

# AGENDA

## Herefordshire Schools Forum

Date: **Friday 23 October 2015**

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Time: **10.30 am**

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Place: **Council Chamber, The Shire Hall, St. Peter's Square,  
Hereford, HR1 2HX**

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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**

Tel: 01432 260239

Email: [tbrown@herefordshire.gov.uk](mailto:tbrown@herefordshire.gov.uk)

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If you would like help to understand this document, or would like it in another format or language, please call Tim Brown, Governance Services on 01432 260239 or e-mail [tbrown@herefordshire.gov.uk](mailto:tbrown@herefordshire.gov.uk) in advance of the meeting.

# Agenda for the Meeting of the Herefordshire Schools Forum

## Membership

Mrs S Bailey  
Mr P Barns  
Mrs W Bradbeer  
Mr P Burbidge  
Mrs S Catlow-Hawkins  
Ms J Cohn  
Mr A Davies  
Mr J Docherty  
Mr M Farmer  
Mr J Godfrey  
Mr NPJ Griffiths  
Mr T Knapp  
Ms T Kneale

Mr C Lewandowski  
Mr M Lewis  
Mrs S Lines  
Mrs A Pritchard  
Mrs J Rees  
Mr P Whitcombe  
Mrs C Woods  
Mr K Wright

(6 vacancies)

Special Schools  
Pupil Referral Unit  
Academies  
Roman Catholic Church  
Secondary Maintained Schools  
Special School Governor Representative  
Academies  
Academies  
Academies  
16-19 provider representative  
Academies  
Academies  
Locally Maintained Primary School  
(Nursery)  
Trade Union Representative  
Local Authority Maintained Primary School  
Church of England  
Trade Union Representative  
Local Authority Maintained Primary School  
Academies  
Local Authority Maintained Primary School  
Local Authority Maintained Primary School

## 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>DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on the Agenda.	
4.	<b>ELECTION OF CHAIRMAN</b> To elect a Chairman for the ensuing year.	
5.	<b>ELECTION OF VICE-CHAIRMAN</b> To elect a Vice-Chairman for the ensuing year.	
6.	<b>MINUTES</b> To approve and sign the Minutes of the meeting held on 5 June 2015.	5 - 8
7.	<b>ELECTION OF CHAIRMAN OF THE BUDGET WORKING GROUP</b> To elect a Chairman of the Budget Working Group for the ensuing year.	
8.	<b>MEMBERSHIP UPDATE (TO FOLLOW)</b> To receive an update on membership.	
9.	<b>REPORT OF THE BUDGET WORKING GROUP</b> To consider the report of the Budget Working Group on the following matters: results of the schools budget consultation and submission of provisional school budget to the Education Funding Agency(EFA), forecasts of high needs expenditure for 2015/16 and 2016/17 and the use of Dedicated Schools Grant balances.	9 - 42
10.	<b>LOOKING TO THE FUTURE - TASK AND FINISH GROUPS</b> To seek the Forum's agreement on the proposed terms of reference for the looking to the future task and finish groups.	43 - 54
11.	<b>WORK PROGRAMME</b> To consider the Forum's Work programme.	55 - 56
12.	<b>MEETING DATES</b> The following meeting dates have been scheduled:  4 December 2015 – 9.30 am  15 January 2016 – 9.30 am  11 March 2016 – 9.30 am	



HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Herefordshire Schools Forum held at Chamber, The Shire Hall, St Peter's Square, Hereford HR1 2HX on Friday 5 June 2015 at 9.30 am**

<b>Present:</b>	<b>Mrs D Strutt (Academies) (Chairman)</b>	
	<b>Mrs J Rees (Local Authority Maintained Primary School) (Vice Chairman)</b>	
	<b>Mrs S Bailey</b>	<b>Special Schools</b>
	<b>Mr P Barns</b>	<b>Pupil Referral Unit</b>
	<b>Mrs L Brazewell</b>	<b>Local Authority Maintained Primary School Governor</b>
	<b>Mrs S Catlow-Hawkins</b>	<b>14-19 Partnership</b>
	<b>Mr J Docherty</b>	<b>Academies</b>
	<b>Mr T E Edwards</b>	<b>Local Authority Maintained Secondary School Governor</b>
	<b>Mr J Godfrey</b>	<b>16-19 provider representative</b>
	<b>Mr NPJ Griffiths</b>	<b>Academies</b>
	<b>Mr G House</b>	<b>Academies</b>
	<b>Ms A Jackson</b>	<b>Early Years Representative</b>
	<b>Ms T Kneale</b>	<b>Locally Maintained Primary School (Nursery)</b>
	<b>Mr C Lewandowski</b>	<b>Trade Union Representative</b>
	<b>Mr M Lewis</b>	<b>Local Authority Maintained Primary School</b>
	<b>Mrs R Lloyd</b>	<b>Early Years Representative</b>
	<b>Mrs J Rees</b>	<b>Local Authority Maintained Primary School</b>
	<b>Mrs A Pritchard</b>	<b>Trade Union Representative</b>
	<b>Mrs S Woodrow</b>	<b>Locally Maintained Secondary Schools</b>
	<b>Mr K Wright</b>	<b>Local Authority Maintained Primary School</b>

**In attendance: Councillor JG Lester (Cabinet Member – Young People and Children’s Wellbeing)**

**204. APOLOGIES FOR ABSENCE**

Apologies were received from Mr P Box, Mr P Burbidge, Mr J Chapman, Mr M Farmer, Mr R Leece and Mrs C Woods.

The Chairman welcomed Councillor JG Lester newly appointed Cabinet Member – Young People and Children’s Wellbeing

Councillor Lester thanked the Forum for their welcome. He outlined his experience in the sphere of education and acknowledged the challenges he faced in his role and the importance of meeting those challenges.

**205. NAMED SUBSTITUTES**

Mrs A Pritchard substituted for Mr R Leece.

**206. DECLARATIONS OF INTEREST**

None.

## 207. MINUTES

**RESOLVED:** That the Minutes of the meeting held on 13 March 2015 be confirmed as a correct record and signed by the Chairman, subject to correcting resolution b in Minute no 200 to reflect the correct title of the Director.

In relation to Minute no. 199 – permanent funding for safeguarding education in the multi-agency safeguarding hub (MASH), the Assistant Director, Education and Commissioning reported that a decision from the Secretary of State was awaited and it was proposed to proceed on the basis of a service level agreement if that approval was not forthcoming. Recruitment to the MASH was being undertaken.

In relation to Minute no 201 - Whitecross PFI Scheme the School Finance Manager reported that the proposed contract variations had not in the event been signed by Integral. Stepnell had offered further savings. Discussions with Integral would continue.

## 208. PUPIL REFERRAL UNIT FUNDING - FINAL PROPOSALS

Further to the report to the Forum in March 2015 the Forum considered the final proposals for Pupil Referral Unit (PRU) funding effective from 1 September 2015 following consultation with Herefordshire Association of Secondary Headteachers (HASH).

The School Finance Manager presented the report. He reported that HASH had suggested a minor amendment to the original proposals and this had been accepted in bringing forward final proposals as set out in the report.

**RESOLVED:** That the final proposals as agreed with the Herefordshire Association of Secondary Headteachers are approved for implementation from 1st September 2015 as follows:

- (a) the local authority fully funds vacant, second and third year key stage 4 places at £10,000 per place;
- (b) funding for first year places (key stage 4) is shared by the secondary school seeking the place (both permanent exclusions and placed for other reasons) and the local authority on a sliding scale per academic year as set out below
  - (i) Academic year 2015/16 school £4,000 local authority £6,000
  - (ii) Academic year 2016/17 school £5,000 local authority £5,000
  - (iii) Academic year 2017/18 school £6,000 local authority £4,000;
- (c) high needs top-up payments as determined by the assessment matrix, and expected to be on average £5,000 per pupil, to be paid by the local authority to the PRU for key stage 3 and 4 pupil pro-rata to occupancy; and
- (d) Key stage 3 places are funded per half term at £1,666.67, irrespective of the number of days occupied, payable by the school requiring placement.

## 209. MEMBERSHIP OF SCHOOLS FORUM

The Forum reviewed the membership of Schools Forum and the Budget Working Group.

The report stated that the membership remained consistent with the requirement that primary schools, secondary schools, and academies must be broadly proportionately represented on the Forum.

**RESOLVED:**

- That (a) it be noted that no amendment to the membership of the Forum is required, as set out at Appendix 1 to the report; and
- (b) It be noted that no amendment to the membership of the Budget Working Group is required, as set out in appendix 1 to the report.

**210. BUDGET PLANNING FOR THE NEXT THREE YEARS**

The Chairman reported that it was proposed to discuss the presentation on the development of a financial approach for the future in an informal workshop setting rather than as part of the formal agenda.

Delegated authority was sought to give effect to any actions resulting from the workshop.

**RESOLVED: That the Assistant Director, Education and Commissioning be authorised to take any action considered necessary in the light of matters arising from the workshop following consultation with the Chairman and Vice-Chairman of the Forum and the Chairman of the Budget Working Group, reporting back to the Budget Working Group and the Forum as appropriate.**

**211. REGIONAL WORKSHOP**

The Chairman reported on a regional meeting of Chairs of Schools Forums from the South West held at Clevedon on 21 May.

She expressed satisfaction that Herefordshire Schools Forum appeared to working effectively with a good working relationship between Forum members and officers.

**212. WORK PROGRAMME**

The Forum noted its work programme.

**213. MEETING DATES**

Noted.

**Retirement of Chairman of the Forum**

It was noted that it was likely to be the last meeting chaired by Mrs Strutt prior to her retirement.

The Forum thanked Mrs Strutt for her chairmanship. Mrs Strutt commented that the Forum had had to deal with some challenging issues but had worked well collectively.

The meeting ended at 9.50 am

**CHAIRMAN**







<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>MEETING DATE:</b>	<b>23 OCTOBER 2015</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>REPORT BY:</b>	<b>SCHOOL FINANCE MANAGER</b>

## Classification

Open

## Key Decision

This is not an executive decision.

## Wards Affected

County-wide.

## Purpose

To consider the report of the Budget Working Group (BWG) on the following matters: Results of the schools budget consultation and submission of provisional school budget to the Education Funding Agency(EFA), forecasts of high needs expenditure for 2015/16 and 2016/17 and the use of Dedicated Schools Grant (DSG) balances.

## Recommendation(s)

**THAT:**

**the proposals for the local application of the National Funding Formula for 2016/17 as set out in the consultation document and as below, be approved (noting that only school and early years members are eligible to vote), for recommendation to the Director for Children's Wellbeing as follows:**

(i) ;

- |  |               |
|--|---------------|
| <b>1. Basic entitlement per primary pupil</b>                    | <b>£2,875</b> |
| <b>2. Basic entitlement per secondary Key stage 3 pupil</b>      | <b>£3,843</b> |
| <b>3. Basic entitlement per secondary key stage 4 pupil</b>      | <b>£4,436</b> |
| <b>4. Deprivation per primary ever-6 free school meals pupil</b> | <b>£2,192</b> |

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

5. Deprivation per secondary ever-6 free school meals pupil	£1,419
6. Low Prior Attainment per primary pupil	£615
7. Low Prior Attainment per secondary pupil	£1,099
8. Primary lump sum	£87,000
9. Secondary lump sum	£143,000
10. Looked after children, primary and secondary	£1,300
11. Primary sparsity, on a taper basis, over 2 miles and less than 105 pupils.....	.....£42,000
12. English as Additional Language per primary pupil	£505
13. English as Additional Language per secondary pupil	£1,216
14. PFI contract	£242,500
15. Business rates.....	.....At cost

(ii) it be noted that consultation on the budget 2017/18 would include consideration of the amount allocated for deprivation;

(iii) local authority maintained school members of Schools Forum be asked to approve the de-delegation in 2016/17 of the funding for Trade Union facilities (primary schools only), ethnic minority support, free school meals administration and software licence costs for financial planning software;

(iv) the early years task and finish group be asked to make proposals for spending the £890k early years underspend to Schools Forum by the end of May 2016; and the remaining underspend of £409k be retained as a balance.

## Alternative Options

- 1 No alternative options were proposed as part of the consultation process. The BWG and Schools Forum will further consider the funding formula prior to making final recommendations to the Cabinet Member for Children's Wellbeing in January 2016.

## Reasons for Recommendations

- 2 Local authorities are required to submit the provisional 2016-17 school budget formula and funding values to the EFA by 30 October 2015.

## Key Considerations

### 3. RESULTS OF CONSULTATION EXERCISE – NATIONAL SCHOOL FUNDING FORMULA 2016/17 RECOMMENDATIONS TO SCHOOLS FORUM

The support documents from the consultation including the consultation paper, slides from the consultation meetings and the results of the consultation exercise on the 2016/17 budget proposals are set out in the appendix.

Overall the responses were positive in support of the consultation proposals. However in respect of consultation question 1, regarding the reduction of the primary lump sum by £6,000, five local authority primary schools did not agree with the continued reduction in the primary lump sum, which might be an indication that financial pressures were prompting resistance to the Forum's approach towards the National School Funding Formula.

The BWG considered the following principal points:

- A number of schools were still not attending meetings such as the consultation meetings on the budget where the reasons behind the Forum's strategy were clearly explained. As a consequence they may not fully informed with regard to the strategy.
- Whilst there might be a recognition that the approach to formulating schools budgets was a rational one and inevitable in the face of reducing resources a number of schools remained of the view that, in principle, they were opposed to the reductions in funding for them that the budget strategy entailed.
- Herefordshire's expenditure on Deprivation and Low Prior Attainment amounted to £12m compared with the DfE "fair funding" assessment of £9.3m. Deprivation (£7.5m compared with DfE figure of £5.5m). Low Prior Attainment (£4.5m compared with £3.8m). The only way to offer additional support to some schools would be to move funding from the deprivation factor. It is intended that consultation on the budget 2017/18 would include consideration of the amount allocated for deprivation and a possible re-distribution of some funding on a per-pupil basis, although as always, there would be winners and losers.
- It was noted that a letter had been received from Kingsland Primary School in response to the consultation exercise expressing dissatisfaction with its funding settlement as a result of the application of the funding formula. This repeated concerns the school had expressed in last year's consultation exercise. In response it was observed that whatever changes were made to the allocation of resources within the funding formula some schools would inevitably be lower funded than others.
- It was confirmed that changes to the basis for calculating primary low prior attainment were overdue and it was expected that the DfE would address this issue as part of its consultation on the national funding formula expected in summer 2016.

There was consensus that the funding proposals for 2016/17, as set out in the consultation document, including the de-delegation proposals, did not require amendment in the light of the response to the consultation exercise.

### **The BWG agreed to recommend to Schools Forum**

- (a) The funding proposals as set out in the consultation document, including de-delegation, be recommended to Schools Forum; and**

- (b) it be noted that consultation on the budget 2017/18 would include consideration of the amount allocated for deprivation.

#### 4 HIGH NEEDS FORECASTS 2015/16 AND 2016/17

The BWG considered an initial assessment of the high needs budget forecast for 2015/2016 and 2016/17.

The report highlighted that the projected overspend for 2015/16 was £179k. This compared with £126k for 2014/15. The forecast budget for 2016/17 was £8,355k. This was £800k more than the budget for 2015/16 and was a matter of concern.

The BWG was advised that the DfE had published the ISOS high needs consultancy report which recommended formula funding of the high needs block. The authority had been identified as having a high level of SEN but as being low funded. The f40 fairer funding group had identified that Herefordshire required an additional £2m pa in the high needs block. However, no money would be forthcoming from the DfE in the short term.

The authority now had to provide for young people with special needs up to the age of 25 rather than 16. In 2014/15 academic there had been 37 young people requiring post 16 support. The current number was 76 and it was not expected that numbers would start to decrease for a further 2 years.

In discussion the following principal points were made:

- It was asked why funding was being provided to meet special school pension costs given that ordinary schools had to meet these costs themselves. In response it was explained that because special schools had to employ much more support staff, the impact of increased pension costs were disproportionate.
- The possibility of the health service funding school nurses and medical training in special schools was also raised.
- A concern was expressed about the risk of pressure to fund the high needs block compromising the funding of mainstream education. It was acknowledged, however, that this had to be balanced against the evidence that early intervention was cost effective avoiding increased costs of intervention at a later date.

BWG agreed the proposal that the high needs task and finish group should explore funding options and report back to the BWG in January 2016. BWG would consider the options and make recommendations to Forum

#### 5 DEDICATED SCHOOLS GRANT BALANCES

The BWG received a report setting the Dedicated Schools Grant balances as follows:

(i) DSG balances from 2013/14 retained for high needs	£554k
Less primary SEN protection scheme	-£75k
Less Secondary income re support for PRU charges	-£75k

Less forecast overspend in 2015/16	-£179k
Uncommitted High Needs balances	£225k
(ii) DSG balances from 2014/15	£960k
Less Multi Agency Safeguarding Hub	-£44k
Less early years unused Two year old grant	-£890k
Uncommitted general DSG balances	£26k
(iii) Unused academy rates provision	£335k
Less forecast overspend on schools block	-£177k
Unused provision remaining	£158k

The BWG proposed that there the underspend of £890k of unused 2 year old grant should be referred to the early years task and finish group to consider options for using this sum and report to Schools Forum by the end of May 2016.

This left an underspend of £409k (comprising £225k high needs balance, £26k general DSG balance and £158k on unused academy rates provision) which the BWG felt that given the financial pressures this sum be retained as a contingency

The BWG agreed to recommend to Schools Forum

**That (a) the early years task and finish group be asked to make proposals for spending the £890k early years underspend to Schools Forum by the end of May 2016; and (b) the remaining underspend of £409k be retained as a general balance.**

## Community Impact

- 3 The school funding formula must meet the national requirements of the Department for Education. Within these national funding guidelines the funding is targeted to support the achievement of improved outcomes for all Herefordshire pupils in accordance with a carefully considered strategy that is subject to annual consultation with schools and governors. The governing bodies of schools are responsible for decisions to commit expenditure according to meet pupils' individual needs.

## Equality and Human Rights

- 4 There are no implications for the public sector equality duty.

## Financial Implications

- 5 The recommendations, if agreed, are required to ensure that expenditure on school budgets does not exceed the funding available within the Dedicated Schools Grant.

## Legal Implications

- 6 To ensure Legal compliance with Schools Forum Regulations 2012. School Forums

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

generally have a consultative role. However, there are situations in which they have decision-making powers. Regulations state that the Local Authority must consult the Schools Forum annually in connection with amendments to the school funding formula, for which voting is restricted by the exclusion of non-schools members except for PVI representatives.

- 7 The decision-making powers of Schools Forum are limited as follows
- to decide on the central spend and criteria for growth fund and falling rolls fund for outstanding schools
  - De-delegation
  - Central spend on equal pay back-pay, early years expenditure, significant pre-16 growth
  - Central spend on admission and schools forum up to the 2013-14 level
  - Central spend on some other items up to the 2013/14 level – which is zero
- 8 In all other cases the final decision will be referred on for decision by the Cabinet Member.

## **Risk Management**

- 9 The BWG reviews proposals in detail prior to making recommendations to the Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified.

## **Consultees**

- 10 All maintained schools, academies and free schools in Herefordshire have been consulted on the indicative budget proposals for 2016/17.

## **Appendices**

Appendix 1 – Schools funding 2016/17 consultation including consultation paper, presentation slides from the consultation meetings and summary of responses.

## **Background Papers**

- None identified.

# **NATIONAL SCHOOL FUNDING FORMULA 2016/17**

## **CONSULTATION FOR HEREFORDSHIRE SCHOOLS AND RESPONSE FORM**

**The budget response form must be returned by 12 noon 2<sup>nd</sup> October 2015 to  
School.funding@herefordshire.gov.uk**

### **1.0 INTRODUCTION**

- 1.1 This consultation paper sets out the expected financial position for school budgets for 2016-17 and Herefordshire's proposals for moving forwards towards the National School Funding Formula. Overall these proposals set out the third year of School Forum's five year implementation strategy to achieve a gradual transition towards the expected National School Funding Formula, now announced by government as September 2017.
- 1.2 This year's proposals continue the strategy set out in previous years to bring the ratio of primary and secondary funding more into balance with Herefordshire's family of comparable authorities over the five year period and to review the DfE benchmarking data annually and adjust the Herefordshire formula in line the national median formula values. Schools Forum continues to review progress to ensure the strategy remains appropriate.
- 1.3 Cost pressures in schools are expected to increase by 15% over the next 5 years, as set out in the joint letter from the chair of Schools Forum and Director of Children's Wellbeing at the end of the summer term. Strong financial planning will be necessary by all schools to maintain financial viability during this period. Government has protected the national schools budget and no reductions or increases in school funding are expected over this period. Schools Forum will play its part by providing maximum stability in funding within the five year funding strategy so that schools have as much advance warning of budget changes as possible. It is strongly recommended that all schools develop plans to ensure their long term financial viability. Small primary schools with less than 100 pupils on roll are advised to explore sharing leadership, teaching and support services with other schools and organisations.
- 1.4 You are encouraged to attend the briefing meetings set out in section 8 on page 10 and respond by 12 noon on the 2nd October. Schools Forum will meet on the 23rd October to consider the responses and to agree provisional budget proposals for submission to the Education Funding Agency.

### **2.0 SCHOOL FUNDING REFORM**

- 2.1 The government has indicated that a national funding formula based on greater transparency and fairness will be implemented from September 2017. It is expected that any such national formula will be phased in over a number of years. The fairer funding increases to the 2015/16 Dedicated Schools Grant (DSG) have been confirmed as permanent additions to the DSG baseline funding and will be carried forward into 2016/17. The new national funding proposals will ensure that similar sized schools with similar catchment area characteristics will receive similar levels of funding nationwide in England. It is possible that

schools in Herefordshire will benefit from these national proposals but inevitably some may not. Until government announces full details of the national formula arrangements governors should only include known funding increases in their forward plans.

- 2.2 Herefordshire Schools Forum has reviewed the progress made towards the expected National School Funding Formula and has identified that in addition to the continuing need to adjust the primary secondary funding ratio, the balance of funding between low prior attainment and deprivation should be revised and that a small adjustment between secondary funding for Key stage 3 and 4 is required to continue to move Herefordshire towards national funding.

### **3.0 HEREFORDSHIRE'S APPROACH TO NATIONAL FUNDING**

- 3.1 The proposals contained in this consultation paper build on the previous consultations with schools and have been developed in conjunction with the Schools Forum's Budget Working Group during June and July 2015.
- 3.2 In 2011/12 Schools Forum adopted the national principles set out by the Department for Education for the national school funding formula. This has ensured that decisions taken in Herefordshire have supported a gradual move to the national formula.
- 3.3 The proposals for 2016/17 continue to build incrementally on the steps already taken and recognise that inevitably there will be "winners and losers" as we move gradually on a planned basis from the former local Herefordshire formula to the anticipated national formula.
- 3.4 The DfE's budget modelling tool has been used to calculate draft 2016/17 school budgets for this consultation paper and full details are set out in the appendix. Estimates of pupil numbers as at October 2015 have been used to provide accurate budget forecasts to aid schools with forward planning decisions. The forecasts can be amended for individual schools as required. Herefordshire's approach using pupil forecasts is unique nationally and the DfE have recommended all other local authorities should consider adopting our approach as best practice for 2016/17.



## 4.0 BUDGET STRATEGY 2016/17

4.1 The additional £2.7m allocation in 2015/16 has been confirmed as a permanent addition to Herefordshire's DSG. A further £11.25 per pupil has been added to cover the extra costs of incorporating the non recoupment academies and free schools within Herefordshire's DSG in 2016/17. Hence, all pupils will be funded at the new rate of £4,447.12 per pupil (compared with £4,306.44 per pupil in 2014/15).

4.2 The funding available for the national school funding formula in 2016/17 is estimated as follows:

### Schools Block funding 2016/17

Forecast pupils 21,599 at £4,447.12 per pupil	£96,053,000
Less Schools Forum costs	-£5,000
Less Schools admissions costs	-£127,000
Less estimated school licence costs	-£169,000
Less MASH proposal (st DfE approval)	-£75,000
Schools Budget available for schools	£95,677,000
Amount allocated by these proposals	£95,677,000
Schools Funding allocated 2015/16	£95,656,000

4.3 The DfE has given a commitment to review the funding of the schools and high needs blocks to ensure that fair funding is applied not only to schools but also to high needs and early years. It is expected that the DfE will consult further in 2016 regarding detailed proposals for change. Until that time we will seek to maintain the current funding arrangements whereby Herefordshire currently funds a number of high needs costs in schools from the High Needs Block. In 2015/16 these were:

- additional delegation to high schools for Pupil Referral Unit charges for first year pupil placements of £75k from the high needs block and £75k from DSG balances
- additional budget protection for primary schools that have a higher number of high needs pupils of £75k and £75k from DSG balances
- a grant of £200k is allocated to the Bishop of Hereford's Bluecoat school to fund the £6,000 threshold for additional needs for the high number of out of catchment pupils with high needs.

4.4 Subject to a review of current DSG expenditure trends, Schools Forum will be consulted in January 2016 to continue to fund these commitments from the high needs block supported by the use of DSG balances for 2016/17. The continuation of these two support schemes will be further reviewed when the DfE's detailed funding proposals are available in 2017.

## 5.0 NATIONAL FUNDING FORMULA – HEREFORDSHIRE PROPOSALS

5.1 The provisional funding rates for each national factor (based on estimated pupil numbers) must be submitted to the Education Funding Agency by October 31<sup>st</sup> 2015. After the October pupil census has been finalised, limited adjustments can be made to the funding rates to ensure that final school budget expenditure equals the funding available from the Dedicated Schools Grant for 2016/17.

5.2 Herefordshire’s school funding proposals for 2016/17 are

- to improve the per pupil funding values and to ensure the consolidation of the DfE’s 2015/16 fairer funding increase to low funded authorities.
- to increase the primary secondary funding ratio to 1:1.23 by reducing primary lump sum values, increasing secondary lump sums and for qualifying primary schools an increase in sparsity funding;
- to increase low prior attainment funding by transferring funding from deprivation as measured by Ever-6 free school meals ensuring the combined spend on deprivation and low prior attainment does not increase from the £12m allocated in 2015/16.
- to transfer per pupil funding from secondary key stage 4 to key stage 3 to move closer towards the median funding value in national benchmarking.

5.3 The impact on the Herefordshire formula values are as follows;

- Primary pupil funding – to increase funding so that the £2,846 2015/16 basic entitlement per pupil increases to £2,875 in 2016/17.
- Secondary KS3 pupil funding – to increase funding so that the £3,689 2015/16 basic entitlement per KS3 pupil increases to £3,843 in 2016/17
- Secondary KS4 pupil funding– to reduce funding so that the £4,645 2015/16 basic entitlement per KS4 pupil reduces to £4,436 in 2016/17.
- Low prior attainment (low cost, high incidence special education needs) –
  - (i) to increase primary funding from £428 per pupil in 2015/16 to £615 per pupil in 2016/17
  - (ii) to increase secondary funding from £648 per pupil in 2015/16 to £1,099 per pupil in 2016/17
- Deprivation –
  - (i) to reduce the primary ever-6 free school meal funding from £2,572 in 2015/16 to £2,192 in 2016/17
  - (ii) to reduce the secondary ever 6 free school meal funding from £2,162 to £1,419 per pupil.
- EAL – no change - maintain funding at £505 for primary schools and £1,216 for high schools in accordance with the Minimum Funding Values set out by the DfE
- Lump sums – to reduce the primary lump sum by a further £6,000 to £87,000

- To increase the secondary lump sum by £9,500 to £143,000 as a mid way increase towards the agreed target of £150,000 in 2017/18.
- Primary sparsity – to increase the tapered lump sum by £14,000 to £42,000 for qualifying primary schools
- Business Rates – no change - funded at cost with a presumed 2% increase.
- Looked After Children – no change - maintain the funding in line with the pupil premium at £1,300 for 2015/16
- Mobility – no change for 2016/17 as factor not used.
- PFI factor – to increase to £242,500, up from £207,500, (£25,000 increased contribution and £10,000 re inflation as per the school agreement) to provide for future inflation risk within the PFI contract in accordance with the agreement with Schools Forum. There will be a further similar increase in 2017/18. The cost of additional PFI funding is being shared equally by DSG and the council's budget.

5.4 Detailed proposals for change are set out below for

- Option A – to continue the changes in the lump sums to increase the primary/secondary funding ratio, with associated changes to primary sparsity and primary per pupil funding
- Option B – proposals for increasing funding for low prior attainment and reducing deprivation funding but to maintain overall spending at £12m
- Option C – proposals to increase secondary key stage 3 funding and reduce key stage 4 funding

**Option A: Primary Secondary Ratio (including primary sparsity)**

5.5 The DfE has indicated that over time it wishes to move towards national consistency in the school funding framework and that local authorities should be aware of the national benchmarking data.

5.6 Herefordshire's primary secondary funding ratio was 1:1.18 in 2013/14. School Forum has agreed to move Herefordshire's funding ratio towards the national average 1:1.27 by reducing the primary lump sum in annual steps of £6,000. The original target of Herefordshire's family of comparable counties was 1:1.23. However as Herefordshire has responded by moving towards the national average so have our family group and the average of comparable shire counties is now 1:1.25 and the national average is 1:1.28. These proposals will give Herefordshire a ratio of 1:1.23 for 2016/17.

5.7 Small schools with less than 100 pupils continue to be advised to develop operating models that will be able to deliver the necessary budget reductions to maintain long term viability. Herefordshire Council will provide leadership, help, advice, support and assistance as required. This is particularly important given the future cost pressures faced by schools in the coming years.

5.8 The strategy for achieving the change in primary secondary ratio is through an annual reduction of £6,000 in the lump sum for primary schools, an increase in the secondary lump sum of £9,500, an annual increase in primary sparsity of £14,000 on the tapered lump sum and an increase in primary per pupil funding of £13 per pupil.

5.9 For primary schools the annual reduction of the lump sum of £6,000 is reallocated as follows:

- £2,500 to fund transfer of £200k to secondary schools
- £1,500 to fund primary sparsity payments
- £2,000 to boost primary per pupil funding at £13 per pupil

<b>Q1: PRIMARY SECONDARY FUNDING RATIO</b>	<b>Yes</b>	<b>No</b>
Do you agree with a continued reduction of £6,000 in the primary lump sum to move the primary secondary funding ratio to 1.23?		
The primary lump sum reduces to £87,000 and the secondary lump sum increases to £143,000. Primary sparsity increases by £14,000 in the tapered lump sum to £42,000.		

### **Option B: Low Prior Attainment – (Low Cost High Incidence SEN)**

5.10 Evidence from the DfE’s Minimum Funding Value statement indicates that total deprivation funding is in excess of the DfE’s minimum value statement and the balance between funding allocated on Ever-6 free school meals and low prior attainment is out of step with national comparisons. This is further supported by the DfE’s benchmarking of local authorities’ 2015/16 schools block funding formula published in March 2015; the key points are as follows:

<b>Funding Factor</b>	<b>Herefordshire 2014/15</b>	<b>Herefordshire Proposed 2016/17</b>	<b>DfE Fairer Funding Standard</b>
<b>Deprivation – Ever-6 FSM</b>	£11m	£7.5m	£5.5m
<b>Prior Attainment</b>	£1m	£4.5m	£3.8m
<b>Total</b>	£12m	£12.0m	£9.3m

- In 2016/17 Herefordshire’s deprivation will be 7.85% compared with the national average of 8.1% in 2015/16

- The spend on deprivation by Herefordshire’s family of comparable authorities is 5.7% compared with Herefordshire’s proposed 7.86% in 2016/17
- The spend on low prior attainment by Herefordshire’s family of comparator authorities is 4.17% compared with Herefordshire’s proposed 4.7% in 2016/17

5.11 It is clear that the changes made in 2015/16 and proposed for 2016/17 will bring Herefordshire much closer to both the average of comparable authorities and the national benchmarks. Deprivation funding would still appear to be higher and further attention will be given to options in 2017/18 to transfer funding from deprivation to basic per pupil entitlement.

5.12 Arguments considered by the BWG for the continued change in 2016/17 are

- There is a clear need to fund those pupils who need additional assistance to make progress. It was felt by secondary representatives that it was important to address this change now.
- 80% of schools have a higher percentage of low prior attainment pupils than pupils entitled to Ever-6 FSM but 92% of funding was allocated to deprivation and only 8% to low prior attainment in 2014/15

**Primary**

5.13 Option C(i) –to further Increase primary low prior attainment funding from £228 per pupil (2014/15) to £428 per pupil(2015/16) and a proposed £628 in 2016/17 and to reduce the Ever-6 FSM funding for primary pupils. This option would move Herefordshire to the national median and increase spend from £0.7m in 2014/15 to £2m in 2016/17.

<b>Q2: PRIMARY LOW PRIOR ATTAINMENT</b>	<b>Yes</b>	<b>No</b>
That the funding allocation for primary low prior attainment be amended from £428 per pupil not achieving 78 points on the Early Years Foundation Stage Profile to £615 per pupil in 2016/17		
Ever-6 Free school meals funding will be correspondingly reduced from £2,860 per pupil to £2,192		
Note: The DfE require that funding for primary low prior attainment is allocated on less than 78 points on the EYFSP. The DfE will change in the future.		

**Secondary**

5.14 Option C (ii) – to increase secondary low prior attainment funding from £648 per pupil to £1,099 per pupil and reduce the Ever-6 FSM funding for secondary pupils. This would move

Herefordshire to the national median funding and increase spend on secondary prior attainment from £1.4m in 2014/15 to £2.5m in 2016/17, a significant increase.

Q3: SECONDARY LOW PRIOR ATTAINMENT	Yes	No
<p>That the funding allocation for secondary low prior attainment is increased from £648 per pupil not achieving level 4 in Maths OR English to £1,099 per pupil in 2016/17?</p> <p>Ever-6 Free school meals funding will be correspondingly reduced from £2,168 per pupil to £1,419</p>		

- 5.15 Expenditure on deprivation has been reduced from £12m in 2014/15 to £7.7m in 2016/17 and funding for low prior attainment increased from £1m in 2014/15 to £4.6m in 2016/17 thereby targeting the funding more effectively on low performing pupils in order to help raise standards.

#### Notional SEN budget

- 5.16 In 2014/15 Herefordshire set the notional SEN budget to be 6% of per pupil funding + 6% of the lump sum + 40% of Deprivation funding +100% low prior attainment funding (as a proxy for SEN). The changes proposed to the lump sums and the low prior attainment factor will adjust the calculation of the notional SEN budget to a limited extent.
- 5.17 In addition to the school’s notional SEN budget, schools will be allocated individually assigned top-up funding for each high needs pupil in accordance with the new High needs matrix funding tariff.

#### Protection for primary schools with higher numbers of high needs pupils

- 5.18 Following concerns raised by many primary schools during the 2013/14 budget consultation, a protection scheme was introduced in 2013/14 to cap the additional cost for schools with higher numbers of high needs pupils at £60 per pupil. The additional cost arises from the DfE’s requirement that schools must find the first £6,000 of high needs from within the school budget. The Herefordshire scheme attracted national recognition from the DfE as it limited a school’s additional costs to £60 per pupil, which is consistent with the Minimum Funding Guarantee.
- 5.19 For 2015/16 the cap has been set at £90 per pupil to provide a cost effective scheme and it is proposed to continue this level of funding for 2016/17 subject to agreement with Schools Forum in January 2016.

#### Optional De-delegation (i.e. automatic payment for essential services)

- 5.20 De-delegation is the DfE’s technical term to describe the efficient practice of automatically deducting budget from locally maintained schools to pay for certain services as approved by

Schools Forum. In Herefordshire, these de-delegation arrangements are currently approved for free school meals administration, ethnic minority support and for primary schools, trade union facilities time.

- 5.21 For 2016/17 in order to significantly improve the quality of school financial planning, it is proposed seek approval from Schools Forum to additionally fund the licence costs for new and modern web-based school budgeting software for all maintained schools through de-delegation. The HCSS software will ensure robust five year financial plans are prepared by all schools and the software has a good track record of successful use in Herefordshire high schools. Academies and schools already using the software will be able to save money by purchasing through the county licence. There are significant savings by purchasing a county licence and the cost per school will be around £350 pa.
- 5.22 Schools Forum opted to decline de-delegation for secondary schools for trade union duties and it is proposed to continue with a primary only scheme for trade union facilities in 2016/17.

Q4: DE-DELEGATION	Yes	No
<p>Do you agree that for local authority maintained schools, the current de-delegation of funding should continue for</p> <ul style="list-style-type: none"> <li>(a) trade union facilities – Primary only</li> <li>(b) ethnic minority support – secondary and primary</li> <li>(c) free school meals administration – secondary and primary</li> <li>(d) software licence costs for finance budgeting software</li> </ul> <p>Please answer individually for each service.</p>		

## 6.0 HIGH NEEDS FUNDING

- 6.1 High Needs funding in Herefordshire is under pressure from rising costs and increasing numbers of commissioned places as funding from the DfE in the High Needs Block has remained static in recent years. Herefordshire was fortunate to make successful bids for a small increase in funding for 2015/16 to provide for growth in the hospital education service and for limited exceptional growth in commissioned places in special schools and post-16 provision. The corresponding increase in top-up funding was not provided nor was any increase for increasing pay and pension costs in special schools.
- 6.2 Herefordshire was invited by the DfE to participate in a consultancy study undertaken by the ISOS partnership on behalf of the DfE. The ISOS report has been published and makes a number of sensible recommendations including formula funding for the high needs block. Herefordshire is identified by the DfE as high SEN demand but low funded. The f40's proposals for fair funding would provide for a 13% increase in high needs funding for Herefordshire. The funding pressure on Herefordshire's high needs services will continue until the DfE respond to the ISOS recommendations
- 6.3 Schools Forum allocated a 4% increase to high needs top-ups in 2015/16 which was particularly directed at meeting increased pension costs in special schools. Schools Forum will consider whether it will again be possible to allocate a further increase in 2016/17. Without such an increase special schools will have to absorb such costs in the same way as mainstream schools have been required to do.

## 7.0 EARLY YEARS FUNDING

7.1 Herefordshire is the 16<sup>th</sup> lowest funded authority for early years nationally and is unable to increase funding for early years providers without either an increase in funding from the DfE through a “fairer funding” review of early years block funding or a reduction in schools funding. Hence there is no change proposed in early years funding rates for 2016/17.

Schools Forum has previously agreed that early years funding in Herefordshire should be on a par with our neighbouring counties. The latest DfE comparative benchmarking data from 2013/14 indicates the average funding per hour of early years provision for 3 and 4 year olds is

Gloucestershire	£3.39
Worcestershire	£3.43
Herefordshire	£3.48
Shropshire	£3.48

7.2 Funding for two year olds is allocated within DSG directly by the DfE at the following rates per hour is £4.85 per hour for Herefordshire, Worcestershire and Shropshire and Gloucestershire at £4.93 per hour.

7.3 On this basis, no changes are proposed for 2016/17.

## 8.0 BUDGET CONSULTATION TIMESCALES

8.1 The budget process and expected timeline is:

- Consultation meetings for headteachers, bursars and governors are arranged to explain school funding in more detail as follows
  - 4pm-6pm Thursday 24<sup>th</sup> September, Aylestone Business and Enterprise College, Hereford
  - 6.30-8.30pm Thursday 24<sup>th</sup> September, Aylestone Business and Enterprise College, Hereford
- Consultation closes 12 noon 2nd October 2015
- The outcome of the consultation for 2016/17 will be considered by Schools Forum on 23rd October 2015
- The Formula factors and funding values will be submitted to the Education Funding Agency by 30<sup>th</sup> October 2015
- Final adjustments by Schools Forum, 15<sup>th</sup> January 2016 will be made to the funding values following the pupil census in October and submitted to the Education Funding Agency by 21st January 2016
- Budgets issued to locally maintained schools by 28<sup>th</sup> February 2016
- Education Funding Agency to issue budgets to academies for academic year 2016/17



## 9.0 IMPACT ON SCHOOL BUDGETS

- 9.1 All figures quoted for 2016/17 in the appendix are indicative budgets based on estimated October 2015 pupil numbers and are provided as an illustration of both the short term and long term gains and losses that schools will incur through the National School Funding Formula. Final school budgets for 2016/17 will be calculated using October 2015 pupil numbers and the final funding values submitted to the EFA in January 2016.
- 9.2 The appendix sets out estimated school budgets for 2016/17 as calculated using the National School Funding Formula proposals set out in this consultation paper. This includes the continuation of the 2.9% per pupil increase from the government's fair funding proposals as first allocated in 2015/16, the changes to the lump sum in accordance with the financial strategy and the preferred options for primary and secondary prior attainment. The primary secondary ratio based on the indicative budgets is 1:1.23
- 9.3 Detailed individual budgets have been issued to schools in support of the consultation paper and the appendix, which by necessity only provides an overall summary.
- 9.4 Overall the proposals have the following impact on the total Schools Budget

<b>Funding Factor</b>	<b>2014/15 £'000</b>	<b>%</b>	<b>2015/16 £'000</b>	<b>%</b>	<b>2016/17 £'000</b>	<b>%</b>
<b>Per pupil</b>	68,757	75	71,874	75.4	72,519	75.8
<b>Deprivation</b>	10,979	12	9,566	9.8	7,520	7.9
<b>Looked After Children</b>	141	0.1	134	0.1	134	0.1
<b>Low Cost SEN/Prior Attainment</b>	1,024	1.1	2,848	3.0	4,488	4.7
<b>EAL</b>	109	0.1	174	0.2	176	0.2
<b>Lump Sum</b>	9,385	10.2	9,374	9.9	9,074	9.5
<b>Sparsity</b>	111	0.1	223	0.2	310	0.3
<b>Rates</b>	1,165	1.3	1,191	1.2	1,215	1.3
<b>PFI</b>	190	0.2	207	0.2	242	0.2
<b>Total</b>	91,860	100	95,656	100	95,678	100
<b>Non Recoupment academies/ free schools</b>	2,043		Included above		Included above	
<b>Revised Total for comparison</b>	93,903		95,656		95,678	

## **10.0 CONSULTATION RESPONSES BY 2nd OCTOBER 2015**

- 10.1 A separate consultation form is attached and must be returned to [School.funding@herefordshire.gov.uk](mailto:School.funding@herefordshire.gov.uk) by 12 noon on 2nd October 2015 in order that your views can be considered by Schools Forum at their meeting in October.
- 10.2 The consultation meetings can also be used to express views for consideration – given the importance of the proposals all views are welcomed.

## **11.0 FURTHER INFORMATION**

- 11.1 If you have any questions regarding the detailed content of this consultation paper or the calculations and comparisons for your school as set out in the appendices please contact either Malcolm Green, Schools Finance Manager ([malcolm.green@hoopleltd.co.uk](mailto:malcolm.green@hoopleltd.co.uk)) or any member of the Budget Working Group as follows;

### **Primary**

Mr P Box, Lord Scudamore  
Ms T Kneale, Marlbrook  
Mr M Maund, Almeley  
Mrs A Pritchard, Trinity  
Mrs J Rees, Ledbury

### **Secondary**

Mrs S Catlow-Hawkins, Bishop's  
Mrs S Woodrow, Aylestone  
Mr N Griffiths, John Kyrle (BWG Chairman)  
Mr J Docherty, John Kyrle  
Mrs A MacArthur, Wigmore High (and Primary)

Others contributing to the development of these budget proposals included Ms N. Gilbert, Westfield representing special schools and Mrs R Lloyd representing early years.

# Herefordshire School Funding Consultation 2016/17



## Today's Agenda

- Introduction – Chris Baird/Jo Davidson
- Detailed overview and points to consider – Malcolm Green
- Looking to the Future – Chris/Jo/Malcolm
- Opportunity for questions
- Close
- Consultation responses by 2 October 2015



## National Funding Formula

- Continuation of last year's financial strategy to move closer to the expected national formula
- National implementation expected September 2017/18
- Underlying principles:
  - Simpler
  - Pupils receive the same basis of funding wherever they are educated
- Herefordshire proposals developed with schools through Budget Working Group and Schools Forum



## DfE funding guidance

1. Consolidation of last year's DfE Fairer Funding £390m for least fairly funded authorities
2. Herefordshire retains the extra £2.7m
3. No national formula changes for 2016/17
4. Expectation of substantial DfE consultation next year ahead of national formula implementation in 2017/18
5. Must deal with schools, high needs and early years funding



## DfE funding guidance

1. No new requirements set by DfE for 2016/17
2. National minimum values not changed for any factor
3. DfE advise to continue benchmarking against national data e.g.
  - Primary/secondary funding ratio
  - Low prior attainment
  - Deprivation

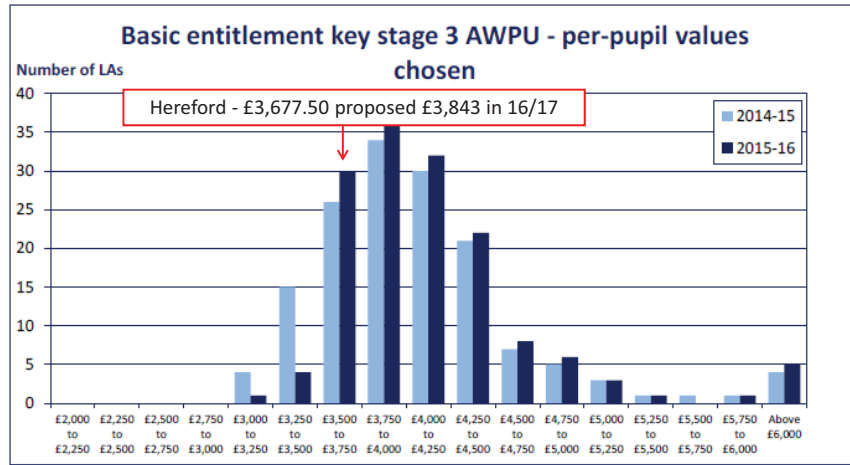


## Herefordshire five year strategy

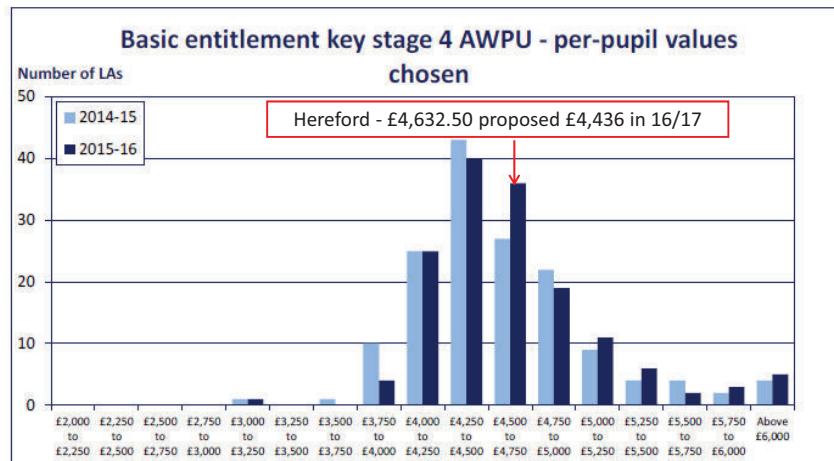
1. Third year of consolidation and planned but gradual change towards the expected national formula
2. Proposals achieve School Forum's target of 1.1:1.23 primary secondary funding ratio of our "family average"
3. Aim to reduce primary lump sum gradually to £75,000
4. Aim to Increase secondary lump sum to £150,000
5. Sparsity funding to change gradually
6. Review national funding comparisons – and amend as appropriate



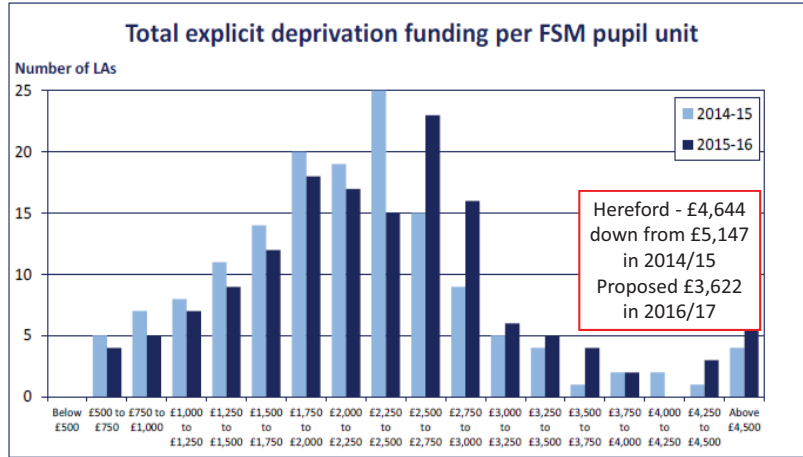
## Basic per-pupil entitlement



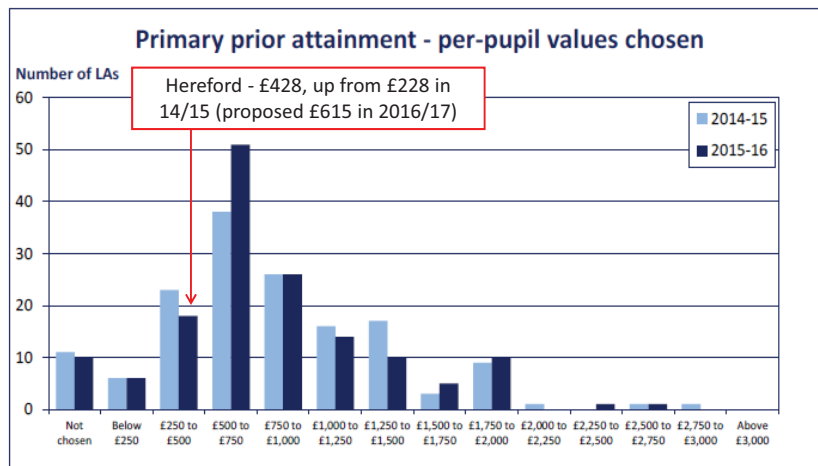
## Basic per-pupil entitlement



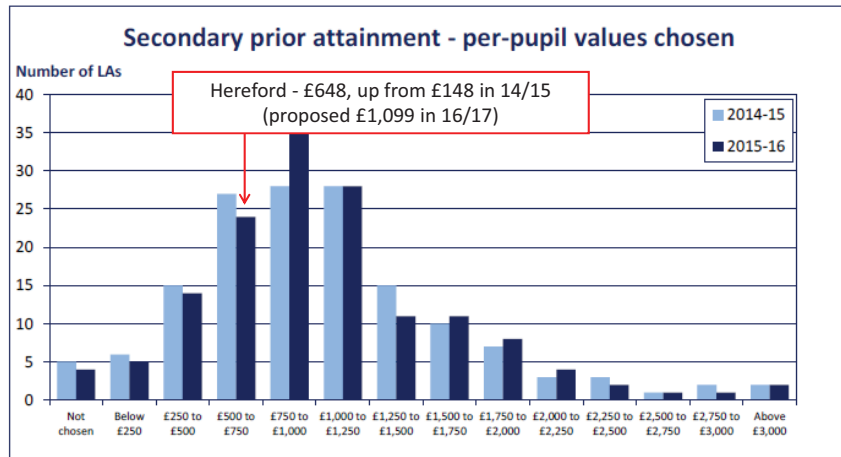
## Deprivation



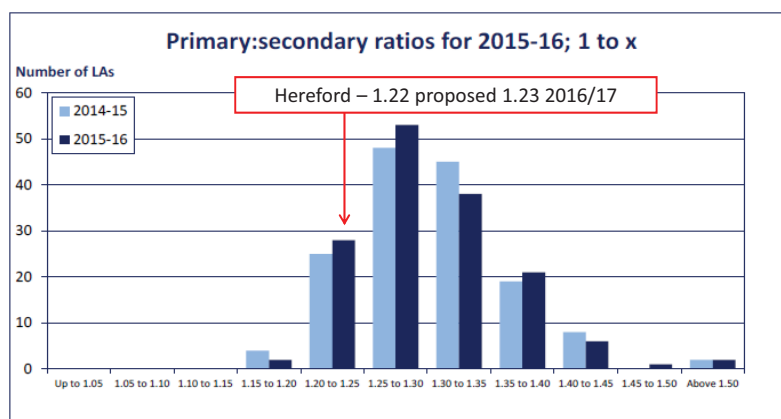
## Prior attainment - primary



## Prior attainment - secondary



## Primary : secondary funding ratios





## Herefordshire 2016/17 Proposals

### Continuation of existing strategy

1. Reduce primary lump sum to £87,000
2. Increase secondary lump sum to £143,000
3. Increase primary sparsity for qualifying primary schools
4. Transfer funding from deprivation to low prior attainment
5. Small adjustment to secondary per pupil funding
6. More de-delegation to improve financial planning

## Low Prior Attainment & Deprivation funding

Funding Factor	Hereford 2014/15	Proposed 2016/17	DfE Fairer Funding
Deprivation – Ever-6 FSM	£11m	£7.5m	£5.5m
Prior Attainment	£1m	£4.5m	£3.8m
<b>Total</b>	<b>£12m</b>	<b>£12m</b>	<b>£9.3m</b>

## Low Prior Attainment Primary

	2014/15			2015/16			Proposed 2016/17		
	per pupil	total funding	%	per pupil	total funding	%	Per pupil	Total funding	%
LPA funding	£228	£0.7m	0.8%	£428	£1.3m	1.4%	£615	£2m	2.1%
Deprivation	£2,860	£6.4m	7%	£2,572	£6.0m	6.3%	£2,192	£5.2m	5.4%

## Low Prior Attainment Secondary

	2014/15			2015/16			Proposed 2016/17		
	Per pupil	Total funding	%	per pupil	total funding	%	per pupil	total funding	%
LPA funding	£148	£0.3m	0.3%	£648	£1.5m	1.6%	£1,099	£2.5m	2.6%
Deprivation	£2,860	£4.6m	5%	£2,162	£3.6m	3.8%	£1,419	£2.3m	2.4%

## Impact on average pupil funding

Year	Primary per pupil	Secondary per pupil
• 2013/14	£4,016	£4,774
• 2014/15	£4,015	£4,793
• 2015/16	£4,085	£4,983
• 2016/17	£4,053	£4,976

Note: 2015/16 includes the 2.9% fairer funding increase

## High Needs Funding

- DfE set high needs funding on historic spend basis
- No increases for 2016/17
- DfE research study proposes formula funding in future
- Identifies Herefordshire as low funded but high demand
- Unfunded rising costs in future; increasing demand for places
- Small overspend in 2015/16
- Using balances to fund high needs protection schemes for primary schools and PRU charges – can't continue.....
- f40 modelling suggests Herefordshire £2m underfunded

Funding Proposals 2016/17	Primary	Secondary
Basic entitlement per pupil	£2,875	£3,843 re KS3 £4,436 re KS4
Deprivation per Ever-6 FSM pupil	£2,192	£1,419
Low Prior Attainment	£615	£1,099
Lump Sum – all schools	£87,000	£143,000
Looked After Children	£1,300	£1,300
Sparsity for qualifying schools £42,000 taper & threshold 105 pupils (DfE now use year group basis of 15 pupils)	£400 per pupil subsidy up to threshold	Included in lump sum
EAL pupils – as per DfE minimum funding	£505	£1,216
Pupil Mobility – per mobile pupil	£0	£0
Split Site costs	£0	£0
PFI Contract	£0	£242,500
Business rates	At cost	At cost

## Timelines

1. Consultation response by 2nd October (\*earlier preferable)
2. Budget Working Group to review feedback on 8<sup>th</sup> October
3. Schools Forum to agree formula and values on 23<sup>rd</sup> October
4. Provisional submission to EFA by 31<sup>st</sup> October
5. Adjust based on October pupil numbers and final DSG
6. Schools Forum to finalise 15<sup>th</sup> January
7. Final submission to Education Funding Agency 21st January
8. Issue of school budgets by 26<sup>th</sup> February

[school.funding@herefordshire.gov.uk](mailto:school.funding@herefordshire.gov.uk)

## Looking to the Future

- School funding protected by DfE i.e. **frozen at current levels**
- **Cost pressures forecast to rise** by 15% over five years from 2015/16
- Cost increases
  - Increase in teachers pension contributions 2.38% from September 2015
  - Increases in support staff pensions 4.4% April 2015
  - Further increases in support staff pensions 6.2% April 2016
  - National insurance rises 3% from April 2016 (estimated 2% support staff)
  - Unfunded pay rises 1% pa for each of five years
  - Unfunded performance increments for each of five years
  - General inflation for non-pay costs
- First letter to schools in July and second letter now.



## Looking to the Future

- All schools face identical financial pressures
- Academies responsibility of Education Funding Agency
- Maintained schools responsibility of Herefordshire Council
- Schools Forum taking the lead for all Herefordshire schools as body that sets revenue funding
- Local authority risk categories
  - A – potential deficit by March 2017 (18 schools)
  - B – potential deficit by March 2018 ( 12 schools)
  - C – potential deficit by March 2019 ( 9 schools)
  - D – no projected deficit within three years
- Exemplar Budgets show even schools in good financial health will face deficits within 4 years without action



## Key role of heads & governors

- Nicky Morgan, Secretary of State stressed the key role of governing bodies in ensuring schools remain financially healthy with robust management systems in place in return for the trust that schools are given to spend their money wisely.
- We need to be sure that each school is aware of financial pressures to come and is taking appropriate action
- School Forum wants commitment from schools that plans will be put in hand
- New financial planning software to help schools



## Suggested strategies

- Share leadership and management
- Do not automatically replace staff who leave
- Ensure teaching arrangements are efficient and well targeted whilst ensuring costs affordable
- Curriculum review to ensure cost effectiveness of teaching
- Do not increase your education support staff budgets
- Use Permanent Variable contracts for teachers and support staff to increase flexibility of staffing
- Teaching Assistants start and end the school day at same time as pupils
- Ensure expenditure on resources and facilities is appropriate to need



## Support and advice

- Four task and finish groups (Outcomes, Capital, High Needs and Early Years) to recommend options for the future
- Support available from NLE and LLEs
- Financial advice available to help plan budgets
- Headteacher support groups if wanted
- Key governor responsibility – more support & training?
- Don't ignore the warnings
- Act now and plan ahead
- Any questions?

- queries to: [malcolm.green@hoopleltd.co](mailto:malcolm.green@hoopleltd.co)







## NATIONAL SCHOOL FUNDING FORMULA 2016/17 CONSULTATION RESPONSES

<b>Q1: PRIMARY SECONDARY FUNDING RATIO</b>	<b>Yes</b>	<b>No</b>
<p>Do you agree with a continued reduction of £6,000 in the primary lump sum to move the primary secondary funding ratio to 1.23?</p> <p>The primary lump sum reduces to £87,000 and the secondary lump sum increases to £143,000. Primary sparsity increases by £14,000 in the tapered lump sum to £42,000.</p>	<p>3 LA High 7 LA Primary 1 LA special 4 Acad High 1 Acad Pri</p> <p>Total 16</p>	<p>5 LA Pri</p> <p>Total 5</p>
<b>Q2: PRIMARY LOW PRIOR ATTAINMENT</b>	<b>Yes</b>	<b>No</b>
<p>That the funding allocation for primary low prior attainment be amended from £428 per pupil not achieving 78 points on the Early Years Foundation Stage Profile to £615 per pupil in 2016/17</p> <p>Note 1: Ever-6 Free school meals funding will be correspondingly reduced from £2,860 per pupil to £2,192</p> <p>Note 2: The DfE require that funding for primary low prior attainment is allocated on less than 78 points on the EYFSP. The DfE will change in the future.</p>	<p>3 LA High 7 LA primary 1 LA special 4 Acad High</p> <p>Total 15</p>	<p>3 LA primary</p> <p>Total 3</p>
<b>Q3: SECONDARY LOW PRIOR ATTAINMENT</b>	<b>Yes</b>	<b>No</b>
<p>That the funding allocation for secondary low prior attainment is increased from £648 per pupil not achieving level 4 in Maths OR English to £1,099 per pupil in 2016/17?</p> <p>Note: Ever-6 Free school meals funding will be correspondingly reduced from £2,168 per pupil to £1,419</p>	<p>3 LA high 10 LA primary 1 LA special 3 Acad High</p> <p>Total 17</p>	<p>2 LA pri</p> <p>Total 2</p>
<b>Q4: DE-DELEGATION (LA schools only)</b>	<b>Yes</b>	<b>No</b>
<p>Do you agree that for local authority maintained schools, the current de-delegation of funding should continue for</p> <p>(a) trade union facilities – Primary only</p> <p>(b) ethnic minority support – secondary and primary</p> <p>(c) free school meals administration – secondary and primary</p> <p>(d) software licence costs for finance budgeting software</p>	<p>10 15 14 14</p>	<p>2 0 1 1</p>





<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>MEETING DATE:</b>	<b>23 OCTOBER 2015</b>
<b>TITLE OF REPORT:</b>	<b>LOOKING TO THE FUTURE – TASK AND FINISH GROUPS</b>
<b>REPORT BY:</b>	<b>SCHOOL FINANCE MANAGER</b>

## Classification

Open

## Key Decision

This is not an executive decision.

## Wards Affected

County-wide.

## Purpose

To seek the Forum's agreement on the proposed terms of reference for the looking to the future task and finish groups.

## Recommendation(s)

THAT:

- (a) the terms of reference for the task and finish groups be approved; and
- (b) Schools Forum is asked to consider how best to involve school governors in the task and finish group process.

## Alternative Options

- 1 The task and finish groups will consider a range of actions and proposals as part of their work and will report back to schools forum with interim proposals in May/June 2016.

## Reasons for Recommendations

2. To approve the terms of reference for the looking to the future task and finish groups

## Key Considerations

### Background

3. Following its meeting on 5 June 2015 Schools Forum held an informal workshop at which members of the Forum received a detailed presentation setting out the pressures on the education provision and funding streams in Herefordshire for the next five years. In order to plan ahead effectively Schools Forum and the council have responded by commissioning four task and finish groups to consider in detail four broad service areas and report back with proposals. The task and finish groups are as follows;
  - Outcomes
  - Capital
  - Early Years
  - High Needs
4. The groups have been charged with making interim recommendations and proposals to schools forum in May 2016, and following discussion at the Education Strategic Board, final recommendations by May 2017
5. The proposed terms of reference are set out in the appendix and have been endorsed by the forum's Budget Working Group (BWG). The consensus at the BWG was that the co-chairs identified for each group should finalise the membership. Suggested membership of the existing groups is set out in the appendix. The high needs group is to be reconstituted from the previous high needs tariff development group.
6. Additionally at this early stage Schools Forum is invited to consider how best to involve school governors in the task and finish group process.

## Community Impact

7. There is no community impact at this stage as the report seeks agreement to the terms of reference. Any community impact will be considered as part of the development of interim and final proposals.

## Equality and Human Rights

8. There are no implications for the public sector equality duty.

## Financial Implications

9. There are no financial implications at this stage of the Looking to the Future work stream. The task and finish groups will clearly set out the financial implications for consideration in both their interim and final proposals.

## **Legal Implications**

- 10 The purpose of this report is to seek the Schools Forum's agreement on the terms of reference for the Looking to the Future task and finish groups. As such there are no specific legal implications.

## **Risk Management**

- 11 Risks will be managed by the inclusion of a wide membership for each of the task and finish groups and by further detailed consideration of the interim proposals by the Education Strategic Board and Schools Forum. Significant change proposals will be subject to further consultation with stakeholders.

## **Consultees**

- 12 None at this stage.

## **Appendices**

- Appendix 1 - Terms of reference looking forward task and finish groups

## **Background Papers**

- None identified.



## Appendix 1 – Terms of Reference

### Looking to the Future

#### Schools Forum Task and Finish Groups

As part of a five year funding strategy to ensure that Herefordshire Schools Forum and the council pro-actively manage future funding pressures in the Dedicated Schools Grant, Schools Forum has agreed to set up four task and finish groups with the following terms of reference:

- All groups need to consider how to incentivise change, whether it be by, for example managing demand, meeting need in a different way or incentivising new models of school
- To clarify additional sources of support and research needed and identify best practice elsewhere
- To prepare costed proposals to achieve better value for money from current spending as appropriate on
  - Outcomes
  - Capital
  - Early years
  - High Needs
- To provide the evidence base for improved educational standards in Herefordshire to support educational standards in Herefordshire
- To call for evidence from all Herefordshire schools and early years settings as appropriate and as required
- To prepare suggested implementation timelines setting out funding implications
- To make interim recommendations and proposals to Schools Forum in May 2016, following discussion at the Education Strategic Board and final recommendations by May 2017
- Each task and finish group to consider its operating practice whereby rather than meeting regularly the group could alternatively block out slots of time to do concentrated work to finish quicker.

Herefordshire Council's General Overview and Scrutiny Committee be invited to either shadow or work alongside the task and finish groups.

Question – how best to involve governors?

All proposals for change must take account of current expenditure and standards, DfE finance regulations that may restrict spending flexibility and clearly set out the proposed changes to ensure effective spending of Dedicated Schools Grant taking full account of the increased demand for reducing resources in a time of financial stringency

School Forum's notes on key issues are attached.

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## Group 1: Outcomes - Herefordshire School Improvement Partnership

Co - Chair: Lisa Fraser

Co-chair and Lead Headteacher: Tracey Kneale

### Issues to address

1. Are we as effective as we could be and how can we evidence funding is having a positive effect?
2. Can we target the funding we have in better ways?
  - Lump sum
  - Low prior attainment
  - Deprivation i.e. ever-6 free meals funding
3. Removing barriers to learning e.g. mental health, therapeutic support, early help/troubled families.
4. What do the graphs tell us?
5. How do we target for outcomes?
6. Consider whether by pooling funds say between schools and/or with the Local Authority and Clinical Commissioning Group could help secure better outcomes.

### Membership

- Dean Curtis – Headteacher at Wigmore
- Dean Williams – Headteacher at Weobley High
- Angela Daniel – Headteacher Kingsland Primary
- Claire McKeown – Headteacher at Whitchurch CE Primary
- Marie Tomas – Headteacher at Clifford Primary
- Andy Evans – Headteacher at John Masefield High School
- Chris Bandfield – Headteacher at Ashperton Primary
- Andrew Teal – Headteacher St Paul's CE Primary
- Paul Whitcombe – Executive Headteacher at Lord Scudamore Academy
- Tracey Kneale – Headteacher at Marlbook
- Anne Robertson – Archdiocese
- Phillip Sell – CofE Diocese
- Oremi Evans – Headteacher at Brookfield Academy
- Nigel Griffiths – Headteacher at John Kyrle
- Lisa Fraser - Head of Learning and Achievement

## Group 2: Capital – Capital Strategy Group

Co-Chair: Andy Hough

Co-chair and Lead Headteacher: Anne Pritchard

Issues to address

1. High quality learning environments are more likely to deliver the best outcomes for all children and young people
2. Don't have the money to spend via "traditional routes"
3. Becoming academy not the answer
4. Size of school
5. Leadership and management
6. Use of range of funding:
  - Use of DfE grants
  - Recycling funding e.g. Broadlands/Aylestone
  - Dedicated Schools Grant/school revenue – schools already doing this – how to do it better?
  - Academies fund
  - CIL and section 106
  - Business sponsorship
  - Business investment
  - Corporate council borrowing
7. Make the case at local and national political level

Membership

- Andy Hough - Head of Education Development
- Simon Robertson - Head teacher, Aylestone
- Nicki Gilbert - Head teacher, Westfield
- Adam Breakwell - Head teacher, Orleton
- Kathy Weston- Head teacher, St James
- Kevin Wright - Head teacher, St Peters
- Oremi Evans- Head teacher, Brookfield
- Ann Pritchard- Head teacher, Trinity
- Liz Sykes - School Business Manager, Luston
- Sue Palmer –School Business Manager, St Martins
- Alison Price - Bursar, Ashfield Park.
- Sian Lines - Dioceses, Assistant Director Business & Premises

## Group 3: Early Years Strategy Group plus additional representatives to ensure full representation

Co- Chair: Julia Stephens      Co-chair and Lead Headteacher: Julie Rees

Issues to address

1. Base for all future schooling – evidence from the research is “quality of early years provision is carried through to GCSE
2. Overall, outcomes improving, but not where we want them to be – gap for the vulnerable too big.
3. National funding issue particularly for expansion to 30 hour provision
4. No increase in rate paid to Herefordshire providers since circa 2007
5. Herefordshire is 16<sup>th</sup> lowest funded nationally by DfE for early years
6. How can we invest more in early years?
7. Can we afford not to?
8. Who pays?
9. How do we lobby government?
- 10 Strategic nursery classes in schools – where? Rationale? Outcomes?

## Membership

Chair: Early Years Policy and Strategy Manager – Julia Stephens

Plus co-chair ( for task and finish group) Julie Rees, Headteacher Ledbury Primary

- Health provider services (health visitors and midwifery) CAROLINE HATTON
- Public health SOPHIE YOUNG & ANDREA WESTLAKE
- Safeguarding/LAC - VACANT
- Early years improvement – ALISON MURPHY
  
- Early years inclusion – SUE SHARP
- Children's Centres – ANNE ROBERTS
- Additional needs – LES KNIGHT
- Sufficiency and capital commissioning – ANDY HOUGH
- Educational development – ANDY HOUGH

- Children's commissioners- JAMIE LEES
- Early years providers – NICKY OVAL (MERRY GO ROUND NURSERY) & ROSE LLOYD (BRIDGES CHILDCARE)
- Primary school
- KEVIN WRIGHT (ST PETERS BROMYARD)
- KATHY WESTON (ST JAMES PRIMARY SCHOOL)
- CAROLINE WOODS (WEOBLY PRIMARY)
- Department for Work and Pensions (DWP) – ANN PIERCE

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## Group 4: High Needs – Reconstituted High Needs tariff group plus additional nominees to ensure full representation

Co-Chair: Les Knight

Co-chair and Lead Headteacher: Sara Catlow-Hawkins

Issues to address

1. Cannot continue to grow special school places
2. High needs funding largely fixed irrespective of growth in demand
3. Review the DfE's high needs report published by ISOS July 2015
4. Growth in special school places of 25% since 2010 at a cost of £1.2m – impact is reduction of mainstream school funding
5. Similar growth of 25% to 2020 will cost further £1.2m i.e. £60 per pupil
6. High needs budget overspent in 2014/15 by £126k
7. And in 2015/16 propped up by £150k of one-off reserves
8. Growth pressures in hospital education, autism, out-county placements rising again, disproportionate impact of pension costs, early years SEN increasing
9. Consider whether by pooling funds say between schools and/or with the Local Authority and Clinical Commissioning Group could help secure better outcomes.
10. Review the operation of the top up tariff ( banded funding panel)



<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>23 OCTOBER 2015</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 2014/15**

<b>Friday 4 December 2015 – 9.30 am</b>
<ul style="list-style-type: none"> <li>• Workplan</li> <li>• Dates of Meetings</li> </ul>
<b>Friday 15 January 2016 – 9.30 am</b>
<ul style="list-style-type: none"> <li>• Dedicated Schools Grant settlement and proposed schools budget 2016/17</li> <li>• Specil Needs</li> <li>• Workplan</li> <li>• Dates of Meetings</li> </ul>
<b>Friday 11 March 2016 – 9.30 am</b>
<ul style="list-style-type: none"> <li>• Looking to the Future – Review of School Budget Plans</li> <li>• Workplan</li> <li>• Dates of Meetings</li> </ul>

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

May/June 2016
<p>Looking to the Future Proposals from Task and Finish Groups:</p> <p>Outcomes (Lisa Fraser/Tracey Kneale)</p> <p>Capital (Andy Hough/Anne Pritchard)</p> <p>Early Years (Julia Stephens/Julie Rees)</p> <p>High Needs (Les Knight/Sara Catlow-Hawkins)</p>
June/July 2016
<ul style="list-style-type: none"> <li>• National Funding Formula – DfE consultation/response</li> <li>• High Needs Budget 2016/17</li> </ul>

## Background Papers

- None identified.