



GATESHEAD SCHOOLS FORUM AGENDA

Thursday, 16 September 2021 at 10.00 am in the to be held virtually via Microsoft Teams

From the Chief Executive, Sheena Ramsey

Item	Business
1	Apologies
2	Minutes (Pages 3 - 8) The Forum is asked to approve as a correct record the minutes of the last meeting held on 9 July 2021.
3	Election of Chair
4	School Funding Consultation (Pages 9 - 16) Carole Smith – Resources and Digital
5	Date and Time of Next Meeting Thursday 30 September 2021

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Tel: 0191 433 2088, Date: Wednesday 8 September 2021

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

GATESHEAD SCHOOLS FORUM MEETING

Thursday, 8 July 2021

PRESENT:

Ken Childs (Chair)	Special Schools Governor
Peter Lague	Trade Union Representative
Jacqui Ridley	Primary Governors
Denise Kilner	Nursery Sector Representative
David Brophy	Secondary Academy Governors
Julie Goodfellow	Primary Academy Headteachers
Steve Haigh	Secondary Academy Headteachers
Ethel Mills	PVI Sector Representative
Andrew Ramanandi	Primary Headteachers
Michelle Richards	Special School Headteachers
Domenic Volpe	Maintained Secondary Headteachers
Christina Jones	Pupil Referral Unit
Sarah Diggle	Secondary Maintained Governors

IN ATTENDANCE:

Cllr Gary Haley	Gateshead Council
Carole Smith	Gateshead Council
Steve Horne	Gateshead Council
Rosalyn Patterson	Gateshead Council

1 APOLOGIES

Apologies for absence were received from Brendan Robson, Andrew Fowler, Cllr Shiela Gallagher, Mustafaa Malik, Alison Hall, Clive Wisby and Martin Flowers.

2 MINUTES

The minutes of the meeting held on 13 May 2021 were agreed as a correct record.

3 SCHOOL BALANCES

Schools Forum received a report outlining the movement of school balances for the financial year 2020/21 and the number of schools in a deficit position at the end of the financial year.

It was reported that at 31 March 2020 maintained schools held total revenue balances of £5.48m, this has increased to £8.91m as at 31 March 2021.

Work has been undertaken to better understand where this increase has come from. Areas such as reduction; of transport costs, supply of services, SLA reductions and premises costs, all as a result of Covid closures, were identified as contributing towards the increase in revenue balances. In addition, there has been an increase

in funding and Covid grants, however it was acknowledged this is a complicated picture.

It was questioned as to why 5 schools have had an increase in a deficit balance. It was confirmed that this is mostly due to a reduction in pupil numbers.

Concerns were raised around the funding of the Covid recovery in the longer term. It was acknowledged that this is a regional concern and that it is hoped this will not be used against schools going forward. The point was made that some spending should be accelerated so that it is not being held and therefore used against schools. It was also suggested that a coordinated approach across the region be taken to determine the cost to schools of Covid recovery. The point was made that Schools North East is lobbying Government, however this is not coordinated with LA's.

RESOLVED - That Schools Forum noted;

- (i) The value of maintained school balances and the in-year increase of balances by £3.43m to the year-end value of £8.91m;
- (ii) the number of schools with a deficit balance at the end of 2020/21; and
- (iii) the decrease in the value of deficit balances at the end of 2020/21.

4 DSG OUTTURN

The Forum received a report outlining the provisional outturn position of DSG for 2020/21.

It was reported that the final outturn position is £104.362m against the budget of £105.590m; an underspend of £1.227m. This relates primarily to the final outturn on alternative provision and top-up funding being less than previously projected resulting in an underspend of £0.569m on HNB. There was also a reduction in Early Years spending resulting in overfunding of £0.318m on statutory nursery entitlement in PVIs and nursery classes in schools.

It is expected there will be Early Years clawback in July 2021 and an adjustment to the 2020/21 Early Years funding due to a reduction in the numbers of 2,3 and 4 year olds eligible for statutory nursery provision in the January 2021 census.

It was suggested that the underspend on top ups is due to less numbers in alternative provision, however it is expected that it will face huge demand in the next year. It was noted that DfE require schools still be paid even if pupils are not in the setting.

Concerns were raised around the long-term impact of Covid on pupils and that this should continue to be monitored.

RESOLVED - That the Schools Forum noted the content of the report.

5 SCHOOLS FORUM MEETINGS

The Forum received a report confirming the discussion which had taken place at the last meeting around the nature of future meetings.

RESOLVED - That all meetings be held remotely unless there is a requirement for an in-person meeting.

6 EARLY YEARS INCLUSION FUND

The Forum received a report on the allocation of Early Years Inclusion Fund (EYIF) to settings and the consultation document.

It was reported that originally applications had to be made on a yearly basis, this became laborious for not a lot of funding therefore officers looked to allocate the funding in a more formulaic way and thus offering more stability to schools.

The proposal is therefore to hold a small amount of funding for providers with new and emerging pupils and use ACORN funding to allocate.

If agreed by Schools Forum the consultation will be sent to settings tomorrow so that allocations can be made early in the Autumn term.

RESOLVED - That the Schools Forum approved the proposed model with the outcomes shown in appendix 1, and reviewed and approved the consultation document for all settings in appendix 2.

7 SCHOOLS IN FINANCIAL DIFFICULTY

A report was presented to the Forum on the reinstatement of the Schools in Financial Difficulty Procedure which was suspended in 2017.

It was noted that the reintroduction of the procedure comes at the request of Gateshead Council as there are a number of small schools with difficulties such as falling rolls, children requiring additional support and leadership issues.

Therefore it is proposed to use DSG reserves to fund Schools in Financial Difficulty as the LA is prohibited from writing off school deficits.

The point was made that Budget Officers work with these schools to help but there is also a balance between keeping pupils safe and the finances.

It was questioned as to why this procedure was suspended in 2017. It was confirmed that this was because there was no allocated funding and the Forum agreed to suspend it.

The point was made that consideration should be given to the viability of these schools. It was confirmed that this is something which the Council is continually

doing. The point was also made that such pupils could be distributed to other schools to make further savings on buildings etc. It was noted that a lot of schools in financial difficulty have had a change of leadership and found themselves in these historic situations.

The Forum was reassured that the Council is continually looking at school capacity across the medium and long term.

RESOLVED - (i) That the Schools Forum agreed the procedure be updated with the input of Schools Forum and other stakeholders.

(ii) That the funding allocated is from DSG reserves.

8 USE OF DSG RESERVES

Forum received a report requesting the use of DSG reserves to rectify incorrect opening balances 2020/21.

It was reported that some maintained schools balances were calculated before the accounts were closed, therefore, new transactions went through due to timing issues as a result of Covid which were not accounted for in the schools balances.

It was questioned whether this would be paid back. It was confirmed that this was transactions that were not known about as the close down of accounts was very late.

RESOLVED - That the Schools Forum approved the use of a small amount of DSG to support schools that will see a reduction in their balances brought forward due to a budget load error for 2020/21.

9 GROWTH FUND

Schools Forum received a report confirming the rejection of an application for Growth Funding for Ravensworth Primary School.

It was noted that in order to meet the Growth Fund criteria there must be an increase of more than 16 pupils or a 10% increase in pupil numbers. Although this is a growing school it did not meet the threshold and the application was turned down.

RESOLVED - That the Schools Forum noted that the application for Growth Funding has been turned down and the school has the right of appeal to a Subgroup of Schools Forum.

10 FREE SCHOOL FUNDING

A report was received on the work being undertaken to support the new XP Gateshead Free School that will be opening in September 2021.

Work is ongoing with the DfE around funding and a methodology has been agreed.

It was reported that the funding will be recouped from the Schools Block of Gateshead's DSG and it is proposed that the recoupment and any application for growth funding be provided from the Growth Fund.

It was questioned whether this will be a regular request. It was confirmed that this would not be the case as next year XP will have 100 pupils so the numbers in the APT will be amended accordingly and the school would be funded through the APT, therefore this is a one-off request.

It was queried what start up funding has been provided to XP. It was noted that officers are not privy to this information.

RESOLVED - That the Schools Forum noted the information in the report and approved that any recoupment and Growth Fund allocation be funded from the Growth Fund.

11 ANY OTHER BUSINESS

This was the last meeting of the current Chair and on behalf of the Forum the Vice Chair gave thanks to the Chair for his hard work and professionalism and wished him well for the future.

12 DATE AND TIME OF NEXT MEETING

The next meeting will be held on Thursday 30 September at 2pm.

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16 September 2021

TITLE OF REPORT: Schools Forum Meetings

Purpose of the Report

To bring to Schools Forum attention, the Department for Education (DfE) consultation on the move to a hard national funding formula (NFF) for mainstream schools that interested parties can respond to.

Background

The DfE launched its most recent consultation on the move to a hard NFF for mainstream schools which is open from 8 July to 30 September 2021. The consultation asks 16 questions including a question on the move of some Central Schools Services Block (CSSB) into the Local Government Finance Settlement.

The DfE's principles of the move to a hard NFF is that the formula should be fair, simple and transparent and efficient and predictable.

Below are links to the consultation documents.

[Fair school funding for all: completing our reforms to the National Funding Formula - Department for Education - Citizen Space](#)

Gateshead Council will be making a response to this consultation. If Schools Forum would like to respond to this consultation there are 2 options:-

- Agree to use the LA draft response.
- Amend the draft attached in appendix 1 to form Schools Forum's response.

Proposal

Schools Forum considers the information in this report and decides whether a response to the consultation is to be made on behalf of Schools Forum.

Recommendation

It is recommended that Schools Forum consider the information in this report and decide if it would like a response to be made in their name and how this will be facilitated.

For the following reason(s):

- To ensure that Schools Forum has the option to respond to the consultation.
 - To provide Schools Forum with the opportunity to express their opinions.
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CONTACT: Carole Smith ext. 2747

Fair school funding for all: completing our reforms to the National Funding Formula

Draft response

Question 1: Do you agree that our aim should be that the directly applied NFF should include all pupil-led and school-led funding factors and that all funding distributed by the NFF should be allocated to schools on the basis of the hard formula, without further local adjustment through local formulae?

No

There should continue to be a transition towards the hard NFF for pupil related factors, but LA's are best placed to have the local knowledge to ensure that no schools fall off a cliff edge due to changes in factor values or data.

Data errors can be better identified at a local level, where national checks may not pick up these errors and individual schools and MAT's may not have the knowledge and expertise to identify issues. In the current funding system schools do not see their data before funding allocations are calculated. Is there a plan to provide all schools with their data before funding allocations are calculated so that any data errors can be rectified?

Recent reports by the NAO and the CEO of the Education Policy Institute both stating that schools in affluent areas benefit disproportionately than schools in more deprived areas. The NAO report found that the most deprived schools had seen a funding drop of 1.2% in recent years, versus a 2.9% increase for schools in more affluent areas. Although the NFF funds all schools on a consistent basis it is not fair.

- The school led factors such as rates and especially PFI will be difficult for a hard NFF to cope with.
 - In the previous consultation on Rates (results not yet published) the mechanism for amending previous years rates would be removed in the APT and the DfE did not understand how rates works in all LA's. This will cause issues for schools that have rates revaluations which can have effects over several years. It is also a concern that maintained schools would not have the same mechanisms to claim for changes in rates that academies will have access to. This does not seem like a "fair" process.
 - All PFI schemes are different, contracts are over different periods of time and each LA has a different funding mechanism. The Council do not think this should be part of the NFF and is concerned that our schools could be adversely affected, or that our PFI schools gain an unfair funding advantage over the rest of our schools due to the DfE not understanding what services are included in the PFI contract.

- Benchmarking for certain parts of the PFI contract are undertaken every 2 years and can cause the unitary charge to either increase or decrease – how can this be factored in to a hard NFF?
- How would a new school that has exceptional funding costs, such as rent, be factored into a hard NFF as there would be no historic basis for this new area of funding to be based on?
- There is also the issue of end of contract bullet payments which a NFF would find difficult to accommodate.

The consultation mentions a “national application-based system” for exceptional circumstances, but there are no details of how this would work and there is a very high probability that this would be an additional burden for both local authorities and schools, and could de-stabilise individual school’s budgets if exceptional costs were not granted.

As pooling will be allowed for MAT’s under the current proposals, the Council would suggest that this comes under the heading of “local adjustments” and therefore the proposal is not fair or consistent across the sectors.

Question 2: Do you have any comments on how we could reform premises funding during the transition to the directly applied NFF?

No

Question 3: Do you agree with our proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls funding?

No

- The proposed system would require the LA to use the current return for school places to identify basic need growth. Basic need growth can be predicted in overall numbers, but with parental preference it is difficult to accurately forecast where children will actually attend school.
- The proposals state that only academy schools would be eligible for popularity growth funding. This is not fair, transparent or consistent. A maintained school could also see popularity growth due to a number of factors such as a new outstanding Ofsted rating, new provision such as a nursery class, post 16 or wrap care.
- The proposed methodology would also unfairly distribute more funding to areas that have higher proportions of academy schools.
- The timing of the additional data collection is not mentioned, and the consultation does not stipulate who would undertake this additional data collection.

If the hard NFF was in place along with these proposals, a newly converted academy would have attracted additional funding when pupil numbers increased after conversion, but a maintained school in the same position would not. This proposal described as a “standardised approach” but it is clearly not standardised for all schools that are publicly funded as maintained schools cannot access this funding.

For falling rolls this would be an additional return from the LA to the DfE to forecast where pupil numbers will fall in the future, and then this capacity will be needed within the next 3 years. Forecasting future requirements is very difficult due to parental preference and when there is significant new house building planned. Timescales can be longer than 5 years especially where houses/existing buildings are demolished and new housing built on a brown field site.

Question 4: Do you have any comments on our proposed approach to growth and falling rolls funding?

Any proposals should apply consistently and fairly to all mainstream schools and schools should not be disadvantaged because they are maintained schools.

Question 5: Do you agree that, in 2023-24, each LA should be required to use each of the NFF factors (with the exception of any significantly reformed factors) in its local formulae?

No

This is not an issue for Gateshead as we already use them all but could be an issue for other LA's that do not use all the factors. E.g. not all LA's use both FSM and FSM6. Using both factors with the later proposals to move these factors towards the NFF could have a destabilising effect on individual schools and the overall schools block in some LA's

Question 6: Do you agree that all LA formulae, except those that already 'mirroring' the NFF, should be required to move closer to the NFF from 2023-24, in order to smooth the transition to the hard NFF for schools?

Yes

However, this needs to be undertaken in conjunction with LA's and Schools Forums and there is a process for exceptional circumstances to be taken into consideration. The incremental approach will ensure that there are no cliff edges for schools, however there should be a review of how the move towards a hard NFF will move funding from the more affluent schools to the more deprived schools to try and address the attainment gap.

Question 7: Do you agree that LA formulae factor values should move 10% closer to the NFF, compared with their distance from the NFF in 2022-23? If you do not agree, can you please explain why?

No comment.

Question 8: As we would not require LAs to move closer to the NFF if their local formulae were already very close to the NFF, do you have any comments on the appropriate threshold level?

No

Question 9: Do you agree that the additional flexibility for LAs in the EAL factor, relating to how many years a pupil has been in the school system, should be removed from 2023-24?

N/A Gateshead already uses EAL3 as that was the view of EMTAS on how long it takes a child to access enough English to take part in the curriculum.

Question 10: Do you agree that the additional flexibilities relating to the sparsity factor should remain in place for 2023-24?

Not applicable for Gateshead, but will take advice from LA's that use this factor

Question 11: are there any comments you wish to make on the proposals we have made regarding ongoing central school services, including on whether in the future central school services funding could move to LGFS?

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If funding moves into the LGFS, it will no longer be ringfenced and could be subject to future year cuts due to wider council budget pressures. The Council is concerned about the level of funding we will receive, and we will need a fundamental review of what is funded from the CSSB. This will have general fund impacts.

Question 12: Do you agree with the proposal for a legacy grant to replace funding for unavoidable termination of employment and prudential borrowing costs? We will also invite further evidence on this at a later stage.

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Yes, but need more details

Question 13: How strongly do you feel that we should further investigate the possibility of moving maintained schools to being funded on an academic year basis?

This should not be investigated further.

Question 14: Are there any advantages or drawbacks to moving maintained schools to being funded on an academic year basis that you feel we should be aware of?

The funding year for maintained schools should remain April to March as non-teaching staff are budgeted for on a financial year basis so irrespective of the accounting year adjustments would need to be made. Keeping the same reporting year as the LA also makes year end processes more efficient. If the maintained schools accounting year was

moved to September to August this would entail two year end processes which would result in additional burdens on maintained schools and LA's. It might be more appropriate to move the academy accounting period so that it lined up with the DfE's financial year reducing the need for some of the academy returns needed to profile academy accounts into an April to March basis.

Funding maintained schools on a financial year basis ensures there is less of a lag time in funding system (7 months as apposed to 12) which is better for school planning.

Question 15: Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change.

Question 16: Are there any further comments that you wish to make about our proposed move to complete the reforms to the NFF?

- Loss of local knowledge - LA's know their schools
- Loss of local independent expertise (LA) so both maintained, and academy schools will be more reliant on the DfE for funding issues/explanations
- Who will analyse the impact at an LA level on any future proposals once the hard NFF is in place?
- No specific questions about de-delegation in the future and the impact this could have on our traded services
- No questions about the intention to let MAT's pool budgets, maintained schools do have a shared governance via elected members and Schools Forum. The removal of Schools Forum powers will lessen the transparency of funding decisions.
- The proposals in the consultation are not about "fairer" funding but more consistent funding
- It will no longer be a local decision over the capping and scaling decisions. This can have a profound effect on individual school budgets. When decisions are taken at a local level MFG, capping and scaling smooths the funding changes between the different types of schools. If this is undertaken at national level there will be more turbulence in the system as different areas have different characteristics. This could lead to a further movement of funding from more deprived areas to more affluent areas.

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