

Date: Tuesday 27 June 2023 at 1.30 pm

Venue: Microsoft Teams

Susan Richardson (Chair) and Helen Gregory (Chair)

Julia Armstrong
Helen Danby
Lesley Graham
Claire Humble
David Leane
Andrew McClurg
Louise Spellman
Judith Stanyard
Caroline Thomas
Colin Wilkinson
Eddie Huntington

Cllr Carol Clark
Cllr Lisa Evans
Richard Henderson
Tristan Keates
Michael Little
Lester Russell
Edwin Squire
Andrea Swift
Simon White
Kay Wilkinson
Joanne Mills

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interest**
- 3 Minutes**
To approve the minutes of the last meeting held on 17 January 2023 (Pages 7 - 12)
- 4 Matters Arising**
- 5 Final Dedicated School Grant and Schools Outturn 2022/23** (Pages 13 - 18)
- 6 High Needs Update Report** (Pages 19 - 26)
- 7 DfE Updates and Consultations** (Pages 27 - 38)
- 8 Scheme for Financing Funds** (Pages 39 - 40)
- 9 Childcare Announcements and Implications** (Pages 41 - 46)
- 10 Meeting Dates and Programme of Work for the Year Ahead**

- 11 Any Other Business**
- 12 Date & Time of Next Meeting, TBC**

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting, including the opportunities available for any member of the public to speak at the meeting; or for details of access to the meeting for disabled people, please

Contact: Katie Gallagher on e mail Katie.Gallagher@stockton.gov.uk on email
Katie.Gallagher@stockton.gov.uk

KEY - Declarable interests are:-

- Disclosable Pecuniary Interests (DPI's)
- Other Registerable Interests (ORI's)
- Non Registerable Interests (NRI's)

Members – Declaration of Interest Guidance



Table 1 - Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2 – Other Registerable Interest

You must register as an Other Registrable Interest:

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management

SCHOOLS FORUM
VIRTUAL MEETING
HELD ON 17th JANUARY 2023

PRESENT:

Diocesan Representative: Mr K Duffy

Primary Maintained School Headteacher: Mrs C Taylor

Primary Academy Representative: Mrs S Richardson and Mrs J Armstrong

Primary Governor: Mrs M Dowson and Mrs L Dowson

Secondary Maintained Headteacher: Mr R Henderson

Secondary Academy Headteachers: Mr S White, Mrs G Booth and Mrs L Spellman

Special School Representative: Mrs C Thomas

Pupil Referral Unit: Mrs E Carr

LA Representative: Councillor C Clark

14-19 Representative: Mrs L Graham

Observers: Councillor L Evans
Mrs L Marron

OFFICIALS: Mr A Bryson – Chief Accountant
Mr M Gray – Director of Children's Services
Mr E Huntington – Head of Education
Mr G Waller – Senior Accountant
Miss K Gallagher - Secretary to the Forum

1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mrs B Atkinson and Mrs A Swift

2. **DECLARATION OF INTERESTS**

Members were invited to declare any personal or business interests they may have in any item included on the agenda.

No interests were declared.

3. **MINUTES OF THE LAST MEETING – 15th November 2022**

RESOLVED that the minutes of the meeting held on 15th November 2022 be approved.

4. **MATTERS ARISING**

4.1 **DSG Funding**

In response to a question, Mr A Bryson confirmed that this was on-going and would be presented at the next meeting.

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5. BUDGET MONITORING – SCHOOL BUDGETS 2022-23

A copy of the Schools Budget monitoring report for 2022-23 and supporting appendices had been circulated prior to the meeting to review.

The purpose of the paper provides members of the Forum with the current projected outturn position on the Schools Budget based on information to the end of December 2021.

The DSG was a ring-fenced grant that was paid to Local Authorities specifically to be used in support of the school's budget. For 2021/22 Stockton's total DSG was £191.79m. £157.409m of the grant has been allocated to the Individual Schools Budget (ISB) which was delegated to schools, academies and Private, Voluntary and Independent (PVIs) and includes funding from the Schools Block and Early Years Block. The majority of the remaining £34.39m was SEN funding for children and young people in schools and other forms of education plus some retained funding for centrally held functions relating the Central Schools Block, Early Years and High Needs.

Mr S White suggested that an additional meeting be arranged to review the increase in high needs funding and produce a three-year projection, which could be brought back to Schools Forum. Mr A Bryson explained that the LA were currently reviewing a budget forecast of high needs funding. Mr M Gray suggested that School Leaders also be included within the working party to add greater detail. It was agreed that this meeting would be arranged following the meeting.

RESOLVED that the Schools Forum note the current financial position on the schools' budget.

6. SCHOOL BUDGETS 2022-23

The High Needs funding report and supporting appendix had been circulated prior to the meeting. Mr A Bryson outlined the report which provided an update on the financial position for High Needs factoring in any recent funding announcements.

It was reported that the Local Authority had been in discussion with the DfE regarding how the deficit would be reduced. Mr A Bryson explained that the school budget outturn report which was presented to the Forum at the meeting on the 29th June 2021 showed that expenditure on Dedicated Schools Grant (DSG) exceeded budget by £1.628m during the 2020/21 financial year. The majority of the overspend was associated with High Needs budgets. This overspend meant that the overall cumulative deficit on the DSG had risen to £6.052m at the end of 2020/21. This is expected to rise to £6.142m by the end of the 2021/22.

Mrs L Marron joined the meeting.

Members of Schools Forum were informed that the national increase in high needs funding in 2022 to 2023 will be £780 million, or 9.6% compared to the amounts allocated in 2021 to 2022. This will enable all local authorities to see an increase in high needs funding in 2022 to 2023, when using the funding allocated in 2021 to 2022 as a baseline. Mr A Bryson explained that for Stockton this would mean an additional £3.072m over 2021/22, making the total £34.356m before recoupment. In addition, the Government have published details for additional high needs funding allocations as part of the DSG for 2022/23. These allocations would be on top of the DSG high needs block allocations, which would be £1.288m for Stockton in 2022/23. Stockton's allocation for 2022/23 including the additional grant would be £35.644m but this will be increased by the £0.752m transfer from Schools Block to £36.396m.

Following a review of the medium-term financial planning, it was estimated that there will

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be a funding surplus of £1.701m in 2022/23, £1.902m surplus in 2023/24 and £2.494m in 2024/25. These surpluses would be utilised to reduce the current DSG deficit. After taking account of the additional funding nationally and the projected expenditure plans the estimated deficit on the DSG would reduce from £6.142m at the end of 2021/22 to £4.441m at the end of 2022/23, reduce further to £2.539m at the end of 2023/24 and it was estimated that the DSG deficit would be eradicated by the end of 2024/25.

It was reported that the Local Authority had a corporate and strategic duty to address the deficit position and pressures on the High Needs budget. It was reported that there remained risks across the medium term from increased service requirements. Schools Forum members were reminded that any future accumulated overspend on the High Needs budget would be required to be repaid from future High Needs funding allocations.

Mr A Bryson explained that the authority will be providing an update to DfE on its revised High Needs spending forecasts.

The Chair questioned whether there had been any further guidance regarding future transfers from School Block funding. Mr A Bryson explained that the de-delegation of funds from Schools Block funding to support High Needs funding had been approved for 2022-23. There had been no further agreement for future transfers and the current projections would result in a balanced medium-term plan. However, there remained risks which members of Schools Forum would need to be mindful of, including out of borough provision and a potential withdrawal of any funding streams.

The Chair questioned whether Schools Forum were able to de-delegate funding under the new framework for 2023/24 and beyond as required. Mr A Bryson explained that if the national funding formula was imposed, the de-delegation of funding may not be possible for future years.

Mrs S Richardson requested clarification over the term 'Agency Placement'. Mr G Waller explained that for the purpose of the report the term agency referred to specialist independent schools. It had been reported that on occasion the choice of placement for a child was decided by court for a fixed amount rather than top up funding.

Mrs C Thomas praised the funding growth now being made available by the government. However, questioned whether the funding should be passed to schools rather than being used to fund the deficit figure. Mr A Bryson explained that a fundamental review had been undertaken of each line of the DSG as a comparison and projection. He explained that the additional funding was to manage the deficit and used to support high needs funding requirements in schools.

Mrs G Booth joined the meeting.

RESOLVED that the High Needs funding report be received and noted.

7. DfE UPDATES RE FUNDING / CONSULTATIONS

A copy of the Schools Budget Report 2022-23 was shared for school's forum members to review. Mr A Bryson provided a detailed overview of the report as outlined below.

- The purpose of this paper is to provide information and recommendations on the local distribution of the Dedicated Schools Grant (DSG) for the next financial year. This report sets out the proposed Schools budget and confirms the final Stockton funding formula arrangements for 2022/23.
- While it remains the government's intention that a school's budget should be set on the basis of a single national formula, in 2022/23, local authorities can

continue to determine final funding allocations for schools through a local formula.

- To agree the local formula the authority consulted with all schools. This exercise was undertaken during October and November 2021 and the results were reported to the Schools Forum on the 23rd November. The Forum subsequently agreed the proposals for the schools funding formula and a 0.5% transfer from the Schools to High Needs block for 2022/23 of £0.752m. The budget presented in this report for 2022/23 is based on the agreed decisions.
- Within the overall budget setting process, there are a few central spend decisions that the Forum has responsibility for, and these are presented for approval.

From the report the following recommendations were made to members. Mr A Bryson reviewed each point in turn, providing schools forum members with all relevant information and guidance to make an informed decision.

all It was reported that following the last meeting, all primary maintained Headteachers with reference to the de-delegation of school funds to fund the core functions of school improvement at a total cost of £43,500 for the year 2022-23. Mr A Bryson reported that paperwork submitted for the meeting had included the de-delegation. If this was to be declined, a further meeting would need to be held with updated figures. **Following a question**, it was reported that this would be calculated on a per pupil basis of £5.43.

from As the Secondary Maintained Headteacher, Mr R Henderson agreed that he was happy to support the proposal for de-delegation. Mrs C Taylor, as the Primary Headteacher representative proposed that the de-delegation be approved, subject to confirmation of the consultation. It was agreed that the confirmation would be sent to the Chair, Mr A Bryson and The Clerk to Schools Forum later that day to confirm.

Mrs C Thomas questioned whether it would be possible to provide the same detail for special schools funding. Mr A Bryson explained that there wasn't the same level of clarity presently for special schools. However, further information would be available when further guidance was received.

confirmed. **Mr K Duffy questioned whether he had voting rights within the meeting as the diocesan representative.** Mr A Bryson would review the guidance and confirm for the next meeting. Mr K Duffy explained that he would abstain from the voting, until confirmed.

RESOLVED that Schools Forum Members agree to support the approach and overall allocation of DSG for 2022/23, with particular reference to the following points.

- To **note** the Dedicated School Grant settlement (para 10)
- Support** the funding formula and proposals for growth fund (para 17 to 21)
- Note** that the authority intends to increase the 3- and 4-year-old early years rate to £4.31 and continue to set the pass-through rate at 95%. (paras 22-25)
- Agree** the Early Years central spend of £0.556m (para 26)
- Note** that the authority intends to increase the hourly rate for the extended two-year-old provision to £5.48 (para 27).
- Note** the position on high needs spend (paras 28 to 31)
- Agree** the proposed central spend block items and associated budget for 2022/23

as detailed in paragraphs 32 to 34.

- h. **Note** the estimated deficit position on the DSG. (para 38).
- i. That the eligible Schools Forum members representing maintained schools **vote** separately according to their sector on the proposals to de-delegate the schools improvement functions as set out in the report (paras 43 to 48).
- j. **Note** information related to the Schools Supplementary Grants (paras 49 to 55).
- k. **Note** the position re Pupil Premium and other grants (paras 56-60).
- l. **Note** that if for any reason there is a need to convene a further Schools Forum meeting, 8th February is arranged for this purpose.

8. ANY OTHER BUSINESS

There were no further items of business.

9. DATE AND TIME OF NEXT MEETING

RESOLVED that the next Schools' Forum meeting be held at 1:30pm on 27th June 2023

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AGENDA ITEM 5

REPORT TO
SCHOOLS FORUM

27 JUNE 2023

Schools Budget & Balances Outturn 2022/23**Summary**

1. This paper informs the Forum of the outturn position of the Schools Budget and provides an overview of the Maintained School Balances for the 2022-23 financial year.

Recommendations

2. The Schools Forum is asked to note the unused balance on the de-delegated items (as per paragraphs 6 and 7) and to decide on how it wishes to utilise these funds.
3. The Schools Forum is asked to note the final position for 2022/23 and that the underspend (subject to any decision on the de-delegated items above) will be used against the significant cumulative deficit in the Dedicated Schools Grant.

School Budget

4. **Appendix 1** shows the planned spend against the actual outturn for 2022/23 on the Schools Budget. Please note that these figures are all prior to any academy recoupment.

Overall, at the end of March 2023, there is a cumulative **£3.87m deficit** which is a reduction against the brought forward deficit of **£5.48m** from 2021/22. This represents a reduction of **£1.61m** across the financial year and £0.79m reduction in the final quarter compared with the projected £4.66m deficit presented to the Schools Forum 17th January 2023. The reasons for significant variances between planned and actual spending for the **full year** are:-

- a. *Line 1.0.1 Individual Schools budget* – (£36k) underspend relating to the Early Years Block although the final DfE funding adjustment for 2022/23 relating to January 2023 pupil numbers will not be known until July 2023.
- b. *Line 1.2.1 Top-up funding maintained providers* – (£64k) saving. Mainly unallocated High Needs Top-up contingency funding for maintained mainstream schools.
- c. *Line 1.2.2 Top up funding academies, free schools and Colleges* – £76k overspend of which the significant items are:

- £297k additional top-ups/ banding changes and exceptional one-off funding to Special Academies.
 - £38k relating to increased cost and number of out of area school placements.
 - Offset by savings of (£251k) on Post-16 college placements, as the expected increase in placements at colleges has not yet materialised (please also note line 1.2.3 below).
- d. *Line 1.2.3 Top-up funding non-maintained and Independent Providers - £440k overspend of which the significant items are:*
- £229k additional cost/number of pre-16 Agency placements.
 - £112k relating to post-16 pupils staying on in higher cost Agency placements.
 - £113k increased cost and number of out of area placements in independent providers.
- e. *Line 1.2.5 (£30k) saving. Final charge for Middlesbrough STARS (Sensory Teaching, Advisory and Resources Service) for 2021/22 was less than expected.*
- f. *Line 1.2.7 Other AP provision – (£191k) saving. Anticipated take-up of vacant KS1/2 and KS3 Pathway Development Centres did not materialise.*
- g. *Line 1.2.8 Support for Inclusion - £25k overspend. Additional SEND expenditure on a programme of tailored development training and support.*
- h. *Line 1.2.11 Direct Payments – (£50k) saving. Although some Personal Budgets were agreed, there were no requests for funding to be provided as a Direct Payment.*
- i. *Line 1.2.13 Therapies and other health related services – Initial budget set at £181k based on historic expenditure. However, increased demand for support resulted in an overspend of £78k.*
- j. *Line 1.4.10 Pupil growth / Infant class sizes – (£174k) saving as for some school expansions the actual September 2022 admission numbers were not at the levels initially expected.*
- k. *Dedicated Schools Grant for 2022-23 – £31k adjustments to ESFA funding relating to HN Imports/Exports and Academy Recoupment.*
5. The in-year net saving of (£1.61m) is made up of a (£1.7m) planned High Needs saving offset by a £0.3m in-year High Needs overspend plus further savings of (£0.21m) on other DSG areas (including £17k on de-delegated items as outlined below). Therefore the overall cumulative deficit of £3.87m has been carried forward into 2023/24.

De-Delegated Items

6. It was previously clarified at Schools Forum that should there be an underspend on any of the de-delegated services then it would be a Schools Forum decision on how the outstanding funds would be spent. Therefore, it is recommended that these savings are **utilised against the DSG deficit**.
7. For the 2022/23 financial year there are a couple of variances relating to de-delegated items which are as follows: -
 - a. *Line 1.1.1 Contingencies* – (£9.7k) remaining contingency for the correction of errors in the funding formula funding was not required.
 - b. *Line 1.1.9 Staff costs* – supply cover. Re-imburement costs for Trade Union Facility time were lower than expected (£7.4k).

School Balances

8. Overall maintained school balances at 31/03/23 now stand at £3.1m. This is a decrease of £0.72m between 2021/22 and 2022/23 and represents 6.9% of the 2022/23 budget.
9. On prima facie evidence there are 10 Maintained Primary and 0 Maintained Secondary schools holding excess surplus balances at 31/3/23 i.e. with balances above the 8% and 5% thresholds. This is a decrease of 2 in the Primary Sector and 1 in the Secondary sector compared to 2021/22, and of these schools, all have requested permission to utilise these balances. These have subsequently been approved by the Authority.
10. At 31st March 2023 no schools were carrying a deficit balance. This was the same position at 31st March 2022.

Contact Officer: Andy Bryson, Chief Accountant
Tel No: 01642 528850

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Schools Budget - Comparison of Planned and Actual Spend 2022-2023 APPENDIX 1

	2022-23 Revised Budget £	2022-23 Outturn £	2022-23 Over / (Underspend) At Mar 2023 £	2022-23 Over / (Underspend) At Dec 2022 £	2022-23 Movement £
1 SCHOOLS BUDGET					
1.0.1 Individual Schools Budget (before Academy Recoupment)	160,916,000	160,879,959	(36,041)	0	(36,041)
1.0.2 High needs place funding within Individual Schools Budget	9,879,000	9,879,000	0	0	0
1.1.1 Contingencies	59,000	49,302	(9,698)	0	(9,698)
1.1.2 Behaviour Support Services	82,000	82,000	0	0	0
1.1.3 Support to UPEG and bilingual learners	0	0	0	0	0
1.1.4 Free School Meals eligibility	4,000	4,000	0	0	0
1.1.5 Insurance	0	0	0	0	0
1.1.6 Museum and Library Services	0	0	0	0	0
1.1.7 Licences/subscriptions	0	0	0	0	0
1.1.9 Staff costs - supply cover	12,000	4,556	(7,444)	0	(7,444)
1.1.10 School Improvement Services	43,000	43,000	0	0	0
1.2.3 Supplementary grant	966,000	966,000	0	0	0
1.2.1 Top-up Funding - maintained schools	1,637,000	1,572,864	(64,136)	0	(64,136)
1.2.2 Top-up Funding - Academies, Free Schools and Colleges	11,234,000	11,309,740	75,740	213,000	(137,260)
1.2.3 Top-up and other funding – non-maintained and independent providers	7,002,000	7,441,516	439,516	667,000	(227,484)
1.2.5 SEN support services	2,123,000	2,092,723	(30,277)	0	(30,277)
1.2.6 Hospital education services	165,000	165,000	0	0	0
1.2.7 Other AP provision	743,000	552,023	(190,977)	0	(190,977)
1.2.8 Support for inclusion	645,000	670,000	25,000	0	25,000
1.2.9 Special Schools and PRUs in financial difficulty	0	0	0	0	0
1.2.10 PFI and BSF costs at special schools	0	0	0	0	0
1.2.11 Direct Payments (SEN and disability)	50,000	0	(50,000)	0	(50,000)
1.2.13 Therapies and other health related services	181,000	259,280	78,280	0	78,280
1.3.1 Central Expenditure on Children under 5	556,000	556,000	0	0	0
1.4.1 Contribution to combined budgets	139,000	139,000	0	0	0
1.4.2 School admissions	212,000	212,000	0	0	0
1.4.3 Servicing of schools forums	22,000	22,000	0	0	0
1.4.4 Termination of Employment Costs	11,000	11,904	904	0	904
1.4.5 Falling Rolls Fund	0	0	0	0	0
1.4.6 Capital Expenditure from Revenue (CERA)	0	0	0	0	0
1.4.7 Prudential borrowing costs	0	0	0	0	0
1.4.8 Fees to independent schools for pupils without SEN	0	0	0	0	0
1.4.9 Equal Pay - back pay	0	0	0	0	0
1.4.10 Pupil growth / Infant class sizes	879,000	704,799	(174,201)	0	(174,201)
1.4.11 SEN transport	0	0	0	0	0
1.4.12 Exceptions agreed by Secretary of State	0	0	0	0	0
1.4.14 Other Items (Copyright Licences)	156,000	156,000	0	0	0
CENTRAL PROVISION WITHIN SCHOOLS BUDGET (FORMER ESG RETAINED DUTIES)					
1.5.1 Education welfare service	76,000	76,000	0	0	0
1.5.2 Asset management	23,000	23,000	0	0	0
1.5.3 Statutory/ Regulatory duties	383,000	383,000	0	0	0
CENTRAL PROVISION FUNDED THROUGH MAINTAINED SCHOOLS BUDGET					
1.6.1 Central support services	0	0	0	0	0
1.6.2 Education welfare service	0	0	0	0	0
1.6.3 Asset management	0	0	0	0	0
1.6.4 Statutory/ Regulatory duties	0	0	0	0	0
1.6.5 Premature retirement cost/ Redundancy costs (new provisions)	0	0	0	0	0
1.6.6 Monitoring national curriculum assessment	0	0	0	0	0
1.8.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)	198,198,000	198,254,666	56,666	880,000	(823,334)
1.9.1 Dedicated Schools Grant for 2022-23	(199,900,000)	(199,869,347)	30,653	0	0
1.9.2 Dedicated Schools Grant brought forward from 2021-22	0	0	0	0	0
1.9.5 Local Authority additional contribution	0	0	0	0	0
1.9.6 Total Funding Supporting the Schools Budget	(199,900,000)	(199,869,347)	30,653	0	0
In Year Deficit / (Surplus)	(1,702,000)	(1,614,681)	87,319	880,000	(792,681)

Cumulative Position					
2022-2023 DSG saving at 31/03/23 (as above)			(1,614,681)	(822,000)	(792,681)
Add: DSG overspend b/fwd from 2021-2022			5,480,251	5,480,251	0
Overall cumulative DSG overspend at 31/03/23			3,865,570	4,658,251	(792,681)

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AGENDA ITEM 6

REPORT TO SCHOOLS FORUM

27 JUNE 2023

HIGH NEEDS UPDATE REPORT

SUMMARY

To provide Schools Forum with an update on the financial position for High Needs factoring in any recent funding announcements.

RECOMMENDATION

1. It is recommended that Schools Forum notes the report.
2. Agrees to receive a further report on high needs funding in October

SPENDING PRESSURES

3. The school budget outturn report also presented to the Forum at today's meeting showed that there was a net saving on Dedicated Schools Grant (DSG) of (£1.61m) during the 2022/23 financial year. The in-year net saving of (£1.61m) is made up of a (£1.7m) planned High Needs saving offset by a £0.3m in-year High Needs overspend plus further savings of (£0.21m) on other DSG areas.
4. Therefore the overall cumulative deficit at the end of 2022-23 is £3.87m which is a reduction against the brought forward deficit of £5.48m. The reduced deficit has been carried forward into 2023-24.
5. As noted in the Outturn report presented to the Forum and noted above, the High Needs element of the DSG continued to overspend, net £300k during 2022/23.
6. High Needs pressures in 2022/23 have related mainly to the following:-
 - a. Continuing increase in the number of pre 16 Agency placements
 - b. Additional top-ups, placement costs and one-off funding for pupils in SBC Special Academies
 - c. Increased cost and number of out of area placements with independent providers..
 - d. Increase in the number of pupils staying on to Post-16.
7. The MTFP pressures and increases related to the outturn position have been built into the updated High Needs Medium Term Financial Plan.

HIGH NEEDS FUNDING 2023/24

8. Details of High Needs Funding for 2023/24 were provided to the Forum at its meeting in October 2022 as part of the Schools Funding report for 2023/24.
9. In summary High Needs Funding is increasing by a further £570 million, or 6.3%, in 2023-24 – following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous two years. This brings the total high needs budget to £9.7 billion. The high needs NFF will ensure that every local authority receives at least a 5% increase per head of their 2-18 population.

HIGH NEEDS POSITION

10. The current high needs medium term financial plan is attached at **Appendix 1**. The figures which exclude any assumed future block transfer show that high needs expenditure is expected to rise from £35.119m in 2022/23 (see table in paragraph 23) to £39.956m in 2023/24, then increase to £41.147m by the end of 2026/27.
11. Detailed forecasting work continues to be undertaken and over the last few months the High Needs Medium Term Financial Plan has been updated to reflect the outturn variations in spending during 2022/23 as detailed in paragraphs 2 to 6 above. All aspects of this plan are continually reviewed taking account of;
 - past trends,
 - the current budgetary control position,
 - increase in placement numbers,
 - inflationary increases,
 - changing service requirements,
 - current and future contract requirements,
 - latest funding announcements.
 - delivering better value programme.
12. Therefore based on the current MTFP forecasts presented in **Appendix 1** it is currently **estimated** that there will be a funding surplus of £1.126m in 2023/24, £1.226m surplus in 2024/25, £1.109m in 2025/26 and £1.073m in 2026/27. These surpluses will be utilised to reduce the current DSG deficit.
13. After taking account of the previously announced national funding allocations and the projected expenditure plans the estimated deficit on the DSG will reduce from £3.866m at the end of 2022/23 to £2.740m at the end of 2023/24, reduce further to £1.514m at the end of 2024/25 and it is estimated that there will be a small **DSG surplus** of £0.669m by the end of 2026/27.

14. However, as part of the Delivering Better Value programme outlined below, more detailed work on place planning projections has commenced in order that a more sophisticated needs analysis of the types of placements and provision we will need in future years can be developed. This work will result in a need to reprofile future spend.
15. In addition, there have been discussions with both Academy Trusts for the special schools in the Borough, based on evidence that other local authorities provide more funding for places with the same level of need. The outcome of this can be that more pupils from out of borough are placed in Stockton-on-Tees schools with a corresponding need to commission more places from the independent sector at greater cost. A range of options to address these challenges are currently being developed, and will also be factored into future projections.
16. The Local Authority has a corporate and strategic duty to address the deficit position and pressures on the High Needs budget. Any additional funding is welcome and based on the current estimated expenditure plans this seems to address the significant pressures the service has faced over the last few years although there are still risks across the medium term from increased service requirements.
17. As a reminder any future accumulated overspend on the High Needs budget will be required to be repaid from future High Needs funding allocations.

HIGH NEEDS - ADDRESSING THE POSITION

18. Due to the ongoing pressures within high needs the authority with the support of the Schools Forum has agreed previous block transfers as detailed below;

2021/22	0.5%	£0.698m
2022/23	0.5%	£0.752m
2023/24	0.5%	£0.795m

19. A breakdown of the specific pressures over four years that have led to the requirement for a transfer are shown in the table below:-

High Needs Spend					
	Actual				
	2019/20	2020/21	2021/22	2022/23	% change on 2019/20
Top-ups					
Mainstream schools - pre-16	3,255,127	3,737,135	3,647,929	3,369,579	3.5%
Special Academies	3,604,023	3,693,872	4,579,114	5,387,396	49.5%
AP (incl. PRU / Exclusions / Therapies / PDC's)	1,554,721	1,907,108	1,602,236	1,906,059	22.6%
Early Yrs PVI	254,914	203,279	206,185	221,230	-13.2%
Post-16	1,843,321	2,183,714	1,961,573	2,072,616	12.4%
	10,512,106	11,725,108	11,997,037	12,956,880	
Place funding	9,112,784	8,750,782	8,840,708	9,063,764	-0.5%
Agency Placements	4,298,657	5,106,361	5,425,872	7,056,878	64.2%
Other out of area placements	1,209,891	1,714,765	1,641,508	1,639,536	35.5%
SEN Support**	2,118,633	2,117,015	2,520,687	2,768,469	30.7%
Support for Inclusion	344,993	344,993	344,993	344,993	0.0%
Recoupment of FE places	940,000	1,146,000	1,242,000	1,288,000	37.0%
Total HN Expenditure	28,537,064	30,905,024	32,012,805	35,118,519	23.1%
	-	-	-	-	
HN Funding	24,659,138	27,744,907	31,391,226	35,625,774	
Transfer from Schools Block	1,400,000	668,684	698,073	751,827	
Early Yrs SEN Inclusion Fund	120,000	120,000	120,000	120,000	
Other DSG savings	510,799	743,686	374,848	235,599	
In-Year overspend /(saving)	1,847,126	1,627,747	(571,342)	(1,614,681)	
	-	-			
Cumulative Deficit	4,423,846	6,051,593	5,480,251	3,865,570	
	-	-	-	-	
Notes					
** SEN Support - This includes the costs of non-delegated centrally retained specialist SEN support services for pupils with or without EHC plans (including Early Support Nursery, services for Visual and Hearing Impairment etc.).					

DELIVERING BETTER VALUE PROGRAMME

20. The Department for Education (DfE) acknowledges the pressures which local systems are experiencing delivering special educational needs and disability (SEND) services. It's 'Delivering Better Value in SEND programme' is aiming to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. This optional programme is currently providing dedicated support and funding to 55 local authorities – chosen based on those with the highest deficits as at 2020-21.
21. Since the last update presented at the Schools Forum meeting in November 2023 Stockton Council has completed the diagnostic element of the Delivering Better Value (DBV) programme and has applied for and been awarded an allocation of £1m over the next three years for investment in various projects to aid the delivery of the programme.
22. The main focus of the programme will be on the delivery of three main projects.

Project 1 – Data visibility and Improvement Cycles

23. This workstream has been created to address one of the challenges identified in the diagnostic stage related to data availability and quality.

Project 2 – Post 16 Transition

24. The main focus of this project is to develop Post 16 provision in partnership with a local mainstream FE provider, to establish support within area, where there are currently gaps. This provision will also support those who have been educated in special school to have an appropriate transition from Year 11 into mainstream college (who may previously have stayed at special school until age 19).

Project 3 – ASD, SEMH & Mental health Absence prevention (EBSA)

25. The main focus is to develop a local area offer and response to pupils who have Emotional School Based Avoidance (EBSA), relating to autism, anxiety or social, emotional and mental health needs which prevent them from accessing school.

26. To support the programme three dedicated posts have been created.

- DBV Team Manager
- DBV Project Support Officer
- Parent/Carer engagement caseworker

The Team Manager post and project support officer post have both been appointed to and verbally accepted and both posts are pending appropriate clearance via HR. The parent caseworker is currently in the recruitment phase.

RISK

27. There are a number of key challenges for the Council in meeting its statutory duty to secure, as far as is possible, sufficient provision for children with additional needs:

- a. Market 'failure' – nationally the residential children's home 'market' is currently under examination by the Markets and Competition Authority based on concerns about the effectiveness of the market. An initial report has been published which identifies significant issues with the operation of the market currently;
- b. Demand for places currently significantly outstrips supply;
- c. The market is currently provider led
- d. The market is increasingly becoming dominated by similar types of provision, driven by financial considerations and the impact of regulation;
- e. Securing the right provision for the right price
- f. There are emerging challenges for both public and private sectors around finding sufficiency quality staff to support provision;
- g. Community opposition to new development.

Contact Officer: Andy Bryson, Chief Accountant
Tel No: 01642 528850

Contact Officer: Joanne Mills, Head of SEND and Inclusion
Tel No: 01642 526423

Budget Plan 2023/24 to 2025/26

	Projection			
	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
<u>Top-ups etc. (Excluding Base Funding)</u>				
Maintained Schools (Mainstream)	1,146,503	1,276,503	1,276,503	1,276,503
Academies Mainstream	2,672,875	2,853,500	2,853,500	2,853,500
Academies Special	6,044,000	6,074,000	6,104,370	6,134,892
SBC - Academies (Post-16)	719,580	723,178	726,794	730,428
Post-16 Other Colleges and Misc	1,898,081	1,776,030	1,806,764	1,838,112
Agency Placements	8,283,000	8,558,000	8,932,000	9,228,000
Nursery - PVI sector	239,700	244,494	249,384	254,372
Out of Area Specialist placements in Academies & Maintained Schools	1,707,000	1,734,000	1,767,000	1,777,000
	22,710,739	23,239,705	23,716,314	24,092,806
<u>Base Funding (Incl. recoupment)</u>				
EMS Maintained Schools and ARP Protection	613,601	599,389	598,000	598,000
PRU	650,000	650,000	650,000	650,000
Academies - EMS - Mainstream and ARP Protection plus Endeavour	1,207,000	1,262,000	1,242,000	1,242,000
Academies Special	5,660,000	5,660,000	5,660,000	5,660,000
Post-16 Places	2,312,000	2,318,000	2,318,000	2,318,000
SEN Support and Inclusion	3,802,359	3,834,464	3,867,755	3,902,287
Alternative Provision (Excluded / at risk of being excluded pupils)	1,479,789	1,667,258	1,698,835	1,730,044
To support further in year pressures	514,944			
	16,239,693	15,991,112	16,034,590	16,100,331
Total High Needs expenditure	38,950,431	39,230,817	39,750,904	40,193,137
<u>DSG High Needs Block Funding</u>				
Initial HN DSG allocation	(39,161,508)	(40,336,353)	(40,739,717)	(41,147,114)
Transfer from Schools Block	(794,840)	0	0	0
Total Funding	(39,956,348)	(40,336,353)	(40,739,717)	(41,147,114)
In Year High Needs Contribution to DSG Deficit	(1,005,917)	(1,105,537)	(988,813)	(953,977)
<u>Additional Funding</u>				
Early Years Block - SEN Inclusion fund	(120,000)	(120,000)	(120,000)	(120,000)
Sub-total additional funding	(120,000)	(120,000)	(120,000)	(120,000)
Revised Estimated in Year Budget gap / (saving)	(1,125,917)	(1,225,537)	(1,108,813)	(1,073,977)
Brought Forward DSG Deficit	3,865,570	2,739,653	1,514,116	405,303
Carry Forward DSG Budget Deficit / (Surplus)	2,739,653	1,514,116	405,303	(668,674)
	-	-	-	-

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AGENDA ITEM 7

REPORT TO SCHOOLS FORUM

27th June 2023

IMPLEMENTING THE DIRECT NATIONAL FUNDING FORMULA (NFF) – CONSULTATION RESPONSE SUMMARY

1. The Department for Education (DfE) held a consultation between 7 June 2022 and 9 September 2022, with the consultation response published 26 April 2023.
2. The consultation was around several elements of the move to a direct NFF:-
 - Continuing to have some flexibility within the funding system to move funding to the high needs block (HNB)
 - The determination of indicative notional special educational needs and disability (SEND) budgets for mainstream schools
 - How the DfE should fund schools experiencing significant growth or falling rolls under the NFF
 - Allocation of split site and exceptional circumstances funding, to move away from historic data and allocate funding on school led elements through the NFF
 - How minimum funding guarantee (MFG) will operate in the direct NFF
 - The timescales for the collection of data to calculate allocations and confirm these allocations with schools and trusts to support their budget planning.
3. A link to the full consultation response is below and a summary of DfE responses is provided in **appendix 1**.

[Implementing the Direct National Funding Formula Government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/consultation-on-implementation-of-the-direct-national-funding-formula)

RECOMMENDATION

4. Schools Forum notes the report.

Interaction between High Needs and Schools Funding

5. The consultation sought views on continued flexibility to transfer funding from the schools block to the high needs block once the direct NFF is implemented. Following an 82% favourable response the Government confirm local authorities will be allowed to requests transfers to the high needs block and will select their proposed funding adjustment from a short

menu of options. For example, this could be all schools or a particular sector.

6. The consultation also sought views on should the direct NFF include an indicative SEND budget set nationally. Again, there was a favourable response to this proposal (70%). The Government will identify for each school an indicative budget as a guide to the resources that may be needed by a school in supporting its pupils with SEN.

Growth and Falling Rolls Fund

7. The consultation proposed requirements on how local authorities can operate their growth and falling rolls funding. The majority of responses favoured the development of national criteria or minimum standards. The Government is committed to change but will introduce gradual change to reflect many LAs will have agreed a multi-year growth fund allocation with schools.
8. The next question sought responses on whether the restriction on only providing falling rolls funding to schools judged Good or Outstanding by Ofsted should be removed. There was an 86% favourable response. The Government will remove the mandatory Ofsted criteria in 2024/25 and local authorities will be required to use SCAP data in taking decisions and only provide funding where the data shows that school places will be required in the subsequent three to five years.
9. The consultation sought views on how growth and falling rolls funding should be allocated to local authorities. There was less support for the proposals with only 33% generally supportive. The Government will revise the current growth allocation methodology to allocate funding for both growth and falling rolls in 2024/25.
10. The consultation also sought views on expanding the use of growth and falling rolls funding to support local authorities in repurposing and removing spaces. The consultations responses supported this with 78% of respondents in favour. The Government will expand the use of growth and falling rolls funding to allow local authorities to fund the revenue costs with repurposing or reducing school places in 2024/25. Such funding could support repurposing surplus places to create SEND units or resource bases in mainstream schools.
11. The consultation sought views on a local flexible approach over the national standardised system. The majority of respondents (82%) supported this approach. The Government will retain some flexibility in the allocation of growth funding rather than moving to a fully standardised system.
12. The consultation also sought views on popular growth which is currently allowed for academies but not for maintained schools. There was a significant favourable response (88%) that maintained schools should also

be able to access popular growth funding. The Government recognises the need for consistency and will ensure funding is accessible for all schools.

Split Sites

13. The consultation put forward proposals to introduce a national formula for split site funding. Views were sought on funding split sites on both a school's 'basic eligibility' and 'distance eligibility'. There was a majority favourable response (77%). The Government has decided to allocate split site funding on this basis from 2024/25 rather than further consultation as indicated.
14. The consultation sought views on the criteria for 'basic eligibility'. The majority of respondents (75%) agreed with the criteria. The Government will allocate funding to schools in 2024/25 that meet the basic split sites eligibility criteria.
15. The consultation also sought views on the criteria for the 'distance eligibility'. There was a split response with only 38% respondents agreeing that 500 metres distance criteria is about right. The Government will use 500 metres as the distance criteria.
16. The consultation sought views as to the maximum split site funding for a school being 60% of the NFF lump sum value. Again, the response was split with the highest response (38%) agreeing that the funding is about right. The Government thinks that 60% of the 2024/25 lump sum is right but will keep this under review.
17. The consultation sought views as to whether the distance eligibility should be funded at twice the rate of basic eligibility. Again, the response was evenly split across the options with 33% of responders saying it should be the other way round with the basic eligibility receiving more funding. The Government has listened to the feedback and will allocate two-thirds of the available funding through the basic eligibility and one-third through the distance eligibility.
18. The consultation sought views on the proposal to collect data on split sites. The majority of respondents (69%) agreed it should be collected through the Authority Proforma Tool (APT). The Government will collect the data annually through the APT until the direct NFF is implemented.
19. The consultation sought comments on the proposed approach to split site funding. The most frequent point raised was protection for schools from changes to split site funding. The Government confirmed that schools that lose funding or are no longer eligible for funding will be protected by the minimum funding guarantee. Once the direct NFF is implemented schools will not be protected from losses if they cease to be a split site school.

Exceptional Circumstances

20. The consultation sought views on the proposed approach to exceptional circumstance in terms of standardising what is funded through exceptional circumstances, restrict funding to historic agreements already made and to increase the funding threshold from 1% to 2.5%. The response was split with the highest response agreeing the proposals (41%). The Government will continue to progress plans to reform exceptional circumstances. They will restrict the circumstances that are eligible for funding to a small number of categories. The threshold will remain at 1% for the time-being.

The Minimum Funding Guarantee (MFG) under the Direct NFF

21. The consultation sought views on using local formulae baselines for maintained schools and actual GAG allocations for academies for MFG in the year of transition to the Direct NFF. There was a majority favourable (83%) response. The Government will continue with the proposal as outlined in the consultation.

22. The consultation sought views on using a simplified pupil-led funding protection for MFG under the direct NFF. There was a majority (84%) favourable response. The Government will move to a simplified pupil-led funding protection.

The Funding Cycle

23. The consultation sought views on what will be most useful to schools to plan their budgets before they receive their final allocations. The majority of respondents (65%) supported a calculator tool rather than notional allocations. The Government will aim to develop a product that schools can use to estimate their funding.

24. The consultation sought views on data collection with regards to school reorganisation, pupil numbers and de-delegation. The most favourable responses were a prepopulated data collection in December for school reorganisation (38%) and one single data collection for de-delegation (64%). The Government will adopt a December collection for school reorganisation and a single data collection in March for de-delegation.

Changes for 2024/25

- Continued move to NFF through minimum and maximum values
- Place further requirements on how local authorities can operate their growth and falling rolls fund
- Introduce a national split site factor

Next Steps

- The 2024/25 NFF for schools and high needs will be announced in July. This will also confirm the requirements on local authorities to bring their local funding formulae closer to NFF.
- The DfE plan to engage with the sector on funding for PFI schools and the determination of indicative SEND budgets.

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Appendix 1

Consultation questions and a summary of DfE responses

Question 1

Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?

Response

The DfE will allow local authorities to request funding transfers to the HNB via a short menu of options to adjust funding to mainstream schools. The menu of options has not yet been published.

Question 2

Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?

Response

The DfE stated that an indicative SEND budget would be useful for schools, but that this could not replace what resources are actually needed. There will be further engagement to consider the design of the National Standards for SEND in the context of the indicative SEND budget. Further guidance will be published to strengthen the calculation of indicative SEND budgets for 2024-25.

Question 3

Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?

Response

There will be a gradual transition to allow local authorities and schools time to adjust to the new requirements. Local authorities will not be required to provide funding where the growth is as a result of parental choice or academies admitting above their PAN by their own choice. The DfE will continue to engage on the new requirements before publishing final guidance in July 2023.

Question 4

Do you believe that the restriction that falling rolls funding can only be provided to schools judged "Good" or "Outstanding" by Ofsted should be removed?

Response

The restrictions will be removed from 2024-25 and will rely on school capacity

return data to provide funding where it shows that school places will be required in the subsequent 3 to 5 years.

Question 5

Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?

Response

The DfE confirms that from 2024-25 they will revise the current growth allocation methodology to allocate funding on the basis of both growth and falling rolls on medium Super Output Areas. Areas with that have either significant growth or falling rolls will be allocated funding, and there will be no netting off of funding. Re-baselining will take place following the data collected in the 2024-25 authority proforma tool (APT) and factors will be published July 2023.

Question 6

Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?

Response

The DfE considered the widespread support for the use of growth and falling rolls funding will allow local authorities to fund revenue costs associated with repurposing or reducing school places.

Question 7

Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?

Response

Considering the widespread support, some local flexibility will be retained in the allocation of growth funding to schools.

Question 8

Do you have any comments on the proposed approach to popular growth?

Response

Due to widespread support for the consistency of popular growth funding being available to all schools, the DfE will ensure that there is equivalence in funding accessible for all schools. The DfE will work with stakeholders to determine the limited circumstances in which schools should be able to access this funding.

Question 9

Do you agree we should allocate split sites funding on the basis of both a school's 'basic eligibility' and 'distance eligibility'?

Response

There will be a new split sites factor that will be on a formula basis made up of a basic eligibility element and a distance element from 2024-25.

Question 10

Do you agree with our proposed criteria for split sites 'basic eligibility'?

Response

Funding will be allocated on the below criteria for split sites basic eligibility:-

- To be separated from the school's main site by a public road or railway.
- To be used primarily for the education of 5 to 16-year-olds.
- To share a unique reference number (URN).
- To have a building on a site that is maintained by the school.

Question 11

Do you agree with our proposed split site distance criterion of 500 metres?

Response

The DfE state that 500 meters is the right threshold, and there will be a distance taper starting at 100 meters.

Question 12

Do you agree with total available split sites funding being 60% of the NFF lump sum factor?

Response

Around 60% of the 2024-25 NFF lump sum is an appropriate amount of funding given that an additional site should cost less to run than the schools main site.

Question 13

Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?

Response

Two thirds of the available funding will be allocated for basic entitlement and one third of the funding through the distance element.

Question 14

Do you agree with our proposed approach to data collection on split sites?

Response

Local authorities will be required to return data to the Department on all split site schools in their area (including academies and voluntary aided schools) as part of the APT, until we transition to the direct NFF in full.

Question 15

Do you have any comments on our proposed approach to split sites funding?

Response

A national split sites factor will ensure that split site schools are funded on a consistent basis.

Question 16

Do you agree with our proposed approach to exceptional circumstances?

Question 17

Do you have any comments on the proposed approach to exceptional circumstances?

Response questions 16 and 17

Some exceptional circumstances funding will be better suited to be incorporated into other NNF factors, and further work will be undertaken to bring them into the NFF. They are as follows:-

- School building contracts via a reformed PFI factor
- Amalgamated schools will receive 100% joint lump sums in the year they amalgamated and 85% in the following year. The use of flexibility will be reviewed for the following year.
- The DfE will continue to work with the sector on funding for very small rural secondary schools and look to bring in some form of protection mechanism.
- Minimum per pupil levels for all through schools with uneven year groups

Other areas funded via exceptional circumstances will be kept under review before finalising a discrete list of eligible categories, and flexibility will be built into the system to allow for new exceptional circumstances to be funded.

Question 18

Do you agree that we should use local formulae baselines (actual GAG

allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?

Response

The DfE will use local formulae baselines – and actual GAG allocations for academies – in the year of transition to the direct NFF.

Question 19

Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?

Response

The DfE will move to a simplified pupil-led funding protection under the direct NFF, together with some mitigation for sparse schools to prevent sudden losses in sparsity funding.

Question 20

Do you have any comments on our proposals for the operation of the minimum funding guarantee (MFG) under the direct NFF?

Response

The DfE will go forward with the proposals to adjust for changing year group structures to prevent over protection of some schools. Impact of any changes on individual schools will be analysed to prevent unintended outcomes. Significant changes to school led funding will need to be implemented before any simplification of the MFG.

Question 21

What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?

Response

The DfE will aim to develop a flexible calculator tool that can be used to estimate funding.

Question 22

Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?

Response

The DfE will continue to provide information on the design of the NFF in July each year and explore what other information can be provided in advance.

Question 23

Do you have any comments on the two options presented for data collections with regard to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to DfE?

Response

Data will be requested in December using a prepopulated form with October census data. However, this will require a tight turnaround period over the holidays. To assist in this process a draft template will be provided before the pre-populated data is available to minimise the amount of work required once the populated data is available.

Question 24

Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?

Response

The DfE will have one single data collection in March when the direct NFF is introduced, however, once the process has been implemented it will be reviewed over time.

Question 25

Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?

Response

The DfE agreed with some wider comments to minimise burdens and provide advance notice of upcoming changes and will continue to work with stakeholders to ensure that processes are as streamlined as possible.

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AGENDA ITEM 8

REPORT TO SCHOOLS FORUM

27th June 2023

SCHEME FOR FINANCING SCHOOLS UPDATE 2023

SUMMARY

1. The Scheme for Financing Schools document defines the key financial management relationship between the Local Authority (LA) and schools. The scheme clearly outlines all stakeholder roles and responsibilities, key controls and any remedial actions the LA may impose in case of any financial mismanagement issues.
2. The LA is required to consult by statute with all governing bodies in relation to any LA specific proposed amendments to the Scheme for Financing Schools document. "Directed Revisions" as per the Secretary of State and/or minor updates to local scheme to comply with updated DfE guidance have not been subject to formal consultation with school governing bodies.
3. Schools Forum is required under its powers and responsibilities to approve the proposed changes to the scheme, prior to implementation. If the Forum does not approve one or a number of the proposed changes then the LA can either reconsider the proposals or refer the matter for adjudication to the Secretary of State.

RECOMMENDATION

4. It is recommended that local authority **maintained** school members approve the changes to the scheme.

Scheme for Financing Schools

5. The annual statutory guidance (issue 15) was updated on 31 March 2023 and published as per the link below.

[Schemes for financing schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/schemes-for-financing-schools)

6. All Local authorities are required to have a scheme for financing schools, setting out the financial relationship they have with their maintained schools. Changes to the guidance have been made to reflect updates to policy and/or legislation and LA's must ensure their local scheme is reflective of such updates. The statutory guidance sets out what the LA must do to comply with the law and the LA is required to follow the guidance unless they have a very good reason not to.

7. The local Scheme for Financing Schools document was last updated in December 2020 to reflect the last series of “Directed Revisions” issued by the Secretary of State.
8. The updated statutory guidance from DfE only included one minor update relating to “income from sale of assets” section of the scheme. A single proposed wording update/amendment to ensure the local scheme is fully compliant with the Secretary of State updated statutory guidance.
9. The current text in the Stockton Scheme for Financing Schools will be updated to incorporate this guidance as follows:

Extract from Stockton’s Scheme for Financing Schools

5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for the LA to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

The text from the paragraph above will be updated as follows:

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for the LA to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.

The retention of proceeds of sale for premises not owned by the local authority will not be a matter for the scheme.

10. There have been other minor changes to the document to bring it up to date. This includes changes to job titles, updated terminology, various acts and schools included within the scheme.
11. Once changes are approved the Scheme will be published on the Councils website. The current version of the scheme can be found via the following link;

[Scheme for financing schools \(stockton.gov.uk\)](https://www.stockton.gov.uk/scheme-for-financing-schools)

Contact Officer: Andy Bryson, Chief Accountant
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AGENDA ITEM 9

REPORT TO SCHOOLS FORUM

27th JUNE 2023

SPRING BUDGET 2023 – DfE COMMITMENT TO EARLY YEARS

SUMMARY

1. The purpose of this paper is to provide an update to Schools Forum on the Government commitment to the Early Years Sector as outlined in the Spring Budget 2023.
2. The Government pledged, that by 2028, they would double spending on childcare – aiming to spend more than £8 billion every year. This will fund the 30 hours of childcare per week for eligible working parents of children from nine months old, right to when they start primary school.
3. A report was taken to Councils Corporate Management Team (CMT) on 4th April 2023 (Attached at Appendix 1) which outlines the key DfE announcements as well as implications for the Council and Early Years sector. A summary of these key announcements are as follows:
 - a) From September 2023 - £204m extra funding to local authorities to increase the hourly rates paid to providers for the existing early years entitlements (2 year olds and 3-4 year olds).
 - b) From September 2023 – A change in staff-to-child ratios from 1:4 to 1:5 for 2 year olds (subject to parliamentary procedure).
 - c) From April 2024 – Further uplifts corresponding to £288m investment in existing entitlements (2 year olds and 3-4 year olds).
 - d) From April 2024 – eligible working parents of 2-year-olds can access 15 hours per week.
 - e) From September 2024 – eligible working parents of children aged 9 months up to 3-years-old can access 15 hours per week.
 - f) From September 2024 - £289m over two academic years to enable schools and local areas to setup wraparound childcare provision. This will enable schools and Local Authorities to introduce or expand childcare provision on either side of the school day and enable them to test flexible ways of providing childcare and gather evidence of what works.
 - g) From September 2025 – eligible working parents of children aged 9 months up to 3-years-old can access 30 hours free childcare per week.

4. The Government intends to allocate the additional £204m from September 2023 to local authorities through a standalone top-up grant. This will be known as the Early Years Supplementary Grant (EYSG). The distribution methodology and funding rates will be notified to local authorities ahead of the summer break. In setting local funding rates, local authorities will be encouraged to engage with early years providers about the additional funding, but local authorities will not be required to consult formally.
5. For 2024 to 2025, the additional £288m will be allocated to local authorities through the DSG. DfE will provide final local authority hourly funding rates for 2024 to 2025 in Autumn 2023 in the normal way.
6. The Government is also looking at the support needed to deliver this commitment to the early years sector and the capacity implications for Stockton are outlined in paragraphs 24-26 of the CMT report at Appendix 1.

RECOMMENDATIONS

- a. **Note** the Government funding announcements

DETAIL

7. As per the attached report presented to CMT (Appendix 1).

Contact Officer: Andy Bryson, Chief Accountant
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APPENDIX 1

REPORT TO CMT

DATE

REPORT OF DIRECTOR OF CHILDREN'S SERVICES

BUDGET CHILDCARE ANNOUNCEMENTS AND IMPLICATIONS

Purpose

To brief CMT's views on the childcare announcements in the March budget and outline some of the key implications for the Council and the sector.

RECOMMENDATIONS

CMT is asked to note this report.

Existing funding and provision for childcare

1. Currently, 30 hours / week of free childcare provision is available for working parents of 3/ 4 year olds.
2. Disadvantaged children can also access 15 hours free childcare per month.
3. Both of these entitlements remain.

Budget announcements

4. For working parents, the government will provide £4.1 billion by 2027/28 to fund **30 hours free childcare per week for eligible working parents** with children aged nine months up to three years.
5. Roll out of the entitlement will be phased over the next couple of years. 15 hours free childcare will be available to eligible working parents of two year olds from April 2024, and parents of children aged nine months up to two years from September 2024. The full 30 hours free childcare will be available from September 2025.
6. The Government is also **uplifting the hourly funding rate** paid to providers, to deliver the existing free hours offers in England, helping providers to manage cost pressures. The Government will provide £204 million in 2023-24, paid from September 2023, and £288 million in 2024-25:
 - a. 2yr funding rate increasing from £6/hr to around £8/hr (30% increase)
 - b. 3&4yr funding rate increasing from £5.29 to over £5.50/hr
 - c. The rate for under 2's from Sept 24 will be around £11/hr
7. There will also be a **change in staff-to-child ratios from 1:4 to 1:5** for 2 year-olds in England, to align with Scotland and other countries. This change will come into force from September 2023, subject to parliamentary procedure.
8. In recognition of both the importance and short supply of childminders, **incentive payments of £600 will be piloted from Autumn of this year for those who sign**

up to the profession (rising to £1,200 for those who join through an agency) to increase the number available and increase choice and affordability for parents.

9. **Schools and local authorities will be funded to increase the supply of wraparound care**, so that parents of school age children can drop their children off between 8am and 6pm – tackling the barriers to working caused by limited availability of wraparound care.
10. **Childcare costs** of parents moving into work or increasing their hours on Universal Credit **paid upfront rather than in arrears**, with maximum claim boosted to £951 for one child and £1,630 for two children – an increase of around 50%.

Why is Government making these changes

Childcare plays a vital role in enabling parents to work and supporting children's early development, which in turn improve economic growth.

Implications

11. Although this announcement is good news for parents it does come with issues for the sector and the Council.

For the sector

12. The sector is already under pressure as there is a recruitment and retention issue in the sector, so more children in childcare provision will exacerbate this.
13. Most providers are only able to be viable due to their reliance on fee paying parents, so offering more funded places will reduce their potential income as funding rates are based on the settlement the council receive from government and are not always enough to cover costs and profit margins, where applicable. Providers, therefore, may increase their rates to try and offset lost income, so potentially parents will be paying significantly more for hours purchased outside of their funded 30 hours.
14. The Chancellor stated there would be an average of 30% increase to the 2 year old rate this year. It is reported that the 2 year old rate was increasing from £6 to £8 and hour and the 3&4 year rate was increasing from £5.29 to £5.50 per hour (a 4% increase).
15. We currently have sufficient childcare places to meet demand but providers are already struggling and are looking at making staff redundancies and there is the potential for some providers to close. Quality is being impacted as there are not enough high quality, qualified staff available to work in the sector, some providers are relying on agency staff and we starting to see some poor Ofsted inspections. Providers struggle to attend training as they do not have backfill to release staff. Some are having to limit available childcare places as they do not have enough staff to meet staff:child ratios. Because of high staff turnover or use of agency staff there's continuity and quality can suffer. Early Years Team are visiting some settings on a weekly basis to improve the quality of settings of concern or who have received a 'requires improvement' Ofsted grading. Several providers have contacted the team about low numbers impacting on their sustainability and have asked if sustainability funding is available to support them or for rate relief to reduce their overheads, as this can be a significant amount. This is a potential focus for further business support work.
16. It will be difficult to forecast the potential number of eligible children that will require a 15/30 hour funded place as funding is awarded to working parents and those that could be eligible may not yet have decided whether they will start working. What providers will know is the number of 2 year children already attending their setting

and potentially could move from a fee paying place to a funded place. Parents are consulted as part of the childcare sufficiency assessment so intelligence will be gathered to try and project the potential number of funded places required going forward.

17. We need to consider what additional support there will be for younger children with SEND where parents intention is to access a funded place. The Inclusion Fund currently provides additional funding for children aged 2 and above. It is not yet clear if this funding remains.
18. The change from 1:4 to 1:5 for the staff to child ratios for 2 year old children, will not necessarily provide a benefit to providers as the majority will retain a 1:4 ratio as this age group can be quite challenging.
19. The childminder start-up grant is not a new initiative, the scheme has been in place in previous years, although quite a while ago. There has been a steady decline in the number of childminders since the pandemic. Pre pandemic there were 167 childminders operating in Stockton currently there are 119, a 28.75% reduction. There are several reasons that childminders are leaving the sector; they feel undervalued; the impact of Covid; retiring early; and the amount of paperwork to meet inspection requirements and the early years foundation stage.
20. In terms of the wrap around support, where schools and LAs will receive funding to introduce wraparound care from 8am to 6pm, this appears to be similar to the previous Extended Schools initiative. The government will be investing £289m over two academic years from Sept 2024, to enable schools and local areas to set up wraparound childcare provision. They expect that most schools will be able to deliver provision that is self-financing and sustainable by Sept 2026.
21. 34 primary schools already provide a breakfast club and 24 provide an after school club, though only 6 offer it until 6pm. 11 PVI's (private / voluntary / independent providers) are on school sites offering before and after school provision and there are also offsite PVI's and childminders offering wraparound childcare.
22. The announcement of providing childcare funding upfront to those moving into work on universal credit means parents won't struggle to meet childcare costs while they wait to be paid their first salary. At this point we don't know how this will operate i.e., will providers be paid direct from government or will parents receive the funding direct and then pay childcare providers.
23. There will be an increase in workload for providers as there will have to claim funding for more children. We are also changing our own systems or providers. Along with the implementation of a new system (EYEs) which they will not be used to.

For the Council

24. There will be capacity issues for the team to manage these new initiatives. The team is small (2.81FTE) and increasing the number of funded children creates more work for the headcount process, where payments are made to providers for funded children. There will be an increase in enquiries from parents in relation to funded places. Payment of start-up grants to childminders will also be additional work – these are new burdens and should be subject to a new burdens assessment from Government.
25. There will be additional work in supporting schools to develop an 8am to 6pm provision, including staffing and space issues.
26. There is also uncertainty with the full roll out of 30 hours funded childcare as it is due to be implemented in Sept 2025 which will be after the next general election.

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