

# AGENDA

## Herefordshire Schools Forum

Date: **Friday 6 July 2012**

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Time: **9.30 am**

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Place: **Council Chamber, Brockington, 35 Hafod Road,  
Hereford HR1 1SH**

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

For any further information please contact:

**Tim Brown, Governance Services**

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# Agenda for the Meeting of the Herefordshire Schools Forum

## Membership

### Chairman

Vice-Chairman Mr NPJ Griffiths

<b>Mr A Teale</b>	Voluntary Aided Primary School
<b>Mrs K Rooke</b>	Special Schools Governor
<b>Mrs JS Powell</b>	Primary School Headteacher(Community)
<b>Mr J A Chapman</b>	Church of England
<b>Mr P Burbidge</b>	Roman Catholic Church
<b>Mrs S Catlow-Hawkins</b>	Secondary Schools Headteacher (Voluntary Aided)
<b>Mr N O'Neil</b>	Secondary Schools (Community)
<b>Mrs S Woodrow</b>	Secondary Schools
<b>Mr S Pugh</b>	Primary Schools Headteacher (Community)
<b>Mrs J Cecil</b>	Primary Schools Headteacher (Voluntary Controlled)
<b>Mr P Box</b>	Primary Schools
<b>Mr S Matthews</b>	Primary Headteachers Small Schools
<b>Ms T Kneale</b>	Primary Schools
<b>Mrs J Baker</b>	Secondary School Governor
<b>Mr T Edwards</b>	Primary School Governor
<b>Mrs S Bailey</b>	Special Schools
<b>Mr J Docherty</b>	Secondary Schools
<b>Mrs A Pritchard</b>	Teaching Staff Representative
<b>Mr M Harrisson</b>	Teacher Representative
<b>Mr J Godfrey</b>	14-19 Representative
<b>Mr A Shaw</b>	14-19 Representatives
<b>Mrs A Jackson</b>	Early Years Representative
<b>Mrs R Lloyd</b>	Early Years
<b>Mr P Barns</b>	Pupil Referral Unit
<b>Dr M Goodman</b>	Secondary Headteachers
<b>Mr J Sheppard</b>	Hereford Academies

## AGENDA

		Pages
1.	<b>APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
2.	<b>NAMED SUBSTITUTES (IF ANY)</b> To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
3.	<b>ELECTION OF CHAIRMAN</b> To elect a Chairman for this meeting only.  <i>(The Forum is being reconstituted. At the first meeting of the meeting of the Forum after this process has been completed, the Forum will be asked to appoint a Chairman for the remainder of the ensuing year.)</i>	
4.	<b>DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on the Agenda.	
5.	<b>CHAIRMAN'S ANNOUNCEMENTS</b> To receive any announcements from the Chairman.	
6.	<b>MINUTES</b> To approve and sign the Minutes of the meeting held on 12 March 2012.	1 - 2
7.	<b>BUDGET WORKING GROUP</b> To receive a report on the meeting of the Budget Working Group.	3 - 14
8.	<b>DSG BUDGET AND OUT TURN</b> To inform Schools Forum of the Dedicated Schools Grant (DSG) Budget for 2012/13 and the Outturn for 2011/12. It is hoped that the final notification of the DSG will be available from the Department for Education for the meeting.	15 - 22
9.	<b>SCHOOLS CAPITAL INVESTMENT PROGRAMME</b> To receive information on capital funding arrangements for the year 2012/13.	23 - 30
10.	<b>WORK PROGRAMME</b> To consider the Forum's work programme.	31 - 32
11.	<b>DATES OF MEETINGS</b> To note that future meetings of the Forum have been scheduled for 9.30am at Brockington, 35 Hafod Road, Hereford on the following dates:  19 October 2012 7 December 2012 25 January 2013 28 February 2013 12 March 2013 (provisional).	
12.	<b>LATE ITEMS/ANY OTHER BUSINESS</b> To consider any issues raised as either a late item or any other business.	



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- The nearest bus-stop to Brockington is located in Old Eign Hill near to its junction with Hafod Road. The return journey can be made from the same bus stop.

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# COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Herefordshire Schools Forum held at Council Chamber, Brockington, 35 Hafod Road, Hereford HR1 1SH on Monday 12 March 2012 at 9.30 am**

**Present:** Mr NPJ Griffiths (Vice Chairman in the Chair)

Mr A Teale, Mrs JS Powell, Mr JA Chapman, Mr P Burbidge, Mrs S Catlow-Hawkins, Mr N O'Neil, Mr S Woodrow, Mr S Pugh, Mrs J Cecil, Mr P Box, Mr S Matthews, Mrs J Baker, Mr TE Edwards, Mrs S Bailey, Mr J Docherty, Ms A Pritchard, Mr J Godfrey, Mr A Shaw, Dr M Goodman and Mr J Sheppard

**In attendance:** Councillor PD Price (Cabinet Member – Corporate Services and Education)

**69. APOLOGIES FOR ABSENCE**

Apologies were received from Mr P Barns, Mr M Harrison, Mrs A Jackson, Ms T Kneale, Mrs R Lloyd, and Mrs K Rooke.

**70. NAMED SUBSTITUTES**

Mr C Lewandowski substituted for Mr M Harrison.

**71. DECLARATIONS OF INTEREST**

There were none.

**72. CHAIRMAN'S ANNOUNCEMENTS**

There were none.

**73. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 24 February 2012 be confirmed as a correct record and signed by the Chairman.

**74. REPORT OF THE BUDGET WORKING GROUP**

The Forum considered a report from the Budget Working Group (BWG) on the following issue: Dedicated Schools Grant 2012/13 – proposals for delegation of Band 3 and Band 4 funding and make recommendations to the Cabinet Member for approval.

The Forum had referred this issue to the BWG at its meeting on 24 February.

The Chairman of the BWG introduced the report reporting that the BWG considered the new proposal represented an equitable settlement for all schools.

The Schools Finance Manager presented the report.

**RESOLVED:**

**THAT Schools Forum recommends to the Cabinet Member for Corporate Services and Education amendments to the delegation proposals for Band 3 and Band 4 SEN funding as follows:**

- (i) The delegation proposals for band 3 and band 4 funding should provide protection for primary and high schools by protecting the delegation formula against average spend over the previous three years and ensuring the delegated funding is subject to a minimum of known commitments in 2012/13 as set out in Option C of the appended report: Delegated proposals for Band 3 and Band 4 2012/13;**
- (ii) the £100K previously proposed to be set aside for Minimum Funding Guarantee protection be added to the retained £234k available for primary new band 4 and part band 3 funding as part of the increased funding for special educational needs in 2012/13 and be used to support any higher than anticipated applications including those for March 2012; and**
- (iii) that the protection for known commitments should be reduced over a four year period by a quarter each year to further protect existing pupils in Key Stage 2 moving onto high schools.**

**75. LATE ITEMS/ANY OTHER BUSINESS**

There were none.

The meeting ended at 9.42 am

**CHAIRMAN**

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>6 JULY 2012</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>REPORT BY</b>	<b>GOVERNANCE SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider a report from the Budget Working Group (BWG) on the following issue: National Schools Funding Formula.

### **Recommendation(s)**

**That the following principles be adopted in preparing the 2013/14 schools budget:**

- a) **no values be allocated to Looked After Children (LAC) in the first year of implementation, but that this aspect be reviewed in preparing the 2014/15 budget, having regard to the approach taken by other authorities;**
- b) **a composite per pupil value be used in secondary schools representing the average value for KS3 and KS4, subject to any guidance from the DfE;**
- c) **It be noted that the Forum will be requested to de-delegate the trade union funding;**
- d) **It be noted that the DfE intended to move towards national consistency for the primary/secondary ratio which implied a gradual move towards the average 1:1.27 and it be requested that consideration given to the implications of this in developing a strategy for school configuration in the County;**
- e) **that schools gaining funds should have the gains capped by the same percentage as used by the Minimum Funding Guarantee (MFG) in order to fund the costs of the MFG; and**
- f) **the proposed further discussions with Special School Headteachers and Pupil Referral Units be supported and a progress report made to the BWG in July**

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Further information on the subject of this report is available from  
Tim Brown, Governance Services on (01432) 260239

## Key Points Summary

- The BWG has considered a discussion paper designed to form the basis of a consultation paper for Herefordshire Schools on the local application of the National Schools Funding Formula (NSFF), recognising that there are aspects where local choices could be made.
- The Forum is asked to support the adoption of a number of principles to guide the preparation of the 2013/14 schools budget.

## Alternative Options

- 1 No alternative options are proposed by the BWG at this stage. There are a number of options open to the Forum.

## Reasons for Recommendations

- 2 To consider the BWG's views on the development of a consultation paper for Herefordshire Schools on the local application of the National Schools Funding Formula (NSFF).

## Introduction and Background

- 3 The BWG met on 2 May and 15 June 2012. Copies of the Notes of that meeting are being circulated separately to Members of the Forum.
- 4 The Forum's meetings have focused on the implementation of a National Schools Funding Formula that also entails significant changes to the funding of special educational needs.
- 5 A copy of the briefing note previously circulated to schools: School Funding Reform: Next Steps towards a Fairer System is appended.
6. The SFM presented a discussion paper designed to form the basis of a consultation paper for Herefordshire Schools on the local application of the National Schools Funding Formula (NSFF), recognising that there were aspects where local choices could be made.
7. The SFM's starting point had been to seek to develop the Herefordshire 2013/14 schools budget based on the "Line of Best fit" model to achieve maximum stability of school budgets to assist the transfer to the national funding formula. This approach was intended to minimise winners and losers and the cost of the Minimum Funding Guarantee. Further adjustments would be considered as necessary for the 2014/15 NSFF based on advice from the Education Funding Agency (EFA) and evidence from all other LEAs.
8. The SFM highlighted a number of specific proposals for discussion. He emphasised that the DfE modelling tool would become the mechanism by which budgets would in future be calculated. He proposed to include an appendix to the consultation paper showing the NSFF budgets as calculated by the DfE budget calculator.

### **Proposal: No values will be allocated to the Looked After Children (LAC) and English as an Additional Language (EAL) in the first year of implementation.**

9. The SFM reported that on reflection he proposed to make an allocation of £55k for EAL at £295 per EAL pupil (first year only) to maintain consistency with the Herefordshire schools 2012/13 budget – which allocated £55k to EAL. He did not propose to make an allocation for LAC as no allocation had been made for LAC to date because of lack of data. There were factors in the DfE model that took LAC into account. He proposed that this aspect be

reviewed in preparing the 2014/15 budget, having regard to the approach taken by other authorities.

The BWG supported this revised proposal.

**Proposal: To use a composite per pupil value in secondary schools representing the average value for KS3 and KS4 (to be confirmed following publication of DfE consultation replies)**

10. The SFM commented that this proposal was being put forward for consultation in the expectation that the DfE would provide some direction on this point.

The BWG supported this proposal.

**Proposal: No application for exceptional funding factors or dis-application of the Minimum Funding Guarantee will be made to the Education Funding Agency**

11. The SFM reported that the Education Funding Agency would have discretion to consider additional factors in exceptional circumstances – but these must apply to less than 5% of the area's schools but account for more than 1% of costs. The SFM did not consider that any factor fulfilled these criteria in Herefordshire.

The BWG supported this proposal.

**De-Delegation of Trade Union Funding**

12. It was noted that the Schools Forum would be asked to de-delegate Trade Union Funding which would in effect delegate the funding to all schools including academies. De-delegation provided the opportunity for LA maintained schools to pass the money back to the Council to provide the service. Academies would have to do the same through an SLA.

The BWG noted this proposal.

**Primary – Secondary Ratio**

13. The discussion paper stated that the national average ratio of funding for primary to secondary funding per pupil was 1:1.27 and the range varied from 1.15 to 1:1.50. The DfE intended to move towards national consistency for the primary/secondary ratio which implied a gradual move towards the average 1:1.27.
14. Herefordshire's ratio in 2012/13 is 1.17. The estimated ratio in 2013/14 will be 1.16. The DfE have suggested that authorities should not move away from the national average ratio.
15. Medium term convergence to the national average ratio implied a gradual and continual shift of funding from primary to secondary schools. This would imply a reduction in funding of £150 per primary pupil and an increase in secondary funding of £195 per pupil to give a ratio of 1.27. An alternative would be to reduce the lump sum by £25,000 for all schools and switching to per pupil secondary funding.
16. The SFM reported that the DfE had set no timetable or targets for achieving convergence to the national ratio. It was unlikely given Herefordshire's circumstances and the number of small schools that the authority would be required to move to a ratio of 1.27. However, a move nationally to a range of 1.22—1.32 might be expected. It was clear that the DfE would not accept a move further away from the national ratio. The long term aim was clearly that similar schools with similar catchment areas in all local authorities would get similar funding and this implied a common primary/secondary ratio.
17. The BWG considered that it was important that the implications of the DfE's thinking on this aspect were made clear to schools. The BWG was sceptical about the logic of moving to a

national average, given the extent to which local circumstances differed, and its inclination, in the absence of direction to the contrary, was to propose no action other than to highlight the potential implications of such a move in the consultation paper and to request that consideration be given to the implications in developing a strategy for school configuration in the County. The BWG did not, however, consider that it was its role in making recommendations about the budget to pre-empt strategic decisions about the configuration of schools in the County that were properly taken elsewhere.

**Proposal: that schools gaining funds should have the gains capped by the same percentage as used by the MFG in order to fund the costs of the MFG.**

18. The Minimum Funding Guarantee has been set by the DfE at -1.5% for 2013/14 and 2014/15 to protect schools losing funding during the implementation of the national funding formula. Given that the new formula simply shared out the same funding but on a different basis creating as many winners as losers it seems entirely appropriate to use the same mechanism for capping winners, i.e. capping winners by the same percentage but on a plus basis i.e. +1.5%.

The BWG supported this proposal.

### **SEN/HIGH NEEDS FUNDING**

19. The report noted that to continue to provide stability for schools, it was proposed to calculate a school's notional SEN budget consistently with the calculation used within Herefordshire's 2012/13 formula. This was set out in the discussion paper as 6% of "per pupil funding" plus 6% of the lump sum plus 100% of delegated SEN funding plus 40% of social deprivation funding.
20. The SFM commented that he proposed to hold further discussions with Special School headteachers and Pupil Referral Units and report back to the BWG in July regarding the introduction of a standardised range of top-up funding allocations for special schools, PRUs and SEN resource bases.
21. The BWG commented that the proposals as currently presented were confusing and needed further work. It was accepted that for presentation purposes a simpler presentation would be needed. The initial top-up costings were essentially draft workings for discussion. It had been considered that it would be useful for the BWG to be aware of the proposals
22. There were particular concerns about the need to ensure that funding was allocated to known and projected need for the year ahead. It was suggested that an analysis of the pattern of the growth in need for SEN provision would be helpful. It was noted that in the longer term questions would need to be addressed over the funding of different special schools and pupil referral units which varied partly because of the different running costs of schools.
23. The BWG also considered that it was essential that clear eligibility criteria were drawn up for entry to special school provision.

### **NEXT STEPS**

24. The implementation timetable envisages the next steps as follows
  - An initial consultation strategy was developed by the BWG will be developed further by the council to set out a framework of consultation and briefings for headteachers, governors, members and early years providers.

- Further meetings with Special school and pupil referral unit headteachers are planned before the end of term to finalise the proposals for SEN funding and the High Needs Funding Block.
- The BWG will meet on the 12<sup>th</sup> July to review the progress to date, taking account of any feedback from Schools Forum, and to advise on any outstanding queries prior to the drafting of the consultation paper over the summer break.
- The BWG will meet on the 6<sup>th</sup> September to review the consultation paper prior to distribution to schools, governors, members and early years settings in September
- The BWG will meet on the 4<sup>th</sup> October to review the feed back from the consultation process.
- Schools Forum will meet on the 19<sup>th</sup> October to agree final recommendations to the Cabinet member for Education prior to submission to the Education Funding Agency by the 31<sup>st</sup> October.

## **Community Impact**

25 No direct impact.

## **Financial Implications**

26 The recommendations, if agreed, will not have an impact on the overall Dedicated Schools Grant as the funding changes will pass directly between schools thereby creating equal numbers of winners and losers.

## **Legal Implications**

27 The proposals comply with the Council's legal duties.

## **Risk Management**

28 The BWG reviews proposals in detail prior to making recommendations to Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals.

## **Appendices**

School Briefing on School Funding Reform – Next Steps

## **Background Papers**

None





# School Funding Reform: Next steps towards a fairer system

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## Background

Prior to 2006/07 Schools funding came via Formula Grant with the distribution to counties being decided by a national spending assessment. Historically, local authorities had been free to determine how much of their income would be spent on schools but in more recent years Government introduced “passporting”. Passporting required local authorities to reflect any national increase in schools funding in their local schools budget, regardless of whether a local authority spent above or below its spending assessment. For example a 3% increase in an authority’s spending assessment would have required an increased schools budget of at least 3%.

The formula spending for schools contained a basic amount per pupil (which differed with age) with top-ups for various “additional need” measures. Final allocations attracted an area cost adjustment to compensate for an increased cost of living in certain areas, mainly London and the South East.

The Dedicated Schools Grant (DSG) was introduced from 2006/07. Funding for DSG was separated from council funding and distributed as a specific, ring-fenced grant. DSG used historic spending levels to obtain the per-pupil funding amounts for each local authority area. This figure was increased each year, depending on the economic climate. On top of this basic amount there were additional funding streams for various “ministerial priorities”. This produced “Guaranteed Units of Funding” for pupils which were then multiplied by pupil numbers obtained from the January pupil census to determine the amount of DSG received.

DSG also included additional funding for those authorities who, in the past, had spent less than their needs assessment. Herefordshire benefitted from additional £1m phased over three years from 2007.

DSG has continued since 2006/07 (with some minor adjustments) whilst all authorities “caught-up” with their spending assessment. It has long been the Department for Education’s overall aim to revert back to a more formulaic means of distribution.

## Recent Consultations

The DfE held two consultations in 2011; [Rationale and principles](#), and [Proposals for a fairer system](#). The second consultation proposed replacing the current schools funding distribution mechanism with something more transparent, fairer and less complex. The proposals centred around a per-pupil basic amount with additional top-ups to compensate for additional needs, small schools, high area costs and possible English as an Additional Language (EAL). As before, funding would be allocated to local authorities whose schools forums would then decide how the money should be divided between the authority’s schools.

## This Consultation

The “Next steps towards a fairer system” consultation begins to build the details of how the “Proposals for a fairer system” will be implemented and operated. Full details of the consultation can be found on the Department for Education (DfE) [website](#).

## Problems with the Current System

In his introduction to the consultation Michael Gove, the Secretary of State for Education, writes that the current system is “*opaque, inconsistent and unfair with huge differences between areas*”. He goes on to say that the local schools formulae used by local authorities to divvy up the DSG between schools in their area can be so complicated that it is “*virtually impossible to understand why a school receives the funding it does*”.

The “Next Steps” proposals are aimed at achieving a simpler system of school funding that provides for similar sized schools with similar catchment area characteristics will receive similar levels of funding.

### **Summary of Proposals**

The “Next Steps” consultation paper’s proposals are intended for implementation from 2013/14 onwards. Local authorities will continue to receive DSG and the 2013/14 allocations will continue to be based on 2012/13.

However, DSG funding will now be split into three notional (unringfenced) blocks:

- Schools Block,
- Early Years Block and
- High Needs Block.

### **The Schools Block**

The DfE are proposing that all the funding in the Schools Block be delegated entirely to schools. There are three exceptions to this:

1. Where schools agree to pool to fund a service centrally (known as de-delegation) ;
2. Historic commitments to fund costs from the schools budget – e.g. redundancy. New commitments will not be allowed;
3. Statutory functions (e.g. admissions scheme and Schools Forum administration)

Delegating all services in the first instance to all schools (who can chose to “buy-back” services) will mean an end to the Local Authority Central Spend Equivalent Grant (LACSEG) from 2013/14 onwards as the funding will already be in Academy budgets. DfE are considering funding central education services by a separate ring fenced grant from the DfE budget rather than through the current local government revenue grant system. This grant would be distributed pro-rata to pupil numbers direct to both the council and academies. Further consultation is expected over the summer.

### **Local Schools Formula**

Each council has an individually tailored local school funding formula to distribute DSG amongst schools which can currently have up to 37 (different) factors; DfE are proposing reducing this number to a common 10. These local formulae will then also be used to determine the budgets for Academies within the local authority area. The aim of the reduced number of factors is to obtain a more transparent, pupil-led formulae and “*stand us in good stead to introduce a national funding formula on a similar basis in the future*”.

The ten factors are:

1. A basic per-pupil amount – either one for primary and secondary or one for primary, one for KS3 (age 11-14) and another for KS4 (age 14-16).
2. Deprivation – Free School Meals and/or Income Deprivation Affecting Children Index (IDACI) – different amounts will be allowed for primary and secondary children and for children with differing deprivation severity (see below)
3. Looked after children
4. Low cost, high incidence SEN
5. English as an additional language (EAL) for three years only after child enters education
6. Limited size lump sum
7. Split sites
8. Rates
9. PFI Contracts
10. Higher cost of teaching for 5 local authorities<sup>1</sup> who have some but not all schools within the London Fringe area.

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<sup>1</sup> Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex

The Education Funding Agency will have discretion to consider additional factors in exceptional circumstances – but these must apply to less than 5% of the area’s schools but account for more than 1% of costs.

There will be protections to limit the falls in schools budgets as a result of these changes (see below). Schools Forum can also introduce a capping system to limit the gains in school budgets in order to meet the costs of protection for the losers.

**Basic Per pupil funding**

The DfE have examined the current proportions of funding that are distributed as the basic per pupil amount. As local authorities are currently permitted to determine their own schools formula, unsurprisingly there is some variation across the country. The DfE proposes three options:

- a) Setting a minimum threshold for the basic pupil entitlement only – 60% is considered;
- b) Setting a minimum threshold for all pupil-led factors (basic, deprivation, looked after children, EAL, and SEN) – 80% is proposed
- c) No thresholds – allowing variation across the country

**Deprivation funding**

Local Authorities may only use FSM, FSM Ever 6 or IDACI or both as a deprivation measure in their formula. If selecting IDACI as a measure a banding system should be used to determine the funding relative to severity of deprivation, for example:

Band	IDACI score lower limit	IDACI score upper limit	Number of pupils	Unit value	Total
1	0.20	0.25	40	£500	£20,000
2	0.25	0.30	50	£500	£25,000
3	0.30	0.40	59	£750	£44,250
4	0.40	0.50	47	£1,000	£47,000
5	0.50	1.00	44	£1,250	£55,000

Naturally, FSM is more black and white so will be expected to be attached to a fixed amount of funding.

**Low cost SEN funding**

Currently different local authorities use different methods of capturing low cost SEN (defined as upto £6,000 excluding basic per pupil funding) – the DfE want to replace them with a simpler version.

For primary pupils the DfE want to use achievement recorded by the Early Years Foundation Stage Profile (EYFSP) – the threshold will be if a child scores below 78 points. Past data shows that this will catch 61% of SEN Pupils.

For secondary pupils the DfE propose using Key Stage 2 results. The threshold will be if a pupil achieves level 3 or below in both English and Maths. Past data shows that this will catch just 38% of pupils with SEN.

SEN pupils achieving above these threshold levels are considered to be developing or achieving well.

Funding for pupils with English as an additional language will be limited to 3 years from entry to the school system.

**Small School Protection via a lump sum**

Currently local authorities are able to offer each school in their area an annual lump sum payment – primarily to support small or rural schools. The DfE proposes a single lump sum that

must be paid to all schools. The DfE also want to place an upper limit on the lump sum, as they want funding to be directed mainly through the per-pupil amounts.

Historically, local authorities have been able to fund small schools using separate formula factors in order that they can manage the effects of infant class size regulations and teachers on upper pay scales, where costs would exceed per-pupil funding. The DfE propose putting an end to separate formula factors and for these costs to be met from the lump sum or the per pupil funding. The maximum permitted rate for lump sum is expected to be between £100,000 and £150,000.

Additional funding for split sites will be allowed to continue. Rates can also continue to be funded at actual cost. Allowance for PFI schemes must also be reflected in the local formulae.

Currently secondary pupils receive more per head funding than primary pupils. The ratio spans from 1:1.1 to 1:1.5 and the average is 1:1.27. In 2013/14 local authorities will be able to pick their own ratios but from 2014/15 the DfE may specify a range for these ratios and have indicated a wish for a slow convergence to the norm of 1:1.27.

### **Documenting the Formula**

As of 2013/14 local authorities will be required to publish their schools funding formulae in a “pro-forma” so that “head teachers, principals, governors and parents can see clearly how the funding in the schools block has been distributed”.

The Education Funding Agency (EFA) will then use this pro-forma to calculate the funding due to an Academy within that local authority. Authorities must submit the pro-forma to the EFA by the end of October, who will check it meets all the DfE criteria and use it to calculate the area’s Academies’ budgets. The local authority will need to inform the EFA by the 3<sup>rd</sup> week in January of any changes as a result of final settlement.

The EFA will also have responsibility for ensuring fairness in local formulae – for example, ensuring that an Academy’s PFI costs were taken into account when developing the funding formula. If necessary the EFA will be able to determine an appropriate budget.

The DfE will help local authorities to simplify their formulae by publishing a “formula development tool” alongside characteristic data for each school and Academy.

### **Protection Arrangements**

The Minimum Funding Guarantee (MFG) will continue to operate at -1.5% per pupil for 2013/14 and 2014/15. The DfE will consider “looser” arrangements thereafter – i.e. allowing more changes to flow through.

The consultation paper also suggests a number of simplifications to the operation of the MFG from 2013/14 onwards:

Additional funding provided to maintained schools for previously centrally funded services will be excluded from the MFG. For Academies the 2012/13 LACSEG element of their budgets will be taken into account. This will enable a like-for-like comparison to be made between years. SEN allocations for named pupils and any other funding from the notional High Needs Block will continue to be treated separately and will not be afforded protection under the MFG. The lump sum will also be excluded as its per-pupil weighting will change depending on the school size.

Any other exclusions to the MFG will need to be considered only if there is a significant change, i.e. business rates revaluation.

Currently the Minimum Funding Guarantee also includes an adjustment to protect budgets from changing pupil numbers and for schools with less than 75 pupils. The DfE will remove these.

In order that the MFG is comparing like-with-like, and to reflect the move to using the October pupil count, schools’ 2012/13 budget will therefore be divided by its October 2011 pupil count to form a baseline against which the 2013/14 budget can be compared.

Local authorities will be free to decide whether or not they wish to implement caps or scaling on the per-pupil gains that a school can receive.

## **Schools Forums**

The DfE are not proposing any changes to the powers that the Schools Forum hold but they are suggesting the following amendments to the Regulations:

- Remove the requirement to have at least 15 members;
- Limit the number of other local authority attendees from participating in meetings unless they are a Lead Member, Director of Children's Services or providing specific technical or financial advice;
- Only schools members and providers from the private, voluntary and independent sector to vote on the funding formula;
- Require local authorities to publish Forum papers, minutes and decisions promptly on their websites; and
- Require Forums to hold public meetings.

EFA will also be given observer status at Forum meetings. They will not be required to attend every meeting.

DfE add that in the longer term they may consider further changes, including:

- Introducing a maximum cap on members;
- Slimming down non-school members; and
- Requiring an independent secretariat

## **Free Schools, University Technical Colleges (UTCs) and Studio Schools**

The DfE plans to fund all the above types of schools in the same way as Academies – using the local funding formula. This would replace the current simple formula which uses averages of schools budget shares and deprivation funding.

## **Funding for 14-16 year olds in further education colleges**

DfE propose that funding for 14-16 year olds who wish to study in FE colleges should, as far as possible, be distributed in the same way as funding for local schools. Therefore, the intention is that the pupils should be funded through the new simplified local funding formula, with some amendments. There will be no additional payments made in relation to premises or lump sums due to the fact that the *“funding is for a small number of pupils at the margin of the institution's activities”*.

## **Counting Pupils**

The Schools Block will now use the October pupil count rather than January. This will give schools and Academies more time to plan their budgets.

Early years' information is only collected once a year in January and providers have to be funded for actual pupil numbers during the financial year in order that small providers can cope with cash flow. Therefore, a national formula would need to be very responsive to changes in numbers. Hence, the DfE propose that Early Years Block funding remain based on the January pupil count. So 2013/14 would initially use the January 2012 numbers, then be updated in Summer 2013 with January 2013 numbers before being finally adjusted at the end of the financial year following the January 2014 count.

The DfE propose that the High Needs Block funding be based on historic budgeted spend – possibly adjusted for population (as local authorities are responsible for their residents, not just pupils). High Needs funding would not be based on either the Pupil Referral Unit or Alternative Provision Census.

## **Pupil Premium**

The Pupil Premium will continue as a grant separate to DSG, based on Free School Meals. It will now be extended to pupils who have claimed FSM in the last 6 years – to account for the drop in

take-up at secondary school. Eventually, once the national formula is in place, the DfE envisage that the Pupil Premium will become the main source of funding for deprivation. Work is underway to find a suitable measure of eligibility aligned with the Universal Credit.

### **Funding for High Need Provision**

Current funding mechanisms mean that in some cases there are financial incentives to place pupils with one provider over another, rather than in the most suitable setting for the pupil. The DfE plans to ensure that funding for high need provision is arranged on an equivalent basis across different types of providers. Annexes in the consultation document contain more information on the proposals in addition to further consultation questions.

The DfE are proposing a new way of funding high need provision called “place-plus”. There are three elements to “place-plus”:

**Element 1, or “core education funding”:** the mainstream unit of per-pupil funding

**Element 2, or “additional support funding”:** a clearly identified budget for providers to provide additional support for high need pupils with additional needs up to an agreed level.

**Element 3, or “top-up funding”:** funding above elements 1 and 2 to meet the total costs of the education provision required by an individual high needs pupil, based on the pupil’s assessed needs.

Mainstream settings will need to contribute from their element 2 funding the first £6,000 of any additional support required by an individual pupil above the element 1 core funding. Any further funding required will be provided as element 3.

The DfE propose that all state-funded Alternative Provision (AP) institutions (maintained Pupil Referral Units (PRU) and other maintained AP, AP Academies and AP Free Schools) would receive funding equivalent to elements 1 and 2 for mainstream settings for a specified number of planned places. The DfE are considering £8,000 per place.

The top-up funding (element 3) for both mainstream and AP institutions would come direct from the commissioner – either the local authority or mainstream school, depending on circumstances, and will be as a result of a discussion about the pupil’s needs, progress and results.

### **Transitional Protection**

Aside from the decision to base 2013/14 High Needs Block funding on the 2012/13 budgeted spend and pupil numbers from 2011, the DfE expects that funding for students that are part way through an education programme be honoured so as not to disrupt provision for the individuals.

In addition to the above protection, DfE are also examining protection where schools budgets are not allowed to fall by more than 1.5% between years.

### **Early Years Provision**

Currently the universal free entitlement of 15 hours a week of early education for three and four year olds is funded by the local authority via the Early Years Single Funding Formula (EYSFF). In turn, the local authority is funded via DSG.

Eventually, the DfE would like to implement a national funding formula for Early Years provision too. Until then the DfE would like local authorities to simplify their EYSFF. The formulae will be constrained in the same way the Schools Funding Formula factors are, with the additional permitted use of Early Years factors. From 2013/14 the deprivation element of the EYSFF must be based on the child rather than the setting.

Academies which opened post September 2010 already receive any Early Years funding direct from the Local Authority. For those Academies open prior to September 2010 their funding currently comes from the Young People’s Learning Agency (YPLA). The DfE propose that, from 2013/14, all Early Years funding should come direct from the local authority via EYSFF.

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>6<sup>TH</sup> JULY 2012</b>
<b>TITLE OF REPORT:</b>	<b>DEDICATED SCHOOLS GRANT</b>
<b>OFFICER</b>	<b>SCHOOLS FINANCE MANAGER</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To inform Schools Forum of the Dedicated Schools Grant (DSG) for 2012/13 and the outturn for 2011/12. It is hoped that final notification of the DSG will be available from the DfE for the meeting.

### **Key Decision**

This is not a Key Decision.

### **Recommendation(s)**

#### **THAT Schools Forum:**

- (a) note the allocation of DSG for 2012/13 subject to final confirmation by the Department for Education
- (b) invite the Budget Working Group to comment on the options for the prioritisation of DSG underspend, working with officers from the local authority

### **Key Points Summary**

- For 2012/13 the Individual Schools Budget (ISB), which includes newly delegated SEN funding but excluding funding for sixth forms from the Young People's Learning Agency, is the amount distributed direct to schools and has increased overall by 0.6%. Primary budgets have increased by 3.2%, high school budgets have reduced by -2.9% and special school budgets have increased by 7.7%
- In comparison pupil numbers have increased by 1.3% in primary, increased by 6.4% in special schools but reduced by 1.7% in secondary schools, resulting in an overall increase of 19 pupils for 2012/13 from 2011/12

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

- The total 2011/12 DSG underspend is £840k mainly due to savings arising from fewer pupils with complex SEN needs (£384k), use of carried forward grant for early years (£329k) and charitable rates relief from converting academies (£152k). The underspend is less than 1% of DSG. The options for the prioritisation of the underspend will be undertaken with the Budget Working Group and local authority officers in line with the guiding principles for the Herefordshire Learning Community before making recommendations to the Cabinet member.
- Overall school balances total £5,789k, an increase of £982k after adjusting for academy transfers. Five schools and two PRUs are in deficit with a total deficit of £532k, an increase of £165k from the previous year.

## Alternative Options

- 1 No alternative options for this report are proposed

## Reasons for Recommendations

- 2 The recommendations inform Schools Forum of the 2012/13 position and proposes steps to ensure considered decisions are taken for the use of the DSG underspend from 2011/2012.

## Introduction and Background

- 3 The report provides an update on the DSG funding for 2012/13 and clarifies the full breakdown of the DSG carry-forward balances from 2011/12.
- 4 The report is in two parts as follows;
  - A The Budget 2012/13
  - B The DSG Outturn for 2011/12

## Key Considerations

### **A. The Budget 2012/13**

- 5 A single year budget for 2012/13 has been calculated and issued to schools. Due to the national school funding formula it is not possible to issue accurate budgets for 2013/14 and 2014/15. The Section 251 Education Budget Statement has been completed for financial year 2012/13 and submitted to the Department for Education (DfE) and will be used by the DfE to assess funding requirements for the Schools Block and the High Needs block in the new funding regime from April 2013. Full details of all the Section 251 (previously section 52) tables have been published on the Council's website. A summary table setting out an overview of school and central expenditure is attached as Appendix 1.
- 6 The Schools Budget was based on pupil numbers of 22,678 (including early years and alternative provision) and the DSG has been planned at a total of £107.12m. The final grant allocation for DSG has not yet been confirmed by the DfE but is expected by mid-July and based on these pupil numbers, it is possible that the DSG has been overestimated by up to 19 pupils equivalent to approximately £90k.
- 7 School budgets have been calculated on the following pupil numbers (excluding nurseries and sixth forms and the Steiner Academy). The table shows that primary and special school numbers have increased but secondary numbers have fallen by 1.7%. Overall numbers have increased by 19 pupils from 2011/12.



<b>Pupil Numbers</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
Primary	12,004	11,854	12,001
High	8,990	9,140	9,209
Special	265.8	246.5	231
<b>Total</b>	<b>21,259.8</b>	<b>21,240.5</b>	<b>21,441</b>

8. Analysis of 2012/13 school budgets indicates that after adjusting for the increased delegation of SEN and changes in pupil numbers the “per pupil funding” passed through to primary schools increased by +1.5%, high schools reduced by -1.7% and special school increased by +1.2%. Proportionately more of the delegated SEN funding has been passed through to primary schools.

**B. DSG Outturn 2011/12**

9. Through compliance with DSG grant regulations, an underspend of £840k has been carried forward to 2012/13 It is proposed that the Budget Working Group consider the options for recommendation to Schools Forum working with senior officers of the Council. The Schools Forum will then need to make a recommendation to the Cabinet Member for a decision. In addition the music service has a deficit of £145k for which there is an approved recovery plan. The DSG underspend of £840k represents less than 1% of the overall DSG. An explanation of the budget variances in excess of £50k are shown in the table below

<b>Over spends</b>	<b>Amount</b>	<b>Reason</b>
School Sickness Absence Scheme	£50k	Provision has been set aside for maternity and sickness payments due in March 2012 but not to be paid to schools until the new financial year
PRU and Hospital/Home teaching team	£56k	Payment of the vulnerable children grant to Aconbury PRU has been met by DSG
<b>Underspends</b>		
Early Years	£329k	Carry forward of early years grant from three and four year old – originally reserved to cover for the £0.5m loss of standards fund grant but not now required as the £0.5m was received.
Complex Needs	£384k	Fewer pupils than expected due to transfers to other local authorities.
Banded funding	£81k	Fall off in applications from schools pending delegation in Band 3 and 4 from April 2012
Academy recoupment	£152k	Recoupment less than expected due to savings from charitable rates relief and overall recoupment from DSG less than predicted.

10. Schools Forum agreed in January 2012 that “in principle the future policy should be that any underspend should be allocated to schools and early years settings based on pupil numbers”. The 2011/12 DSG underspend has largely arisen from savings in the Complex Needs budget and there are already indications that additional budget will be needed to be found in 2013/14. The balance of the savings largely arose from limited use of early years grant. School Balances of £5,960k at 31<sup>st</sup> March 2012 have been carried forward to the new financial year compared with balances of £6,002k at 31<sup>st</sup> March 2011. However, the 2011 school balances include £1,195k relating to schools that have subsequently transferred to academy status; adjusting for these academy conversions shows a like for like comparison of an increase in balances of £982k from £4,807k in March 2011 (adjusted) to £5,789k in March 2012.
11. At the end of 2011/12 five schools and two PRUS were in deficit and the total deficit was £537k compared previously with 5 schools and a total deficit of £372k. Recovery plans will be agreed with those schools newly entering a deficit position, discussions to commence in the coming weeks.

## **Community Impact**

12. No direct impact

## **Financial Implications**

13. As set out in the report. The allocation of DSG carry forward will be determined by Schools Forum at a later date following the advice of the Budget Working Group and senior education officers.

## **Legal Implications**

14. These proposals comply with the Council's legal duties.

## **Risk Management**

15. A strategic view on the use of the DSG underspend will be taken in order to minimise future financial risks.

## **Appendices**

Section 251 Budget Statement 2012/13

## **Background Papers**

None

**LA Table: FUNDING PERIOD (2012-13)**

**DfE Financial Data Collection**

**LA Table Local Authority Information**

Herefordshire	LA Number	884
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Description	Early Years	Primary	Secondary	Special	Provision for LACSEG	Gross	Income	Net	Deprivation
<b>1. SCHOOLS BUDGET</b>									
1.0.1 Individual Schools Budget	3695450	11435753	23506663	5262530		43900397		43900397	0%
1.0.2 - Pupil premium allocated to schools		1152908	483500	61100		1697508	1697508	0	100%
1.0.3 - Pupil premium - managed centrally						50754	50754	0	100%
1.0.4 Threshold and Performance Pay (Devolved)	0	0	0	0		0		0	0%
1.0.5 Central expenditure on education of children under 5	436849					436849		436849	0%
1.1.1 Support for schools in financial difficulty	0	0	0	0		0		0	0%
1.1.2 Contingencies	0	29000	22000	56000	15114	107000		107000	0%
1.2.1 Provision for pupils with SEN (including assigned resources)	0	224554	176443	0		401000		401000	22%
1.2.2 SEN support services	0	707641	553247	25732		1286620	328600	958020	22%
1.2.3 Support for inclusion	0	208167	162743	7571		378486		378486	100%
1.2.4 Fees for pupils with SEN at independent special schools & abroad	0	0	0	2288320		2288320	453190	1835130	0%
1.2.5 SEN transport	0	0	0	0		0		0	0%
1.2.6 Fees to independent schools for pupils without SEN	0	0	0	0		0		0	0%
1.2.7 Interauthority recoupment	0	5685	30074	0		35959	21245	14714	0%
1.2.8 Contribution to combined budgets	0	0	0	0		0		0	0%
1.3.1 Pupil Referral Units	0	0	1214089	0		1214089	191580	1022509	0%
1.3.2 Behaviour Support Services	0	0	0	0		0		0	0%
1.3.3 Education out of school	0	87595	68483	3186		159264		159264	0%
1.3.4 14-16 More practical learning options	0	0	0	0		0		0	0%
1.4.1 Support to underperforming ethnic minority groups and bilingual learners	0	38741	30289	1409	20590	70439		70439	22%
1.5.1 School meals/milk - nursery, primary and special schools	0	0	0	0		0		0	0%
1.5.2 Free school meals eligibility	0	8809	6886	320	4681	16015		16015	100%
1.5.3 School kitchens repair and maintenance	0	0	0	0		0		0	0%
1.6.1 Insurance	0	0	0	0		0		0	0%
1.6.2 Museum and Library Services	0	0	0	0		0		0	0%
1.6.3 School admissions	0	126767	99109	4610		230486	36710	193776	0%
1.6.4 Licences/subscriptions	0	0	0	0		0		0	0%
1.6.5 Miscellaneous (not more than 0.1% total of net SB)	0	20350	15910	740	10815	37000		37000	0%
1.6.6 Servicing of schools forums	0	4229	3306	154	0	7689		7689	0%

1.6.7 Staff costs supply cover (including long term sickness)	0	40123	31369	1458	21324	72950	0	72950	0%
1.6.8 Termination of employment costs	0	0	0	0		0	0	0	0%
1.6.9 Purchase of carbon reduction commitment allowances	0	0	0	0		0	0	0	0%
1.7.1 Other Specific Grants	0	0	0	0	0	0	0	0	0%
1.8.1 Capital Expenditure from Revenue (CERA) (Schools)	0	0	0	0		0	0	0	0%
1.8.2 Prudential borrowing costs	0	0	0	0		0	0	0	0%
1.9.1 TOTAL SCHOOLS BUDGET	4132289	14090522	26404119	7713130		52390825	2779587	49611238	

**2. OTHER EDUCATION AND COMMUNITY BUDGET**

- 2.0.1 Educational psychology service
- 2.0.2 SEN administration, assessment and coordination and monitoring
- 2.0.3 Therapies and other health related services
- 2.0.4 Parent partnership, guidance and information
- 2.0.5 Supply of school places
- 2.0.6 Central support services
- 2.0.7 Home to school transport: SEN transport expenditure(5 - 25)
- 2.0.8 Home to school transport: other home to school transport expenditure
- 2.0.9 Education welfare service
- 2.0.10 School improvement
- 2.0.11 Asset management education
- 2.0.12 Young people's learning and development
- 2.0.13 Adult and Community learning

387131	0	387131	0	387131
444165	0	444165	0	444165
0	0	0	0	0
70339	0	70339	0	70339
303739	0	303739	0	303739
19039	0	19039	0	19039
0	0	0	0	0
4993349	799495	4193854	799495	4193854
179388	21000	158388	21000	158388
971536	174710	796826	174710	796826
2437019	1723124	713895	1723124	713895
556346	173250	383096	173250	383096
0	0	0	0	0

556346 0

940244	0	940244	0	940244
623528	0	623528	0	623528
120000	0	120000	0	120000
0	0	0	0	0
0	0	0	0	0
11730	0	11730	0	11730
0	0	0	0	0
12057553	2891579	9165974	2891579	9165974

**3. CHILDREN'S AND YOUNG PEOPLE'S SERVICES EARLY YEARS**

- 3.0.1 Funding paid to early years providers to deliver free early education places for two year olds
- 3.0.2 Other early years funding

224685	0	224685	0	224685
557785	0	557785	0	557785

3.0.3 Total Early Years

782470	0	782470
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**3. CHILDRENS AND YOUNG PEOPLE'S SERVICES - SURE STARTS CHILDREN'S CENTRES**

- 3.1.1 Funding for individual Sure Start Children's Centres
- 3.1.2 Funding on local authority provided or commissioned areawide services delivered through Sure Start Children's Centres
- 3.1.3 Total Sure Start Children's Centres

1888375	30255	1858120
0	0	0
1888375	30255	1858120

**3. CHILDRENS AND YOUNG PEOPLE'S SERVICES CHILDREN LOOKED AFTER**

- 3.2.1 Residential care
- 3.2.2 Fostering services
- 3.2.3 Other children looked after services
- 3.2.4 Short breaks (respite) for looked after disabled children
- 3.2.5 Children placed with family and friends
- 3.2.6 Education of looked after children
- 3.2.7 Leaving care support services
- 3.2.8 Asylum seeker services children
- 3.2.9 Total Children Looked After

2858420	0	2858420
4659536	32500	4627036
559208	0	559208
0	0	0
153810	0	153810
0	0	0
333250	0	333250
0	0	0
8564224	32500	8531724

0	0	0	0
0	0	0	0

**3. CHILDRENS AND YOUNG PEOPLE'S SERVICES CHILDREN AND YOUNG PEOPLE'S SAFETY**

- 3.3.1 Child death review processes
- 3.3.2 Commissioning and social work (includes LA functions in relation to child protection)
- 3.3.3 Local safeguarding childrens board
- 3.3.4 Total Children and Young People's Safety/ children social care

4885	0	4885
5582928	20220	5562708
201945	81175	120770
5789758	101395	5688363

**3. CHILDRENS AND YOUNG PEOPLE'S SERVICES - FAMILY SUPPORT SERVICES**

- 3.4.1 Direct payments
- 3.4.2 Short breaks (respite) for disabled children
- 3.4.3 Other support for disabled children
- 3.4.4 Intensive family interventions
- 3.4.5 Other targeted family support
- 3.4.6 Universal family support
- 3.4.7 Total Family Support Services

103550	0	103550
599940	0	599940
19540	0	19540
0	0	0
862177	0	862177
0	0	0
1585207	0	1585207

**3. CHILDRENS AND YOUNG PEOPLE'S SERVICES - OTHER CHILDREN AND FAMILY SERVICES**

- 3.5.1 Adoption services
- 3.5.2 Special guardianship support

751386	55865	695521
295855	0	295855

99740	0	99740
1148981	55865	1091116
0	0	0

450375	59850	390525
1661578	144700	1516878
104065	56750	47315
0	0	0
2930	0	2930
2218948	261300	1957648

314981	0	314981
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0	0	0
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64448378	5671166	58777212
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22290944	481315	21809629
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86739322	6152481	80586841
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12734000	12734000	0
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1888375	30255	1858120
50675	0	50675

2111953	204550	1907403
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0	8816000	805000	3113000
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- 3.5.3 Other children's and families services
- 3.5.4 Total Other Children's and Families Services
- 3.6.1 Children's Services Strategy

**3. CHILDREN'S AND YOUNG PEOPLE'S SERVICES SERVICES FOR YOUNG PEOPLE**

- 3.7.1 Universal services for young people (including youth work, positive activities and IAG)
- 3.7.2 Targeted services for young people (including youth work, positive activities and IAG)
- 3.7.3 Substance misuse services (Drugs, Alcohol and Volatile substances)
- 3.7.4 Teenage pregnancy services
- 3.7.5 Other services for young people (includes discretionary awards and student support)
- 3.7.6 Total Services for young people

3.8.1 Youth justice

4.0.1 Capital Expenditure from Revenue (CERA) (Children and young people services)

5.1.1 - Total Schools Budget and Other education and community budget (excluding CERA) (lines 1.9.1 and 2.3.1).

5.1.2 - Total Children and Young People's Services and Youth Justice Budget (excluding CERA)(lines 3.0.3 + 3.1.3 + 3.2.9 + 3.3.4 + 3.4.7 + 3.5.4 + 3.6.1 + 3.7.6 + 3.8.1)

6 -Total Schools Budget, Other education and community budget, Children and Young People's Services and Youth Justice Budget (excluding CERA) (lines 5.1.1 and 5.1.2):

7 Capital Expenditure (excluding CERA)

**MEMORANDUM ITEMS**

**8. Sure Start Children's centres**

- 8a.1 Funding on evidence based, early intervention services delivered through Sure Start Children's Centres (whether provided by children's centres using delegated budgets or commissioned by the local authority) (included in expenditure at 3.1.1 and 3.1.2)
- 8a.2 Funding on local authority management costs relating to Sure Start Children's Centres (included in expenditure at 2.1.1)

**9. Services for young people**

- 9a.1 Youth work (included in expenditure at 3.7.1 and 3.7.2)

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>6 JULY 2012</b>
<b>TITLE OF REPORT:</b>	<b>SCHOOLS' CAPITAL INVESTMENT PROGRAMME</b>
<b>REPORT BY:</b>	<b>HEAD OF SUFFICIENCY &amp; CAPITAL COMMISSIONING, PEOPLE'S SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To receive information on capital funding arrangements for 2012/13.

### **Recommendation(s)**

**THAT The Forum note and comment on the report as part of its advisory function.**

### **Key Points Summary**

- Herefordshire Council has seen a £2.5m (38%) reduction in Government capital grant compared to last year. Whilst approximately £1m of this is due to the number of schools that have become Academies and therefore have access to other capital funds through the Education Funding Agency, the remaining £1.5m is largely a reduction in Basic Need Grant.
- The reduction in Basic Need Grant is due to a change in the national funding allocation formula.
- As Herefordshire's 2012/13 Basic Need Grant includes a transitional element to mitigate the full impact of the change in the funding allocation formula, it may be anticipated that Herefordshire's 2013/14 allocation will be further reduced.
- 2013/14 capital grant allocations will be announced in late autumn.
- The much reduced Basic Need Grant for 2012/13 has been allocated and earmarked in line with the Capital Strategy, as approved by the Capital Strategy Consultative Group.
- The Locally Controlled Voluntary Aided Programme (LCVAP) has been set by the LCVAP Group in line with Anglican and Roman Catholic Diocesan priorities.
- The Capital Maintenance Grant has been allocated to address the highest capital maintenance priorities, including allocations to address the main areas of health and safety priority works.

## Alternative Options

- 1 This report is for information and therefore alternatives are not provided.

## Reasons for Recommendations

- 2 To provide sufficient information and opportunity for Schools Forum to comment on and to make recommendations on the 2012/13 capital programme arrangements for schools.

## Introduction and Background

- 3 This report is to provide information on the key areas of progress and challenge within the capital programme for 2012/13.

## Key Considerations

- 4 **Herefordshire Local Authority Capital Grant Allocations – 2011/12**

<b>Grant</b>	<b>2012/13 Allocation (£000)</b>	<b>2011/12 Allocation (for comparison) (£000)</b>	<b>Difference (£000)</b>
Basic Need	807	2,154	(1,347)
Capital Maintenance – Local Authority Maintained Schools	1,807	2,696	(889)
Capital Maintenance – Locally Co- ordinated Voluntary Aided Schools Programme	950	1,080	(130)
Devolved Formula Capital	548	679	(131)
<b>Total</b>	<b>4,112</b>	<b>6,609</b>	<b>(2,497)</b>

### Basic Need Grant

- 5 This is a Government grant provided to help the Local Authority meet additional demand for school places although it may also be used to improve and develop existing accommodation to address suitability issues. The grant is available to spend on any tax payer funded schools, including academies.
- 6 The Government has allocated Herefordshire £807k for 2012/13. This compares to an allocation of £2.154m in 2011/12. The reduction in allocation is the result of a change in the methodology which the Government uses to allocate funds to Local Authorities from a total national budget of £800m.



- 7 Significantly for Herefordshire, the methodology now takes into account a Local Authority's ability to accommodate new pupils. Herefordshire's significant number of surplus school places puts the County at a disadvantage as the Government's Basic Need funding is now targeted to those Local Authorities that are struggling to meet demand for school places. These are predominantly metropolitan urban areas.
- 8 The Government recently allocated a further £600m Basic Need grant nationally, targeted entirely to those Local Authorities needing to provide significant additional pupil places. Herefordshire, as expected, did not receive any of this further allocation.
- 9 Even more worrying for Herefordshire is that this year's far reduced allocation of £807k is based on 50% of the Government's old distribution formula (which was based purely on forecast pupil number) and the new distribution formula which takes into account the Local Authority's capacity to meet demand for new places. Our 2013/14 allocation will be based entirely on the new formula and so, assuming there is no increase in the national Basic Need pot, we may assume a further reduction next year.
- 10 This assumption may be tempered slightly by a new format for Local Authorities to report on surplus school places. Each summer, every Local Authority must provide the Department for Education with details of surplus school places. Whilst this has always been requested by the DfE at individual school level, it has had to be presented as one Local Authority planning area. The return for this summer offers scope to present data on school planning areas within the Local Authority. This will better reflect the issue we have in Herefordshire with some areas experiencing demand for places at and over the planning area capacity.

### **Capital Maintenance Grant**

- 11 This Government grant is provided to the Local Authority to address the highest priority condition issues in the Community, Voluntary Controlled, Foundation and Trust schools stock. Herefordshire's 2012/13 grant allocation is £1.8m. Although this is £800k less than last year's allocation, this can be accounted for by the number of schools that have become academies during 2011/12. Academies apply direct to the Education Funding Agency for capital maintenance funding for specific condition related schemes. The Local Authority is allocated separate capital maintenance funding for Voluntary Aided schools through the Locally Coordinated Voluntary Aided Programme (see paragraphs 13 and 14)
- 12 It is interesting to note that for 2012/13, academies have been allowed to bid to the Education Funding Agency not only for Capital Maintenance, but also for extensions to buildings. As academies are also eligible for Basic Need funding through the Local Authority, it would seem that academies have more access to capital funding than Local Authority maintained schools. Research by the Local Government Association confirms that the Government is making significantly more capital funding available to academies and free schools than to Local Authority maintained schools.

### **Locally Coordinated Voluntary Aided Programme (LCVAP)**

- 13 Herefordshire's 2012/13 allocation is £950k (inclusive of Governors' 10% contribution) which compares to a 2011/12 allocation of £1.08m.

14 The LCVAP Group met on 16 April. The following schemes were supported:

<b>Commitments</b>		<b>Allocation (£000)</b>	<b>Budget (£000)</b>
			950
St Mary's RC High	Fire doors and staircases	100	
Lea Primary	Heating	13	
Much Marcle Primary	Hygiene room	30	
Much Marcle Primary	Boiler	13	
Weston Under Penyard	Roof	40	
Weston Under Penyard	Connect to mains drainage	46	
Leintwardine Primary	Heating	85	
Bishop of Hereford's Bluecoat School	Various urgent condition works	118	
St James' Primary, Hereford	Entrance improvements	350	
Whitchurch Primary	Toilet refurbishment	3	
Whitchurch Primary	Flat roof/windows	5	
Kimbolton St James	Alterations to Foundation stage	7	
St Paul's Primary	Retention on 2011/12 remodelling scheme	9	
St Michael's, Bodenham	Retention on 2011/12 classroom remodelling	2	
	Contingency	129	
	<b>Total</b>	<b>950</b>	

## Commitments, Pressures & Priorities for Capital Funding

### 15 Basic Need

Commitments	Allocation (£000)	Budget (£000)
		807
Leominster Primary School (approved previously by Cabinet)	176	
Barrs Court Hub – Sixth Form Remodelling to create an additional classroom space due to increased pupil numbers	100	
Individual Pupil Access Needs (Buildings and curriculum)	175	
<b>Total committed</b>	<b>451</b>	
<b>Other pressures/priorities</b>		
The Ledbury and Credenhill/Stretton Sugwas/Burghill areas are experiencing sustained basic need issues in terms of sufficiency of school places. There is also an issue to be addressed with significant over capacity at Aylestone business & Enterprise College. The Capital Strategy Consultative Group has given its support to the balance of the basic need grant being reserved to fund any proposals for addressing these priority issues.	356	
<b>Total</b>	<b>807</b>	

- 16 As a consequence of the above commitments, pressures on school places in the Ledbury, Credenhill/Stretton Sugwas/Burghill areas and the much reduced grant available, the Capital Strategy Consultative Group has supported a proposal not to operate a Basic Need 'match funding' bid process for 2012/13.

17 **Capital Maintenance allocations**

<b>Commitments</b>	<b>Allocation (£000)</b>	<b>Budget (£000)</b>
		1,807
Contribution to insurance	300	
Roof repairs/replacement	360	
Electrical/lighting	70	
Curtain walling	50	
Flood relief works	40	
Fire safety	140	
Resurfacing hard play	30	
Boilers/heating	270	
Removal of mobiles	100	
Condition surveys	20	
Display Energy Certificates	7	
Radon testing/mitigation	35	
Legionella/asbestos removal	85	
Safety glazing	50	
Gas/oil safety	20	
Lightening conductors	5	
Contingency	225	
<b>Total</b>	<b>1,807</b>	

18 The Government wishes to ensure that its national funding pot for schools' capital maintenance is allocated between Local Authorities and academies and free schools on the basis of actual need. The Government is therefore commissioning a survey of the condition of all English tax payer funded schools. These will be high level surveys to be used purely to assist in resource allocation. It will still be necessary for the Local Authority to commission detailed condition surveys of Local Authority maintained schools to determine specific condition issues and their relative priority for local determination of specific works to be funded.

### **Community Impact**

- 19 The capital investment programme of the People's Directorate, including schools and early years settings, has wide ranging community impacts, benefiting children and young people and their families across Herefordshire.

### **Financial Implications**

- 20 These are contained in the body of the report

### **Legal Implications**

- 21 The use of capital funding including grants must comply with the legal requirements associated with each funding stream and the conditions of specific grants

### **Risk Management**

- 22 The risks are set out in the body of the report.

### **Consultees**

- 23 None applicable.

### **Appendices**

- 24 None.

### **Background Papers**

- None identified.



<b>MEETING:</b>	<b>HEREFORDSHIRE SCHOOLS FORUM</b>
<b>DATE:</b>	<b>6 JULY 2012</b>
<b>TITLE OF REPORT:</b>	<b>WORK PROGRAMME</b>
<b>REPORT BY:</b>	<b>GOVERNANCE SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider the Forum's work programme.

### **Recommendation**

**THAT:** the Work Programme be noted, subject to any comments the Forum wishes to make.

#### **Herefordshire Schools Forum – Work Programme 2012/13**

##### **19 October 2012 9.30 pm Brockington**

- Election of Chairman/Vice-Chairman
- Constitutional Issues including Membership and Role of Budget Working Group
- Budget Working Group report including provision for planning for the 2013/14 budget
- Workplan 2012/13
- Dates of Meetings

##### **7 December 2012 9.30 am Brockington**

- School Funding 13/14 – Draft Budgets
- Capital Investment 2012/13 Update
- Workplan 2011/12

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Further information on the subject of this report is available from  
Tim Brown, Governance Services on (01432) 260239

<ul style="list-style-type: none"> <li>• Dates of Meetings</li> </ul>
<b>25 January 2013 9.30 am Brockington</b>
<ul style="list-style-type: none"> <li>• Report of Budget Working Group</li> <li>• Workplan 2012/13</li> <li>• Dates of Meetings</li> </ul>
<b>28 February 2013 9.30 am Brockington</b>
<ul style="list-style-type: none"> <li>• Report of Budget Working Group</li> <li>• School Funding 2013/14 – Final Budgets</li> <li>• Schools Capital Investment Programme Principles (2013/14)</li> <li>• Workplan 2012/13</li> <li>• Dates of Meetings</li> </ul>
<b>(Provisional) 12 March 2013 9.30 pm Brockington</b>
<ul style="list-style-type: none"> <li>• Schools Funding 2013/14 – Final Budgets (in case not agreed in February)</li> <li>• Workplan 2012/13</li> <li>• Dates of Meetings</li> </ul>

## Background Papers

- None identified.