

CAMBRIDGESHIRE SCHOOLS FORUM: MINUTES OF EXTRAORDINARY MEETING

Date: 13th April 2016

Time: 10.00am – 12.01pm

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: P Hodgson (Chairman), L Calow, J Culpin, T Davies, A Matthews, L Murphy, D Parfitt, A Rodger (Vice-Chairman), B Smethurst, K Taylor and R Waldau

Observers

Councillor P Downes	Cambridgeshire County Council
Councillor J Whitehead	Cambridgeshire County Council
G Fewtrell	Teachers' Unions

Observer at the invitation of the Chairman: S Tinsley - CSH Finance

Officers

J Davies, K Grimwade, M Moore, R Sanderson, M Teasdale and M Wade

Apologies: Forum Members: S Blyth, K Coates, S Connell, A Day, K Evans, J Harrison, T Jefford, J North, and M Woods
Observers: Councillor D Harty

ACTION

129. INTRODUCTIONS

The Chairman welcomed Lucie Calow, the recently appointed Maintained Special School representative to her first meeting of Forum and invited members to introduce themselves. *(Note: Kim Taylor is now the Academies Special School representative and Kate Coates has replaced Lisa Murphy as one of the Maintained Primary School representatives)*

130. MINUTES

The minutes of the meeting held on 15th January 2016 were confirmed as a correct record and signed by the Chairman.

The following matters arising were raised:

(a) Minute 114 (b) – Special Educational Needs (SEND) Workshop Feedback

It was noted that this item was included later on the agenda.

It was confirmed that in relation to the action in the minutes, the Head of Commissioning Enhanced Services, Judith Davies had met with the Vice-Chairman to discuss Special Educational Needs funding, the latter confirming it had been a very useful meeting in

terms of receiving a greater understanding of the various budgets used to support High Needs funding. There was discussion on achieving better value for money through focussing on priorities.

(b) Other Minute Actions set out on Page 2 of the Minutes

These were either the subject of reports scheduled for later Forum meetings or the next report on the agenda.

(c) Minute 123 Schools Budget 2016/17: Dedicated Schools Grant (DSG) Update

i) DSG Allocation

Regarding the action for the Strategic Finance Manager, Martin Wade (MW) confirmed he had spoken with the relevant official at the Department for Education (DfE) on proposals relating to early year's funding and while further information had been obtained, he had still to receive the information on the funding implications.

ii) Application of Income Deprivation Affecting Children Index (IDACI) Data

It was confirmed that the application for DfE approval to apply the previous year's IDACI data for those schools most adversely impacted by the revisions to the data, to smooth the transition to the new arrangements, had been successful. It had subsequently been included in the Budget with the monies distributed to the schools during January and February.

d) Minute 125. Special Educational Needs (SEND) Action Plan

i) An action at the previous School Forum was for Forum to be represented on the task force working on the SEND Action Plan. Dr Alan Rodger, Vice-Chairman had been appointed and he had now met with MW and the Head of Service: Commissioning Enhanced Services, Judith Davies.

ii) The Action from the Strategic Director to submit an information paper to a future meeting of the Forum outlining the issues facing CAMHS was included on the agenda plan for a later meeting. In terms of providing details of both the action that had already been undertaken and what was planned to address the issues, this was still outstanding. **Action: Meredith undertook to circulate a briefing paper following the meeting.**

M Teasdale

Kim Taylor, the Academies Special School representative, made the point that the SEND Action Plan required to be aligned with the overarching SEN Strategy. **She agreed to undertake the necessary check.**

K Taylor

131. NOTES FROM WORKSHOP ON SCHOOLS AND HIGH NEEDS FUNDING REFORM HELD ON 16TH MARCH 2016

This workshop had replaced the Schools Forum meeting originally scheduled on the same date.

The notes of the workshop session were received and noted without comment.

132. NATIONAL FUNDING FORMULA CONSULTATION STAGE 1 : DRAFT RESPONSE

Due to the short timescales involved in terms of receiving and collating responses to the consultation which had only been issued by the Department of Education on 7th March, this report had been circulated as a late, separate despatch the previous week.

The Strategic Finance Manager (Children's and Schools) highlighted the key points of the Schools National Funding Formula consultation document included the following proposals:

- For 2017/18 and 2018/19 to continue the current "soft" arrangements with Schools Forum and the Local Authority (LA) having a key role in the budget setting process.
- For 2019/20 that funding would be allocated through a "hard" formula directly from the Department for Education (DfE) to schools. This removes the requirement for Schools Forum or LA involvement.
- From 2019/20 the school level budgets would allocate funding across 4 main headings; 1) per pupil costs, 2) additional needs costs (deprivation, prior attainment etc.), 3) school costs (lump sum, rates, sparsity etc.) and 4) geographic costs (area cost adjustment).
- A fourth funding block, the "central schools block" would be created, allocated on a per pupil formula, and would cover functions previously met from the Dedicated Schools Grant (DSG) and Education Services Grant (ESG). (e.g. School admissions, servicing of schools forums, fees to independent schools for pupils without SEN, education welfare services, asset management, statutory and regulatory duties).
- For 2017/18 and 2018/19 LA's would not be able to move funding between funding blocks as currently allowed, which would significantly reduce flexibility to address pressures.
- From 2019/20 the current de-delegation arrangements would also end, which would impact on some services to schools.
- Although growth had been recognised, the initial proposal was to fund growth on the basis of historic spend in 2017-18 and 2018-19, and "explore" whether this funding could be distributed on a formulaic basis from 2019/20.

Draft responses to the two consultation documents were included as Appendices A and B to the report. It was explained that CSH and CPH would be providing their own responses with CPH's Finance Committee's response comments having been circulated to Forum members the day before the meeting, along with a proposed addition to be included on question 14 on growth provided by the CambridgeAhead Group.

It was agreed to take each question in order with Forum invited to comment or makes suggestions for any changes to the draft responses before their final submission on 19th April.

Appendix A Schools National Funding Formula Consultation Closing Date 17th April 2016 Principles for a reformed funding system

Question 1: Do you agree with our proposed principles for the funding system? The proposed response was to answer 'Yes' with text response as set out.

Comments on the proposed text included;

- The unit values in the new funding formula on basic need to be based on evidence of costs ahead of targeted funding.
- As a general issue the question was raised whether the responses to this and other questions should be changed to say no and then putting the comments. In reply it was highlighted that as fair funding had been the goal for Cambridgeshire for many years and was what the Authority were fundamentally seeking it should remain as yes. The responses in the document were very specific when the response being suggested was no.
- The Special Schools academy advisor made the suggestion that funding should be linked to equality analysis as part of the overall principles. She highlighted that part of the problem was that the High Needs data was only produced every three to four years as opposed to annually, and that it made sense for the data to be refreshed annually. *(Note: Additional wording was provided following the meeting for Question 26 equality analysis as being the appropriate place to include such information while the High Needs consultation response covered the other issue raised))*
- It was agreed to make changes to the text to reflect comments made.

The structure of the funding system

Question 2 Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula? The proposed response was to answer 'No' with text response as set out.

Comments on the proposed text included;

- Raising concerns on the capacity of the EFA/ DFE to be able to support all schools converting to academies as was being proposed and administer budgets for all schools at a national level, as the Government was not providing additional money.
- CSH finance would be responding yes to this question but would require further clarity of the exact future role of the local authority and the School's Forum .
- One Councillor observer highlighted how difficult it was currently for a local authority to influence the DfE and therefore if individual schools felt they had been treated unfairly in their funding allocation, it was suggested that it would be almost impossible for an individual school to state their case as a lone voice. On this basis there was a strong argument for retaining the Schools Forum working with the LA in terms of the current flexibility to be able to respond to local need and provide additional support / funding where required.
- Other Forum member made the point regarding the role of the Local Authority being well placed to co-ordinate joined up services with health for disadvantaged children / local deprivation need which would not be possible under a national formula arrangement and the proposed reduced role for the local authority.
- As a general point to ensure the style of the final response submitted was positive, it was suggested avoiding the use of words such as 'no' and 'not'.

It was agreed to make changes to the text to reflect comments made but to support the officer proposal.

Building block A: per-pupil costs

Question 3 Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4? The proposed response was to answer 'Yes' with text response as set out.

Comments on the proposed text included;

- Primary heads highlighted the need for differential primary rates to reflect the differences for reception, Key Stage (KS) 1 And KS2 Pupils which should be expanded in the final response to highlight the differentials as a result of class size legislation. They further highlighted the increasing exam burden costs being placed on primary schools and the significant costs of additional staff attached to reception. They suggested that the historical argument for secondary schools requiring higher funding was no longer appropriate.
- A Secondary school representatives made the point that as GCSE subjects were now being undertaken at the end of KS3,

there was a blurring of where KS3 ended and KS4 started.

It was agreed to make changes to expand further on the current text.

Building block B: additional needs factors

4a Do you agree that we should include a deprivation factor? The proposed response was 'Yes' as per Cambridgeshire's current formula which was agreed.

4b Which measures for the deprivation factor do you support? Of the three shown:

Pupil-level only (current Free Schools Meals (FSM) and Ever6 FSM)

Area-level only (IDACI)

Pupil- and area-level

Pupil and Area Level was being recommended for the reasons set out in the draft response.

Discussion included:

- Whether working tax credits could be used as an indicator for deprivation as they are for Funded 2s, as there were issues, especially for schools with large numbers of Eastern Europeans who were working and therefore not meeting FSM criteria, which impacted on schools not attracting deprivation and pupil premium funding where need may be high. National Funding was not reacting to such regional changes.
- That IDACI was not sensitive to varying circumstances within particular areas due to the size of the output areas (covering multiple streets) and was not differentiating between the different needs within the area, especially those with houses of multiple occupations (HMO). It was therefore argued that a more precise mechanism was still required to target those schools in an area with additional need.
- As the IDACI data was only refreshed at 5 yearly intervals, this caused great variations when updated and also meant the factor was slow to respond to local changes.

It was agreed the text should highlight issues around deprivation funding.

Question 5 Do you agree we should include a low prior attainment factor? The proposed response was to answer 'Yes'.

- Primary heads made the point that Key Stage 1 results over a three year average were a better indicator to show early attainment / or where children were struggling, rather than Key Stage 2 in terms of the allocation of funding need.
- The secondary representative made the point that the quality of the data should not fluctuate.

Question 6a Do you agree that we should include a factor for English as an additional language? The proposed response was Yes as per Cambridgeshire's current formula. This was supported.

Question 6b Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)? The proposed response was Yes.

Primary Heads indicated that they would be recommending in their response that EAL 6 should be considered.

Building block C: school costs

Question 7 Do you agree that we should include a lump sum factor?

Question 8 Do you agree that we should include a sparsity factor?

The proposed draft response of yes with the text shown for both was supported.

Question 9 Do you agree that we should include a business rates factor? The proposed draft response was to answer yes with text as set out

Comments included:

- Secondary Heads Finance indicating that they would be responding 'No', as they believed it should be based on the current reclaim model now. Ideally they would wish to see the removal of the need for academies to pay rates altogether. The issue was the lack of speed the money came back into the system which often resulted in cash flow issues.
- Primary heads suggested that it must be based on receiving a 100% refund.
- One non-voting member queried whether the response should be 'no' as all educational establishments should be exempt from business rates and that they should be outside of the schools formula and made by a transfer from the overall DSG to reimburse billing authorities,

It was agreed the wording in the response would be revised to reflect the comments made.

Question 10 Do you agree that we should include a split sites factor? Proposed response 'Yes' with text was supported.

Question 11 Do you agree that we should include a private finance initiative factor?

Proposed response was Yes.

- CSH Finance only supported this for existing contracts rather than new contracts.
- For the County Council this only affected one school 'Thomas Clarkson' but was more an issue nationally and if not included, could have a massive impact in other areas.

The response was supported.

Question 12 Do you agree that we should include an exceptional premises circumstances factor? The proposed response was yes and was supported.

Question 13.

Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors? For the four factors shown the proposed response was as follows which were supported by Forum:

Business rates	No
Split sites	Yes
Private finance initiative	Yes
Other exceptional circumstances	Yes

Building block C: growth

Question 14 Do you agree that we should include a growth factor? The proposed response of 'Yes' and text was supported.

Question 15 Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend? The proposed response was 'No'.

An additional suggested paragraph to the response had been circulated by e-mail to the Forum the day before the meeting provided by the CambridgeAhead Group which with more details on growth in Cambridgeshire suggested in order to strengthen the response.

In discussion:

- It was suggested that percentage growth figures were not sufficient and what should also be included was the projection of the additional pupils this growth represented and the number of additional schools that would need to be provided.
- CSH Finance would be responding 'yes' in the short term but in the longer term clarity was required on who commissioned new schools to cope with growth and whether this would be the LA or the EFA. They considered that the money put aside for growth was considerably more than some LA's who currently put nothing aside. The counter argument was that the an current amount was also less than some other LA's.

- It was agreed that the final response should be strengthened to include greater information of the impact of growth in Cambridgeshire.

Building block D: geographic costs

Question 16a Do you agree that we should include an area cost adjustment? The proposed response Yes and text was supported

Question 16b Which methodology for the area cost adjustment do you support? - general labour market methodology **or hybrid methodology** The latter in bold was supported.

In discussion it was highlighted that this was a mechanism to keep the London Weighting. There were different problems in different areas of Cambridgeshire with incentives required to try to encourage teachers to teach in Fenland schools and that it needed to be recognised that there were significant issues on recruitment in areas of high cost such as Cambridge and areas outside of London.

It was agreed that the text response should be expanded to reflect the discussion.

Factors not included in the formula

Question 17 Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula? The proposed response 'Yes'

The Special Schools Academy representative took the view that Pupil Premium Plus should be kept separate from Pupil Premium, the latter of which was attached to schools to use at their discretion. The Director of Learning, Keith Grimwade spoke in favour of retaining the current arrangements of the Pupil Premium Plus being the responsibility of the Head of the Virtual School as all except £100 of PP+ was allocated to pupils, with the LA looking for the evidence of the spend. In this way there was assurance that the money was used to support Education outcomes.

Question 18 Do you agree that we should not include a factor for mobility? The proposed response was Yes. It was indicated that currently there was no data set at the moment to accurately fund it.

One Councillor observer raised concerns of schools regarding whether there was any guidance available to headteachers on what it was. As this was a significant factor for some schools, linked to specific circumstances such as military families, the question should be raised on whether it could be linked to the service children 'Pupil Premium'. The Primary Heads made the point that £300 per pupil did not deal with

the large fluctuations that could occur.

Action: The Director of Learning to check whether there were examples of best practice which could be shared wider.

**Keith
Grimwade**

Question 19 Do you agree that we should remove the post-16 factor from 2017-18? The response of 'Yes' was agreed as it was not currently a factor within the Cambridgeshire formula.

Transition to the reformed funding system

Question 20 Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18? The proposed response was 'No' for the reasons set out in the text in the appendix. In discussion the point was made for the need to argue for a properly funded High Needs Block.

Question 21 Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee? The proposed response was 'Yes'.

In discussion it was suggested that there needed to be a comment added on the speed of transition and also the cost of change when running two systems in parallel.

Funding remaining with local authorities

22 Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula? The proposed response was 'No' as more clarity is required at to exactly what the roles and responsibilities of the LA would be going forward.

The appropriateness of a per-pupil formula was dependent on a) the future responsibilities and b) the proposed funding rate. There were issues in respect of fixed costs and the statutory requirements still in place for LA's. It was noted that from 2017 LA's would no longer have responsibility for school improvement and concerns were expressed about how intervention and support would be provided to schools. This should be highlighted in the response.

23 Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities? The response to this was no. There was strong support for the view that schools should not be expected to pick up deficits of schools converting to academies.

Additionally with the agreement of the Chairman, a supporting report was tabled. (Appendix A to these Minutes).

Dedicated Schools Grant (DSG) Base Line Exercise

As referred to in the consultation, the Education Funding Agency (EFA) was carrying out an exercise to establish revised baselines for the three blocks of the Dedicated Schools Grant (Schools, Early Years and High Needs) and split the DSG into four blocks in 2017-18 the fourth being the Central Schools Block comprising centrally retained DSG (plus the retained duties element of the Education Services Grant) The EFA were proposing to introduce national funding formula for the 3 existing blocks to better match funding to need and was intending to consult later in the year on Early Years funding reform. The EFA needed to establish accurate 2016-17 baselines on which to base 2017-18 allocations. Section 2 of the report set out the planned DSG expenditure for 2016-17 with the revised baselines having been submitted to the EFA by the 12th April deadline.

It was explained that the next return required to be submitted by the LA to the EFA was historical commitments on central expenditure expected to be included in the 2017-18 financial year. Section 3.3 set out the budgets approved by Schools Forum on an annual basis showing the amounts for 2015-16 and final amounts for 2016-17. Section 3.4 set out the details of planned spend in 2017-18 across six sections reflecting specific expenditure lines from the Section 251 return.

It was highlighted that at present the arrangements in respect of the contribution to Children's Services, Early Intervention Family Workers and Tree Maintenance had no specific end dates and there was a request to support continuation of the current arrangements for 2017-18 for the purpose of the required return. The final approach for 2017-18 would be dependent on the outcome of the consultation, which would be presented to a Schools Forum meeting once relevant information was received. Where expenditure was linked to ongoing contracts, the expectation was that they would continue until their current terms expired.

Councillor Whitehead suggested footnotes were required on other spends such as school transport which were financed from other sources, as well as the need for a note on growth.

It was resolved to:

- a) In principal to support the ongoing arrangements in respect of the contribution to Children's Services, Early Intervention Family Workers and Tree Maintenance into the 2017-18 financial year
- b) To support the ongoing arrangements for existing contracts.

The education services grant

Question 24 Are there other duties funded from the education services grant that could be removed from the system? As requested in Q22, further information on statutory duties was required was supported.

Question 25 Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools? The suggested response was 'Yes' to provide some potential flexibility in future, but the LA disagreed with the basic principle, which removed the ability to de-delegate and appeared to be moving the costs from LAs to maintained schools without transitional protection.

Primary Heads indicated that they were looking for parity of funding between academies and maintained schools for the same activities.

Equality analysis

Question 26 Please provide any comments on the equality analysis. The equality analysis set out the potential impact of the proposals on protected characteristics. MW had not a chance to look at this and therefore invited comments to be sent to him outside of the meeting for potential inclusion. **Action All members of Forum.**

Kim Taylor indicated that their response supported more research being undertaken into Children's Mental Health to help schools in their role in supporting children with mental health issues.

Appendix B High Needs Funding Reform Consultation

In introducing the proposed responses to the consultation document, MW explained that this consultation was harder to respond to due to the current lack of information and there being few yes or no answers.

Principles for a reformed funding system

Question 1 Do you agree with our proposed principles for the funding system? Proposed response was 'Yes'.

In discussion the primary heads were of the view that the idea that schools should pay the first £6,000 should be abolished, as in their opinion it was a "perverse incentive" in terms of seeking to make schools more inclusive. As a counter point Kim Taylor highlighted that while still arguing for the need for more special needs funding, research from Europe showed that where such funding was centralised, this led to a less inclusive system, encouraging segregation of special needs pupils. Providing funding to schools did encourage inclusion. In addition, a counter argument to the original point made was that fully funded special needs places in schools could also be seen as a perverse incentive.

From the primary point of view it was explained that generic systems were threatened when for example an additional £18k was required to be found to pay for three new statements above that which had already been provided. This required the unpicking of already agreed overall provision. The primary position was that the level of need for a plan could not be assessed until the needs of the pupil became recognised over time and that the issue was that there was no funding at the early stage. From Special Schools perspective, monies for special needs students was provided to both primary and secondary students to be able to develop underlying SEN services within a school, rather than just reacting to new statements as one-off funding burdens.

The proposed response would include additional wording on local arrangements around Alternative Provision derived from developed good practice.

Distributing high needs funding to local authorities

Question 2 Do you agree that the majority of high needs funding should be distributed to local authorities rather than directly to schools and other institutions? The proposed response was 'Yes', as to try to do this at a national level would lead to chaos.

In discussion it was highlighted that the issue was in relation to the time lag for the funding to reach schools when schools had to pay the costs initially and was a real cash-flow issue for smaller schools. The consensus was that the time-lag would be even greater if it was distributed nationally.

Question 3 Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people? The proposed response was 'Yes'.

In discussion:

- The CSH Finance advisor suggested that local proxy measures of need were inconsistent over different local authorities.
- The Academy Special schools representative supported local proxy measures of need, as otherwise if linked to primary / secondary pupils, it would create turbulence and therefore additional monies to schools allowed for continuity of provision for schools and assurance to staff.

Formula design

4 Do you agree with the basic factors proposed for the formula?
The responses proposed were:

Basic entitlement	Agree
Population	Agree
Child health	
Child disability	
Low attainment at key stage 2	
Low attainment at key stage 4	
Deprivation - free school meal eligibility	
Deprivation - income deprivation affecting children index	
Adjustments - for "imports/exports"	Agree

Without understanding the relative weightings / values to be applied, and due to concerns over data quality, it was not possible to provide a considered view on the majority of proposed factors.

Linked to question 9 The Academy special schools representative disagreed with the child health factor due to the scant evidence available, which was only collected every few years and she suggested more should be provided to child disability.

On questions 10-14 of Appendix B it was indicated it was difficult to respond to these due to the lack of detail on the Early Years Block and as they were not simple yes or no answers.

A question was raised regarding the addition to question 10 on how much flexibility there would be for the High Needs Block if it was no longer possible to move funding from the main block. In response it was indicated that it was difficult to know how Government would analyse the responses due to the fact that they were not simple yes or no answers.

In reply to what the potential losses of moving to a formulaic grant were estimated to be, it was indicated that unless the High Needs Block was given a high weighting for population, Cambridgeshire would lose out.

On 5 it was suggested that factors that needed to be considered if a funding formula was to be worked out for hospital education should be listed.

All other responses as set out in appendix B to the report were agreed as set out, unless additional suggestions were provided post meeting.

It was resolved to note the report.

133. FORWARD PLAN

The forward plan was noted.

134. DATES OF FUTURE MEETINGS

The next meeting would be held on 10 a.m. Friday 24th June 2016 subject to the potential need for an additional extraordinary meeting to

agree the response to phase 2 of the consultation.

The agreed dates for future meetings of the Forum were noted as follows:

- 10 a.m. Friday 14th October 2016
- 10 a.m. Wednesday 14th December 2016*
- 10 a.m. Friday 27th January 2017*
- 10 a.m. Friday 17th March 2017
- 10 a.m. Friday 7th July 2017

Chairman
24th June 2016

DEDICATED SCHOOLS GRANT (DSG) BASELINE EXERCISE

To: Cambridgeshire Schools Forum
Date: 13th April 2016
From: Martin Wade - Schools Finance Manager

1.0 INTRODUCTION

- 1.1 As referred to in the consultation on school funding reform, the Education Funding Agency (EFA) are carrying out an exercise to establish revised baselines for the blocks of the Dedicated Schools Grant (DSG). In 2013-14 the DSG was split into 3 blocks (schools, early years and high needs). However, due to historical anomalies some of the splits applied at that time did not correspond to the actual pattern of expenditure. Moreover, local authorities have been able to transfer funding between the blocks since 2013-14. For both these reasons, authorities' patterns of spending can be very different from the pattern in which the blocks are allocated to them in the DSG settlement.
- 1.2 As part of the consultation it is being proposed to split the DSG into 4 blocks in 2017-18; the fourth block being the central schools block, comprising centrally retained DSG (plus the retained duties element of the Education Services Grant). The EFA are proposing to introduce national funding formulae for the 3 existing blocks, to better match funding to need and are intending to consult later in the year on early years funding reform.
- 1.3 The EFA therefore need to establish accurate 2016-17 baselines upon which to base 2017-18 allocations through the national funding formulae. As a result this baseline exercise gives local authorities the opportunity to provide a more accurate starting point for each block, constrained to their overall 2016-17 DSG allocation.

2.0 BASELINE EXERCISE

- 2.1 Following review of all of the planned DSG expenditure for 2016-17 the revised Cambridgeshire baselines have been submitted to the EFA by the 12th April deadline:

Funding Block	£m
Individual school budget allocations	£322.337
Growth Fund	£2.000
Central schools block	£6.648

High needs block	£61.806
Early years block	£22.482
Total (= 2016-17 DSG allocation)	£415.272

The overall figures exclude 2 year old funding and Early Years Pupil Premium and compare to the actual DSG allocations as follows:

Funding Block	£m
Schools block allocation	£328.054
High needs block allocation	£65.186
Early years block allocation	£21.920
Other (NQT) allocation	£0.112
Total (= 2016-17 DSG allocation)	£415.272

- 2.2 The differences between actual spend and funding allocations reflect both the historical funding position prior to 2013-14 and subsequent decisions in respect of transfers of funding. For example in 2013-14 due to the way in which statements of SEN were funded prior to the national reforms additional funding had to be delegated to schools to reflect the requirement for the first £6,000. In following years funding has moved between funding blocks to meet pressures on both High Needs and Early Years.

3.0 CENTRAL SCHOOLS BLOCK

- 3.1 The next return the EFA require the LA to complete in respect of their baseline exercise is identifying historical commitments on central expenditure the LA expect to include in the 2017-18 financial year. This needs to be completed by 27th May 2016.
- 3.2 As a result of changes announced by DfE in 2012, the finance regulations restrict a number of central schools block lines (capital expenditure funded from revenue, combined budgets, termination of employment costs, prudential borrowing and miscellaneous purposes provided the expenditure does not amount to more than 0.1% of the authority's schools budget) to historic commitments no higher than the budgets set in 2012.

- 3.3 This means that the decision to incur specific amounts of expenditure against these lines in particular future years must have been made prior to 1st April 2013. It does **not** mean that there was a decision just to maintain a budget of indefinite size for an indefinite period for that purpose.
- 3.3 Subsequently, these budgets are approved by Schools Forum on an annual basis and the table below shows the amounts for 2015/16 and final amounts for 2016/17.

Service/Function	2015/16 Amount	2016/17 Amount	Comments
Growth Fund	£1,750,000	£2,000,000	Increased to reflect need
Falling Rolls Fund	£0	£0	Falling roll fund only applies to good and outstanding school where growth is expected within 3 years.
Infant Class Size Requirement	£0	£0	Overall cost deemed too high to put in place – complex to administer.
Back-pay for equal pay claims	£0	£0	No expenditure in this category
Remission of boarding fees	£0	£0	No expenditure in this category
Places in independent schools for non-SEN pupils	£0	£0	No expenditure in this category
Admissions	£404,757	£404,757	No increase in expenditure allowed
Servicing of Schools Forum	£801	£3,000	Increased to reflect costs
Capital Expenditure from Revenue	£1,537,540	£1,537,540	Includes broadband contract

Contribution to Combined Budgets	£4,657,237	£4,312,208	Reduced – Early Years costs moved to Central Expenditure for U5s
Existing Termination of Employment Costs	£0	£0	No expenditure in this category
Schools Budget Funded Prudential Borrowing Costs	£0	£0	No expenditure in this category
Schools Budget Funded SEN Transport Costs	£0	£0	No expenditure in this category

- 3.4 The EFA require the LA to submit details of planned spend for 2017-18 across six sections reflecting specific expenditure lines from the Section 251 return.

Section 251 Budget Line	2016/17 Budget	Description
1.4.1 Contribution to combined budgets	£4.31m	£3.53m – contribution to Children’s Services £0.73m – Early Intervention Family Worker (previously Parental Support Advisors), £0.05m – Residual CPH Funds and EPM Contract
1.4.4 Termination of employment costs	Nil	
1.4.6 Capital expenditure from revenue (CERA)	£1.54m	£1.46m – Cambridgeshire Public Services Network (CPSN) Broadband Contract, £0.08m – Tree Maintenance
1.4.7 Prudential borrowing costs	Nil	
1.4.9 Equal pay - back pay	Nil	
1.4.12 Exceptions agreed by Secretary of State	£0.4m	National Copyright Licence arrangements

- 3.5 For combined budgets, the DfE accept that there is a commitment where there are ongoing staffing costs with permanent contracts as part of a service funded under this line, and where it is clear that the commitment extended at least as far as financial year 2017-18, for example if the schools forum have not stated a specific end date for their agreement. They recognise that various wider children’s services teams often receive funding under this line. However this should not prevent authorities though from seeking efficiencies or delegating more funding to schools over time.
- 3.6 At present the arrangements in respect of the contribution to Children’s Services, Early Intervention Family Workers and Tree Maintenance have no specific end dates. As such we would request that Schools Forum support the continuation of the current arrangements into 2017-18 for the purpose of the required return to the EFA. The final approach for 2017-18 will be dependent on the outcome of the consultation and will be

presented to Schools Forum later in the summer or autumn term on receipt of this information.

- 3.7 Where expenditure is linked to ongoing contracts such as CPSN and EPM the expectation is that these contracts will continue until their current terms expire. Likewise the National Copyright Licence arrangements will continue unless changed by the DfE.

4.0 ACTION

- 4.1 **Members of Schools Forum are asked to support the ongoing arrangements in respect of the contribution to Children's Services, Early Intervention Family Workers and Tree Maintenance into the 2017-18 financial year.**
- 4.2 **Members of Schools Forum are asked to support the ongoing arrangements in respect of existing contracts.**