

MEETING:	SCHOOLS FORUM
MEETING DATE:	23 OCTOBER 2015
TITLE OF REPORT:	REPORT OF THE 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:
Results of the schools budget consultation and submission of provisional school budget to the Education Funding Agency(EFA), forecasts of high needs expenditure for 2015/16 and 2016/17 and the use of Dedicated Schools Grant (DSG) balances.

Recommendation(s)

THAT:

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

(i) ;

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

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

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

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

Alternative Options

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

Reasons for Recommendations

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

Key Considerations

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

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

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

The BWG considered the following principal points:

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

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

The BWG agreed to recommend to Schools Forum

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

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

4 HIGH NEEDS FORECASTS 2015/16 AND 2016/17

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

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

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

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

In discussion the following principal points were made:

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

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

5 DEDICATED SCHOOLS GRANT BALANCES

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

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

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

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

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

The BWG agreed to recommend to Schools Forum

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

Community Impact

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

Equality and Human Rights

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

Financial Implications

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

Legal Implications

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

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

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

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

Risk Management

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

Consultees

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

Appendices

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

Background Papers

- None identified.