

AGENDA

Herefordshire Schools Forum

Date: **Friday 10 March 2017**

Time: **9.30 am**

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

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

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Agenda for the meeting of the Herefordshire Schools Forum

Membership

Chairman Mrs J Rees
Vice-Chairman Mrs S Catlow-Hawkins

Mrs S Bailey	Special Schools
Mr P Barns	Pupil Referral Unit
Mrs W Bradbeer	Academies
Mr P Burbidge	Roman Catholic Church
Mrs J Cohn	Special School Governor Representative
Mr A Davies	Academies
Mr P Deneen	Trade Union Representative
Mr J Docherty	Academies
Mr T Edwards	Local Authority Maintained Primary School Governor
Mr M Farmer	Academies
Mr J Godfrey	16-19 provider representative
Mr NPJ Griffiths	Academies
Ms A Jackson	Early Years Representative
Mrs L Johnson	Local Authority Maintained Secondary School Governor
Mr T Knapp	Academies
Ms T Kneale	Locally Maintained Primary School (Nursery)
Mr C Lewandowski	Trade Union Representative
Mr M Lewis	Local Authority Maintained Primary School
Mrs S Lines	Church of England
Mrs R Lloyd	Early Years Representative
Mrs M Stevens	Local Authority Maintained Primary School
Mrs K Weston	Local Authority Maintained Primary School
Mr P Whitcombe	Academies
Mr K Wright	Local Authority Maintained Primary School

AGENDA

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on 13 January 2017.	5 - 12
5. REPORT OF THE BUDGET WORKING GROUP To receive the report of the Budget Working Group on the following topics: <ul style="list-style-type: none">• Special school funding;• National school funding formula consultation draft response;• Education services grant transitional funding;• High needs budget proposals for 2017/18 and the impact on the early years hourly rate for 3 and 4 year olds;	13 - 66
6. LOOKING TO THE FUTURE (TO FOLLOW) To receive a report from the high needs task and finish group.	
7. WORK PROGRAMME AND MEETING DATES FOR 2017/18 To consider the work programme for 2017/18 and proposed dates for forum meetings.	67 - 72

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Herefordshire Schools Forum held at The Council Chamber - The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Friday 13 January 2017 at 9.30 am

Present: Mrs S Catlow-Hawkins (Vice Chairman) – Secondary Maintained Schools

Mrs S Bailey	Special Schools
Mr P Barns	Pupil Referral Unit
Mr P Burbidge	Roman Catholic Church
Mrs J Cohn	Special School Governor Representative
Mr A Davies	Academies
Mr P Deneen	Trade Union Representative
Mr J Docherty	Academies
Mr T Edwards	Local Authority Maintained Primary School Governor
Mr M Farmer	Academies
Mr NPJ Griffiths	Academies
Ms A Jackson	Early Years Representative
Mrs L Johnson	Local Authority Maintained Secondary School Governor
Ms T Kneale	Locally Maintained Primary School (Nursery)
Mr C Lewandowski	Trade Union Representative
Mr M Lewis	Local Authority Maintained Primary School
Mrs M Stevens	Local Authority Maintained Primary School
Mr A Teale	Church of England
Mrs K Weston	Local Authority Maintained Primary School
Mr K Wright	Local Authority Maintained Primary School

In the absence of the chairman, Mrs J Rees, the vice-chairman, Mrs S Catlow-Hawkins, took the chair.

253. NAMED SUBSTITUTES (IF ANY)

Mr A Teale was confirmed as a substitute for Mrs S Lines.

254. APOLOGIES FOR ABSENCE

Apologies were received from Mrs W Bradbeer, Mr J Godfrey, Mr T Knapp, Mrs S Lines, Mrs R Lloyd, Mrs J Rees and Mr P Whitcombe.

255. DECLARATIONS OF INTEREST

There were no declarations of interest.

256. MINUTES

Resolved: that the minutes of the meeting of 21 October 2016 be confirmed as a correct record and signed by the Chairman.

257. BUDGET WORKING GROUP

The vice-chairman noted that a supplementary report had been issued to the original agenda pack covering the meeting of the budget working group (BWG) of 6 January 2017. The recommendations of the BWG regarding the Dedicated Schools Grant and Herefordshire schools budget had been taken on board and an updated set of recommendations to be put

to the schools forum under item 6 of the agenda had been issued in the supplementary pack. The forum was therefore only required to note the recommendations of the BWG under this item.

Nigel Griffiths, chairman of the BWG, introduced the report and set out the context. He noted that the settlement from central government had been slightly better than expected and that as a result some changes to the original recommendations were able to be proposed which improved the situation for schools somewhat. He went on to say that the role of the schools forum would change as the national school funding formula was implemented, with less local flexibility in setting the schools budget. Members of the forum were asked to note that the Department for Education (DfE) had published the second stage consultation on the proposed national formula in December. The f40 group of authorities were considering the implications of the proposals and the schools finance manager would report further on this.

The schools finance manager (SFM) summarised the report of the meeting of the BWG on 14 November 2016. The group had received a presentation on special school funding, the slides of which were included in the agenda papers. The SFM reported that an independent expert had been appointed to review special school funding in Herefordshire and that the BWG would receive his report on 24 February 2017. Recommendations arising from this piece of work would be put to the schools forum on 10 March 2017 alongside recommendations on the allocation of the high needs funding block.

The BWG also reviewed the response to the schools budget consultation which took place in the first half of the autumn term. The responses were included in the agenda pack.

Resolved: that the recommendations of the budget working group be noted.

258. DEDICATED SCHOOLS GRANT AND HEREFORDSHIRE SCHOOLS BUDGET 2017/18

The SFM set out the context of the reports. The report published in the original agenda pack reflected the anticipated allocation from central government. The actual figures were now known and were reported to the BWG at its meeting on 6 January 2017. The recommendations of the BWG from that meeting were taken into account and the update published in the supplement pack represented the final position.

The schools forum was asked to make recommendations to the cabinet member for young people and children's wellbeing so that a response could be returned to the DfE by the deadline of 20 January 2017.

The SFM summarised the discussion that had taken place at the BWG meeting and set out the final recommendations of the local authority.

The recommended school funding values were as set out in the consultation that had taken place with schools in the first part of the autumn term. The suggested values had been widely accepted. An additional exceptional premises factor had been added at the request of the DfE to cover the property lease of Eastnor School following its conversion to academy status. From April 2018 this would be funded by the DfE directly so this factor was a technical adjustment for one year only.

The savings achieved from the national business rates revaluation exercise and the Minimum Funding Guarantee provided some additional funds which could be allocated to increase some of the school funding values. A range of options had been considered and discussed with the BWG including increasing the lump sum for primary schools,

raising funding rates for pupils from deprived backgrounds and raising rates for pupils with low prior attainment. The BWG felt that the best way forward was to seek to increase those factors where Herefordshire fell below the proposed national formula. Consequently it was recommended that the values for ever 6 free school meal pupils and pupils with low prior attainment be increased for primary and secondary phases by the values set out in the report.

The recommendation on de-delegation of funding from local council maintained schools replicated the arrangements in place for 2016/17. The response to the consultation had been nearly unanimous in its support for maintaining these arrangements.

The reduction in the Education Services Grant (ESG) had been forced on the local authority by national changes. This was not something that the council welcomed but a balanced budget had to be set which required savings to be made. The council had sought to put together a reasonable package to cover the reduction which included both corporate savings of £600k and charging some costs back to schools as set out in the recommendations.

The level of transitional grant had been confirmed. This was higher than expected and allowed the local authority to adjust its proposals and provide lower top-slices and charges to schools.

The recommended top-slice for maintained schools had been reduced down to £13.50 per pupil.

An exceptional redundancies reserve of £210k would be created. Exceptional redundancies would be considered on a case by case basis and would occur rarely but one example would be if a small primary school had to close with insufficient funds in its budget to cover the cost of redundancies.

£50k would be used to provide school improvement funding for the summer term 2017, in line with the recent national government announcements.

The remaining £110k would be subject to further discussion with the BWG before its allocation was determined by the local authority. The local authority would be seeking to achieve long term benefits from the one off grant. At its meeting on 6 January the BWG suggested that this funding could be used to support those LA maintained schools required to pay the apprenticeship levy for 2017/18. Officers felt that this option would only delay the need for schools to find funds for this levy by one year. Other options might include the purchasing of software upgrades which might provide longer term benefits to schools and reduce the bureaucratic burden on them. Officers and the BWG would consider the matter further and proposals would be brought to the schools forum on 10 March for forum to then make recommendations to the cabinet member.

The retained services ESG was as expected with no changes to the proposals shared previously.

The central school services block was more than expected but the DfE placed restrictions on what the local authority can spend it on. The grant would be used to fund licences which were negotiated nationally, admissions costs and the costs of servicing the schools forum. The budget for the schools forum would be increased which would allow some funds for the commissioning of external expertise to support the work of the forum and the BWG.

The SFM noted that the BWG considered the early years consultation paper at its meeting on 6 January. The funding settlement for the early years block was better than expected as a floor level had been set nationally. Alongside the national guidance

published on the early years block and as a result of this increase in early years funding the local authority proposed that responsibility for the costs of early years high needs pupils be moved from the high needs block to the early years block. Regulations and guidance allowed for either block to meet these costs. This was currently under consultation with early years providers.

The BWG recommended that further deliberations take place. Some member of the BWG did not support the proposal because they felt that the maximum amount of money should be retained in the early years block, or because the proposal appeared to run contrary to one of its guiding principles namely it had previously sought to retain the integrity of the separate funding blocks. This proposal would increase the funds available in the high needs block by around £100k. Retaining the existing arrangement would allow the hourly rate paid to early years providers to increase by a further 7p per hour. The BWG recommended that further discussion take place on the allocation of the early years block alongside discussion of the pressures on the high needs block. This will take place on 24 February with proposals to come to the schools forum on 10 March for forum to then make recommendations to the cabinet member.

The vice-chairman noted that the level of response to the school consultation in the autumn term was greater than in previous years. She commented that it was positive to see more schools engaging in the process.

Resolved: that the local application of the National Funding Formula for 2017/18 be recommended to the cabinet member for young people and children’s wellbeing as follows:

(i) the final school funding values be agreed as follows, unless amended in (ii) below:

1.	Basic entitlement per primary pupil	£2,875
2.	Basic entitlement per secondary key stage 3 pupil	£3,843
3.	Basic entitlement per secondary key stage 4 pupil	£4,436
4.	Deprivation per primary ever 6 free school meals pupils	£2,192
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	£1,121
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 two 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.	Private finance initiative (PFI) contract	£267,500
15.	Business rates	At cost
16.	Exceptional premises factor for Eastnor school	£8,460

(ii) that the savings from the national business rates revaluation exercise and the Minimum Funding Guarantee be used to support the implementation of the national school funding formula by increasing the deprivation and low prior attainment values in (i) above as follows;

1.	Deprivation per primary ever 6 free school meals pupil +£40 to	£2,232
2.	Deprivation per secondary ever 6 free school meals pupil +£41 to	£1,460
3.	Low prior attainment per primary pupil +£95 to	£710
4.	Low prior attainment per secondary pupil +£110 to	£1,231

- (iii) local council maintained school members of the schools forum approve the de-delegation in 2017/18 of funding for trade union facilities (primary schools only), ethnic minority support, free school meal administration and software licence costs for the financial planning software
- (iii) that the £1.1m Education Services Grant savings be achieved by:
1. a £600,000 reduction in the council's corporate services and in education and commissioning services, for example:
 - a. Reduction in corporate overheads £500k
 - b. Reduction in education and commissioning central school improvement funds £47k
 - c. Efficiency savings in council service and full cost recovery £53k
 2. £200,000 of school redundancies, including the early release of pension costs, for maintained schools to be:
 - a. charged directly to the maintained schools that incur them; and
 - b. loans from the local council be offered to help spread the redundancy cost over a five year period.
 3. a £170,000 budget top-slice of £13.50 per pupil for maintained schools only to support effective school management and cover statutory duties carried out by the local council
 4. a £200,000 service level agreement is introduced for all schools to cover safeguarding and pupil wellbeing at a cost of £8 per pupil
 5. use of the one off transitional grant of £372k to:
 - a. create an exceptional redundancies reserve of £210k
 - b. provide school improvement funding of £50k for the summer term 2017
 - c. allocate £110k to projects to be determined following further consultation with the Budget Working Group, to include option to support LA maintained schools in paying the apprenticeship levy for 2017/18. Recommendations to be brought to the Schools Forum in March 2017.
- (v) that the retained services Education Services Grant of £360,000 be used to provide statutory services to all maintained and academy schools
- (vi) that the central school services block of £300,000 be used to meet the costs of national licences for schools, admissions and schools forum in accordance with Department for Education (DfE) guidance.

(NB restrictions were applied to voting as follows:

only representatives of LA maintained schools, academies and early years providers were eligible to vote on recommendations (i), (ii), (iv) parts 1, 4 and 5, (v) and (vi)

only representatives of LA maintained schools were eligible to vote on recommendations (iii) and (iv) parts 2 and 3).

The vice -chairman thanked officers, in particular the school finance manager and his team for the work that had been put into the budget proposals. She also commended the

work of the BWG and thanked members for their input. The open and transparent operation of the group played a significant part in the budget setting process.

The assistant director, commissioning and education thanked members of the schools forum and the BWG for the significant amount of work that had been put in. He stated that the cabinet member for young people and children's wellbeing had a high level of confidence in the work of the forum. The assistant director noted that reports from some other authorities showed they were struggling to manage the shift to the national funding formula, partly because they had not addressed the challenges early enough. Although the funding situation in Herefordshire was not a great situation it was being managed proactively.

The assistant director expressed particular thanks to the budget working group, members of schools forum and the chairs and vice chairs of both groups. He also thanked the school finance manager and his team for their work during a difficult period. The members of the forum echoed this statement and expressed their appreciation.

The schools finance manager spoke briefly on the second stage consultation published by the DfE in December 2016. The outcome for Herefordshire of the proposed formula was poor overall with a minimal increase in per pupil funding. There was wide variation between individual schools and this was replicated nationally. The DfE had published a spreadsheet indicating the level of funding each school would have received in 2016/17 had the proposed national funding formula been in place. Pupil premium funding would be on top of the funding on the spreadsheet. A copy of the sheet would be made available to all schools for their information.

In general terms it was noted that small primary schools would gain from the larger lump sum while larger primary schools and most secondary schools would lose from lower rate per pupil. The break-even point for primary schools was about 150 pupils.

The SFM reported that the f40 group of authorities were considering the implications of the proposed formula and would continue to lobby for changes to improve the situation for the lowest funded authorities. The cabinet member for young people and children's wellbeing was being briefed on the implications so that he could take the issues forward to Herefordshire MPs. The DfE had agreed to a workshop with the f40 group to work through the proposed formula in detail. The f40 was concerned that the floor on budget reductions of 3% was protecting schools in London at the expense of other authorities.

The BWG would discuss the proposed formula at its meeting on 24 January. A more detailed report and draft response to the consultation would be brought to the schools forum in March. It was intended that the response would be a joint one between the council and the forum.

A query was raised as to whether the inequalities surrounding the London schools would be cancelled out over time if both the Minimum Funding Guarantee and the cap on budget reductions was maintained. The SFM responded that it was unlikely to be as simple as that as it was proposed this would be an absolute floor. The f40 group were likely to press for the cap to be removed so that the national formula worked its way through. The DfE was due to publish final values in the summer 2017.

259. LOOKING TO THE FUTURE

The vice-chairman introduced the report on the work of the high needs task and finish group. She noted that there was a lot of information contained in the agenda pack and that the members of the forum were not required to make a decision at this meeting. Members were asked to direct any feedback on the work to date to the head of additional needs or to the vice-chairman, as she was the lead head teacher on the task

and finish group. A further report setting out specific recommendations for consideration by the forum would be brought to a future meeting.

The assistant director commissioning and education stated that Herefordshire was not alone in experiencing pressure on the high needs funding block. Many other authorities were struggling and some were in a considerably worse position. There would be some difficult decisions ahead but the work done would help to inform the options available. He encouraged all members to read the reports and feedback to the vice-chairman and the head of additional needs.

The vice-chairman stated that a number of meetings and a large amount of thought, consultation and research had gone into the report presented to the meeting. She thanked the head of additional needs for his work in putting the report together.

Resolved: that the work of the high needs task and finish group to date be noted.

260. WORK PROGRAMME

The forum was asked to note the latest work programme.

The agenda for the meeting of 10 March 2017 would include a draft response to the DfE stage 2 consultation on the National School Funding Formula. It was intended that the response be a joint one from the local authority and the schools forum.

Resolved: that the work programme be noted.

261. NEXT MEETING

The next meeting was confirmed as being Friday 10 March 2017 at 9:30am.

Resolved: that the date and time of the next meeting be noted.

The meeting ended at 10.20 am

CHAIRMAN



Meeting:	Schools forum
Meeting date:	10 March 2017
Title of report:	Budget working group
Report by:	School finance manager

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:

- Special school funding;
- National school funding formula consultation draft response;
- Education services grant transitional funding;
- High needs budget proposals for 2017/18 and the impact on the early years hourly rate for 3 and 4 year olds;

Recommendation(s)

THAT:

- a) that the conclusions of the independent review of special school funding as set out by Mr Whitby in his report be endorsed and in particular that the low funding allocated to Westfield school be investigated further;**
- b) subject to comments from forum members, the draft response to the DfE consultation on the national school funding formula be approved for submission to the DfE by the 22 March closing date; and**
- c) the response to the high needs formula consultation be based on the f40 draft and finalised by officers prior to submission to the DfE.**

d) The proposals for the allocation of the ESG transitional funding of £372k be recommended to the Cabinet Member for Young People and Children's Wellbeing as follows:

- a) Exceptional redundancy reserve, £210k**
- b) School Improvement for the period April 2017 to August 2017, £50k**
- c) HR / payroll improvements, £20k**
- d) Improvements to SEN payments computer system, £20k**
- e) Bring forward savings from Kielder Centre from 2018/19 to boost high needs block funding in 2017/18, £55k**
- f) Cost of undertaking the tariff review costs – up to £17k**

e) The budget working group recommends to the schools forum that the Cabinet Member for Young People and Children's Wellbeing be asked to approve the following :

- a) the integrity of the three funding blocks remains a key principle and the early years block should not take on additional high needs costs currently funded from the high needs block;**
- b) the remaining £243k of high needs funding be allocated as follows:**
 - i. £50k be reserved to meet the cost of any tariff amendments arising from the review at Westfield and the other special schools; and**
 - ii. £193k be allocated to increase the tariffs (rounded) as follows:**
 - Tariff A: £1,360 (+£50)**
 - Tariff B: £3,340 (+£90)**
 - Tariff C: £5,700 (+£200)**
 - Tariff D: £9,170 (+£540)**
 - Tariff E: £12,950 (+£550)**
 - Tariff F: £17,260 (+£470)**

Alternative options

1. Alternative options were fully considered by the BWG and included funding early years tariffs from the early years block and allocating funding for outreach services from special schools. Alternative options for spending on outreach services, varying levels of expenditure on high needs tariffs and whether early years tariffs should be funded from the high needs or early years block were considered. These alternative options are all set out in Appendix 4.

Reasons for recommendations

2. The BWG has no decision making powers and reports to Schools Forum for consideration of any recommendations and proposals that BWG believes warrant further action. Recommendations involving expenditure will be referred to the Cabinet Member for approval.

Key considerations

Special school funding

3. Mark Whitby of Acuity Education gave a presentation on the work he had carried out regarding benchmarking data for each of the four Herefordshire special schools. Mr Whitby was a headteacher working in SEN and also with PRUs; he currently works as a consultant on projects such as free school start-ups and academy conversions. He was also a non-executive director of an academy trust. A copy of his report and the accompanying presentation are attached as appendix 1.
4. In summary the BWG noted that:
 - data collection had been mainly desk based
 - it was important to be clear about all the income a school received in order to make meaningful comparisons with other schools e.g. whether the pupil premium was included in the base budget or as an additional figure
 - staffing was the largest item of expenditure for all schools but especially for special schools, reducing the proportion of income spent on staffing was therefore the most effective way of delivering efficiencies
 - a figure for income per pupil was delivered by using the revenue data provided by schools to the Local Authority and numbers of students
 - national benchmarking was done separately for maintained schools and for academies to compare schools with statistical neighbours
 - designation of need was not one of the parameters used for comparing special schools, parameters used included phase, level of FSM eligibility and urban/rural setting
 - there was a lag in the data used for national benchmarking, data in report referred to 14/15 for Barrs Court and 15/16 for Blackmarston and Westfield
 - there was no national benchmarking for Brookfield as the first set of data post academy conversion has not yet been released, data had therefore been compared with other SEMH schools known to Mr Whitby
 - the per pupil income and percentage of revenue spent on staffing were compared to statistical neighbours to judge if figures were high, low or efficient, the study also had reference to national guidance to academies that staffing costs should be around 75% of income
5. It was noted that Blackmarston had provided updated figures which had been incorporated into the report and presentation (see blue text). The ability to increase pupil numbers with minimal adjustment to staffing bore out the original judgement that staffing was high compared to income. The new figures moved the judgement on income from low to reasonable and reduced the percentage spend on staffing.
6. It was noted that Westfield had a low level of income compared to statistical neighbours. Relatively small cross phase schools often struggle to deliver economies of scale because of the range of provision to be covered.
7. The national benchmarking was felt to be useful, even with the acknowledged caveats.

National school funding formula

8. The BWG were briefed on the content of letters written by the Cabinet Member for Young People and Children's Wellbeing to the county's two MPs. The letters were identical with the exception of the example schools used, which were chosen to reflect each constituency. The letters would be circulated to schools through Spotlight. The letters are attached as appendix 2.

9. The BWG also considered the proposed response to the stage 2 consultation on the National School Funding Formula. This was based on the F40 group response, which had also informed the content of the letters to the county MPs. The draft response is attached as Appendix 3. The response to the high needs formula consultation will be based on the draft prepared by F40.
10. In summary the main points raised were:
- there was a general lack of evidence base for many of the factors used in the formula, particularly in relation to the lump sum set for schools
 - costs pressures were rising for all schools, increased staffing costs would have particular impact on special schools as they had higher staffing levels
 - Herefordshire had historically looked to make sensible choices and live within its means, the integrity of the three funding blocks had been maintained
 - the rural nature of the authority posed particular challenges, the authority and its schools had worked hard to keep small schools viable through collaboration and shared management arrangements
 - the larger lump sum proposed might encourage small schools to appoint teaching heads, which were considered a luxury and an inefficient use of resources
 - the largest schools represented 67% of Herefordshire pupils but would lose under the proposed formula
 - the pupil teacher ratio of the larger schools was higher than in the smaller schools, the proposed formula would exacerbate this
 - the use of lagged pupil figures to derive growth funding seemed appropriate
 - there should not be a cap on budget reductions under the new formula, this locked in historic additional funding for London and metropolitan schools, the minimum funding guarantee should be allowed to moderate losses over time until all areas reached the same level
11. The BWG were advised that the F40 group met with over 60 MPs on the proposals and it was apparent that many conservative MPs were concerned that schools in their constituencies would lose funding through the proposed formula and that there was support for adjustments to be made. The F40 group would continue to lobby.
12. Herefordshire schools are encouraged to make their own individual responses in addition to the combined response from the schools forum and the Local Authority. Schools were advised not to copy the LA response directly but to select those parts that had particular resonance to them and customise the wording. The consultation response as agreed with schools forum will be circulated to schools for information prior to submission to the DfE by 22 March. Schools will be encouraged to make their own individual responses before 22 March.
13. The DfE has undertaken to produce the final funding values in the summer 2017 but no specific date has been given. If the announcement of the final values was delayed it would make it difficult to implement the new formula for 2018/19.

Proposals for unallocated ESG transitional funding

14. At its meeting on 6 January the BWG considered proposals for the use of the ESG transitional grant. The total grant is £372k; £210k has been set aside for exceptional redundancy costs and £50k for school improvement leaving £112k which remained unallocated. It had been suggested that this sum be used to support those schools which would be required to pay the apprenticeship levy. The Local Authority had considered this proposal but felt that it would prefer to use the funds for one-off investments which could deliver longer term benefits.
15. The BWG considered the four proposals which in summary were:

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

- a) To make improvements to the HR/payroll systems to allow electronic input of data by schools into web forms, reducing paper transfer, lost forms and duplication. It is intended that these improvements will provide a sound base for delivering further efficiencies. The SLA costs would be frozen for 2018/19 due to the efficiencies delivered. Cost £20k.
- b) To make improvements to the SEN payments system. Currently payments are calculated using a spreadsheet which is old and not easily maintained. Again improvements to the system would allow for the SLA costs to be frozen or reduced for 2018/19. Cost £20k
- c) Bring forward the planned savings from the phasing down of the grant to the Kielder Centre at the Bishop of Hereford's Bluecoat School. These savings had been planned for delivery in 2018/19. Using the £55k grant money would provide additional funds for use in 2017/18 in the high needs block.
- d) To fund a review of the tariffs at Westfield school. The work done by Mark Whitby highlighted that Westfield had a low level of income per pupil compared to statistical neighbours. A review of the pupils at the school and some selected spot checks elsewhere would ensure that the school was providing for the pupils it was designed to cater for and that pupils were appropriately banded. Cost up to £17k.

Proposals for high needs budget 2017/18

- 16. The BWG was informed of the items which formed the High Needs Budget for 2016/17 and the proposed values for 2017/18. Many items were unchanged and would be required to absorb increased costs and that where adjustments had been made this reflected previous spend and/or forecasted demand.
- 17. Hospital and Home Teaching team costs had risen due to rising numbers of pupils accessing the service. 10% growth would be funded for 2017/18; with a planned move to a formula funding model in future which would ensure funding reflected the level of demand.
- 18. The budget for fees to independent schools was forecast to be overspent for 2016/17. This was largely but not exclusively down to tribunal decisions against the Local Authority.
- 19. It was noted that the £100k allocated to the high needs project had been a one off for 2016/17. Work had begun which would continue into 2017/18 but no further funding was sought. A report on the outcome of this project would be brought back to the BWG at a future meeting.
- 20. Income from other authorities placing pupils in Herefordshire schools was now formally included in the budget.
- 21. The BWG considered inflationary pressures and where the high needs tariffs would need to be increased to in order to meet these pressures. It was noted that the tariffs for special schools should have increased by around 22% since 2014 to keep up with inflation. This is, in part, due to the fixed nature of the £10,000 place funding set by DfE.
- 22. It was not possible to fund 100% of the inflationary costs but a number of different permutations had been put together to partially meet the increase while also considering the following other factors:
 - a) need to reserve funds to address any adjustment of tariffs following review at Westfield – suggested cost £50k
 - b) the high needs task and finish group were due to report back to the schools forum a range of proposals, included within these was a need for an SEN outreach service

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

– suggested cost £100k

- c) whether the early years block should fund some or all of the high need costs of early years pupils, regulations allowed for these costs to be met by either the high needs block or the early years block or both.

23. In discussing the available permutations the following points were made:

- that the integrity of the funding blocks should be maintained as this was a key principle of the budget working group and had been adhered to for many years
- early years funding should go to early years providers
- that in the past areas which had received increases had been capped to support less well funded parts of the system
- that the early years block had been increased due to difficulties with the implementation of the increase to 30 hour provision and that further increases were unlikely in the short to medium term
- that hourly rates needed to be confirmed to providers very shortly, so a decision needed to be made
- that there were high needs costs associated with the increase to 30 hours, estimated at around £30k
- that the £50k for tariff adjustments would not include the cost of the review itself, which would be funded from the ESG transitional fund
- that outreach work was needed to reduce future demand on special school places; without an outreach service pressure could continue to build
- that mainstream schools had proved unwilling to pay for an outreach service when approached by the special schools
- that the £100k estimate was based on one primary and one secondary teacher plus travel costs
- that there would be a new formula for funding the high needs block from April 2019 and Herefordshire was expecting to see an increase of around a 3%.

24. A compromise position was considered by BWG which included:

- a) high needs tariffs to be indexed at 91.06%;
- b) £50k allocated to meet costs of tariff amendments following review;
- c) £100k for outreach service;
- d) costs of high needs in early years pupils to be split 50/50 between the early years block and high needs block, with costs of the 30 hour extension met by early years block.

25. This position was rejected by the budget working group in favour of the integrity of the three funding blocks; schools, high needs and early years being maintained. Given that the proposals for outreach are a new commitment on the budget, these should be deferred until funding was available and the £193k now available be used to increase the tariffs. It was agreed £50k should be retained to cover potential re-assessments of tariffs following Mark Whitby's funding review. The high needs budget and proposals as considered by the BWG are set out in Appendix 4 for information.

26. The content of a letter to Dr Ian Tait, chair of the CCG about the need for school nurses in special schools was noted.

27. Subsequent to the BWG meeting on 24 February and given the changes in funding recommended by the BWG, it is proposed that in addition to the £50 fixed weekly sum and the 30p per hour deprivation supplement for early year pupil premium pupils (i.e. claiming pupils) the basic hourly rate would be increased to £3.90 per hour. This is a 10p increase on the hourly rate that was set out in the pre-Christmas consultation paper.

Community impact

28. Increasingly school and education funding is directed by government and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs.

Equality and human rights

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

Financial implications

30. There are no direct financial implications expenditure on school budgets, early years and high needs will not exceed the funding available within the Dedicated Schools Grant.

Legal implications

31. The purpose of this report is to update the Schools Forum on the recent meeting of the Budget Working Group in planning for the 2017/18 high needs budget within the dedicated schools grant.
32. Section 10 of the Schools Forums (England) Regulations 2012 sets out the local authority's duties to consult with the Schools Forum on school funding issues in relation to the DSG.
33. The Education Funding Agency provides a summary of powers and responsibilities of schools forums which includes decisions it can make on proposals put forward by the local authority.

Risk management

34. 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

35. All maintained schools, academies and free schools in Herefordshire have been consulted in autumn 2016 on the school budget proposals for 2017/18.

Appendices

Appendix 1 - Independent report on special school funding and accompanying presentation

Appendix 2 - Letters to county's MPs re national school funding consultation

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

Appendix 3- Draft joint response from council and schools forum to DfE national funding consultation

Appendix 4 - High needs funding proposals for 2017/18

Background papers

- None identified.

SPECIAL SCHOOL FUNDING REVIEW **DRAFT V2**

Background

1. Herefordshire Council have commissioned a funding review of community special schools and academy special converters from across the county that involves:

- Barrs Court School (SLD/PMLD/CLDD) – Academy Special Converter
- Blackmarston School (SLD/PMLD/ASD) – Community Special
- Westfield School (SLD/PMLD/MLD) – Community Special
- The Brookfield School (SEMH/MLD) – Academy Special Converter

2. The purpose of the review is to compare and contrast the schools, both with each other and similar schools nationally, to determine the broad cost effectiveness of each organisation. This is set within a context of increasing budget pressures across the Council and in each of the four provisions. The aim is to present findings that signpost where greater efficiencies might be achieved and/or suggests a need for potential increases in revenue.

Current Funding

3. Set out in the table below is the current funding position for each school based on the Council's figures for 2016/17 and the latest online financial benchmarking data, mainly from 2015/16. In each case the total revenue income per pupil has been calculated, which allows for basic comparisons to be made at a local and national level.

Name	Council 16/17			National Benchmarking 15/16		
	Revenue Total	No.	Per Pupil	Revenue Total	No.	Per Pupil
Barrs Court	£2,309,000	111	£20,801	*£2,330,000	115	£20,260
Blackmarston	£1,621,000	79	£20,518	£1,560,808	72	£21,678
Westfield	£1,023,000	57	£17,947	£1,060,029	52	£20,385
Brookfield	£1,540,000	81	£19,012	n/a		n/a

**Only 14/15 data available / Blue Text: Adjustments from V1*

Financial Benchmarking

4. Online financial benchmarking allows numerous comparisons to be made with other schools that are statistically alike which, in this case, means other special schools, in similar regions and with broadly the same pupil demographic. It is important to note, however, that schools in the same data set may not have identical SEN designations, which means that SLD/PMLD schools, for example, could also be compared to MLD/ASD and SEMH providers. That said, analysis suggests there is likely to be as much financial difference between schools of the same designation as those whose intake is supposedly very different.

5. For the purpose of this review two measures are initially being used to explore cost effectiveness, a) the total revenue per pupil and b) the cost of staffing as a percentage of total income. Combined it is felt that these measures give a consistent like-for-like comparison of income, alongside the potential for future efficiencies, on account that staffing will always be the largest areas of spending. If a school has a lower than average per pupil amount and relatively low staffing costs, for example, then it would be reasonable to assume that meaningful reductions in spending are unlikely, without seriously jeopardising standards and safety.

Benchmarking Analysis

**Staffing as % of expenditure (not income)*

Barrs Court

- a. Revenue per pupil: BM - £20,260 / LA - £20,801
 - Statistical group position 13 of 31 ranked low to high (Annex 1a)
- b. Staffing as a % of total income: BM - 76.31% / LA - 79.4% (81.2%)*
 - Statistical group position 16 of 31 ranked low to high (Annex 1a)

Summary

The revenue per pupil, comparing benchmarking to current budgets, is closely matched, as are staffing costs, which suggests statistical group positions are likely to be reliable.

Revenue per pupil is mid-range in terms of ranking and amount, which suggest a reasonable level of income for the type of school.

Staffing, as a percentage of income, is mid-range in terms of ranking and amount, which suggests an efficient use of human resource.

To conclude, Barrs Court presents as a seemingly cost effective organisation with no obvious areas of concern.

Blackmarston

- a. Revenue per pupil: BM - £21,678 / LA - £20,529
 - Statistical group position 23 of 31 ranked low to high (Annex 1b)
- b. Staffing as a % of total income: BM - 86.06% / LA - 93.8% (91.6%)*
 - Statistical group position 28 of 31 ranked low to high (Annex 1b)

Summary

The revenue per pupil, comparing benchmarking to current budgets, shows an approximate 5% variation, which suggests statistical group positions are likely to need moderating slightly downwards.

Staffing costs from benchmarking are over 5% lower than the proportion the school currently commits against actual expenditure, which then grows to nearly 8% against income. This suggests that the statistical group position will need to be moderated quite significantly upwards.

With a corresponding adjustment in the revenue rankings down by 2 places, the school is still placed in the upper third of similar schools, but the lower amount means there is an increased correlation with schools in the mid-range. This is due to a steep rise in revenue for a few schools at the top end of the scale. Taking these elements into account, the overall level of revenue funding seems at least reasonable for the type of school.

Staffing, as a percentage of income, is already very high in terms of ranking and amount, but when current proportions of expenditure are considered the school substantially exceeds the upper range. This confirms that staffing costs are excessive compared to both income and expenditure.

To conclude, Blackmarston does not offer the same level of cost effectiveness as many other similar schools, which is likely to be addressed by reducing the amount spent on staffing as a proportion of income.

Westfield

- a. Revenue per pupil: BM - £20,385 / LA - £17,947
 - Statistical group position 6 of 31 ranked low to high (Annex 1c)
- b. Staffing as a % of total income: BM - 82.80% / LA - 92.0% (87.0%)*
 - Statistical group position 24 of 31 ranked low to high (Annex 1c)

Summary

The revenue per pupil, comparing benchmarking to current budgets, shows an approximate 12% variation, which suggests statistical group positions are likely to need moderating downwards.

Staffing costs from benchmarking are nearly 5% lower than the proportion the school currently commits against actual expenditure, which then grows to nearly 10% against income. This suggests that the statistical group position will need to be moderated quite significantly upwards.

With a corresponding adjustment in the revenue rankings down by 3 places, the school falls into the bottom 3 on the scale, with the lower amount suggesting a difference with schools in the mid-range, to the tune of £4000 or 20%. The overall level of revenue funding, therefore, seems low for the type of school.

Staffing, as a percentage of income, is already high in terms of ranking and amount, but when current proportions of expenditure are considered the school either encroaches on the top slot or exceeds the upper range. This confirms that staffing costs are high compared to both income and expenditure, which is probably due in part to lower income levels overall, but not exclusively.

To conclude, the cost effectiveness of Westfield is open to improvement and is probably best achieved through a combination of increased revenue levels and a reduction in the proportion of income spent on staffing.

Brookfield

- a. Revenue per pupil: LA - £19,012
 - Statistical group position not applicable
- b. Staffing as a % of total income: LA - 87.0% (85.8%)*
 - Statistical group position not applicable

Summary

No online benchmarking data is available for the school. A broad comparison of SEMH Special School provision nationally would suggest that the current revenue per pupil is **consistent with the majority of** statistically similar schools. Staffing, as a percentage of income, is high in general terms and likely to be in the top 20% of the same statistical group.

To conclude, the cost effectiveness of Brookfield is difficult to determine due to a lack of accurate benchmarking data, but **broadly average** revenue levels **should not automatically result in** financial difficulties, which will be **helped if** the relatively high proportion of income spent on staffing **is kept under control**.

Blue Text: Adjustments from V1

Staffing

6. On the basis that cost effectiveness and staffing are closely aligned, it would seem practical to offer a basic comparison of current staffing costs between the schools included in the review. Set out in the table below, therefore, is a simple full-time equivalent breakdown of staff employed at each school, covering teaching and learning support. These figures are taken from payroll data and are divided between 'teaching' staff (e.g. headteacher, deputy, teachers and instructors) and teaching 'assistants' (e.g. SEN assistants and learning support staff). The two groups represent almost all the staffing numbers and costs in each of the schools ($\approx 94\%$) with administration, catering, cleaning and site management making up the rest.

Name	Pupils	Teachers	Ratio	Assistants	Ratio
Barrs Court	111	15.0	7.4	31.6	3.5
Blackmarston	79	12.0	6.6	28.1	2.8
Westfield	57	7.6	7.5	18.7	3.0
Brookfield	81	*16.2	5.0	17.0	4.8

*Includes 2.6 instructors / *Blue Text: Adjustments from V1*

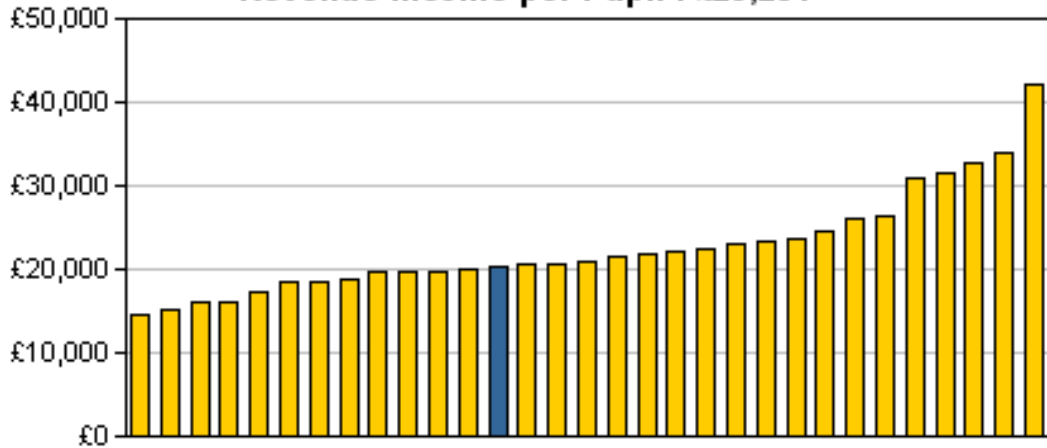
7. To demonstrate the potential use of these figures, the table shows that Barrs Court currently employs proportionally fewer teachers and assistants than Blackmarston, whilst receiving similar revenue amounts for pupils of comparable need. Reversing the Barrs Court ratios would result in Blackmarston employing 10.7 teachers (-1.3) and 22.6 assistants (-5.5) that, in theory, could result in substantial savings. Comparisons of this type, however, should be treated with caution, as the individual circumstances for each school would need to be explored in much greater detail to offer a full and more meaningful analysis. That said, figures such as these do offer lines of enquiry that might prove beneficial and, as in the case of Westfield, could give greater insight into the balance between possible shortfalls in income and staffing expenditure.

ANNEX 1

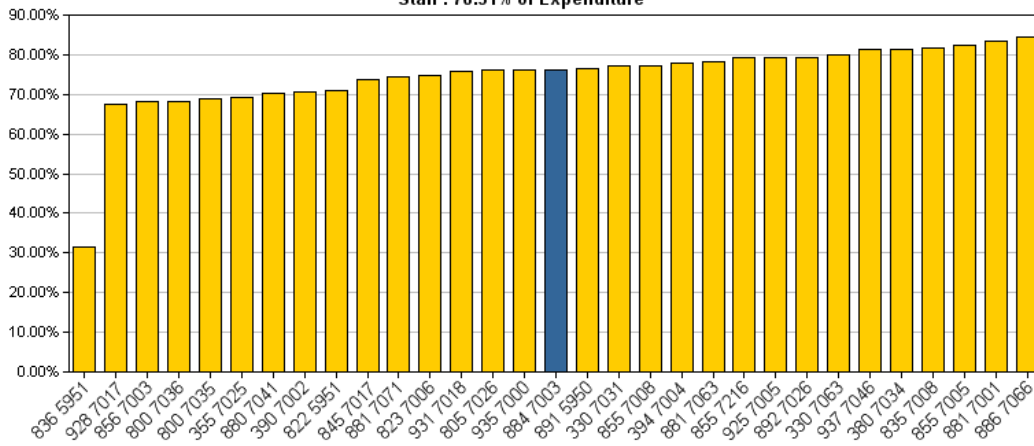
Benchmarking Tables

Barrs Court School (a)

Revenue Income per Pupil : £20,261

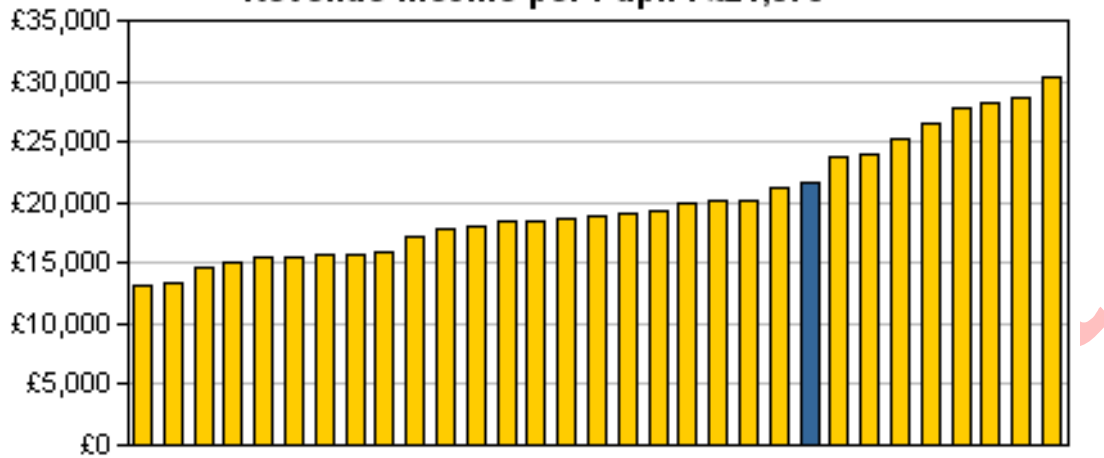


Staff : 76.31% of Expenditure

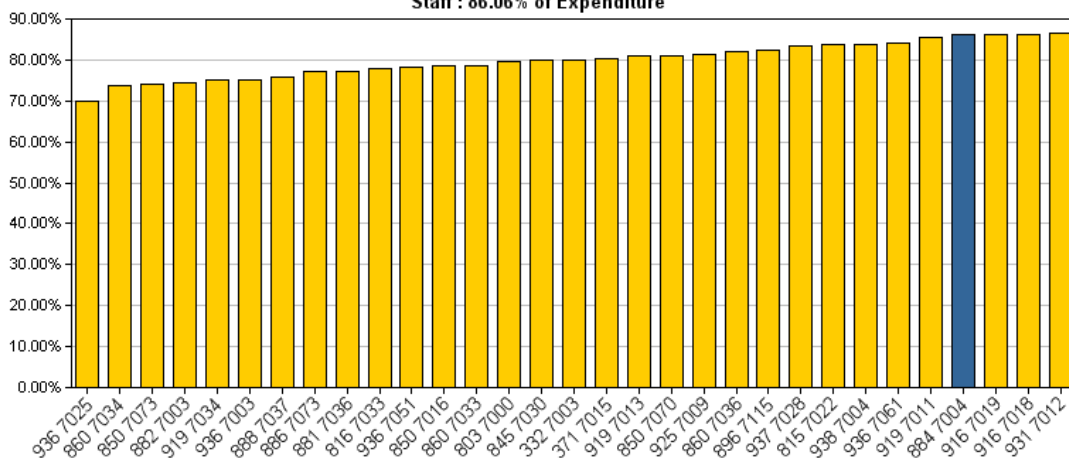


Blackmarston (b)

Revenue Income per Pupil : £21,678

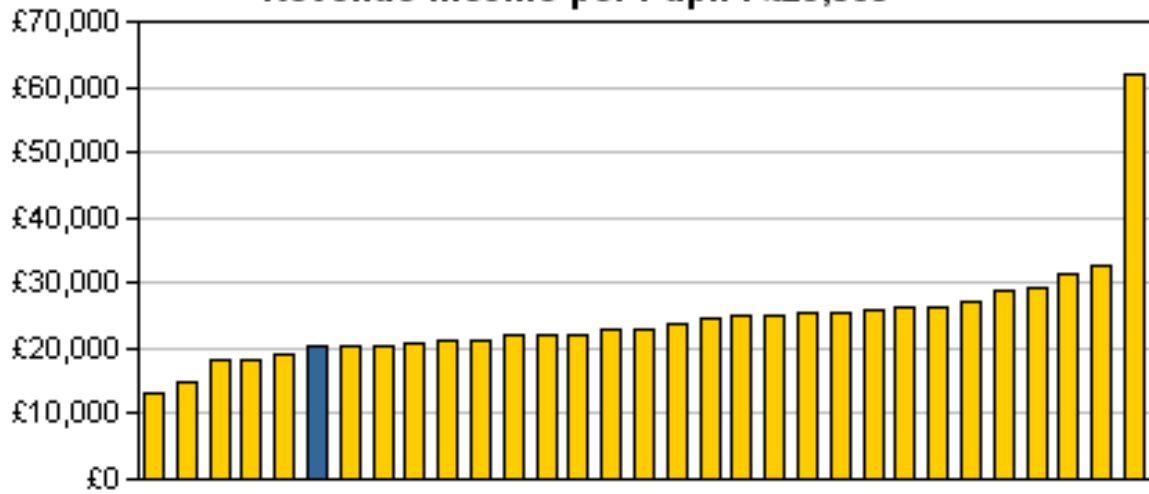


Staff : 86.06% of Expenditure

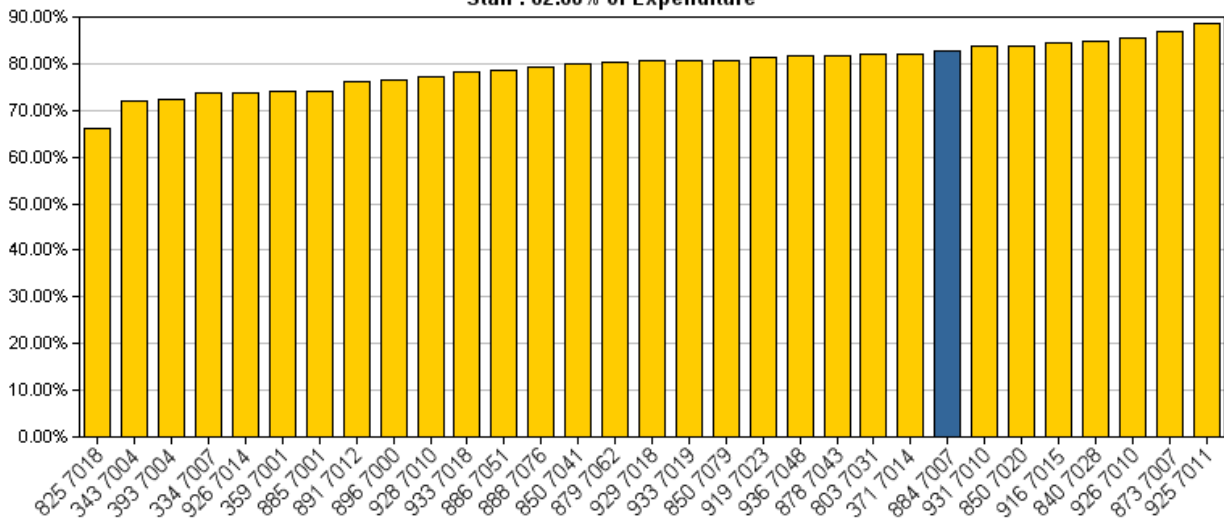


Westfield (c)

Revenue Income per Pupil : £20,385



Staff : 82.80% of Expenditure



**HEREFORDSHIRE
SPECIAL SCHOOL
FUNDING REVIEW
2017**

**Mark Whitby
Acuity
Education**

PROCESS

1. Total revenue income – LA & Benchmarking Data
2. Total revenue per pupil – LA & Benchmarking Data
3. Staffing as a % of income – LA & Benchmarking Data
4. Income judgement – High, low or reasonable
5. Staffing judgement – High, low or efficient
6. Staffing analysis – Enquiry lines

REVENUE PER PUPIL

	Council 16/17			National Benchmarking 15/16		
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**Only 14/15 data available*

N.B. Total revenue and total revenue per pupil accounts for all income streams and allows comparisons to be made across maintained schools and academies

STAFFING AS A % OF INCOME

- Barrs Court: 79.4%
- Blackmarston: 93.8%
- Westfield: 92.0%
- Brookfield: 87.0%

N.B. Staffing represents by far the largest cost centre for any school and so is the area where the greatest efficiencies are likely to be made. Maintaining an appropriate balance between staffing costs and overall income is thought to be crucial in achieving overall cost effectiveness

JUDGEMENTS

- **Barrs Court – Income: Reasonable//Staffing: Efficient**

“...presents as a seemingly cost effective organisation with no obvious areas of concern.”

33

- **Blackmarston – Income: Reasonable//Staffing: High**

“...does not offer the same level of cost effectiveness as many other similar schools, which is likely to be addressed by reducing the amount spent on staffing as a proportion of income.”

JUDGEMENTS

- **Westfield** – Income: Low//Staffing: High

“...the cost effectiveness of Westfield is open to improvement and is probably best achieved through a combination of increased revenue levels and a reduction in the proportion of income spent on staffing.”

- **Brookfield** – Income: Reasonable to Low//Staffing: High

“...the cost effectiveness of Brookfield is difficult to determine due to a lack of accurate benchmarking data, but **broadly average** revenue levels **should not automatically result in** financial difficulties, which will be **helped** if the relatively high proportion of income spent on staffing **is kept under control.**”

STAFFING

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☞ Brookfield	81	*16.2	5.0	17.0	4.8
<i>*Includes 2.6 instructors</i>					

E.g. Barrs Court currently employs proportionally fewer teachers and assistants than Blackmarston, whilst receiving similar revenue amounts for pupils of comparable need.

FAO: Bill Wiggin
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15 February 2017

Dear Bill

National School Funding Formula Consultation – Herefordshire response

In summary:

- Herefordshire has been a low funded authority area for decades, children have had less spent on them than other parts of the country and this is unfair.
- Herefordshire is not projected to do as well as envisaged overall and individual schools will do worse than under the current formula

Leominster Primary, 588 pupils, loses £67,000 or -2.7%

Kington Primary, 220 pupils, loses £22,000 or -2.6%

St Peter's Primary, Bromyard, 240 pupils, loses £21,000 or -2.6%

John Masefield High, Ledbury 849 pupils, loses £70,000 or -2.0%

Kimbolton St James Primary 85 pupils, gains £31,000 or +9.1%

- The formula proposals lack a clear evidence base and continues to reward the current inequities
- Schools face unfunded cost pressures of c15% over a five year period, including an 10% extra since April 2015 on support staff pension costs. This particularly affects special schools with higher support staffing ratios.
- The apprenticeship levy is unfair in its application

Herefordshire Council will be responding jointly with our Schools Forum to the government's consultation paper and as we begin to develop our response I would like to share with you our initial views. Our response will be shared with Headteachers at Schools Forum on 10th March 2017 which gives us sufficient time to make any necessary amendments prior to the deadline of 22nd March. I know that you have attended the Herefordshire Association of Secondary

Head teachers (HASH) in the recent past when some of these matters were discussed. Your continued support for Herefordshire in these matters would, as it has in the past, make a telling difference in the debate with the DfE.

There will be many technical aspects to our response about how to improve the formula but we will be questioning the evidence base the government has used to determine the national proposals and what we consider to be the detrimental impact on Herefordshire schools. In addition we will be raising the impact of unfunded cost pressures of 15% over a five year period arising from unfunded pay rises, national insurance increases and rising contributions of both teachers pensions and the local government pension scheme for school support staff. The National Audit Office assessment was 8% but in Herefordshire the local government pension scheme has a significant deficit to be recovered that adds an extra 19% to the normal support staff pension costs. This particularly affects special schools with their higher support staff ratios. The apprentice levy and its unfair application to different types of school is another cost burden now being placed on schools with it appears little recognition of the impact, rather national government appears to be deflecting the issue on to local authorities.

Context

It is important to set out the approach we have traditionally taken to education funding in Herefordshire. As you know Herefordshire has been amongst the lowest funded authorities nationally (3rd lowest in 1998); our schools have been amongst the lowest funded in England and they knew it. By adopting a policy of high delegation to schools and careful financial management with schools forum, we have managed to improve our funding position in the league table to 102nd out of 150. We have achieved this over 20 years by keeping grants such as standards funds in schools (when other local authorities spent such grants on central services), avoiding expensive commitments to central costs using schools monies (now known as historic costs which the DfE is attempting to unravel) and we have benefited from f40 group's lobbying of central government to improve the funding of low funded rural authorities like Herefordshire and your support in Parliament to press home our case.

We have maintained the same approach since 2013 when Dedicated Schools Grant was split into three funding blocks for schools, high needs and early years. We do not borrow from schools to pay for overspends in high needs nor seek to artificially boost early years spending. This principled approach flows down to our schools who are careful with every last penny to make sure that what funding they have is spent wisely. You can see the outcome of this approach in the improving results of Herefordshire youngsters.

Herefordshire is not a typical or average county, along with North Yorkshire, we are amongst the most rural in England. This in turn is reflected in the large number of very small schools that by necessity we are forced to maintain. The council has worked very successfully with small schools to maintain their financial viability by sharing resources and in particular by arranging executive headships to improve management capability and reduce costs. It is this balance between fair funding of both small and large schools that the national funding formula must achieve if it is to be accepted as fair by the education profession as a whole.

Impact on Herefordshire schools of the new formula

Overall Herefordshire gains a very small 0.1%, or £220,000 which is equivalent to £10 per pupil after the full three year national formula implementation - however like many authorities half of our schools gain and half lose.

Indeed the impact of the national formula is to reduce funding of our biggest primary schools by 2.8%, mostly those urban schools with high levels of additional need, whilst boosting the funding of the very smallest schools by up to 16%. We believe this seriously disadvantages

the 67% of Herefordshire children who are primary pupils in our largest schools and could well have a negative impact on standards. As I set out below pupil teacher ratios already significantly favour small schools, why does the DfE want to make them even better? The impact on secondary schools is similar but to a lesser extent. For example;

Leominster Primary, 588 pupils, loses £67,000 or -2.7%

Kington Primary, 220 pupils, loses £22,000 or -2.6%

St Peter's Primary, Bromyard, 240 pupils, loses £21,000 or -2.6%

John Masefield High, Ledbury 849 pupils, loses £70,000 or -2.0%

Kimbolton St James Primary 85 pupils, gains £31,000 or +9.1%

A list of all the Herefordshire schools is enclosed that sets out their individual position. It is sorted in order of the largest winners and losers for convenience.

Unfunded school cost pressures

This does not help in any way to meet the increasing cost pressures schools are required to absorb for example:

- unfunded pay rises since 2010, typically 1% per year i.e. 7% cumulative
- increases in the employers contribution for Teachers Pensions, an increase of 2.38% in April 2015 and a further, as yet unconfirmed, increase of 1.5% in April 2019
- increase of an average 3% on national insurance due to the ending of the pension contracting out rebate in April 2015
- increase in the local government pension scheme employer contribution rates for Herefordshire schools of 4.8% in April 2015 and a further 5% in April 2016. (Academies face the same increase in contribution rates but are invoiced differently)
- general price inflation, currently 1.6% in December 2016 (CPI) and rising. No price inflation has been funded by government since 2010.

Pupil Teacher Ratios

Herefordshire has 78 primary schools, 47 have fewer than 150 pupils i.e. 60% of the school estate but only 33% of primary pupils are educated in small schools. The remaining 33 bigger primary schools educate 67% of primary pupils. Pupil teacher ratios (PTR) are quite revealing in that for the ten most generous staffed primary schools the PTR is 13.6 pupils per teacher and the average school size is 70 pupils, whilst the lowest staffed schools are the largest schools whereby the average school size is 200 pupils with a PTR of 25 pupils per teacher.

Hence with good reason, Herefordshire has sought to reduce the lump sum (for fixed costs) and be clear about what it funds and to increase the per pupil funding. This is a fairer approach. In order to raise overall education standards surely more money has to be directed to increase funding for the majority of pupils.

Fixed Costs

We are clear that our lump sum provides for fixed costs in primary schools of £70,000 comprising 50% headteacher management time, 20 hours school/finance secretary, fixed premises cost of £5,000, insurance £10,000, office/medical supplies £5,000 and a minimum ICT provision of £10,000.

For secondary schools we calculated the fixed costs to be £200,000 as above for primary schools plus an additional £45,000 for a non-teaching secondary head, 50 % non-teaching deputy for timetabling etc., finance bursar £40,000, additional premises costs for sports hall and science labs and additional insurance appropriate for bigger schools £10,000.

After consulting schools in 2014 Herefordshire Schools Forum adopted these costs as the basis for the Herefordshire lump sum and we have been using these figures as we work towards the national formula. The point in setting out this level of detail is not that we think we are right but we have agreed a set of criteria with our schools as to what the lump sum should cover and we are using this in our formula. You would expect the DfE to have this level of detail in their national formula proposals but they do not and cannot provide any evidence other than "it's the average".

Apprentice Levy

Voluntary Aided, foundation and academy schools, where the governing body is the employer of the staff, do not pay the apprentice levy unless the school's pay bill exceeds £3m whilst locally maintained schools, where the council is deemed the employer, are required to pay the apprentice levy. Where is the logic in this given that all schools receive the same level of funding? For example:

Locally maintained Shobdon Primary (82 pupils) levy cost £1,529pa

Voluntary Aided Bridstow Primary (79 pupils) do not pay the levy, saving £1,511 pa

Locally maintained Kington Primary (196 pupils +24 nursery) levy cost £3,368 pa

Voluntary Aided St Francis Xavier (207 pupils) do not pay the levy, saving £3,075pa

Pension contributions

Like many pension schemes, the Hereford & Worcester Local Government Pension Scheme (LGPS) has a deficit which is being recovered from both councils and schools. Academies typically pay annual pension contributions of around 16% on salaries and are invoiced separately for their deficit recovery contribution. Locally maintained schools pay a pension contribution of 33.86% which is included Herefordshire Council's pension deficit recovery plan. There is no difference in cost, it is simply how it is recovered; the impact on schools is the same.

DfE Academy conversion funding

HM Treasury have recently taken back from the DfE £384m which was to be used to fund compulsory academy conversions but is now no longer required due to the change in government policy. This money should be re-allocated to local authorities and schools to help meet the rising cost pressures.

Conclusion

The national proposals as currently set out would seem to have exactly the opposite effect that we have been working towards. In short they:

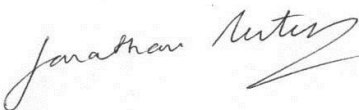
- do not provide the step change in funding for Herefordshire that we would have expected, given the government's starting point and messages
- take money from already poorly funded larger schools
- Take money from schools with substantial additional needs i.e. deprivation
- worsen an already poor pupil teacher ratio for the majority of pupils
- make funding propositions based on averages of existing formulae, rather than basic principles,
- are not focussed on providing a basic educational entitlement to all children and lump sums that fund an identified level of fixed cost
- will not stand the test of time

We fully appreciate the difficulty in setting out a national formula that pleases everyone, and much depends on the starting position of each local authority, however to be credible there must be some underlying basis and rationale.

To be acceptable any national formula must be anchored on a credible educational standard based on an analytical evidence base. The f40 have published proposals for a national formula that have a clear needs led rationale behind the formula. If f40 can do this surely the government can do better than this?

There is an f40 briefing in Westminster for MPs on 20th February which I'm sure will be valuable in providing much more information on the impact of the national formula on rural counties such as Herefordshire and the briefing will include alternative proposals which will improve the national formula. It would be much appreciated if you could attend and contribute as f40 as a group has a much more influential voice with government than Herefordshire individually.

Yours sincerely



COUNCILLOR JONATHAN LESTER
CABINET MEMBER YOUNG PEOPLE AND CHILDREN'S WELLBEING

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E-mail: cbaird@herefordshire.gov.uk

Sent by email only: - jesse.norman.mp@parliament.uk

15 February 2017

Dear Jesse

National School Funding Formula Consultation – Herefordshire response

In summary:

- Herefordshire has been a low funded authority area for decades, children have had less spent on them than other parts of the country and this is unfair.
- Herefordshire is not projected to do as well as envisaged overall and individual schools will do worse than under the current formula

Riverside Primary, Hereford, 551 pupils, loses £63,000 or -2.8%

Ashfield Park primary, Ross, 370 pupils, loses £30,000 or -2.5%

St Martins Primary, Hereford, 364 pupils, loses £38,000 or -2.7%

John Kyrle High, Ross 1,373 pupils, loses £21,000 or -0.4%

Llangrove CE academy 52 pupils, gains £44,000 or +16%

- The formula proposals lack a clear evidence base and continue to reward the current inequities
- Schools face unfunded cost pressures of c15% over a five year period, including 10% extra since April 2015 on support staff pension costs. This particularly affects special schools with higher support staffing ratios.
- The apprenticeship levy is unfair in its application

Herefordshire Council will be responding jointly with our Schools Forum to the government's consultation paper and as we begin to develop our response I would like to share with you our initial views. Our response will be shared with Headteachers at Schools Forum on 10th March

2017 which gives us sufficient time to make any necessary amendments prior to the deadline of 22nd March. I know that you have attended the Herefordshire Association of Secondary Head teachers (HASH) in the recent past when some of these matters were discussed. Your continued support for Herefordshire in these matters would, as it has in the past, make a telling difference in the debate with the DfE.

There will be many technical aspects to our response about how to improve the formula but we will be questioning the evidence base the government has used to determine the national proposals and what we consider to be the detrimental impact on Herefordshire schools. In addition we will be raising the impact of unfunded cost pressures of 15% over a five year period arising from unfunded pay rises, national insurance increases and rising contributions of both teachers pensions and the local government pension scheme for school support staff. The National Audit Office assessment was 8% but in Herefordshire the local government pension scheme has a significant deficit to be recovered that adds an extra 19% to the normal support staff pension costs. This particularly affects special schools with their higher support staff ratios. The apprentice levy and its unfair application to different types of school is another cost burden now being placed on schools with it appears little recognition of the impact, rather national government appears to be deflecting the issue on to local authorities.

Context

It is important to set out the approach we have traditionally taken to education funding in Herefordshire. As you know Herefordshire has been amongst the lowest funded authorities nationally (3rd lowest in 1998); our schools have been amongst the lowest funded in England and they knew it. By adopting a policy of high delegation to schools and careful financial management with schools forum, we have managed to improve our funding position in the league table to 102nd out of 150. We have achieved this over 20 years by keeping grants such as standards funds in schools (when other local authorities spent such grants on central services), avoiding expensive commitments to central costs using schools monies (now known as historic costs which the DfE is attempting to unravel) and we have benefited from f40 group's lobbying of central government to improve the funding of low funded rural authorities like Herefordshire and your support in Parliament to press home our case.

We have maintained the same approach since 2013 when Dedicated Schools Grant was split into three funding blocks for schools, high needs and early years. We do not borrow from schools to pay for overspends in high needs nor seek to artificially boost early years spending. This principled approach flows down to our schools who are careful with every last penny to make sure that what funding they have is spent wisely. You can see the outcome of this approach in the improving results of Herefordshire youngsters.

Herefordshire is not a typical or average county, along with North Yorkshire, we are amongst the most rural in England. This in turn is reflected in the large number of very small schools that by necessity we are forced to maintain. The council has worked very successfully with small schools to maintain their financial viability by sharing resources and in particular by arranging executive headships to improve management capability and reduce costs. It is this balance between fair funding of both small and large schools that the national funding formula must achieve if it is to be accepted as fair by the education profession as a whole.

Impact on Herefordshire schools of the new formula

Overall Herefordshire gains a very small 0.1%, or £220,000 which is equivalent to £10 per pupil after the full three year national formula implementation - however like many authorities half of our schools gain and half lose.

Indeed the impact of the national formula is to reduce funding of our biggest primary schools by 2.8%, mostly those urban schools with high levels of additional need, whilst boosting the funding of the very smallest schools by up to 16%. We believe this seriously disadvantages the 67% of Herefordshire children who are primary pupils in our largest schools and could well have a negative impact on standards. The impact on secondary schools is similar but to a lesser extent. For example;

Riverside Primary, Hereford, 551 pupils, loses £63,000 or -2.8%

Ashfield Park primary, Ross, 370 pupils, loses £30,000 or -2.5%

St Martins Primary, Hereford, 364 pupils, loses £38,000 or -2.7%

John Kyrle High, Ross 1,373 pupils, loses £21,000 or -0.4%

Llangrove CE academy 52 pupils, gains £44,000 or +16%

A list of all the Herefordshire schools is enclosed that sets out their individual position. It is sorted in order of the largest winners and losers for convenience.

Unfunded school cost pressures

This does not help in any way to meet the increasing cost pressures schools are required to absorb for example

- unfunded pay rises since 2010, typically 1% per year i.e. 7% cumulative
- increases in the employers contribution for Teachers Pensions, an increase of 2.38% in April 2015 and a further, as yet unconfirmed, increase of 1.5% in April 2019
- increase of an average 3% on national insurance due to the ending of the pension contracting out rebate in April 2015
- increase in the local government pension scheme employer contribution rates for Herefordshire schools of 4.8% in April 2015 and a further 5% in April 2016. (Academies face the same increase in contribution rates but are invoiced differently)
- general price inflation, currently 1.6% in December 2016 (CPI) and rising. No price inflation has been funded by government since 2010.

Pupil Teacher Ratios

Herefordshire has 78 primary schools, 47 have fewer than 150 pupils i.e. 60% of the school estate but only 33% of primary pupils are educated in small schools. The remaining 33 bigger primary schools educate 67% of primary pupils. Pupil teacher ratios (PTR) are quite revealing in that for the ten most generous staffed primary schools the PTR is 13.6 pupils per teacher and the average school size is 70 pupils, whilst the lowest staffed schools are the largest schools whereby the average school size is 200 pupils with a PTR of 25 pupils per teacher.

Hence with good reason, Herefordshire has sought to reduce the lump sum (for fixed costs), be clear about what it funds and to increase the per pupil funding. This is a fairer approach.

Fixed Costs

We are clear that our lump sum provides for fixed costs in primary schools of £70,000 comprising 50% headteacher management time, 20 hours school/finance secretary, fixed premises cost of £5,000, insurance £10,000, office/medical supplies £5,000 and a minimum ICT provision of £10,000.

For secondary schools we calculated the fixed costs to be £200,000 as above for primary schools plus an additional £45,000 for a non-teaching secondary head, 50 % non-teaching deputy for timetabling etc., finance bursar £40,000, additional premises costs for sports hall and science labs and additional insurance appropriate for bigger schools £10,000.

After consulting schools in 2014 Herefordshire Schools Forum adopted these costs as the basis for the Herefordshire lump sum and we have been using these figures as we work towards the national formula. The point in setting out this level of detail is not that we think we are right but we have agreed a set of criteria with our schools as to what the lump sum should cover and we are using this in our formula. You would expect the DfE to have this level of detail in their national formula proposals but they do not and cannot provide any evidence other than "it's the average".

Apprentice Levy

Voluntary Aided, foundation and academy schools, where the governing body is the employer of the staff, do not pay the apprentice levy unless the school's pay bill exceeds £3m whilst locally maintained schools, where the council is deemed the employer, are required to pay the apprentice levy. Where is the logic in this given that all schools receive the same level of funding? For example:

Locally maintained Shobdon Primary (82 pupils) levy cost £1,529pa

Voluntary Aided Bridstow Primary (79 pupils) do not pay the levy, saving £1,511 pa

Locally maintained Kington Primary (196 pupils +24 nursery) levy cost £3,368 pa

Voluntary Aided St Francis Xavier (207 pupils) do not pay the levy, saving £3,075pa

Pension contributions

Like many pension schemes, the Hereford & Worcester Local Government Pension Scheme (LGPS) has a deficit which is being recovered from both councils and schools. Academies typically pay annual pension contributions of around 16% on salaries and are invoiced separately for their deficit recovery contribution. Locally maintained schools pay a pension contribution of 33.86% which is included Herefordshire Council's pension deficit recovery plan. There is no difference in cost, it is simply how it is recovered; the impact on schools is the same.

DfE Academy conversion funding

HM Treasury have recently taken back from the DfE £384m which was to be used to fund compulsory academy conversions but is now no longer required due to the change in government policy. This money should be re-allocated to local authorities and schools to help meet the rising cost pressures.

Conclusion

The national proposals as currently set out would seem to have exactly the opposite effect that we have been working towards. In short they:

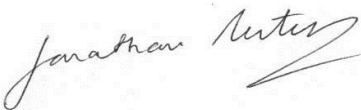
- do not provide the step change in funding for Herefordshire that we would have expected, given the government's starting point and messages
- take money from already poorly funded larger schools
- take money from schools with substantial additional needs i.e. deprivation
- worsen an already poor pupil teacher ratio for the majority of pupils
- make funding propositions based on averages of existing formulae, rather than basic principles,
- are not focussed on providing a basic educational entitlement to all children and lump sums that fund an identified level of fixed cost
- will not stand the test of time

We fully appreciate the difficulty in setting out a national formula that pleases everyone, and much depends on the starting position of each local authority, however to be credible there must be some underlying basis and rationale.

To be acceptable any national formula must be anchored on a credible educational standard based on an analytical evidence base. The f40 have published proposals for a national formula that have a clear needs led rationale behind the formula. If f40 can do this surely the government can do better than this?

There is an f40 briefing in Westminster for MPs on 20th February which I'm sure will be valuable in providing much more information on the impact of the national formula on rural counties such as Herefordshire and the briefing will include alternative proposals which will improve the national formula. It would be much appreciated if you could attend and contribute as f40 as a group has a much more influential voice with government than Herefordshire individually.

Yours sincerely



COUNCILLOR JONATHAN LESTER
CABINET MEMBER YOUNG PEOPLE AND CHILDREN'S WELLBEING

Schools National Funding Formula Consultation Stage 2

(Closing Date 22nd March 2017)

Overall Approach

- 1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance? (Pages 7-15)**

No

Please explain your reasoning and any further evidence we should take into account:

Herefordshire welcomes the consultation and add content from MPs letter.

- 2. Do you support our proposal to set the primary to secondary ratio in line with the current national average? (Pages 16-17)**

We have decided that the secondary phase should be funded, overall, at a higher level than primary, after consulting on this in stage one. We are now consulting on how great the difference should be between the phases.

The current national average is 1:1.29, which means that secondary pupils are funded 29% higher overall than primary pupils.

Yes

No – the ratio should be closer (i.e. primary and secondary phases should be funded at more similar levels)

No – the ratio should be wider (i.e. the secondary phase should be funded more than 29% higher than the primary phase)

None of the above

Please explain your reasoning and any further evidence we should take into account:

As a rural authority with many small schools, both primary and secondary, Herefordshire recognises the need for a differential in funding between primary and secondary schools but comparison to an artificial national ratio is meaningless and unhelpful.

The amounts and relative weightings for primary and secondary schools need to be determined from a strong evidence base to provide appropriate funding to ensure that all schools receive sufficient funding to meet their reasonable costs. Reasonable costs, particularly in relation to fixed costs need to be defined and variable costs need to be determined with reference to actual costs and factors such as:

- Pupil teacher ratios and hence teaching group sizes.
- Teacher contact time
- planning, performance and assessment (PPA) but not at 10% teacher cost
- Teaching assistant time.
- Reasonable leadership and management costs, e.g. executive heads for schools below 105 on roll
- Resources.
- Exam fees (Key Stage 4 only).

When this has been calculated the ratio will be what it is.

3. Do you support our proposal to maximise pupil-led funding? (Pages 17-18)

We are proposing to maximise the amount of funding allocated to factors that relate directly to pupils and their characteristics, compared to the factors that relate to schools' characteristics. We propose to do this by reducing the lump sum compared to the current national average (see question 7 on the lump sum value).

Yes – but should higher

No - you should further increase pupil-led funding and further reduce school-led funding

No - you should keep the balance between pupil-led and school-led funding in line with the current national average

No - you should increase school-led funding compared to the current national average

Please explain your reasoning and any further evidence we should take into account:

The balance between the factors must result in adequate funding for all schools regardless of size and location. The interaction of the lump sum with the sparsity factor is therefore key to ensuring that any necessary and vital small schools remain sustainable just as much as large schools must be sustainable..

Herefordshire is extremely concerned that per pupil funding is being reduced and the impact this will have on our larger primary schools by increasing PTRs from an already high 1:25.

Pupil-led funding must be the main component of the national formula and provides for the basic education entitlement of all pupils by funding the appointment of classroom teachers. Per pupil funding should be at a level that guarantees that all pupils regardless of size of school receive a fair entitlement to a class teacher in a reasonable class size. Classes above 30 are unacceptable and diminish pupil learning and contribute to falling standards in a more modern age.

Herefordshire has always been a high delegator of funds to schools and is extremely concerned that the per pupil amounts proposed in the national model are significantly less than in place in Herefordshire now. Per pupil primary funding is £163 less per pupil, secondary KS3 is £46 less and secondary KS4 per pupil funding is £124 less. No evidence is provided in the national model for the impact on class size. How can ministers know the impact on schools of the proposed formula without measuring against objective criteria? In Herefordshire, class sizes in our biggest primary schools are above 30 and these national proposals will require class sizes of up to 35 in order to remain solvent. Rather than the 21st century education we are heading back to the 1950s!.

Pupil-Led Factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right proportions for each factor.

4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors? (Pages 20-21)

Of the total schools block funding, 76% is currently allocated to basic per-pupil funding (AWPU) and 13% is allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language).

The formula will recognise educational disadvantage in its widest sense, including those who are not eligible for the pupil premium but whose families may be only just about managing. It increases the total spent on additional needs factors compared to the funding explicitly directed through these factors in the current system.

We are therefore proposing to increase the proportion of the total schools block funding allocated to additional needs factors to 18%, with 73% allocated to basic per-pupil funding.

Yes

No – allocate a greater proportion to additional needs

No – allocate a lower proportion to additional needs

Please explain your reasoning and any further evidence we should take into account:

It is vital that the basic level of funding allocated to all schools is adequate for the school to staff and operate effectively. The increase in additional needs appears to be at the expense of basic per pupil funding. All the large urban primary schools in Herefordshire with high levels of additional need/deprivation are losers under the national formula, losing up to 2.8%. This does not correspond with the DfE's comments about increasing deprivation funding as the opposite is the case in Herefordshire.

Use of the IDACI postcode data is a concern in rural authorities because large rural postcodes include a wide mix of pupils with both high free school meals and privately educated pupils in the same post codes. Herefordshire has consistently not used the IDACI indicator due to the issue of non-homogeneous rural postcodes. Herefordshire was fortunate to avoid the massive data distortions that arose from the recent five year IDACI data review cycle.

We would question whether better use can be made of the pupil premium grant by either targeting at the "Just About Managing" families or including the within the national funding formula in much the same way that standard fund grants were absorbed into DSG in 2008. Increasing additional need funding to 18% whilst retaining the pupil premium at £2bn would seem to be too great a focus on additional needs without being absolutely confident that the national model funds basic educational need (i.e. putting a teacher in front of every class) at the correct level to start with.

The f40 group have constructed a detailed funding model to ensure all schools are able to function with appropriate pupil teacher ratios and a lump sum that is set to meet a defined set of costs, provided for pupil funding at 75% and additional needs factors of 14% (deprivation 8%, prior attainment 5% and EAL 1%). Herefordshire endorses this detailed modelling work and suggests that the DfE should use the f40's model as a good base for the national funding model

5. Do you agree with the proposed weightings for each of the additional needs factors?

Deprivation - pupil based at 5.5% (Pages 21-25)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

See answer to Q4 above.

The f40 funding model recommended that total deprivation should all be funded via pupil-based indicators - primary 5% and secondary 3% i.e. total 8% - and this latter figure does not contain an area-based deprivation amount as Herefordshire does not believe the IDACI model works well (see below).

Deprivation - area based at 3.9% (Pages 21-25)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

The IDACI model does not work well for large rural postcode areas as there as the area is too large to achieve a homogenous population. Given the known and recent difficulties in revaluing the IDACI indices regularly, Herefordshire considers it better at least in the short- to medium-term, not to use the IDACI model.

Low prior attainment at 7.5% (Pages 25-27)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

See answer to Q4 above. There are many concerns about the reliability and consistency of data being used to determine funding allocations under the current system in this area. Not least are the early years foundation profile data changes and recent changes in key stage assessment methodology.

There is a continuing concern from Headteachers about some schools deliberately reducing prior attainment in KS1 to increase funding and also that it seems wrong in principle that failure in schools should give rise to increased funding. All schools should be funded to deliver success not only those with low prior attainment.

The f40 model suggested low prior attainment at 3% for primary and 2% for secondary and again Herefordshire suggests the DfE looks again at this.

English as an additional language at 1.2% (Pages 27-28)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

See answer to Q4 above.

This would seem to be OK – probably the only bit of the proposed national formula that is.

The weightings are a proportion of the total schools budget.

6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond? (Pages 28-29)

We have decided to include a mobility factor in the national funding formula, following the first stage of consultation. This will be based on historic spend for 2018-19, while we develop a more sophisticated indicator. We would welcome any comments on potential indicators and data sources that could be a better way of allocating mobility funding in future.

Mobility factor needs to provide for two different situations. First, for schools that have a high proportion of service children where whole regiments can be transferred in and out and the mobility factor needs to provide sufficient funding to keep a stable staff in school. Secondly to provide for exceptional turnover of pupils. The current mobility factor requires a 10% turnover before providing even the smallest payment. Schools with the highest turnover probably require a stepped payment method.

We absolutely agree with f40's comments as above.

School-Led Factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right amounts for each factor.

7. Do you agree with the proposed lump sum amount of £110,000 for all schools? (Pages 29-31)

This factor is intended to contribute to the costs that do not vary with pupil numbers, and to give schools (especially small schools) certainty that they will receive a certain amount each year in addition to their pupil-led funding.

Primary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Secondary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

It is difficult to see any justification for the same lump sum for primary and secondary schools. Please can the DfE publish the evidence about what fixed costs are included in the common lump sum of £110,000?

Herefordshire has been very successful in appointing executive Headteachers for our smallest schools and we would be happy to provide details. This does mean that the lump sum for our smallest primaries can be reduced to below the proposed £110k but it would seem to us that the biggest primary schools are more akin to small secondary schools and that there is merit in considering stepped approach to school lump sums on a size basis.

Detailed consideration the evidence of the fixed costs involved in different sized schools should be investigated and published to support the national formula. Herefordshire would be more than willing to take part in a sampling exercise should the DfE wish to collect this evidence, and as a very rural authority we believe our evidence would provide a significant insight to Ministers on how small rural schools can be successfully kept open and remain viable in the most rural areas of England.

8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary schools and up to £65,000 for secondary, middle and all-through schools? (Pages 31-33)

We have decided to include a sparsity factor to target extra funding for schools that are small and remote. We are proposing that this would be tapered so that smaller schools receive more funding, up to a maximum of £25,000 for primary schools and £65,000 for secondary schools.

Primary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Secondary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

Sparsity is essential in maintaining financial viability of small necessary schools in very rural areas. It must be considered jointly with the primary lump sum for the smallest schools as the lump sum must not be so large that small schools do not have to consider sensible efficient operating practices such as sharing an executive head. For these, a full-time teaching head is an expensive luxury that should not be funded by an overgenerous lump sum.

We would suggest that local flexibility around the usage of school-led funding factors (lump sum, sparsity etc.) in least in the short term would be sensible because this is where Schools Forum can exercise credible local discretion. This will be a more reliable process than one relying on a one-size fits all national formula.

9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term? (Pages 34-37)

The growth factor will be based on local authorities' historic spend in 2018-19. For the longer-term we intend to develop a more sophisticated measure and in the consultation we suggest the option of using lagged pupil growth data. We will consult on our proposals at a later stage, but would welcome any initial comments on this suggestion now.

The use of lagged pupil growth data appears to be a reasonable approach to funding growth. Herefordshire isn't really able to comment further as we do not need to plan ahead for any large growth in pupil numbers on a county wide basis.

Funding Floor**10. Do you agree with the principle of a funding floor? (Pages 37-39)**

To ensure stability we propose to put in place a floor that would protect schools from large overall reductions as a result of this formula. This would be in addition to the minimum funding guarantee (see question 13).

No

Please explain your reasoning and any further evidence we should take into account:

A national formula should not include an arbitrary permanent funding floor. The Minimum Funding Guarantee is a tried and tested method currently used by the DfE to allow appropriate time for winners and losers to adjust to new funding levels.

A national funding formula is precisely that – the same methodology across the country without any artificial constraints. Medium term implementation and phasing of winners/losers can be best achieved through the MFG but the long term goal has to be national fair funding by ensuring the formula finds it's own level.

11. Do you support our proposal to set the funding floor at minus 3%? (Pages 37-39)

This will mean that no school will lose more than 3% of their current per-pupil funding as a result of this formula.

Yes

No – the floor should be lower (i.e. allow losses of more than 3% per pupil)

No – the floor should be higher (i.e. restrict losses to less than 3% per pupil)

Please explain your reasoning and any further evidence we should take into account:

No the MFG should be used to gradually move all schools to the national formula. If it takes 10 years then so be it but at least we will have national fair funding in time. We appreciate that it will take time for some schools to adjust to their new funding levels.

12. Do you agree that for new or growing schools (i.e. schools that are still filling up and do not have pupils in all year groups yet) the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity? (Page 43)

Yes

We believe that, to treat growing schools fairly, the funding floor should take account of the fact that these schools have not yet filled all their year groups.

Please explain your reasoning and any further evidence we should take into account:

We agree that new/growing schools may require additional funding to help them expand, but this should be on a new class by class basis and time limited. Also it is common for new schools to have start-up costs such as a new Headteacher in the term prior to opening, has any consideration been given to how this might work or will a loan suffice? If the local authority has no schools block funding then the EFA would have to provide any such loan

Transition

13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5%?

The minimum funding guarantee protects schools against reductions of more than a certain percentage per pupil each year. We are proposing to continue the minimum funding guarantee at minus 1.5% per pupil per year.

Yes

No – the minimum funding guarantee should be lower (i.e. allow losses of more than 1.5% per pupil in any year)

No – the minimum funding guarantee should be higher (i.e. restrict losses to less than 1.5% per pupil in any year)

Please explain your reasoning and any further evidence we should take into account:

-1.5% per pupil MFG would seem to offer sufficient protection to schools on an ongoing basis.

Further Considerations

14. Are there further considerations we should be taking into account about the proposed schools national funding formula?

Movement between blocks

Herefordshire School Forum has voluntarily operated a successful ring fence between the Schools Block, High Needs Block and Early Years blocks since 2013. Adoption of such a practice ensures that each block is managed carefully and that potential overspends are forecast in advance and dealt with. Hard decisions have to be taken in advance but this is far better than a reactive approach to dealing with overspends afterwards. We do not borrow from the schools block to fund high needs overspends nor fund artificially high levels of early years provision.

Schools Forum and Local Expertise

There is no clarity in the consultation about the ongoing role for Schools Forum. Herefordshire hugely values the successful working relationship with Schools Forum and the considerable experience of Forum members. This is a huge resource of local expertise about what works locally and how best to supports children locally. By moving to a funding formula managed from the (London) centre, this local expertise will be lost. How, for example, will the EFA consult with schools on future changes to the national formula?

A system whereby Ministers decide with no evidence will be a system that quickly loses all local support and will be prone large scale errors and misunderstandings. We somehow need to find the best of both local experience and knowledge with national planning and fairness.

Central School Services Block (Pages 66-72)

15. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

Yes

No - a higher proportion should be allocated to the deprivation factor

No - a lower proportion should be allocated to the deprivation factor

No - there should not be a deprivation factor

Please explain your reasoning and any further evidence we should take into account:

No - nationally Section 251 budget data suggests that only spend on education welfare services is influenced by deprivation and this is at the 4% level. (take more detail from f40 response as necessary)

16. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

Yes

No - allow losses of more than 2.5% per pupil per year

No - limit reductions to less than 2.5% per pupil per year

Please explain your reasoning and any further evidence we should take into account:

We would suggest there is no reason not to use the MFG at -1.5%

17. Are there further considerations we should be taking into account about the proposed central school services block formula?

Equalities Analysis

18. Is there any evidence relating to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?

Nothing to add

High Needs Budget 2017-18

Cost Centre Description	Total 2016/17	Total 2017/18	Comment
	£	£	
Excluded Pupils	100,000	100,000	£100k income received in 16/17 – keep in HNB
Special School Places	-1,140,000	-1,460,000	32 additional places at £10k each
Hospital & Home Teaching Team	-244,000	-278,206	Add 10% growth and move to formula funding
Complex Communication Team	-111,447	-111,447	
Equalities	-257,437	-257,437	
Learning and Communication Team	-10,811	-10,811	
SEN Advisor	-143,747	-143,747	
Brookfield CAF Outreach	-18,000	-18,000	
Fees To Independent Schools	-261,782	-411,782	add £150k to meet increase demand
High Needs investment	-100,000	0	return one-off investment monies
PRU Places -80	-800,000	-670,000	80 HPRS add £130k income re secondary charges
Hearing Impairment Team	-268,132	-268,132	
Additional Needs Business Support	-88,522	-88,522	
Additional Needs Management	-117,633	-117,633	
Visual Impairment Team	-169,391	-169,391	
Sen Services - DSG	-192,894	-192,894	

High Needs Budget 2017- 18

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Cost Centre Description	Total 2016/17 £	Total 2017/18 £	Comment
Complex Needs Solutions	-1,497,250	-1,497,250	CNS budgeted same as 16/17
High Needs Post 16 Top Ups	-1,216,853	-1,100,000	Estimated £1.1m for 2017/18
High Needs Kielder	-110,000	-55,000	taper down - ? support from balances for 1 year
High Needs School Top Ups	-972,145	-1,285,145	add overspend
High Needs Special Top Ups	-2,860,876	-2,960,876	add overspend
High needs Unit Top Ups	-192,183	-209,183	add overspend
High Needs Managed Moves	-10,000	-5,000	adjust re underspend
High Needs SEN Protection	-225,000	-135,000	adjust re 16/17 underspend
High Needs Units Places	-400,000	-400,000	7 at bridge + 33 at Hampton Dene
High Needs PRU top ups	-340,000	-383,000	add overspend
High Needs Early Years	-90,000	-100,000	To decide if funded from EY block
High Needs contingency	-99,898	0	No contingency
Inter Authority Recoupment		165,000	Income expectation to offset special places
Available to School Forum		-218,089	BWG/SF to decide allocation
High Needs Block	-11,938,000	-12,281,544	

Special school Tariff percentages

	A	B	C	D	E	F
Barrs Court	0.0%	0.9%	28.2%	30.0%	34.5%	6.4%
Blackmarston	0.0%	0.0%	15.3%	30.6%	38.9%	15.3%
Westfield	0.0%	3.6%	47.3%	27.3%	20.0%	1.8%
Brookfield	0.0%	0.0%	51.9%	45.7%	1.2%	1.2%

BWG Nov re full cost inflation

Tariff	Sep-14	School	To meet costs*	Affordability	Indexed 2016/17
	£		%		£
A	1,280	Pri/Sec	14.86%	0.970	1,426
B	3,150	Pri/Sec	14.86%	0.970	3,509
C	5,225	Pri/Sec	18.06%	0.970	5,984
D	8,075	Spec	22.93%	0.970	9,629
E	11,400	Spec	22.93%	0.970	13,594
F	15,200	Spec	22.93%	0.970	18,125

* Reflects higher LGPS costs in special schools

** Add 1% for uplift to 2017/18 values from 1st April 2017

High Needs Budget Proposals

	£'000
Available funding	218
Use ESG transition re Kielder	55
Less EY high needs 30 hr Extn	-30
Total available to spend	<u>243</u>
Outreach	0
Less tariff review	-50
Available for tariffs	193

Note: BWG agreed that EY tariffs funded from High Needs Block

Tariffs indexed from April 2017 -1

100% indexation at cost £628k – can't afford

Tariff A £1,485 (+£175)	Tariff B £3,654 (+404)
Tariff C £6,230 (+731)	Tariff D £10,026 (+1,396)
Tariff E £14,154 (+1,754)	Tariff F £18,873 (+2,083)

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BWG Agreed Red Option

Indexation 91.06% at revised cost £193k

Tariff A £1,358 (+48)	Tariff B £3,342 (+92)
Tariff C £5,698 (+198)	Tariff D £9,169 (+539)
Tariff E £12,944 (+544)	Tariff F £17,259 (+469)

Logical approach for BWG to discuss:

- EY high needs funding £100k responsibility of HNB and future growth
- Also £30k already included in EY budget for high needs costs of 30 he extension transfer to HNB
- Outreach important but option for April 2018 re reducing future demand so fund at £100k i.e. 2 teachers + travel
- Allocate £50k for tariff amendments following review to determine if tariffs are accurate
- Use some of £17k of ESG transitional funding for review costs e.g. supply
- Need flexibility to cover future costs so fund tariffs at minimum level i.e. **Red Option** at £173k



Meeting:	Herefordshire Schools Forum
Meeting date:	10 March 2017
Title of report:	Dates of Meetings and Work Programme for 2017-18
Report by:	Governance services

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose

To confirm scheduled dates for meetings of the Schools Forum during the 2017/18 municipal year and to consider the Forum's work programme for that period.

Recommendation(s)

THAT:

- (a) the dates for meetings of the schools forum during the 2017/18 municipal year be agreed; and**
- (b) the work programme for the schools forum for 2017/18 be agreed, subject to any amendments the forum wishes to make.**

Alternative options

- 1 The forum could choose not to establish a work programme for 2017/18 and rely on items being presented on an ad hoc basis for consideration at each meeting. This is not recommended as it could lead to the workload being spread unevenly across the year and to decisions not being taken in time to meet internal and external deadlines.

Reasons for recommendations

- 2 The schools forum needs to develop a manageable work programme to ensure that it operates efficiently and has sufficient information and time to properly consider the

Further information on the subject of this report is available from Sarah Smith, Democratic Services Officer on Tel (01432) 260176

issues placed before it. A clear work programme will ensure that members of the forum and presenting officers know the pieces of work to be considered at each meeting and can prepare appropriately. It will also help to ensure that decisions are made at the appropriate time to meet external deadlines set by the Department for Education and others.

Key considerations

- 3 It is for the schools forum to determine its work programme to reflect the priorities and challenges of Herefordshire schools and settings. The forum needs to ensure that it fulfils its statutory role in relation to the implementation of the national schools funding formula and provides timely advice to the Local Authority on issues relating to the management of the schools budget.
- 4 In considering the draft work programme, the forum should be mindful of the key milestones during the financial and academic year and the decisions that surround these. Fixed deadlines, particularly those set externally by the Department for Education and others, must be taken into account.
- 5 In addition to the statutory items it is required to be consulted on, the forum may wish to undertake or be requested to undertake research and consultation on issues relating to the management of schools budgets including:
 - the national schools funding formulas;
 - ways for schools to use funds more effectively or efficiently;
 - arrangements for the education of pupils with special educational needs;
 - arrangements for the use of pupil referral units and the education of children otherwise than at school; and
 - arrangements for early years education.

Any such pieces of work should have a clearly defined remit and desired outcome and be appropriately resourced.

- 6 The budget working group is a permanent advisory sub-group of the forum which provides additional consideration of, and recommendations regarding, key budgetary options and related issues. In addition to the standard budgetary items the forum may refer other items for consideration by the budget working group or establish specific task and finish groups as it deems necessary. Items referred to any sub-group of the forum should be added to the work programme with a clear indication of when the sub-group is expected to report back to the forum.
- 7 The schools forum is required to meet at least four times a year. It is proposed that six dates are confirmed for the 2017/18 municipal year, with two meetings set for each term. If there is insufficient business to justify a particular meeting taking place then up to two of the scheduled meetings can be cancelled while still achieving the required minimum number of meetings.
- 8 Proposed dates are as follows, each to start at 9:30am unless otherwise agreed:
Friday 9 June 2017
Friday 7 July 2017
Friday 20 October 2017
Friday 1 December 2017
Friday 12 January 2018
Friday 2 March 2018

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Community impact

- 9 The items considered and decisions made by the forum should have regard to what matters to schools and settings in Herefordshire and how the forum can best contribute to managing the current changing and challenging financial circumstances.

Equality duty

- 10 The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of policies and in the delivery of services. In relation to school finance it is the responsibility of individual governing bodies to commit expenditure according to the individual pupil need. However the items included on the work programme for the forum should have regard to this duty and the potential implications of any decisions made.

Financial implications

- 11 A budget of £12,000 has been allocated for administering the schools forum and associated activities for the 2017/18 financial year. This is funded from the dedicated schools grant received from central government and includes a modest budget for the commissioning of expert advice and reviews.

Legal implications

- 12 The schools forum is established by virtue of S74A of the School Standards and Framework Act 1998 (as amended by the Education Act 2002). The Schools Forums (England) Regulations 2012 prescribe the functions of the forum and the duties of the local authority to consult with the forum on school funding issues. The Education Funding Agency provides a summary of powers and responsibilities of schools forums which includes decisions it can make on proposals put forward by the local authority.

Risk management

- 13 Approval of the recommendations will help to ensure that the forum fulfils its statutory functions and that the council complies with its statutory duty to consult the forum as specified in the regulations. Failure to approve the recommendations (or suitable alternatives) may lead to the forum not having adequate time and information to make recommendations, which would require the council to make decisions in the absence of guidance from the schools forum. This could lead to action by the DfE or decisions being taken which are not in the best interests of, or supported by, schools and settings.

Consultees

- 14 The draft work programme has been put together following discussions between the assistant director, commissioning and education, the schools finance manager and the chairman of the schools forum.
- 15 The approved work programme will be a live document, with changes and additions reported to the forum via a regular item on the agenda of the meeting.

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Appendices

Appendix A - Draft work programme 2017/18

Background papers

None identified.

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SCHOOLS FORUM WORK PROGRAMME 2017/18

Friday 9 June 2017	
Annual review of membership	To review the membership of the Schools Forum to ensure broad proportionality.
Budget Working Group	To receive report on the activities of the Budget Working Group (<i>recurring item</i>).
Looking to the future	<p>To receive final recommendations from the task and finish groups on:</p> <ul style="list-style-type: none"> • outcomes • capital • early years • high needs <p><u>Notes:</u> <i>Reference minutes of SF 21 Oct 2016</i> RESOLVED: <i>That</i> <i>(a) proposals be referred to the Budget Working Group and the Education Strategic Board with a further report to the Forum in March 2017; and</i> <i>(b) final proposals should be subject to a final consultation with school governing bodies in March/April 2017 prior to approval by Schools forum in summer 2017.</i></p> <p><i>ESB for February 2017 cancelled. Report to forum deferred to June meeting.</i></p>
Friday 7 July 2017	
National Funding Formula	<p>To consider the DfE's response to the stage 2 consultation.</p> <p><i>Results to be published in Summer 2017. May be deferred to October if late publication.</i></p>
Friday 20 October 2017	
Appointments	<p>To appoint a chairman and vice-chairman for the Forum.</p> <p>To appoint a chairman for the Budget Working Group</p>
Budget Working Group	To receive report on the activities of the Budget Working Group (<i>recurring item</i>).
Herefordshire schools budget 2018/19	To receive proposals for consultation on the 2018/19 schools budget

Looking to the future	<p>To receive results of consultation with school governing bodies and approve final proposals from each of the task and finish groups i.e.:</p> <ul style="list-style-type: none"> • outcomes • capital • early years • high needs <p><u>Notes:</u> <i>Reference minutes of SF 21 Oct 2016</i> RESOLVED: <i>That</i> <i>(a) proposals be referred to the Budget Working Group and the Education Strategic Board with a further report to the Forum in March 2017; and</i> <i>(b) final proposals should be subject to a final consultation with school governing bodies in March/April 2017 prior to approval by Schools forum in <u>summer 2017</u>.</i></p> <p>ESB for February cancelled so delayed report to forum until June 2017.</p>
Friday 1 December 2017	
Friday 12 January 2018	
Budget Working Group	To receive report on the activities of the Budget Working Group (<i>recurring item</i>).
Dedicated Schools Grant settlement	To receive a report on the DSG settlement and consider proposed schools budget 2018/19 (subject to DfE national formula).
Friday 2 March 2018	
Budget Working Group	To receive report on the activities of the Budget Working Group (<i>recurring item</i>).
High needs budget proposals 2018/19	To consider proposals for the allocation of the high needs funding block for 2018/19 (subject to DfE national formula).
Dates of Meetings	To agree dates of Schools Forum meetings for 2018/19
Work programme 2018/19	To approve the work programme for the forum for 2018/19 municipal year