



## LINCOLNSHIRE SCHOOLS' FORUM 22 FEBRUARY 2017

### **PRESENT: MARK ANDERSON (CHAIRMAN)**

Joanne Noble (Headteacher, Gainsborough Nursery School), Nigel Sisley JP (Governor, St Francis Community Special School, Lincoln), Steve Barnes (Head Teacher, The Pilgrim School, Lincoln), Marilyn Bell (Governor, The Fenland Federation), Nichola Shore (Head Teacher, Banovallum School, Horncastle), James Storr (Governor, The Deepings School), Ian Widdows (Head Teacher, Giles Academy, Old Leake), Helen Hilton (Head Teacher, Little Gonerby Church of England Infant School), Lea Mason (Executive Head Teacher, Lincolnshire Wolds Federation, Louth), Bridget Starling (Business Manager, Church of England, Diocesan Education Centre), Helen Stokes (Branch Secretary, UNISON) and Alison Hill (Area Manager, Paper Moon Day Nurseries).

David Bennett (Secondary Academies), Professor Ken Durrands CBE (Secondary Academies), Richard Linnel (Staff Trade Unions) and Julia Merivale (Manager, Trinity Hay Nursery) attended the meeting as observers.

Officers in attendance:-

Michelle Andrews (Service Manager Early Years and Childcare Support), Katrina Cope (Senior Democratic Services Officer), Mark Popplewell (Head of Finance (Children's Services), Heather Sandy (Chief Commissioning Officer for Learning) and Tony Warnock (Operations and Financial Advice Manager).

### 64 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Josh Greaves (Chief Operating Officer, Wellspring Academy Trust), James Todd (Governor, Woodlands Infant and Nursery School) and Geraldine Willders (Head Teacher, St Mary's Catholic Primary School).

### 65 DECLARATIONS OF MEMBER'S INTEREST

No declarations of members' interest were made at this stage of the proceedings.

### 66 EARLY YEARS NATIONAL FUNDING FORMULA

Consideration was given to a joint report from Mark Popplewell, Head of Finance, Children's Services and Michelle Andrews, Service Manager, Children's Services, which provided the Forum with a summary of the Early Years National Funding Formula for 2017/18, and sought agreement for the Local Authority's proposals relating to a number of centrally retained budgets.

The Chairman highlighted to the Forum that recommendation 3 should read 'Approve the Local Authority's proposals to centrally retained funding'.

The Head of Finance, Children's Services advised that on the 11 August 2016, the government had announced a consultation for a national funding formula for early years. The proposal was for the government to deliver a fair and transparent funding system worked out on a formulaic basis.

The outcome of the above said consultation released in December 2016, advised that it was intending to implement the new funding formula in April 2017. The Forum noted that the national funding formula for early years had lacked sufficient detail with regard its evidence-based approach, and that it was unclear how the overall level of funding had been determined at a national level. It was further highlighted that the government would also be providing Local Authorities with additional funding from September 2017, to fund the extension of early years 3 & 4 year old entitlement for working families.

In guiding the Forum through the report, reference was made to:-

- The formulaic approach to funding Local Authorities using early year's factors of 'base rate' and 'additional needs'. An example of this was given in Table 1 of the report. The Forum noted that using Lincolnshire's 3 & 4 year old pupil numbers and characteristics, the formulaic approach to funding Lincolnshire had determined a funding level of £24.266m for the delivery of early year's entitlement, which converted to an hourly rate of £4.16 per pupil, which was detailed in Table 2. It was highlighted that in response to the consultation, the government had announced a 'minimum funding rate' of at least £4.30 per hour to Local Authorities. The Lincolnshire rate had been increased to £4.30 per pupil, per hour, set at the government minimum funding rate, which would provide indicative early years funding of £25.060m, leading to an increase of £2.522m from 2016/17 spending levels. It was further highlighted that the increase had been positive for early year's providers in Lincolnshire, but it remained below the £4.78 national average across Local Authorities. The Forum was also advised that Lincolnshire's overall funding for the additional 15 hours for 3 & 4 year old children of eligible working families, was £4.582m. Lincolnshire's overall indicative funding for early years entitlement for 2017/18 was £29.642m;
- Local universal rate - The Forum was advised that the government required Local Authorities to have a local universal rate across all types of providers by 2019/20, which was a significant shift away from the current arrangements where cost differences between different types of providers were recognised;
- The Forum noted that this decision by the government would have a significant impact on the financial sustainability of maintained nursery schools. Reassurance was given that the government would be providing supplementary funding of £55m p.a. nationally for 2017/18 and 2018/19 to maintain the current rate of funding across Local Authorities for maintained schools, this would therefore protect Lincolnshire's five nursery schools at its current funding rate for the duration of this parliament;

- Information as to the theoretical model adopted for Lincolnshire's local universal rate was detailed at the top of page five of the report presented. It was highlighted that the 2017/18 local universal base hourly rate per pupil (starting from April 2017) had been determined as being a Local universal base hourly rate per pupil of £3.82, which was an increase by £0.30 from the 2016/17 Private, Voluntary & Independent (PVI) sector delivery model rate of £3.52;
- Supplements – The Forum noted that the Local Authority would continue to use only the mandatory deprivation supplement currently in place for 2016/17. It was highlighted that 81% of respondents had supported the continued use of the government's Income Deprivation Affecting Children Index (IDACI) measure. Table 3 within the report provided the Forum with information relating to deprivation scores and associated per pupil funding. It was noted further that the October 2016 census information using the government's IDACI 2015 datasets had determined the 2017/18 annual funding allocation of £1.070m, which represented £0.155 per pupil per hour;
- SEN Inclusion Fund – It was noted the government required all Local Authorities to have an SEN inclusion fund. The current SEN inclusion fund criteria was presently being reviewed by the Local Authority;
- Notification System – The Forum was advised that the Local Authority had an established 'notification system' in place whereby providers were allocated funding from this identified budget for those children new to accessing their early years entitlement place after the termly census date;
- Fluctuation Contingency Fund – The Forum was advised that Local Authorities could retain a contingency fund, for passing onto providers later in the year. It was noted that Local Authorities were funded through a different methodology compared to the termly participation-led approach of funding providers;
- Local Authority Centrally Retained Funding – It was reported that the government required Schools Forums to agree 2017/18 central spend for early years by 28 February 2017; and that this would be undertaken on a line-by-line basis. As a result of this the Local Authority had conducted its annual review of Dedicated School Grant budgets and had identified services that directly supported the early year's sector. Full details were shown on pages 7 to 9 of the report. The main headings and amounts were as follows:-
  - Early Years Entitlement Team £245,329
  - Securing Sufficient Childcare £320,914
  - SEND Local Offer £114,271
  - Moderation of Early Years Foundation Stage profiles and Sector Improvement £390,605
  - Workforce & Training Requirements for the Sector £364,473
- Overview of Lincolnshire's Early Years Funding Distribution for 3 & 4 year olds, full details were show in Table 4, on page nine of the report;
- Disability Access Funding (DAF) – The Forum was advised that the DAF was a new funding stream that had been established by the government in conjunction with the Early Years National Funding Formula. It was noted that a child in receipt of child disability living allowance and receiving free early years entitlement would trigger funding to providers;

- Early Years Pupil Premium – The Forum was advised that Local Authorities would continue to fund all providers with eligible children at the national rate of £0.53 per pupil per hour across 38 week for up to 15 hours;
- 2 Year Old Funding – It was noted that the hourly rate funding received by the Local Authority had increased for £4.85 to £5.20, however, it was further noted that this remained below the national average of £5.39;
- It was reported that the 2017/18 2 year old funding rate would remain at the same per pupil level of £4.85 per hour. To support the delivery of the 2 year old entitlement, budgets had been established for a fluctuation contingency fund notification system and Local Authority centrally retained budget; and
- Overview of Lincolnshire's Early Years Funding Distribution. Details were contained within Table 5 of the report.

During discussion the Forum raised the following issues:-

- The overall sustainability of early year providers, in light of the increase in the number of hours to 30, and the overall funding levels passed down by government. Concern was expressed that with the proposed funding, nursery schools would not be sustainable. Officers confirmed that the Local Authority was continuing to lobby the government;
- That more consultation was needed as the response rate did not represent the sectors views. It was highlighted that there had been a low response to the survey. Officers confirmed that the survey had been actively promoted. Going forward Forum members were encouraged to get other colleagues from the sector to participate in future surveys;
- Welcomed the Workforce & Training for the Sector, particularly the training. Officers confirmed that the Local Authority was able to provide a lower cost training programme; as it was bulk buying mandatory courses; and the Local Authority felt that every child provider should have equal access to the courses provided. Some concern was expressed that access to courses did not always fit in with school times. It was also highlighted that a group of childminders had arranged for a first aid training provider to deliver training to them as a group directly which had reduced costs to each individual. Officers noted the query regarding times of delivery, and advised that this would be considered going forward; and in response to the example given of early year's providers sourcing training for themselves; the Forum was advised that the Local Authority would encourage this. It was highlighted that it was important to remember that the Local Authority had a duty to all providers and due to the rural nature of the County it was not possible for the model suggested to meet the needs of all providers;
- Assistance was requested from the Local Authority in conveying the message on to parents regarding the shortfall in funding. Officers confirmed that the sector would be provided with support to develop a marketing strategy to meet the challenges ahead;
- A question was asked as to why SEN was now out of the budget where as previously it had not been. Officers confirmed that the Dedicated Schools Grant (DSG) met the costs of the SEN inclusion fund. The DSG was being formally split up by the national government changes into separate blocks.

The SEN inclusion fund was a requirement for Local Authorities to operate one, therefore this cost and other early year's costs were to be funded by the early years block. It was confirmed that officers were looking at the SEN inclusion funding approach. Officers clarified that the Inclusion Fund operated for all early years sectors;

- That the centrally retained funding should be continually reviewed;
- Support was given to the keeping of deprivation funding; as there was lots of deprivation in Lincoln and along the coast; and
- That more work was being done by the early year's sector with regard to social care.

#### RESOLVED

1. That the content of the report be noted.
2. That support be given to the Local Authority's Early Years Funding Formula.
3. That approval be given to the Local Authority's proposals to centrally retained funding as mentioned above.

#### 67 NATIONAL FUNDING FORMULA FOR SCHOOLS

The Forum gave consideration to a report from Mark Popplewell, Head of Finance, Children's Services, which provided a summary of the schools national funding formula consultation.

The report provided the Forum with background information relating to the schools national funding formula consultation; and provided a link to the consultation document. It was highlighted that the closing date for the consultation was 22 March 2017; and all members of the Forum were encouraged to get colleagues involved in the consultation.

In guiding the Forum through the report, the Head of Finance, Children's Services made reference to the proposed 13 funding formula factors, as detailed in the report presented; and that the proposed formula was grounded in the current distribution of funding, as opposed to looking at the costs of running a school and understanding the cost of pupil needs. It was clarified that the schools national funding formula was a re-distribution of schools funding nationally. Details of the key points from the proposed schools national funding formula were detailed on pages 14/15 of the report. The main points referred to are summarised below:-

- That the government intended to maintain the primary to secondary relation in line with the current national average of 1:1.29;
- Continue to differentiate basic per-pupil funding between primary; Key Stage 3 and Key Stage 4, to reflect the higher cost as pupils progress;
- Maximise the proportion of funding allocated to pupil-led factors, which will reduce spending on school-led factors e.g. lump sum;

- That the basic per-pupil factor would distribute 73% of total schools funding, and that 91% of total funding would be allocated through per-pupil factors;
- That every school would continue to be provided with a lump sum, but that this would be at a lower level than the current national average;
- That the lump sum rate would be set at £110,000 for all schools;
- Provide small and remote schools with additional funding;
- Recognition of the higher salary costs faced by some schools. It was noted that Lincolnshire schools did not trigger any additional funding through this route;
- To incorporate an overall 'funding floor'. It was questioned as to whether this was a sustainable option long term by government;
- That during the transition period to the hard national funding formula the minimum funding guarantee of minus 1.5% per-pupil would continue to operate providing further stability for schools; and
- That schools could receive gains of up to 3% per-pupil in 2018/19, and then up to a further 2.5% in 2019/20.

The Forum noted that Lincolnshire currently received a low funded schools block which was used to distribute funding to mainstream schools. For 2017/18 Lincolnshire's per pupil value was £4,305.40 compare to an England average of £4,618.63. It was highlighted that the introduction for the national funding formula was positive news for Lincolnshire schools. Appendix 1 to the report provided the Forum with financial modelling data for Lincolnshire schools on the national funding formula. The report also provided tables showing the financial impact by Lincolnshire schools prior, and after the application of the funding floor and minimum funding guarantee, and the gains cap.

The report also highlighted the Local Authority's observations from the consultation. Officers encouraged schools to view information relating to their own schools national funding formula details on their own COLLECT dataset source.

Officers reported that a number of the early wave academy converters received considerable levels of Local Authority Central Spend Equivalent Grant (LACSEG) funding through its General Annual Grant (GAG) arrangement, which would continue to be transitioned out by the Education Funding Agency. It was highlighted that the government was proposing through the national funding formula changes to use the academies GAG for re-determined baseline (including LACSEG as the basis of funding protection). The governments proposed 3% 'funding floor' on academy schools re-determined baseline would lock in historical funding, which would ensure that those schools would not lose more that 3% per pupil overall as a result of this formula from its current per pupil level of funding. Details relating to the financial impact by Lincolnshire Academy schools prior and after the application of the funding floor and minimum guarantee, and the gains cap were show on pages 21 to 23 of the report.

The Forum was also advised that a central block would be created for existing funding streams that were held by the Local Authority for central services. This funding would cover two distinct elements ongoing responsibilities and historic

commitments. The Forum was advised further that the government would cease to fund historic commitments when contracts came to an end date. It was noted that the current contract for Broadband services was due to end in October 2019, so after that date, the government was expecting schools to meet this cost from its delegated schools budgets, through the national funding formula. Officers reported that the Local Authority was currently reviewing the options for broadband services.

During discussion, the following points were raised:-

- Reasons for schools having a reduction in funding. Officers confirmed that this would usually be as a result of historical funding arrangements; and
- Problems with recruiting staff in Lincolnshire, and the costs associated in cases where English is the student's second language, or have no knowledge of the English language. Officers advised that there was an area cost assist schools in employing staff in certain areas, however, the proposed area cost adjustment failed to recognise the recruitment challenges of rural schools.

Thanks were extended on behalf of the Forum to officers for their informative reports.

#### RESOLVED

1. That the report be noted.
2. That members of the Forum should encourage other colleagues to get involved in the consultation.

The meeting closed at 2.40 p.m.

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