

**SUPPLEMENT TO THE AGENDA FOR**

# **Herefordshire Schools Forum**

**Thursday 8 December 2011**

**9.30 am**

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

**7. REPORT OF THE BUDGET WORKING GROUP**

**Pages**

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<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>8 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>OFFICER</b>	<b>SCHOOLS FINANCE MANAGER</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider a report from the Budget Working Group (BWG).

### **Recommendation(s)**

**THAT Schools Forum adopts the recommendations of the Budget Working Group as follows:**

- (a) the creation of a Financial Difficulty Reserve should not be supported**
- (b) the Council be advised that individual local authority maintained schools should be responsible for repaying their deficits over a period of time to be negotiated with the Council, with repayments to be based on a percentage of income, the precise details of each repayment plan to be subject to regular review by the Council and the relevant school**
- (c) the Forum's support for the music service be maintained at its current level of £25k for a further 4 years and a one off- contribution of £60k made from the 2010/11 underspend**
- (d) consideration of the allocation of the £361k underspend in 2010/11 to schools and early years settings be deferred pending a further report to the Budget Working Group on 14th December 2011**
- (e) The Group's displeasure at the way in which the issues had been brought forward to them without any written report having been circulated in advance be formally recorded**
- (f) A policy be developed to govern how any future underspends might be used**

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

- (g) A representative Group of say 8 people should be set up comprising representatives from the Budget Working Group, and a mix of primary and secondary headteachers from within and without the Excellence Cluster to consider changes to excellence cluster funding and report back to the Budget Working Group with a view to ensuring the implementation of changes by no later than 2013/14;
- (h) that budget option B(ii) be supported: a cash reduction of £100k applied equally to all high schools and primary schools;
- (i) that budget option G(i) the delegation of Band 3 and full Band 4 to high schools and G(ii) the delegation of Band 3 according to the sliding scale for primary schools and G(iv) the retention of band 4 funding centrally for primary schools be supported
- (j) the £200k previously set aside for SEN complex needs be reallocated as follows;
  - (i) delegation of Band 3 and Band 4 by reducing the impact of savings in the Minimum Funding Guarantee (£100k)
  - (ii) providing further training for schools and governors in meeting their SEN responsibilities (£30K)
  - (iii) reducing the impact of budget cuts on the PRUs by limiting their reduction to 1% i.e. broadly in line with schools (£18k); and
  - (iv) a contingency fund of £50k is created to provide for SEN in year pupil movements from out of county.

## Key Points Summary

- The BWG's recommendations to Schools Forum
  - Do not support the proposals for a Financial Difficulty Reserve
  - Defer allocation of the remainder of the DSG underspend from 2010/11, pending further consideration by the BWG.
  - Support the responses to the DSG 2012/13 budget consultation

## Alternative Options

- 1 No alternative options are proposed by the BWG at this stage

## Reasons for Recommendations

- 2 To consider the BWG's views on two issues referred to them by the Forum in September and the response to the consultation on the Dedicated Schools Grant 2012/13.

## Introduction and Background

- 3 The BWG met on 19 October and 25 November. Copies of the Minutes of those meetings have been circulated separately to Members of the Forum.
- 4 There are three issues for the Forum to consider:

- proposals for a financial difficulty reserve
- dedicated schools grant – 2010/11 underspend
- dedicated schools grant 2012/13 – budget consultation

### **Proposals for a Financial Difficulty Reserve**

- 5 On 23 September the Forum referred a report on proposals for a financial difficulty reserve to the Budget Working Group (BWG). The BWG considered this matter on 19 October and concluded that rather than developing proposals for a financial deficit reserve, schools should be fully responsible for their deficits and should negotiate longer repayment terms with the Council.

### **Dedicated Schools Grant – 2010/11 Underspend**

- 6 On 23 September the Forum also referred to the BWG a proposal to retain the 2010/11 DSG underspend of £421k as follows;

- i that the existing contribution of £25k for five years for the Music Service (already approved by Schools Forum in March 2011) is replaced by a one off contribution of £185k from the underspend to fund the music service deficit and avoid academy recoupment.
- li £236k to provide a reserve for deficit schools subject to School Forum’s approval for individual withdrawals in accordance with the approved policy.

- 7 The BWG considered this matter on 19 October. Having rejected the creation of a financial difficulty reserve the Forum proposed to make a one of contribution of £60k to the Music Service. This left a balance of £361k which the BWG proposed should be allocated to Early Years settings and schools based on pupil numbers as at January 2011.

- 8 However, at the Group’s meeting on 24 November the Director of People’s Services reported that there was an ongoing need for strategic changes to schools. Resources were required to deliver this strategic change and this would be funded from the Dedicated Schools Grant (DSG). In these circumstances she invited the BWG to reconsider whether distributing the one-off underspend of £361k to settings and schools was the best use of that money. Her proposal was that consideration should instead be given to holding at least some of the underspend as a reserve to fund strategic change on a time limited basis.

- 9 The BWG was informed that if it agreed to defer putting forward the recommendation it had made in October on the allocation of the underspend a report could be made to its next meeting in December and recommendations then submitted to the Forum in January. This would not entail any delay in the distribution of funding should the original recommendation of the BWG stand.

### **Dedicated Schools Grant – Budget Consultation**

- 10 The Forum approved a budget consultation paper for distribution to Schools and Private, Voluntary and Independent Sector nurseries. A summary of the consultation responses is appended.

- 11 The Forum is advised that, if approved, recommendations b-d will need to be recommended on to the Cabinet Member – Corporate Services and Education.

## **Community Impact**

12 No direct impact

## **Financial Implications**

13 . Schools Forum will consider the final DSG 2012/13 Budget proposals on 24<sup>th</sup> February 2012.

## **Legal Implications**

14 These proposals comply with the Council's legal duties.

## **Risk Management**

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

## **Appendices**

Summary of responses to the DSG 2012/13 Budget proposals

## **Background Papers**

None

### HEREFORDSHIRE DEDICATED SCHOOLS GRANT 2012/13 - BUDGET CONSULTATION BUDGET PROPOSALS – CONSULTATION RESPONSES

1. A summary of the feedback to be consultation is detailed below – in broad terms the response from schools was low and almost uniformly in favour of the proposals. Feedback from the governor consultation meetings indicated a higher level of concerns amongst governors about ensuring that the delegation of SEN funding would be properly allocated and monitored so that SEN pupils continued to have their needs properly met.
2. The budget strategy cannot be finally confirmed until the DfE Schools funding announcement in December sets out the rate of unit funding in the DSG and the rate of the Minimum Funding Guarantee. It is also possible that announcements regarding the National School Funding Formula will also have an impact on the budget proposal as require small changes in the Herefordshire proposals. The January pupil census will determine the level of DSG that will be received.
3. Latest expenditure forecasts indicate that the SEN Complex Needs (CNS) budget for 2012/13 can be held at the same level as 2011/12 and that the £200k provisionally set aside for CNS can be reallocated. Depending on the DfE funding announcement, this could be provisionally as follows;
  - to support the delegation of Band 3 and Band 4 by reducing the impact of the savings in the MFG (£100k)
  - to providing some further training for schools and governors in meeting their SEN responsibilities (£30k)
  - to provide a budget for in year funding for out-county pupils (£50k)
  - to reduce the impact of the budget cuts on PRUs, say by limiting their reduction to -1% i.e. broadly in line with schools (£18k)

Malcolm Green  
24<sup>th</sup> November

Note: At the meeting on 25<sup>th</sup> November the BWG preferred an option of using some of the budget to provide an fund for in-year out-county pupils transferring to Herefordshire schools rather than a suggestion to provide an incentive for schools managing their SEN budgets well ( Bullet point 3 above refers)

Option	Description	Savings (after MFG protection) £'000	Agree with savings proposed Y=Yes N=No	Responses from Schools	Responses From PVI's	Comments
B(i)	Reduce small schools protection by £100k <u>(i) either</u> by lowering the primary schools thresholds to 600 pupils for high schools and 175 pupils for primary schools <u>(ii) or</u> by a cash reduction of £100k applied equally to all high schools and primary schools	70	Yes	Yes 22 No 3  8-2 in favour of (ii)	Yes 8 No 2	Reluctantly – too many small schools – need to be strategic More savings from a reduction to a threshold of 150 pupils Comment from small schools not in favour Prefer cuts to small schools protection to reductions in SEN Support for “narrowing the funding gap” i.e. reducing disparity in unit costs per pupil Lower secondary threshold so that the percentage of Schools receiving protection are the same
C	Reduce social deprivation by £500k – to be offset by increase in pupil premium	233	Yes	Yes 21 No 5	Yes 7 No 2	Agreed but only if really offset against pupil premium Unwelcome but savings needed Greater savings needed instead of cut to small schools Specific comment from three schools in deprived areas that the pupil premium should be extra Schools with the highest need will find the overall formula dilutes the funding available and that Herefordshire Council has simply “robbed Peter to pay Paul”
D	Reduce personalised learning by £500k – to be offset by increase in pupil premium	168	Yes	Yes 21 No 2	Yes 10 No 0	
F	Reduce per pupil funding by 0.25%	125	Yes	Yes 17 No 10	Yes 8 No 1	
H	PVI nurseries – no reductions in 12/13	0	Yes	Yes 16 No 6	Yes 24 No 0	One small primary wanted more cuts to PVI's
J	Reduce central DSG by -3%	172	Yes/Early Years Mixed	Yes 23 No 2	Yes 5 No 7	PRUS concerned about the 3% cut – equivalent to £27k – asking for comparability with schools. Separate letter received.



		Savings (after MFG protection) £'000	Agree with savings proposed Y=Yes N=No	Responses from Schools	Responses From PVI's	Comments
<b>GRANT REVIEW OPTIONS</b>						
A	Do you support the proposed grants review to be implemented over a three year period		Yes	Yes 24 No 1	Yes 9 No 0	
E(i)	School Development Grant - Phase in changes to the basic grant over a three year period		Yes	Yes 25 No 1	Yes 9 No 0	
E(ii)	Excellence cluster funding - Further consultation re funding on a wider county wide basis to be implemented in 13/14 and 14/15		Yes	Yes 23 No 2	Yes 8 No 1	About 1/3 <sup>rd</sup> of replies expressed concern that the implementation of changes to excellence cluster funding was delayed until 13/14. Suggestions include sharing out to all schools on a per pupil basis and sharing out to all schools with high deprivation across the county.
E(iii)	Lunch Grant – allocate to primary schools only		Yes	Yes 22 No 3	Yes 8 No 1	
E(iv)	Specialisms – further consultation through HASH for implementation in 13/14 and 14/15		Yes	Yes 22 No 1	Yes 8 No 1	Money should stay with the school that earned it
E(v)	School Standards Grant implement the DfE formula and use any surplus to add a percentage increase		Yes	Yes 24 No 0	Yes 9 No 0	
E(vi)	Advanced Skills Teachers – pay £6,840 for actual ASTs employed until March 2015. Share balance (approx £100k) by pupil numbers		Yes	Yes 22 No 4	Yes 8 No 1	Should be shared out fully in 12/13 and rebranded as an SLA
E(vii)	School Standards Grant (Personalisation) – allocate by deprivation formula all in 12/13		Yes	Yes 25 No 2	Yes 8 No 1	One comment that free school meals is not a true reflection of need
E(viii)	Disadvantage Subsidy – allocate by deprivation formula all in 12/13		Yes	Yes 25 No 2	Yes 7 No 2	
E(ix)	One to One tuition – allocate by deprivation formula all in 12/13		Yes	Yes 25 No 7	Yes 8 No 1	
E(x)	Extended schools sustainability – allocate by per		Yes	Yes 26	Yes 9	

	pupil all in 12/13				No 0	No 0	
E(xi)	Primary and secondary strategy funding – allocate by per pupil all in 12/13 within phase		Yes	Yes 25 No 0	Yes 9 No 0		
		<b>Savings (after MFG protection) £'000</b>	<b>Agree with savings proposed</b> Y=Yes N=No	<b>Responses from Schools</b>	<b>Responses From PVI's</b>	<b>Comments</b>	
<b>FURTHER DELEGATION of BANDED FUNDING</b>							
G(i)	Delegate Band 3 and full band 4 to high schools	100 (est)	Yes	Yes 17 No 6	Yes 3 No 4	No reductions in funding, concern that SEN pupils would not be welcome, wrong that SEN funding is not ring fenced Reduction in admin/paperwork most welcome Concern about extra costs in a small high school e.g. hearing impaired pupils Budget principle “don't cut SEN” but there are cuts due to the MFG protection being eroded by the new money Want a central contingency to meet unexpected high needs Not savings at the expense of the vulnerable	
OR G(i)	Delegate Band 3 and retain top-up funding(above Band 3) for high schools		No	Yes 6 No 12	Yes 7 No 1		
G(ii)	Delegate Band 3 according to the sliding scale for primary schools	50 (est)	Yes/Mixed	Yes 12 No 8	Yes 4 No 4		
G(iv)	Retain Band 4 centrally for primary schools		Yes	Yes 20 No 1	Yes 7 No 1		
G(v)	Amend the sliding scale – please explain how in the comments box.		Mixed	Yes 5 No 7	Yes 4 No 2	Sliding scale not fair as it correlates SEN need with the size of school.	

Final Question: Do you broadly agree with the proposals as set out in the consultation a paper

“ A continued effort to ensure equitable funding for all schools”

Schools Yes 18 – No 4 and PVI's Yes 14 No 3

One savings comment received - Extend Christmas holiday into January by 1 week to save on utility bills and weather problems - presumably offset by a 1 week reduction elsewhere in the year

