

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

MEETING DATE:	Thursday 18 October 2018
LOCATION:	Bournemouth Learning Centre
TIME:	09:00 – 11.30
MEETING CHAIR:	Vicky Wales
MEMBERS:	Neil Goddard; Felicity Draper; David Simpson; Graham Exon; Jack Cutler; David Todd; Dorian Lewis; Michael Reid; Sean Preston; Phil Keen; Helen Roderick; Steve Ellis; Patrick Earnshaw; Nicola Webb; Margaret Judd; David Newman; Karen Boynton; Geoff Cherrill; Bob Kennedy
PRESENT:	Marilyn Scofield-Marlowe (minutes)
APOLOGIES:	Chris Jackson; Stuart Riddle; Vicky Wales (left early).

ITEM	SUMMARY OF DISCUSSION FOR EACH ITEM AND THE OUTCOME	NAME
1.	<p>Welcome, apologies & previous minutes</p> <p>All present made introductions. VW offered apologies that she would need to leave early to attend a staff member's funeral.</p> <p>All present agreed the accuracy of the previous minutes.</p> <p>Matters arising:</p> <ul style="list-style-type: none"> • The budget is covered as an agenda item • Dates for the Shadow Forum meeting have been set. • The Terms of Reference have been updated. • Shadow Schools Forum representatives have been confirmed. • MJ to email MSM further details of the additional funding that Dorset provides for the cost of setup of a new school to be added to the minutes. • JC will provide information on the Growth Fund for the November Shadow Schools Forum meeting. • Projections for spending from the HNB and the live model to be covered under agenda item 6. 	<p>MJ</p> <p>JC</p>
2.	<p>LGR Update - verbal</p> <p>The new Chief Executive, Graham Farrant, has been appointed as of 17 October 2018. The next tier of Leadership is being considered. Adult Services and Children's Services will have separate Directors.</p> <p>Children's Services has been split into a series of workstreams, with particular focus on providing services to Christchurch from 1 April 2018.</p>	
3.	<p>Shadow Schools' Forum</p> <p><u>Membership</u></p> <p>It was agreed at the previous meeting that the overall membership of the Shadow Schools' Forum would be looked at.</p>	

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

<p>All volunteers were thanked for their contribution; school representative places have all been filled, except that MR is still awaiting confirmation for a representative for Special Academies. Diocesan representation is also outstanding.</p>	<p>MSM</p>
<p>It was noted that there is no governor representation. Bournemouth Primary Schools representative's backup is a governor. As this is representation by volunteer for a Shadow Forum, it was considered that the lack of governor representation is not a concern.</p>	
<p>Action: MSM to issue invites to members to the Shadow Schools' Forum meeting on 31 October 2018.</p>	
<p><u>Meeting dates</u></p>	<p>VW / NW</p>
<p>The preferred time for the meetings was discussed. PK felt that meetings during the middle of the school day were not convenient.</p>	
<p>It was decided that the Shadow Schools' Forum should decide the time of day which is most convenient to members.</p>	
<p>Action: Meeting timings to be discussed and decided at Shadow Schools' Forum.</p>	<p>NW / VW NG</p>
<p><u>Agenda for October</u></p>	
<p>It was raised that the Early Years agenda item is unlikely to be ready in time for the meeting on 31 October, but that this is not critical given the short timescale until the meeting in November.</p>	
<p>The question of the future of the Budget Reference Group was discussed. BRG members considered that it would be a large duplication of effort. It was decided that this should be considered by the Shadow Schools' Forum and is included on the draft Agenda.</p>	<p>NW / VW NG</p>
<p>Action: VW and NW to complete a short paper to take to Shadow Schools Forum, to give options regarding working groups and the future of the Budget Reference Group.</p>	
<p>It was considered that there is previous history of working groups feeding into Schools' Forum. It was considered that a working group would need to be small to be effective.</p>	
<p>It was considered that an induction prior to the Shadow Schools' Forum meeting would be helpful to new members.</p>	<p>NW / VW NG</p>
<p>Action: An induction session to be offered prior to the Shadow Schools' Forum meeting, and papers from the Budget Reference Group meeting to be provided</p>	

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

	<p>for background.</p> <p>The early availability of papers was discussed. It was requested that all papers are provided a week before the meeting. It was confirmed that the aim will be to do this, but that the tight timescales mean that this will not always be possible.</p> <p><u>Forward Plan</u></p> <p>The proposed Forward Plan has been designed to reflect timescales and acknowledges that there are unlikely to be decisions at the first meeting; this needs to start in November.</p> <p>Although some decisions can be deferred to December, it is desirable to keep pace.</p> <p>It was raised that the deficit (£4.5 million) and responsibility for this are not included on the Agenda. NW confirmed that this is still in discussion with Members and not in a position to be brought forward until December. Central Government are considering the arrangements for dealing with deficits on a national basis and there is no simple solution. Concerns were raised that decisions regarding the transfer to the High Needs Block (HNB) could not be made until further detail about this is known.</p> <p>It was confirmed that the exact amount of the deficit which relates to Christchurch will not be known until after the year end; the proportion however is known. Principles are being agreed in considering all the assets and liabilities of Dorset County that relate to Christchurch.</p>	
4.	<p>Latest BCP Published School Revenue Balances</p> <p>A summary by phase and maintained / academy was shared to give context and a picture across BCP.</p> <p>There are generally only small deficits across the Primary phase and overall financial resilience is greater.</p> <p>The secondary phase is a more mixed picture with some Secondary schools in surplus (some large), while a number of academies have significant deficits. The large deficits were in schools in the more deprived areas and likely to be small without a 6th form. The 2013/14 school funding reforms and the NFF have both disadvantaged schools with the more deprived pupils.</p> <p>All through schools are growing and this may account for their lower balances.</p> <p>Special schools are mixed between significant deficits and surpluses.</p>	

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

	<p>The relevance of deficits / surpluses was discussed; it was suggested that the presence of a deficit or surplus did not indicate impact, i.e., if a school was underfunded, how well budgets were managed could lead to reserves, or a school could be saving for a capital project – there is a lot of context that needs to be taken into account to see the true picture.</p> <p>It was suggested that the data was now out of date 1 year old (academies) and 6 months old (maintained); it was confirmed that this is the most recent published, and therefore verified and audited data. In Poole at least over recent years, the general picture at this summary level has been similar.</p> <p>It was raised that Academies are required to keep a reserve by the DfE; however, the largest deficits are in Academy Secondaries.</p> <p>It was noted that Poole and Dorset do present this information to their Schools Forum annually and that Bournemouth had reviewed similar information when considering some aspects of funding last year.</p> <p>Action: The group was asked if they would like this data to be presented to the Shadow Schools' Forum; it was agreed that it should not be presented to Forum.</p>	
5.	<p>Draft Summary DSG Budget 2019/20</p> <p>NW circulated a paper to the group. Apologies were offered that these could not be provided prior to the meeting. The papers provided will not require updating prior to the Shadow Schools' Forum as this is the latest information available following a lot of detailed work on the high needs budgets.</p> <p>It was noted that the Local Authority areas are no longer being shown separately as in the previous 2018/19 budget summary. BCP is now being looked at as a single entity. NW explained some key highlights of the figures:</p> <p><u>Early Years:</u> We are working on the basis that a 1% transfer is made to support the HNB. This is not a large amount due to the overall size of the Early Years budget.</p> <p>Central Spend: this will have greater detail for Forum at a later meeting, but spend has been set within the level of funding.</p> <p><u>The Mainstream Schools Formula:</u> this is based on the pupil numbers for 2018-19 and estimated funding levels per pupil. These numbers will change when the October 2018 census is taken into account in December.</p>	

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

	<p><u>Premises / Mobility / Business Rates:</u> This funding is now fixed; although Christchurch's disaggregation from Dorset is still to be confirmed in final announcements from the DfE</p> <p><u>Growth Fund:</u> This funding is estimated with the forecast spend reflecting the discussions at the September meeting.</p> <p>None of the projections provided include a transfer to the HNB from mainstream schools.</p> <p><u>Central Schools Services:</u> Lower funding as protection is winding out at 2.5% per year; savings of £45,000 to be made as shown on the schedule.</p> <p>Schools Forum: These costs will reduce as there will only be 1 Forum across BCP.</p> <p>The high needs summary assumes that the Bournemouth (similar in Dorset) SEND banding policy will be applied across BCP for mainstream schools in Poole. The DSG shortfall on current projections is £5.7 million.</p>	
6.	<p>High Needs Budget 2019/20</p> <p>It was considered that the papers show a sobering picture; HNB pressures, the changes to the Code of Practice, leading to a rise in requests for EHCPs, education being provided for some post 19 and the cost of exclusions are a significant issue. The in-year picture does not balance (£5.7M deficit) before taking into account the deficit being brought forward still being estimated at £4.5 million.</p> <p>Strategies to bring down costs have been explored, such as reducing the use of high cost alternative provision. It was noted that Post 16 is more difficult to manage and tribunals for funding are going in favour of the parents. There are too many exclusions to be affordable across BCP.</p> <p>It was advised that there will be a deficit regardless of a transfer to the HNB. All were reminded that there are other budget decisions that need to be made, not only the transfer to the HNB.</p> <p>If a transfer of more than 0.5% is agreed, this needs to go to the DfE for agreement. The decision about the percentage to be transferred to the HNB needs to be made by December 2018 at the latest.</p> <p>There was debate about the merits of the relative size of the transfer to the</p>	

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

<p>HNB. Although the overall pot of money stays the same, the aim of the transfer to the HNB is to ensure that, overall, schools receive a level of funding which is lower but manageable, which allows for the funding required for the provision for children with a higher level of need. This is a difficult balance as the spend for high needs is difficult to predict.</p>	
<p>It was suggested that the work being carried out in each Authority to endeavour to reduce HNB spending should be done as joint work across BCP. A Poole representative from the Poole HNB Task and Finish Group is going the Bournemouth equivalent. Christchurch does not have an equivalent group. A proposal was made to join the existing Bournemouth and Poole groups.</p>	
<p>Action: DT will send PE an invite to the Bournemouth HNB meeting.</p> <p>It was queried whether the action plan for reducing the HNB spend has been implemented and the impact of this.</p>	<p>DT</p>
<p>Action: A recovery plan was requested, showing a comparison between previous figures and current spend, showing the impact of previous strategies to reduce HNB spend, recently implemented strategies and proposals for further strategies. This will have already been part of reports to Bournemouth and Poole's Schools Forum.</p>	<p>NG / VW</p>
<p>The Dorset area has a larger in-year deficit than Bournemouth or Poole, and this may be still growing. Dorset transferred money to the HNB and has spent more than this. It was noted that there has been some improvement in Dorset due to initiatives that have been implemented, but it takes time to assess the impact.</p>	
<p>It was noted that the vast majority of the funding within the HNB goes to schools to support pupils with high needs and that the number of these continued to grow which was financially unsustainable.</p>	
<p>The national picture was queried; it was considered that the joint consultation completed by ISOS gave a good overview of the situation in the local area comparative to nationally.</p>	
<p>Action: MSM to circulate the ISOS reviews for Bournemouth and Poole to the group.</p>	<p>MSM</p>

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

7.	<p>Development of Mainstream BCP formula</p> <p>A paper was provided prior to the meeting which gives the options for funding to be submitted to the Shadow Schools Forum.</p> <p>JC overviewed the paper; this is based on 2018-2019 pupil characteristics, from the October 2017 census. The paper looks at ways to release funding from the NFF should a transfer to high needs be agreed.</p> <p>If all schools receive the full NFF, there will be little funding available to transfer left for the HNB.</p> <p>Table 1 was explained; this provides a way to categorise the impact of options for the various formula positions of schools (eg on formula, capped, minimum per pupil funding level etc).</p> <p>Table 2 looks at how much funding would be transferred out of the schools block into the HNB, at varying proportions from 0.5% to 2%.</p> <ul style="list-style-type: none"> • A 0.5% transfer to the HNB would derive a £970,000 transfer, which would require £794,000 to be released from the formula (balance potentially from unused growth fund). • A 2% transfer to the HNB would derive a £3.7 million transfer from the formula. <p>The paper models a variety of options.</p> <ul style="list-style-type: none"> – Appendix A and B show different options for funding models. – Appendix C details, at a school level, at proportional funding change under NFF against 2018-19 funding, compared to deprivation funding. This was raised as something to consider. <p>Each option is considered in isolation but the final proposal would more likely be options in combination. This paper is illustrative only to aid discussion.</p> <p><u>Minimum per pupil funding level:</u></p> <p>The pupil led factors and school led factors, along with sparsity funding, are added together and divided by the number of pupils. Split site funding, mobility and rates funding are added to this.</p> <p>It is suggested Business Rates should not be included in the per pupil funding calculation, because maintained schools and academies are treated differently due to the 80% charitable relief for academies.</p>	
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Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

It is possible to include mobility and split site funding into the calculation; this would release £69,000 for the HNB.

Since 2018-2019 the NFF has seen an uplift in minimum per pupil funding levels of £200 per phase. (£3,300 increased to £3,500 at primary and £4,600 increased to £4,800 at secondary).

- If this increase in NFF was reduced by £50 per pupil, this would release £877,000.
- If the increase in NFF was reduced by £100 per pupil, it would release £1.5 million.
- If the £200 increase was not applied (2018-2019 NFF levels), this would release £2.5 million.
- Using the Poole's 2018-2019 levels (below 2018-2019 NFF) would release £3.1 million.

It was explained that Poole schools already receive lower funding to the extent that, if all schools in BCP received Poole's minimum per pupil funding levels from 2018-19 and a £200 uplift was applied, the amount released would be equivalent to the £100 reduction model.

Different sectors would see different amounts of movement of funding across these options.

Further options for releasing funding were explored. An overview of Table 4 was given, explaining that funding gains cap could be reduce to 1% it would free up almost £700,000.

It was also discussed how the funding floor or low prior attainment funding could be changed and how this affects schools funding in relation to the NFF.

The maximum allowed minimum funding guarantee would see a 1.5% reduction in per pupil funding from last year, which would free up almost £500,000.

A disapplication request for a variable funding floor could be made, to recognise that some schools which have been protected at higher levels of funding by the minimum funding guarantee (MFG) or the funding floor. It may be better to gradually reduce these levels of funding to the NFF. If the threshold for no funding floor was set at >20% protection through MFG, this would release £41,000 and would affect 1 school, so it is debatable if this would be a worthwhile exercise.

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

The lower prior attainment factor is providing more additional funding to more schools compared with previous LA formulae than any other factor, so may be a good option to consider for savings.

If an average rate across BCP from 2018-2019 was applied across all schools, this would release £352,000.

The caps for each area currently varied in 2018-19:

- 3.5% for Bournemouth
- 3% for Christchurch
- 3% for Poole

The figures provided do not show the impact on individual schools.

Two illustrative options were considered to test principles to adopt:

1. all formula types of school to contribute
2. highest gainers only contribute.

It was queried if other models had been considered. It was confirmed that the models included on the papers are those with the most impact.

The group was asked to consider which options would be recommended to the Shadow Forum.

PE raised that some schools have historically been underfunded and that this needs to be considered when considering options, as the changes in the NFF are intended to increase the funding for those historically underfunded schools to achieve a minimum level of funding. Targeting only the schools with the biggest increases would not be fair.

It was explained that the options being considered were not to remove existing funding, but to reduce the increase to allow for the HNB transfer, which schools that need it would be drawing from. It was suggested that it is harder to manage with reduced funding rather than a lower level of increase. Particularly as 2018/19 had already delivered a significant increase in some cases

It was confirmed that the Local Authorities do not have a preferred view of whether all schools contribute or whether this is targeted to the highest funding increase schools. The aim is to produce a robust discussion of the options.

The methods of each Local Authority area last year were compared.

- Dorset applied the NFF minimum per pupil funding and used prior attainment to balance. Reductions were made in high needs support to

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

mainstream schools.

- Bournemouth went to the NFF for 2018-2019; there was additional growth funding and a 1% transfer was made from this. Reductions were made in high needs support to mainstream schools.
- Poole used a variety of methods (similar to option 1) provided a lower minimum per pupil than NFF, and reduced the level of prior attainment funding. All schools received a bit less than the NFF. This enabled SEN support to mainstream schools to continue at previous levels. Poole was the only Authority to have no deficit to try to recover.

Whatever is decided as the funding model, it will be set across BCP.

It was expressed that it needed to be recognised that previous attempts had resulted in a deficit; therefore the number of pupils requiring support from the high needs budget needs to be reduced.

The possibility of not transferring to the HNB and asking schools to fund high needs themselves was explored. The Poole HNB Task and Finish group has previously considered this; it was explained that pupils with high needs are not spread evenly across all schools. For this reason, Poole Schools Forum agreed to the transfer to the HNB in recognition that it was all schools' responsibility to ensure that there was no damage to the provision of children across Poole. The alternative would be unfair to schools with more pupils with high needs and may negatively affect inclusivity.

There is an option which requires a disapplication to include the minimum per pupil funding levels within the funding gains cap. This cannot currently be done under finance regulations. This would mean that, if a school sees greater than 3% gains through the minimum per pupil funding levels, this would be capped. This would share the contribution across all schools but there is no guarantee that this application would be accepted.

The options provided were looked at with a view to the recommendation for the Shadow Forum.

Key points considered:

- Any greater transfer than 2% means that every school would lose funding, except those on the minimum funding guarantee.
- A 3% transfer would be needed to cover the in-year deficit.

PE expressed that he felt that there should be a principle that all schools should lose funding but no school should receive less than the minimum funding per pupil. It was raised by SP that this would mean that schools at the minimum funding level would be at NFF whereas other schools would not be.

Minutes: Bournemouth, Christchurch & Poole, Budget Reference Group

	<p>This would not provide the equity required. Agreed to model this option for schools forum.</p> <p>Action: JC and PE to discuss the options further after the meeting.</p> <p>Post meeting comments and suggestions were welcomed by NG.</p>	JC
8.	<p>Funding for Maintained Schools Education Services</p> <p>NW will look at the funding paper with colleagues in maintained schools and bring back to the group.</p>	NW
10.	<p>Next meeting and Forward Plan</p> <p>Date of next meeting: The Shadow Schools' Forum will decide if further Budget Reference Group meetings are required at the meeting to be held on 31 October 2018.</p>	
	Close.	

Minutes by: Marilyn Scofield-Marlowe

Checked by: Nicola Webb / Jack Cutler / Vicky Wales