

EDUCATION BUDGET SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 31 January 2017

Present:

Councillor Neil Reddin FCCA (Chairman)

Councillors Kathy Bance MBE, Nicholas Bennett J.P. and
Judi Ellis

Also Present:

Councillor Peter Fortune, Education Portfolio Holder
Councillor Tom Philpott, Education Executive Assistant

40 APOLOGIES FOR ABSENCE

There were no apologies for absence.

41 DECLARATIONS OF INTEREST

Councillor Peter Fortune declared that his wife was employed by the Step Academy Trust.

There were no additional declarations of interest.

42 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received from members of the public.

43 MINUTES OF THE MEETING HELD ON 1 NOVEMBER 2016 AND MATTERS OUTSTANDING

The minutes of the meeting held on 1 November 2016 were agreed, and signed as an accurate record.

In relation to Minute 34, the Chairman noted that the report on the SEN Transport Budget had not been included on the agenda of the meeting and requested that this be actioned for the next meeting.

Action Point: That a report on the SEN transport budget, including more information on children living independently, be presented to the meeting on 15th March 2017.

44 EDUCATION PORTFOLIO DRAFT BUDGET 2017/18
Report ED17035

The Sub-Committee considered a report setting out the Education Portfolio Holder's draft 2017/18 budget which incorporated the future cost pressures and initial draft budget saving options reported to Executive on 11th January 2017. The Sub-Committee noted that there were still outstanding issues and areas of uncertainty remaining and further updates would be included in the 2017/18 Council Tax report to the next meeting of the Executive on 8th February 2017.

The report anticipated that the disproportionate cuts in direct funding to local government would continue over the remainder of the four year spending review period. The impact of funding reductions translated to a reduction in the Council's Settlement Funding Assessment of 36% by 2019/20 compared with the England average of 21.6% for the period 2016/17 to 2019/20. The Budget Strategy had to be set within the context of a reducing resource base, with Government funding reductions continuing beyond 2020. This highlighted the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. The overall updated strategy had to be set in the context of the national state of public finances, with austerity continuing given the level of public debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government.

Despite being a low cost authority, Bromley had achieved general savings of over £80m since 2011/12 but it was becoming more challenging to achieve further savings with a low cost base. Overspends had been identified in the 2016/17 Budget monitoring report to Executive on 30th November 2016 relating to SEN transport. In addition to the cost pressure relating to SEN transport, there were potential funding reductions of up to £1.5m per annum towards SEN placement costs arising from the introduction of a 'High Needs' funding block from 2018/19. This highlighted the need for a fundamental review of SEN services. The Government had announced one off funding of just under £139,624 in 2016/17. This related to a High Needs Strategic Planning Fund which local authorities could use to carry out a strategic review of their high needs provision. Members were being asked to agree the release of this one off monies to undertake a review working with schools, colleges and other providers, and with parents and young people.

The latest forecast indicated that despite having a balanced budget in the next two years there remained a significant budget gap in future years that needed to be addressed. The report to Executive on 11 January 2017 identified the budget gap rising to over £23m by 2020/21 with the gap rising steeply from 2019/20.

In relation to the Education Budget, additional growth pressures had been set aside in contingency of £750,000 for the additional cost pressures in SEN transport. £477,000 had been allocated to the budget to cover the loss of Education Services Grant (ESG) due to schools conversion to Academies. ESG would cease completely in 2017/18.

The Education Department continued to deliver effective services at a time when the landscape was an evolving one, presenting considerable financial challenges. The SEND reforms had brought additional funding to support change but the extension of education, health and care plans through to age 25 had yet to work its way through the system and it was anticipated that this would have associated additional funding burdens for both DSG high needs block and RSG in the case of SEN transport. The funding for the education capital programme remained uncertain and there was concern that the increased pressure to create bulge classes would create further DSG pressures.

The introduction of the National Funding Formula (NFF) in 2018/19 held risks for Education. A second consultation had been issued by DfE in December which split out the funding into different siloes: the schools, early years, high needs, and central blocks. The latest indication was that there would be a reduction in the High Needs Block of £1.5m which would have to be managed by the Department as far as possible.

In opening discussions, a Member sought assurances that, in light of the pressures facing SEN provision in September 2017, the High Needs Strategic Planning Funding that had been received from Government would be used to undertake a strategic analysis of SEN, reviewing provision and not just focusing on SEN transport. The Member stressed the need to ensure that the Local Authority offered a SEN provision that was enticing and attractive to parents. In response, the Director of SEN assured the Sub-Committee that a full strategic review of Special Educational Needs and Disability was planned. This 'root and branch' review would allow the Local Authority to develop a strategy that would enable future needs to be identified. It was clear that in order to address the challenges facing the service in the future the Local Authority would need to be proactive in ensuring that there was a planned approach to the provision of SEND services across the Borough. The strategic analysis would also look at the ways in which mainstream schools could be equipped to enable them to better support pupils with SEND in the future, ensuring that there was a longer term approach to the provision of services. The Sub-Committee requested that as the review progressed Members be provided with information concerning the level of spend that was being considered and the areas at which the funding would be targeted.

The Director of Education noted that Bromley had some high quality SEN provision in the Borough. Acknowledging that the reality was that the funding envelope was unlikely to increase in the foreseeable future, the challenge facing the Local Authority was to now work within the current levels of funding and identify how to achieve the best value for money and provide the best possible provision from within the funding that was available. The Head of ECHS Finance highlighted that there was still uncertainty surrounding the levels of funding that the Local Authority would receive as this was dependant on the National Funding Formula. The consultation on the National Funding Formula would close on 22 March 2017 and it was suggested that the next meeting of the Sub-Committee be brought forward to earlier in March to enable the Sub-Committee to consider the Local Authority's response to the consultation.

RESOLVED: That:

- (a) the update on the financial forecast for 2017/18 to 2020/21 be noted;**
- (b) the initial draft 2017/18 budget be noted as a basis for setting the 2017/18 budget.**
- (c) the Executive be recommended to consider the comments made by the Education Budget Sub-Committee in relation to the initial draft 2017/18 budget at its meeting on 8th February 2017.**

**45 DEDICATED SCHOOLS GRANT 2017/18
Report ED17034**

The Sub-Committee considered a report setting out information on the 2017/18 Dedicated Schools' Grant (DSG) and how it would be allocated.

On 20th December 2016, the DfE released the DSG allocations for 2017/18 alongside the second stage of the consultation on the National Funding Formula (NFF) and the High Needs Funding Formula to be introduced for 2019/20. The consultation was due to close on 22nd March 2017.

The DSG allocation was in line with the expectation of LA officers. For 2017/18 the blocks were not ring-fenced and therefore an overspend in one block could be offset against an underspend in another block to ensure that the DSG was balanced overall.

The Early Years Block funding had been allocated based on the New Early Years funding Formula (EYFF) consulted on earlier in the year. As anticipated, the allocation for Bromley had increased meaning that not only had the LA not needed to find any savings in this area but also that most EY providers would see an increase in their funding in 2017/18. In November 2016 the Schools' Forum was consulted about the proposed funding formula for 2017/18. The outcome of the consultation supported the LA's recommendation to only have one element (deprivation) in the new funding formula, but for this to be allocated using both IDACI (Income of Deprivation Affecting Children Index) and EY Pupil Premium entitlement as the measures of deprivation.

As a result of this most settings would see an increase in funding, with the exception of a small number of settings that had previously received additional funding through the SEN factor which was no longer an allowable factor. It was however anticipated that the impact of this would not be significant.

Funding for 2 year olds would remain at £6.00 per hour, however the funding received by the LA would increase from £5.28 to £5.66, reducing the amount by which this was subsidised by 3 and 4 year old funding.

The outcome from the consultation also introduced a requirement for all LAs to establish an SEN Inclusion Fund – for Bromley it had already been proposed that the expenditure relating to the SEN Support in Pre-schools (SIPS) programme

would move from the High Needs Block to the Early Years Block. That this was deemed to fulfil the new requirement.

The following additional new funding allocations for 2017/18 would also be received: (i) Disability Access Funding of £73,800 – allocated to pupils in receipt of the Disability Living Allowance; and (ii) Additional 15 hours free childcare of £2.6m which would come into effect from September 2017.

The Early Years Block had been balanced to zero as expected and was therefore neither subsidised by nor subsidising either the Schools Block or the High Needs Block. The High Needs Block had received an allocation of £46m from which the DfE deducted funding recouped for an agreed number of places at special academies, AP academies and other post 16 institutions at a total of £6.774m which then brought the High Needs Block down to £39.2m.

It was anticipated that around £2m savings needed to be identified and achieved within the High Needs Block in 2017/18. There were a number of concerns from Officers and Schools Forum members that the full scale of the savings required would not be able to be achieved as many of the proposals would not take effect until September 2017 and therefore would only achieve 7/12ths of the required saving.

The following savings had been identified and included in the proposed budget allocation for 2017/18. (i) 1.5% reduction on top up bands for special schools, AP provision and unit places from September (£86,000); (ii) 1.5% reduction on banded top up funding for statemented pupils in mainstream schools from September (£25,000); (iii) Savings to be identified within the Darrick Wood Hearing Impaired Unit/sensory support (£50,000); (iv) Additional funding target for primary and secondary schools to contribute towards the cost of non PEX (permanently excluded pupils) at the PRUs (£100,000); (v) Savings to SEN transport costs charged to the DSG (£100,000); and (vi) Savings to be identified within the Phoenix Pre School Service (£392,000). This totalled savings of £753,000, considerably short of the target that was originally identified. Even after having received approximately £460,000 for population growth, the High Needs Block remained overspent by £820,000.

As the three blocks within the DSG were not yet ring-fenced and as the EY Block had been balanced against the revised EY allocation, it was proposed that the overspend within the HN Block should be met by further savings within the Schools Block. The need to find savings of around £1.5m had previously been identified and the Schools' Forum had agreed that this should be done by reducing the lump sum and the low cost high incidence SEN factor for primary schools. This would then have the effect of not just achieving the required savings but also moving the primary:secondary ratio from 1:1.19 to 1:1.24 in preparation for the introduction of the NFF. The agreed rates were for the primary lump sum to reduce from £155,000 to £130,000 and the primary LCHI factor to reduce from £1,858 to £1,450. The additional £1m to support the shortfall of funding in the High Needs Block had been taken from the AWPU value across primary and secondary schools so there was no further impact on the ratio. Adjusted AWPU values were: Primary AWPU reduced from £2,938 to £2,930; Secondary KS3 AWPU reduced from £4,168 to £4,160; and Secondary KS4 AWPU reduced from £4,559 to

£4,550.

In 2017/18 the DfE was changing the ESG (Education Services Grant) paid to LAs. Currently this was split into two elements – General Funding rate based on the number of pupils in maintained schools and the Retained Duties element based on the number of pupil in academies and maintained schools. In 2016/17, Bromley received a combined figure of £1.2m which was made up of £543,000 for the General Fund element and £742,000 for the Retained Duties element. In 2017/18, it is anticipated that the General Fund would reduce to £181,000 for the period April to August at which point it would cease.

The DfE had introduced a new function allowing LAs to retain funding within the Schools Block to cover the cost of statutory duties for maintained schools previously funded through the General Fund element of the ESG. The proposal was that schools should be asked to agree to a notional sum of £30 to be retained for each pupil which would generate a total of £97,000. This needed to be agreed by the relevant Schools' Forum representatives and at the meeting, the representatives of the maintained schools voted against the payment. In the light of this there were two options available. The first option was to take this to the Secretary of State for a final decision. The second was to adjust the funding made available in the overall funding pot. It was recommended that the second route be taken as this was a relatively small amount in comparison to the overall funding, there was a chance that the Secretary of State would uphold the decision and as there were so few remaining maintained schools, and it was expected that they too would convert to academies, this was a short term position that was not worth pursuing further.

At its meeting on 12th January 2017, Schools' Forum members were unhappy at the level of funding reductions required in order to balance the DSG budget. Forum members stated that it was regrettable that schools were being asked to find cuts and asked the Local Authority to find additional funding from alternative sources to offset this. This proposal had not been considered by officers and it was assumed that expenditure should remain within the overall funding envelope.

In opening discussions, the Chairman noted that the additional 15 hours free childcare would benefit parents across the Borough.

Turning to the savings that had been identified, the Chairman queried whether the additional contribution towards the cost of non-permanently excluded pupils at the PRU would be voluntary contributions. In response, the Director of Education reported that there was a large piece of work within the Department which was trying to identify how to address the continuing challenges in this area. One of the main issues was that of double funding whereby schools continued to receive funding for pupils that had been excluded and had therefore been provided with additional funding to attend the PRU for a period of time. The Portfolio Holder for Education highlighted that the Government White Paper appeared to be suggesting that the responsibilities placed on Local Authorities in this area may change and the Council's Education Department were trying to establish systems that would address these future challenges. A Member suggested that if schools were to be required to pay for places at the PRU they should be afforded the

choice and responsibility as to how the services available at the PRU were used. The Member reported that on a number of occasions had teachers had suggested to her that short periods of respite in the PRU could prevent a permanent exclusion yet this option was rarely made available to head teachers. In response, the Director of Education explained that the current referral route for non-permanent exclusions was the Core Panel. As part of this process schools had to demonstrate that interventions had taken place which, the Director of Education acknowledged, Head Teachers currently found challenging. The Portfolio Holder for Education highlighted that the Education Department continued to work with schools to reduce the number of permanent exclusions across the Borough which were currently too high. It was possible that in this respect there was a role for multi academy trusts to work collaboratively to provide respite across their schools for more challenging pupils when this was required.

Turning to the savings to be identified within the Phoenix Pre-School service, a Member recalled that in the past there had been concerns about high rents and sought assurances that officers were satisfied that the current rents were competitive. The Director of Education confirmed that the rent had reduced and that other aspects of the service were now being reviewed. The Portfolio Holder reiterated that there was a fixed funding envelope and the LA needed to ensure that funding in the High Needs Block was appropriately allocated. Members stressed that the services – the health, support and nurturing ethos – were key and must be retained, the physical building was of less importance. The Portfolio Holder reminded Members that as the Local Authority assured itself that the available funding was being used in the best possible way it was clear that Members would be required to take more difficult decisions.

In relation to the overspend in the High Needs Block, the Head of ECHS Finance explained that the Local Authority had not taken the decision to realign funding from the High Needs Block to the Schools' Block in 2016/17, this decision had been taken by the DfE in preparation for the introduction of the NFF. This meant that funding shifted from the High Needs Block to the Schools block where the actual spend was taking place. Since this time the high needs block expenditure has continued to grow. However the funding has not followed and therefore a pressure has occurred which needed addressing. A Member suggested that it would be helpful for Members to have been provided with a more detailed breakdown of the overspend in the Schools' Block. In response, the Director of Education explained that bulge classes had a significant impact on the Schools' Block as funding for equipment and an additional teacher was required, even when the class was not filled to capacity. In addition to this the opening of a Free School in the Borough also had an impact on the Schools' Block as pump prime funding placed additional pressures on the available budget. Previously the Department for Education had provided the funding for the start-up costs of Free Schools however this responsibility now fell to the Local Authority. The Head of ECHS Finance agreed to provide the Sub-Committee with a briefing note detailing the costs associated with bulge classes and single form entry schools.

Action Point: that the Sub-Committee be provided with a briefing note detailing the costs associated with bulge classes and single form entry schools. (Head of ECHS Finance)

The Head of ECHS Finance provided the Sub-Committee with details of the discussion held at the meeting of the Schools' Forum on 12th February 2017, reporting that the Schools' Forum had been unhappy about the level of cuts being proposed. Members of the Sub-Committee noted that the level of cuts to the schools' budgets were mirrored those currently confronting the Local Authority.

In response to a question from the Chairman, the Head of ECHS Finance reported that the Local Authority had known about the ring-fencing of the blocks in Summer 2016. Local Authority Officers had been in consultation with schools since then, especially primary schools. The Head of ECHS Finance reported that at the meeting of the Schools' Forum a Secondary Head Teacher Representative had reported that secondary heads were unhappy with the proposals and wanted the primary/secondary funding ratio to be brought in line with NFF proposals.

A Member noted that within the information provided to the Sub-Committee, there were six or seven schools where there was no caveat that pupil numbers were changing and where decreases in funding were in excess of 4%. The Member requested that the Head of ECHS Finance provide an explanation of any reductions in funding greater than 3% that did not already have an explanation.

Action Point: That an explanation be provided for any reductions in funding greater than 3% that do not already have an explanation. (Head of ECHS Finance)

RESOLVED: That:

- (a) the DSG allocation for 2017/18 be noted;**
- (b) the Portfolio Holder for Education be invited to consider the comments made by the Education Budget Sub-Committee; and**
- (c) the Portfolio Holder for Education be recommended to approve the DSG allocation for 2017/18.**

**46 CAPITAL PROGRAMME MONITORING - 2ND QUARTER 2016/17
Report FSD17015**

The Sub-Committee considered a report highlighting changes agreed by the Executive in respect of the Capital Programme for the Education Portfolio.

A revised Capital Programme was approved by Executive on 30th November 2016, following a detailed monitoring exercise carried out after the 2nd quarter of 2016/17. All changes on schemes in the Education Programme were itemised and detailed in the report considered by the Sub-Committee. As part of the 2nd quarter monitoring exercise, £3257,000 had been re-phased from 2016/17 into 2017/18 to reflect revised estimates of when expenditure on the Education schemes was likely to be incurred.

The Government had announced Bromley's allocation of £6,895,846 Basic Need

Capital Grant to cover the period 2018/19. This brought the total Basic Need Capital Grant received by the Council for the period 2011-19 to £77,773,224.

A Member noted that it appeared that the London Borough of Bromley had been more successful in maintaining its schools than some other London Boroughs. It was noted that whilst a number of Bromley Schools benefitted from extensive grounds, maintenance of the facilities was costly. In response the Director of Education confirmed that the Basic Needs funding that Bromley had received had helped provide the high levels of maintenance in schools across the Borough.

The Sub-Committee noted that a number of the schools listed in the appendix had changed their name in recent years and requested that the names be reviewed updated for future reports.

RESOLVED: That the Portfolio Holder for Education be recommended to:

(a) note and confirm the changes to the Capital Programme agreed by Executive on 30th November 2016; and

(b) note the additional £6.9m Basic Need Capital Grant received by the Council for 2018/19.

47 CONSTITUTION OF THE SCHOOLS FORUM Report ED17033

The Sub-Committee considered a report providing an overview of the representation on the Schools' Forum. The Constitution was last fundamentally reviewed in September 2012 when the DfE introduced new Schools' Forum Regulations. Since then there have been no further major DfE regulation affecting Schools' Forums.

As a result of a number of LA maintained primary schools converting to academy status there needed to be a shift in membership with an increase of two primary academy members and a decrease of two primary maintained members of the Forum.

It was proposed that:

- a) there was a reduction of one maintained primary governor representative (down to zero), the position was currently vacant.
- b) there was a reduction of one maintained primary head representative (down to one), there were currently two maintained primary head representatives.
- c) there was an increase of one academy primary head representative (up to two).
- d) there was an increase of one academy primary governor representative (up to three).

It had also come to light that there were currently two representatives from one school on the Forum, in breach of paragraph 1.10 of the Constitution. It was

recommended that the Member with the shortest length of membership should be removed from office and an alternate member sought.

It was recommended that no changes to the Non-Schools Membership be made at this time.

The Sub-Committee noted that there would be three vacancies on the Forum. The relevant group would be asked to nominate a representative using a democratic process. Where this would not be possible the Council would approach the relevant group for nominations.

The Schools' Forum had considered the proposals on 12th January 2017. One area highlighted by a forum member was the different number of head teachers represented in the Primary and Secondary sectors. Their view was that there should be equal representation. It was pointed out that the membership was determined by pupil numbers and that there was proportionally more pupils in primary settings than secondary. It was not proposed to amend the constitution to reflect this. Following a vote, the Schools' Forum, by majority, agreed with the changes being proposed by the Council.

RESOLVED: that the Education Portfolio Holder be recommended to agree the constitution of the Schools' Forum.

48 ANY OTHER BUSINESS

There was no other business.

49 DATE OF NEXT MEETING

Following discussions amongst Members, it was agreed that the next meeting of Education Budget Sub-Committee would be rescheduled to 5.30pm on Wednesday 15th March 2017.

The Meeting ended at 8.00 pm

Chairman