

SUPPLEMENT TO THE AGENDA FOR

Herefordshire Schools Forum

Wednesday 2 March 2011

9.30 am

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

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MEETING:	SCHOOLS FORUM
DATE:	2ND MARCH 2011
TITLE OF REPORT:	DEDICATED SCHOOLS GRANT 2011/12
OFFICER:	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

All schools

Purpose

To recommend to the Cabinet member for ICT, Education and Achievement the Dedicated Schools Grant budget for 2011/12.

Key Decision

This is not a Key Decision.

Recommendations

THAT Schools Forum recommends to the Cabinet Member for ICT, Education and Achievement the basis for the schools budget 2011/12 as set out below:

- (a) **the budget options, before the Minimum Funding Guarantee protection, that were broadly supported in the consultation be approved as follows;**
- 1. Option B: Reduce social deprivation funding by £250k**
 - 2. Option C: Reduce personalized learning funding £250k**
 - 3. Option E: Reduce school grants by 1.5%**
 - 4. Option F: Reduce “per pupil funding” by 0.5%**
 - 5. Option G: Delegate £376k of SEN Support services**
 - 6. Option H: End flexibility grants to PVI nurseries**
 - 7. Option I: Charge for early years training**

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

- 8. Option K: Reduce contingencies by £100k**
- 9. Option L: Reduce central DSG services by 3%**
- (b) **Option D: Reduced SEN Banded funding levels, which was not well supported by schools, be not approved.**
- (c) **the budget options that have been considered individually**
- 1 Option J: Reduce PVI nursery funding by 2% be approved in order to continue the move towards equality of funding when compared with the adjoining English counties;**
 - 2 Option A: Reduce small schools protection by £250k, before the Minimum Funding Guarantee protection, be approved;**
 - 3 Option L: Central DSG services that the 3% savings be confirmed as applying to Pupil Referral Units.**
- (d) **that the Budget Working Group's additional proposal be considered as follows;**
- that the savings required from Option A: small schools protection be reduced to £200k and additional savings of £500k be sought from Options B & C: social deprivation and personalised learning, all prior to the protection offered by the Minimum Funding Guarantee, and that the net savings of £241k achieved be added to the age weighted per pupil funding amount at £11.50 per pupil.**
- (e) **that the SEN support services are delegated with a minimum funding entitlement of £1,110 for all schools, the balance delegated through the SEN Band 1 & 2 formula factors and that the former Ethnic Minority Grant be delegated on the number of EAL pupils recorded on the January pupil census.**
- (f) **that if a final budget adjustment is necessary, then the age weighted per pupil funding be adjusted to cover any surplus or deficit when final pupil numbers are known from the January 2011 census.**

Key Points Summary

- A budget shortfall of £1,439k has been identified in the Dedicated Schools Grant (DSG) for 2011/12. Following a budget consultation with schools, governors and PVI nurseries the following budget proposals are recommended by the Forum's Budget Working Party.
- Adoption of all the budget options, comprising savings of £1,315k that had the broad agreement of responses to the consultation exercise.
- Rejection of the SEN budget option, proposed savings £99k, that had very a mixed response but with substantial negative replies.
- Adoption of the remaining budget options, small schools protection, PVI nurseries and

Pupil Referral Units, after individual consideration of the responses received.

- Following consultation replies, an additional proposal for consideration which proposes increasing the savings from social deprivation/personalised learning and reduces the savings required from small schools protection and distributing any surplus on pupil numbers.

Alternative Options

- 1 An alternative budget proposal has been suggested by the Budget Working Group which provides for greater reductions in funding for social deprivation and personalised learning in light of the additional £1m pupil premium grant, a scaled down reduction in small schools protection (i.e. less than set out in the original consultation paper) and the funds generated from these proposals be re-distributed to schools through an increased per pupil unit of funding (AWPU). The intention behind this additional budget proposal is to narrow the funding gap on a per-pupil basis between highest funded schools and the lowest funded schools. In 2011/12 the range in funding (including grants) per pupil varies from £3,144 per pupil to £6,079 per pupil and for high schools from £4,471 per pupil to £5,379 per pupil.

Reasons for Recommendations

- 2 Final budgets must be issued to schools before 31st March 2011.

Introduction and Background

- 3 Following the announcement of the schools budget settlement by the Department for Education on the 13th December 2010, the Budget Working Group (BWG) met on January 11th 2011 to consider a paper setting out the implications for Herefordshire schools. Due to falling rolls and increasing costs of special education they identified a significant budget shortfall in excess of £1m that required further work and consultation. The BWG prepared a broadly based package of funding cuts and a consultation paper which was approved for consultation by Schools Forum on 29th January. This is attached as Appendix 1.
- 4 In broad terms the BWG attempted to offer a range of similar sized budget cuts to a range of spending areas. The chosen options were mainly focused on those DSG budgets that would generate significant savings. The chosen options and the budget strategy developed by the BWG is set out in the consultation paper and are not repeated here.
- 5 The DSG consultation paper identified a £1.5m shortfall due to falling rolls and known increased cost pressures as set out below;

Falling rolls	£500k
Growth in pupils with complex needs	£482k
Statutory teaching hours in PRUs	£156k
Statutory teaching hours in medical	£ 30k
Growth in Special school places/needs	£163k
Increase in Trade union facilities agreement	£ 41k
Growth in SEN banded funding allocations in-year 2010/11	£120k
School funding formula review requested by Schools Forum	£ 23k
Total spending commitments	£1,515k

- 6 The budget shortfall has been updated with the latest estimates for SEN commitments,

business rates and Teachers Pay Grant and some additional income. Some of the cost pressures e.g. PRUs have been revised following discussions with schools and service managers. The following additional cost pressures need to be added to the £1.5m set out in the consultation paper.

Increased SEN Band 3 & 4 commitments, business rates and former Teachers Pay Grant	£300k
Known SEN commitments from Feb meeting	£33k
Possible contribution to Music Service	£25k
Estimated increase in new SEN bands in-year allocation in 11/12 (based on estimated spend in 10/11)	£40k
Less Extended Schools Grant not allocated to schools previously used for parenting support in 10/11	-£296k
Less recoupment budget not needed	-£70k
Less medical PRU – costs now absorbed within the SEN service	-£30k
Less proposed high school contribution to PRU costs	-£78k
Total additional cost pressure	-£76k
Total spending commitments	£1,439k

- 7 In addition to the spending pressures identified above, the Young People’s Learning Agency (YPLA) has provided information for post-16 funding on an academic year basis which suggested a cut to the SEN grant in 11/12. Further discussions with the YPLA indicate that no cuts are expected but final grant allocations will not be confirmed until towards the end of March. It is however possible that the SEN grant will be reduced if a special school with post-16 pupils transfers to academy status. Additionally there is a report on the funding of the Music Service elsewhere on this agenda and a possible financial contribution is listed above for completeness.

Budget consultation

- 8 Headteachers, governors and PVI nurseries have been consulted on the budget proposals for savings. The options developed provided for some choice and were also broadly based to take best advantage of the limitations imposed by the Minimum Funding Guarantee (MFG).
- 9 Of the individual consultation responses received from schools (46), there was a broad measure of agreement with the overall savings proposals, which were set out in the consultation paper. A composite response from the Herefordshire Association of Headteachers (HASH) was in broad agreement with the proposals however 47 responses from PVI nurseries were against all or part of the proposals, as follows:

Schools - broadly agree with the savings proposals	30
Schools - composite response from HASH broadly in favour of the proposals	14
Schools - disagree with the proposals	11
PVI Nurseries – disagree with some of the proposals	47
Schools - no opinion on the overall proposals	15

Comments from schools and PVI nurseries

10 Some (6) schools did not agree with the proposed additional £41k for the trade union facilities budget and some (6) primary schools suggested that the additional £156k for PRUs should be met by high schools. Other suggestions from schools include

- Why use out of county withdrawal units when more beneficial in county?
- Not proceed with governor services and return DSG set-up grant
- Music service – lots of savings by using private peripatetic tutors

11 All (47) PVI nurseries objected to the proposed 2% cut in nursery education (per pupil) funding suggesting parity with school budget cuts as an alternative and also objecting to the proposed 5% cut in early years SEN funding.

Further suggestions from PVIs included

- % cut in Local authority salaries
- reduce costs of senior managers
- reduce administration around Nursery education funding (NEF)
- reduce training costs and charge for training (proposal I)
- reduce requirement to provide 15 hours back to 12.5 hours
- All the comments received from schools and a Yes/No analysis for each budget proposal is provided in Appendix 2. It is important that Forum members read through this appendix before considering the financial recommendation for each proposal. All the individual consultation replies from schools and PVI nurseries are published on the council website as background papers with all the public papers for the Schools Forum meeting.

<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?MId=3762&x=1&>

Options with a broad measure of agreement

12 Savings proposals with a high measure of agreement in the consultation are set out below. For some options such as B, C and F there was a variety of opinion that suggested either more or less savings should be made. The general opinion on option L was for increased savings however there was a request from the PRU Management Committee that the proposed 3% cut to PRUs within option L should be re-considered on the basis of parity with schools.

Option	Description	Saving
B	Reduce social deprivation funding	£188k
C	Reduce personalized learning funding	£156k
E	Reduce school grants by 1.5%	£144k
F	Reduce “per pupil funding” by 0.5%	£200k
G	Delegate £376k of SEN Support services	£137k
H	Abolish flexibility grants to PVI nurseries	£172k
I	Charge for early years training	£100k
K	Reduce contingencies	£100k
L	Reduce central DSG services by 3%	£118k
	Total agreed budget reductions	£1,315k

**Adoption of the above widely agreed options would leave a balance of £124k to find.
 Recommendation R1: The BWG recommend that these options be approved by
 Schools Forum**

Options with no general agreement with schools/PVIs

- 13 For the following options there was no general agreement. Although schools were generally in favour of option J, PVI nurseries were not.

A	Reduce small schools protection	£121k
D	Reduced SEN Banded funding levels 3 & 4	£99k
J	Reduce PVI nursery funding by 2%	£72k

These options will be considered further on an individual basis below.

Individual options requiring further consideration

Option D Reduced SEN Banded funding levels 3 & 4

- 14 Very mixed opinion with 20 replies for and 25 against. Of those indicating a preference 9 were in favour of option (a) 5% from bands 3 & 4 and only 2 were in favour of option (b) 10% from band 3 only. Replies indicated that this should only be considered if necessary given the vulnerable nature of SEN children and others suggested that SEN should be funded properly. PVI nurseries were against a cut in SEN funding. The BWG did not wish to cut the SEN budgets for Band 3 & 4 unless absolutely necessary as these children are amongst the most vulnerable in Herefordshire.

**Recommendation R2: The BWG recommend to Schools Forum the £99k savings in
 Option D: SEN should be found elsewhere.**

Option I Central DSG services – Pupil Referral Units

- 15 A number of responses from schools suggested that savings from the central DSG services should be greater than 3%. A letter from the chair of the PRU management committee requested parity of budget reductions with schools.
- 16 Following discussion regarding recent management changes in PRUs and that greater staffing flexibility should be possible, the BWG supported the proposal that central DSG services including PRUs be cut by the full 3% in 2011/12.

Option J Reduce PVI nursery funding by 2%

- 17 A number of responses from PVI nurseries have suggested that savings in nursery education (per pupil) should be comparable with schools. The BWG considered the consultation feedback and previous evidence that PVIs in Herefordshire were funded at a higher rate than surrounding counties and agreed to recommend to Schools Forum that the full 2% cut be approved.
- 18 Schools Forum previously agreed on 7th December 2009 (minute 53) that PVI funding in

Herefordshire should be frozen in cash terms until parity with Worcestershire, Shropshire and Gloucestershire is achieved. The recommendation therefore continues the move towards parity. National benchmarking in 2010/11 from the DfE provides comparative expenditure on PVI nurseries on a per pupil basis as follows;-

County	Cost per Free entitlement in PVI providers (per DSG pupil 3-19) (£)	2010/11 DSG funding per pupil (£)	Percentage of per pupil DSG funding in 10/11 (%)
Shropshire	99	4,013	2.47%
Worcestershire	114	4,028	2.83%
Gloucestershire	158	4,046	3.9%
Average of three counties	123.67	4,029	3.07%
Herefordshire	130	4,002	3.25%

Note: Based on the number of pupils 3-19 in each county and provides a measure of the cost per pupil which is comparable to the income received from DSG. It is known that the coverage of PVI providers compared with school nurseries is broadly comparable in the four counties.

- 19 Herefordshire is 5.1% higher than the average of the three adjoining counties and the percentage of the DSG unit of funding is also higher. A budget reduction of 2% or 97p per place per week would reduce the Herefordshire spend to £127.4 per pupil which is still 3% higher than the adjoining county average.
- 20 Anecdotally, a few PVI settings have suggested that further cuts in the Nursery Education Funding (NEF) may result in some settings withdrawing from the NEF funding system. If this were to happen then the local authority may be required to commission additional NEF funded places to meet demand if other PVI nurseries do not expand to provide replacement places. There could be a cost of commissioning any new places which might have to be met by the Early Intervention Grant. This was identified as a medium risk in the budget consultation paper and is something the forum will wish to keep under review.

Recommendation R3: The BWG recommend to Schools Forum that the PRU budget reductions be confirmed at 3% and the PVI nursery budget reductions be confirmed at 2% as set out in the consultation paper.

Savings in cost pressures –PRU additional teaching hours

- 21 The cost pressures identified in the consultation paper provide in full for the additional cost of £156k for the increase in teaching hours in PRUs. It is proposed by high schools through HASH that high schools will contribute £78k to the PRU cost in 11/12 and that this will double in the 2012/13 to meet the full cost. This has been taken into account in the updated spending commitments in paragraph 2.

Option A Small schools protection

- 22 Responses were varied, much as would be expected, small schools typically stressing the need to continue to support financially small schools given existing council policy and large schools seeking to reduce the cost of such protection. The financial viability of small schools below 50 on roll was questioned.

- 23 Savings of £121k were proposed in the consultation paper and after the amendments to the cost pressures (see paragraph 2 above), the savings from small schools are now potentially greater than needed to balance the budget. It is suggested that the surplus of £52k (i.e. £124k-£72k from option J: PVIs) be kept in reserve to fund possible cost pressures resulting from the finalisation of pupil numbers particularly the early years pupil numbers which will not be known until mid-March.
- 24 The BWG were in favour of the proposed reductions in small schools protection but also wanted an alternative proposal developed which offered reduced savings from small schools by increasing the savings from social deprivation funding (which would be offset by the additional pupil premium).

Recommendation R4: The BWG recommend that proposed savings from small schools protection as set out in the consultation paper be approved

Alternative proposal

- 25 In view of the comments in the consultation paper, the BWG asked that the implications of an additional budget proposal be developed for School Forum's consideration as follows;
- The savings proposed in the consultation paper for small schools protection are reduced from the original £250k to the lesser amount of £200k
 - And that further savings in social deprivation (an additional £250k) and personalised learning (an additional £250k) are considered as these budget reductions will be offset in schools by the additional pupil premium in 2011/12 and 2012/13
 - any surplus generated from this new proposal is added to the per pupil funding rate for primary and high schools in order to narrow the gap in per pupil funding between the highest and lowest funded schools.
- 26 The implications of this proposal are that the further proposed cuts of £500k in social deprivation/personalised learning will produce net savings of £237k because of the protection offered by the MFG next year. Those schools in deprived areas (i.e. schools in receipt of higher funding for social deprivation and personalised learning) will not receive any loss of budget in 2011/12 as the protection offered by the MFG simply increases to maintain their existing budget share (see table below). This protection from the MFG will potentially be eroded in 2012/13 however any loss in funding will be offset by the expected gain in pupil premium (which is expected to increase from £430 to £860 per free school meal pupil).
- 27 The reduction of £50k in small school protection funding has minimal impact in 2011/12 again due to the MFG protection. However, as described above, the protection offered by the MFG to small schools may start to be eroded in 2012/13.
- 28 Overall the total saving is £241k which is equivalent to £11.50 per pupil in 2011/12 which will be distributed to all schools and subject to the budget outlook in 2012/13, there may well be another opportunity for another such transfer as the protection offered by the MFG reduces.
- 29 Examples of how the MFG protection works for schools with high and low social deprivation is set out in the table below. It works in exactly the same way for small schools regarding small schools protection although this is not shown in the table.

School	Budget pre – alternative £'000	MFG £'000	Budget post – alternative £'000	MFG £'000
Primary school high deprivation	1,492	26	1,492	37
Primary school low deprivation	1,324	0	1,324	0
Primary school high deprivation	376	19	376	19
Primary school low deprivation	641	0	642	0
High school high deprivation	3,377	44	3,377	58
High school low deprivation	5,986	0	5,973	0

Recommendation R5: that Schools Forum consider the BWG's alternative proposal namely reducing the cut in small schools protection, by increasing the reductions in social deprivation and personalised learning – which will be offset by the pupil premium.

Delegation of SEN Support Services

- 30 BWG strongly suggested that the Ethnic Minority Grant should be delegated based on the number of English as an Additional Language (EAL) pupils on the January pupil census and that the remaining £330k for learning and behaviour support delegated at £1,110 per school which is sufficient for every school to buy six support sessions at £185 per session and the balance of the £330k (approx £200k) to be delegated using the same formulas used for the delegation of Bands 1 & 2. This is a variation on the proposals set out in the autumn 2008 consultation paper on delegation of SEN bands 1 & 2 and support services. The additional needs service consider that this revision to the delegation formula provides for a better match of past service take-up and provides a minimum level of funding for all schools.
- 31 An impact assessment from the Head of Additional Needs is attached as Appendix 3

Recommendation R6: The BWG recommends that the SEN support services are delegated with a minimum funding entitlement of £1,110 for all schools, the balance delegated through the SEN Band 1 & 2 formula factors and the Ethnic Minority Grant delegated on the number of EAL pupils recorded on the January pupil census.

Budget finalisation after Schools Forum in mid-March

- 32 There still remain a number of cost pressures that cannot yet be confirmed and the DSG income will depend on the precise pupil numbers in all pupil censuses. Pupil numbers, free school meals have not yet been confirmed from the January pupil census and there may still be minor amendments to the budget particularly if there is an increase in free school meals or differences in DSG income arising from pupil number changes from the estimate. Additional costs of around £20k are expected for the special needs unit at Hampton Dene primary school but this cannot be confirmed until final pupil numbers in the unit are known. School insurance costs may rise for 2011/12 following a review of recent claims arising from flood and burst pipes which are included in the schools balance of risk property insurance scheme. The YPLA has not confirmed the SEN grant and the Teachers Pay Grant contributions for post-16 pupils

- 33 Estimates of the 2011/12 spend on PVI nurseries and nursery classes in schools suggest an increase of £40k due to the increased flexibility that parents now have in choosing sessions. As parents are accessing extra sessions then this extra cost should be included in increased pupil numbers and the DSG will be increased to compensate for the extra cost. As such it is not intended to add an additional cost pressure for 2011/12 however this will not be known until the early years census is available in mid-March. Only when the early years' census is available in mid-March can an accurate assessment of DSG income be determined.
- 34 Additionally the BWG suggested that not all the £23k for the LMS formula review should be cut from the budget as part of Option L: central DSG services but that £12k should be retained so that additional formula review work, such as the review of the per pupil allocations of school grants and consideration of the national formula funding proposals, could proceed. The BWG proposed reducing the budget for the Primary Heads Forum by £10k in order to cover the extra cost.
- 35 It is proposed that all these minor amendments will be dealt with through changes to the per pupil unit of funding (AWPU) as the fairest way of smoothing the impact. These changes will not be finally known until after Schools Forum.

Recommendation R7: that age weighted per pupil unit of funding be revised to correct for any surplus or deficit after finalisation of the schools budget when final pupil numbers and cost pressures are known.

School Finance Regulations 2011/12

- 36 The DfE has written giving advance notice of some changes to school funding regulations for 2011/12 to aid budget setting. These changes relate to
- Federations – The DfE is continuing with the proposal to enable local authorities to set a single budget share for schools in a “hard” federation. This avoids bureaucracy by avoiding the need for separate budgets and accounts in the federation. However, following consultation DfE is adding a provision which would require federations to retain the whole of any formula saving. Herefordshire has not got a “federation” so this change in the regulations is not currently relevant.
 - Carbon Reduction Commitment (CRC) – The removal of the recycling element of the CRC as a result of the Spending Review means the previous proposals relating to bonuses and penalties are no longer applicable. As the cost to local authorities relates to the purchase of allowances DfE is proposing that this should be an allowable item against the central part of the schools budget and not allowable as a formula factor for individual schools. As Herefordshire Council is not included in the CRC scheme, the change in regulations does not apply to Herefordshire.
 - Academy recoupment – arrangements for recouping the DSG element of the Local Authority Central Services Grant (LACSEG) will be similar to 2010/11 except that due to concerns expressed by groups which support children with special educational needs the DfE has decided that, for 2011/12, there will be no recoupment of SEN support services. Therefore the central budgets for SEN support services will not be reduced due to recoupment and these SEN services will not have income targets to meet. Recoupment arrangements for future years will be subject to the wider review of school and academy funding.

Dedicated Schools Grant - Future Budget outlook

- 37 The DfE Spending Review indicates the same cash freeze per pupil for the DSG will apply in 2012/13 and 2013/14. Cost pressures of approximately £1m or more would seem likely in future years arising for much the same reasons as this year i.e. from falling rolls and increasing SEN costs. It will be particularly important to start planning for the 2012/13 financial year now so that consultations with schools and PVIs can occur in the autumn term. This will require the BWG to consider the financial options in the summer term and prepare a consultation paper for the autumn term. Commencing such early forward planning will also give sufficient time for detailed cost reduction plans to be developed.

Key Considerations

- 38 The Council is required to set Dedicated Schools Grant budget within the funding allocated by government. The proposals within this report provide for a balanced budget for the estimated grant.

Community Impact

- 39 None directly identified.

Financial Implications

- 40 The Budget agreed for DSG for 2011/12 must balance. The proposals set out in this report achieve this. Additional budget pressures can only be agreed if compensating cuts are made elsewhere.

Legal Implications

- 41 These proposals comply with the Council's legal duties.

Risk Management

- 42 The Budget Working Group has commissioned a detailed consultation exercise with schools, governors and PVI nurseries prior to considering detailed budget proposals for 2011/12 and this report reflects the views of from the consultation exercise and the Budget Working Party. Final budgets will not be issued to schools until pupil numbers have been confirmed and adjusted as necessary. Any small under or overspend on Dedicated Schools grant can be carried forward to 2011/12. Any significant overspend will require the re-issue of school budgets.

Consultees

- 43 All schools and PVI nurseries have been consulted.

Appendices

- Dedicated Schools Grant 2011/12 Budget consultation for schools and response form
- Summary of responses to the consultation paper.
- Proposal

Background Papers

- Working papers considered by the Budget Working Group on 11th January 2011 and 15th February 2011.
- Individual responses to the DSG Budget consultation paper February 2011. Available on as background papers on the Herefordshire Council website

. <http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?MIId=3762&x=1&>

EXECUTIVE SUMMARY

1. The Council will receive £11m less in formula grant from government in 2011/12 requiring the Children and Young People’s Directorate (CYPD) to make savings of £1.75m to their budget. Additional cost pressures particularly re SEN complex needs and looked after children will also increase spending in CYPD by an extra £1.5m. The Department for Education (DfE) has announced the withdrawal of £2.5m of grants in 11/12 on top of the £0.9m in year reductions already passed onto the council in 10/11.
2. A pupil premium is to be introduced for 2011/12, to be paid to schools at £430 per pupil on free school meals and for service children an extra £200 per pupil. It is estimated that the pupil premium will be worth over £1m to Herefordshire schools in the first year. It is expected that the pupil premium grant will rise to over £4m by 2014/15 and eventually be worth £1,720 per free school meal pupil although this is not confirmed by government.
3. Grants paid directly to schools, such as school standards grants, school development and specialisms grant, national strategies funding, extended schools (including disadvantage subsidy) and school lunch grant will be included in Dedicated Schools Grant (DSG) in 2011/12. These grants have been protected by DfE so that the “per pupil” grant funding received by schools in 10/11 is protected by the Minimum Funding Guarantee in 11/12 to provide stability and protection to individual school budgets.
4. The Minimum Funding Guarantee (MFG) has been set by the DfE at -1.5% protecting budgets for schools whilst ensuring budget savings can be made in Dedicated Schools Grant as a whole. The MFG, although complicated, ensures that schools will receive at least 98.5% of their per pupil unit funding in 2011/12 when compared with the level of funding received per pupil in 2010/11.
5. Dedicated Schools Grant faces a shortfall of £1.5m due to falling rolls and increased cost pressures as set out below;

Cost Pressure	£’000
Falling rolls	500
More pupils with complex needs	482
Statutory teaching hours in PRUs/medical	186
Increasing Special school places/needs	163
Trade union consultation	41
SEN banded funding increases	120
School funding formula Review	23
TOTAL NEW SPENDING COMMITMENTS	1,515

6. Budget proposals for savings have been developed by School Forum’s budget working group to meet the increased costs in 2011/12 providing some choice from the options listed below. The proposed savings are a guide only and may be increased or reduced following consultation with schools and finalization of pupil numbers after the January pupil census. The chosen options are mainly focused on those DSG budgets that will generate significant savings.

REDUCTIONS IN SCHOOL BUDGETS

Option	Description	Savings £'000
A	Reduce small schools protection	121
B	Reduce social deprivation funding	188
C	Reduce personalized learning funding	156
D	Reduced SEN Banded funding levels 3 & 4	99
E	Reduce school grants by 1.5%	144
F	Reduce “per pupil funding” by 0.5%	200
G	Delegate £376k of SEN Support services	137
TOTAL PROPOSED REDUCTIONS IN SCHOOLS BUDGETS		1,045

REDUCTIONS IN NON-SCHOOL BUDGETS

Option	Description	Savings £'000
H	Abolish flexibility grants to PVI nurseries	172
I	Charge for early years training	100
J	Reduce PVI nursery funding by 2%	72
K	Reduce contingencies	100
L	Reduce central DSG services by 3%	118
TOTAL PROPOSED REDUCTIONS IN NON-SCHOOL BUDGETS		562
OVERALL TOTAL OF PROPOSED SAVINGS		1,607

7. Schools Forum is undertaking a budget consultation with schools to ensure that the necessary budget reductions can be made in the fairest way possible. The budget consultation paper has been approved by Schools Forum for presentation to Headteachers on the 3rd February. Responses to the consultation paper are due back by the 11th February and the Forum’s budget working group will analyzing the feedback from schools to develop final budget proposals for Schools Forum’s consideration on 2nd March.
8. To ensure that your views are taken into account please return the consultation response form to malcolm.green@herefordshire.gov.uk by the 11th February.

DEDICATED SCHOOLS GRANT 2011/12

BUDGET CONSULTATION FOR SCHOOLS AND RESPONSE FORM

The budget response form must be returned by 11th February to
malcolm.green@herefordshire.gov.uk

1.0 INTRODUCTION

- 1.1 This report sets out the financial position for council and school budgets for 2011-12 and the approach to consulting with schools on the budget options available for the next financial year.
- 1.2 It is important that headteachers and governors are aware of the overall budget position of Herefordshire Council, the Children & Young People's Directorate (CYPD) and the schools budget in particular. This briefing paper summarises the council's forthcoming financial position and detail of the Schools Budget for 2011/12 and the choices that must be made to set a balanced budget within the Dedicated Schools Grant.
- 1.3 In summary, the Council has received £11m less in formula grant from government which is equivalent to an 8% cut of the council's revenue budget. The front loading of the funding reductions, 13.3%, 8.6%, 1.9% for the next three years, adds to the pressure faced in 2011/12 requiring greater savings and use of reserves in the first year. Additionally there will be a different formula grant distribution methodology in two years time. CYPD are required to find savings of £1.75m in 2011/12 and a further £840k in 2012/13 as their contribution to balancing the budget.
- 1.4 Additionally many grants have either been stopped or reduced (totalling £2.5m); other direct grants to schools have been included in Dedicated Schools Grant. The remaining central grants have been consolidated into a single new Early Intervention Grant worth £6.4m in 11/12. This is a reduction of nearly £2m on the previous grants and has been reduced from an original £7m council-wide baseline in 2010/11. Additionally, in year cuts to the Area Based Grant of £0.9m were made by DfE in summer 2010. These grants have previously been used to support school developments, fund children's centres and other Sure Start services, fund positive activities for young people and connexions services, and commission a variety of services from the voluntary and community sector on behalf of children and young people in Herefordshire. Statutory duties have not been reduced.

- 1.5 In short, without including any additional service pressures, estimated at £1.5m (mainly relating to looked after children & complex needs) Herefordshire’s children services have to manage the financial impact of £4.25m in lost grant and budget reductions required to balance the budget in 2011/12.
- 1.6 Dedicated Schools Grant is predicted to be £106.125m in 2011/12 and due to falling rolls and additional cost pressures will have a shortfall of £1.5m. This shortfall has to be found from within individual school budgets (£81.4m), central education services (£8.8m) or school standards fund grants transferring to DSG (£16.2m).

2.0 THE COUNCIL’S OVERALL FINANCIAL POSITION

- 2.1 The local government and schools finance (provisional) settlement for 2011/12 plays a major part in the national Government’s deficit reduction plan. In year savings for 2010/11 have already been made by the council as directed by government.
- 2.2 The finance settlement gives local government greater flexibility to take decisions locally. Restrictions have been lifted on how local government spends its money by removing “ringfences”. The intention is to give councils extra flexibility to make decisions about where savings are found. However, this is subject to the usual rules to ensure that capital funding is used on capital expenditure. The settlement has been “front loaded” with cuts to formula grant of 13.3% in 2011/12, 8.6% in 2012/13 and 1.9% in 2013/14.
- 2.3 The number of specific grants has reduced dramatically. In 2011/12 Herefordshire will receive only six specific grants compared with approximately 70 it received in 2010/11. The majority of funding is now via the general Formula Grant and this has been subject to a significant reduction of £11.008m for 2011/12 when compared with a like for like 2010/11 total for Formula Grant (plus grants rolled into Formula Grant for 2010/11). In summary this is as follows, and the table shows its impact of the overall savings target:

HEREFORDSHIRE COUNCIL	£’000
2010/11 Formula grant	57,583
Grants rolled into Formula Grant	13,550
TOTAL	71,133
2011/12 Formula Grant	60,155
TOTAL LOSS IN FORMULA GRANT	11,008

2.4 The Council's Joint Management Team has conducted detailed financial planning for the two year period based on the Joint Corporate Plan. The settlement announced on 13th December 2010 was worse than expected in terms of total reduction and timing of the reductions. Directors have worked to a further set of principles to help refine the budget proposals. These principles are as follows:

- Grant reductions and grants that have ceased will not be funded.
- Any growth requirement will need to be self funded by directorates.
- Additional sums provided for Adult Social Care as part of the settlement and will be added to Adult Services, £1.9m. In addition £2.4m of government funding will be available from the PCT.
- There will not be any additional capital borrowing in 2011 apart from meeting agreed prior year decisions, any Health & Safety issues or existing projects already being delivered.
- Inflation at 2% will be applied to non-pay budgets. There is also an assumption that fees and charges will be raised by inflation and that any subsidy of services through under recovery of fees will end. A review of fees will be undertaken.
- The savings put forward as part of the Star Chamber process are to be signed off and delivered.

3.0 SAVINGS PROPOSALS

3.1 Although the settlement identifies an £11m funding gap, Herefordshire only needs to deliver a slightly lower level of £10.3m because of the assessment of spending requirements in some areas. The directorate savings requirements are as follows:

Savings Targets	2011/12	2012/13	TOTAL
	£'000	£'000	£'000
Adult Services	2,649	2,383	5,032
CYPD	1,747	839	2,586
Deputy CE	1,033	853	1886
Public Health	297	278	575
Resources	576	338	914
Sustainable Communities	2,200	1,092	3,292
Commercial Strategy	1,800	0	1,800
TOTAL	10,302	5,783	16,085

4.0 THE CHILDREN & YOUNG PEOPLE'S FINANCIAL POSITION

4.1 The CYPD budget is funded from three main sources; the council, government grants and Dedicated Schools Grant.

5.0 SERVICES FUNDED BY THE COUNCIL IN 2010/11 ARE

SERVICE AREA	£M
Local Authority Education Functions	1.4
Special Educational Needs	0.9
School Improvement	1.1
School Transport	5.3
Education Welfare	0.2
Asset Management and performing arts	0.8
Services for young people including youth work and connexions	2.7
Youth Justice	0.4
Children Looked After	6.8
Children and Young People's Safety	0.1
Family Support Services	1.7
Other Children's and Family Services including adoption	1.1
Children's Services strategy and social work	4.9
TOTAL (including recharges)	27.4

Source: Section 251 Schools Budget Statement 2010/11

- 5.1 It is from these services that cuts of £1.75m must be delivered to contribute to the overall balances of the council's budgets.
- 5.2 The reduction for schools moving to academy status from formula grant is £650k in 2011-2012 and a further £500k in 2012/13; this is irrespective of the number of schools transferring. Services will have to charge academies to mitigate this reduction, for example within school improvement, strategic management and property.

5.3 Services pressures for CYPD have been submitted to council for approval on the 4th February. These include

Reduction in social worker caseloads	£200k
Safeguarding – front line pressures	£109k

Further pressures to be absorbed by CYPD are

Looked After Children	£1,000k
Complex Needs	£500k

6.0 SERVICES FUNDED IN 2010/11 BY DEDICATED SCHOOLS GRANT ARE

SERVICE AREA	£M
Individual School Budgets	81.4
PVI nursery funding	2.9
SEN	1.9
Complex Needs Out County Places	1.4
Early Years	0.5
PRUs	0.9
Support for Inclusion	0.4
Education out of school	0.2
Admissions	0.2
Other services & contingencies	0.4
Total	90.2

It is from these services that the DSG savings of £1.5m must be made.

7.0 GOVERNMENT GRANTS

7.1 Additionally, many grants have ceased or been reduced, for Children's Services these are set out in the tables below. Note that the Early Intervention Grant is not ring fenced to CYPD.

8.0 CYPD GRANTS CEASED
2010/11

AREA BASED GRANT	£'000
School Development Grant	82
Extended Schools Start-Up Grants	334
Primary National Strategy - Central	115
Secondary National Strategy Central Co-ordination	141
Secondary National Strategy - Behaviour and Attendance	68
School Improvement Partners	108
Education Health Partnerships	55
School Travel Advisers	32
Choice Advisers	20
School Intervention Grant	70
14 - 19 Flexible Funding Pot	48
Sustainable Travel - General Duty	16
Designated Teacher Funding	15
	1,104
STANDARDS FUND	
Assessment for Learning (AfL)	122
Communication, Language and Literacy development (CLLD)	65
Early Years/Primary (Foundation)	26
Behaviour & Attendance	29
Primary (MfL) - missing one-third	43
Leading Teachers	10
Targeted gifted & talented support	2
Assessment for Learning AfL	64
Gaining Ground	191
Aim Higher DCSF	179
Key Stage 4 Engagement Programme	58
	789

9.0 CYPD GRANTS REDUCED
2010/11

EARLY INTERVENTION GRANT (EIG)	£'000
2010/11 former grants	
Sure Start, Early Years and Childcare	4,482
Youth Opportunity Fund	90
Aiming High for Disabled Children	573
Targeted Mental Health in Schools	150
Think Family Grant	360
Two Year Old Offer - Early Learning and Childcare	167
Contact Point	75
Foundation Learning	58
Connexions	1,394
Children's Fund	357
Positive Activities for Young People	112
Teenage Pregnancy	99
Children's Social Care Workforce	40
Young Peoples Substance Misuse	27
January Guarantee	17
Child Trust Fund	3
2010/11 DfE Savings	(934)
	7,070
2011/12 REDUCTIONS	(597)
NEW EIG 2011/12	6,473

Note: DfE will announce in February 2011 final 2011/12 grant allocations for Extended Travel Rights (£330k in 10/11) and Music (£292k in 10/11).

DEDICATED SCHOOLS GRANT 11/12 – BUDGET OPTIONS

1.0 SCHOOLS BUDGET SETTLEMENT 2011/12

- 1.1 The Government has announced the schools budget settlement for 2011/12 which confirms that there will be no increase nationally in the per pupil allocation for DSG in 11/12. Herefordshire will continue to receive the same rate as 2010/11 i.e. £4002.11 per pupil and the Minimum Funding Guarantee (MFG) is set at -1.5%.
- 1.2 The DfE have also confirmed that direct school grants have been mainstreamed into the DSG unit of funding. Schools are to required to receive the same amount in grants per pupil in 2011/12 as in 2010/11 (subject to the MFG of -1.5%). This has increased the amount of per pupil funding in DSG from £4,002.11 to £4,723.65 per pupil. Schools will be protected for School Standards Grant and School Development Grant (including specialism grants). This change is in line with the national expectation that schools will be responsible for identifying their needs and purchasing support to meet those needs. It also ensures that the grants will reduce automatically in the same way that DSG reduces as a result of falling rolls.
- 1.3 The pupil premium has been set at £430 per “free school meals” pupil and £200 for “service children”. This is estimated to bring an additional £1m into Herefordshire schools for the basic pupil premium. This is the first instalment of the four year phased implementation of the pupil premium so it is expected to be eventually worth up to £1,720 per free school meals pupil although if the basis of the entitlement changes to “ever free meals” or universal benefit then the amount per pupil is likely to reduce.
- 1.4 A “per pupil grant” factor will be added to the schools funding formula so that the actual 2010/11 per pupil grant amounts received by each school can be included in the 2011/12 school budgets and protected by the MFG. The constituent grants and the average amount per pupil are shown in the table below;

DIRECT GRANTS TO SCHOOLS IN 2010/11	£'000
Schools Standards Grants	4,372
Schools Standards Grants (P)	967
School Development Grant (SDG) – Main	5,675
SDG - Specialist Schools	1,395
SDG - High Performing Specialist Schools	522
School Lunch grant	239

Ethnic Minority	46
1-2-1 tuition	760
Extended Schools Sustainability	723
Extended Schools - Disadvantaged Subsidy	514
National Strategies – Primary	745
National Strategies – Secondary	283
Diploma Formula Grant	34
SUB TOTAL	16,275
AVERAGE PER PUPIL (£)	£721.54

- 1.5 There is a varying range in the amount per pupil of grant allocated to individual schools depending on the particular grants that each school previously received. For primary schools the range varies from £352 to £1,370 per pupil; for high schools the range is £559 to £1,284 per pupil and for special schools the range is from £2,400 to £3,638 per pupil (calculated on fewer pupils in special schools).
- 1.6 The predicted shortfall in the Herefordshire schools budget is estimated at to be £1.5m which arises from a budget loss of £500k due to falling rolls and a potential increase in 2011/12 spending commitments of £1m – this includes £482k for SEN complex needs out county placements. Further details of all the spending pressures are set out at paragraph 11.
- 1.7 *Additional spending pressures from growth in pupil numbers, free school meals or other school budget factors (e.g. Teachers UPS costs) cannot be confirmed until January PLASC details are available and the final banded funding allocation meeting in February*
- 1.8 As a by-product the inclusion of grant funding in the DSG per pupil amounts has moved Herefordshire from 3rd from bottom of the funding league to 29th from bottom. It doesn't give any more money but reflects the greater delegation that schools in Herefordshire have always enjoyed.

2. ESTIMATED DSG 2011/12

- 2.1 The 2011/12 DSG will be confirmed by DfE in early July 2011, this is in common with previous year's practice. An accurate estimate will be calculated based on January pupil numbers and until these are available in mid-February all budget projections are estimates and subject to revision.
- 2.2 Based on September 2010 pupil numbers (estimated at 22,293 plus an extra 174 for the extension to 15 hrs per week for pupils in early years PVI settings), DSG prior to academy recoupmnt, is estimated as £89.915m. This does not include Standards Grants transferring to DSG which are estimated £16.21m (22,467 pupils at a further £721.54 per pupil). The total DSG is calculated as £106.125m.
- 2.3 Additionally, In 2011/12 there is an estimated academy recoupmnt from DSG of £226k due to the four academies that have been established prior to the start of the financial year. The recoupmnt is determined by DfE based on the authority's expenditure on admissions, additional needs services, behaviour support and the trade union facilities agreement. Because these are services that can be purchased by academies through the Service Level Agreement (SLA) process the loss of DSG income will be offset by additional income targets for these services from academy buy-back. This will ensure that there is no extra cost to be met by the DSG as a whole. Further school transfers to academies during 2011/12 will result in additional top-slices which will dealt with by income budgets as above.
- 2.4 Central DSG spend is estimated as £9.9m, an increase of £1.1m from 2010/11. This arises mainly from an increase of £482k in out county complex needs placements and £650k for the 15hrs increased entitlement for PVI nurseries.
- 2.5 Hence £96.2m is available for individual school budgets (plus the YPLA sixth form grant of £2.885m). The £1.5m budget shortfall will need to be addressed from individual school and central services budgets.

3. BUDGET STRATEGY

3.1 School Forum's Budget Working Group (BWG) accepted that it would be impossible to make budget reductions in excess of £1m in any single area of the schools budget and agreed that a package of funding cuts be prepared for further discussion at the BWG on January 11th and Schools Forum on the 31st January 2011. In broad terms the BWG has attempted to offer a range of similar sized budget cuts to range of spending as follows;

- Small schools protection -£250k
- Social Deprivation -£250k
- Personalised Learning -£250k
- School Development Grant -£250k
- Early Years -£250k
- Central contingencies etc -£100k

3.2 In addition, and in order to ensure that all aspects of the budget are reviewed, the Budget Working Group asked for proposals to be developed to achieve further savings in the following areas

- SEN Banded Funding 3 & 4
- Central DSG funded services

3.3 The Minimum Funding Guarantee will provide protection to schools so that the full value of the proposed reductions in school budgets will not be realised in 2011/12. For example, a cut of £250k to small schools protection only saves £121k due to increases in the protection to individual schools offered by the MFG. It does have the advantage that in future years the protection will be gradually phased out over a number of years and that further savings will be released in 2012/13 and 2013/14.

4. BUDGET CONSULTATION TIMESCALES

4.1 The budget process and timeline is:

- The BWG agreed a consultation plan with schools so that budget options could be considered by Schools Forum on 31st January 2011.
- This would be followed by a briefing for all schools at the director's meeting on 3rd February and an individual response form to be returned by the 11th February.
- The BWG would then meet on 17th February to consider the responses from schools and draw up budget proposals for Schools Forum on the 2nd March.
- Schools Forum will meet on 2nd March to recommend a budget to the Cabinet Member for ICT, Education and Achievement for final approval in mid-March.

- 4.2 The BWG stressed that the eventual budget reductions need to be transparent to all schools, PVI settings and DSG funded services.

5. BUDGET OPTIONS

- 5.1 Each option set out below has been considered cumulatively because of the impact on the Minimum Funding Guarantee.

6. SAVINGS IN SCHOOLS

- 6.1 The £1.5m shortfall could be funded by a range of options as set out below

- A **REDUCE SMALL SCHOOLS PROTECTION BY £250K OR 25%**
The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £121k.

SMALL SCHOOLS PROTECTION	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Primary	697	520	-177
High	286	214	-72
TOTAL	983	734	-249

- B **SOCIAL DEPRIVATION - REDUCE BY £250K OR 19.4%**
The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £188k. The reduction in social deprivation funding will be offset by additional pupil premium grant in 2011/12.

SOCIAL DEPRIVATION FACTORS	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Primary	772	623	-149
High	518	417	-101
TOTAL	1,290	1,040	-250

C REDUCE PERSONALISED LEARNING BY £250K OR 16%

The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £156k. The reduction in personalised learning funding will be offset by additional pupil premium grant in 2011/12.

PERSONALISED LEARNING (EXCLUDING SEN)	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Primary	545	458	-88
High	1,017	856	-161
TOTAL	1,562	1,314	-249

D OPTIONS TO REDUCE SEN BANDS TO SAVE £99K

Either a) 5% from all bands 3 & 4 or

Or b) 10% from band 3 only

The Minimum Funding Guarantee does not apply to individually assigned SEN resources and hence the full savings of £99k are achieved in 2011/12.

- 6.2 The MFG remains unchanged because individually assigned resources are outside the MFG and are also not subject to an Academy top-slice.
- 6.3 Proposal (a) is to reduce the value of bands 3 & 4 by 5%. It is assumed that the level of applications from schools will remain at the same volume as 10/11. If not then further cuts may necessary to compensate for any additional growth.
- 6.4 An alternative, Proposal (b) on which we would welcome views, is that the value of Band 3 is reduced by 10% whilst the value of the Band 4 allocation kept the same. This would deliver the savings but ensure that the most vulnerable band 4 children continue to be protected.

- 6.5 The available budget for SEN grants to early years providers will also be reduced by 5% as set out in the table below.

SEN BANDS 3 & 4	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Reserved for commitments	166	158	-8
Primary	546	519	-27
High	735	698	-37
New Bands	477	453	-24
Early Years SEN grants	60	57	-3
TOTAL	1,984	1,885	-99

E SCHOOL GRANTS INCLUDING SDG – CUT BY 1.5% I.E. £243K

The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £144k.

- 6.6 Further savings may be possible, for example £15k has been used in 2010/11 for central kitchen purchases within the school lunch grant and this will no longer be possible in 2011/12. We are still compiling a list of all the grants distributed to schools in 2010/11 which will form the basis of the 2011/12 allocations.
- 6.7 The Ethnic Minority grant of £46,564 has previously been retained centrally and it is intended that this grant will be delegated to schools and buy-back arrangements via an SLA are put in place.
- 6.8 Grants transferred into DSG are £16.2m at £721.54 per pupil.
- 6.9 BWG was interested in making cuts or re-allocating some of these grants. There are DfE restrictions that ensure the same amount per pupil in 10/11 is allocated in 2011/12.
- 6.10 There are historical differences in how these grants have been allocated to schools e.g. excellence cluster, behaviour improvement plan, training schools, specialisms and higher fixed base allocations to smaller schools in the original School Standards Grant. Due to time constraints a full review will be completed for April 2012.

F PER PUPIL REDUCTIONS BY ½%

The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £200k.

- 6.11 Any further savings required in the schools budget can only be made by reducing the “per pupil” unit of funding. This will reduce the funding for all schools pro-rata to pupil numbers. For example a reduction of ½% will reduce primary school funding by £12 per pupil, high schools by £17 per pupil and special schools by an average £87 per pupil and will save approx £289k however the protection offered by the MFG increases by £91k resulting in a net savings of £200k.
- 6.12 Further reductions in the “per pupil” funding amount will save significantly less because the MFG increases disproportionately to protect school losses.

G DELEGATION OF LEARNING AND BEHAVIOUR SUPPORT SERVICES

- 6.13 It is proposed to delegate £376k of funding for the learning, behaviour and EAL support teams. This sum includes the former ethnic minority grant which has been mainstreamed into DSG. A service level agreement (SLA) will set out the arrangements for buying back these services.
- 6.14 The delegation of extra funding for these support services will reduce expenditure incurred on the Minimum Funding Guarantee by £137k effectively reducing the protection offered to those schools on the MFG who will receive less than their full allocation of funding to buy back the SEN support services SLA.
- 6.15 For example,

A primary school – prior to delegation

LMS formula budget	£299,000
MFG protection	£ 13,500
 Total Allocated Budget 11/12	 £312,500

A primary school – after delegation of learning and behaviour support services

LMS formula budget	£299,000
Delegated Learning support services	£ 4,000
MFG Protection	£ 9,500
 Total Allocated Budget 11/12	 £312,500

- 6.16 The government requires that the Minimum Funding Guarantee (MFG) is included within school funding formulae and is designed to provide stability of funding to

schools by protecting the per pupil funding level from year to year. The MFG is a complicated calculation that ensures if a school received £3,500 per pupil in 10/11 then the school will receive at least the MFG percentage increase (or decrease) in the next financial year. For example in 2011/12 with an MFG of -1.5% the school will receive a minimum per pupil unit of funding of £3,447.50 (i.e. 98.5% of £3,500 per pupil received in 10/11). The treatment of fixed costs within the MFG often increases a school budget despite falling pupil numbers.

7. NON SCHOOLS EXPENDITURE – EARLY YEARS

H RESTRICT FORMER ENTITLEMENT GRANT TO 15 HOURS FREE ENTITLEMENT PROVISION ONLY

- 7.1 The cost of the additional 2.5 hrs entitlement in the early years single funding formula is estimated at £650k in 2011/12. This was previously met by free entitlement grant in 2010/11.
- 7.2 However the extra 2.5 hours is being added to DSG by extra pupil numbers, for example 12.5 hrs is 0.5fte and 15 hrs is 0.6fte. If all the additional hours translate into increased pupil numbers then this will be equivalent to 174 pupils (20% of 871 early years fte numbers)
- 7.3 This will provide increased DSG income of 174 x £4,723.65 i.e. £822k compared with the previous grant of £1.15m.
- 7.4 In 2010/11 the additional funding in the grant has been used to fund flexibility grants of upto £2,000 to PVI nurseries. Savings of £172k are possible (£822k -£650k) by ceasing these flexibility grants to PVI nurseries.

I CHARGE FOR EARLY YEARS TRAINING – SAVINGS £100K

- 7.5 DSG funding provides for £100k of free training to early years providers. Schools will be charged for school improvement training from 2011/12 and charging PVIs on a similar basis will save £100k. The training will be downsized so that fewer or no external consultants will be used and cheaper venues/ courses will be offered. This is already in hand.

J PVI NURSERY FUNDING FORMULA -2% REDUCTION EQUIVALENT TO £72K

- 7.6 A reduction of 2% in the budget of £3,594k would save £72k and would be proportionate with the savings made by schools. It is fair that all services funded by DSG contribute towards meeting the budget shortfall. The 2% reduction would be applied to the single early years funding formula for PVIs and school nurseries.

K REDUCE CONTINGENCIES BY £100k

7.7 See section 8 below on Central DSG savings.

8. NON SCHOOLS EXPENDITURE – CENTRAL SERVICES
L CENTRAL DSG SAVINGS AT 3%

8.1 No impact on MFG as savings are made centrally. These savings and cost pressures have been assumed in the budget planning as set out in the table below.

	10/11 BUDGET £'000	ADJUSTMENT '000	11/12 PROPOSED £'000	NOTES
Absences/TU facilities	32	41	73	To ensure minimum service consistent with legal requirements
Casework	84	-3	81	-3%
Excluded Pupils	-46	0	-46	Excluded from -3% cut because demand led budget
Complex Needs	1,353	482	1,835	Three extra pupils in 11/12. Overspend of £330k in 10/11
Nursery PVI's	2,944	650	3,594	15hrs for all PVI's
Early Years	319	-10	309	-3%
Recharges	357	-11	346	-3%
PRUs	944	-28	916	-3%
Recoupment	95	0	95	Excluded from -3% cut because demand led budget

	10/11 BUDGET £'000	ADJUSTMENT '000	11/12 PROPOSED £'000	NOTES
Additional Needs services	1,536	-35	1, 501	-3%
Admissions & School Planning	165	-4	161	-3%
Travellers	128	-4	124	-3%
LMS Review	23	-23	0	Agreed by Forum subject to available funding
PRU Extra hours costs – proposals	0	156	156	Forum still to consider for 11/12
Medical Provision – extra hours proposal	0	30	30	Forum still to consider for 11/12
DSG Contingency	40	-25	15	
Primary Heads Forum	13	0	13	
School Specific Contingency	30	-30	0	
Schools Related Expenditure	25	-25	0	

	10/11 BUDGET £'000	ADJUSTMENT '000	11/12 PROPOSED £'000	NOTES
Special Schools September numbers	75	-20	55	
TOTAL	8,117	1,141	9,258	

- 8.3 The items for TU facilities agreement, LMS formula review and PRU/medical provision extra hours proposals will need to be considered by Schools Forum as part of the budget process.
- 8.4 The -3% budget reduction has been applied equally to services funded by DSG. In practice these may vary between services but the total savings will be 3%.

9. IMPACT ON SCHOOL BUDGETS

- 9.1 The Appendix sets out the estimated impact on individual school budgets of implementing this package of budget cuts. The table includes all schools and shows the estimated 2011/12 budgets pre- and post the proposed budget reductions. The additional funding from the pupil premium has been included to give the overall impact of these proposals.
- 9.2 Comparisons with the 2010/11 budget are more difficult to assess for an individual school due to other budget changes from arising from pupil numbers, SEN funding and class size grant for primary schools. There will be further budget amendments when final pupil numbers are available from the January pupil census.

10. ADDITIONAL BUDGET PRESSURES

Additional funding requirements identified to date are as follows

BUDGET PRESSURE	£'000
Budget reductions due to less DSG income from falling pupil numbers	500
Complex Needs – increasing pupils requiring out county placements	482
Proposals for PRU extra teaching hours to meet statutory 25 hours teaching requirement	156
Proposals for medical extra teaching hours to meet statutory 25 hours teaching requirement	30
LMS formula review approved by Schools Forum subject to funding availability. National consultation paper expected in summer 2011.	23
Increasing demand for special school places in 11/12. Seven extra pupils from April 11	105
Trade union facilities consistent with statutory minimum	41
Overspend on in-year banded funding allocations (3 & 4)	120
Four extra enhanced needs pupils in special schools	25
Additional split site costs for Barrs Court from Sept 11	20
Additional places at Bishop's autism unit	13
Possible increase in September special school places	
TOTAL	1,515

11. SAVINGS OPTIONS - SUMMARY

11.1 The savings set out above are summarised below with the impact and risk attached to each option. This table allows you to assess the full impact of the required savings and will be helpful when completing the consultation response form.

	DESCRIPTION	SAVINGS £'000	IMPACT	RISK
A	Reduce small schools protection by 25% or £250k	121	Will reduce viability of small schools although protection offered by Minimum Funding Guarantee	Medium
B	Reduce social deprivation by 19.4% or £250k	188	Will reduce funding to disadvantaged schools however will be offset by extra funding from pupil premium.	Low
C	Reduce Personalised Learning by 16% or £250k	156	Will reduce funding to disadvantaged schools however will be offset by extra funding from pupil premium	Low
D	Reduce SEN Banded funding by a) 5% bands 3 & 4 b) 10% Band 3 only	99	Will affect ability to provide for most vulnerable pupils. Schools would need to make up the difference for e.g. Band 4 which is intended to provide full time support.	Medium
E	Reduce school grants by 1.5%	144	Reduces budgets of all schools in proportion to pupil numbers	Low
F	Reduce schools "per pupil funding" by 0.5%	200	Each 0.5 Reduces budgets of primary schools by £12 per pupil, high schools by £17 per pupil and in special schools by £87 per pupil in proportion to pupil numbers	Low
G	Delegate £331k SEN support services and £45k of former Ethnic Minority grant –	137	Reducing the cost of the MFG means that schools with protected funding will not receive the full budget for SEN support services to buy services	High

	reduces cost of MFG		back via SLA. Delegation will change the way schools receive their support services and will no longer be free at the point of referral. Schools will need to work and purchase services in clusters to avoid high impact on small schools.	
H	Restrict former early years extra entitlement grant to 15 hrs only	172	Removes flexibility grants paid to PVI nurseries in 09/10 and 10/11	Low
I	Charge for early years training	100	Reduced numbers attending courses, no external speakers, increased charges	Low
J	Reduce PVI nursery formula funding by -2%	72	Will impact on smaller and more rural nurseries. LA may incur additional set up costs for replacement providers.	Medium
K	Reduce contingencies	100	Increased risk of DSG overspending	Low
I	Reduce central DSG by -3%	118	Reduces central services to schools e.g. will reduce additional needs service by 0.6 FTE teacher impacting on services to schools and pupils.	Medium
	TOTAL	1,607		

CONSULTATION RESPONSES BY 11TH FEBRUARY

A separate consultation form is attached and must be returned to malcolm.green@herefordshire.gov.uk by 11th February in order that your views can be considered by Schools Forum at their meeting on 2nd March.

HEREFORDSHIRE DEDICATED SCHOOLS GRANT 2011/12 - BUDGET CONSULTATION – RESPONSE FORM

SAVINGS OPTIONS - SUMMARY

Please complete the response form by filling in the columns below indicating whether the proposed savings are high, medium or low desirability. If you think more or less savings are possible then please enter the financial value in the appropriate column. An example is set out as the top line in the table.

Option	Description	Savings £'000	Desirability of option H=High M=Medium L=Low	Agree with savings proposed Y=Yes N=No	Or Increase savings by amount £'000	Or decrease savings by amount £'000	Comment
E.g.	Example – open schools for 35 weeks in the year	100	Low		+50		Good idea – suggest only 30 weeks like universities – but unfortunately not legal.
SAVINGS OPTIONS							
A	Reduce small schools protection by 25% or £250k	121					
B	Reduce social deprivation by 19.4% or £250k	188					
C	Reduce Personalised Learning by 16% or £250k	156					
D	Reduce SEN funding by an average 5% Either a) 5% from bands 3 & 4 Or b) 10% from band 3 only	99					
E	Reduce school grants by 1.5%	144					
F	Reduce AWPU by 0.5%	200					
G	Delegate £330k SEN support services and £45k of former Ethnic Minority grant – reduces cost of MFG	137					
H	Restrict former Early years extra entitlement grant to 15 hrs only	172					
I	Charge for early years training	100					

J	Reduce PVI nursery formula funding by -2%	72							
K	Reduce contingencies	100							
L	Reduce central DSG by -3%	118							
Please add any other proposals you would wish to be considered by Schools Forum									
M									
N									

Additional Comments

Final Question: Do you broadly agree with the savings proposals as set out in the consultation a paper (please indicate clearly) YES/NO

NAME

SCHOOL

DATE

Response Form MUST be returned by 11th February to malcolm.green@herefordshire.gov.uk

HEREFORDSHIRE DEDICATED SCHOOLS GRANT 2011/12 - BUDGET CONSULTATION – RESPONSES FROM SCHOOLS

Appendix 2

SAVINGS OPTIONS - SUMMARY

Please complete the response form by filling in the columns below indicating whether the proposed savings are high, medium or low desirability. If you think more or less savings are possible then please enter the financial value in the appropriate column. An example is set out as the top line in the table.

Option	Description	Savings £'000	Yes	No	Common Themes
A	Reduce small schools protection by 25% or £250k Desirability Low 30 Medium 11 High 9	121	<u>17</u>	<u>29</u>	<ul style="list-style-type: none"> Needs council policy re small schools – not cuts Increase savings to achieve full £250k No –prefer savings on per pupil funding and grants Harsh but necessary All schools need to be financially viable Need small schools by design as pupil numbers falling Affects too many schools with low numbers Concerned MFG will not be kept at current level Accept may be necessary but small schools with falling rolls will find this acutely difficult to absorb Small schools provide a personalised curriculum and they are at the heart of communities and have always struggled for funding, therefore should be protected May be necessary – the overall situation and working of schools is changing and we will have to accept different approaches to provision – outside the established LA funding

Option	Description	Savings £'000	Yes	No	Common Themes
B	<p>Reduce social deprivation by 19.4% or £250k</p> <p>Low 12 Medium 11 High 28</p>	188	<u>37</u>	<u>8</u>	<ul style="list-style-type: none"> • Increase savings to £1m as pupil premium is worth £1m. Makes sense to reduce this area. Pupil premium will help offset. • More savings needed +£50k; More savings needed +£100k • This will have a big impact on our school • A lot has already been spent on this • Deprivation grants were introduced for a purpose – to enable increased allocation for children where the support was needed. The increased allocation enables children to have opportunities that wouldn't exist at home. The additional resources enables increased creative engagement – arts, books, drama, dance, access to toys, drawing equipment, ICT – the list is endless. “Narrowing the gap” • Continues to be a national and local priority yet Herefordshire is considering taking this level of funding away. All children simply don't have the same starting point in life – we need to improve their life chances and choices to enable them to break away from the deprivation culture into which they are born. • The ‘double funding’ issue remains with the introduction of the pupil premium. I think this should be offset further.
C	<p>Reduce Personalised Learning by 16% or £250k</p> <p>Low 14 Medium 20 High 16</p>	156	<u>32</u>	<u>12</u>	<ul style="list-style-type: none"> • Pupil premium will offset this. • We don't need both social deprivation funding and personalised learning. • This would have too big an impact on the children's curriculum. • Concern that schools that have above average free school meals will potentially lose out twice if this is reduced further – suggest £200k not £250k. • Appears to be additional “icing on the cake”. • Are there figures showing the effectiveness of this? • Easier to cover gap in small school • Unwelcome but agree savings are needed.

Option	Description	Savings £'000	Yes	No	Common Themes
D	Reduce SEN funding by an average 5% Either a) 5% from bands 3 & 4 Or b) 10% from band 3 only Low 19 Medium 17 High 12 Option (a) 9 Option (b) 2	99	<u>20</u>	<u>25</u>	<ul style="list-style-type: none"> No savings as early intervention works Nobody has banded funding unless it is really necessary. They are the most vulnerable group of children. Look at process for how funding is allocated many efficiencies for cost savings here If schools are required to continue to operate the policy of inclusion, then the SEN children need to be funded at the appropriate level. This would have a negative impact on the support we are able to offer our pupils. Option B would be fairest. Not desirable given it raises serious issues regarding equality of access to the curriculum and could add to the disadvantage already experienced by some children with SEN and their families
E	Reduce school grants by 1.5% Low 7 Medium 20 High 20	144	<u>36</u>	<u>7</u>	<ul style="list-style-type: none"> Review grant allocation Increase savings to reduce onus on small school cut Fair to all; At least it's a fair option. All schools take this hit But should not be year on year Reduce school grants by 1.25% - subsidised by cuts in central services Some of these grants were put in place to meet specific needs.
F	Reduce AWPU by 0.5% Low 9 Medium 17 High 21	200	<u>33</u>	<u>8</u>	<ul style="list-style-type: none"> Could be higher across all schools Increase savings to reduce onus on small schools savings No – better option to alter funding per pupil to be more equal Affects everyone therefore fair approach

Option	Description	Savings £'000	Yes	No	Common Themes
G	<p>Delegate £330k SEN support services and £45k of former Ethnic Minority grant – reduces cost of MFG</p> <p>Low 10 Medium 15 High 21</p>	137	<u>33</u>	<u>8</u>	<ul style="list-style-type: none"> Disperse this amount amongst early years savings If option A (above) implemented small schools may not have enough funds to buy into SLA/SEN services. Concerns small schools will lose out. Schools could buy back the service they require – BUT would this then hit schools with high levels of SEN more disproportionately than others? Small schools relying on MFG could lose out too much Not sure Amount delegated should be tied to cost of buy back.
H	<p>Restrict former Early years extra entitlement grant to 15 hrs only</p> <p>Low 3 Medium 10 High 38</p>	172	<u>44</u>	<u>1</u>	<ul style="list-style-type: none"> Should we be aiding the placement of children in settings from such an early age? Should we be encouraging families to leave very young children in settings for longer hours?
I	<p>Charge for early years training</p> <p>Low 3 Medium 8 High 37</p>	100	<u>42</u>	<u>0</u>	<ul style="list-style-type: none"> Charge at same rate as schools/increase these for all We should not fund training for private concerns Fair Increase savings by £50k Schools will have to pay for training so it would seem fair that both settings do. Perhaps we should consider more opportunities for training together.

Option	Description	Savings £'000	Yes	No	Common Themes
J	Reduce PVI nursery formula funding by -2% Low 11 Medium 16 High 16	72	<u>32</u>	<u>8</u>	<ul style="list-style-type: none"> Impacts on local authority school nursery class. Equitable across the services Nursery disadvantaged funding is not fairly distributed with what seems inconsistencies, the system for calculating this needs to be looked at. Early years has historically been very favourably funded and has capacity for these reductions at least. Like schools, they should take some of the cuts burden
K	Reduce contingencies Low 2 Medium 15 High 33	100	<u>43</u>	<u>1</u>	<ul style="list-style-type: none"> Could it be larger?
L	Reduce central DSG by -3% Low 5 Medium 14 High 28	118	<u>39</u>	<u>3</u>	<ul style="list-style-type: none"> Increase central DSG savings to 5% like SEN Increase savings by £50k More cuts – suggest £200k minimum Higher cut e.g. -9.5% PRUs object to 3% cut and seek parity with schools. 3% can make a huge or negligible reduction dependant on overall budget, needs finer tuning Fair Equitable Take more from here. No to TU costs, 10% off early years central costs, 10% off admissions and school planning, 20% off primary heads forum, 50% off LMS review – would still allow review of grants, No to PRU additional funding should come out of high schools.

Option	Description	Savings £'000	Yes	No	Common Themes
M	Surplus £50k from the Governor Services reshuffle Reduce amount paid to Trade Unions Early years staffing reductions Music Service Freeze staff salaries except NQTs Closure of 8 smallest schools with less than 49 on roll would save £1.6m				
N					

Additional Comments

- Could restructuring of Children's Services have had more of a financial impact?
- Needs to be a strategic review which balances need and human resource use, to enable effective practice and a relationship with schools that impacts upon school performance and is not focused on administration
- Maximise savings from small schools protection and social deprivation
- Secondary heads – consensus – cuts unwelcome but general acceptance of the proposals – seems like reasonable distribution
- Please will you ensure that an analysis of all these comments is provided in order that the purpose of this consultation demonstrates transparency – this is particularly important because I have concerns that the final question could negate all of the above responses and there have decided not to answer it.
- I agree in principle however I do feel that there is significant disparity between schools across Herefordshire and this must be addressed.
- Central services should face more cuts in order to retain front line educational services

- Whilst we appreciate the need to offer reluctant support for these urgent budget cut proposals we continue to be extremely concerned about an apparent lack of leadership and strategy for primary schools in Herefordshire. We look forward to feedback on this.
- The governors are pleased that Jo Davidson is due to be meeting with HAG and that governors are to be a part of this consultation.
- The school closure policy needs to be reconsidered. There are a number of schools in the authority with under 50 pupils – are they sustainable?
- The whole picture is a challenge but I think we can be more creative around pupil premiums and deprivation funding to maintain the status quo until the council makes their decisions.
- As you would expect, I disagree with the proposal to take away funding from deprived groups so we can be seen to be more equitable.
- Could all heads receive an analysis of all responses – I would like to believe consultation can make a difference
- Once again, we are disappointed at the insufficient time given for consultation when this was discussed with Head teachers on 3rd Feb with consultation deadline for 11th February.
- No easy choices, am in favour of sustaining highest possible per-pupil funding figure. Schools with genuine high levels of social deprivation need additional resources but broad brush funding leads to significant inequalities e.g. between north and south.
- This process highlights how desperately the need is for a strategic plan on school provision. We appear to be perpetuating the status quo when there was broad consensus this was untenable two years ago.
- This is not a consultation process – superficial at best. Not a clear vision for the reductions nor a strategic vision for education.
- Small schools policy should be reviewed.

Do you broadly agree with the savings proposals as set out in the consultation a paper?

Yes	30
No	11
Don't Know	15

Appendix 3

Proposal: Delegate £331k SEN support services and £45k of former Ethnic Minority grant – reduces cost of MFG

Potentially high impact – This is a major change to the way schools receive support from some of the Additional Needs Services. These services will no longer be free at the point of referral. Schools will need to purchase the services from the delegated funds. The aim of this is to make the services more responsive to the needs of schools through a market driven approach.

Risk Factor	Mitigation
Schools will not have the money to purchase the services	The cost of the service level agreement will match exactly the cost of the SLA for each school
The cost of the service is perceived to be high and schools will not buy in.	<ol style="list-style-type: none"> 1. The cost of the service level agreement will match exactly the cost of the SLA for each school. 2. The costs are based on a full cost recovery model to ensure that the services are designed for long-term sustainability.
Schools will not have enough sessions through the SLA	The way the teams work will change to allow more contact time in schools. We have modelled the proposed number of sessions for each school against historical usage and the vast majority of schools gain.
Small schools might not have enough sessions of support if they have pupils with high levels of need	<ol style="list-style-type: none"> 1. Every school is being offered a minimum level of protection. All schools purchasing the SLA will be offered a minimum of 8 sessions of support. 2. Schools can work and purchase in clusters to avoid high impact on small schools. The sessions could then be deployed between the different schools in the purchasing cluster according to need at any point in time. Support from LA SEN Adviser to establish successful SEN cluster work will be made available.
The Service will disappear if schools do not purchase	The size of the service and the menu of services offered will be determined by the demand from schools. There remains a risk that if the majority of schools do not purchase the SLA the service becomes unviable. We should not be providing services that

	<p>are not needed. However, the school will continue to have a duty to meet the needs of the pupils on roll at the school and, if they choose not to take up the SLA, the school will need to consider where they are able to provide the same level of expertise as can be purchased from the Additional Needs SLA.</p>
<p>The formula used to delegate the funding may not reflect the distribution of needs.</p>	<p>The SEN part of the formula includes size of the school and socio-economic factors. Research has shown that these factors taken together give a reliable indication of the incidence of SEN when taken over several years. The formula also contains an element based on the historical incidence of EAL.</p>

MEETING:	SCHOOLS FORUM
DATE:	2 MARCH 2011
TITLE OF REPORT:	HEREFORDSHIRE SCHOOLS FORUM MEMBERSHIP AND CONSTITUTION
REPORT BY:	DEMOCRATIC SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider amendments to the Forum's Membership and Constitution.

Recommendation(s)

THAT:

- (a) **the Forum considers whether it wishes to recommend any changes to its membership to the Cabinet Member (ICT, Education and Achievement);**
- (b) **the Forum agrees to include a provision in the Constitution relating to the treatment of any confidential reports as set out in the report;**
- (c) **the Forum considers what approach it would like to take to public participation at the Forum's meetings; and**
- (d) **the Clerk be authorised to amend the Constitution to address a number of minor matters as described in the report.**

Key Points Summary

- The Forum needs to express a view to the Local Authority on changes to its membership in particular to reflect the number of academies within the County. This suggests the addition of one additional academy representative from the secondary sector and reduction of one secondary representative from the maintained sector and, under one method of calculation, the possibility of one academy representative from the primary sector and a reduction of one primary representative from the maintained sector.
- It is suggested that, for the avoidance of doubt, provisions are included in the Forum's constitution governing the treatment of confidential reports that mirror the provisions operated by the local authority.

Further information on the subject of this report is available from
Tim Brown, Committee Manager (Scrutiny) on (01432) 260239

- The Forum is invited to decide what approach it wishes to take to public participation in the Forum's meetings.
- The Forum is invited to agree to a number of minor amendments to its Constitution to provide clarification.

Alternative Options

The Membership of the Forum could be varied in a number of ways.

The Forum can decide whether or not to include provisions in its Constitution proposed in the report or to modify them in a variety of ways.

Reasons for Recommendations

- 2 To update the Constitution to reflect the increased number of academies in the County and clarify other constitutional points that have arisen.

Introduction and Background

- 3 The Forum considered its Membership and Constitution in July 2010. The Schools Forum (England) Regulations 2010 (the Regulations) came into force on 1 April 2010 and required that the Forum must appoint a representative from Academies in the area as a full Forum member. At that time there were two academies and it was agreed to include 1 Academy Head Teacher or Deputy Head Teacher representative within the Forum's membership. With effect from 1 June 2011 there are likely to be 10 academies.
- 4 In December 2010 the Forum agreed that the Forum's existing membership continue until the end of the financial year with a report on revising the Membership and amending the Constitution to be considered in March 2011. This recognised that the number of schools becoming academies would have an impact upon the proportional membership of the Forum.
- 5 Since July 2010 a number of other constitutional points have arisen that it is proposed to clarify.

Key Considerations

Membership

- 6 The provisions in the Regulations governing membership are appended. Key points to note are:
 - The local authority is responsible for determining the size and composition of their schools forum and the forum members' terms of office.
 - a forum must consist of at least 15 members comprising: (a) schools members elected in accordance with Regulation 5; (b) if there are any Academies in the authority's area, at least one Academies member elected or selected in accordance with Regulation 6; and (c) non-schools members appointed in accordance with Regulation 7.
 - Schools members and Academies members must together comprise at least two thirds of the membership of the Forum.

- Regulation 4 states that, subject to paragraphs (6) to (8) of that Regulation, primary schools, secondary schools and Academies must be broadly proportionately represented on the forum, having regard to the total number of pupils registered at them. Regulation 4 (8) provides that an authority may determine that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority.

7. As Regulation 4 (5) states that it is subject to paragraphs (6) to (8) of Regulation 4 the first step is that a decision needs to be made by the authority as to whether the authority are determining that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority.
8. If the authority does not make that determination primary schools, secondary schools and Academies must be broadly proportionately represented on the forum, having regard to the total number of pupils registered at them.
9. The forecast numbers of pupils registered at Local Authority maintained schools and academies at 1 June 2011 is as follows:

	LA Maintained		Academies		Total	
	No. of Schools	No. of Pupils	No. of Schools	No. of Pupils	No. of Schools	No. of Pupils
Primary Schools	76	11,229	5	1,046	81	12,275
Secondary Schools	10	6,331	4	3,438	14	9,769
Age 3 - 16 Schools	-	-	1	319	1	319
Special	4	245	-	-	4	245
Total	89	17,805	10	4,803	100	22,608

A chart showing the current Membership is also appended.

- 10 The implications of achieving broadly proportionate membership based on the current membership of the Forum are set out below.
- 11 If the authority determines that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority this would imply on one calculation:
 - 28.6% of the Secondary school representatives should be from academies. Based on the current membership provision of 5 Secondary School Head Teacher representatives and one academies representative (from the secondary sector) this would suggest consideration of one additional secondary academies representative on the Forum and one less representative from the maintained schools.
 - 6.2% of the primary school representatives should be from academies. This means no representation on the Forum from academies within the primary sector.
- 12 If the calculation were based on primary, secondary and academies (with no distinction between primary and secondary school academies) that would mean approximately 11.6% of

the places for primary and secondary school representation would fall to an academy. Based on the provision of 6 primary school head teacher representatives and 5 secondary head teacher representatives and one academies representative there should be one place for an academy representative.

- 13 If regard were to be had instead to the number of pupils registered at schools:
- 35% of the Secondary school representatives should be from academies. Based on the current membership provision of 5 Secondary School Head Teacher representatives and one academies representative (from the secondary sector) this would suggest one additional secondary academy representative on the Forum and one less representative from the maintained schools.
 - 8.5% of the primary school representatives should be from academies. This could suggest one representative on the Forum from academies within the primary sector ($6 \times 0.085 = 0.51$).
- 14 If the calculation were based on primary, secondary and academies (with no distinction between primary and secondary school academies) that would mean approximately 21.5% of the places for primary and secondary school representation would fall to an academy. Based on the provision of 6 primary school head teacher representatives and 5 secondary head teacher representatives and one academies representative from the secondary sector this would mean three places for academy representatives ($12 \times 0.215 = 2.58$).
- 15 The Forum is asked for its views.
- 16 It is proposed that the reviewed Membership take effect from 1 April 2011 and be reviewed annually thereafter.

Confidential Reports

- 17 There is currently no provision in the Constitution relating to the treatment of confidential reports. Although the presumption is that reports will be open to the public there are circumstances where this may not be appropriate.
- 18 For the avoidance of doubt it is proposed that a paragraph is included in the Constitution to the effect that meetings of the Forum will be open to the public and press unless it is considered that an item of business should be considered in private session based on the application of the principles of the Local Government 1972 (as amended) that apply to local authority committees.
19. Under the Local Government Act 1972 (as amended) members of the public are entitled to attend Local Authority Committee meetings and have access to reports to be considered at those meetings unless there would be disclosure of confidential or exempt information as defined by legislation. The public must be excluded where confidential information would be disclosed. They may be excluded where exempt information is concerned.
20. Confidential information is information provided by a Government Department upon terms forbidding its disclosure and information the disclosure of which is prohibited by any enactment or order of a court.
- 21 Exempt information relates to certain specified matters such as issues relating to any individual or information relating to the financial or business affairs of any particular person (including the authority holding that information).

Public Participation

- 22 The Department for Education publication: Schools Forums: operational and good practice guidance states:

1.47 Schools Forums are more than just consultative bodies. They also have an important role to play in approving certain proposals from their local authority and are therefore involved in the decision making process surrounding the use of public money at local level. Schools Forums should consider how best to ensure that their proceedings are subject to public scrutiny. Local authority council meetings and committee meetings are held in public except in certain specified cases and Schools Forums should start from the presumption that there is no reason not to allow public access.

1.48 Some Schools Forums already operate very much along the lines of a local authority committee. This is perfectly legitimate where there is such local preference. Certainly papers, agendas and minutes should be publicly available. This is most easily achieved by publishing them on a website.

- 23 The Forum's agenda papers and minutes are publicly available on the Council's website.
- 24 A question arose at the last meeting over public participation at meetings themselves. A selection of constitutions have been examined.
- 25 One Constitution specifically prohibited involvement. One made specific provision for involvement with provision for the public to have an opportunity to ask questions about matters within the Forum's functions with the further provision that, at the discretion of the Chair, questions may also be asked during debates on any matter on the agenda.
- 26 Like this Forum's constitution most are silent on public participation at meetings. The Chairman of a meeting is responsible for the conduct of a meeting and in the absence of any provision participation would be at the Chairman's discretion.
- 27 The Forum is asked to consider whether it wishes:
- To specifically prohibit public participation
 - To specifically provide for public participation (in which case a scheme will be drawn up for the Forum's future consideration).
 - To maintain the current position where participation is permitted at the Chairman's discretion.

Minor changes

- 28 A small number of minor changes are also proposed:
- For the avoidance of doubt it is proposed to include a sentence to make specific reference to the requirement that the local authority must by law determine certain matters relating to the operation of the Forum such as the overall composition.
 - The drafting of the wording regarding declaration of interests appended to the Constitution also needs to be modified to more accurately reflect the provision within the Constitution itself.

- There a number of other minor modifications needed to bring the Constitution up to date e.g. references to current Regulations, report format and job titles.

Community Impact

29 None

Financial Implications

30 None

Legal Implications

31 None

Risk Management

32 None known.

Consultees

33 None

Appendices

- Provisions in the Regulations governing membership
- A chart showing the current Membership of the Forum

Background Papers

None

Membership: general

4.—(1) Subject to the following paragraphs of this regulation, an authority may determine the size and composition of their schools forum and the forum members' terms of office.

- (2) Subject to paragraph (3), a forum must consist of at least 15 members, comprising—
- (a) schools members elected in accordance with regulation 5;
 - (b) if there are any Academies in the authority's area, at least one Academies member elected or selected in accordance with regulation 6; and
 - (c) non-schools members appointed in accordance with regulation 7.

(3) If, for any reason, an election for a schools member under regulation 5(1) or an Academies member under regulation 6(1) does not take place by any date set by the authority or any such election results in a tie between two or more candidates, the authority must appoint the schools member or Academies member to their schools forum instead.

(4) Schools members and Academies members must together comprise at least two thirds of the membership of the forum.

(5) Subject to paragraphs (6) to (8), primary schools, secondary schools and Academies must be broadly proportionately represented on the forum, having regard to the total number of pupils registered at them.

(6) Where the authority maintain one or more special schools, at least one schools member must be a representative of a special school.

(7) Where the authority maintain one or more nursery schools, at least one schools member must be a representative of a nursery school.

(8) An authority may determine that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority.

~~(7) Section 72(3) was amended by section 215(1) of, and paragraph 106 of Schedule 21 to, the Education Act 2002.~~

(8) S.I. 2002/2114.

(9) S.I. 2004/447.

(10) S.I. 2005/3209.

(11) S.I. 2008/47.

- (9) A forum member remains in office until—
- (a) the member's term of office expires;
 - (b) the member ceases to hold the office by virtue of which the member became eligible for election, selection or appointment to the forum;
 - (c) the member resigns from the forum by giving notice in writing to the authority; or
 - (d) in the case of a non-schools member, the member is replaced by the authority, at the request of the body which the member represents, by another person nominated by that body,
- whichever comes first.
- (10) The authority must maintain a written record of the composition of their forum, to include—
- (a) the numbers of schools members and by which group or sub-group they were elected;
 - (b) the number of Academies members; and
 - (c) the number of non-schools members, their terms of office, how they were chosen and whom they represent.

Schools members

5.—(1) Schools members must be elected to the schools forum by the members of the relevant group, or sub-group in the authority's area.

- (2) The groups are—
- (a) representatives of nursery schools, where there are any such schools in the authority's area;
 - (b) representatives of primary schools other than nursery schools;
 - (c) representatives of secondary schools; and
 - (d) representatives of special schools, where there are any such schools in the authority's area.
- (3) Each group referred to in paragraph (2) may consist of one or more of the following sub-groups—
- (a) where the authority exercises its discretion under paragraph (4)(a), representatives of head teachers of schools in each group;
 - (b) where the authority exercises its discretion under paragraph (4)(b), representatives of governors of schools in each group;
 - (c) where the authority exercises its discretion under paragraph 4(c), representatives of head teachers and governors of schools in each group;
 - (d) where the authority exercises its discretion under regulation 4(8), representatives of the particular school category.
- (4) The authority may determine that a certain number of representatives of each group must be—
- (a) head teachers or head teachers' representatives;
 - (b) governors; or
 - (c) head teachers or head teachers' representatives and governors.

Academies members

6.—(1) Subject to paragraph (2), Academies members must be elected to the schools forum by the governing bodies of the Academies in the authority's area.

(2) Where there is only one Academy in the authority's area, the governing body of the Academy must select the person who will represent them on the schools forum.

Non-schools members

- 7.—(1) The authority must appoint non-schools members to their schools forum comprising—
- (a) one or more persons to represent the local authority 14-19 partnership; and
 - (b) one or more persons to represent early years providers.
- (2) Subject to paragraph (3), the authority may appoint additional non-schools members to their forum to represent the interests of other bodies.
- (3) Prior to making any appointment under paragraph (2), the authority must consider whether the following bodies should be represented on their forum—
- (a) the Diocesan Board of Education for any diocese any part of which is situated in the authority's area;
 - (b) the Bishop of any Roman Catholic Diocese any part of which is situated in the authority's area;
 - (c) where there are any schools or Academies within the authority's area that are designated under section 69(3) of the Act(12) as having a religious character (other than Church of England or Roman Catholic schools), the appropriate faith group in respect of any such school or Academy.
- (4) The authority may not appoint any executive member or relevant officer of the authority to their forum as a non-schools member.
- (5) Within one month of the appointment of any non-schools member, the authority must inform the governing bodies of schools maintained by them and of Academies within their area of the name of the member and the name of the body that member represents.

(12) Section 69(3) also applies to independent schools (which includes Academies) by virtue of section 124B, which was inserted by regulations 2 and 3 of [S.I. 2003/2037](#).

Membership Chart

Requirement in Regulations	Membership Provision in the Constitution	Additional note in Constitution	Current member
Schools Members Reg 5 2 (a) a representative of an LA maintained nursery school/representatives of nursery schools, where there are any such schools in the authority's area;	1 School with a Nursery representative		Ms T Kneale
b) representatives of primary schools other than nursery schools;	6 Primary Schools Head teacher representatives	At least 1 primary head member must represent community schools At least 1 primary head member must represent voluntary controlled/voluntary aided/foundation schools There must be at least 2 members representing a school less than 105 pupils. There must be at least 1 member representing a school more than 105 pupils.	Mr S Pugh Rev D Hyett (va) Mrs J Cecil (vc) Mr S Matthews Mr P Box Mrs JS Powell
	1 Primary School Governor representative		Mr T Edwards

c representatives of secondary schools	5 Secondary School Head teacher representatives	At least 1 secondary head member must represent community schools	Mr N O'Neil Mrs S Woodrow
		At least 1 secondary head member must represent voluntary controlled/voluntary aided/foundation schools	Mrs Catlow-Hawkins
		At least 1 head must represent 11-16 schools	Dr M Goodman
		At least 1 head must represent 11-18 schools	Mr NPJ Griffiths
	1 Secondary School Governor representative		Mrs J Baker
	Business managers Group Representative		Mr J Docherty
(d) representatives of special schools, where there are any such schools in the authority's area.	1 Special School Head teacher representative		Mrs S Bailey
	1 Special School Governor representative		Mrs K Rooke
	1 Pupil Referral Unit (PRU) Management Committee representative		Mr P Barns
Academies Members			
Reg 6 at least one Academies member			Mr J Sheppard
Non-Schools Members			
Reg 7 (1 a) One or more to represent the local authority 14-19 partnership			Mr J Godfrey Mr A Shaw

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<p>Reg 7(1 b) One or more to represent early years providers</p>			<p>Mrs A Jackson Mrs R Lloyd</p>
<p>Reg 7(2) Subject to paragraph (3), the authority may appoint additional non-schools members to their forum to represent the interests of other bodies</p>	<p>2 Trade Union representatives (1 Primary School and 1 Secondary School)</p>		<p>Mrs A Pritchard Mr M Harrison</p>
<p>REg 7 (3) the authority must consider whether the following bodies should be represented on their forum— (a) the Diocesan Board of Education for any diocese any part of which is situated in the authority's area; (b) the Bishop of any Roman Catholic Diocese any part of which is situated in the authority's area; (c) where there are any schools or Academies within the authority's area that are designated under section 69(3) of the Act(12) as having a religious character (other than Church of England or Roman Catholic schools), the appropriate faith group in respect of any such school or Academy.</p>	<p>2 Diocesan Representatives</p>		<p>Mr J Chapman Mr P Burbidge</p>

MEETING:	SCHOOLS FORUM
DATE:	2 MARCH 2011
TITLE OF REPORT:	MUSIC SERVICE FUNDING AND DEFICIT
REPORT BY:	HEAD OF HEREFORDSHIRE MUSIC SERVICE

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To consider alternative options for providing Music Service provision in the authority, due to the combination of charging rates and the reduction of LA and central Government funding.

Recommendation(s)

THAT:

- (a) Schools Forum considers meeting the costs of a one-off grant for £190,000 or part thereof to clear the accumulated budget deficit;**
- (b) And/or that Schools Forum considers making a contribution towards the deficit with an annual contribution of £25,000 to be reviewed after 5 years and;**
- (c) That Schools Forum gives an opinion to the Local Authority on the proposed recommendations for New Models of Business for the Music Service from September 2011**

Key Points Summary

- Herefordshire Music Service has an accumulating deficit budget due to a number of issues including a large reduction in its funding, historical charges for lessons set below cost and difficulties with raising charges
- A range of new sustainable Business Model options is being considered and the service is currently in a 30 day consultation period. This will enable a more cost efficient service to pupils, parents and schools, whilst maintaining high quality provision
- Despite making significant savings, the deficit and financial security of Herefordshire Music Service is at a point that the viability of the service is unsustainable unless there are changes

Further information on the subject of this report is available from
Cliff Woollard, Head of Herefordshire Music Service on (01432) 260840

Alternative Options

- 1 The music service in its current form of operation is financially unsustainable and cannot provide high levels of services to schools and our young people at subsidised rates. Alternative stable business models have been explored and are set out in this report. Should no option be taken forward Herefordshire Music Service will cease to operate.
- 2 Closing the Music Service would have the impact of reducing opportunities for Herefordshire's Children and Young People. It would restrict access to regional events and leave the LA and Schools in a much weaker position when bidding for the new national 'Music Hubs' grants in 2012.
- 3 There are many effects of closing Herefordshire Music Service. These include:
 - Loss of a cohesive approach to music education across the entire county
 - Loss of support training and quality assurance for peripatetic instrumental music teachers. This could result in falling standards and attainment and impact upon the opportunities for children and young people and their achievements for music GCSE. Currently 2500 pupils receive traditional instrument lessons. This would also place the responsibility for delivery and quality assurance upon schools.
 - The ceasing of current Wider Opportunities projects which offer free lessons and instruments to pupils at KS2, (800 pupils). This would also result in a loss of further Government grant funding
 - Loss of the impact that learning a musical instrument has upon raising the attainment of pupils, in addition to numerous personal, social and team-building developments
 - Loss of Co-ordination and support for primary music/singing and links with SingUp
 - Closure of Herefordshire Youth Music's youth bands, orchestra's and ensembles and its associated effect on 350 pupils, parents and the community as a whole
 - Loss of connection and development opportunities across the region and in national music events

Reasons for Recommendations

- 4 To ensure the future financial stability of Herefordshire Music Service, in order to avoid its closure ahead of changes to national funding from 2012, and enable a cohesive approach to music education in Herefordshire.
- 5 To ensure that high quality instrumental, vocal, classroom, Wider Opportunity and other projects are provided to and accessible for all pupils in all schools across the county – regardless of background or location.
- 6 To strengthen and ensure continued support to schools, including CPD for class teachers, advisory and development support and coordinated, cost-efficient instrument hire, and the continued existence of the Herefordshire Youth Music Centre.
- 7 To ensure that the Music Service/LA can completely fulfil all the requirements of the use of the Music Standards Funds grant for the benefit of the children and young people.

Introduction and Background

- 8 Herefordshire Music Service receives funding through national grants and trading with schools. See Table 1 below.

Table 1: Grant funding and traded income

National Grants		
£219,000	Main music Standards Funds Grant	Non- inflationary
£73,000	Wider Opportunities Standards Funds Grant	Non- inflationary
Trading		
£500,000	School traded income	
£30,000	Musical Instrument hire	

- 9 For approximately ten years, Herefordshire Music Service ran with an operating deficit due to charges not meeting costs, which was subsidised by savings in other areas of Children's Services. This was found to be unsustainable and at the end of 2008/09 a decision was taken not to continue to cover the costs of the deficit. As a result the music service recorded a deficit of £123,000. See Table 2 below:

Table 2: Funding 2002-2011

Financial Year(s)	Funding from LA	Music Standards Funds	Total Funding	Reduction in funding since 2008
2002-2008	150K (average)	219K	369K	NA
2008-2009	0	219K	219K	40%
2009-2010	0	219K	219K	40%
2010-2011	0	219K	219K	40%
2011-2012	0	197K	197K	46.5%
2012-2015	0	Bidding system – awaiting further details from DFE		?%

- 10 In order to address the reduction in funding, the hourly rate charged to schools was increased in the Schools SLA (May 2009) from £27 to £32 an hour. However, a member of Schools Forum raised their concerns about the large increase and it was discussed as an urgent item on the Schools Forum agenda in June 2009, whereby it was decided to challenge the price increase. Many schools indicated they would withdraw from the service should the increase go ahead. As the decision was taken not to increase charges, the demand from schools (and the provision to children and young people) remained nearly identical for the following academic year. The impact of this upon delivering 20,000 hours of provision reduced the income to the Music Service by £100,000. As a result, a proposal was made to Schools Forum in December 2009 for £100,000 (from the DSG under-spend) to help address the issue. Schools Forum declined this request.
- 11 Herefordshire Music Service has made demonstrable improvements over the past 18 months despite financial challenges. The audit of 2009 graded the service as 'unsatisfactory.' All 23 areas of concern had been addressed by the time a follow up audit in January 2011. The Peer Moderation report of 2009 noted that the Music Service was not meeting the Governments Aspirations for Music whereas the most recent moderation rated the service as satisfactory.
- 12 In order to address the financial stability of the service, The Head of Music Service has implemented the following key actions:
- A two phase restructure
 - Streamlining administrative support
 - Reducing management
- 13 This has resulted in major savings of £80,000 per annum related to management cuts and reduced expenditure, particularly in instrument purchases.
- 14 The impact of these actions has been to reduce this years overspend from £132,000 to £30,000.
- 15 To summarise overspend see Table 3 below:

Table 3: Cumulative deficit

Deficit 2008/09	£123,000
Deficit 2009/10	£37,000
Deficit 2010/11	£30,000
Total deficit March 2011	£190,000

This evidences a concerted approach to a reduction in the deficit since 2008.

Further information on the subject of this report is available from
Cliff Woollard, Head of Herefordshire Music Service on (01432) 260840

Henley Review of music education (February 2011) outlines the following:

- Commitment to funding music services for 2011/12
- 2012 introduction music hubs with LA music services as the lead role
- Commissioning model to be developed

17 Herefordshire's settlement for Music Standards Funds for 2011/12 will be reduced by up to 10%. From 2012, it is understood a new 'bidding system' will operate.

18 In the current financial climate, a service operating at a loss is not sustainable and immediate action is required to put the service on a sound financial footing.

Key Considerations

19 Schools Forum contributes to the accrued deficit of £190,000 through a one off allocation in order to secure service delivery until the service is restructured inline with new central government policy.

20 Schools Forum funds £25,000 per year for 5 years to be reviewed in 2016.

21 Schools Forum considers a combination of the above two proposals to help meet Music Service costs; and

22 That Schools Forum gives an opinion on the proposed recommendations for New Models of Business for the Music Service from September 2011 as detailed Music Service Staff Consultation Document (Appendix 1):

- a) Significantly raising the hourly rate charge to schools e.g. £40 per hour
- b) Changing pay and conditions of peripatetic staff to the Herefordshire Council pay-scale
- c) Accredited Teacher Scheme - This could only be considered if the budget deficit had been addressed as part of Recommendation 1
- d) Non-Accredited Teacher Scheme - This could only be considered if the budget deficit had been addressed as part of Recommendation 1
- e) Externalising the Music Service

Community Impact

23 Over 3,000 pupils access Herefordshire Music Service every week. 2500 pupils receive music instrumental tuition and approximately 500 primary pupils receive whole class Wider Opportunities music activities. The Service teaches traditional instrumental lessons to over 11% of the county's pupils, compared to a national average of 8.4%. A very high percentage of schools (94%), access the service on a regular basis. Public concerts and events (including support for charities such as the Rotary Club and Help for Heroes) are high profile and well known in the community.

Further information on the subject of this report is available from
Cliff Woollard, Head of Herefordshire Music Service on (01432) 260840

Financial Implications

- 24 There is a requirement to address the current annual operating loss (£60,000 in 2010/11 reduced to £30,000 by the one off sale of surplus music instruments) and the cumulative deficit if schools and Schools Forum want the music service to continue. Agreement from Schools Forum for a modest regular contribution will significantly help to recover the deficit and protect the Music Service as an on-going service for schools
- 25 The accumulating deficit is predicted to be £190,000 by March 2011 and this has to be taken into account for all options. Unless revenue can be increased and/or costs decreased, the deficit would continue to grow leading to inevitable closure of the Music Service. The Council cannot operate a service with a deficit budget.
- 26 The £71,000 grant for Wider Opportunities projects is partly cross-subsidising the general instrumental lessons. Whilst there will always be overlap, this specific grant should not be used for 'topping up' the general budget.
- 27 The options as set out in the Herefordshire Music Service staff consultation paper are

1. Raising the hourly rate charge to schools

The minimum hourly charge rate to schools must be set at £40 per hour in order to cover the on-going costs of the Music Service. This may be made less onerous on schools and parents by increasing the percentage of group lessons where costs can be reduced by sharing over more pupils. If there is price resistance from schools then there will be a gradual erosion of business and corresponding reduction in music teachers which will eventually incur redundancy costs of £350k.

2. Changing the pay and conditions of peripatetic staff to Herefordshire Council pay scale

As an alternative to raising the hourly charge to schools, the pay and conditions of the music staff are reduced to meet the level of income. This would incur redundancy costs of £350k and not make any contribution to the accrued deficit of £190k.

3. Accredited teacher scheme

Financial analysis indicates that this option will make a one-off surplus in 2011/12 of £96k and an on-going annual surplus of £15k whilst incurring redundancy costs of £350k. On this basis it would take 30 years to recover the cost of the accumulated deficit and redundancy costs.

4. Non Accredited teacher Scheme

Financial analysis indicates that there would be a one-off surplus of £120k in 11/12 and an on-going annual surplus of £50k per year. On this basis it would take 9 years to recover the cost of the accumulated deficit and the redundancy cost.

5. Externalising/Contracting out the Music Service

Financial analysis indicates that there would be a one-off surplus in 2011/12 of £109k and an annual surplus of £47k per year. On this basis it would take 10 years to recover the accumulated deficit and redundancy costs. It is likely that following externalisation (if possible) that the new music service would have to increase costs on a similar basis to option 1 above in order to ensure that it covers the cost of providing the service.

Options 3, 4 and 5 all assume that the Music Service Standards Fund grant continues at a

reduced level of £242k per year from 2012/13.

6. Schools Forum to contribute towards the deficit.

A modest contribution from Schools Forum of say, £25,000 per annum would over a ten year period provide a significant contribution to the School Music Service. It would reduce the payback period of options 4 and 5 to between four and five years which make both options extremely viable when compared to the alternatives.

If Schools Forum prefers option 3 then a larger contribution from both on-going revenue and a one off grant from potential underspend would be required.

A contribution of £25,000 per year is equivalent to a cost of £1.10 per pupil. If there is an underspend in Dedicated Schools Grant for 2010/11 then this could be used to perhaps reduce the £1.10 per pupil subsidy to say five years or allow the choice of option 3. Any underspend will not be known until June 2011.

7. Closure of the Music Service

This is the least favourable option since the accumulated deficit of £190k will not be recovered and the redundancy costs will be higher at £400k.

Options 4 & 5 provide the only financially viable choices for the music service and a contribution from Schools Forum can help to retain the service for the benefit of future pupils. If option 3 is preferred then a greater contribution from Schools Forum e.g. £190k will be required.

Under options 3 & 4 there would be cost savings to schools by the reduction or removal of time spent on invoicing parents. This would save a lot of office/bursar time. In addition schools would no longer bear the financial risk associated with ordering instrumental lessons, as there is often a gap between what is charged and what is actually collected in.

Legal Implications

- 28 Legal advice has been sought with regards to the contracts for staff under the Accredited Teacher Scheme and also in relation to staff contracts for Music Centre and Wider Opportunities work. Teachers would need to be employed to carry out Wider Opportunities and class teaching as well as Music Centre. The duties of an 'Accredited Teacher' would be acceptable as self-employed from a legal perspective.

Risk Management

- 29 The financial risk of the service remaining the same, is significant for the Directorate (in excess of £60,000 deficit each year), adding to the accumulated deficit.
- 30 The risk of increasing the lesson costs significantly will inevitably lead to a high drop out rate from schools buying in the service, leaving the service with gradual staffing reductions, which could be difficult to manage and also cause further financial instability. In addition it then threatens the provision to other schools because the service becomes less viable – threatening provision to even more pupils.
- 31 There is a risk to the LA that the Music Service Standards Funds Grant and the Wider Opportunities Grant could in the future be used in ways other than supporting a central County music service. For example, previously Wider Opportunities funds were delegated directly to schools and there was no central support and coordination for what has now

become a successful primary programme which has given many children in Herefordshire access to specialist music teaching and activities..

- 32 Music Standards Funds (including the Wider Opportunities grant) are secure for 2011/12. However, there is further risk as it is still unclear from 2012 onwards (awaiting Government decisions).
- 33 Note also the risks associated with the Music Service closing, as listed under 'Alternative Options.'

Consultees

- 34 The Music Service through meetings and informal conversations with stakeholders takes views from schools, parents and pupils. It is acutely aware of the impacts to the service, schools and pupils if the hourly charge rate for instrumental teaching becomes too high. Various meetings have also taken place with Senior LA Officers (including the former Interim Director of CYPD). Music Service Senior Managers and Office Team have also contributed to some of the proposals. The views and decisions of past Schools Forum meetings have also been taken into account.
- 35 As the Music Service is currently under consultation with all staff, staff and unions have until 3 March to contribute their viewpoint.
- 36 External research, meetings and advisory support from: Ernst & Young Music Services report (unpublished), Federation of Music Services, 8 Heads of Music Services (including Derbyshire and Somerset in an advisory capacity), and the National Music Participation Director (DFE).

Appendices

Appendix 1: Music Service Staff Consultation Document

Background Papers

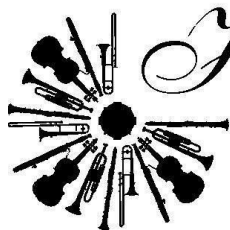
Henley Music Education Review

<http://www.education.gov.uk/publications/eOrderingDownload/Music%20Education%20in%20England%20-%20A-Review.pdf>

Herefordshire Music Service

Staff Consultation

3 February 2011



Herefordshire Music Service

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HEAD OF SERVICE: CLIFFORD WOOLLARD

Introduction

Herefordshire Music Service, in line with all other services for children and young people in Herefordshire, is completely redesigning its model of business and support available to our young people. This includes addressing peripatetic teacher's contracts as part of Phase 3 of the Restructure and Development of the Music Service. Key decisions will have to be taken in direct response to the changes in funding to Local Authorities and Music Services.

As part of this process, an extensive amount of research has been undertaken by the Head of Music Service over several months – looking at a wide variety of business models in other Music Services. We still continue to listen to feedback from key stakeholders (in particular schools, staff and young people).

Herefordshire Music Service has already made many changes in the first two phases of its Restructure and Development. The final part of this process was to consider changes to the terms, conditions and contracts of its peripatetic music teachers.

Due to the considerable accumulating deficit and the large reduction in Government funding (both for LAs and Music Services), the changes made will have to go well beyond the original remit for Phase 3 (staff contracts). This will almost certainly include an entire new model of business/organisation

The National Picture

On 24 September 2010, Michael Gove (Secretary of State for Education) commissioned Darren Henley (Managing Director of Classic FM) to review music education (including instrumental music provision). This report was due to be published at the end of December 2010, but was delayed until the end of January 2011. The report has still not been published, but it is understood that it will be out within the next couple of days.

As a result of the Henley Review, the announcements for the Music Standards Funds were also delayed until the report was published. Thus, the announcement for Music Standard Funds is yet to be announced for April 2011 onwards.

Nearly every Music Service in the country is cutting back and/or redesigning its business model. Other services are threatened with closure or changes to staff pay and conditions. At the time of writing this report, Music Services who are charities seem most at threat of closure, whilst many LA Music Services are looking to severely cut back. As a result, within the last couple of months **over 40 Music Services across the country have served their staff with Section 188 notices (notifying the possibility of redundancy).**

See Appendix 1

The Local Picture

Government policy has been to remove significant funding from LAs and give this directly to schools for them to decide how they wish to spend their resources. As a result, there are currently major changes taking place within the Children and Young People's Directorate. This will include some redundancies. The Local Authority will be making significant changes to ensure that it can provide its statutory duties. Music Services ceased to be statutory in the early 1990's and therefore are at increased risk with budgets so tight. Whilst the LA no longer funds the Music Service, it still provides other LA resources e.g. payroll, finance and Human Resources. It is likely that the LA will no longer be able to freely provide these services and that in the future a charge will be made to the Music Service to pay towards this.

Several schools have or are considering changing to Academy Status. These schools are independent from the LA and thus the LA ceases to receive any central funding for those schools. Herefordshire Music Service should therefore be charging the full cost to Academies (approx £40 per hour). The Music Standards Funds is not 'top sliced' for Academies at present - Under the Henley Review/MSF announcements, this could change.

Music Service Evaluation Partner and other Developments

Herefordshire Music Service has participated in the Music Service Evaluation Partner scheme, which is organised by FMS (Federation of Music Services). This has involved an external moderator visiting the Music Service, meeting with the Head of Service, discussing the SEF (Self Evaluation Framework), Meeting with Managers, Coordinators, Office team, Peripatetic staff, Schools, Pupils and LA Officers. It also included several lesson observations. The MSEP process is Peer Moderation and not an inspection, although it does grade in several areas.

Following the first MSEP (May 2009), Herefordshire Music Service was noted as not 'meeting the Governments aspirations' for Music. The quality of teaching and learning and the breadth of access and provision (including lack of Wider Opportunities projects) were the main areas of concern.

The second MSEP was conducted between May and September 2010. Progress in lesson observations and vocal strategy was evaluated as 'considerable.' There were many positive comments about the developments in the Wider Opportunities projects - including noting how many more pupils/schools are accessing the scheme (now that the funding for this has been given to the Music Service from schools). As a whole, the MSEP noted a 'Policy of continuous improvement' and said that Herefordshire Music Service 'can justifiably claim to be a satisfactory music service.' This clearly is an excellent turn-around.

The moderator did note the following concern: 'The instability of its current financial position as a traded service and the resistance from schools to accept an increase in charges for delivery is putting the service in an increasingly unviable position.'

Other notifiable developments include supporting 100% of primary schools to sign up to SingUp, many of whom benefited from a variety of other activities from this. Increasing the uptake of Wider Opportunities from 6% to 27% of primary schools.

The audit of 2009 also concluded that the Music Service was 'unsatisfactory' in its procedures. A follow-up visit in January 2011 has shown 'considerable' progress – a final grading is yet to be published.

Financial & Budget Situation

Herefordshire Music Service receives the full Standards Funds for Music of £219,000 per year. This is non-inflationary, so reflects a real term reduction of approximately 3%pa. In addition the Music Standards Funds of £73,000 for Wider Opportunities was taken out of school budgets and given to the Music Service (as in the majority of music services) from April 2009.

For six years up until March 2007, the LA gave additional funding averaging £150,000 pa to the Music Service at the end of each financial year. In March 2008 they were unable to do this and announced that they were no longer able to financially support the service. This resulted in an immediate deficit of £123,000. It was agreed to raise the cost of the hourly rate to schools from £27 to £32 an hour to help plug the gap. However, this was overturned at the Schools Forum in June 2009. Therefore, a further deficit amounted. The current cumulative deficit is predicted to be approximately £240K by March 2011.

The table below shows the income for the last 5 years and the projected income for the next financial year. It does not include the 73K Wider Opportunities, as this is ring-fenced for the projects.

Financial Year(s)	Funding from LA	Music Standards Funds	Total Funding	Deficit	Cumulative Deficit
2002-2008	150K (average)	219K	369K	0	0
2008-2009	0	219K	219K	123K	123K
2009-2010	0	219K	219K	37K	160K
2010-2011	0	219K	219K	80K (Approx)	240K
2011-2012	0	?	?	50K (Approx)	290K

The above table shows the reduction in LA funding reducing the Music Service's grants by 40% each year between 2006-2010

None of the above take into account inflation and pay increases etc.

The result of this significant loss of funding is that the Music Service has now to be 100% traded i.e. what we provide has to be covered within the charges to schools/parents etc.

What actions has the Music Service taken to try and address the annual deficit?

- An hourly charge to schools increase from £27 an hour to £32 an hour in 2009 was vetoed at Schools Forum because it was deemed to be too expensive. Several High Schools also indicated that they would withdraw from the Music Service if it went through

- A proposal to Schools Forum requesting a one-off payment of £100,000 to help with the deficit was proposed in December 2009 (as there was an under-spend of £1.2M in the school's DSG budget). This was declined
- Removal of entire Middle Management Team of Coordinators (4 redundancies), saving approximately £70k pa
- Continued in-house savings e.g. internally producing marketing information, improved budget monitoring and project fore-casting
- Sing Up grant of £7k, half of which paid towards management time
- Selling surplus instruments, raising £30k since November 2010 (ongoing)
- Keeping administrative costs low - HMS is approximately 0.5 post under capacity administratively compared to the national average
- Keeping management costs low – Management costs are in line with the average nationally
- Members of SMT are used for cover to save money (as this saves the cost of paying staff to cover)

Hourly Rate Pay for Peripatetic Staff

Previously, the funding has been used to subsidise the hourly rate paid to staff. In addition the Music Service has not received any additional funding to cover the costs of workforce reform (PPA and Threshold). The cost of PPA adds around £45K per year to the teaching costs (over £3 an hour). Examples of pay-scales are as follows:

Scale	Hourly salary	*on costs @ 22.1%	Total cost to Inc 10% PPA
UQ	19.78	24.15	26.56
HMS UQ**	23.45	28.63	31.49
M1	17.07	20.84	22.92
M2	18.42	22.48	24.73
M3	19.90	24.29	26.72
M4	21.43	26.16	28.78
M5	23.11	28.22	31.05
M6	24.94	30.45	33.50
UPS1	27.02	32.99	36.29
UPS2	28.02	34.21	37.64
UPS3	29.06	35.48	39.03

* Employer NI and pension contributions

**HMS previously adopted a policy of paying unqualified staff on the qualified pay-scheme (£3.67 extra per hour-£4.93 with on-costs)

Note: approximately 1/3 of staff are qualified teachers, 2/3 of staff are unqualified teachers

Incorporated Society of Musicians		Musician's Union		Herefordshire Local Private Rate
UK Rates (outside London area)	Hourly Rate	All UK rates	Hourly Rate	£25 an hour?
Maintained schools	£21:00 - £29:00	Visiting schools tuition.	£20.40- £29.75	
Music Services	£23.50 - £25.50	NA	NA	

Clearly, the gap between staff pay and income generation for teaching is the biggest contributor to the budget deficit. **We are in effect, under-charging/not covering our costs.** If parents and schools only want to pay the going rate of £25 an hour for a private teacher, then the question is, who pays for the additional pay, employer pension & NI contributions and also the mileage costs? Who pays for the management and office costs?

Aspect	Individual cost per hour	Accumulated cost per hour
Peri teacher salary (qualified, M6)	24.94	24.94
Peri teacher NI & Pension	5.51	30.45
PPA	3.05	33.50
Mileage	1.70	35.20
*Management, Premises, School liaison, Music Centre, Administration & Back Office Costs etc.	12:05	47.25

*Cost divided by 19,200 hours of teaching

For a 100% traded service, under the above/current system at a charge rate of £29 per hour there is a shortfall – £6.20 an hour if you do not include back office costs. Bizarrely, that means the more successful the teachers are in increasing the provision to young people, the more the deficit is increased!

The shortfall of £6.20 an hour X 19,200 hours teaching per year

= £119,040 overspend

Phase 3 Restructure & Development

Herefordshire Music Service finds itself in a serious situation due to the loss and reduction in its funding. Under the current model of business, it is not financially viable. Therefore, the Music Service cannot continue in its current format and an entirely new model of structure and delivery has to be found.

If there is no financially viable solution, the Music Service will almost certainly be closed on 31 August 2011

The Head of Music Service has considered the various options for Phase 3 which are based upon extensive research into other Music Services, their structures and their staff's terms and conditions. This includes over 10 different models of business, including meetings and communications with several other Heads of Music Service. Specific advisory support has been acquired from two differently organised Music Services (Somerset and Derbyshire). In addition a report by Ernst & Young on Music Service Models of delivery (commissioned by Federation of Music Services in the Summer Term 2010) has also been extensively researched.

Numerous meetings have taken place over the last few months with many of these including senior LA officers. At least two of these meetings have been with David Sanders, Interim Director of Children's Services (until 31 Jan 2011).

The situation will be discussed at the Schools Forum* on 2nd March 2011. Various scenarios will be presented in the document. It is likely that Schools Forum might make a decision on the Music Services' future/models of delivery at this stage.

*Note Schools Forum is a public meeting, where Headteachers (voted-in representatives of all schools) and senior LA Officers meet to discuss budgets, funding, policies and other issues etc. This is an open meeting, with councillors, members of the public and local media able to attend.

Proposal Details

To consider the following proposals to solve the budget deficit and funding issues within Herefordshire Music Service:

(in no particular order)

1. Significantly raising the hourly rate charge to schools
2. Changing pay and conditions of peripatetic staff to the Herefordshire Council pay-scale
3. Accredited Teacher Scheme
4. Non Accredited Teacher Scheme
5. Externalising/Contracting Out the Music Service
6. Requesting Schools Forum to contribute towards the current deficit
7. Closure of the Music Service

Details on the proposals

1. Significantly raising the hourly rate charge to schools

- Retain teachers on School Teachers Pay & Conditions Contracts
- Moving unqualified staff to the unqualified teacher pay spine (loss of approx £4 an hour)
- Increase charges to schools of between £36 and £40 an hour

Using M6 as an example, the hourly rate to cover PPA and employer Pensions and NI contributions is £33.50. Adding mileage (£1.70 per hour) is £35.20

An additional cost would need to be added if the Music Service is required to pay employee benefits such as sick pay, maternity pay etc under the new contracts. To cover this, we would need to add (5%) approximately £1.65

Therefore, the total minimum charge to a school would have to rise to £36.85 per hour - This would be an increase of over 20%

Dependent upon the funding situation, consideration would have to be given as to whether the hourly rate should also include an amount towards management and administrative cost.

2. Changing pay and conditions of peripatetic staff to the Herefordshire Council pay-scale

- This could be moving teachers onto permanent variable or part time contracts under Local Government
- There are changes to pensions under this scheme
- Herefordshire Council Scale is approximately £11:50 - £17:45 per hour (HC7-HC9)

Many music services do not pay teachers on School Teachers Pay and Conditions as there is the understanding that the role carried out is different to that of a classroom teacher. In addition, many Music Services feel that because the role is different musicians who are highly qualified and experienced, but not qualified teachers, lose out significantly in terms of pay. There have been various legal discussions both ways on this.

3. Accredited Teacher Scheme

- Remove individual/paired and group instrumental lessons from the Music Service provision to schools (90%+ of all teaching), leaving the provision to the private market
- Providing an Accredited list of peripatetic music teachers for schools, ensuring quality assurance is maintained through a lesson observation, carrying out 1 CRB check, providing safeguarding training for private Accredited Teachers and also offering voluntary paid training. This supports both teachers and schools, whilst ensuring the cohesive approach across the county continues
- The Music Service would continue to provide Wider Opportunities, Music Centre and other projects
- This would result in the redundancies of up to 53 peripatetic teachers. It is assumed that they would all move to the Accredited Teacher pool.
- Some of these staff could still be employed for Wider Opps or Music Centre, although pay-scales/contracts could still change

This is partly based upon the Derbyshire Music Service Accredited Teacher Model

3.1 Accredited Teachers - Outline

- Each peripatetic teacher would become self employed
- Schools would choose their teacher from the HMS list of Accredited Teachers
- Teachers could choose whether they wanted to work in a school or not
- They would be free to change any of their instrumental teachers when they wanted (possibly the SLA could say half a term's notice?)
- HMS would provide an annual training day, up to date LA CRB, safeguarding training and a set of policies and guidelines for Accreditation
- HMS would put in place a system to support teachers where there were concerns over quality of teaching and learning or other issues.
- Schools would pay a fee to HMS to cover the cost of QA, training, safeguarding training
- Schools would save time and money by not having to invoice parents directly. They would also no longer carry the financial risk for covering for over-ordering or undercharging. In addition, it would remove the difficulties that schools face when parents do not 'pay up.'
- Lessons could start and stop at any point – offering greater flexibility for pupils and schools, but more risk for a private teacher

3.2 Lesson process

- When a pupil/parent requests a lesson, they fill in a form, enclose a cheque and return it to the teacher. The form could be a school or standard HMS version. Pupils could initially sign up for ½ a term trial, then be invoiced a term in advance.
- Any missed lessons would be credited off the next bill or if the pupil wanted to stop, then they would be given the extra lessons at the start of the next term and then terminate. This saves any loss of income or queries over missed lessons.

3.3 Instruments

- Instruments would be hired out directly to parents by the Music Service (i.e. saving the school administrative time and streamlining the system). However, instrumental teachers could collect from the Music Service if they wished.

4. Non-Accredited Teacher Scheme

- Remove individual/paired and group instrumental lessons from the Music Service provision to schools (90%+ of all teaching), leaving the provision to the private market
- The Music Service would continue to provide Wider Opportunities, Music Centre and other projects
- Making all peripatetic teachers redundant (53 staff)
- Some of the above staff could/would still be employed for Wider Opps or Music Centre, although pay-scales/contracts could still change
- This would be a much reduced service offering approximately 10-15% of what we currently provide

Note that there is no support for peripatetic teachers or quality assurance for schools under this scheme

4.1 Non-Accredited Teachers - Outline

- Each peripatetic teacher would become self employed
- Schools would choose their teacher from the open market (whether formally HMS or not)
- Schools would be free to change any of their instrumental teachers when they wanted and without notice
- Teachers could choose whether they wanted to work in a school or not
- There would be no quality assurance, safeguarding training, CPD or support for instrumental teachers
- There would be no support for schools unless this is paid for in an advisory capacity
- Schools could pay a fee to HMS to cover the cost of QA, training, safeguarding training for their instrumental teachers
- It would be up to schools whether they decided to employ instrumental teachers directly – most would probably choose the self-employment route
- Lessons could start and stop at any point – offering greater flexibility for pupils and schools, but more risk for a private teacher

Instruments would be hired out directly to parents by the Music Service (i.e. saving the school administrative time and streamlining the system)

5. Externalising/Contracting Out the Music Service

- Moving the Music Service from LA control out to a private organisation, company trust etc
- It would be free from LA control and but would clearly have to report regularly to it. The LA would give the standards funds grant to the organisation to help run it
- A private organisation would only 'take on' the Music Service if it could break even financially.
- The 'new' service would have to address the peripatetic teacher pay shortfall. It would probably consider using one of the options proposed (1-4)
- Some staff could be personally transferred across under TUPE regulations

The reduction in time (and thus savings) spent on LA work, meetings, policies and procedures would have to be carefully balanced against the risk of not having the support of the LA if there are difficulties etc.

There is a steer from Government for private enterprise to take on some public services. If this is the preferred model for Herefordshire, it would be best to leave the options widely open e.g. charity, trust, private company etc.

The Music Service would still have to change its model of business, because no organisation would take on a Music Service with an annual overspend and reducing future budgets. There is also the opportunity for future investment of course

The organisation would tender (bid) for the opportunity to run the Music Service for a set period of time e.g. 3 years. It would not make sense to split the Music Service up into sections of different organisations – this would cause much confusion for schools and would be much less cost effective e.g. management, staff overlapping in schools, instruments/resources etc. In addition, the cohesive approach would be lost.

Consideration would have to be given to the tendering process and the time-scale for this.

6. Requesting Schools Forum to contribute towards the current deficit

- Schools Forum to be requested to pay off the accumulated deficit of approximately £270K

This is very unlikely given the current financial climate and also because the SF turned down our request for £100,000 to help our situation in December 2009

A new business model would still have to be found

7. Closure of the Music Service

- Closing Herefordshire Youth Music (all bands, orchestras and ensembles) from May 2011
- Ending the Wider Opportunities Projects from July 2011
- Ending all instrumental music lessons from July 2011
- Closing the Music Service and all other provision for pupils in its entirety from August 2011
- Making all employees redundant (Head of Service, 2 senior managers, 3 Office staff and 53 peripatetic teachers)

Other Points to Consider

As a result of the proposals, serious consideration will also need to be given to changes affecting other aspects of the service. These are:

- Changes to the Management Structure in order to further reduce the amount of management in the Music Service. This will almost certainly require a reduction to the Senior Management staffing
- To consider changes to the Office Structure of the Music Service in response to the change of model of business. This could include a reduction in the numbers of staff required in the Office or changes to Job Descriptions etc.
- To improve the monitoring and trading of resources. Consideration needs to be given to streamlining and improving instrument hire, inventory, data inputting etc. The way duties overlap or are split between external technicians and the Office Team need improving and developing.

Further Thoughts for Consideration

The monthly pay-claim system is very time-consuming and is not cost effective. It takes up approximately 2 weeks of each month to complete the whole process. This would be negated under the changes.

An examination fee (£3) has been added per candidate. The real cost is around £8. Should the real cost be added to the exam fee?

The amount of administrative time spent preparing for the Malvern Residential Course is extensive. Although some of this is factored into the budget, the fees would need to be increased by 10% to cover this. Should this cost be added to the fees?

Administering the pupil bursaries will cease in July 2011. This is because the Music Service will no longer be able to provide bursaries for tuition. Schools will be able to use the 'Pupil Premium' for this

Risks in not moving to new arrangements

The employment contracts for peripatetic teaching staff cannot be covered under the current funding. With a further reduction in funding, the budget deficit will simply grow at a faster rate. The LA cannot support the deficit any longer.

If HMS does not make major changes to staff contracts, management and model of business, it will probably close on 31 August 2011

- Loss of cohesive music education for Herefordshire
- Loss of support and training to instrumental teachers
- Loss of support to schools, head teachers and music coordinators
- Loss of quality assurance of peripatetic music lessons
- Reduction in numbers of pupils learning and the quality will affect GCSE Music take up and grades
- Loss of effective free Wider Opportunities projects for pupils
- Loss of, reduction in provision of services to 3000 pupils per week
- Loss of bands orchestras and ensembles and it's associated effect on 350 pupils, parents and the community as a whole
- Loss of coordination of other musical experiences such as tours, SingUp, vocal, samba projects etc.

Risks in moving to new arrangements

The risks associated with moving to the new arrangements will vary greatly according to the model chosen.

These could include:

- Security of teaching work for peripatetic teachers
- Small schools losing out to large schools when trying to attract staff or because their order is not large enough to fulfil a minimum requirement
- Closure would mean an open market place, lack of a cohesive approach to music education in the county and lack of direction for all music teaching
- Possible reduction in quality assurance and support for teachers
- Reduced provision in primary schools having an effect on pupil attainment which. This will have a knock on effect when they begin High School – and consequently on GCSE results

Other Information

This document has been prepared by the Head of Music Service (with the support of Human Resources, Finance Team, Legal Services and Senior LA Officers (Steve Rogers, Head of Improvement & Line Manager to the Head of Music Service and Kathy Roberts, Assistant Director of the Children and Young People's Directorate).

Formal consultation process

Under employment legislation employers have a statutory duty to consult with employees, and recognised trade union representatives about any proposal where employees may be made redundant. The statutory consultation periods are as follows:

30 days consultation where it is proposed to dismiss at least 20 employees by reason of redundancy at one establishment within a 90 day period

90 days consultation where it is proposed to dismiss over 100 employees by reason of redundancy at one establishment within a 90 day period.

Therefore, the formal consultation period will be **30 days** with effect from **3 February 2011 until 3 March 2011**. During this period we will be actively consulting with staff, unions and key stakeholders on the proposed service changes. Given that a number of the music service proposals have potential implications for redundancy and potential service closure there is need to consult fully on the proposals with employees and unions.

The formal consultation stage is an opportunity for staff and representatives to gain clarity on the proposals, provide opinions and ask questions on the music service proposals. In order to support this period we have included a consultation meeting for employees on 15th February 2011. We are also meeting with unions throughout the formal consultation stage in order to have detailed dialogue regarding the music service proposals, and to look at ways to mitigate against the potential of compulsory redundancies.

During the formal consultation stage staff will also be supported by Senior Management Team for Improvement and Inclusion and Music Service, together with human resources, who will be available to talk to staff about the service proposals and its potential impact.

What are we consulting on?

We are consulting on the music service proposals as outline in options 1 – 7. In summary the options regarding the music service are:

- Option 1 - Raise the charging rate
- Option 2 - Change the pay and conditions of staff
- Option 3 - Accredited scheme
- Option 4 - Non-accredited scheme
- Option 5 - Contracting out the Music Service
- Option 6 - Request a contribution from DSG from schools forum
- Option 7 - Closure of the Music Service

The timescale for implementation of the proposals is:

Date	Time	Venue	Activity
Thurs 3 Feb 2011	4:30pm – 6:30pm	Committee Room 1, Shirehall, Hereford	Formal Consultation Begins Consultation Meeting with all staff Union colleagues Invited
Fri 4 Feb	Staff unable to attend the above meeting will be sent consultation document in post		
Tues 15 Feb	3:30pm - 4:30pm	Room 3, Blackfriars ** Education Centre, Blackfriars St, Hereford	Consultation Meeting with Union colleagues only
Tues 15 Feb	4:30pm – 6:00pm	Room 3, Blackfriars ** Education Centre, Blackfriars St, Hereford	Consultation meeting for all staff. Union colleagues invited Opportunity to put forward any further ideas or to discuss any thoughts/concerns Human Resources will also be available to support
Thurs 3 March	-	-	Staff Consultation Ends
Thurs 10 Mar	4:30pm – 6:30pm	Committee Room 1, Shirehall, Hereford	Staff meeting - confirmation of decision(s) Human Resources will also be available to support
Fri 11 March	Staff unable to attend the above meeting will be sent decision document in post		
Sept 2011	-	-	Proposed implementation of changes

Please consider these proposals and if you wish, discuss them with your colleagues and union representatives. You are welcome to arrange individual or group meetings with Cliff Woollard and/or with a member of the HR (Human Resources) Team.

Any feedback (both positive &/or negative) or further ideas would be welcome. Please send to Cliff Woollard via email (cwoollard@herefordshire.gov.uk) or letter (marked Private & Confidential).

Please send your comments to arrive no later than Thursday 3 March 2011

** Please park in Merton Meadow car park (£1.00 parking charge, next to the football ground as there is no parking at Blackfriars), or the Multi Storey car park at Garrick House

Appendix 1

Music Service's National Statistics

The following information was gathered by Richard Hallam (DFE - National Music Participation Director) and circulated in an email to Heads of Music Services. The information is based on raw responses simply to aid Heads of Music Services in their planning at this difficult time.

Survey of 158 Music Services, of which 124 responded

Excerpts from the report:

Staffing – 'There is a move away from full and part-time contracts to self employment and hourly paid work in order to reduce cost. (50%), an increase of 6%, plan to engage self employed staff to fulfil various tasks'

Current situation: 2010/2011 - 42 LAs (34%) have been issued at risk or Section 188 notices;

Administration: 6.5% average of gross budget spent on this. Herefordshire is 4.7% (and yet should be higher than average due to the additional numbers of schools as a proportion of the numbers on role)

Management and other central costs: 16.8% average of gross budget spent on this. Herefordshire is 19.6% (not taking into consideration managers 'covering')

Front line delivery: 76.5% average of gross budget spent on this. Herefordshire 75.7%