2,388	£49,504	£50,010

• **Lack of financial support for severance pay:** Primary and Special Maintained Schools will be financially supported through the redundancy process because they have access to South Gloucestershire Council's 'Schools' Severance Scheme'. This scheme is not available to secondary schools and SGC offers no other financial support to assist with redundancies.

• **Suggested ways forward:**

- Delay any deficit recovery plan until the national fairer funding allocations comes into play on 01.04.18.
- Because of the operational restrictions on teacher redundancies (i.e. they can only take place in the summer), and the significant cost of severance pay, there should be a staged approach to the recovery plan. Therefore the first year reduction in funding should be significantly less than the subsequent years.
- Before any recovery plan is implemented, establish if school's will be forced to make redundancy in support of their reduced funding levels. If we then forecast a high number of schools forced into redundancy situations an alternative option should be modelled that sees the recovery plan running over a much longer period than 4 years. It would be foolhardy to implement a short term recovery period if the short term nature forces schools to implement expensive redundancy programmes, which will only go to

exacerbate the overall financial problem. A longer recovery plan can take advantage of natural staff wastage.

- Everyone should be aware that current year surplus balances currently published by schools do not necessarily reflect potential balances over the next four years. The LA should consider schools' three year budget forecasts, and specifically forecast balances, before concluding that schools can afford to contribute as suggested by the options given. Where schools have falling roles, even a current year forecast surplus does not preclude a deficit for years 2 and 3 and further reduction in funding will probably translate into more expensive forced redundancies.
- Share with schools what tangible steps have been taken to avoid future overspending at this level. Identify those staff with direct ownership and responsibility of expenditure levels for high needs and make assurances that robust plans have been implemented.

I hope that you are able to give these points careful consideration. Secondary Heads are very willing to work with you, and we do understand that the overspend has gone on our students, however we hope that we can find a recovery option that is manageable given schools' current financial pressures.

SMW	St Michael's Primary, Winterbourne	The longer time is taken, the more likely that the Fair Funding Review will be completed, possibly increasing SG funding stream, Schools will need a sufficient period of time to execute changes in expenditure especially with regard to staffing changes.
		Also as mentioned at the Schools Forum meeting, aiming for a zero balance followed by a surplus budget is not good strategic planning given schools will reduce staffing only to be potentially recruiting when budget is in surplus within two years. This will be disruptive to the education of children and have further hidden costs with pay offs for redundancy followed by increased training costs to recruit and train new staff.

SCHOOLS FORUM WORK PROGRAMME 2016/17

All meetings at 4.30pm at Badminton Road, Yate

1st December 2016 Room 0012 Ground Floor	19th January 2017 Room 1009, First Floor
<ul style="list-style-type: none"> • 2nd Budget Monitor 2016/17 • Schools Funding Arrangements for 2017/8 – Consultation 2 • Local Authority Early Years – Strategy and Development 	<ul style="list-style-type: none"> • Earmarked Capital Programme 2017/18 • Council Budget 2017/18 • Deployment of the DSG 2017/18
2nd March 2017 Room 0012 Ground Floor	11th May 2017 Room 0012 Ground Floor
<ul style="list-style-type: none"> • 3rd Budget Monitor 2016/17 • The Schools Forum Constitution from April 2017 • Education Commission Update 	<ul style="list-style-type: none"> • Analysis of Schools Block Funding Formulae 2017/18 • Education Commission Update • Traded Services Update • Chipping Sodbury - Outturn 2016/17
13th July 2017 Room 0012 Ground Floor	14th September 2017 Room 0012 Ground Floor
<ul style="list-style-type: none"> • Preparing for 2018/19 (if known) • Provisional Outturn 2016/17 (including school balances) • Schools Forum Membership • Date of future meetings and the Work Programme 2017/18 	<ul style="list-style-type: none"> • DfE Consultation on School Funding 2018/19 • Allocation of Schools Block Growth Funding • 1st Budget Monitor 2017/18 • Education Commission Update • Traded Services Update

ANY OTHER BUSINESS