

## **CABINET MEMBER FOR EDUCATION**

RECORD OF DECISIONS of the meeting of the Cabinet Member for Education held on Monday, 13 February 2017 at 4.00 pm in Conference Room A, Second Floor, Civic Offices.

### **Present**

Councillor Neill Young (in the Chair)

Councillors Alicia Denny  
Suzy Horton

### **Apologies for Absence**

#### **4. Apologies for absence**

There were no apologies for absence.

#### **5. Declarations of Interest**

There were no declarations of interest.

#### **6. Early Years Funding Arrangements 2017-18**

(TAKE IN REPORT)

Councillor Young advised that as a deputation request had been made on Agenda item 6, he would be revising the order of the agenda today and would hear this item first. He invited Richard Webb, Finance Manager to introduce the report. Councillor Young then invited Ms Kara Jewell to make her deputation. Ms Jewell was speaking on behalf of the Portsmouth Funding Forum which is made up of a group of Early Years Providers. The main points were as follows:

- The providers acknowledged that the base rate has increased by 8% which is a step in the right direction however unfortunately this is leaving many providers with a shortfall on the delivery of early years places.
- The new national funding rate is not set to be reviewed until the next spending review in 3-5 years with no guarantee of further increase at that point.
- During the recent additional 15 hour trial in Portsmouth, providers are receiving £4.88 an hour per child - so the new rate would be a drop of 16%.
- No plans for any incremental increases to the base rate in line with inflation. Business rates are also increasing dramatically so it is paramount that the highest possible base rates are secured for all providers to protect them for additional increases in the coming years.

- Providers are clear that if funding rates fall below an acceptable level the quality of care and outcomes for children will be affected.
- The Forum felt there is scope to look at the amount of deprivation being withheld and asked whether there was scope to eliminate the bands of deprivation and give all providers a flat rate included in their base.
- Providers feel that the quality of care they deliver is of the same standards regardless of whether a child in their setting is from an area of deprivation or not.
- The Government has said providers can charge for additional services such as food and in reality some providers will choose the families who can afford to pay for extra items as opposed to those who cannot to make up the deficit that funded places causes. This will create a two tier system.

Councillor Young thanked Ms Jewell for her deputation. He referred to the point raised in the deputation regarding the deprivation and asked officers whether there was any way this could be reviewed, although was conscious that local authorities must work within the funding set by the Government. Richard Webb referred to the table in 5.23 showing the 2017-18 deprivation rates which were proposed to be maintained from the previous funding formula and explained that the decision to retain this arrangement was based on feedback from the consultation with providers. The DfE have stated that it is mandatory to have a deprivation factor. Consideration was given to changing the deprivation formula from a pupil-led formula to one based on the location of the early years setting. Based on the feedback from the consultation with providers (90% of respondents wanted to keep the existing formula) and the financial modelling it was decided to retain the existing formula.

In response to a follow up question from Councillor Young, Richard Webb said he was happy to review the local funding formula again as part of the budget setting process for 2018-19 and any changes will depend of the demand on the growth and inclusion funds; and will need to remain affordable within the funding provided by the DfE. Councillor Young felt this was a sensible solution. The DfE have said they do not expect to change the formula until the next comprehensive spending review.

Alison Jeffery, Director of Children's Services, suggested to the Cabinet Member that he could formally write to the DfE to draw their attention to the concerns of some providers that the move to 30 funded hours, at the funding level proposed nationally, may reduce opportunities for cross subsidy which have benefitted providers in the past; and the need to keep under review the financial viability of sufficient provision to meet the needs of the city. Councillor Young said he was happy to do this and that he would like officers to explore options available to the Council to support providers by mitigating where possible the increases in the provider cost base.

Councillor Young said he would like to amend the recommendations to take into account these points to look at other ways of supporting providers moving forward.

**DECISIONS: The Cabinet Member:**

- a. **Noted the changes made by the Department for Education to the Early Years national funding formula, following the results of the national consultation which closed on 22 September 2016, as summarised within this report.**
  - b. **Noted the results of the local consultation with early years providers as set out in Appendix 1.**
  - c. **Approved the proposed local early years funding formula for 3 and 4 year olds, as set out within this report and agreed that this should be reviewed as part of the budget setting process for 2018-19; with recognition of the hourly funding rate provided by the DfE.**
  - d. **Approved the proposed changes to the local 2 year old funding arrangements for 2017-18 as set out within the report.**
  - e. **Noted the work being undertaken by the Early Years Team to ensure providers are aware of potential future levels of funding, and to help providers develop their service provision to enable them to mitigate the impact of any potential reductions in funding.**
  - f. **Approved the funding held centrally to support the determination of the eligibility of early years pupils for prescribed early years provision, early years pupil premium and free schools meals.**
  - g. **Approved the proposed changes to the Dedicated Schools Grant Budget for 2017-18 as set out in Appendix 3.**
  - h. **Agreed that a representation be made by the Council to the DfE, to draw their attention to the concerns of some providers that the move to 30 funded hours, at the funding level proposed nationally, may reduce opportunities for cross subsidy which have benefitted providers in the past; and the need to keep under review the financial viability of sufficient provision to meet the needs of the city.**
  - i. **Agreed that the Council will explore the options available to it for supporting providers, by mitigating where possible, the increases in the provider cost base.**
- 7. Arundel Court Primary School - Priority School Building Programme Round 2 EFA project**

(TAKE IN REPORT)

The report was introduced by Mike Stoneman, Deputy Director of Children's Services - Education.

Councillor Young advised that he had received two written representations in support of the proposal from Councillor Stephen Morgan, ward councillor and from Flick Drummond, MP for Portsmouth South. These were circulated to the opposition spokespeople during the meeting.

Councillor Young said the layout of the school was not ideal with children having to go through other classrooms to get to the toilets for example. He felt it was fantastic that the council had been successful in obtaining the bid to the EFA as part of the Priority School Building Programme and felt that the school had real potential to become an outstanding school.

Councillor Denny asked about the timescale for the project. Mike Stoneman advised that the feasibility works were taking place this year which would then be reported back to the EFA. The building works would take place early next year. To minimise disruption, the new building would first be built on the existing playing field and once completed the old building would be demolished and turned into the new playing field.

**The Cabinet Member:**

- (a) Noted and acknowledged the projects and their associated budget requirements within the current capital sufficiency programme for primary expansion, together with the £1.9m of funds available to be allocated, as shown at Appendix 3**
- (b) Approved the re-allocation of capital funding in order to:**
  - Meet the costs of the associated capital works to increase the capacity of the school from 2.5 Form Entry (FE) to a 3 FE (an increase of 105 places) at a cost of £1.07m;**
  - Replace the three temporary classrooms and ensure the new build accommodates the associated places at a cost of £528,000.**

**8. Education Budget Monitoring Report for the Third Quarter 2016-17**

(TAKE IN REPORT)

Richard Webb, Finance Manager introduced the report.

In response to a question from Councillor Denny regarding the underspend in school improvement, Mike Stoneman advised that this was due to some of the team resigning and the holding of some of the posts vacant. The new arrangement under the Portsmouth Education Partnership was a much more robust model and aligned with the forthcoming changes to Local Authority responsibility for School Improvement.

**DECISION:**

**The Cabinet Member noted the Education Portfolio forecast revenue and capital budget positions as at end of December 2016 together with the variance and pressure explanations.**

**9. Dedicated Schools Grant Budget Monitoring Report for the Third Quarter 2016-17**

(TAKE IN REPORT)

The report was introduced by Matt Green, Senior Accountant. In response to a question from Councillor Young regarding the Redwood Park conversion to an academy, Richard Webb advised that the school converted on 1 February 2017 and his team were now in the process of calculating the final closing balance of the school.

**DECISION:**

**The Cabinet Member noted the forecast year-end budget position for the Dedicated Schools Grant as at the end of 31 December 2016, together with the associated explanations contained within this report.**

**10. 2018-19 and 2019-20 Future School Funding Arrangements**

(TAKE IN REPORT)

The report was introduced by Richard Webb, Finance Manager.

Richard said that the DfE's illustrative funding examples for Portsmouth, showed an overall increase in funding for the city under the proposed funding arrangements. However there was some concern that the proposed distribution of the deprivation funding is creating a reduction in funding for the most deprived schools in the city.. The report would be considered by the Schools Forum on Wednesday 15<sup>th</sup> February.

Richard also advised that the further investigation into the proposed funding floor protection mechanism is required and it is unclear as to how long it will remain in place. Alison Jeffery said that Portsmouth as a whole would benefit from the proposed national formula arrangements, although our concerns need to be expressed in relation to the deprivation funding proposals. The council's response to the DfE should therefore need to highlight these points more clearly.

Councillor Young felt that recommendation be needed to be amended to ensure that the response to the consultation specifically highlighted the local concerns regarding the proposed distribution and weighting of the individual deprivation funding factors and the impact on individual schools; whilst recognising that the illustrative DfE examples show that overall Portsmouth would benefit from the proposed national formula arrangements.

**DECISIONS:**

- a. **Noted the Department for Education's proposed changes to the school funding arrangements and the potential impact of these changes, as set out within this report; and in particular that:**

**2018-19**

- i. **2018-19 will be a transitional year. Funding to Local Authorities will be allocated on a national formula basis, but Local Authorities will continue to distribute funding to schools based on a local formula.**
- ii. **The 'Schools Block' funding will be ring-fenced within the Dedicated Schools Grant (DSG).**
- iii. **The creation of a new 'Central Schools Services Block' which will include the 'retained duties' element of the Education Services Grant (ESG).**
- iv. **The introduction in 2018-19 of a formulaic method for distributing High Needs funding from central to local government.**
- v. **The mechanism for allocating place funding to Resourced Units will be changing.**
- vi. **The proposed flexibility for local authorities to transfer funds, from the funding schools are due to receive through the schools formula to their high needs budget**

**2019-20**

- vii. **The implementation of a single National Funding Formula from 2019-20 (at a school level), with funding being passed directly by the Education Funding Agency.**

- b. **Agreed the proposed draft submission of the response to stage 2, of the Department for Education's consultation, as shown at Appendix 1; subject to finalisation of the responses indicated and to specifically highlight the local concerns regarding the proposed distribution and weighting of the individual deprivation funding factors and the impact on individual schools; whilst recognising that the illustrative DfE examples show that overall Portsmouth would benefit from the proposed national formula arrangements.**

The meeting concluded at 4.50 pm.

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Councillor Neill Young  
Chair