

A G E N D A

Herefordshire Schools Forum

Date: **Wednesday, 6th June, 2007**

Time: **9.30 a.m.**

Place: **Arts & Craft Room, Courtyard
Centre for the Arts, Edgar Street,
Hereford**

Notes: Please note the **time, date** and **venue** of
the meeting.

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**County of Herefordshire
District Council**

AGENDA

for the Meeting of the Herefordshire Schools Forum

To: All Members of Herefordshire Schools Forum

	Pages
1. ELECTION OF CHAIRMAN To appoint a Chairman for the ensuing year.	
2. APOLOGIES FOR ABSENCE To receive apologies for absence.	
3. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
4. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
5. MINUTES (TO FOLLOW) To approve and sign the minutes of the meeting held on 22 February 2007.	
6. LATE ITEMS/ANY OTHER BUSINESS To consider any issues raised as either a late item or any other business.	
7. SCHOOLS BROADBAND SERVICES 2007 To allocate the Standards Fund ICT budget to the schools broadband services to permit contracts to be signed.	5 - 10
8. HEREFORDSHIRE PARTNERSHIP AND THE LOCAL AREA AGREEMENT To inform Schools Forum about the Herefordshire Community Strategy, the Herefordshire Partnership and the Local Area Agreement (LAA) and opportunities/implications for schools.	11 - 14
9. BUDGET WORKING GROUP To receive and comment on the minutes of the Budget Working Group.	15 - 20
10. SCHOOLS BUDGET 2007/2008 To report on the Section 52 Education Budget Statement for 2007/08.	21 - 30

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To report on school balances at the end of the financial year 2006/2007.	
12. LOCALLY MANAGED SCHOOLS FINANCIAL MANAGEMENT SYSTEM - AUDIT REVIEW	33 - 40
To report on the outcome of the internal audit of the LMS Financial Management System.	
13. F40 GROUP RESPONSE TO THE SCHOOL, EARLY YEARS AND 14-16 FUNDING	41 - 48
To note the response of the F40 Group to the consultation on School, Early Years and 14-16 Funding.	

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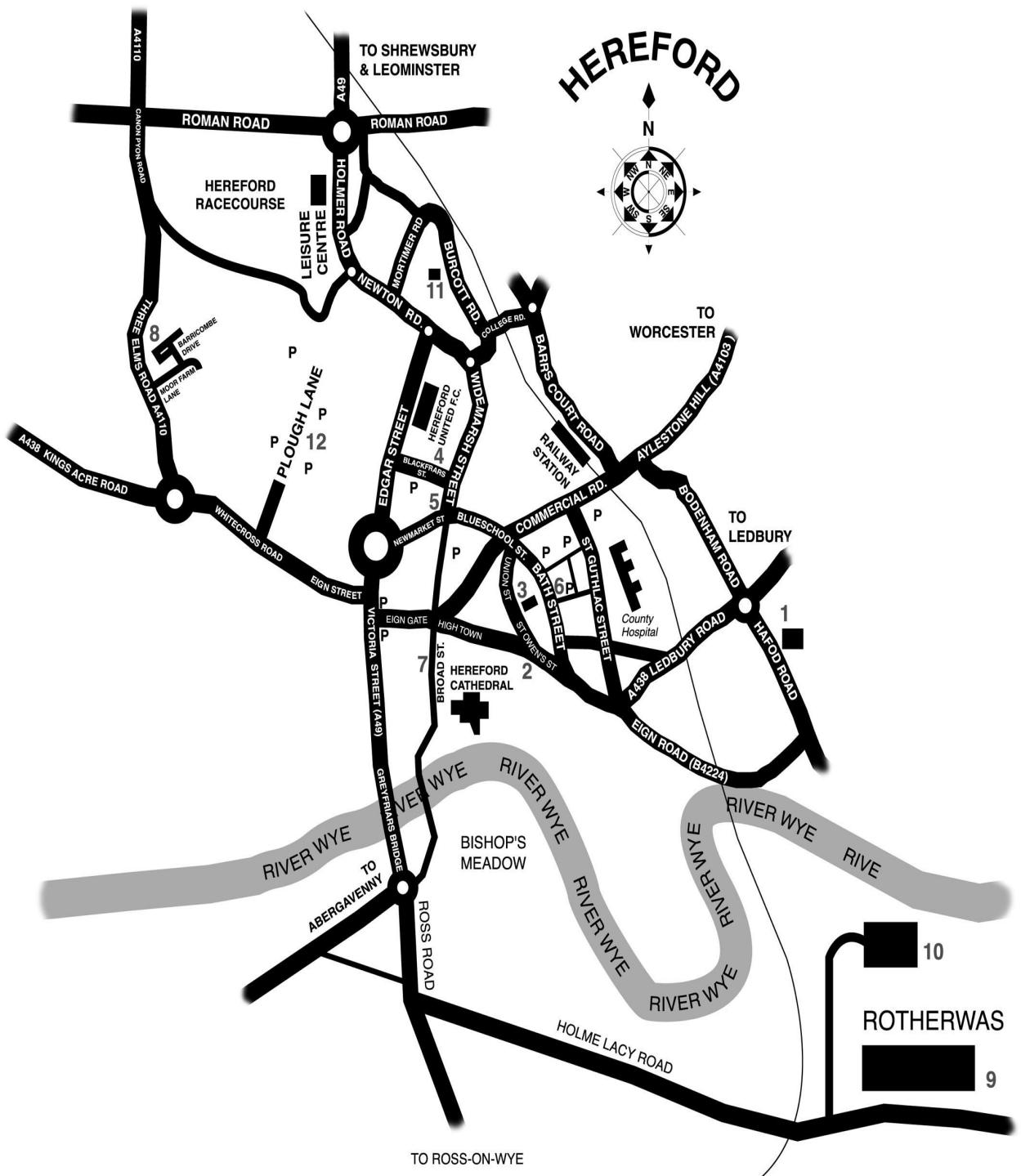
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|---|------------------|----|-------------------------------|
| 1 | Brockington | 7 | Kemble House |
| 2 | Town Hall | 8 | Trinity House |
| 3 | Shire Hall | 9 | Thorn Office Centre |
| 4 | Education Centre | 10 | Herefordshire Jarvis Services |
| 5 | Garrick House | 11 | Merchant House |
| 6 | Bath Street | 12 | Plough Lane |

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SCHOOLS BROADBAND SERVICES 2007

REPORT BY ICT PROJECTS OFFICER

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

Schools Affected

All Schools

Purpose

To allocate the Standards Fund ICT budget to the schools broadband services to permit contracts to be signed.

Financial Implications

Approval of the expenditure set out within this report will fully commit the Standards Fund ICT grant for 2007/08.

Report

Expenditure for 2007 – 2008

The key changes to the Herefordshire Community Network planned for September 2007 will have a significant impact upon the opportunities open to the schools. The separation of the 'network traffic' will allow the schools to consider Siemens/Herefordshire Council to be their 'internet service provider' not unlike an internet service provided to home users. Schools will be able to access a range of services either from Siemens/Herefordshire Council or from a provider of their choice. However, it remains appropriate that schools continue to receive their internet feed via the community network as it would be too expensive for individual schools to take an equivalent internet feed from a different provider. The Community Network continues to provide very good value for money with the total cost of ownership significantly below that which any other internet service provider could achieve.

In 2007 – 2008 the following expenditure is expected to provide core services to schools:

1. Separating the network to provide separate feeds for Herefordshire Council and Herefordshire Schools will require a one off payment of £75,000 to cover the charges for additional equipment and the work to separate the networks. There will be an annual support charge of £10,000 to pay for licenses, upgrades etc.

The network equipment currently deployed in the basement of Hereford Town Hall is reaching the end of its useful life and requires renewing to ensure that the service can continue to be provided. In order to undertake this work and to provide network resilience the equipment should be moved to the core Herefordshire Council network housed in the Thorn Office, Rotherwas and the Plough Lane offices. This work is a planned upgrade where the user would be expected to fund the purchase of new equipment together with the engineering to make the changes. New servers, switches, router and storage racking are required. This will be a one off charge of £110,000 to provide equipment and £77,000 engineering services to support the resources. The engineering support will be required as an ongoing resource.

Further information on the subject of this report is available from
Martin Fowler, ICT Projects Officer on (01432) 260833

The services currently provided by these resources are;

- Website hosting
 - Internet filtering
 - Email forwarding
2. Connectivity across the Community Network for the 14 high schools at 10Mb/s, the 81 primary schools and 6 special schools and PRUs at 2Mb/s costs £420,000 annually.
 3. The charges for providing internet filtering and email 'spam' filtering are estimated at £65,000 to provide a shared service with Herefordshire Council.

Hands on support for schools

The 'Hands on Support for schools' programme provides teaching and learning support for teachers in their use of ICT across the curriculum. The work is undertaken by two consultants working with the primary and secondary strategy teams. Herefordshire primary schools currently support the programme by 'buying back' the services of the consultants. This is done through an annual per capita Hands on Support (HOS) levy.

To ensure that the programme can continue will cost an annual sum of £45,000 which needs to be funded from the standards fund grant.

Managed Learning Platforms and Virtual Learning Environments (VLE)

The DfES requirement that all pupils have access to a 'personalised online learning space' is being realised through the current tendering process for a VLE service. This process is expected to complete by 7th June and for a basic VLE service to be available to schools by the start of September 2007.

The provision of the VLE service is broken down into three main parts:

Managed Learning Platform (MLP)

1. The MLP is the core networking resource required to ensure 'dynamic' connections between the school's own Management Information Systems (SIMS and SERCO Facility) and the external VLE. This requires additional servers and networking resources at an estimated cost of £130,000
2. Provision of engineering support for the MLP deployment: £77,000

Virtual Learning Environment for schools

1. Purchased licenses for pupils and teachers to access the Virtual Learning Environment. The individual license costs are estimated to be £150,000. This will be a Year 1 license purchase which together with the training support programme, should ensure a successful implementation of the VLE for all schools.
2. Training support for schools: Two teachers, seconded from Herefordshire schools for one year to support schools in the implementation and development of the VLE for all users. At a cost of £110,000.

Further information on the subject of this report is available from
Martin Fowler, ICT Projects Officer on (01432) 260833

SIMS Migration Pilot

Currently all SIMS software runs locally in each of the schools. (A small number of schools use SERCO facility to undertake the same work). Significant economies and efficiencies could be achieved if the SIMS system could be migrated to a central server array. This would negate the need for:

- Individual backups
- Multiple updates and fixes across the schools

Benefits would include:

- Easier access to data for the Local Authority (LA);
- Faster and more accurate access to school's data for the LA;
- Data integration with the Herefordshire Connects Programme;
- Simpler support and training models for schools;

A pilot study including setting up server arrays, licenses and software would cost £100,000.

Recommendation

That the Forum approves the use of the Standards Fund grant to purchase:

- a. the Schools Broadband Service at £864,500;**
- b. the Managed Learning Platform at £467,000;**
- c. the SIMS Migration Pilot at £100,000;**
- d. and a contingency of £176,745.**

Further information on the subject of this report is available from
Martin Fowler, ICT Projects Officer on (01432) 260833

School's Broadband Grant 2007 - 2008

School Broadband Service				
One off charges	Amount	<i>DfES Grant (59%)</i>	<i>HC (41%)</i>	Notes
Network upgrade	£ 110,000.00	£ 64,900.00	£ 45,100.00	Upgrading of all school central networking resources and resiting of network assets to the HC core network at Plough Lane & Rotherwas
Separation of the network	£ 75,000.00	£ 44,250.00	£ 30,750.00	Siemens charges for separating the corporate and school's networks
Upgrades to Schools Internet Servers	£ 62,500.00	£ 36,875.00	£ 25,625.00	Support for provision of 25 new servers for schools
Annual Charges				
Connectivity	£ 420,000.00	£ 247,800.00	£ 172,200.00	All school connections and internet feed
Network support	£ 77,000.00	£ 45,430.00	£ 31,570.00	Engineering support for school broadband services
Annual support for network separation	£ 10,000.00	£ 5,900.00	£ 4,100.00	Server support, licences and upgrades
Additional Services (Annual)				
Internet Filtering, Spam Filtering	£ 65,000.00	£ 38,350.00	£ 26,650.00	Managed Service charges
Hands on support for schools	£ 45,000.00	£ 26,550.00	£ 18,450.00	Support for Primary and Secondary Strategies (ICT in schools)
Total Annual charges	£ 617,000.00	£ 364,030.00	£ 252,970.00	

Further information on the subject of this report is available from
Martin Fowler, ICT Projects Officer on (01432) 260833

Total 2007 - 2008	£ 864,500.00	£ 510,055.00	£ 354,445.00	
Managed Learning Platform				
One off charges				
Installation of MPL Services	£ 130,000.00	£ 76,700.00	£ 53,300.00	Central Networking resources, licences and support
Training support	£ 110,000.00	£ 64,900.00	£ 45,100.00	Secondment of 2 teachers to support VLE rollout
Year 1 licences for schools	£ 150,000.00	£ 88,500.00	£ 61,500.00	Support for year 1 licences to ensure take up of services
Annual support for MLP				
Engineering support for MLP Services	£ 77,000.00	£ 45,430.00	£ 31,570.00	
SIMS				
SIMS central deployment pilot	£ 100,000.00	£ 59,000.00	£ 41,000.00	
Total	£ 567,000.00	£ 334,530.00	£ 232,470.00	

Further information on the subject of this report is available from
Martin Fowler, ICT Projects Officer on (01432) 260833

Total Estimated Spend 2007 - 2008	£1,431,500.00	£ 844,585.00	£ 586,915.00	
Funds C/F from 2006 - 2007	£ 521,412.00			Must be spent by 31/08/2007
Funds 2007 - 2008	£1,186,833.00	£ 700,231.47	£ 486,601.53	
<i>Contingency</i>	£ 176,745.00			

Total Available £1,708,245.00

Further information on the subject of this report is available from
Martin Fowler, ICT Projects Officer on (01432) 260833

HEREFORDSHIRE PARTNERSHIP AND THE LOCAL AREA AGREEMENT

REPORT BY HEREFORDSHIRE PARTNERSHIP TEAM MANAGER

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

School Affected

All

Purpose

To inform Schools Forum about the Herefordshire Community Strategy, the Herefordshire Partnership and the Local Area Agreement (LAA) and opportunities/implications for schools.

Report

1. In June 2006 the Herefordshire Community Strategy was launched. Each Local Authority must produce a Community Strategy, which should be based on issues or priorities for local services, reflecting the views of local people, businesses and organisations. The Community Strategy sets out a shared vision for the future of Herefordshire. This gives an idea of the sort of place that people would like Herefordshire to be in 2020. The Community Strategy also guides the Corporate and Business Plans of local organisations and future funding.
2. The Herefordshire Community Strategy has four themes, including a theme dedicated to Children and Young People. This theme has five outcomes which will be the focus of activity.
3. The Herefordshire Partnership is a voluntary partnership of key public, private, community and voluntary organisations. The Herefordshire Partnership acts as the Local Strategic Partnership, fulfilling the duty placed on Herefordshire Council to establish and run a Local Strategic Partnership.
4. The Herefordshire Partnership is the mechanism by which local organisations and sectors meet and work together to achieve the Herefordshire Community Strategy. The structure consists of a Board which leads policy development across the County; a Chief Executives Group which turns the policy into action and ensures input from local organisations/sectors; and, a Performance Management Group which monitors performance against key performance indicators, and recommends actions.
5. The Herefordshire Partnership has a dedicated website (www.herefordshirepartnership.com) where the Community Strategy and other interesting documents can be downloaded. It also contains more information on the Partnership and the groups mentioned above. A regular newsletter is also produced.
6. The Local Area Agreement (LAA) is a formal agreement between National Government and Local Authorities (acting on behalf of other local organisations and sectors). A LAA identifies priorities for action (taken from the Community Strategy)

Further information on the subject of this report is available from
Jennifer Watkins, Herefordshire Partnership Team Manager on (01432) 260610

and performance indicators to monitor progress, and it is the main way in which the Herefordshire Community Strategy will be delivered. All local organisations and sectors work together and have joint responsibility for achieving the LAA. The Herefordshire Partnership holds the responsibility of developing, monitoring and reporting progress on the LAA. The Herefordshire Partnership reports progress to Government Office West Midlands every six months, who in turn report directly to Government Departments.

7. The Local Government White Paper published in November 2006 places a key role on LAAs in the future, and local organisations will be judged on achieving the LAA through a Comprehensive Area Assessment.
8. Part of an LAA is the opportunity to “Pool” local area based funding streams that come to Herefordshire individually. This means that reporting and monitoring will be reduced and ring-fencing of the individual funding streams will be taken away. Herefordshire will receive the funding in one block with minimal reporting, rather than in individual “pots”. This gives more freedom and flexibility to the funding streams and the opportunity to use the funding more effectively and efficiently.
9. A number of funding streams are being pooled this financial year, including:
 1. Children’s Services Grant
 2. Secondary – Central Coordination
 3. Secondary – Behaviour and Attendance
 4. School Travel Advisors
 5. Schools Development Grant
 6. Primary Strategy Central Coordination
 7. Children’s Fund
 8. Extended Schools
 9. Education Health Partnerships
10. It is expected that more area based funding streams will be pooled each year. The pooled funding must support the outcomes in the Herefordshire Community Strategy and LAA.
11. For those funding streams pooled, there is now a requirement to report spend and progress to the Herefordshire Partnership. The Herefordshire Partnership has the responsibility for taking financial decisions on these funding streams and for monitoring progress overall. The Partnership must abide by standard accounting procedures and practices, and the single pot will be audited annually.
12. The Herefordshire Partnership Officers are keen to work with the Schools Forum on planning for future years, priorities for the funding and how these will support the LAA and outcomes in the Herefordshire Community Strategy. It is hoped that a method of working together in the future can be debated and agreed.

RECOMMENDATION

That a method for the Forum to work together with Herefordshire Partnership be developed.

BUDGET WORKING GROUP

MINUTES FROM MEETING 23RD APRIL 2007

REPORT BY FINANCE MANAGER, CHILDREN AND YOUNG PEOPLE

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

Schools Affected

All Primary Schools

Purpose

To receive and comment on the minutes of the Budget Working Group.

Financial Implications

The Budget Working Group will develop the budget strategy for the 2008/09 Schools Budget for consultation with schools followed by approval by Schools Forum in February 2008. It is important that Schools Forum is content with the approach being developed as the decisions will effect the all schools budgets.

Report

1. The Budget Working Group met on 23rd April 2007 and the minutes of the working group are attached as an Appendix.
2. The working group considered the following themes;

Social Deprivation funding – advice from Mr Clive Wilkinson GOWM.

GOWM had not received any further information from DfES but wanted authorities to target funds at schools with the most challenges. SEN factors could be counted towards the social deprivation target. A preliminary analysis of use of ACORN data appears to spread the deprivation funding more widely across schools than the current free meals on roll percentage factor, resulting in the most severely deprived schools losing funding. This is contrary to DfES expectations.

Strategic Financial Planning

Further consideration was given to the “protection” factors within the formula. It was generally accepted that the curriculum protection should not be reduced as this ensured a fair entitlement to education for all pupils. The management time flat rate for primary schools should not be reduced in order to avoid increasing stress and workload of heads of small primary schools. It was accepted that surplus premises protect (floor area above basic entitlement) could be reduced as it was funding empty premises and it this applies in all schools. The budget quantum for high schools and primary schools would remain as now and that there was no intention to transfer savings from primary schools to high schools or vice versa. It was noted that the need to maintain curriculum protection during a period of reducing resources would lead to questions of affordability which could only be answered by some form

of rationalisation.

School Review Process

It was accepted that the school review process should be speeded up.

3. The Budget working Party meets next on 16th July 2007 (pm) .

Recommendation

That the minutes of the Budget Working Group be noted.

Schools Forum Budget Working Group

Minutes of meeting held at Blackfriars on 23 April 2007

Attendance: Ledbury Primary School, Fairfield High School, Marlbrook Primary School, St.Pauls Primary School, Lord Scudamore Primary School, Lugwardine Primary School

Malcolm Green, George Salmon, Mike Hobbs, Clive Wilkinson (GOWM)

Agenda Item		Action by whom
1.	<p><u>Social Deprivation Review</u></p> <p>Malcolm Green gave an introductory background to the issue of social deprivation.</p> <p>The Authority received a letter from the DfES in June 2006 indicating that approximately £5 million of the Dedicated Schools Grant (DSG) was to be allocated to schools on the basis of Social Deprivation.</p> <p>The authority sent a reply to the DfES showing that we currently allocate £300,000 on purely Social Deprivation factors, based upon Free School Meals (FSM). Other authorities had counted some or all SEN funding as social deprivation and so were closer to their target.</p> <p>Schools Forum were concerned about the gap between the £300k and £5 million, which worked out at £200 per pupil if the full £5 million were to be allocated on purely social deprivation factors. It was felt that some of the lowest funded schools in the county would be severely affected by this, and could make them financially not viable. This was not acceptable to Schools Forum.</p> <p>Schools Forum wrote to Government Office West Midlands (GOWM) highlighting:</p> <ul style="list-style-type: none"> ○ Rural deprivation has not been taken into account; ○ Free School Meals are not a good indicator of deprivation; ○ How much of SEN funding can be classed as social deprivation; ○ The impact of any change on small schools. <p><i>Clive Wilkinson from GOWM then offered his perspective on the issue.</i></p> <p>GOWM had not received any further information or guidance than has already been published to local authorities, however, he indicated that the DfES are keen to see funds being targeted at schools with most challenges.</p> <p>SEN factors could be counted towards the social deprivation target, as long as a good case could be put forward to DfES. The authority may also wish to consider using deprivation indicators other than free school meals, such as ACORN, however he noted that any formula change would create 'winners' and 'losers', for which it would be unlikely that any extra funding would be made available.</p> <p>Malcolm Green referred to the table showing the 'winners' and 'losers' if the authority were to switch from FSM to ACORN level 5 data (most severely deprived). An unexpected outcome was discovered, whereby the most 'deprived' schools within the county would be 'losers' by if</p>	

	<p>funding was delegated using ACORN data. ACORN data appears to spread the deprivation funding more widely than FSM % on roll.</p> <p>George Salmon enquired whether the authority would be able to develop its own formula to distribute social deprivation funding, e.g. using rural deprivation. Clive Wilkinson indicated that if a good case was put forward to show that the funding would be getting to schools with greatest challenges, then it ought to be acceptable.</p>	
	<p><i>Office of School Commissioner</i></p> <p>Clive also added that the Office of the School Commissioner is getting involved with the BSF programme. They are visiting every local authority to challenge choice and diversity (particularly diversity) of school provision. Clive said 'diversity' means Academies or Trusts. They will be looking at school size and spare capacity.</p> <p>Popular and well achieving schools should be expanded, and when re-building, these schools should be made larger to access funding. It is highly likely that the authority will be challenged on the number of schools we have, and their size.</p> <p><i>Federations</i></p> <p>Clive said that 'hard' federations are also being encouraged, with parents sending their children to a 'Trust' rather than just one school.</p> <p>Julie Powell raised concerns that federations may not work in rural Herefordshire, however Clive said that with current recruitment and retention issues, that there are not even 50% of suitable people available to replace retiring heads, and so some schools may have no option but to investigate federation.</p> <p>Julie Powell asked what salary grade was being used for non-headteacher roles, such as 'director of teaching & learning'. Clive said that in his experience, the leadership scale was being used.</p> <p>Several people highlighted that federation does therefore not save money, and may in fact cost more.</p> <p><i>Summary</i></p> <p>George Salmon confirmed that a comprehensive school re-organisation is necessary, and that the authority should work towards a suitable formula to distribute funding based on social deprivation.</p> <p>Clive summarised that the authority should put together options and suggestions to the DfES, highlighting any factors that cause a challenge.</p> <p>Malcolm Green said that further guidance will be given to GOWM and the authority over the coming weeks, and at the moment it would be best to continue to 'think' about what to do, but not to take any rash decisions until we know what is going to be counted by DfES as social deprivation.</p>	
2.	<p><u>Strategic Financial Planning</u></p> <p>The objective is to set out a programme of work over the coming months in order for the 2008/09 budget to be consulted upon early in 2008.</p>	

Tables of 'protection' factors within the current Formula Allocation were distributed, including Curriculum Protection, Floor Area Above Basic, Management Flat Rate, Premises Flat Rate. The total amount per school was given, along with the amounts per pupil.

Malcolm Green said that views expressed to date indicated that the 2 days head's management time flat rate for primary schools should be left intact to avoid increasing the amount of stress put on small school head teachers.

The question was then posed: 'To what extent do schools forum want to pursue the scrapping of the protection factors identified?'

Chris Barker thought that Curriculum Protection was very important and should remain in the formula because it protected the pupils entitlement to education however the Floor Area Above Basic protection could be reduced as it was funding empty premises.

George Salmon assumed that the Primary & High current funding "pots" would remain as at present (i.e. funds saved within Primary would stay within Primary). The steer that he has received from the high schools is that if all the flat rates were scrapped, then it would lead to school closures – however if we make no changes at all, it could also lead to school closures.

Malcolm Green added that 'fixed overheads' account for around 23% of primary budgets and the percentage will rise year-on-year as pupil numbers fall.

Julie Powell mentioned that a review is currently being undertaken by George Salmon, and is it wise for Schools Forum to be taking financial decisions that could pre-empt the outcome of the review?

George Salmon said that if the view was not to reduce budgets of small schools, then federations may be the only option. Chris Barker re-iterated that federations will probably not save any money – although he did think there were educational benefits.

Tracey Kneale said that the review of schools should not just look at small schools, but also the many surplus places in large schools.

Reg Thomas commented that there appears to be a lack of information in order to make a decision. For example, what would individual school budgets be if Curriculum Protection were to be scrapped?

Julie Duckworth was shocked at the lack of resources (including staff) that big schools have to cope with, when compared to a small school. She has now got experience of being a head in both a small and large primary school, and thinks that the amount of protection to small schools is too great.

George Salmon said that it would be possible to publish school Pupil-Teacher Ratios (PTR) or Pupil-Adult Ratios. It would also be possible to indicate what the minimum level of staff should be in a school – although this would almost certainly prove unaffordable.

It was mentioned that surely it is possible for schools to 'share' out some of the fixed costs, to which George Salmon agreed that opportunities where identified by schools could be developed. However ideas imposed

	<p>by the centre often are not well received and do not work. Julie Powell felt that guidance on what works in this area would be gratefully received by schools.</p> <p>Chris Barker said that 'sharing' is sometimes very difficult depending on how close schools are to each other.</p>	
3.	<p><u>School Review Process</u></p> <p>George Salmon said that the first round of consultations have already taken place in most area's. The second stage has now started in the Kington and Weobley areas. Final proposals are being drawn up to formally close Brilley Primary School.</p> <p>He accepted that the pace of the reviews are too slow, and that they need to be speeded up – however due to the impending elections and the new Director, little will happen over the next few weeks.</p>	
4.	<p><u>Priorities and Work Programmed for 2008/09 Budget</u></p> <p>Malcolm Green felt that this has already been covered in the discussions earlier in the meeting, and that he now had a good list of areas that schools forum would like to take forward.</p>	
5.	<p><u>Date of Next Meeting</u></p> <p>Monday 16th July at Blackfriars (tbc), 12:30pm for lunch, meeting to start at 1:15pm.</p>	

SCHOOLS BUDGET 2007/2008

REPORT BY FINANCE MANAGER, CHILDREN AND YOUNG PEOPLE

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

Schools Affected

All Schools

Purpose

1. To report on the Section 52 Education Budget Statement for 2007/08.

Financial Implications

2. None

Report

3. The Schools Budget has now been finalised and issued to schools. The Section 52 Education Budget Statement has been completed for financial year 2007/2008 and submitted to the DfES. Full details of all Section 52 tables are published on the Council's website.
4. In Autumn 2006, the Dedicated Schools Grant (DSG) was provisionally set by DfES at £81,892,000 based on 23,247 pupils. Pupil numbers collected in the January 2007 PLASC were 23,438; 191 higher than estimated by DfES in Autumn 2006. Due to the uncertainty over pupil numbers, school budgets have been allocated on the basis that only half of this increase in pupil numbers will be confirmed by DfES and hence a revised estimate of Dedicated Schools Grant of £82,563,636. DfES have not yet confirmed these pupil numbers nor the amount of finalised DSG. Confirmation is expected by mid-June. Any under or over allocations of budget may have to be carried forward to 2008/2009 unless offset by under or over-spending of DSG at year end.
5. A DSG underspend of £222,756 has been carried forward from 2006/07. It is recommended that no decision is taken on the use of this underspend until the final DSG for 2007/08 is known. This sum could also provide a useful contribution to the year on year savings required from falling pupil numbers.
6. The final increase in the Individual Schools Budget was 5% and the increase in central expenditure was 4%; growth in central expenditure is limited to the maximum percentage increase as set by growth in the Individual Schools Budget. The per pupil funding for primary pupils increased by 5.9% and for secondary pupils by 6.2% although the numbers of pupils has fallen.
7. Copies of the Section 52 Budget Statement (Appendix 1), the Schools Budget Summary (Appendix 2) and Central Expenditure Limit (Appendix 2) are attached as appendices to the report.

Further information on the subject of this report is available from
Malcolm Green, Finance Manager on (01432) 260818

Recommendation

That:

- (a) the percentage of 5% increase in Individual Schools Budget and Central expenditure 4% increase be noted;
 - (b) consideration of the use of the 2006/07 underspend be deferred until the final DSG for 2007/08 is known;
- and
- (c) to comment on any of the budget lines in the Section 52 Budget Statement and Annexes as appropriate.

Further information on the subject of this report is available from
Malcolm Green, Finance Manager on (01432) 260818

TABLE 1: FUNDING PERIOD 2 2007-08

SECTION 52 EDUCATION BUDGET STATEMENT

Table 1 - LEA level information

Year	2007-08	Local Authority Name	Herefordshire	LEA No.	884	Email Address	malcolm.green@herefor
Contact	Malcolm Green	TEL.	01432 260818	Version No.	1	Completion Date	39162

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	Nursery (a)	Primary (b)	Secondary (c)	Special (d)	Gross (e)	Income (f)	Net (g)
1 SCHOOLS BUDGET							
1.0.1 Individual Schools Budget	0	35,953,547	36,767,434	3,111,886	75,832,867		75,832,867
1.0.2 School Standards Grant - Maintained Schools	0	2,419,897	1,562,809	142,880	4,125,586	4,125,586	0
1.0.3 School Standards Grant - Pupil Referral Units	0	0	0	49,632	49,632	49,632	0
1.0.4 School Standards Grant (Personalisation) - Maintained Schools	0	289,219	750,465	20,000	1,059,684	1,059,684	0
1.0.5 School Standards Grant (Personalisation) - Pupil Referral Units		0	0	5,100	5,100	5,100	0
1.0.6 School Development Grant	0	3,045,705	3,431,769	212,550	6,690,024	6,690,024	0
1.0.7 Other Standards Fund Allocation - Devolved	0	533,275	483,245	90,038	1,106,558	1,106,558	0
1.0.8 Devolved School Meals Grant - Maintained Schools	0	93,421	26,075	4,364	123,860	123,860	0
1.0.9 Devolved School Meals Grant - Pupil Referral Units		0	0	3,246	3,246	3,246	0
1.0.10 Targeted School Meals Grant - Devolved	0	0	0	0	0	0	0
1.0.11 Threshold and Performance Pay - Devolved	0	0	0	0	0	0	0
1.1.1 Support for schools in financial difficulty	0	45,500	45,500	0	91,000	0	91,000
1.1.2 School-specific contingencies	0	35,098	35,200	2,575	72,873	0	72,873
1.1.3 14 - 16 More Practical Learning Options			0	0	0	0	0
1.2.1 Provision for pupils with SEN (including assigned resources)	0	594,231	269,207	0	863,438	0	863,438
1.2.2 Provision for pupils with SEN, provision not included in line 1.2.1	0	529,000	541,278	45,758	1,116,036	0	1,116,036
1.2.3 Support for inclusion	0	100,724	103,061	8,712	212,497	0	212,497
1.2.4 Fees for pupils at independent special schools & abroad	0	0	0	1,908,458	1,908,458	172,700	1,735,758
1.2.5 SEN transport	0	0	0	0	0	0	0
1.2.6 Inter-authority recoupment	0	27,000	47,500	(99,074)	(24,574)	0	(24,574)
1.2.7 Fees to independent schools for pupils without SEN	0	0	0	0	0	0	0
1.2.8 Contribution to combined budgets	0	0	0	0	0	0	0
1.3.1 Pupil Referral Units	0	0	0	851,800	851,800	0	851,800
1.3.2 Behaviour Support Services	0	58,022	59,368	5,019	122,409	0	122,409
1.3.3 Education out of school	0	188,813	193,194	16,332	398,339	0	398,339
1.3.4 Private/voluntary/independent fees for education of children under 5	2,904,487				2,904,487	0	2,904,487

	Nursery (a)	Primary (b)	Secondary (c)	Special (d)	Gross (e)	Income (f)	Net (g)
1.4.1 School Meals - nursery, primary and special schools	0	25,000		15,000	40,000	0	40,000
1.4.2 Free School Meals - eligibility	0	8,885	9,091	768	18,744	0	18,744
1.4.3 Milk	0	3,839		0	3,839	0	3,839
1.4.4 School Kitchens - repair and maintenance	0	0		0	0	0	0
1.5.1 Insurance	0	0	0	0	0	0	0
1.5.2 Museum Services	0	0	0	0	0	0	0
1.5.3 Library Services - nursery, primary and special schools	0	3,300		0	3,300	0	3,300
1.5.4 School admissions	0	63,676	65,154	5,508	134,338	0	134,338
1.5.5 Licences/subscriptions	0	0	0	0	0	0	0
1.5.6 Miscellaneous (not more than 0.1% total net SB)	0	83,200	0	0	83,200	0	83,200
1.5.7 Servicing of schools forums	0	3,346	3,469	455	7,270	0	7,270
1.5.8 Staff costs - supply cover (not sickness)	0	15,229	13,513	1,058	29,800	0	29,800
1.5.9 Supply cover - long term sickness	0	0	0	0	0	0	0
1.5.10 Termination of Employment Costs	0	0	0	0	0	0	0
1.6.1 School Development Grant - Non-Devolved	0	139,639	89,418	102,807	331,864	331,864	0
1.6.2 Other Standards Fund Allocation - Non-Devolved	0	200,198	238,173	8,062	446,433	446,433	0
1.6.3 Other specific grants	0	275,580	695,661	175,844	1,147,085	872,343	274,742
1.6.4 Targeted School Meals Grant - Non-Devolved	0	37,250	111,750	0	149,000	149,000	0
1.6.5 Performance Reward Grant	0	0	0	0	0		0
1.7.1 Capital Expenditure from Revenue (CERA) (Schools)	0	164,491	318,308	14,228	497,027	0	497,027
1.7.2 Prudential borrowing costs	0	0	0	0	0	0	0
1.8.1 TOTAL SCHOOLS BUDGET	2,904,487	44,937,085	45,860,642	6,703,006	100,405,220	15,136,030	85,269,190

2 LEA BUDGET

STRATEGIC MANAGEMENT

2.0.1 Statutory / regulatory duties	1,624,415	0	1,624,415
2.0.2 Premature retirement costs / redundancy costs	335,810		335,810
2.0.3 Existing early retirement costs (commitments entered into by 31/3/99)	100,350	0	100,350
2.0.4 Residual pension liability (eg FE, Careers Service, etc.)	29,300	0	29,300
2.0.5 Joint use arrangements	0	0	0
2.0.6 Insurance	0	0	0
2.0.7 Monitoring National Curriculum Assessment	34,494	0	34,494
2.0.8 Total Strategic Management	2,124,369	0	2,124,369

	Nursery (a)	Primary (b)	Secondary (c)	Special (d)	Gross (e)	Income (f)	Net (g)
SPECIFIC GRANTS AND SPECIFIC FORMULA GRANTS							
2.1.1 School Development Grant - non-devolved					0	0	0
2.1.2 Other Standards Fund - non-devolved					0	0	0
2.1.3 Other specific grants					82,000	82,000	0
2.1.4 Total Specific Grants					82,000	82,000	0
SPECIAL EDUCATION							
2.2.1 Educational Psychology Service					474,145	0	474,145
2.2.2 SEN administration, assessment and co-ordination					459,121	0	459,121
2.2.3 LEA functions in relation to child protection					312,680	0	312,680
2.2.4 Therapies and other Health Related Services					34,295	0	34,295
2.2.5 Parent partnership, guidance and information					57,820	0	57,820
2.2.6 Monitoring of SEN provision					46,307	0	46,307
2.2.7 Total Special Education					1,384,368	0	1,384,368
SCHOOL IMPROVEMENT							
2.3.1 School improvement					1,281,873	161,262	1,120,611
ACCESS							
2.4.1 Asset management					726,484	0	726,484
2.4.2 Supply of school places					56,918	0	56,918
2.4.3 Excluded pupils					37,575	0	37,575
2.4.4 Behaviour support Plans					34,466	0	34,466
2.4.5 Pupil support	0	1,460	3,830	0	5,290	0	5,290
2.4.6 Home to school transport: SEN transport expenditure	0	0	0	1,350,176	1,350,176	3,655	1,346,521
2.4.7 Home to school transport: other home to school transport expenditure	0	1,346,160	2,297,870	0	3,644,030	54,377	3,589,653
2.4.8 Home to college transport: SEN transport expenditure					0	0	0
2.4.9 Home to college transport: other home to college transport expenditure					607,754	256,954	350,800
2.4.10 Education Welfare Service					209,838	1,260	208,578
2.4.11 Music Service (not Standards Fund supported)					0	0	0
2.4.12 Visual and Performing Arts (other than music)					50,489	0	50,489
2.4.13 Outdoor Education including Environmental and Field Studies (not sports)					24,120	0	24,120
2.4.14 Total Access					6,747,140	316,246	6,430,894
2.5.1 Capital Expenditure from Revenue (CERA) (LEA Central Functions)					690,000	0	690,000
2.6.1 Total LEA Central Functions					12,309,750	559,508	11,750,242

	Nursery (a)	Primary (b)	Secondary (c)	Special (d)	Gross (e)	Income (f)	Net (g)
YOUTH AND COMMUNITY							
2.7.1 Youth Service					1,164,314	64,650	1,099,664
2.7.2 Adult and Community learning					0	0	0
2.7.3 Mandatory Awards					0	0	0
2.7.4 Student Support under new arrangements					170,720	0	170,720
2.7.5 Discretionary Awards					0	0	0
2.7.6 Capital Expenditure from Revenue (CERA) (Youth & Community)					0	0	0
2.7.7 Total Youth and Community					1,335,034	64,650	1,270,384
2.8.1 TOTAL LEA BUDGET					13,644,784	624,158	13,020,626
3 TOTAL EDUCATION REVENUE EXPENDITURE					114,050,004	15,760,188	98,289,816
4 CAPITAL EXPENDITURE (excl. CERA)	0	9,780,118	6,090,267	326,196	16,196,581	14,033,581	2,163,000
MEMORANDUM ITEMS							
5 Expenditure covered by LSC Grant - Include below the part of the expenditure recorded in individual lines of section 52 budget that is supported by the Learning and Skills Council.							
5a.1 SIXTH FORM - Allocation from LSC for 16+ funding for secondary schools			2,151,515		2,151,515	2,151,515	0
5a.2 SIXTH FORM - Allocation from LSC for 16+ funding for special schools				432,166	432,166	106,304	325,862
5b.1 Sixth form element included at 1.2.1 above for pupils with SEN (including			0	0	0	0	0
5b.2 Sixth form element included at 1.2.2 above for pupils with SEN, provision not			0	0	0	0	0
5b.3 Sixth form element included at 1.2.4 above for pupils at independent special			0	1,035,152	1,035,152	239,400	795,752
5b.4 Sixth form element included at 1.2.7 above for pupils at independent schools			0	0	0	0	0
5c.1 LSC Threshold and Performance Pay Costs (included in expenditure at 1.0.1			115,611	0	115,611	115,611	0
5c.2 LSC Threshold and Performance Pay Costs (included in expenditure at			0	0	0	0	0

SECTION 52 EDUCATION BUDGET STATEMENT

SCHOOLS BUDGET SUMMARY TABLE

Year	2007-08	Local Authority Name	Herefordshire	LEA No.	884	Email Address	malcolm.green@herefordshire.gov.uk
Contact	Malcolm Green	TEL.	01432 261859	Version No	1	Completion Date	20 March 2006

This table provides an account of the main sources of funding available to LEAs to support their Schools Budget, including any additional funding provided by the authority.

		2007-08 (a)
1.	Dedicated Schools Grant - LEA's estimate of pupil numbers	23,438
2.	Dedicated Schools Grant - Guaranteed Unit of Funding Per Pupil	3,523
3.a	Estimated Dedicated Schools Grant	82,563,636
3.b	Dedicated Schools Grant, Carry Forward from 2006-07	92,730
4.	School Standards Grants - including Personalisation	5,240,002
5.	School Development Grant	7,021,888
6.	Other Standards Fund Grants	1,829,097
7.	LSC funding	2,612,830
8.	LEA additional contribution	0
9.	Total funding supporting the Schools Budget (lines 3 to 8)	99,360,183

CEL ANNEX AND CALCULATOR: FUNDING PERIOD 2 2007-08

SECTION 52 EDUCATION BUDGET STATEMENT

Annex to Table 1: Central Expenditure Limit

YEAR	2007-08	Local Authority Name	Herefordshire	LEA No.	884	E-Mail Address:	malcolm.green@heref
CONTACT	Malcolm Green	TEL.	01432 260818	Version No.	1	Completion Date:	30 March 2007

CENTRAL EXPENDITURE LIMIT

All LSC grant-funded expenditure to be excluded

Calculation of adjustment to Central Expenditure

1.0 2006-07 adjusted Central Expenditure (or legal limit if lower) (F)

8,433,604

Increase in adjusted ISB 2006-07 to 2007-08

2.1 Adjusted ISB 2007-08 (G)

73,459,437

2.2 Adjusted ISB 2006-07 (H)

69,902,374

Calculation of Central Expenditure Limit

3.1 Value of F × (G/H)

8,862,758

3.2 Approved addition to limit

0

3.3 Approved higher limit (if applicable)

8,862,758

4.1 2007-08 Central Expenditure to which limit applies

8,484,154

5.1 Is the Limit breached?

No

SCHOOL BALANCES MARCH 2007

REPORT BY FINANCE MANAGER, CHILDREN AND YOUNG PEOPLE

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

Schools Affected

All Schools

Purpose

1. To report on school balances at the end of the financial year 2006/2007.

Report

2. The Council and Schools Forum have been concerned about the increasing levels of balances within Herefordshire schools
3. Provisional school balances at the end of the financial year 2006/2007 have now been calculated and are compared to the balances at the end of 2005/2006 in the following table.

Revenue	Balances as at March 07 £	Balances as at March 06 £	Difference £	%
Primary	3,157,196	4,422,064	-1,264,868	-28.6
Secondary	1,800,861	2,442,006	-641,145	-26.25
Specials	26,575	217,424	-190,849	-87.8
Total	4,984,632	7,081,494	-2,096,862	-29.6

Capital	Balances as at March 07 £	Balances as at March 06 £	Difference £	%
Primary	1,375,959	790,569	585,390	74.0
Secondary	1,036,364	233,369	802,995	344.1
Specials	244,792	107,593	137,199	127.5
Total	2,656,752	1,131,531	1,525,221	134.8

Further information on the subject of this report is available from
Malcolm Green, Finance Manager, Children & Young People on (01432) 260818

Extended Schools	Balances as at March 07 £	Balances as at March 06 £	Difference £	%
Primary	83,914	75,704	8,210	10.8
Secondary	298,843	364,579	-65,736	-18.0
Special	(9,103)	-	-9,103	-
Total	373,655	440,283	-66,628	-15.1
TOTAL	8,015,039	8,653,308	-638,269	-7.4

2. Overall balances have reduced by £638,269 this year equivalent to -7.4% since March 2006. In total, balances have fallen by £948,000 since March 2005.
3. Capital balances have more than doubled to £2.6m, an increase of £1.5m. This is most likely due to schools transferring money to capital to avoid the revenue claw-back rules. Once transferred to capital the money cannot be transferred back to revenue and must be spent on capital items. Schools will be asked to confirm that they have definite plans in place to commit this expenditure. In reality given the pressure on the schools capital programme for the next 3 years, schools will have to rely on devolved spend for the majority of capital spending in their buildings.
4. There has been no claw-back of revenue balances from any school. Riverside Primary is the exception where balances exceed the claw-back limit however a previous agreement exists with the governors for revenue balances to be used to help fund the transition to the new merged school in 2007/08.

Recommendation

5. **That:**
 - (a) **the further reduction in school balances of 7.4% be noted;**
 - (b) **the increase in capital balances be noted;**

and;

 - (c) **the further work during 2007/08 to ensure that schools have definitive plans to spend their capital balances within a three year period be endorsed.**

Further information on the subject of this report is available from
Malcolm Green, Finance Manager, Children & Young People on (01432) 260818

LMS FINANCIAL MANAGEMENT SYSTEM

AUDIT REVIEW

REPORT BY FINANCE MANAGER, CHILDREN & YOUNG PEOPLE

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

Schools Affected

None

Purpose

1. To report on the outcome of the internal audit of the LMS Financial Management System.

Financial Implications

2. None.

Report

3. Last year the LMS financial management system was judged to be satisfactory and that the current level of control was approaching good.
4. Following this year's review, the audit opinion is that there is a **GOOD** system of control. A copy of the report is attached for information at Appendix 1.
5. The recommendations are set out in the audit report and the agreed actions identified. Both recommendations concern the use of PLASC data in the budget process and recognise the increased importance of accurate pupil data now that the Dedicated Schools Grant is so directly based on pupil numbers. The establishment of a timetable will help but ultimately school budgets cannot be issued until pupil numbers are agreed.

RECOMMENDATION

That the report be noted.

Further information on the subject of this report is available from
Malcolm Green, Finance Manager, Children & Young People on (01432) 260818

INTRODUCTION

This audit report covers the review of the LMS Financial Management System.

The audit was conducted during December 2006 and January 2007.

The LMS Financial Management System is considered a fundamental or material system and is reviewed annually.

Background

Audit Services last carried out an audit of the LMS Financial Management System in early 2006.

That audit was issued in May 2006 with a satisfactory audit opinion. It was the first audit carried out on the LMS FMS using a Fundamental scope. It was therefore a complex and involved audit that included flowcharting the system

This audit is, therefore, a lighter touch, concerned primarily with ensuring that the previous recommendations have been implemented and risk areas addressed.

Objectives

The objectives of the audit were:

- To ensure that the system controls are adequate to safeguard the Council's assets;
- To ensure that the system performs to a reasonable standard to meet the relevant performance indicator;
- To provide Management with both an independent opinion and level of assurance on the LMS Financial Management system, based on findings from the audit review.

Scope of Audit

The scope of the review was to provide assurance that a robust system is in place to set, approve and issue the Education Budget, in particular the Schools Budget, in accordance with DfES guidance.

The specific scope was the testing of the management and operation systems in place in respect of budget setting and approval:

- The calculation and issue of individual school budget estimates and final budget figures
- Update and reconciliation of the Council's CEDAR financial system
- Section 52 report with regard to completion within DfES timescales and approved by DfES
- Systems overview and testing with regard to pupil numbers (Form 8- SEN: PLASC and Early Years Census)
- Agreed recommendations have been implemented

Audit Method

The methodology included the following:

- Systems Review;
- Completion of a wide series of tests, for which sampling methodology was employed;

AUDIT OPINION AND MAIN CONCLUSION

Audit Opinion

Following the completion of this report, the Audit Manager considers that overall the monitoring and control of the LMS Financial Management System is **good**.

There are **two** recommendations: both at Level 2 (necessary for sound internal control and confidence in the system to exist).

See Appendix 4 for definitions.

Critical Recommendations

There are no critical recommendations for this system.

EXECUTIVE SUMMARY

Strengths

The system for the calculation of the schools budget was found to be robust

There is adequate control over the Section 52 return to ensure it is accurate and sent to the DfES on time.

Areas for Improvements

The system for verification and the prompt communicating of the data to the LMS Accountant is in need of improvements

Summary Comments

The review has identified that there is a sound system for the calculation of schools budget in line with DfES guidelines.

PRINCIPAL FINDINGS AND COMMENTS

BUDGET CALCULATION

- 1 There was evidence that the budget was calculated and approved in line with DfES guidelines and good practice. It also complied with established procedures and flowcharts
- 2 The review found this to be satisfactory, there were no recommendations

CEDAR

- 3 The LMS Accountant remits the schools budgets and any amendments to the Corporate Support Services- Systems for uploading into Cedar.
- 4 The review found this to be satisfactory, there were no recommendations

SECTION 52

- 5 The review identified that the Section 52 return was made in line with DfES guidelines and was promptly and accurately returned to the DfES. It was reported to the Schools Forum.
- 6 The review found this to be satisfactory, there were no recommendations

PLASC

- 7 The review identified that the PLASC data was not made available promptly to the LMS Accountant to confirm the budget figures. As a result the timeframe to agree the budget was shortened. Recommendations have been made to improve this weakness.
- 8 The review identified a number of weaknesses that require action.
See recommendations 1 and 2.

PREVIOUS RECOMMENDATIONS

- 9 The review identified that the 2005/6 report were agreed, but due to the timing, it was not possible to implement them for the 2006/7 budget round. There is evidence they have been implemented for the 2007/8 budget round.
- 10 The review has identified no weaknesses.

Recommendations

No	Recommendation	Benefit	Ref. to Findings	Rank
1	The PLASC data required for the Schools budget should be subject to full validation in the September prior to the budget year, for which is required. Data validation of a less extensive nature should be carried in January to check that changes are accurate.	This will allow for the PLASC data to be available earlier to the LMS Accountant for budget confirmation purposes, and also mean that the estimates available in September will be more accurate, and less likely to be changed	4	2
2	The Asset Management Plan Officer and the LMS Accountant should establish a timetable for the provision of PLASC data, to ensure that accurate and prompt data is available	The Schools budget round will be more accurate and promptly produced and approved.	4	2

Appendix 1 - Action Plan

No	Recommendation	Rank	Accept Yes/No	Client's Comments	Action By: When/ Whom
1	The PLASC data required for the Schools budget should be subject to full validation in the September prior to the budget year, for which is required. Data validation of a less extensive nature should be carried in January to check that changes are accurate.	2	Yes	Yes full validation in September is agreed however a full validation in January is essential for accuracy and to ensure full funding from DfES. Full checks will be applied termly from April 07.	Karen Beadman
2	The Asset Management Plan Officer and the LMS Accountant should establish a timetable for the provision of PLASC data, to ensure that accurate and prompt data is available	2	Yes	Agreed, a timetable will be established for 2007/08, however school budgets cannot be issued until PLASC numbers are finalised and DfES's involvement cannot be certain.	Karen Beadman / Mike Hobbs

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Agreed by (Director or Head of Service). Signed:

Date



To all Headteachers in f40 authorities.
Delivered via LEAs

May 2007

Dear Headteacher

School, Early Years and 14-16 Funding consultation

The Government is currently undertaking a review of the funding of education and the outcome will determine the level and style of funding of our schools and the education of our children at least through to 2011.

There is a very brief window of opportunity for the submission of views and comments. The consultation ends on Friday 1 June 2007.

With this in mind the f40 Group has prepared its own submission, which it is now offering as a model response to all of its members and supporters so that they can use the contents as a base for their own submission.

We are hoping that Headteachers will assist f40 in several ways:

- Use the submission as a starting point for your own school submission made in conjunction with your Governors and staff
- Circulate the attached template letter to parents to encourage them to make their views known to the Government.

It would be best for schools not to simply copy f40's text word for word, but rather take the general principles and present them in their own way, adding any additional points that you wish to make.

Here's a reminder of why f40 believes the current system is unfair:

- The size of the funding gap between the higher and lower funded authorities is too wide
- The poorest funded authorities have fallen further behind over the years
- The method of allocating deprivation funding strongly favours cities and does not recognise pockets of deprivation elsewhere
- No account is given to the impact of pupils moving across authority boundaries to attend school
- Capital allocations follow the same pattern as revenue – 'a double whammy'
- There's a lack of joined up funding to support an increasingly joined up Children's Services agenda.

You can make a submission to the Government in writing (don't forget it must be done by Friday 1 June) to:

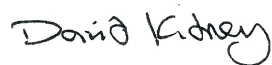
Department for Education and Skills
Consultation Unit
Area 1A
Castle View House
East lane
Runcorn
Cheshire WA7 2GJ

Alternatively you, individual Governors and parents can make an electronic submission by going to www.dfes.gov.uk/consultations/ and completing the consultation questionnaire.

Either way, it is crucially important that as many organisations and people as possible make their views known. This is the best opportunity in the foreseeable future to influence change and achieve necessary adjustments to the funding formula that will favour the poorest funded authorities and schools.

Thank you for your continued support.

Yours faithfully

A handwritten signature in black ink that reads "David Kidney". The signature is written in a cursive style with a loop at the end of the last name.

David Kidney MP
Chair of the f40 Group



SCHOOL, EARLY YEARS AND 14-16 FUNDING CONSULTATION

A RESPONSE FROM THE f40 GROUP

1 May 2007

**Creating opportunity, releasing potential,
achieving excellence.....everywhere!**

1. Introduction

The f40 aim is simply to achieve fairer funding for **all** children. This means that wherever they live, all children with the same needs should have the same access to:

- teacher and teacher assistant time and attention
- the national curriculum and a wide range of other activities
- up to date resources and equipment
- extra help for special needs to ensure inclusion and personalised learning
- well-managed and serviced schools.

We are grateful for the additional funding that has gone into education over the last ten years and acknowledge that much improvement has taken place. However, in spite of a simpler and more transparent formula, we still feel the current system is unfair and penalises children in the poorest funded authorities and schools. This has been fossilized by several years of spend plus. We feel the most pragmatic solution is a basic entitlement that is sufficient to raise standards, before other factors are taken into consideration.

2. The main problems with the existing funding arrangements

We believe the main problems in the current funding arrangements are:

- the size of the funding gap between higher and lower funded authorities and the funding difficulties experienced at the bottom of the league
- the method of allocating deprivation funding that so strongly favours big cities
- the impact of pupils moving across authority boundaries
- the fact that capital allocations follow the same pattern as revenue – ‘a double whammy’
- the lack of joined up funding to support an increasingly joined up agenda.

3. Previous submission of evidence

In October we provided written evidence from a wide range of our member authorities, of the impact of under-funding on:

- deprivation and SEN
- workforce reform
- unexpected policy changes and new initiatives
- falling rolls
- above inflation increases in costs.

This document is available on our website at www.f40.org.uk and further information is available if required.

4. School, early years and 14-16 funding consultation

We welcome this current stage of the consultation and are particularly appreciative of the efforts made by Ministers and the Department for Education and Skills in recent months to listen to our case and give us the opportunity to express our views.

This document gives our response to those areas of the consultation, which we believe directly relate to fairer funding. We hope all of our members and others will respond in much more detail to the wide range of specific questions raised.

Meanwhile, out of necessity, our members continue to work hard to:

- Improve local distribution of funds, using the f40 model and similar tools
- Tackle high balances where they exist
- Maintain high standards in spite of the continuing funding shortfalls
- Minimise the use of out of county placements as these are very expensive
- Increase the levels of co-operation and collaboration between schools in all sectors as a way of sharing resources, broadening options and accelerating development
- Support children suffering the effects of deprivation as well as possible, given the resources available
- Implement the broad raft of recent initiatives, the focus on personalised learning and the huge implications of Every Child Matters.

We accept there is much more that can be done and some authorities are moving faster than others, but there is no doubt that funding is a major brake on our rate of progress. It is appropriate that the Department for Education and Skills continues to challenge us on these areas to ensure that we deliver value for money and improved outcomes.

Our measures of success for this consultation are simple:

- Will it increase opportunity and attainment for **all** our children, especially those most in need, wherever they live?
- Does it narrow the funding gap between the highest and lowest funded authorities?
- Does it improve the sustainability of new initiatives such as extended services, Children's Centres and 14-19 Diplomas?

5. Some pleas from f40

- We understand that growth in the quantum is likely to tail off. We would urge the Department for Education and Skills to continue to lobby for the best possible settlement from the CSR07 as there is still such clear evidence of under funding in the lowest funded authorities, in spite of great improvements in efficiency. At current levels, for many of us there is very little scope for manoeuvre.
- We accept that predictability and stability are both important and this means that change cannot be rapid and floors and ceilings are inevitable. Given that we are struggling to meet our core costs, however, we would ask that any transition is made as quickly as possible in the name of equity.
- While the consultation covers revenue spending, there is still the big issue of the 'double whammy' of relatively low capital funding for f40 authorities. We recognise the huge increase in spending overall in recent years, but contend that this is far too biased towards the better-funded authorities in main urban areas. We urge the Government to urgently establish a fair and transparent method of distributing capital allocations. Just as f40 demands greater fairness and equity in the distribution of revenue funding, we contend with equal force that the same applies in respect of capital. We would like to see firm proposals from the Government for addressing this point.

- The main reason for the continuing financial pressures on low funded authorities is the ever-expanding list of expectations of what has to be delivered. We would urge the Government to work harder at identifying the implications of all initiatives, to make links with what is already happening and give us scope to stop doing things in order to create capacity.

6. Key areas

On the following pages f40 gives its response to the key issues that impact on fairness in the consultation namely:

- The Minimum Funding Guarantee
- Spend plus versus formula
- More flexibility in central expenditure for joint working
- Strengthening the role of schools forums
- School balances
- Under 5s and 14-19
- Reflecting deprivation and pockets in less deprived areas.

7. Minimum Funding Guarantee

It is important that locally our members have some flexibility to ensure the best possible use of resources and a fair local distribution, particularly given the work that has gone into developing the f40 model and others.

We would therefore agree that the MFG should be reduced, as in the absence of an increasing quantum, this is the only way to achieve any re-distribution that it is agreed locally is needed.

We would favour an Autumn pupil count to allow maximum time for local authorities and forums to discuss these options and priorities in the light of known budget availability.

While we would wish the 1% margin between MFG and DSG to continue, again to give some local flexibility, we recognise that the impact of a lower MFG would be to free resource nationally to target specific needs. We would demand that these resources are used to support the specific needs of lower funded authorities with more dispersed deprivation.

We will support the removal of the asymmetry in the calculation of MFG as this reflects more fairly the impact on schools.

8. Spend plus versus formula

Our ideal solution would be a revised formula that ensures a base entitlement per child that is sufficient to meet base needs, before additional factors such as deprivation and sparsity are added in. We appreciate, however, that it would take time to develop and agree something meaningful, and once agreed it would take several years to implement.

For these reasons, we are prepared to accept a short-term continuation of spend plus in order to buy time for the necessary development work. However, we would expect the funding thus available for 'ministerial priorities and policy pressures' to be allocated in a way that truly reflects the needs of the less deprived and lower funded authorities focusing on an amount per pupil or per school.

f40 is determined to ultimately see a modern, fair formula based on transparent needs and what it actually costs to provide high standards of education.

9. More flexibility in central expenditure

We would support this as the Every Child Matters agenda is forcing local authorities and Schools Forums to take a wider view of needs and priorities. While funding will continue to arrive by separate streams, there should be some flexibility to support the widening agenda and this is a practical step in achieving this.

10. Strengthening the role of Schools Forums

We believe that Schools Forums are proving to be very constructive, collaborative bodies that can have an extremely positive impact on raising standards and making the best possible use of resources if they take a strategic and holistic view.

We are conscious that under Children's Services legislation authorities are setting up Children's Trust Boards or Forums with representation from of all the main agencies. It is very important that the government avoids duplication of structures and services between Schools Forums and Children's Trusts, but that there are clear links between the two to ensure effective use of resources across the wider agenda.

Before making any changes to the remit of Schools Forums it is essential to clarify the future relationships between them and local authorities, including the legal and other arrangements for enabling full accountability, transparency and proper working of any Local Area Agreement.

11. School balances

f40 is very clear that the existence of high balances can be inappropriate and that, in such cases the issue needs to be tackled. Our view is that revenue funding is for the benefit of today's children. Our October submission gave several examples of what f40 members are already doing to reduce balances where they are felt to be excessive.

Many authorities have tightened the criteria and reduced the thresholds, and some have already clawed back funds for re-distribution.

We believe that the government should provide central guidance on tackling high balances, including a levy on balances above a given threshold. However, we are adamant that much of the detail should be settled locally by the local education authority and Schools Forum, in consultation with school communities and other stakeholders. Hence any central guidance should allow for the maximum local flexibility consistent with seriously addressing this issue.

f40 would support a scheme for clawing back money from schools that fail to prepare or meet an agreed plan for the use of balances.

12. Under 5s and 14-19 funding

We would not wish to comment on many of the detailed proposals here, other than to say that it is important that these developments are fully funded.

The opening of Children's Centres is already placing great pressure on authorities and schools and it is not clear to us that they are sustainable given the current funding arrangements. This is particularly true in rural areas.

Similarly, we feel that the assumption that 14-19 diplomas will be self-funding once established, is wrong, again particularly in rural areas where the transport issues are significant, and for schools where the take-up is likely to be low.

While such difficulties encourage creative solutions, it is simply not acceptable to 'rob Peter to pay Paul' in order to meet statutory obligations and cover transition costs.

We would want local authorities to take a pragmatic approach to local market needs rather than implementing expensive 'blanket' solutions.

13. Reflecting deprivation and pockets in less deprived areas

We welcome the focus on the funding of deprivation in the consultation as we feel this is an area of great unfairness currently.

We support the use of data that enables funding to be much more closely targeted to the child. If a child then moves across an authority boundary to go to school, the funding should follow them, so their needs are met.

We would support the proposal to target funding at authorities with more dispersed deprivation and would support a per pupil grant based method.

We would ask that Children's Services Directors be asked to resolve the detail of exactly which data is to be used.

We can see the point of top slicing DSG nationally for exceptional, unexpected additional needs and have no objection to the principle. These, however, would need to be very clearly defined, the amount retained relatively small and a guarantee given that unused funds would be added to the DSG for the following year.