

GATESHEAD SCHOOLS FORUM AGENDA

Thursday, 9 March 2017 at 2.00 pm in the Dryden Centre

From the Chief Executive, Sheena Ramsey

Item	Business
1	Apologies
2	Minutes (Pages 3 - 6) The Forum is asked to approve as a correct record the minutes of the last meeting held on 9 February 2017
3	Early Years Funding Consultation Response and Funding Formula 2017/18 (Pages 7 - 8) Carole Smith, Corporate Resources
4	Early Years Inclusion Fund 2017/18 (Pages 9 - 10) Carole Smith, Corporate Resources
5	Mainstream School Funding (APT) Submission (Pages 11 - 16) Carole Smith, Corporate Resources
6	Schools National Funding Formula - Draft Response (Pages 17 - 26) Carole Smith, Corporate Resources
7	High Needs National Funding Formula - Draft Response (Pages 27 - 32) Alan Foster, Corporate Resources
8	Dedicated Schools Grant Q3 (Pages 33 - 34) Alan Foster, Corporate Resources
9	Verbal Update from National Fair Funding Conference Carole Smith, Corporate Resources
10	Date and Time of Next Meeting Thursday 18 May 2017 at 2.00pm

Contact: Rosalyn Patterson - email: rosalynpatterson@gateshead.gov.uk,
Tel: 0191 433 2088, Date: Thursday, 2 March 2017

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

GATESHEAD SCHOOLS FORUM MEETING

Thursday, 9 February 2017

PRESENT:

Ken Childs (Chair)	Special Schools Governors
Julie Goodfellow	Primary Academy Headteachers
Steve Haigh	Secondary Academy Headteachers
Denise Henry	Nursery Sector Representative
Christine Ingle	Diocese Representatives
Mustafaa Malik	Primary Headteachers
Ethel Mills	PVI Sector Representative
Elaine Pickering	Secondary Governors
Andrew Ramanandi	Primary Headteachers
Chris Richardson	Secondary Headteachers
Allan Symons	Primary Governors
Steve Williamson	Pupil Referral Unit Representative
Clive Wisby	Primary Headteachers

IN ATTENDANCE:

Carole Smith	Corporate Resources
Alan Foster	Corporate Resources
Rosalyn Patterson	Corporate Services and Governance

1 APOLOGIES

Apologies for absence were received from Peter Largue, Sarah Diggle, Jim Thomson and Michelle Richards.

2 MINUTES

The minutes of the meeting held on 12 January 2017 were agreed as a correct record.

3 EARLY YEARS FUNDING FORMULA 2017/18

The Forum received an update report on the progress of the Early Years Formula sub group and the proposal for the Early Years Funding Formula for 2017/18.

The main changes in the guidance were identified;

- Maintained nursery school grant reduced
- Efficiency and additional 15 hours supplements removed
- Quality supplement and EAL have been added
- Inclusion fund is now mandatory – an officer group is currently looking at this.

It was reported that from April 2017 there must be a 93-95% pass through rate to providers, as well as a single universal base rate for all providers. In addition, supplements must not be more than 10% of the total value of planned funding to be passed through to providers, with deprivation being the only mandatory supplement.

The sub group looked at the optional supplements and it was decided that rurality and sparsity supplement was not required, flexibility was also discounted because it is hard to quantify. Quality supplement was agreed to be used to encourage settings to employ more highly qualified staff. EAL was discounted as currently there is no data, this will be collected from January 2017 and once available the supplement will be reviewed for possible use.

The sub group met on 28 November and looked at four models;

- 1) 90% base rate, 10% deprivation
- 2) 95% base rate, 5% deprivation
- 3) 90% base rate, 5% deprivation and 5% qualification
- 4) 90% base rate, 3% deprivation and 7% qualification

It was confirmed that at its meeting the sub group agreed model three should be taken forward for consultation with all settings.

RESOLVED -

That the Schools Forum noted the work undertaken by the group and approved Model 3 for consultation with all settings.

4 EARLY YEARS FUNDING FORMULA CONSULTATION DOCUMENT AND PROCESS

The Forum received a report on the proposed early years funding consultation document. It was noted that, if Forum agrees, the document will be circulated to all early years settings and the feedback brought back to the next meeting of the Schools Forum in March.

RESOLVED -

- (i) That the Forum reviewed the consultation document.
- (ii) That the Forum reviewed the information contained within the document for clarity.
- (iii) That the Forum agreed the consultation document to be circulated.

5 SPECIAL SCHOOLS FUNDING FORMULA REVIEW 2017/18

The Forum received a report on the proposed amendments to the Special School Funding Formula for 2017/18. The amendments are proposed following meetings of the Special School Funding Review Group, at which five out of the six schools must agree to changes.

It was reported that in this instance all six schools agreed to the proposals to even

funding out. It was noted that, in order to comply with regulations, there can be no losses of more than 1.5%. Eslington will lose 1.49% and it was also noted that there would be losses in terms of social, emotional and mental health, however gains in ASD and cognition and learning specialist areas.

It was proposed that there be an increase of £18,000 in fixed costs for Gibside for the increased space at Blaydon Children's Centre, this is due to the increase in pupil population.

The point was made that the Council should do more to support the schools by charging less rent for the Children's Centres.

RESOLVED -

That the Schools Forum approved the proposed changes to the special schools bandings and the increase to Gibside's fixed costs to reflect the additional space rented in Blaydon Children's Centre.

6 MAINSTREAM HIGH NEEDS TOP UPS 2017/18

A report was presented on the proposed mainstream schools top up rates from April 2017.

It was reported that top-up funding would be maintained at Teaching Assistant level 3. There is a projected 26% overspend of £139,000. It was proposed to calculate the 2017/18 bandings at the same rate as 2016/17 but with the deduction of 1.5% in line with minimum funding guarantee.

It was questioned whether this was looking at the need of young people or rather the rationing of funding, and what would happen if the Forum did not approve. It was confirmed that both factors need to be considered and if the Forum did not approve there would be an option of going to the Secretary of State for approval.

Concerns were raised that this position is cutting the support available in all settings and that the Ofsted area review may influence the decision. It was noted that agreement is needed before 1 April and that no feedback from the area review has yet been received. It was also acknowledged that no additional information would be available by the next meeting.

The decision on this item went to a vote.

RESOLVED -

By majority vote the School Forum approved the mainstream banding proposal for 2017/18.

7 HIGH NEEDS COMMISSIONED PLACES 2017/18

A report was presented on the proposed commissioning arrangements for High Needs Places for 2017/18.

There was a discussion around ARMS places and it was suggested that a representative from the commissioning team be invited to a meeting to discuss the issue further and provide clarity.

RESOLVED -

That the Schools Forum noted the report.

8 MAINSTREAM SCHOOL FUNDING FORMULA 2017/18 (LATE PAPER OR VERBAL UPDATE)

The Forum received a short verbal update.

9 DATE AND TIME OF NEXT MEETING

The date and time of the next meeting is Thursday 9 March 2017 at 2.00pm.

TITLE OF REPORT: Early Years Consultation Response and Funding Formula 2017/18

Purpose of the Report

1. The purpose of this report is to bring to Schools Forum the results of the Early Years Funding consultation and to update Schools Forum on the progress made by the Early Years Formula Schools Forum sub group. This report also proposes the new Early Years Single Funding Formula (EYSFF) for implementation April 2017.

Background

2. This report builds on Items 3 and 4 brought to Schools Forum in February 2017. The approved consultation documentation was sent out to all settings on 10 February 2017 with a response date of 24 February 2017.
3. In total 14 responses were received, however two consultation response forms were blank, and another setting returned the consultation document without any indication of their response to the questions.
4. Responses were received from 12 private voluntary and independent (PVI) settings including two childminders, and two from schools.
5. The table below is a summary of responses and comments received.

	Question	Yes	Don't Know	No	Comment
Q1	Do you accept a flat rate funding rate for two year old funding?	10	1	0	
Q2	Do you accept the increase in funding rate to settings for eligible 2 year olds from £4.85 to £5.20?	10	0	0	
Q3	Do you accept the use of a universal base rate from 2017/18?	11	0	0	
Q4	Do you accept the universal base rate of £3.85 per hour for all settings?	11	0	0	This is very low but I am not sure there is scope for more
Q5	Do you accept the proposal to use a settings Acorn score to distribute deprivation funding?	11	0	0	
Q6	Do you accept the proposal to use a quality supplement in EYSFF?	11	0	0	
Q7	Do you accept the proposal not to include rurality/sparsity, flexibility and EAL in the EYSFF	9	2	0	

Q8	Do you accept the proposal to distribute quality funding on the basis of qualification weighted hours?	10	1	0	
Q9	Do you accept the proposal that deprivation and quality supplements should both distribute 5% of available funding?	9	1	0	5% as a maximum
Q10	Do you accept that the funding should be based on the total hours/weeks per term a child attends and that funding should follow the child when they move settings at any time?	9	0	1	But with calendar months' notice, to 6 weeks preferably to meet legal commitments made to contracted hours

6. The Early Years Funding Sub Group met 28 February 2017 to discuss the consultation response and results and the final EYSFF proposals. The group noted the responses, and the support for the proposals. Final modelling was undertaken based on 2016 calendar data, and as a result of modelling the new data there is a proposed slight amendment to the quality rate reported in February's Schools Forum report.
7. The proposed rates for 2017/18 new Early Years Single Funding Formula are:

Base Rate £3.849 – 90% of available funding, per child attendance hour

Quality Supplement £0.500 – a reduction of £0.007 from the funding rate reported in February, 5% of available funding, per quality weighted hour

Deprivation Supplement £0.006 – no change, 5% of available funding, per deprivation weighted hour

The new flat funding rate for two year olds is proposed at £5.20 per child attendance hour.

Proposal

8. It is proposed that Schools Forum notes the outcome of the consultation in terms of the responses and comments received and approves the new funding rates for the new EYSFF.

Recommendations

9. It is recommended that Schools Forum notes the consultation responses and comments and approves the proposed EYSFF and the new two year old funding rate.

For the following reasons:

- To comply with the Early Years National Funding Formula Operational Guidance
- To comply with DfE timescales
- To comply with Schools and Early Years (England) Regulations 2017
- To enable early years budgets to be set for 2017/18

TITLE OF REPORT: Early Years Inclusion Fund

Purpose of the Report

1. The purpose of this report is update Schools Forum on the work that is being undertaken to set up an Early Years Inclusion Fund.

Background

2. As part of the changes introduced with the new National Early Years Formula, there is a new requirement for all Local Authorities (LAs) to have an Early Years Inclusion Fund (EYIF).
3. The Early Years Operational Guidance states:-

“The Special Educational Needs inclusion fund is for 3 and 4 year olds with SEN taking up any number of hours of free entitlement. 2 year olds are not eligible to receive this funding.

The fund should target children with lower level or emerging SEN. Children with more complex needs and those in receipt of an education health and care plan (EHCP) continue to be eligible to receive funding via the high needs block of the Dedicated Schools Grant.

LAs must consult with early years providers, parents and SEN specialists on how the SEN inclusion fund will be allocated, as part of the preparation and review of their Local Offer.

Under this Local Offer, LAs must publish details on how they are using their SEN inclusion fund to support their early years SEN cohort. These details must include the eligibility criteria for the fund, the planned value of the fund at the start of the year, and the process for allocating the fund to providers.

Local authorities should pass the majority of their SEN inclusion fund to providers in the form of top up grants on a case by case basis. LAs can also use part of their inclusion fund to support specialist SEN services in their local area.”

4. The initial proposals are being drafted by an officer group. The group have had two meetings to date. At the initial meeting limited progress could be made due to the awaited outcome of the Early Years Consultation.
5. At the second meeting information on other LAs inclusion funds were discussed with the following actions to be taken:-
 - Review of Gateshead documentation

- Guidance and the process for applying to the fund needs to be developed –current documentation to be reviewed to ascertain if there is a current form that can be adapted or added to for this purpose.
- The level of funding was also discussed, and further consideration needs to be taken as to the level of individual allocations.
- Other area's for future consideration by the group
 - Panel / group for reviewing applications
 - Fund monitoring to ensure not overspent

Proposal

6. It is proposed that Schools Forum notes the content of the report and the work that the group has under taken. Further reports will be brought to Schools Forum to report progress and proposals.

Recommendations

7. It is recommended that Schools Forum notes the report and the progress made on the creation of an EYIF.

For the following reasons:

- To comply with the Early Years National Funding Formula Operational Guidance
- To comply with Schools and Early Years (England) Regulations 2017

CONTACT: Carole Smith

TITLE OF REPORT: Mainstream Schools Funding APT Submission

Purpose of the Report

1. To bring to Schools Forum an updated Authority Proforma Tool (APT) for submitting funding factors and values to the Department for Education (DfE) for approval and for the calculation of mainstream schools individual school budgets for 2017/18. This report builds on a report presented in January 2017.

Background

2. At the meeting in January 2017 Schools Forum approved the APT for submission to the DfE. Running alongside this process, meetings have been taking place with Lord Lawson of Beamish (LLoB) to discuss their ongoing Private Finance Initiative (PFI) funding issues.

Historic Context

3. The Gateshead Schools PFI Project has built seven schools on five sites in Gateshead. The Council contracted with Pinnacle Schools (Gateshead) Ltd to design, build, finance and operate the schools until August 2033. The schools were built by Sir Robert McAlpine Ltd and are managed by Parsons Brinckerhoff (known as PB).
4. The Council signed the PFI Project Agreement with Pinnacle Schools (Gateshead) Ltd on 23rd February 2006.
5. The Council also has agreements with all the schools via School Governing Body Agreements and with the Diocese of Newcastle and Hexham for St. Joseph's Highfield for the schools contributions to the revenue costs of running the schools. These amounts are indexed on an annual basis in line with the contract documentation.
6. The funding arrangements for the schools PFI costs were made up of three elements:-
 - PFI credits in the form of a grant from the Department of Communities and Local Government (DCLG)
 - Contributions from the Schools as per Governing Body Agreements
 - Revenue funding from Council resources known as the "funding gap".
7. In 2011 Lord Lawson of Beamish School (LLoB) applied to become an academy. At that time regulations and legal requirements did not allow local authorities to maintain or fund academies in anyway other than via the Dedicated Schools Grant (DSG). After taking legal advice and advice from the DfE, at that time the only way LLoB could convert to an academy was for the Council to delegate the funding gap to all PFI schools, and for this in turn to be funded from the DSG.

8. Delegation of the Funding Gap for Secondary Schools was implemented from September 2011 and funded from DSG reserves, the process was approved by Schools Forum 6th October 2011.
9. From April 2012 the funding gap was delegated to all PFI schools.
10. LLoB converted to an academy 1st March 2012, and as part of this process new contract documentation between the Council, LLoB and the DfE were drawn up and agreed.
11. From March 2012 to August 2014 LLoB received an Earmarked Annual Grant (EAG) equivalent to the 2012/13 funding gap outside their General Annual Grant (GAG) as the funding gap was not included in the calculation of the schools GAG. The school received a letter from the DfE stating that from September 2014 their PFI funding would be included in their GAG.
12. The school has spent at least two years in contact with the DfE trying to understand why their funding has dropped significantly from the time they received the EAG for the PFI gap. The culmination of this contact has been for the DfE to advise the school to challenge the LAs funding formula for the calculation of PFI funding. The DfE also contacted the LA, and correspondence and conversations were entered into.
13. The culmination of this contact has been that the DfE have stated and recommended that as the PFI factor is a premises factor, the LA can change their formula to fund the post 16 element of the PFI charge.

Issues

14. The DfE have been challenged on the possible payment of an AEG to the school, but have stated that they have no option of providing the school with AEG funding for the post 16 proportion of the PFI factor.
15. Given that the DfE have stated that they will not be providing the school with an AEG, and if the funding issue cannot be resolved in the 2017/18 APT then this funding will not be in the schools baseline going forward into the national funding formula soft introduction proposed for 2018/19.

Options

16. Due to circumstances beyond the control of the school and the recommendation provided by the DfE that the LA formula be changed to fund the post 16 element of the PFI factor, there are 3 options:-
 - There is no change to the PFI formula and no post 16 PFI funding.
 - The LAs formula is changed to include the post 16 element of the PFI charge and that this increase in funding is funded from DSG reserves.
 - The LAs formula is changed to include the post 16 element of the PFI charge and all schools per pupil base rates are reduced to provide this additional funding.

Proposal

17. It is proposed for a one off use of £227,894 DSG reserves to fund the post 16 element of the schools PFI factor. This funding will then be incorporated in the schools and LAs baseline funding going forward into the national funding formula. An updated proforma is at appendix 1.

Recommendations

18. That Schools Forum approves:-

- The change in the PFI formula to incorporate the post 16 element of the schools PFI charge.
- The one off use of DSG reserves of £227,894 to fund the post 16 element of the schools PFI charge.

For the following reasons:-

- To provide funding for post 16 PFI charges in line with DfE recommendations.
- To enable this additional funding to be baselined going into the national funding formula.
- To enable Gateshead Mainstream Schools funding to be calculated.

CONTACT: Carole Smith

Appendix 1

Local Authority Funding Reform Proforma

LA Name:

Gateshead

LA Number:

390

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00					
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Primary (Years R-6)	£2,901.25		14,819.00		£42,993,624	£77,534,801	41.00%	5.00%	
	Key Stage 3 (Years 7-9)	£3,746.25		5,291.00		£19,821,409		18.90%	5.00%	
	Key Stage 4 (Years 10-11)	£4,356.25		3,379.00		£14,719,769		14.04%	5.00%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM6 % Primary	£850.00		4,539.46		£3,858,543	£11,375,917	10.85%	23.00%	
	FSM6 % Secondary		£1,400.00		2,957.64	£4,140,703				19.00%
	IDACI Band F	£0.00	£0.00	1,783.78	986.89	£0			0.00%	0.00%
	IDACI Band E	£0.00	£0.00	1,746.44	947.59	£0			0.00%	0.00%
	IDACI Band D	£347.75	£416.24	2,074.05	1,144.98	£1,197,838			0.00%	0.00%
	IDACI Band C	£401.25	£480.28	587.86	330.93	£394,821			0.00%	0.00%
	IDACI Band B	£481.50	£576.33	1,082.04	553.77	£840,162			23.00%	19.00%
	IDACI Band A	£802.50	£960.55	717.43	383.23	£943,851			23.00%	19.00%
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 16	£1,500.00		187.85		£281,779	£686,268	0.27%	0.00%	
4) English as an Additional Language (EAL)	EAL 3 Primary	£260.00		709.36		£184,435		0.20%	0.00%	
	EAL 3 Secondary		£260.00		108.96	£28,329				0.00%
5) Mobility	Pupils starting school outside of normal entry dates	£2,000.00	£2,000.00	95.86	0.00	£191,725	0.18%	0.00%	0.00%	
	Description	Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Low Attainment % new EFSP	70.00%	£320.00	30.04%	3,797.65	£1,215,247	£2,093,024	2.00%	100.00%	
	Low Attainment % old FSP 73			16.30%						
	Secondary low attainment (year 7)	48.02%	£550.00	18.28%	1,595.96	£877,776				100.00%
	Secondary low attainment (years 8 to 11)			18.44%						

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£115,000.00	£140,000.00			£8,965,000	8.55%	0.00%	0.00%
8) Sparsity factor					£0	0.00%	0.00%	0.00%

Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.

Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed or tapered sparsity primary lump sum?	Fixed			
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed or tapered sparsity secondary lump sum?	Fixed			
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed or tapered sparsity middle school lump sum?	Fixed			
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed or tapered sparsity all-through lump sum?	Fixed			
9) Fringe Payments					£0	0.00%		
10) Split Sites					£0	0.00%	0.00%	
11) Rates					£1,734,821	1.65%	0.00%	
12) PFI funding					£2,464,011	2.35%	0.00%	
13) Exceptional circumstances (can only be used with prior agreement of EFA)								
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY16-17					£0	0.00%	0.00%	0.00%
Additional sparsity lump sum for small schools					£0	0.00%	0.00%	
Exceptional Circumstance3					£0	0.00%	0.00%	
Exceptional Circumstance4					£0	0.00%	0.00%	
Exceptional Circumstance5					£0	0.00%	0.00%	
Exceptional Circumstance6					£0	0.00%	0.00%	

Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)

£104,853,841

100.00%

£8,026,794

14) Minimum Funding Guarantee (MFG is set at -1.5%)

£439,260

Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)

No

Capping Factor (%)

Scaling Factor (%)

Total deduction if capping and scaling factors are applied

£0

Total (£)

£439,260

Proportion of Total funding(%)

0.42%

MFG Net Total Funding (MFG + deduction from capping and scaling)

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)

£0.00

Additional funding from the high needs budget

£0.00

Growth fund (if applicable)

£35,000.00

Falling rolls fund (if applicable)

£0.00

Total Funding For Schools Block Formula

£105,293,101

% Distributed through Basic Entitlement

73.95%

% Pupil Led Funding

87.45%

Primary: Secondary Ratio

1 :

1.27

Total funding for schools block formula contains funding from outside of the 2017-18 Schools Block allocation?

No

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REPORT TO SCHOOLS FORUM

9 March 2017

TITLE OF REPORT: Schools National Funding Formula – Stage 2 Consultation

Purpose of the Report

1. To bring to Schools Forums attention the stage 2 consultation on the proposed schools national funding formula. This report builds on reports presented in March and April 2016 and January 2017.

Background

2. The Department for Education (DfE) launched a second stage consultation on 14 December 2016 relating to implementation of a mainstream schools national funding formula (NFF), and the creation of a central schools services block for local authorities. The consultation closes 22 March 2017.
3. This “stage two” consultation includes details regarding:-
 - The DfE’s overall approach to a NFF
 - The proposed detailed formula design
 - The implications for individual schools of the application of a NFF based on 2016/17 data
 - The timetable of implementation of the NFF for schools
 - The proposals for a central schools services block

Below is a link to all the consultation documents.

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

Proposal

4. Schools Forum reviews discusses and amends as required the attached draft consultation document (appendix 1), and decides if Schools Forum would like to respond to the consultation.

Recommendations

5. Schools Forum notes the contents of the report and the draft consultation response and decides if a consultation response should be submitted on behalf of Gateshead Schools Forum.

For the following reasons:-

To enable Schools Forum to have an input into the consultation into the NFF,
and to put forward their collective views.

CONTACT: Carole Smith

Appendix1

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

Yes

No

Please explain your reasoning and any further evidence we should take into account:

Whilst we would agree that stability is good for schools, the documentation provided does not give a clear rationale for the use of the LA averages. Although individual school information has been provided, the information on the area cost adjustment has not been provided. We are also concerned about the reduction base rate on our primary schools as our primary schools with lower levels of deprivation all see a reduction in funding.

Another concern is the impact of flat cash since 2010/11 and the impact this is having on schools. This has been made worse by reductions in local authority funding for vulnerable children and will be further impacted due to the removal of the general element of the Education Services Grant from September 2017.

2. Do you support our proposal to set the primary to secondary ratio in line with the current national average?

We have decided that the secondary phase should be funded, overall, at a higher level than primary, after consulting on this in stage one. We are now consulting on how great the difference should be between the phases.

The current national average is 1:1.29, which means that secondary pupils are funded 29% higher overall than primary pupils.

Yes

No – the ratio should be closer (i.e. primary and secondary phases should be funded at more similar levels)

No – the ratio should be wider (i.e. the secondary phase should be funded more than 29% higher than the primary phase)

Please explain your reasoning and any further evidence we should take into account:

Whilst Gateshead's ratio is at 1:1.27 is not far from the average of 1:1.29, due to the large values in place, a 2% movement in favour to the secondary sector will have a significant effect on primary schools. In Gateshead we have on average smaller primary schools and fewer larger secondary schools which has an impact on the primary secondary ratio. This local organisation of schools is not taken into account using a national average. The primary secondary ratio does not take into account funding allocated via the MFG and this can be misleading, as the actual funding ratio can be much different after taking this funding into consideration.

3. Do you support our proposal to maximise pupil-led funding?

We are proposing to maximise the amount of funding allocated to factors that relate directly to pupils and their characteristics, compared to the factors that relate to schools' characteristics. We propose to do this by reducing the lump sum compared to the current national average (see question 7 on the lump sum value).

Yes

No - you should further increase pupil-led funding and further reduce school-led funding

No - you should keep the balance between pupil-led and school-led funding in line with the current national average

No - you should increase school-led funding compared to the current national average

Please explain your reasoning and any further evidence we should take into account:

As mentioned above, in Gateshead we have on average smaller primary schools, which impacts on the allocation of funding on school led factors. Without the capital to rebuild and amalgamate schools this pattern will not change significantly with the implementation of a national funding formula. Another consideration is that not all LAs have PFI schools, this is another school led cost that is not related to pupil numbers. Rates are another school led factor that is outside the control of schools and the formula. The proposed changes in NNDR will have an impact on school led funding which again is not linked to pupil numbers and basing this on historic cost going forward is flawed. Another issue with NNDR is that Academies can claim to have their NNDR funded at actual cost via the DfE, but maintained schools do not have this option.

There should be local discretion on the primary secondary ratio within parameters so that the ratio can reflect the local area demographics and school organisation.

Pupil-led factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right proportions for each factor.

4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors?

Of the total schools block funding, 76% is currently allocated to basic per-pupil funding (AWPU) and 13% is allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language).

The formula will recognise educational disadvantage in its widest sense, including those who are not eligible for the pupil premium but whose families may be only just about managing. It increases the total spent on additional needs factors compared to the funding explicitly directed through these factors in the current system.

We are therefore proposing to increase the proportion of the total schools block funding allocated to additional needs factors to 18%, with 73% allocated to basic per-pupil funding.

Yes

No – allocate a greater proportion to additional needs

No – allocate a lower proportion to additional needs

Please explain your reasoning and any further evidence we should take into account:

Gateshead's current formula is in line with national average. The removal of funding from the primary base rate into deprivation for Gateshead schools will have a detrimental impact on primary lesser deprived schools which are already facing financial issues due to flat cash since 2010/11 and very little deprivation funding. There also does not seem to be a rational for the increase in additional needs funding.

5. Do you agree with the proposed weightings for each of the additional needs factors?

Deprivation - pupil based at 5.5%

Deprivation - pupil based at 5.5% Allocate a higher proportion

Deprivation - pupil based at 5.5% The proportion is about right

Deprivation - pupil based at 5.5% Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

It is very difficult to express an opinion as the documentation does not present any evidence for the proportions proposed.

Deprivation - area based at 3.9%

Deprivation - area based at 3.9% Allocate a higher proportion

Deprivation - area based at 3.9% The proportion is about right

Deprivation - area based at 3.9% Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

It is very difficult to express an opinion as the documentation does not present any evidence for the proportions proposed.

Low prior attainment at 7.5%

Low prior attainment at 7.5% Allocate a higher proportion

Low prior attainment at 7.5% The proportion is about right

Low prior attainment at 7.5% Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

Again it is very difficult to express an opinion due to the lack of evidence in the documentation and the changing measures for prior attainment. Low prior attainment in the primary sector can also be subjective and therefore there can be a perverse incentive.

English as an additional language at 1.2%

English as an additional language at 1.2% Allocate a higher proportion

English as an additional language at 1.2% The proportion is about right

English as an additional language at 1.2% Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:
We agree with the rationale to provide a higher value for secondary EAL pupils compared to primary, however it is very difficult again to express an opinion on the proportion of the total budget to allocate to EAL, especially in the light of the new data being collected on the level of English language proficiency.

The weightings are a proportion of the total schools budget.

6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?

We have decided to include a mobility factor in the national funding formula, following the first stage of consultation. This will be based on historic spend for 2018-19, while we develop a more sophisticated indicator. We would welcome any comments on potential indicators and data sources that could be a better way of allocating mobility funding in future.

Comments:

This factor is currently used in Gateshead and is significant for a number of primary schools due to the amount of social housing in the schools catchment area. This factor would be difficult to capture in a national formula as local knowledge can be a crucial for one of instances of mobility due to housing demolition, localised flooding or refuge housing.

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right amounts for each factor.

7. Do you agree with the proposed lump sum amount of £110,000 for all schools?

This factor is intended to contribute to the costs that do not vary with pupil numbers, and to give schools (especially small schools) certainty that they will receive a certain amount each year in addition to their pupil-led funding.

Primary

Primary Allocate a higher amount

Primary This is about the right amount

Primary Allocate a lower amount

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Secondary

Secondary Allocate a higher amount

Secondary This is about the right amount

Secondary Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

The current allocations in Gateshead are £115,000 for primary schools and secondary schools £140,000. The more significant reduction in the secondary allocation should be offset by the increases in the basic entitlement even for our smaller secondary schools.

8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary and up to £65,000 for secondary, middle and all-through schools?

We have decided to include a sparsity factor to target extra funding for schools that are small and remote. We are proposing that this would be tapered so that smaller schools receive more funding, up to a maximum of £25,000 for primary schools and £65,000 for secondary schools.

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

Not currently part of our formula.

9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term?

The growth factor will be based on local authorities' historic spend in 2018-19. For the longer term we intend to develop a more sophisticated measure and in the consultation we suggest the option of using lagged pupil growth data. We will consult on our proposals at a later stage, but would welcome any initial comments on this suggestion now.

Comments

Local flexibility is required to fund growth to ensure that the LA can meet its responsibilities for planning of school places. There can be instances where schools can de-stabilise the local area by taking too many pupils and making other local schools unviable, and other instances where schools are required to take a one of additional year group.

10. Do you agree with the principle of a funding floor?

To ensure stability we propose to put in place a floor that would protect schools from large overall reductions as a result of this formula. This would be in addition to the minimum funding guarantee (see question 13).

Yes

No

Please explain your reasoning and any further evidence we should take into account:

A floor is agreed with in principle to protect schools from sudden funding drops.

11. Do you support our proposal to set the funding floor at minus 3%?

This will mean that no school will lose more than 3% of their current per-pupil funding as a result of this formula.

Yes

No – the floor should be lower (i.e. allow losses of more than 3% per pupil)

No – the floor should be higher (i.e. restrict losses to less than 3% per pupil)

Please explain your reasoning and any further evidence we should take into account:

It is difficult to form an opinion as to the level of the floor as the rationale behind the proposed 3% is not known.

12. Do you agree that for new or growing schools (i.e. schools that are still filling up and do not have pupils in all year groups yet) the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?

Yes

No

We believe that, to treat growing schools fairly, the funding floor should take account of the fact that these schools have not yet filled all their year groups.

Please explain your reasoning and any further evidence we should take into account:

The funding for growing schools should take this into account.

13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5%?

The minimum funding guarantee protects schools against reductions of more than a certain percentage per pupil each year. We are proposing to continue the minimum funding guarantee at minus 1.5% per pupil per year.

Yes

No – the minimum funding guarantee should be lower (i.e. allow losses of more than 1.5% per pupil in any year)

No – the minimum funding guarantee should be higher (i.e. restrict losses to less than 1.5% per pupil in any year)

Please explain your reasoning and any further evidence we should take into account:

This provides continuity for schools.

14. Are there further considerations we should be taking into account about the proposed schools national funding formula?

Comments:

We are concerned that the per pupil values will be set in the summer before the actual data sets based on the October census are known. Depending on the relative proportions of the primary and secondary sectors this could create funding pressures which will not allow the national factor values to be set at a local level.

15. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

Yes

No - a higher proportion should be allocated to the deprivation factor

No - a lower proportion should be allocated to the deprivation factor

No - there should not be a deprivation factor

Please explain your reasoning and any further evidence we should take into account:

There is no link between the central block and deprivation.

16. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

Yes

No - allow losses of more than 2.5% per pupil per year

No - limit reductions to less than 2.5% per pupil per year

Please explain your reasoning and any further evidence we should take into account:

This should at least be in line with MFG, but it is also difficult to respond to this question without clarity around LA responsibilities.

17. Are there further considerations we should be taking into account about the proposed central school services block formula?

Comments:

Further consideration needs to be given to historic commitments especially premature retirement costs which only reduce with the reduction in beneficiaries.



9 March 2017

TITLE OF REPORT: DfE High Needs Funding Consultation – February 2017

Purpose of the Report

1. To bring to Schools Forum's attention the current consultation released by the DfE on a number of proposed reforms to High Needs Funding. This report is supplemental to the report presented to Forum in January 2017.

Background

2. The government committed through the 2015 spending review the intention to introduce the first ever national funding formula for schools, early years and high needs to "match funding directly and transparently to need". Therefore the Department for Education (DfE) released a second stage consultation on 14th December 2016, setting out its proposals for the process of moving towards implementation of a national funding formula for high needs, inviting responses to the consultation to be submitted by 22nd March 2017.

Consultation

3. This consultation is the second stage regarding the main principles of a national funding formula for High Needs, the response to which will form the basis of the National High Needs funding formula to be implemented from 2018/19.
4. The key updates and proposals within the consultation include:
 - The DfE's response to the stage 1 consultation
 - The DfE's proposed values and weightings for the factors and adjustments in the high needs national funding formula. These details were described in detail in the January report.
 - The introduction of a funding floor, so that no Local Authority (LA) will face a reduction in high needs funding as a result of the formula
 - How the DfE propose to operate some limited local budget flexibility that enables LAs, through agreements to move some schools funding into the high needs budgets.
5. The consultation paper and supplementary information below set out the details behind the proposals.

High Needs Funding Reform Consultation Documents

- <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

Online response form:

- <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/consultation/intro/>

Proposal

6. Schools Forum reviews, discusses and amends as required the attached draft consultation response at Appendix 1, in order to submit a Schools Forum response to the consultation.

Recommendations

7. That Schools Forum notes the contents of the report and reviews the draft consultation response to submit on behalf of Gateshead Schools Forum.

For the following reasons:

To enable Schools Forum to have an input into the consultation regarding the changes to High Needs Funding, and to put forward their collective views.

CONTACT: Alan Foster

Appendix 1 – Draft High Needs Funding Consultation Response

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

☐ Yes ☒ No

Please explain your reasoning and any further evidence we should take into account:

Basic entitlement should not be £4,000 per student when the national SBUF average for mainstream schools is £4,618 and Gateshead's SBUF is £4,570 in 2017/18. The basic entitlement for each authority should be the same as the SBUF for mainstream schools in that area. This would be the only way in which you could negate any perverse incentives to place or not place children with SEND in special schools

We are proposing a formula comprising a number of formula factors with different values and weightings.

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think is the right proportion or amount for each factor.

2. Do you agree with the following proposals?

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
Historic spend factor - To allocate to each local authority a sum equal to 50% of its planned spending baseline			

Please explain your reasoning and any further evidence we should take into account:

	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Basic entitlement - To allocate to each local authority £4,000 per pupil			

Please explain your reasoning and any further evidence we should take into account:

As explained in answer to Q1, Basic entitlement should not be £4,000 per student when national average for mainstream schools is £4,618 and Gateshead's is £4,570 in 2017/18. The basic entitlement for each authority should be the same as the SBUF for mainstream schools in that area. This would be the only way in which you could negate any perverse incentives to place or not place children with SEND in special schools

3. We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
Population – 50%			

Please explain your reasoning and any further evidence we should take into account:

Population is not a direct indicator of the prevalence of SEND within an area. Of the indicators, health and disability is a better indicator of SEND, followed by deprivation therefore should have a greater % of weighting and population less

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
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Free school meals (FSM) eligibility – 10%

Please explain your reasoning and any further evidence we should take into account:

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
--	------------------------------	-------------------------------	-----------------------------

Income deprivation affecting children index (IDACI) – 10%

Please explain your reasoning and any further evidence we should take into account:

Deprivation is a better indicator of SEND than population

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
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Key stage 2 low attainment – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Using low attainment as a formula factor will disadvantage those higher performing authorities as they will receive less funding than comparatively underperforming authorities.

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
--	------------------------------	-------------------------------	-----------------------------

Key stage 4 low attainment – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Using low attainment as a formula factor will disadvantage those higher performing authorities as they will receive less funding than comparatively underperforming authorities.

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
--	------------------------------	-------------------------------	-----------------------------

Children in bad health – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Bad Health is a better indicator of SEND than population

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
--	------------------------------	-------------------------------	-----------------------------

Disability living allowance (DLA) – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Levels of DLA is a better indicator of SEND than population

4. Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula? This is referred to as a funding floor in the consultation document.

☒ Yes ☐ No

Please explain your reasoning and any further evidence we should take into account:

Higher funded authorities should not be cut to fund lower funded authorities, as the investment identified in the spending review over the period to 2020 is to bring those lower funded authorities in line with the average.

5. Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?

☒ Yes ☐ No

Please explain your reasoning and any further evidence we should take into account:

Higher funded authorities should not be cut to fund lower funded authorities, as the investment identified in the spending review over the period to 2020 is to bring those lower funded authorities in line with the average.

6. Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?

☐ Yes ☒ No

Please explain your reasoning and any further evidence we should take into account:

There should be no restrictions on the amount of funding that can be transferred between the schools and high needs block in 2018/19, and it should be exempt from MFG if any transfers occur, as in reality there is no scope to move money between the blocks if local authorities are obliged to meet the minimum funding guarantee.

7. Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?

We are developing our proposals on the level of flexibility to allow in the longer term. We will consult fully on our proposals at a later stage, but would welcome any initial comments now.

There should be no restrictions on the amount of funding that can be transferred between the schools and high needs block in 2018/19, and it should be exempt from MFG if any transfers occur, as in reality there is no scope to move money between the blocks if local authorities are obliged to meet the minimum funding guarantee.

8. Are there further considerations we should be taking into account about the proposed high needs national funding formula?

Comments - please explain your reasoning and any further evidence we should take into account:

No further comments

9. Is there any evidence relating to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?

Comments - please explain your reasoning and any further evidence we should take into account:

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TITLE OF REPORT: Dedicated Schools Grant (DSG) Revenue Monitoring Qtr 3 2016/17

Purpose of the Report

1. To bring to Schools Forum attention information on the quarter 3 position of DSG for 2016/17.

Background

2. The Dedicated Schools Grant (DSG) is made up of three main funding blocks.
 1. The early years block - for 2 and 3/4 year old funding
 2. Mainstream Schools block - which includes some centrally held and de-delegated funding
 3. High Needs Block - which includes special schools and Pupil Referral Unit (PRU) funding
3. Schools Forum receives details of DSG revenue monitoring throughout the financial year, with the format presented based on the expenditure headings of section 251.

The quarter 3 report for 2016/17 is included at appendix 1.

Proposal

4. That Schools Forum notes the content of the report and approves the projected overspend is met from DSG reserves in 2016/17.

Recommendations

5. That Schools Forum:-
 - Note the contents of the report
 - Approves use of DSG reserves to cover the overspend in 2016/17

CONTACT: Alan Foster

Appendix 1

2016/17 DSG Revenue Monitoring Qtr 3

DSG Area	Total Approved Budget	Outturn	Variance	Comments/Notes
	£'000	£'000	£'000	
Maintained Schools Budget Share	75,035	75,035	0	
DEDELEGATION				
Contingencies	0	0	0	
Behaviour support services	169	166	-3	
Support to UPEG and bilingual learners	208	208	-0	
Free school meals eligibility	0	0	0	
Insurance	0	0	0	
Museum and Library services	0	0	0	
Licences/subscriptions	0	0	0	
Staff costs – supply cover	188	164	-24	
HIGH NEEDS BUDGET (inc Special Schools, PRU and Additional Support Top-ups	14,773	15,227	454	Top-ups/ placements (PRU +£0.3m, Special Schools/ ARMS £+0.1m and Mainstream +£0.2m), Staff Slippage -£0.2m
EARLY YEARS BUDGET				
2,3 and 4 year old funding to PVI's	5,133	5,255	123	+£240k 3/4 year old, -£118k 2 year old, will be reimbursed in 17/18
CENTRAL PROVISION WITHIN SCHOOLS BUDGET				
Contribution to combined budgets	440	440	0	
School admissions	122	122	-0	
Servicing of schools forums	105	105	0	
Termination of employment costs	527	457	-70	Premature Retirement/ Redundancy Costs (PRC)
Falling Rolls Fund	0	0	0	
Capital expenditure from revenue (CERA)	0	0	0	
Prudential borrowing costs	0	0	0	
Fees to independent schools without SEN	0	0	0	
Equal pay - back pay	0	0	0	
Pupil growth/ Infant class sizes	100	65	-35	
SEN transport	0	0	0	
Exceptions agreed by Secretary of State	0	0	0	
Other Items	154	154	-0	CLA/ MPA Licences top sliced from DSG for all school licences
TOTAL DSG	96,953	97,398	445	To be charged against DSG reserves (currently £3.357m)