# NORFOLK SCHOOLS FORUM

# AGENDA

Meeting on Wednesday 30 September 2020 09:00 – 11.30

This will be a remote Teams Meeting

Individual members, named below, are asked to provide verbal reports for these items.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **09:00 - 09:05** | **1** | **Welcome and Introductions**  **Apologies** |  |  |
| **09:05 – 09:30** | **2** | **Minutes of Last Meeting and Matters Arising**   * Admissions Appeals – meeting arranged for 24/9/20 at 10:00 a.m. * Early Years Reference Group Meeting 10.9.20 discussed under agenda item 4 * Norfolk HNB Contributions to CAMHS – this will be scheduled into a future meeting * pilot of better integrated services to support prevention and inclusion * Report back on Alliance Group | **CS**  **CS**  **SS** | **2 - 7** |
| **09:30 – 09:45** | **3** | **School Forum Elections** | **Information** |  |
| **09:45- 10:45** | **4** | **Dedicated Schools Grant**   1. Early Years Block Funding 2. High Needs Block Recovery Plan 3. Schools Block Fair Funding Consultation 4. Amalgamation Protection - Disapplication | **Discussion**  **Information**  **Discussion**  **Decision** | **8 - 14**  **15 - 16**  **17 - 24**  **25 - 26** |
| **10:45 -11:00** | **5** | **Updates on Scheme for Financing Schools**  **(Financial Regulations)** | **Information** | **27 - 28** |
|  | **6** | **Dates of Meetings** **School Forum**  13 November 2020 09:00 – 11.30 hours |  |  |

**Norfolk Schools Forum**

**Minutes of Meeting held on Wednesday 8 July 2020**

**09:00 – 12:00 hours**

**Teams Meeting**

**Present: Representing**

Keith Bates, Eaton Hall Specialist Academy Special School Academy

Carol Dallas, Taverham High School Academies

Alan Evans, Eastern MAT Academies

Mike Grimble, Avenue Junior School Primary Maintained Governors

Bob Groome JCC ( secondary phase)

Glyn Hambling, Unity Education Trust Alternative Provision

Clare Jones, Boudica Schools Trust Academies

Howard Nelson, Diocese of Norwich

Education Diocesan Board of Education

Lacey Douglass Early Years Representative

Peter Pazitka, SJB CMAT Academies

Joanne Philpott, City of Norwich School Academies

Sarah Shirras, (Chair) St Williams Primary Primary Maintained Schools

Joanna Tuttle, Aylsham High School Secondary Maintained Schools

Vicky Warnes JCC (primary phase)

Martin White, Nebula Federation Primary Maintained Governors

Steph Askew Head of Virtual School for SEND

Michael Bateman Programme Director SEND &

Alternative Provision

Martin Brock Accountant

John Crowley Assistant Director Learning and

Achievement

Sally Cutting Senior Accountant

Marilyn Edgeley Admin Officer

Alison Randall Head of Leadership and Governance Issues

Chris Snudden Assistant Director (Education)

Alison Toombs SEND Advisor

Caramia Muffett DfE (Observer)

**Apologies:**

Holly Bowman, Emneth Nursery School Maintained Nursery Schools Chris Caddamy, (Vice Chair) City College 16 – 19 Representative

Ian Clayton, Thorpe St Andrew School

and Sixth Form Academies

Dawn Filtness Finance Business Partner

Nicki Rider Senior Adviser – SEND & AP

Sara Tough Executive Director Childrens Services

Sarah Young, Sidestrand Hall School Maintained Special Schools

1. **Welcome and Apologies**

The chair welcomed everyone to this first Teams meeting of the School Forum.

Although the last meeting was cancelled there were no decisions that were required to be made and the Chair has had any national updates directly from the DfE.

The following apologies were received:

Chris Caddamy, Ian Clayton, Dawn Filtness, Nicki Rider

1. **Minutes of Last Meeting**

The minutes of the meeting held on 10 January 2020 were accepted as a true record.

1. **Matters Arising**

* Norfolk HNB contributions to CAMHS compared to other LAs

This will be covered in agenda item 7.

* Admissions Appeals

A meeting of a task and finish group to include School Forum members who volunteered to participate will be set up and the first meeting will be arranged very soon. Chris Caddamy will chair this group and Sebastian Gasse will be invited to join.

* Themed Audits

This paper is for information only and is circulated to all schools.

The paper covers:

Data Protection Regulation and Pre-employment Safe Recruitment Checks

It was noted that Norfolk Audit Services are given a topic to cover and then report back to specific experts for that subject. The audits are a compliance order and are wide ranging.

* Shared Savings

This paper is for information only and explains the use of funding.

Members highlighted that it covers a very small % of children.

1. **Changes and support for local authority schools for Covid-19 and impact on School Budgets**

Alison Randall reported that Finance Support has conducted business as usual with schools with all school visits taking place remotely. A positive outcome from this new way or working has been that more governors have been in attendance.

It was reported that all data on the system can be accessed and we can share schemes . As far as budgets are concerned there are no negative impacts to this way of working.

There are 12 schools working on staffing adjustments.

Schools that may have to furlough staff (from traded income) and staff having to work at home could be viewed as negative impacts. Also, some schools have experienced poor internet connection.

All systems have been updated and roll out of staff into cloud to make a stronger connection.

The following issues were reported by members:

* Loss of traded income
* Maintaining contracts
* Lack of information from Norse
* Swimming charges – poor communication

Alison Randall said that any questions for Norse should be emailed to her at

[alison.randall@educatorsolutions.org.uk](mailto:alison.randall@educatorsolutions.org.uk)

Members asked about the issue of exam board charges and whether this would be the full amount.

It was suggested that Jo Tuttle contact Jim at Educate Norfolk, the authority would be happy to be involved in the issue of exam board charges. It was reported that school heads are already working with unions on this and some schools have already received refunds.

1. **Pupil Variations**

Officers first brought this to School Forum at the meeting on 10 January 2020 with estimated adjustments, this is now the final pupil numbers and includes Wymondham Prep School which had been previously missed from the list. The paper and spreadsheet are for information only.

1. **DSG Outturn 2019/20**

This paper is for information only and is the final outturn and level of school balances.

The overall DSG overspend is £8.8m,there is a continuing pressure in the High Needs Block which has an overspend of £10.3m.

The underspend of £1.4m on the School Block is from historic rates adjustments.

The Central School Block has a £69,000 underspend and the Early Years Budget broke even. The paper gives a breakdown of the overall position.

It was noted that the level of school balances has reduced but there are fewer schools.

Members had concerns that overspend on the High Needs Block was higher than the original forecast and asked if forecasts could be more accurate in future.

Michael Bateman will address this issue as part of the High Needs Focus update on the agenda.

Officers reported that Sports Premium and Pupil Premium are ring fenced grants and that the analysis of balances form has been revised. There is also no RAG rating for this term but this will be revised.

The chair thanked Alison Randall for the revising of the balances forms and said they were much easier.

1. **High Needs Block Focus – verbal update by Michael Bateman**

**Norfolk HNB Contributions to CAMHS compared to other LA’s**

Of our 10 regional LA's 6 responded to our request:

* 3 do fund
* 3 do not
* assume the nil return of 4 colleagues also do not fund

Of the 3 that do fund:

- £Suffolk 170k - primary mental health workers within schools

- £Essex 170k - CAMHS workers within each PRU

- Luton £no details - 4 x CMAHS workers across schools

The Authority does contribute to reviews of how this money is spent but schools are not directly involved.

£250,000 was agreed to be match funded by CCG and this goes into a central pot for mental health and we have been able to create a governance around this and schools need to work closely with this team of people.

Chris Snudden said that Rebecca Hulme Associated Director of Health and Children’s Services leads on mental health and would be happy to attend a future meeting of the Schools Forum and provide an overview.

It was confirmed that the authority funds PATHS and reviewing the way the service is organised.

Another piece of work will include a wrap around model to bring together Early Years, Schools, Colleges Representatives and will not be just for mental health but also for Tier 2 youngsters that the authority is worried about because of their vulnerability.

Sarah Shirras said that she has joined the board of an overarching Alliance Group that has directed a lot of the changes around CAMHS.

**Action**

**Sarah Shirras will report back from the Alliance group at the next meeting.**

**Chris Snudden to bring update of wrap around service to next meeting.**

**Michael Bateman to bring report on DfE Recovery Plan meeting to next meeting of the Schools Forum.**

The Authority does not have full details so far of the effects of Covid-19 on capital builds. But the broad view is that mitigations can be put in place to make any impact minimal.

**Accurate Forecasting**

Michael Bateman said unlike schools’ budget which are mostly staffing and therefore more stable the High Needs Block is different. However, it is only a few lines within this budget which have large fluctuations. In his view this is due to the fact that the LA is required to make provision for a child when notified. He said he realises the Authority needs to find ways to make the forecasting more accurate.

Members suggested that post covid-19 there needs to be a risk assessment in these areas and look at previous patterns to see possible scenarios.

Members said that inaccurate forecasting resulted in an issue of confidence.

Chris Snudden said she would share more high level modelling with Schools Forum in the future.

**Element 3 Funding Update – Steph Askew**

Virtual School Send are responsible for facilitating the Element 3 Funding we have an advisory group who help to guide us. All settings previously moderated have continued to receive this funding in the same way providing their children are still on roll with them. We have also conducted 55 new moderations. All these settings should have received feedback. We anticipate that in the autumn term all children on roll will continue to receive funding. We rely on settings to notify us when children leave or join their school roll. We have also been involved in providing some need descriptors for education – the content has been agreed and we are now at the project stage. We will be communicating with schools about these documents and will bring them to the Finance Consultative Group.

**Exceptional Circumstances – Alison Toombs**

Children coming into school in September with an Education Health Care Plan which suggests their circumstances are exceptional – we have been accepting requests for this funding prior to those children going on roll. Moderators are looking at these cases individually.

Needs Descriptors/Self Evaluation - these have moved into the project stage and we hope that they are going to be web forms.

1. **Scheme for Financing Schools**

The scheme sets out the relationship between the Authority and local authority maintained schools. This document, which is published each year on the website, requires annual updates to keep it in line with government and local authority guidance.

We are required to inform Schools Forum of any statutory changes made by the government and get Forum’s approval for any local changes.

There are no directed revisions however there are some changes to wording and these need updating for 2020/21. These changes are for information only and are noted in the paper.

The most significant change is the deletion of former cluster balances.

We ask Forum to note the information provided and approve the minor amendments.

**School Forum approved the changes.**

1. **Early Years**

Schools Forum were given a PowerPoint presentation by John Crowley for this item.

Points highlighted during the presentation:

The Authority is looking at the Early Years Dedicated Schools Grant (DSG) and undertaking a deep and thorough review of current formula and the new formula for next year, resulting in a consultation for next year’s funding.

In line with guidance we retain 5% of 3 & 4 year old funding but we do not retain any of the 2 year old DSG.

The formula was last reviewed with the introduction of the National Funding formula and the introduction of the 30 hours funding.

This was very difficult to predict and resulted in significant underspends in 2017/18 and 2018/19.

The Authority will fully engage with the sector in this review.

Step1 & 2

Engage widely with system – set up engagement sessions and gain feedback on the formula.

Internal review of methodology and external review of other authorities to check that our methodology is correct. Sally Cutting confirmed work has started on this.

Step 3

Feed into a Schools Forum review group to review formula and make recommendation for supplements to go out to consultation and Cabinet in January.

Chris Snudden welcomed Lacey Douglass to Forum as the new Early Years representative and said the authority recognises the challenges settings are facing.

Lacey reported that the support given by the authority during the Covid-19 crisis was beyond what settings had expected and is noted on the Norfolk Providers Facebook page.

Lacey Douglass agreed there would be significant challenges in the autumn and was pleased there would be a sustainability pot.

Lacey is employed by the Heather Nursery and runs the Norfolk Providers Facebook page. She highlighted the issue about settings not accepting children wanting to attend two settings.

Sally Cutting in answer to a member’s question confirmed that the Authority would work closely with the School Forum group during this review.

Past papers have included impacts on different types of settings and papers could include a table showing this information. Members also asked to see how the work of the review will influence the contexts and challenges shown in the presentation.

John Crowley said the funding needs to meet the sufficiency for Norfolk.

1. **Date of next meeting**

Members should get in touch if they have any questions prior to the next meeting on

30 September 2020 – 09:00am to 11.30am

**Schools’ Forum**

**Item No. 4a.**

|  |  |
| --- | --- |
| **Report title:** | **Early Years Funding Consultation** |
| **Date of meeting:** | **30 September 2020** |

**Executive summary**

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| This report sets out the proposed process for consulting on changes to the funding distribution formula for Norfolk of the Early Years Block of the Dedicated Schools Grant (EY DSG) from April 2021.  **Schools Forum are asked to:**   * **Note the feedback from the Early Years Reference Group** * **Consider and comment on the proposal to consult on changes to Norfolk’s Early Years Dedicated Schools Grant Funding Formula** |

1. **Background and context**
   1. **Setting the scene**

Funded parental entitlements for childcare for 2-, 3- and 4-year olds is financed by the Early Years (Early Years) Block of the Dedicated Schools Grant (DSG). The DSG is paid to Local Authorities based on an hourly base rate calculated using the Early Years National Funding Formula (EYNFF). Local authorities are then expected to set their own local formulae to pay providers for funded hours claimed by parents. The local formula has a base rate with a combination of mandatory and optional supplements, and inclusion funds. Additionally, local authorities have duties to support the market/providers, for which up to 5% of the nationally allocated funding can be retained to enable these.

* 1. **Norfolk’s Funding Allocation**

The EY DSG allocation is calculated from an hourly base rate using the Early Years National Funding Formula (EYNFF). The formula was first introduced in April 2017 and the allocation is calculated from previous take up of funded places and then adjusted to reflect actual take up during the year. The base rates in the EYNFF increased in April 2020 by 8p to £3.73 per hour for 3- and 4-year olds and £5.28 for 2-year olds. This was the first increase in the base rate since April 2017 and was passed on in full to providers in Norfolk.

* 1. **Dedicated Schools Grant Regulations**

In February 2020, the School and Early Years Finance (England) Regulations 2020 came into force, clarifying the ring-fenced status of DSG and how any DSG deficits must be handled. Under the new regulations, DSG deficits must now be carried forward to be dealt with only from future DSG income.

Like many other local authorities, Norfolk currently has a cumulative DSG deficit. Therefore, any overspend on EY DSG (for example, due to higher take-up than is budgeted for within the funding formula) is now required to be repaid through future DSG income unless the Secretary of State authorises an exception to this.

This is a change from the previous funding regulations that allowed DSG deficits to be repaid, or partly repaid, from the local authority’s general funds (and therefore DSG deficits were seen as being required to be able to be covered from general funds and a risk to general local authority spending).

Whilst it is incumbent upon the local authority to ensure robust financial management arrangements are in place for the DSG, as a result of the regulation changes, the risk of an overspend on DSG funds no longer threatens other general local authority spending. Therefore, it is possible to set a lower contingency within the funding formula than has previously been the case, upon the understanding that any significant overspend could result in a review of the formula in future years to enable recovery of the deficit.

* 1. **Norfolk’s Current Formula**

The current formula for distributing EY DSG was set locally in line with DfE requirements following consultation with providers following the introduction of the EYNFF in April 2017. The formula has not changed since then, with the exception of passing through the 8p uplift in funding in April 2020.

The current formula per hour includes for 3- and 4-year-old funding:

* A base rate of £3.73
* A deprivation supplement of 25p for children living in the 10% most deprived and 15p for the 11-20% most deprived parts of the county using the IDACI index.
* A flexibility supplement of 20p paid to providers who enable families to access at least 7.5 hours of funded early education for at least 2 days a week
* A quality supplement of 20p paid to Childminders with a level 3 qualification and settings funded on a 1 to 8 basis with a level 6 qualification

The inclusion of a deprivation supplement is mandatory, but the amounts and methodology are locally determined. The flexibility and quality supplements are discretionary. The flexibility supplement was introduced in 2017 to encourage providers to expand their opening hours to meet the needs of working parents alongside the introduction of 30 hours funding. The quality supplement was introduced to increase the proportion of well qualified staff in early years to drive system led improvement in quality.

£0.985m (2.7%) of 3- and 4-year-old funding is allocated to funding additional SEND and inclusion needs

On top of this allocation 53p is allocated to every child who is eligible for Early Years Pupil Premium.

5% of 3- and 4-year funding is retained by the local authority and contributes to the staffing costs for advice, support, finance and portage. The support includes:

* Support all early education, childcare and out of school care
* Business, start-up, development, financial management, governance
* EYFS Framework, quality, SEND, Home Learning, Ofsted support
* Early Education Funding, DfE grants and support
* E-mail, telephone, toolkits, surgeries visits, online, training
* Co-ordination and specialist input into the peer support programme

The 2020-21 budget for these services is shown in the table below, with NCC contributing in excess of £1.6m towards these services and support for the early years sector:

|  |  |  |
| --- | --- | --- |
| **NCC Early Years Service & Finance** | **Centrally Retained DSG** | **LA Contribution to Service** |
| Early Years Staff Costs | £1.536 | £0.129 |
| Early Years Finance Staff Costs | £0.157 | £0.037 |
| Contribution to Portage | £0.161 |  |
| Training Programme and Projects |  | £0.745 |
| Resources |  | £0.055 |
| Funding Panel |  | £0.375 |
| Contribution to Speech and Language Contract |  | £0.265 |
| **TOTAL** | £1.854 | £1.606 |
| £3.461 | |

The current EYNFF funding formula for 2-year olds passes the £5.28 base rate through in full.

* 1. **Previous Outturns**

Lower than expected take up, particularly in relation to 30 hours funding, resulted in a final outturn reported to Schools Forum was (£3.527m) and (£2.526m) respectively for 2017-18 and 2018-19 and, in line with DfE expectations and the DSG rules, was used to offset the overspend on the high needs block. These reported underspends were later adjusted by the Education Skills and Funding Agency in July 2018 and 2019 to reflect the outcome of the spring census returns by reducing the early years block allocation in the same year.

In 2019-20 the take-up of places was lower than originally estimated and adjustments were made to the allow for the estimated clawback by the DfE in July 2020 and to earmark funding to support providers financially at the outset of the Covid-19 epidemic. Therefore, the reported position was a (£0.004m) underspend. The final clawback was (£0.038m) lower than estimated.

* 1. **Market Pressures**

Since 2017, Early Years providers have been subject to several new central government initiatives that have had a significant impact on provision. Although the numbers of children taking up the extended offer (30 hours) is high, this initiative has seen a reduction in the number of fee paying places available with places being filled by children accessing the extended offer, for which providers only receive the funded hourly rate. The hourly rate currently paid is, in many instances, less than a provider would charge.

Other factors have given rise to increased costs for all providers, including National Living / Minimum Wage, pension contributions, apprenticeship contributions, increased business rates, utilities and rent charges.

Locally and nationally, campaign groups have challenged central and local government about funding for early years. Locally, this has included challenge that not all the available funding has been allocated to providers. This is a challenge local authority has taken very seriously and, whilst the underspend has been primarily due to take-up being lower than budgeted, NCC has sought to undertake detailed review of the current formula.

1. **Formula Review Approach**

Work to review the formula commenced during the Summer term 2020. Initially work had been planned to take place much earlier in the term, but the Covid-19 pandemic diverted resources both within the local authority as well as within the provider market.

A four-step plan was put in place to ensure that all providers had the opportunity to contribute in the early stages of the review, as well as during a formal consultation upon a proposed formula:

1. Funding Discussion Groups open to all providers. At the end of the Summer term 2020 we hosted virtual meetings where all providers were encouraged to share their views.
2. An extensive internal review and benchmarking exercise, comparing our methodology, allocations and formula with statistically similar local authorities.
3. A review of the outcomes from the Funding Discussion Groups and the internal review and benchmarking exercise by a re-established Early Years Reference Group. This newly established group was made up of representatives identified by local authority officers and early years representatives on Schools Forum as representative of the diverse range of providers and contexts in Norfolk (see appendix A for membership).
4. Formal consultation on changes to Norfolk’s Early Years Dedicated Schools Grant Funding Formula during the Autumn term.
5. **Early Years Reference Group Feedback**

The Early Years Refence Group (EYRG) made the following observations in their review:

* The engagement with the funding discussion groups was limited, and the feedback inconclusive. The timing of the meetings was compromised due to the Covid-19 crisis. Views from these groups show no clear consensus. Individuals comments focus on individual impact of potential options rather than sector requirements.
* Benchmarking Norfolk to statistically similar local authorities:
* The proportion of 3 and 4 year old funding that is passed through as a base rate is lower than all others
* Norfolk makes more use of optional supplements than other similar local authorities. Others use one or no optional supplements.
* The level of SEND inclusion funding is the highest
* The level of contingency is the second highest
* Several small rural settings have closed in recent years and these are less likely to receive quality and flexibility supplements. One local authority does include a rurality supplement
* It was felt that the quality and flexibility supplement had achieved what they could in influencing behaviour
* None of the local authorities had an EAL supplement and this is very rare nationally.
* Some local authorities retain some 2-year-old funding, and many use 2-year-old funding to create a 2-year-old inclusion fund

The EYRG made the following recommendations for further analysis and consultation:

* Additional surveys or engagement with the sector at this time are unlikely to bring any further clarity and we should move to a consultation on concrete options.
* We should consult on reducing the use of supplements and increase base rate
* Option to reduce or remove the quality and flexibility supplements
* Option to introduce a rurality supplement
* EAL support is required but the group did not consider that this would be best met through an EAL supplement.
* We need to model carefully the impact on providers, so that significant numbers of settings are not adversely impacted.
* Early intervention is the most effective in terms of cost and impact – there should be a 2-year-old SEN inclusion fund, funded from the 2-year-old funding
* Services support 2-year-old children, so payment for central services should receive a contribution from the 2-year-old pot
* The contingency allowance has not been fully spent since 2017 and should be reviewed. The group agreed that if any EYDSG underspend can be carried forward and retained as a contingency, this would allow more funding to be passed through without increasing the risk of overspend.

1. **Consultation on Norfolk’s Local Formula**

The Local Authority will consult with Norfolk’s Early Years providers via an online survey from 2nd October to 23rd October 2020.

Feedback from the consultation will be brought back to the November Schools Forum meeting for further consideration and a recommendation for the revised local formula will be requested from Schools Forum at that time, ahead of the local authority setting the 2021-22 DSG budget.

1. **Proposals for Consultation**

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| --- | --- |
| **Proposal** | **Rationale for Proposal** |
| Link the Norfolk base rate to the Early Years National Funding Formula (EYNFF) base rate from central government: further amendments from central government will result in a proportional amendment to Norfolk base rate | This is intended to provided assurance that if the national rate is amended, providers can expect to see their rate amended in proportion. |
| To set the contingency amount as a specific proportion of the EY DSG block; initially 0.5% | The Local Authority is expected to undertake good financial management oversight of the DSG and, so, given the variability in take-up and the complex adjustments undertaken by central government, it is reasonable that a small contingency is built in; 0.5% is a relatively small proportion and the Local Authority will review the reasonableness of the assumption once the new formula is embedded. This could result in the Norfolk base rate going up or down. |
| To consult on options to the use of supplements   * No change - 20p quality supplement, 20p flexibility supplement * Reduction - 10p quality supplement, 10p flexibility supplement * 10p quality supplement, 10p flexibility supplement, 10p rurality supplement * 10p rurality supplement only * No supplements | The Early Years Reference Group (EYRG) concluded that we should seek to reduce the use of supplements in order to increase the base rate for all providers. The group concluded that a rurality supplement should be explored. |
| To consult on the introduction of a 2-year-old SEND / inclusion fund funded from the 2-year-old funding | The Early Years Reference Group (EYRG) agreed that early intervention should be supported through additional retained funding. |
| For centrally funded services to be funded from the 2-year old as well as 3- and 4-year old allocations proportionally. | The Early Years Reference Group thought that centrally funded services should be funded equally from the 2-year old as well as 3- and 4-year old funding. 5% |
| Annual review testing reasonableness of assumptions vs actuals, which may result in future base rates being increased or decreased to ensure that Norfolk’s EY block is sustainably managed | Regular review ensures that the risk of significant underspends or overspends is reduced. |

1. **Conclusion & Recommendations**

Schools Forum are asked to:

* Note the feedback from the Early Years Reference Group
* Consider and comment on the proposal to consult on changes to Norfolk’s Early Years Dedicated Schools Grant Funding Formula

1. **Useful Links**

<https://www.gov.uk/government/publications/early-years-national-funding-formula-allocations-and-guidance>

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Dawn Filtness 01603 228834 dawn.filtness@norfolk.gov.uk

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|  | If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help. |

**Appendix A: Early Years Reference Group Members**

* School’s forum members:
  + Chair of School’s Forum (primary headteacher with section 27 nursery)
  + Nursery School representative (headteacher)
  + PVI sector representative (administration, charity pre-schools)
* Sector representation
  + Committee member, small rural charity preschool
  + Childminder
  + Manager, urban charity preschool
  + Manager, urban day nursery
* Local authority members:
  + Assistant Director for Learning and Achievement
  + Senior Adviser Early Years
  + Accountant - Schools, Special Educational Needs, and Early Years
  + Early Years Finance Manager

**Schools’ Forum**

**Item No.4b.**

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| --- | --- |
| **Report title:** | **DSG Recovery Update** |
| **Date of meeting:** | **30 September 2020** |

**Executive summary**

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| The Local Authority is currently updating the financial modelling of the Dedicated Schools Grant deficit recovery plan, in preparation to share the latest position with Schools Forum, and subsequently with the DfE.  All assumptions used are being carefully re-considered to ensure that they are still appropriate, and where necessary updated to reflect latest developments.  This paper sets out the items that are currently being reviewed in the financial modelling at a high-level. The outputs from the latest modelling will be shared with Schools Forum at the meeting.  **This paper is for information only.** |

The Local Authority previously shared its DSG recovery plan with the Schools Forum, and with the DfE. That modelling is currently being reviewed and updated to the latest position to share with Schools Forum, and subsequently the DfE.

The following assumptions are being carefully reviewed to ensure that financial modelling of the recovery is current and as accurate as possible, within the constraints of what is known about current funding arrangements and, and what might be assumed about possible future funding and demand:

* Annual demographic growth in pupils requiring special schools or independent placements;
* Anticipated effects of system wide cultural changes to reduce pressure on the High Needs system;
* The latest forecast outturn position for 2020/21 (as at the end of August 2020);
* Increasing High Needs Block income within the Dedicated Schools Grant, out of the £14bn announced by the DfE in autumn 2019;
* Potential block transfers that may be requested by the local authority via Schools Forum and/or the Secretary of State;
* The latest capital build schedules for new special schools places and SRB places;
* The effects of increasing demand for placement of pupils in special school places.

The latest position of financial modelling will be shared with Schools Forum at the meeting.

**Action required:**

**This paper is for information only.**

###### Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

**Officer Name: Tel No: Email address**:

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**Schools’ Forum**

**Item No.4c.**

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| **Report title:** | **Fair Funding Consultation/National Funding Formula** |
| **Date of meeting:** | **30 September 2020** |

**Executive summary**

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| This report sets out indicative levels of DSG funding for 2021/22 and the Local Authority’s proposed options for consultation with schools for the 2021/22 mainstream schools’ local funding formula including:   * Mirroring of updated National Funding Formula factor values; * Indicative Minimum Funding Guarantee and Cap values; * Potential levels of transfer from Schools Block to High Needs Block to meet ongoing demand upon high needs placements and support, and as part of the DSG deficit recovery plan.   **Schools Forum are asked to:**   * **Note the increase in overall DSG funding for 2021/22** * **Consider and comment on the proposed options that the Local Authority will consult schools on for the 2021/22 schools’ funding formula, including potential transfers of Schools Block funding to High Needs Block.** |

1. **Background and context**

The Department of Education announced arrangements for the 2021/22 National Funding Formula on their website on 20th July 2020. Please see link below for detailed information:

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2021-to-2022>

The 2021/22 financial year will be the second year of the government’s plans to increase schools funding by £14bn over a three-year period. In autumn 2019, the Education Secretary announced cash increases compared to 2019/20 of £2.6bn to core schools funding in 2020/21, with an increase of £4.8bn in 2021/22 and £7.1bn 2022/23.

The additional indicative Dedicated Schools Grant funding for Norfolk for 2021/22 compared to 2020/21 is £44.775m. This includes Teachers’ Pay Grant and Teachers’ Pension Employer Contribution Grant totalling £25.279m as those grants are both being rolled into the DSG from April 2021, but excludes a further £3.823m estimated by the Local Authority through the growth factor which has not yet been included by the DfE in their indicative figures.

1. **Schools Block**

Norfolk’s latest indicative Schools Block DSG allocation published by the DfE for 2021/22 is £541.585m (excluding growth but including TPG/TPECG), compared to £507.007m received in 2021/22 (including a growth allocation of £4.337m). It is currently estimated by the Local Authority that a growth factor allocation of £3.823m may be received for 2021/22. Final allocations for DSG will not be confirmed until December 2021. The estimated Schools Block DSG for 2021/22 is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2020/21 (£m) | 2021/22 (estimated £m) | Change (£m) |
| National Formula | 502.670 | 518.016 | 15.346 |
| Growth Allocation | 4.337 | 3.823 | -0.514 |
| TPG/TPECG | 0\* | 23.569 | 23.569 |
| **TOTAL** | **507.007** | **545.408** | **38.401** |

\*TPG/TPECG are allocated as separate grants in 2020/21

Based on the above, we are currently estimating that there will be an additional £14.832m (£15.346m-£0.514m) of Schools Block funding to allocate through the local funding formula, which mirrors NFF, in 2021/22 compared to 2020/21. Final DSG allocations will be announced in December 2021. On top of the increase to funding through the National Funding Formula, TPG and TPECG grants will be allocated through the formula to primary and secondary schools at rates of £180 and £265 per-pupil respectively (approximately £23.569m).

The DfE have announced in their ‘Schools Revenue Funding 2021 to 2022 Operational Guide’ that the following changes will be made to the 2021-22 National Funding Formula:

* The incorporation of the 2019 Income Deprivation Affecting Children Index data, ensuring that deprivation funding through the NFF continues to target schools most likely to need additional funding;
* Funding previously allocated through the Teachers’ Pay Grant and Teacher’s Pension Employer Contribution Grant, will be allocated through the Dedicated Schools Grant from April 2021 through addition to schools’ funding baselines, increasing the basic per-pupil funding, and increasing the minimum per-pupil funding levels;
* Improved support for small and remote schools through increasing the maximum sparsity value from £26,000 to £45,000 for primary schools and from £67,600 to £70,000 for secondary schools;
* The key factors in the National Funding Formula will increase by 3%;
* Mandatory minimum per-pupil levels of £4,180 for primary schools and £5,415 for secondary schools, including allocations for the former Teachers’ Pay Grant and Teacher Pension Employer Contributions Grant.
* The funding paid to the Local Authority will be set at +2% compared to schools’ funding floor baselines;
* Premises funding which will be allocated at local authority level based on actual spend in 2020-21 and PFI RPIX inflation of +1.56%;
* Local authorities have the freedom to set the Minimum Funding Guarantee in the local formulae between +0.5% and +2% per pupil, as well as to use a gains cap applied on the same basis for all schools;
* Following the cancellation of assessments in summer 2020 due to Covid-19, the 2019 assessment data will used as a proxy in the formula for the 2020 reception and year 6 cohort.

1. **High Needs Block**

The DfE announcement on the 20th July 2020 indicates that Norfolk’s High Needs Block (HNB) will increase by approximately £10.027m for 2021/22 (of which £1.71m is for TPG/TPECG rolled into the DSG from 2021/22), as part of an additional £730m allocated nationally to High Needs compared to 2020/21.

There is currently no indication from DfE of how much High Needs Block funding could increase by for 2022/23 within the overall extra £14bn of funding allocated over three-years from 2020/21 to 2022/23. However, the local authority is presuming that it is reasonable to assume a similar proportional split of funds between SB and HNB and, therefore, an increase compared to previous years.

The 2021/22 increase alone will not resolve the ongoing High Needs Block overspend pressure due to the level of cumulative deficit, the anticipated ongoing, increasing demand, and the uncertainty regarding future year’s HNB base funding.

The indicative High Needs Block funding for 2021/22 is broken down below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2020/21 (£m) | 2021/22 (estimated £m) | Change (£m) |
| High Needs NFF | 93.311 | 101.628 | 8.317 |
| TPG/TPECG | 0\* | 1.710 | 1.710 |
| TOTAL | 93.311 | 103.338 | 10.027 |

\*TPG/TPECG are allocated as separate grants in 2020/21

1. **Central Schools Block**

There is indicative increase to Central Schools Services Block for 2021/22 of £1.69m; this will be discussed further at the November Schools Forum meeting.

1. **Early Years Block**

There are no indicative allocations for Early Years Block for 2021/22. Final allocations will be confirmed in December 2020.

1. **Progress towards a ‘Hard’ Formula**

Government policy continues to be towards transferring to a ‘hard’ national funding formula, which will determine school funding allocations directly rather than through a local formula, and it is expected that the government will put forward plans for this later this year including any information on proposed transitional arrangements.  However, at this stage of planning, we are not anticipating any changes relating to this policy affecting 2021/22.

1. **Consultation on Norfolk’s Local Formula**

Norfolk County Council (NCC), as the organisation with responsibility for setting the formula for Norfolk in consultation with schools and Norfolk’s Schools Forum, proposes to continue to mirror the National Funding Formula unit values and methodologies for 2021/22, updated to reflect the new values published by the DfE. A Minimum Funding Guarantee (MFG) will be set between the allowable range of +0.5% to +2%. A funding cap may be required to limit the gains of schools with large gains. However, all schools will still receive at least the MFG protection increase and mandatory Minimum Per-Pupil Funding level increases.

In accordance with DfE expectations that local authorities should be working towards balancing the DSG overall as a grant, including repaying brought forward cumulative deficits, the Local Authority (NCC) is also required to consider the transfer of funding from the Schools Block to the High Needs Block in 2021/22 to meet the ongoing pressures of the High Needs Block and to continue working towards recovery of the current cumulative and in-year DSG deficit.

The Local Authority will hold a survey consultation with schools during October 2020 setting out three funding options for 2021/22. Feedback from the consultation will be brought back to the November Schools Forum meeting for Schools Forum members to take into consideration, whilst they consider the recommendation for the 2021/22 local formula that will be requested from Schools Forum at that time, including whether a Schools Block to High Needs Block transfer is supported by the Forum.

The proposed funding values for 2021/22, based on NFF, are shown below along with the current 2020/21 formula for comparison.

The Local Authority will consult with Norfolk schools via an online survey from 2nd October to 23rd October 2020.

Feedback from the consultation will be brought back to the November Schools Forum meeting for further consideration and a recommendation for the 2021/22 local formula will be requested from Schools Forum at that time.

|  |  |  |
| --- | --- | --- |
| **Funding Factor** | **2020/21 Formula** | **2021/22 Proposed Formula** |
|  | **£ NFF unit rates** | **£ NFF unit rates** |
|  |  |  |
| **Age Weighted Pupil Unit** |  |  |
| Primary | NFF 2,857 (2,893.93 allocated) | 3,123 |
| Key Stage 3 | NFF 4,018 (4,069.57 allocated) | 4,404 |
| Key Stage 4 | NFF 4,561 (4,619.42 allocated) | 4,963 |
| **Minimum Per Pupil Funding** |  |  |
| Primary | 3,750 | 4,180 |
| Secondary | 5,000 | 5,415 |
| **Additional Needs Funding** |  |  |
| Primary FSM | 450 | 460 |
| Secondary FSM | 450 | 460 |
| Primary FSM6 | 560 | 575 |
| Secondary FSM6 | 815 | 840 |
| Primary IDACI A | 600 | 620 |
| Primary IDACI B | 435 | 475 |
| Primary IDACI C | 405 | 445 |
| Primary IDACI D | 375 | 410 |
| Primary IDACI E | 250 | 260 |
| Primary IDACI F | 210 | 215 |
| Secondary IDACI A | 840 | 865 |
| Secondary IDACI B | 625 | 680 |
| Secondary IDACI C | 580 | 630 |
| Secondary IDACI D | 535 | 580 |
| Secondary IDACI E | 405 | 415 |
| Secondary IDACI F | 300 | 310 |
| **Low Prior Attainment** |  |  |
| Primary LPA | 1,065 | 1,095 |
| Secondary LPA | 1,610 | 1,660 |
| **EAL** |  |  |
| Primary EAL | 535 | 550 |
| Secondary EAL | 1,440 | 1,485 |
| **Mobility** |  |  |
| Primary Mobility | 875 | 900 |
| Secondary Mobility | 1,250 | 1,290 |
| **Lump Sum** |  |  |
| Primary Lump Sum | 114,400 | 117,800 |
| Secondary Lump Sum | 114,400 | 117,800 |
| **Sparsity** |  |  |
| Primary Sparsity | 26,000 | 45,000 |
| Secondary Sparsity | 67,600 | 70,000 |

1. **Dedicated Schools Grant (DSG) Recovery Plan Update**

The latest DSG recovery plan update will be shared with Schools Forum at the September meeting.

1. **Funding Formula Options 2021/22**

Summary of Options

A summary of the different options for funding schools in 2021/22 is given in the table below, followed by more detailed written explanations.

Please note: All modelling is based on October 2019 data, no changes to pupil numbers are included; actual budgets will be issued using October 2020 census data and may change significantly if the number of pupils differs.

Detailed technical papers will be issued with the consultation during October.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Option 1** | **Option 2** | **Option 3** |
|  | **NFF** | **NFF** | **NFF** |
|  | **2021/22** | **2021/22** | **2021/22** |
| **0.5% of Schools Block moved to High Needs Block** | **** | **** | **** |
| **Additional 1% (£5.2m) moved to High Needs Block** | **** | **** | **** |
| **Estimated MFG protection** | **+0.75%** | **+1.73%** | **+2.00%** |
| **Estimated funding cap on gainers under NFF** | **+0.76%** | **No cap** | **No cap** |
| **Potential**  **Basic Entitlement increase above NFF values** | **** | **** | **+1.07%** |
| **2021/22 Minimum Per-Pupil Funding Levels** | **** | **** | **** |

Option 1

**Implementation of DfE’s National Funding Formula unit rates and methodologies, with a transfer of £7.828m of Schools Block (0.5% plus a further 1% to High Needs Block.  It is expected that the Minimum Funding Guarantee would be set at +0.75% and there would need to be a funding cap of +0.76%.**

**Given the Local Authority’s responsibilities, and the expectations of the DfE regarding management of the DSG funding at this stage, it is highly like that this will need to be the LA’s preferred option.**

Norfolk’s current DSG Recovery Plan is underpinned by two key elements:

* the £120m capital investment to create additional places in special schools and specialist resources bases (both new build and expansion of existing), and to develop student support hubs
* the assumption of ongoing transfers of funding between the Schools Block and High Needs Block in line with DfE expectations that the deficit should be repaid from future DSG funding.

This option would require the Local Authority to make a disapplication request to the Secretary of State for the additional 1% movement from Schools Block to High Needs Block (and also for the first 0.5% movement if Schools Forum do not approve it).

A disapplication request would require the LA to demonstrate, with a business case, that this is the best possible option, in the short-term, taking account of the announcements from government in July of a further £730m nationally for SEND and a continued ‘levelling up’ of school funding through the Schools Block.

The benefits to the Norfolk-wide Education System are:

* All schools are expected to gain funding compared to 2020/21 despite the transfer on a like-for-like basis (e.g. assuming no change in pupil numbers)
* the whole system will be demonstrating a responsible approach to good financial management, recognising the impact of higher than average SEND identification and the impact that this has had on High Needs pressures historically, whilst also implementing a transformation programme that will improve educational provision and outcomes for children and young people whilst addressing the ongoing budget pressures;

Option 2

**Implementation of DfE’s National Funding Formula unit rates and methodologies, with a transfer of £2.609m of Schools Block (0.5%) to High Needs Block.  It is expected that the Minimum Funding Guarantee would be set at +1.73% but there would be no need for a funding cap on gaining schools.**

This option would require School Forum approval for the 0.5% movement from Schools Block to High Needs Block or, failing that, the Local Authority would need to make a disapplication to the Secretary of State for a final decision (as per option 1).

Implementation of option 2 would result in an increased number of years before the DSG breaks-even in year, and a longer pay-back period of the cumulative DSG deficit for Norfolk than option 1.

Option 3

**Implementation of DfE’s National Funding Formula unit rates and methodologies.  It is expected that the Minimum Funding Guarantee would be set at +2% and there would be no need for a funding cap on gaining schools. It is estimated that an increase of +1.07% above the NFF Basic Entitlement factor values may be possible.**

Implementation of option 3 would result in an increased number of years before the DSG breaks-even in year, and a longer pay-back period of the cumulative DSG deficit for Norfolk than options 1 or 2.

1. **Action required**

Schools Forum are asked to:

* Note the increase in overall DSG funding for 2021/22
* Consider and comment on the proposed options that the Local Authority will consult schools on for the 2021/22 schools’ funding formula, including potential transfers of Schools Block funding to High Needs Block**.**

**Officer Contact**

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

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**Schools’ Forum**

**Item No. 4d.**

|  |  |
| --- | --- |
| **Report title:** | **Amalgamation Protection - Disapplication** |
| **Date of meeting:** | **30 September 2020** |

**Executive summary**

|  |
| --- |
| The Local Authority wishes to make a disapplication request for a second financial year of amalgamation protection (2021/22), for the value of 70% of two lump sums, on behalf of Costessey Junior School.  **Schools Forum are asked to agree the application of a second (and final) year of amalgamation protection for Costessey Junior School, at 70% of two lump sums, for the 2021/22 financial year.** |

1. **Amalgamation Protection**

The ‘Schools Revenue Funding 2021 to 2022 Operational Guide’ published by the DfE for the funding of mainstream schools in the 2021/22 financial year states that where schools have amalgamated during the financial year 2020/21, or will amalgamate on 1 April 2021, they will retain the equivalent of 85% of the predecessor schools’ lump sums for the financial year 2021/22.

So, assuming a lump sum of £114,400, the amalgamation protection is 2 x £114,400 x 85% = £194,480, minus the lump sum allocated of £114,400 = £80,080.

1. **Second Year of Protection**

Local authorities may apply to the DfE for a second year of protection for schools that amalgamated during the 2019/20 financial year (having already received the first year of protection on the basis of 85% as shown above).

Applications must specify the level of protection sought, although in general the DfE would not expect the additional protection to exceed 70% of the combined lump sums. The DfE considers applications on a case-by-case basis.

In the past, all schools that have amalgamated in Norfolk have received the 70% of two lump sums for the second year of amalgamation protection, applied for by the local authority on the schools’ behalf. In purely financial terms, amalgamation reduces the overall cost to the formula by the cost of one school’s lump sum, and therefore increases funding across the system and to date this has been supported through the local formula.

1. **Application for Protection 2021/22**

Costessey Infant School and Costessey Junior School amalgamated 1st November 2019, to become one larger school and qualified for the first year of amalgamation protection in 2020/21.

The latest disapplication (of regulations) request form for making an application on behalf of schools for a second year of protection requires the local authority to state whether Schools Forum has agreed to the request being made. The request being made for 2021/22 is as follows:

A second year of amalgamation protection for Costessey Junior School, at 70% of two lump sums, calculated as follows:

£114,400 x 2 x 70% = £160,160, minus one original lump sum value of £114,400 = **£45,760 protection.**

**Action required:**

**Schools Forum are asked to agree the application of a second (and final) year of amalgamation protection for Costessey Junior School, at 70% of two lump sums, for the 2021/22 financial year.**

**Officer Contact**

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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**Schools’ Forum**

**Item No.5**

|  |  |
| --- | --- |
| **Report title:** | **Scheme for Financing Schools Update** |
| **Date of meeting:** | **30 September 2020** |

**Executive summary**

|  |
| --- |
| Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.  Changes are periodically required based on revisions directed by the Secretary of State, or local changes approved through Schools Forum.  The Scheme for Financing Schools was updated earlier this year but there are now two further directed revisions to be added for 2020/21. These changes are provided **for information only and will be updated in the 2020/21 scheme.** |

1. **Introduction**

Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.

Guidance is provided to authorities listing the items that must, should or may be included, and is issued under the School Standards and Framework Act 1998.

The local scheme is updated in the following circumstances:

**Directed revisions** – the Secretary of State may require the revision of part or any scheme. These revisions must be included in the local scheme using the text of the directed revisions;

**Amendments to directed revisions** – amendments to the wording of directed revisions may be required to reflect more recent policy positions;

**Local revisions** – for changes other than directed revisions, local authorities must consult with all maintained schools in their area and receive approval of Schools Forum members representing maintained schools.

There are two new directed revisions for 2020/21 to be included in the local Scheme, but currently no further amendments to existing directed revisions or local revisions.

1. **Updates required**

**2.1 Directed revisions**

There are two new directed revisions to be added to the local Scheme for 2020/21:

**Section 4.3: Submission of financial forecasts**

From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.

**Section 6.5: Planning for deficit budgets**

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021

These revisions will be updated as soon as possible in Norfolk’s 2020/21 Scheme for Financing Schools and a new version of the document will be uploaded onto the Norfolk Schools Website at the following link:

<https://www.schools.norfolk.gov.uk/school-finance/scheme-for-financing-schools>

**Schools Forum are asked to:**

* **Note directed revision changes to Norfolk’s Scheme for Financing Schools for 2020/21.**

**Officer Contact**

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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