

MEETING:	SCHOOLS FORUM
MEETING DATE:	25 OCTOBER 2013
TITLE OF REPORT:	REPORT OF THE BUDGET WORKING GROUP
REPORT BY:	GOVERNANCE SERVICES

1. Classification

Open

2. Key Decision

This is not an executive decision.

3. Wards Affected

County-wide

4. Purpose

To consider the report of the Budget Working Group (BWG) on the following matters: response to consultation paper on introduction of high needs multi-tariffs and proposed national funding formula changes 2014/15, final Dedicated Schools Grant Allocation 2013/14; High Needs spending forecast, SEN Support Services and Home to School Transport.

5. Recommendation(s)

THAT:

- (a) the Forum be recommended to approve the proposals for the local application of the funding Formula for 2014/15 as set out at Appendix 1 to the report for recommendation to the Cabinet Member – Children’s Wellbeing;**
- (b) in the interim, the funding formula values, as set out in Appendix 1, be submitted to the Education Funding Agency by the deadline of 31st October marked “pending cabinet member approval” as necessary;**
- (c) the Department for Education’s finalised Dedicated Schools Grant for 2013/14 and its allocation be noted.**

6. Alternative Options

- 6.1 There are a range of possible alternative options. The alternatives were considered in detail by the Budget Working Group and set out as appropriate in the consultation paper issued to schools in September 2013. The consultation results are described in the report.

7. Reasons for Recommendations

- 7.1 Local authorities are required to submit the provisional 2014-15 school budget formula and funding values to the Education Funding Agency by 31 October 2013.

8. Key Considerations

- 8.1 The BWG met on 9 September 2013 to consider the following: final DSG allocation 2013/14, and the draft consultation paper for Herefordshire schools about the national school funding formula 2014/15.
- 8.2 The BWG met again on 11 October to consider: the response to the consultation paper for Herefordshire schools about the national school funding formula 2014/15; the high needs spending forecast 2013/14, SEN support services and school transport. A copy of the notes of these meetings has been circulated separately to Members of the Forum.

National School Funding Formula 2014/15.

- 8.3 On 12 July the Forum was informed that the Department for Education (DfE) had published: School Funding Reform: Findings from the Review of 2013/14 and Arrangements and Changes for 2014-15. The Education Funding Agency (EFA) had published 2014-15 Revenue Funding Arrangements: Operational Guidance for local authorities.
- 8.4 The EFA guidance introduced a number of changes to the National Funding Formula. The Forum's views were sought on the recommendations of the BWG to inform the preparation of a consultation paper. The Forum identified a number of preferred options as a basis for consultation, at the same time agreeing that a range of options should be presented in the consultation paper.
- 8.5 The main issues the Forum considered were the introduction of a sparsity factor to support rural schools, changes to the lump sum to permit differing amounts for primary and secondary schools (noting the requirement that the lump sum had to be the same for all schools within each phase) and proposals locally to move incrementally towards the "family average" of comparable counties for the primary/secondary per pupil funding ratio.
- 8.6 A draft consultation paper prepared in accordance with the decisions of the Schools Forum on 12 July was considered by the BWG on 11 September. The BWG made a number of detailed comments for consideration by the authority in producing the final consultation document.
- 8.7 Alongside the discussion of changes to the national funding formula a High Needs Group had been tasked to bring forward proposals for the introduction of high needs multi-tariffs. These proposals were incorporated into the consultation paper.

- 8.8 A consultation paper was issued on 12 September. The closing date for responses was 4 October 2013.
- 8.9 The BWG met on 11 October to consider the response to the consultation exercise. It's recommendations are at Appendix 1.
- 8.10 The final responses to the consultation exercise are set out at Appendix 2 showing the final responses received and Appendix 3 summarises all of the comments received. A summary of the presentation slides from the consultation meetings provides a useful summary and is set out in Appendix 4.
- 8.11 The principal issues that had been considered by the BWG in making its recommendations to the Forum in July had been a phased move towards the average funding ratios between primary and secondary schools of the Authority's family Group, the lump sum and the application of a sparsity factor.
- 8.12 In discussing the draft consultation paper in September the BWG remained firmly of the view that the following principles applied and should be emphasised:
- The proposals in the consultation paper for change locally had to be made in response to the implementation of national school funding proposals by the DfE. The DfE had indicated that over time it wished to move towards national consistency in the school funding framework and had highlighted the extent of the range of primary/secondary funding ratios and its desire to see this reduce. The BWG was convinced that to do nothing in the face of the DfE's position was not a realistic option.
 - Some steps were recommended to be taken to move part way towards the average primary/secondary funding ratio for the Authority's family group. Having accepted this point and that a sparsity factor should be applied, for which no additional funding was provided by the DfE, this meant that the consultation proposal was that lump sums for primary schools needed to be adjusted downwards to compensate and balance the budget.
 - The impact on some schools would be significant and would mean difficult considerations for some schools. It was noted that the primary driver was still changes in overall pupil numbers for a range of schools. There was a clear rationale for seeking to achieve managed incremental change and reduce that impact rather than respond in haste to a directive from the DfE imposing constraints on the primary/secondary ratio.
 - The Group continued to support an annual review of the effect of the planned move towards the average primary/secondary funding ratio for the Authority's family group to permit adjustments to be made if appropriate, depending on DfE guidance .
 - The decline in pupil numbers was key to the funding implications for individual schools.
- 8.13 In considering the response to the consultation exercise on 11 October the BWG noted that there had only been twenty-six responses from schools to the consultation out of a possible one hundred and three. This had a bearing on the

weight that could be given to the outcome of the consultation exercise. However, the BWG noted that at the consultation meetings there was overwhelming support for the course that the BWG had recommended in respect of every proposal, except the sparsity models where there was nonetheless still majority support. The BWG considered that no argument had been advanced for a different course of action to that which the BWG had proposed and no better proposals put forward.

- 8.14 The BWG discussed a letter from one school questioning the Authority's proposal to cap funding gains by schools made under the national funding formula to fund the statutory Minimum Funding Guarantee (MFG) protection to schools losing funding.
- 8.15 The BWG was advised that the DfE guidance both permitted and indeed encouraged the approach the Authority had adopted. The only alternative would be to reduce the amount of funding per pupil which in turn would further increase the cost of the MFG. which had been well set out in the consultation paper and commanded no support.
- 8.16 The BWG considered that the proposed approach of capping gains was in the interest of schools as a whole and consistent with the BWG's aim to achieve as smooth a transition as possible to the national funding formula.

High Needs Tariff Funding

- 8.17 Past funding mechanisms for high needs pupils and students have varied considerably from area to area and the DfE has now standardised funding arrangements nationally. The new funding arrangements are intended to provide an approach that is responsive to the needs of individual pupils and students, supported by clear information about the local offer of high needs provision in Herefordshire.
- 8.18 Herefordshire is working to introduce a new High Needs Funding Tariff in 2014/15 which will provide consistency in meeting pupil and student needs across mainstream, special schools and FE providers. Detailed proposals, based on the Indicative Code of Practice on Special Educational Needs, were set out in the consultation paper regarding the assessment matrix, category weightings, the funding tariff and implementation schedule. The proposals have been widely welcomed and supported.
- 8.19 A number of suggestions for improvement and comments have been received from schools and these will be taken forward and reviewed by the High Needs Tariff Development Group. Some further work is necessary to ensure that draft budgets for 2014/15 are consistent with the indicative tariff funding. Finalised proposals will be available for consideration by Schools Forum in February.
- 8.20 The Budget Working Group recommends the approval in principle of the high needs tariff funding so that this further work can be completed
- 8.21 The BWG's recommendations are set out in Appendix 1
- 8.22 **Dedicated Schools Grant**

On 23 July 2013 the DfE finalised Dedicated Schools Grant allocations resulting in an increase for Herefordshire of £273,000 for 2013/14. This is to be allocated as

follows:

- £121,000 for early years, high needs
- £146,000 for high needs
- £6,000 for various additions

8.23 The BWG has also noted the High Needs Spending Forecast. There was a forecast underspend of £300k. A further forecast will be considered by the BWG later in the year when more certainty re PRU and post-16 pupil top-ups will be available.

8.24 Further to the report to the Forum in July 2013 the BWG has noted that the Local Authority no longer has a learning support team. Schools will need to source this support themselves. The BWG has suggested that as services increasingly ceased to be provided directly by the authority it was important to ensure that how to access services was clearly signposted.

8.25 The BWG also briefly discussed the home to school transport proposals which are the subject of a separate report on this agenda.

9. Community Impact

9.1 There is no significant community impact.

10. Equality and Human Rights

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

11. Financial Implications

11.1 The recommendations, if agreed, will have no overall impact on the Dedicated Schools Grant as the proposed funding changes will pass directly between school budgets and be contained within the DSG funding available.

12. Legal Implications

12.1 There are no legal implications.

13. Risk Management

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

14. Consultees

14.1 All maintained schools, FE providers, academies and free schools in Herefordshire.

15. Appendices

- 15.1 Appendix 1 – Recommendations from the Budget Working Group
- Appendix 2 – Summary of Responses to the Consultation Paper
- Appendix 3 - Comments Received in response to the consultation
- Appendix 4 – Summary of Consultation presentation slides

16. Background Papers

- 16.1 Consultation Paper: National School Funding Formula 2014/15 -Consultation For Herefordshire Schools and Response Form